



2016-2017 CAPITAL BUDGET

2017-2021 CAPITAL IMPROVEMENT PROGRAM

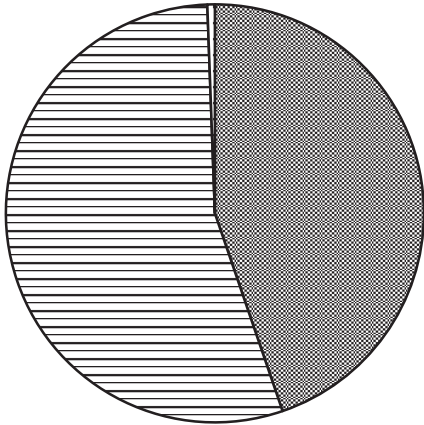


COMMUNICATIONS

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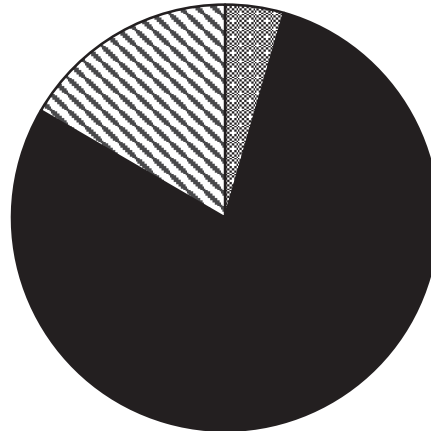
2017-2021 Capital Improvement Program

**2016-2017 Proposed
Source of Funds**



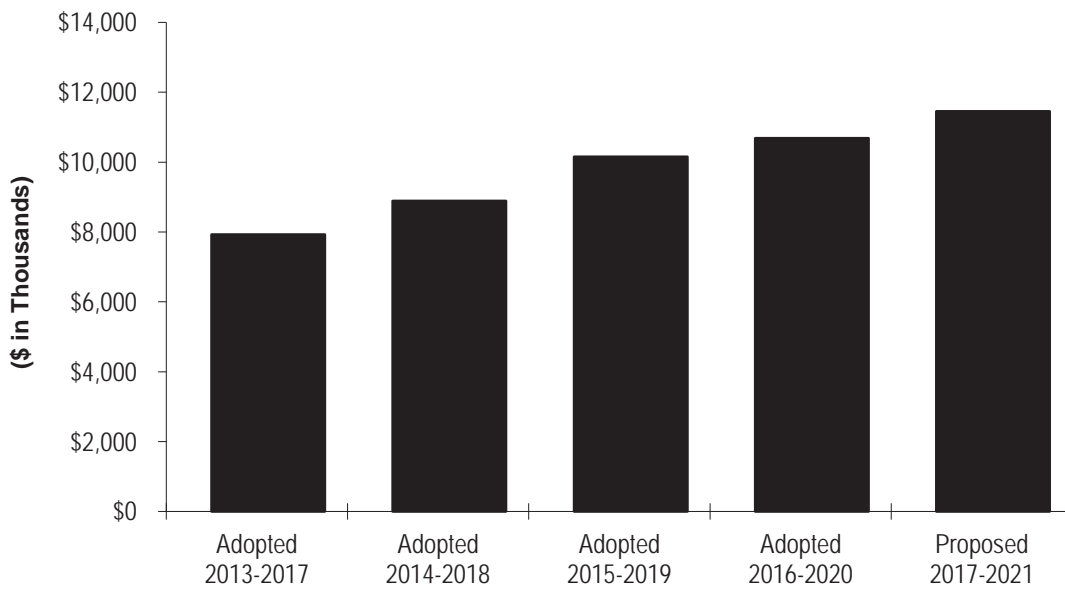
- Beginning Fund Balance
- Taxes, Fees and Charges
- Loans and Transfers

**2016-2017 Proposed
Use of Funds**



- Construction
- Non-Construction
- Ending Fund Balance

CIP History



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2017-2021 Proposed Capital Improvement Program

Overview

INTRODUCTION

In October 1990, the City assumed the responsibility of providing its own emergency communications service for Police and Fire from the County of Santa Clara. The Communications Capital Improvement Program (CIP) was set up to address the replacement and upgrade of both the public safety and non-public safety radio equipment. In addition, this Program funds capital improvements related to communications facilities including land and interests in land, buildings, structures, radio and other equipment, and streets and sidewalks adjacent to City communication facilities.

