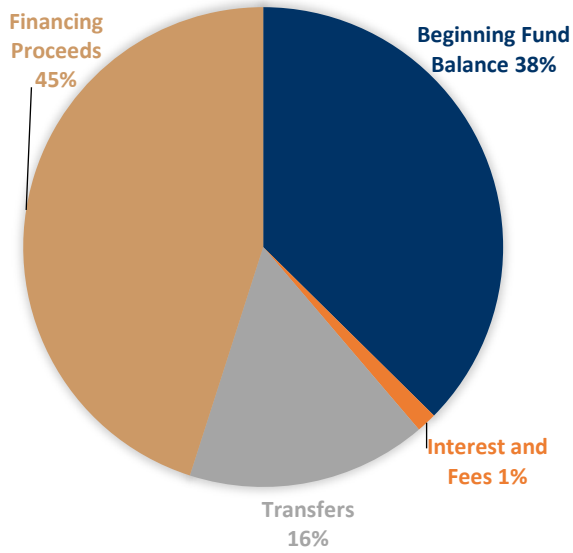


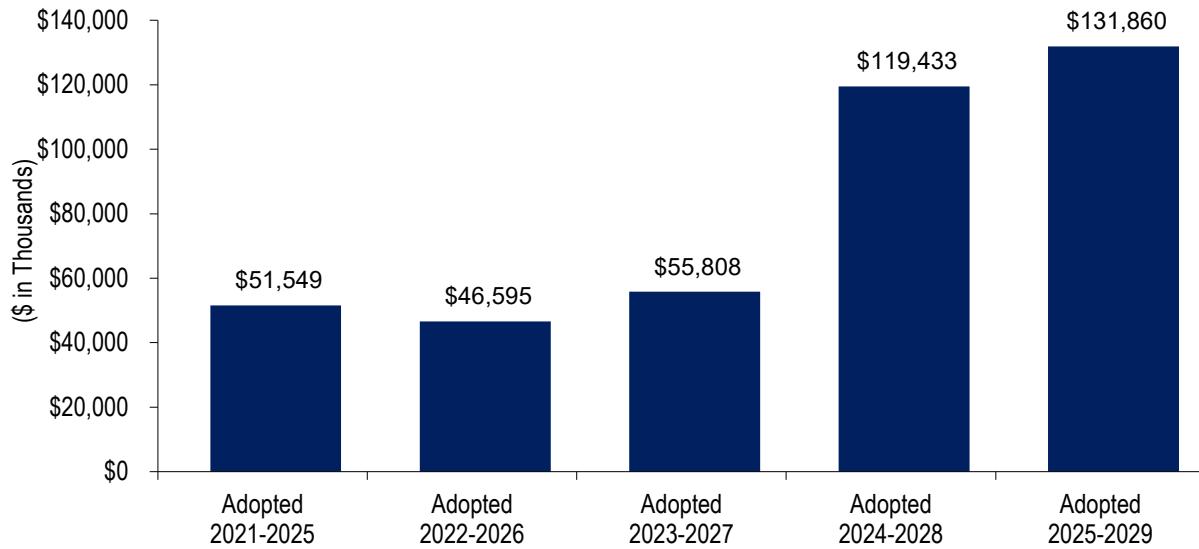
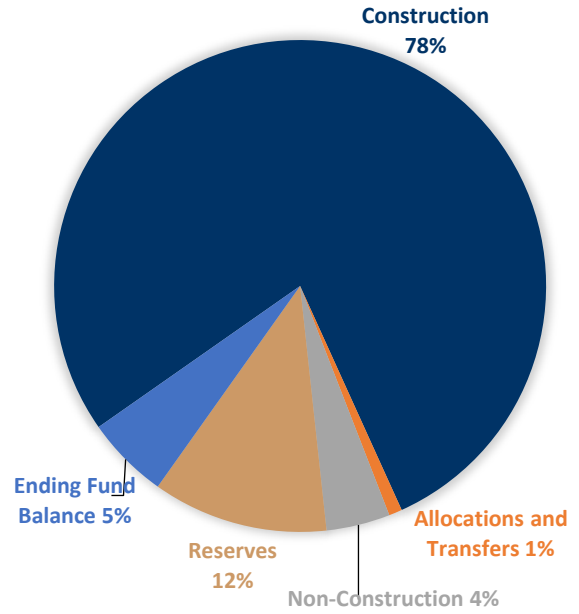
WATER UTILITY SYSTEM