COMMUNICATIONS INFRASTRUCTURE	
FIXED EQUIPMENT SITES	25
BASE STATIONS	100
MOBILE & PORTABLES	6,700

The 2017-2021 Proposed CIP provides funding of \$11.5 million of which \$2.2 million is allocated in 2016-2017. This program is part of the Strategic Support City Service Area (CSA) and supports the following outcomes from that CSA: *Safe and Functional Public Infrastructure, Facilities and Equipment*; and *Effective Use of State-of-the-Art Technology*.

PROGRAM PRIORITIES AND OBJECTIVES

The Communications CIP's guiding objective is the provision of reliable, necessary public and non-public safety-related communications equipment for all City employees who need this equipment to perform their job duties. Based on the CSA outcomes supported by this program, the following list of priorities has been developed:

- Proactively replace public safety-related communications equipment and systems to ensure reliability and optimal performance, and compliance with rules of the Federal Communications Commission;
- Maintain existing radio equipment in a proactive manner to ensure optimal functionality and to extend the length of service;
- Strategically plan for future major upgrades and technology changes; and
- Continue to support the Silicon Valley Regional Interoperability Authority.

SOURCES OF FUNDING

The 2016-2017 Proposed Capital Budget estimate for Construction and Conveyance (C&C) taxes is \$36.0 million, of which 3.4% (\$1.2 million) is allocated to the Communications Capital Program. Approximately 96% of this tax is derived from a transfer tax imposed upon each transfer of real property, with the remaining 4% generated from a construction tax levied on most types of construction. The 2017-2021 CIP assumes 2015-2016 C&C revenues of \$38.0 million will fall slightly short of the 2014-2015 receipts of \$41.2 million by approximately 7.8%, decrease again in 2016-2017

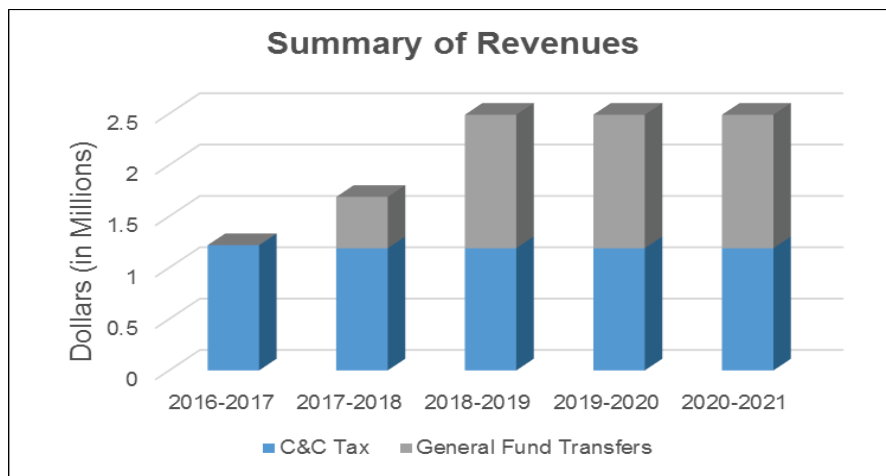
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SOURCES OF FUNDING

to \$36.0 million and then will remain flat at \$35.0 million for each year of the CIP. Therefore, collections allocated to the Communications Capital Program will total \$6.0 million over the five years of the CIP. For additional information regarding C&C Tax revenue, please refer to the Construction and Conveyance Tax section of the Summary of Capital Improvement Program Revenues, which is located in the Summary Information (Section III) of this CIP.



At estimated C&C Tax collection levels, supplemental funding of \$4.4 million from the General Fund is programmed over the CIP for the Communications Capital Program in order to primarily fund contributions to the Silicon Valley Regional Interoperability Authority (SVRIA). To the extent that C&C Tax revenues are received above or below projected levels, the General Fund transfer to this program will be reduced or increased accordingly.