2025-2029 Capital Improvement Program

**2024-2025 ADOPTED
SOURCE OF FUNDS**



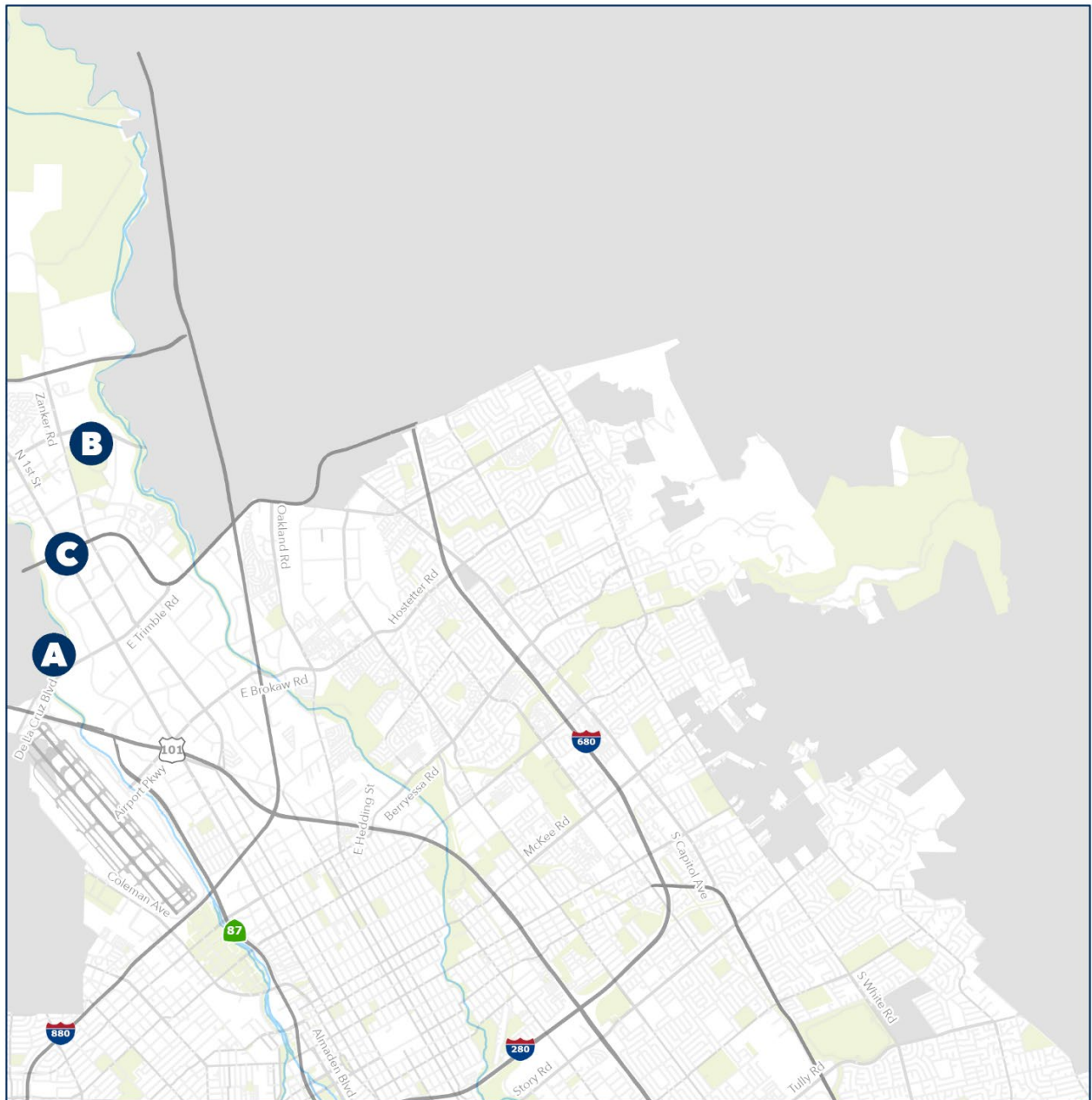
**2024-2025 ADOPTED
USE OF FUNDS**



Water Utility System

2025-2029 Adopted Capital Improvement Program

North East

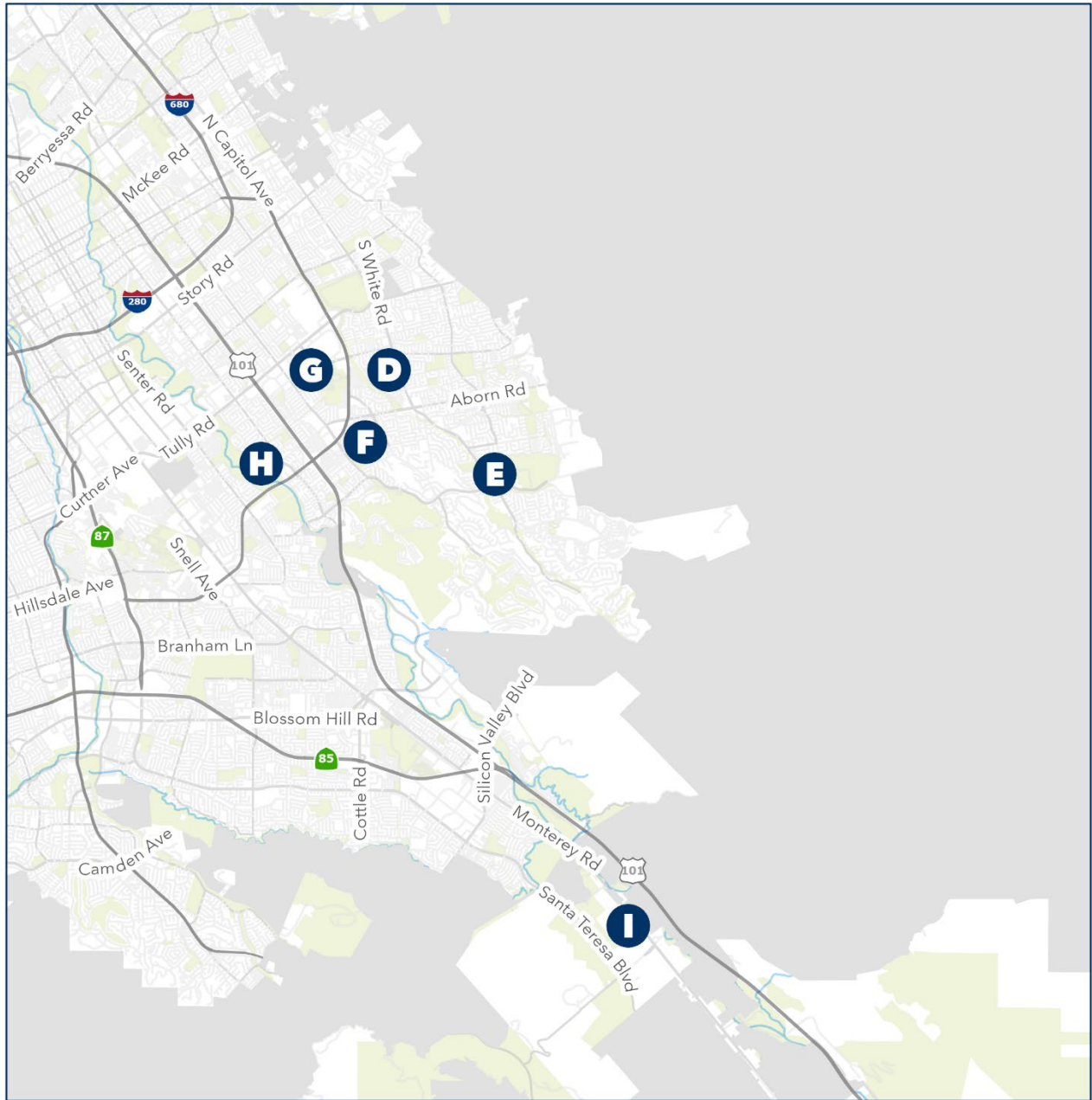


- A** North San José Reliability Well Construction
- B** North San José Well Development and Construction
- C** Advanced Metering Infrastructure Implementation

Water Utility System

2025-2029 Adopted Capital Improvement Program

South East



- D** Annual Water Main Replacement
- E** Safety and Security Improvements
- F** Advanced Metering Infrastructure Implementation
- G** Evergreen Reliability Well
- H** Water Resources Administration & Operations Facility
- I** Coyote Well Rehabilitation/Replacement

Water Utility System

2025-2029 Adopted Capital Improvement Program

OVERVIEW

INTRODUCTION

The Water Utility System Capital Program includes the Water Utility Capital Fund and the Major Facilities Fund. The program’s mission is to provide superior water service at competitive rates. The 2025-2029 Adopted Capital Improvement Program (CIP) provides funding of \$131.9 million, of which \$54.4 million is allocated in 2024-2025.

MUNICIPAL WATER SYSTEM PUBLIC INFRASTRUCTURE	
MILES OF WATER MAINS	347
NUMBER OF RESERVOIRS	17
NUMBER OF PUMP STATIONS	15
NUMBER OF GROUNDWATER WELLS	14

The San José Municipal Water System (Muni Water) provides water service to approximately 26,000 customers in five service areas of the City of San José: Alviso, North San José, Coyote Valley, Edenvale, and Evergreen. The Alviso service area (Council District 4) includes the area within the former City of Alviso. The North San José service area (Council District 4) is north of Trimble Road, between the Guadalupe River and Coyote Creek. The Coyote Valley service area (Council District 2) encompasses the area south of Tulare Hill, west of Highway 101, and north of Palm Avenue. The Edenvale service area (Council District 8) is south of Hellyer Avenue and east of Coyote Creek. The Evergreen service area coincides with the boundaries of Council District 8, east of Highway 101.

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure* and *Safe, Reliable, Sufficient Water Supply*.

PROGRAM PRIORITIES AND OBJECTIVES

Muni Water’s CIP’s guiding objective is to provide a safe, reliable water supply. Based on the CSA outcomes supported by this program, the following list of priorities has been developed:

- Maintain the existing water utility system infrastructure;
- Provide facilities necessary for new development as identified in the Envision San José 2040 General Plan; and
- Ensure that the fire flow pressure and volume as recommended by the San José Fire Department is maintained.



Construction of a main replacement project

Water Utility System

2025-2029 Adopted Capital Improvement Program

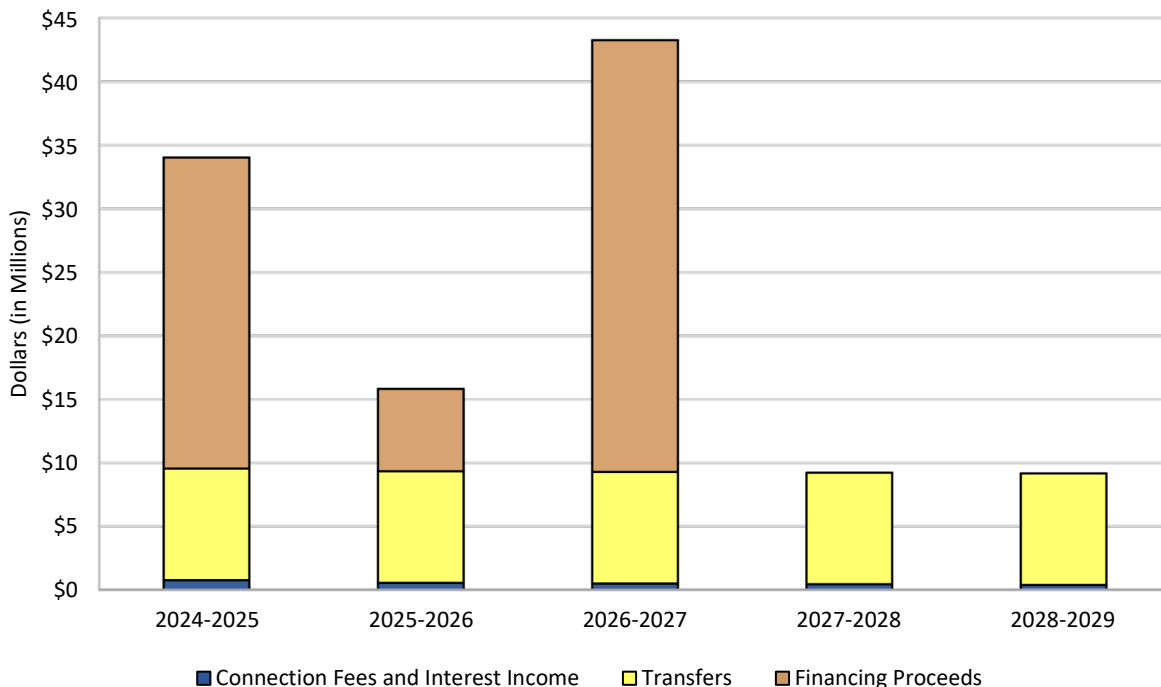
OVERVIEW

SOURCES OF FUNDING

Over the five years of the Adopted CIP, the funds available for capital improvements are estimated to total \$131.9 million, which consists of \$125.6 million in the Water Utility Capital Fund and \$6.3 million in the Major Facilities Fund. Revenue for the Adopted CIP is derived from a combination of funding sources: transfers from the Water Utility Fund to the Water Utility Capital Fund, financing proceeds, fee income, and interest income. The Water Utility Fund derives its revenue primarily from water sales in the service areas. The amount of the transfer from the Water Utility Fund is \$8.8 million each year of the five-year CIP. Fee revenue in the Water Utility Capital Fund is generated from Service Connection Fees, Advanced System Design Fees, and Meter Installation Fees, and is estimated to total \$225,000 through the five-year CIP. Financing proceeds of \$32.0 million from commercial paper for the Water Resources Administration & Operations Facility (WRAOF) and Advanced Metering Infrastructure Improvements are included in this CIP. An additional \$33.0 million in bond financing revenues is expected to be issued in 2026-2027 to support the repayment of outstanding commercial paper debt for WRAOF.