PROGRAM HIGHLIGHTS

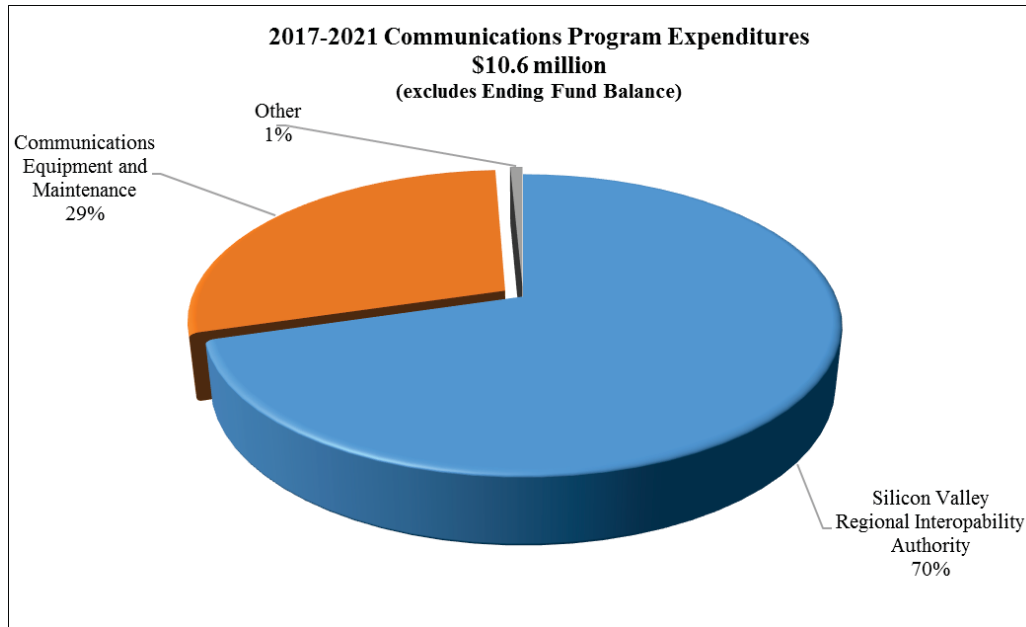
The Communications Capital Program’s expenditures are organized to show the use of funds in several categories. The following highlights the major project in the program. For further information on the program’s individual projects, please refer to the Detail Pages.

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2017-2021 Proposed Capital Improvement Program

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PROGRAM HIGHLIGHTS



Silicon Valley Regional Communications System

The Silicon Valley Regional Interoperability Authority (SVRIA) is a joint powers authority consisting of 15 member agencies, including the City of San José, whose mission is to identify, coordinate and implement communication interoperability solutions to its member agencies by integrating voice and data communications between law enforcement, fire and rescue services, emergency medical services, and emergency management for routine operations, critical incidents and disaster response and recovery. The Silicon Valley Regional Communications System (SVRCS), a multistage project coordinated by SVRIA, will replace the existing public safety radio systems currently in use in Santa Clara County with a system that uses the 700/800MHz spectrum, which allows for enhanced data transmissions, additional capacity for mutual aid scenarios, and the ability to record transmissions for training purposes. The additional transmission towers, repeater sites, and other infrastructure required to build out the SVRCS is estimated to cost \$28.9 million. The City's estimated share, based on its proportionate number of communication devices, is \$7.5 million. The City will also need to purchase new radios (\$14.6 million) and dispatch consoles (\$2.5 million) that can fully operate on the new system, bringing the City's total one-time need for the SVRCS to \$24.6 million.

The City entered into a Memorandum of Understanding (MOU) with SVRIA, as approved by the City Council on June 16, 2015, for the City's proportionate share of the infrastructure buildout for the SVRCS project in the amount of \$7.5 million over a three-year period. The City prepaid \$3.13 million to SVRIA which funded the 2015-2016 payment and a portion of the 2016-2017 payment. Also, as part of the 2015-2016 Adopted Operating Budget, an additional \$3.0 million was set aside in the

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PROGRAM HIGHLIGHTS

Silicon Valley Regional Communications System (Cont'd.)



***Cadwallader Reservoir
Radio Tower***

Silicon Valley Regional Communications System (SVRCS) Reserve in the General Fund. The remaining need of \$1.4 million is recommended to be added to the SVRCS Reserve as part of the 2016-2017 Proposed Operating Budget, which will fully fund the City's share of the system's infrastructure costs.

To address the \$14.6 million needed for radio replacements, the City will use grant and local funding from several sources. A total of \$10.1 million, to date, has been used to begin radio replacements. In addition, over the five-year CIP, approximately \$2.5 million is included in the Silicon Valley Regional Communications System – Radios project. After taking these year-to-date and future investments into account, the remaining unfunded

amount for radio replacement is \$2.0 million. To date, 1,843 subscribers (units), including portables and mobile radios have been replaced. This leaves approximately 900 radios to be replaced. Three sites have been completed in the central cell with an additional 11 to be constructed.