Revenue in the Major Facilities Fund is generated primarily through development fees associated with the connection and operation of major water facilities in the five service areas. Revenues received from Major Water Facilities Fees are not budgeted due to the volatility of this revenue stream. Revenue will be recognized, and programmed as necessary during the year, as it is received.

Summary of Revenues



Water Utility System

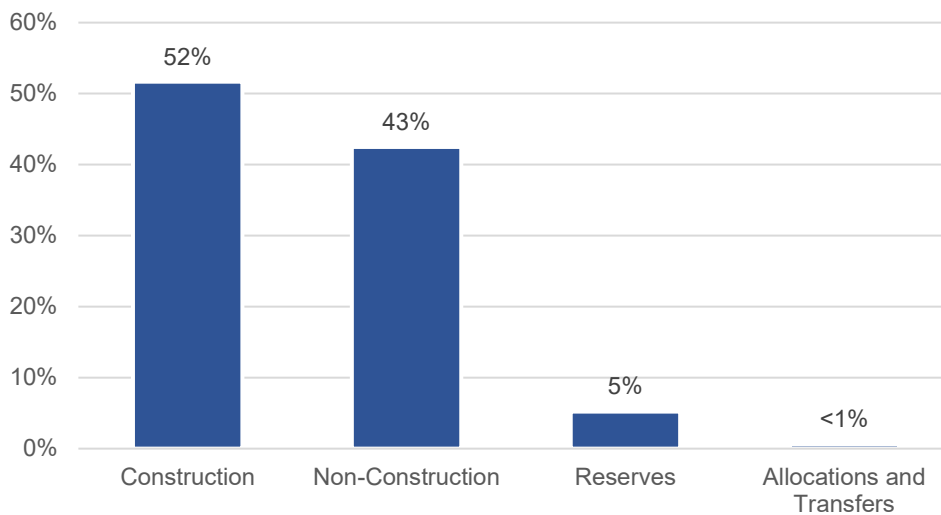
2025-2029 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

The Water Utility System Capital Program's expenditures are organized to show the use of funds in several categories, as summarized in the table below.

**2025-2029 Water Utility System
Capital Program Expenditures
\$129.8 million
(excludes Ending Fund Balance)**



To meet the service needs of new developments in the Muni Water service area, the program continues its policy of requiring developers to construct infrastructure improvements within their project area. Large water storage and conveyance infrastructure are constructed by developers or funded from the Major Facilities fees. Capital improvements for existing customers are funded from water sale revenues, which are displayed in the 2024-2025 Adopted Operating Budget in the Water Utility Fund.

Debt Service

Two projects described below and included in the 2025-2029 Adopted CIP utilize financing proceeds to fund their award and completion. These financing proceeds bring with them debt service obligations that will be repaid in the Water Utility Capital Fund and have been programmed in the Debt Service and Commercial Paper Repayment 2027 allocations.

Advanced Metering Infrastructure Implementation

The Advanced Metering Infrastructure (AMI) Implementation project (\$14.5 million) will modernize the utility's water metering process. Implementation of the AMI technology will allow for automatic cellular-based transmittal of hourly or sub-hourly water consumption information for each meter. The project will allow customers to view their real-time water use trends, allow for leak notifications to customers, and collect additional consumption data that Muni Water can use to optimize its

Water Utility System

2025-2029 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

operations and reporting. Commercial paper is projected to be used to fund \$11.0 million of this project.

Water Resources Administration & Operations Facility

The Adopted CIP includes continued funding for the Water Resources Administration & Operations Facility (total project cost of \$37.9 million), a project that will provide the Water Resources Division – the administration, management, and operations staff that supports the entire Municipal Water System of San José – of the Environmental Services Department with a new facility. Division staff are currently located in three separate buildings comprising of a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of useful life and require replacement and/or significant upgrades.

The new Water Resources Administration & Operations Facility is under construction and will consist of one large building that will house all staff and infrastructure necessary to ensure continuous operations. The new facility will include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing. Commercial paper is projected to be issued in 2024-2025 to fund the project, which is in turn anticipated to be repaid with the issuance of long-term debt in 2026-2027.

System-Wide

In an effort to maintain and upgrade the Muni Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement Project (\$9.2 million), which will prioritize water mains for replacement throughout the service areas by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe following an unexpected failure. The Adopted CIP also includes funding for System Maintenance and Repairs (\$4.6 million) and Infrastructure Improvements (\$4.4 million).

The System Rehabilitation/Replacement Reserve totals \$5.2 million in the Adopted CIP. In the event that economic or environmental conditions (for example, a drought, natural disaster, or an abrupt economic disruption) decrease revenues to the Water Utility System, liquidation of the reserve may be required to maintain infrastructure.



Installation of a water valve

Water Utility System

2025-2029 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

Evergreen Service Area

The Evergreen service area contains approximately 92% of the total customers served by the water system and accounts for approximately 67% of total water usage. Customers in the Evergreen area receive water supplied by Valley Water. The Evergreen service area has experienced minimal growth in the last several years. Included in the Adopted CIP is the design and construction of the Evergreen Reliability Well (\$1.8 million), as well as other miscellaneous improvements to extend the useful life of the system.



Preparing for a water main installation

MAJOR CHANGES FROM THE 2024-2028 ADOPTED CIP

The overall size of the Water Utility System CIP has increased by approximately \$12.5 million, from \$119.4 million in the 2024-2028 Adopted CIP to \$131.9 million in the 2025-2029 Adopted CIP. The change to the size of the CIP is primarily attributable to the incorporation of commercial paper and bond financing mechanisms in the 2025-2029 Adopted CIP to support the construction of the Advanced Metering Infrastructure project and the Water Resources Administration & Operations Facility.

Major Changes to Project Budgets

The following table outlines the most significant changes to project budgets, including new/augmented allocations and reduced/eliminated allocations.

Project	Increase/(Decrease)
Water Resources Administration & Operations Facility	(\$11.1 million)

OPERATING BUDGET IMPACT

There are no additional maintenance and operating costs associated with the projects in the 2025-2029 Adopted CIP. Future operating budgets may incorporate additional incremental costs associated with the new Water Resources Administration & Operations Facility and/or the Advanced Metering Infrastructure ongoing implementation; potential additional costs will need to be defined once the project components are all known and the projects are closer to completion.

Water Utility System

2025-2029 Adopted Capital Improvement Program

OVERVIEW

COUNCIL-APPROVED REVISIONS TO THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

Changes to the Proposed Capital Improvement Program were brought forward in the Mayor's June Budget Message for Fiscal Year 2024-2025 and adopted by the City Council on June 18, 2024. This included rebudgeting of unexpended funding for projects and other budget adjustments totaling \$5.9 million in [Manager's Budget Addendum #29](#), the largest of which includes the rebudget of funds for the North San José Well Development and Construction (\$3.6 million), North San José Reliability Well Construction (\$1.6 million), and Coyote Well Replacement Planning Efforts (\$370,000).

For more information, please refer to the [Mayor's June Budget Message for Fiscal Year 2024-2025](#), located in the Appendices of this document, and [Manager's Budget Addendum #33](#) which incorporates adjustments per the Mayor's June Budget Message.

Water Utility System

2025-2029 Adopted Capital Improvement Program

Source of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
Water Utility Capital Fund (500)							
Beginning Balance	16,636,034	14,527,724	2,231,724	5,277,724	2,199,724	1,584,724	14,527,724
Reserve for Encumbrance	3,466,375						
Transfers and Reimbursements							
Transfer from the Water Utility Fund	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	44,000,000
TOTAL Transfers and Reimbursements	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	44,000,000
Revenue from the Use of Money/Property							
Interest Income	777,000	576,000	397,000	336,000	279,000	226,000	1,814,000
TOTAL Revenue from the Use of Money/Property	777,000	576,000	397,000	336,000	279,000	226,000	1,814,000
Fees, Rates and Charges							
Advance System Design Fees	10,000	10,000	10,000	10,000	10,000	10,000	50,000
Meter Installation Fees	10,000	10,000	10,000	10,000	10,000	10,000	50,000
Service Connection Fees	25,000	25,000	25,000	25,000	25,000	25,000	125,000
TOTAL Fees, Rates and Charges	45,000	45,000	45,000	45,000	45,000	45,000	225,000
Financing Proceeds							
Commercial Paper Proceeds		24,500,000	6,500,000	1,000,000			32,000,000
Bond Proceeds				33,000,000			33,000,000
TOTAL Financing Proceeds		24,500,000	6,500,000	34,000,000			65,000,000
Total Water Utility Capital Fund (500)	29,724,409	48,448,724	17,973,724	48,458,724	11,323,724	10,655,724	125,566,724

* The 2025-2026 through 2028-2029 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2025-2029 Adopted Capital Improvement Program

Source of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
Major Facilities Fund (502)							
Beginning Balance	6,496,215	5,805,215	734,215	804,215	884,215	966,215	5,805,215
Reserve for Encumbrance	92,281						
Revenue from the Use of Money/Property							
Interest Income	189,000	121,000	85,000	95,000	97,000	90,000	488,000
TOTAL Revenue from the Use of Money/Property	189,000	121,000	85,000	95,000	97,000	90,000	488,000
Total Major Facilities Fund (502)	6,777,496	5,926,215	819,215	899,215	981,215	1,056,215	6,293,215
TOTAL SOURCES	36,501,905	54,374,939	18,792,939	49,357,939	12,304,939	11,711,939	131,859,939

* The 2025-2026 through 2028-2029 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2025-2029 Adopted Capital Improvement Program

Use of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
Water Utility System							
Advanced Metering Infrastructure Implementation		5,000,000	5,000,000	4,500,000			14,500,000
Annual Water Main Replacement	4,342,904	1,900,000	1,900,000	1,600,000	1,900,000	1,900,000	9,200,000
Backup Generator Replacement		199,000					199,000
Evergreen Reliability Well		200,000	800,000	800,000			1,800,000
Infrastructure Improvements	1,318,461	860,000	870,000	880,000	900,000	920,000	4,430,000
Meter Installations	95,002	50,000	50,000	50,000	50,000	50,000	250,000
North San José Reliability Well Construction	1,180,921	1,850,000					1,850,000
North San José Well Development and Construction	957,281	3,552,000					3,552,000
Safety and Security Improvements	486,000	100,000	100,000	100,000			300,000
Service Installations	349,365	200,000	200,000	200,000	200,000	200,000	1,000,000
Water Resources Administration & Operations Facility	5,200,000	28,472,000	1,500,000				29,972,000
Other Water - Construction	13,929,932	42,383,000	10,420,000	8,130,000	3,050,000	3,070,000	67,053,000
Water - Construction	13,929,932	42,383,000	10,420,000	8,130,000	3,050,000	3,070,000	67,053,000
Advance System Design	200,000	200,000	200,000	200,000	200,000	200,000	1,000,000
Debt Service		303,000	537,000	3,387,000	4,908,000	4,852,000	13,987,000
Commercial Paper Repayment 2027				33,000,000			33,000,000
Coyote Well Replacement	95,000	370,000					370,000
Planning Efforts							
GIS Support		120,000					120,000
Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	15,000	75,000
Master Plan Engineering	290,000	200,000	210,000	210,000	240,000	240,000	1,100,000

* The 2024-2025 through 2027-2028 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2025-2029 Adopted Capital Improvement Program

Use of Funds (Combined)