The need for dispatch console replacements totals \$2.5 million. In 2015-2016, the City replaced two dispatch consoles for \$250,000, leaving a remaining unfunded need of \$2.3 million.



***Emergency Communications
Microwave Antennae at Eagle Rock***

The City's total unfunded need for implementation of the SVRCS is approximately \$4.3 million. The City will continue to explore additional sources of grant funding to further defray these costs, and is working with the SVRIA to appropriately phase the contribution schedule for the SVRCS build out county-wide.

MAJOR CHANGES FROM THE 2016-2020 ADOPTED CIP

The overall size of the Communications CIP has increased by \$770,000 from \$10.7 million in the 2016-2020 Adopted CIP to \$11.5 million in the 2017-2021 Proposed CIP primarily due to additional funding needs for the SVRCS project. The following table outlines the most significant changes to project budgets, including new/augmented allocations and reduced/eliminated allocations.

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MAJOR CHANGES FROM THE 2016-2020 ADOPTED CIP

Project	Incr/Decr
Communications Maintenance	\$90,000
Silicon Valley Regional Interoperability Authority - Maintenance	\$84,000
Communications Equipment Replacement and Upgrade	(\$200,000)

OPERATING BUDGET IMPACT

It is anticipated that there will be no additional operating and maintenance costs associated with projects included in the 2017-2021 Proposed CIP.

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SOURCE OF FUNDS

USE OF FUNDS

The Source of Funds displays the capital revenues by funding source for each year of the Five-Year Capital Improvement Program. The Use of Funds displays the capital expenditures by line-item for each year of the five-year period.

Communications

2017-2021 Proposed Capital Improvement Program Source of Funds (Combined)

SOURCE OF FUNDS	Estimated 2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	5-Year Total
<u>Communications Construction & Conveyance Tax Fund (397)</u>							
Beginning Fund Balance	1,980,536	1,002,213	372,213	186,213	415,213	626,213	1,002,213 *
Taxes, Fees and Charges:							
Construction and Conveyance Tax	1,292,000	1,224,000	1,190,000	1,190,000	1,190,000	1,190,000	5,984,000
Contributions, Loans and Transfers from:							
General Fund							
- Communications Projects			500,000	1,300,000	1,300,000	1,300,000	4,400,000
Interest Income	13,000	13,000	13,000	13,000	13,000	13,000	65,000
Reserve for Encumbrances	126,677						
Total Communications Construction & Conveyance Tax Fund	3,412,213	2,239,213	2,075,213	2,689,213	2,918,213	3,129,213	11,451,213 *
TOTAL SOURCE OF FUNDS	3,412,213	2,239,213	2,075,213	2,689,213	2,918,213	3,129,213	11,451,213 *

* The 2017-2018 through 2020-2021 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Communications
2017-2021 Proposed Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS	Estimated 2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	5-Year Total
Construction Projects							
1. Communications Equipment Replacement and Upgrade	420,000	100,000	100,000	100,000	100,000	100,000	500,000
Total Construction Projects	420,000	100,000	100,000	100,000	100,000	100,000	500,000
Non-Construction							
General Non-Construction							
2. Communications Maintenance	469,000	483,000	497,000	512,000	527,000	543,000	2,562,000
3. Silicon Valley Regional Communications System - Radios	860,000	500,000	500,000	500,000	500,000	500,000	2,500,000
4. Silicon Valley Regional Interoperability Authority - Administration	143,000	150,000	158,000	161,000	164,000	167,000	800,000
5. Silicon Valley Regional Interoperability Authority - Maintenance	497,000	618,000	618,000	985,000	985,000	974,000	4,180,000
Total General Non-Construction	1,969,000	1,751,000	1,773,000	2,158,000	2,176,000	2,184,000	10,042,000
Contributions, Loans and Transfers to General Fund							
Transfer to the General Fund - Human Resources/Payroll/Budget Systems Upgrade	2,000						
Transfer to the General Fund - Interest Income	13,000	13,000	13,000	13,000	13,000	13,000	65,000
Total Contributions, Loans and Transfers to General Fund	15,000	13,000	13,000	13,000	13,000	13,000	65,000

Communications
2017-2021 Proposed Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS (CONT'D.)	Estimated 2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	5-Year Total
<u>Non-Construction</u>							
Contributions, Loans and Transfers to Special Funds							
Transfer to the City Hall Debt Service Fund	6,000	3,000	3,000	3,000	3,000	3,000	15,000
Total Contributions, Loans and Transfers to Special Funds	6,000	3,000	3,000	3,000	3,000	3,000	15,000
Total Non-Construction Ending Fund Balance	1,990,000	1,767,000	1,789,000	2,174,000	2,192,000	2,200,000	10,122,000
	1,002,213	372,213	186,213	415,213	626,213	829,213	829,213*
TOTAL USE OF FUNDS	3,412,213	2,239,213	2,075,213	2,689,213	2,918,213	3,129,213	11,451,213*

* The 2016-2017 through 2019-2020 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

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DETAIL OF CONSTRUCTION PROJECTS

DETAIL OF NON-CONSTRUCTION PROJECTS

The Detail of Construction Projects section provides information on the individual construction projects with funding in 2016-2017. The Detail of Non-Construction Projects section is abbreviated and provides information on the individual non-construction project, with funding in 2016-2017. On the Use of Funds statement, these projects are numbered.

Communications

2017-2021 Proposed Capital Improvement Program Detail of Construction Projects

1. Communications Equipment Replacement and Upgrade

CSA:	Strategic Support	Initial Start Date:	Ongoing
CSA Outcome:	Effective Use of State-of-the-Art Technology	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	City-wide		

Description: This allocation funds the replacement and maintenance of communications equipment based upon useful life expectancy.

Justification: This allocation funds essential communications equipment for Police, Fire, and non-public safety City operations.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Equipment		420	420	100	100	100	100	100	500		
TOTAL		420	420	100	100	100	100	100	500		

FUNDING SOURCE SCHEDULE (000'S)

Communications Construction & Conveyance Tax Fund	420	420	100	100	100	100	100	100	500
TOTAL	420	420	100	100	100	100	100	100	500

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Appn. #:	4056
Initial Project Budget:		USGBC LEED:	N/A

Communications

2017-2021 Proposed Capital Improvement Program Detail of Non-Construction Projects

2. Communications Maintenance

CSA: Strategic Support
CSA Outcome: Effective Use of State-of-the-Art Technology
Department: Public Works
Description: This allocation funds staffing costs associated with the replacement and maintenance of communications equipment.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Maintenance		469	469	483	497	512	527	543	2,562		
TOTAL		469	469	483	497	512	527	543	2,562		

FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		469	469	483	497	512	527	543	2,562		
TOTAL		469	469	483	497	512	527	543	2,562		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 7116

3. Silicon Valley Regional Communications System - Radios

CSA: Strategic Support
CSA Outcome: Effective Use of State-of-the-Art Technology
Department: Public Works
Description: This allocation funds the replacement of radio equipment for Police, Fire, and non-public safety City operations in preparation for the Silicon Valley Regional Communications System.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Equipment		860	860	500	500	500	500	500	2,500		
TOTAL		860	860	500	500	500	500	500	2,500		

FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		860	860	500	500	500	500	500	2,500		
TOTAL		860	860	500	500	500	500	500	2,500		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 5260

Communications

2017-2021 Proposed Capital Improvement Program Detail of Non-Construction Projects

4. Silicon Valley Regional Interoperability Authority - Administration

CSA: Strategic Support
CSA Outcome: Effective Use of State-of-the-Art Technology
Department: City Manager
Description: This allocation funds the City's portion of the administration costs for the Silicon Valley Regional Interoperability Authority.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Program Management		143	143	150	158	161	164	167	800		
TOTAL		143	143	150	158	161	164	167	800		

FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		143	143	150	158	161	164	167	800		
TOTAL		143	143	150	158	161	164	167	800		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 5267

5. Silicon Valley Regional Interoperability Authority - Maintenance

CSA: Strategic Support
CSA Outcome: Safe and Functional Public Infrastructure, Facilities, and Equipment
Department: City Manager
Description: This allocation funds contractual services to perform maintenance, monitoring, and service support for regional communications assets such as radio towers and related equipment in order to enhance the inter-agency communication between 14 separate jurisdictions' public safety agencies as part of the Silicon Valley Regional Interoperability Authority.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Maintenance		497	497	618	618	985	985	974	4,180		
TOTAL		497	497	618	618	985	985	974	4,180		

FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		497	497	618	618	985	985	974	4,180		
TOTAL		497	497	618	618	985	985	974	4,180		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 7333

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