	Estimated						
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
Preliminary Engineering - Water	195,118	170,000	175,000	175,000	185,000	185,000	890,000
System Maintenance/Repairs	1,244,406	900,000	920,000	920,000	940,000	940,000	4,620,000
General Non-Construction - Water	2,039,524	2,278,000	2,057,000	37,907,000	6,488,000	6,432,000	55,162,000
Water - Non-Construction	2,039,524	2,278,000	2,057,000	37,907,000	6,488,000	6,432,000	55,162,000
Public Art Funding	14,510	175,000	23,000				198,000
Public Art Projects	14,510	175,000	23,000				198,000
Capital Program and Public Works Department Support Service Costs	174,000	287,000	100,000	56,000	45,000	45,000	533,000
Allocations	174,000	287,000	100,000	56,000	45,000	45,000	533,000
City Hall Debt Service Fund	11,000	11,000	11,000	11,000	11,000	11,000	55,000
Transfers to Special Funds	11,000	11,000	11,000	11,000	11,000	11,000	55,000
Transfers Expense	11,000	11,000	11,000	11,000	11,000	11,000	55,000
System Growth Related Projects Reserve		1,600,000					1,600,000
System Rehabilitation/Replacement Reserve		4,675,000	100,000	170,000	160,000	80,000	5,185,000
Expense Reserves - Non-Construction		6,275,000	100,000	170,000	160,000	80,000	6,785,000
Total Expenditures	16,168,966	51,409,000	12,711,000	46,274,000	9,754,000	9,638,000	129,786,000
Ending Fund Balance	20,332,939	2,965,939	6,081,939	3,083,939	2,550,939	2,073,939	2,073,939
TOTAL	36,501,905	54,374,939	18,792,939	49,357,939	12,304,939	11,711,939	131,859,939

* The 2024-2025 through 2027-2028 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Advanced Metering Infrastructure Implementation

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2023
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	Initial End Date	2nd Qtr. 2026
Location	City-wide	Revised Start Date	3rd Qtr. 2024
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2027
Council Districts	City-wide	Initial Project Budget	\$14,500,000
Appropriation	A433Z	FY Initiated	2023-2024

Description This project will implement a system-wide upgrade of approximately 27,000 water meters from Automatic Meter Reading (AMR) system to a cellular based Advanced Metering Infrastructure (AMI) system.

Justification The project will benefit water conservation efforts, help customers reduce their water use and identify leaks, and help customers save money on water bills.

Notes Commercial paper is projected to be used to fund \$11.0 million of this project, with payments anticipated to be completed in 2033-2034.

Major Cost Changes

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Construction			5,000	5,000	4,500			14,500		14,500
Total			5,000	5,000	4,500			14,500		14,500

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Funding Source Schedule (000s)										
Water Utility Capital Fund (500)			5,000	5,000	4,500			14,500		14,500
Total			5,000	5,000	4,500			14,500		14,500

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Backup Generator Replacement

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2017
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	Initial End Date	1st Qtr. 2019
Location	102 Silver Creek Valley Road	Revised Start Date	3rd Qtr. 2019
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2025
Council Districts	2	Initial Project Budget	\$180,000
Appropriation	A401M	FY Initiated	2017-2018

Description The existing backup generator at Edenvale Wells installed in 1984 is outdated and has reached the end of its useful life. The replacement of an existing 415 kilowatt diesel standby generator is required for meeting the current air quality permitting requirements.

Justification This project will ensure the efficient operation of the water system and maintain reliable utility infrastructure.

Notes

Major Cost Changes 2019-2023 CIP - Increase of \$20,000 due to required permits.

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Design	1		29					29		30
Construction			170					170		170
Total	1		199					199		200

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)	1		199					199		200
Total	1		199					199		200

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Coyote Well Replacement Planning Efforts

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2023
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	Initial End Date	2nd Qtr. 2024
Location	Coyote Valley	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2025
Council Districts	2, 10	Initial Project Budget	\$465,000
Appropriation	A434A	FY Initiated	2023-2024

Description Funding will be used to identify and plan a project to rehabilitate and/or replace existing groundwater well(s) serving water to customers in the Coyote Valley area.

Justification The project will address operational and water quality issues encountered at existing groundwater well(s) that have reached the end of useful life.

Notes The initial \$465,000 budget will cover initial analysis and planning efforts; additional funding will be needed and identified in future budgets for the construction of improvements.

Major Cost Changes

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Project Feasibility Development		95	370					370		465
Total		95	370					370		465

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Funding Source Schedule (000s)										
Water Utility Capital Fund (500)		95	370					370		465
Total		95	370					370		465

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Debt Service

CSA	Environmental and Utility Services	Initial Start Date	2nd Qtr. 2025
CSA Outcome	Reliable Utility Infrastructure	Initial End Date	2nd Qtr. 2040
Location	N/A	Revised Start Date	2nd Qtr. 2024
Dept Owner	Environmental Services	Revised End Date	TBD
Council Districts	N/A	Initial Project Budget	\$72,994,000
Appropriation	A436Q	FY Initiated	2024-2025

Description This allocation funds the repayment of financing proceeds and associated fees and interest payments on the commercial paper used to fund a portion of the Water Resources Administrations & Operations Facility and the Advanced Metering Infrastructure Implementation.

Justification Because of large one-time costs incurred by construction projects, the use of commercial paper financing was determined to be an effective way to ensure lower and steadier impacts to rates. The allocation is needed to repay the debt and associated fees.

Notes The preliminary estimate for debt service is \$73.0 million. The cost estimates and project schedule will be further refined as the two projects proceed and the debt is issued and drawn. The majority of the debt is attributed to the Water Resources Administrations & Operations Facility.

Major Cost Changes

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
General Administration			303	537	3,387	4,908	4,852	13,987	59,007	72,994
Total			303	537	3,387	4,908	4,852	13,987	59,007	72,994

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)			303	537	3,387	4,908	4,852	13,987	59,007	72,994
Total			303	537	3,387	4,908	4,852	13,987	59,007	72,994

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Evergreen Reliability Well

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2024
CSA Outcome	Safe, Reliable, Sufficient Water Supply	Initial End Date	2nd Qtr. 2027
Location	Capitol Expressway at Nieman Boulevard	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	
Council Districts	8	Initial Project Budget	\$1,800,000
Appropriation	A438O	FY Initiated	2020-2021

Description This allocation provides initial funding for the siting, design, development, and construction of a groundwater production well to provide water supply reliability in the Evergreen service area.

Justification A new groundwater production well will allow for operational flexibility by supplementing existing treated water supplies and will help ensure a reliable potable water supply in the Evergreen service area.

Notes

Major Cost Changes

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Construction			200	800	800			1,800		1,800
Total			200	800	800			1,800		1,800

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)			200	800	800			1,800		1,800
Total			200	800	800			1,800		1,800

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Reliability Well Construction

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2019
CSA Outcome	Reliable Utility Infrastructure	Initial End Date	2nd Qtr. 2021
Location	Trimble Road	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2025
Council Districts	4	Initial Project Budget	\$1,460,000
Appropriation	A415N	FY Initiated	2019-2020

Description This project constructs a groundwater well in the North San José service area to provide water supply reliability to existing customers.

Justification An existing backup well has begun to reach end of useful life and exceed secondary maximum contaminant limit health standards. This project will replace the existing reliability well.

Notes

Major Cost Changes 2022-2026 CIP - Increase of \$1.0 million due to revised project scope and construction cost estimate.
 2023-2027 CIP - Increase of \$150,000 due to revised project scope.
 2024-2028 CIP - Increase of \$550,000 due to revised project scope.

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Construction	132	1,181	1,850					1,850		3,163
Total	132	1,181	1,850					1,850		3,163

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)	132	1,181	1,850					1,850		3,163
Total	132	1,181	1,850					1,850		3,163

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Well Development and Construction

CSA	Environmental and Utility Services	Initial Start Date	2nd Qtr. 2016
CSA Outcome	Safe, Reliable, and Sufficient Water Supply	Initial End Date	2nd Qtr. 2017
Location	North San José Service Area	Revised Start Date	3rd Qtr. 2019
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2025
Council Districts	4	Initial Project Budget	\$1,560,000
Appropriation	A6274	FY Initiated	2015-2016

Description This allocation provides funding for the development and construction of groundwater production well(s) in the North San José service area. To meet the increasing demands of growth in the area, this project is funding one well to be completed in 2024-2025 with additional wells to be constructed in the future.

Justification Construction and development of new wells will be needed to allow for operational flexibility by supplementing the existing treated water supplies, and to ensure a reliable potable water supply in order to meet increasing demands as growth and development continue in the North San José and Alviso service areas.

Notes

Major Cost Changes 2021-2025 CIP - Increase of \$2.5 million due to increased scope and project cost estimates.
2022-2026 CIP - Increase of \$495,000 due to increased project cost estimates.

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Design	46	92								138
Construction		865	3,552					3,552		4,417
Total	46	957	3,552					3,552		4,555

Funding Source Schedule (000s)										
Major Facilities Fund (502)	46	957	3,552					3,552		4,555
Total	46	957	3,552					3,552		4,555

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of One-Time Projects

Water Resources Administration & Operations Facility

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2020
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Water System	Initial End Date	2nd Qtr. 2025
Location	3025 Tuers Road	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2026
Council Districts	7	Initial Project Budget	\$14,500,000
Appropriation	A421C	FY Initiated	2020-2021

Description This project will build a new Administration and Operations Building for the Water Resources Division. The new facility is expected to consist of one large building to house all staff and infrastructure necessary to ensure continuous operation of the San José Municipal Water Utility System. Site amenities are expected to include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing.

Justification Division staff are currently located in three separate buildings comprising of a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of useful life and require replacement and/or significant upgrades.

Notes The cost estimate for this project is \$37.9 million, with a construction contract awarded in August 2023. Construction started in the third quarter of 2023. Commercial Paper is expected to be issued starting in 2024-2025 to finance \$30.0 million of this project. Please see the Debt Service detail page for more information on the repayment of Commercial Paper debt.

Major Cost Changes 2022-2026 CIP - Decrease of \$9.0 million to remove debt service costs until construction schedule is finalized.
 2023-2027 CIP - Increase of \$3.0 million for partial design and project delivery needs.
 2024-2028 CIP - Increase of \$39.8 million for construction budget and remaining delivery needs.
 2025-2029 CIP - Decrease of \$11.1 million for revised construction cost estimate.

	PRIOR	FY24	FY25	FY26	FY27	FY28	FY29	5 YEAR	BEYOND	PROJECT
	YEARS	EST						TOTAL	5 YEARS	TOTAL
Expenditure Schedule (000s)										
General Administration	53									53
Property & Land	372									372
Design	2,241	2,421								4,662
Bid & Award	16									16
Construction		2,546	28,472	1,500				29,972		32,518
Equipment, Materials and Supplies	31									31
Maintenance, Repairs, Other	15	234								249
Total	2,728	5,200	28,472	1,500				29,972		37,900

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)	2,728	5,200	28,472	1,500				29,972		37,900
Total	2,728	5,200	28,472	1,500				29,972		37,900

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Advance System Design

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4346

Description This allocation funds the design, engineering, and inspection for the connection of new developments to the Water Utility System. Project costs are offset by developer fees.

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Design	200	200	200	200	200	200	1,000
Total	200	200	200	200	200	200	1,000

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	200	200	200	200	200	200	1,000
Total	200	200	200	200	200	200	1,000

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Annual Water Main Replacement

CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Water System	Council Districts	City-wide
Department Owner	Environmental Services	Appropriation	A410Q

Description This project is part of a continuing program to maintain and upgrade the City's Municipal Water distribution system. Most water pipes have a design life of roughly 50 years, depending upon when it was manufactured and the soil conditions where it is installed. The program has prioritized water mains for replacement throughout the service areas of Muni Water System by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe if it failed considering location and traffic conditions.

	FY24	FY25	FY26	FY27	FY28	FY29	5 Year Total
	EST						
Expenditure Schedule (000s)							
Design	52						
Construction	4,291	1,900	1,900	1,600	1,900	1,900	9,200
Total	4,343	1,900	1,900	1,600	1,900	1,900	9,200

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	4,343	1,900	1,900	1,600	1,900	1,900	9,200
Total	4,343	1,900	1,900	1,600	1,900	1,900	9,200

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

GIS Support

CSA Outcome	Reliable Utility Infrastructure	Council Districts	City-wide
Department Owner	Environmental Services	Appropriation	A7365
Description	This allocation funds Geographic Information System (GIS) related updates, improvements, support services, and other associated needs. This is an ongoing project, but funding is programmed when needed.		

	FY24					5 Year	
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Design		120					120
Total		120					120

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)		120					120
Total		120					120

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Infrastructure Improvements

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5366

Description This allocation provides funding to replace and/or refurbish pumps, motors, valves, electrical control mechanisms, generators, and water mains that are nearing the end of their useful lives. The selection and scope of the projects selected in any particular year will be based on the previous year's maintenance needs.

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Design	463						
Construction	855	860	870	880	900	920	4,430
Total	1,318	860	870	880	900	920	4,430

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	1,318	860	870	880	900	920	4,430
Total	1,318	860	870	880	900	920	4,430

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Major Facilities Fee Administration

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5369

Description This allocation provides funding to administer the Major Facilities Fees. The Major Facilities Fund receives fees associated with the connection and operation of major water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas.

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
General Administration	15	15	15	15	15	15	75
Total	15	15	15	15	15	15	75
Funding Source Schedule (000s)							
Major Facilities Fund (502)	15	15	15	15	15	15	75
Total	15	15	15	15	15	15	75

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Master Plan Engineering

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4349

Description This allocation is used to update the Water System Master Plan based on anticipated development and customer consumption.

	FY24	FY25	FY26	FY27	FY28	FY29	5 Year Total
EST							
Expenditure Schedule (000s)							
Project Feasibility Development	190	200	210	210	240	240	1,100
Design	100						
Total	290	200	210	210	240	240	1,100
Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	290	200	210	210	240	240	1,100
Total	290	200	210	210	240	240	1,100

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Meter Installations

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4347

Description This allocation provides funding to purchase, test, and install water meters for new developments and customers, the cost of which is offset by the meter installation fees paid by developers and property owners.

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Construction	95	50	50	50	50	50	250
Total	95	50	50	50	50	50	250

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	95	50	50	50	50	50	250
Total	95	50	50	50	50	50	250

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Preliminary Engineering - Water

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4952
Description	This allocation provides funding for project development in the early stages of planning.		

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Design	195	170	175	175	185	185	890
Total	195	170	175	175	185	185	890

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	195	170	175	175	185	185	890
Total	195	170	175	175	185	185	890

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Safety and Security Improvements

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4095

Description This project includes the repair and installation of additional safety and security improvements at various system facilities. Examples of improvements include new and repaired fencing at reservoirs, construction of concrete block walls around wells, and the installation of safety railing at various sites. While this is an ongoing project, funding will be allocated as safety and security improvement needs are identified.

	FY24	FY25	FY26	FY27	FY28	FY29	5 Year Total
	EST						
Expenditure Schedule (000s)							
Construction	486	100	100	100			300
Total	486	100	100	100			300

Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	486	100	100	100			300
Total	486	100	100	100			300

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

Service Installations

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4348

Description This allocation provides funding for the installation of connections between water mains and meters and the extension of existing water mains. A portion of this work related to new development is paid for by developer fees. The remainder of the work, which is not tied to developer fees, entails connections to water, service laterals, sampling stations, meter boxes, air release valves, and main extensions in existing service areas to increase the operability of the system.

	FY24							5 Year
	EST	FY25	FY26	FY27	FY28	FY29		Total
Expenditure Schedule (000s)								
Construction	349	200	200	200	200	200		1,000
Total	349	200	200	200	200	200		1,000
Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	349	200	200	200	200	200		1,000
Total	349	200	200	200	200	200		1,000

Water Utility System
2025-2029 Adopted Capital Improvement Program
Detail of Ongoing Projects

System Maintenance/Repairs

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5876

Description This allocation funds emergency and miscellaneous repairs in the distribution system.

	FY24						5 Year
	EST	FY25	FY26	FY27	FY28	FY29	Total
Expenditure Schedule (000s)							
Design	344						
Construction	120	100	120	120	940	940	2,220
Equipment, Materials and Supplies	780	800	800	800			2,400
Total	1,244	900	920	920	940	940	4,620
Funding Source Schedule (000s)							
Water Utility Capital Fund (500)	1,244	900	920	920	940	940	4,620
Total	1,244	900	920	920	940	940	4,620

Water Utility System
2025-2029 Adopted Capital Improvement Program
Summary of Projects that Start After 2024-2025

Project Name	Commercial Paper Repayment 2027	Initial Start Date	3rd Qtr. 2026
5-Yr CIP Budget	\$ 33,000,000	Initial End Date	2nd Qtr. 2027
Total Budget	\$ 33,000,000	Revised Start Date	
Council Districts	N/A	Revised End Date	
Description	This allocation provides funding to pay off outstanding commercial paper debt, incurred to provide initial funding to support the construction of the Water Resources Administration and Operations Facility. Long-term bonds are expected to be issued in 2026-2027.		

Water Utility System
2025-2029 Adopted Capital Improvement Program
Summary of Reserves

Project Name System Growth Related Projects Reserve
5-Yr CIP Budget \$ 1,600,000
Total Budget \$ 1,600,000
Council Districts 2
Description This reserve sets aside funds in the Major Facilities Fund for acquisition of property and the construction of facilities to accommodate future system growth and development.

Project Name System Rehabilitation/Replacement Reserve
5-Yr CIP Budget \$ 5,185,000
Total Budget \$ 5,185,000
Council Districts 2
Description This reserve sets aside funds in the Water Utility Capital Fund for rehabilitation and/or replacement of existing facilities.
