



2015-2016 CAPITAL BUDGET

**2016-2020 CAPITAL
IMPROVEMENT PROGRAM**



**CITY MANAGER'S
2015-2016
BUDGET MESSAGE**

September 3, 2015

HONORABLE MAYOR AND CITY COUNCIL:

I am pleased to present the 2015-2016 Adopted Capital Budget and the 2016-2020 Adopted Capital Improvement Program (CIP) for the City of San José. The Budget and CIP presented in this document guide the City in the planning, scheduling, and budgeting of capital improvement projects during the next five-year period. This overview highlights the major capital investments within each of the six City Service Areas (CSAs) and 14 Capital Programs as well as the major issues associated with this CIP.

Building on the efforts of the last several years and guided by the Envision San José 2040 General Plan (General Plan), this CIP continues targeted investments to maintain, rehabilitate, and rejuvenate a wide array of public infrastructure to improve system reliability, enhance recreational experiences, advance public safety, and ensure that San José remains well-positioned for further economic growth and opportunity. Accordingly, this CIP allocates significant resources to upgrade and revitalize the Water Pollution Control Plant (San José-Santa Clara Regional Wastewater Facility) and accelerate rehabilitation of the sanitary sewer collection system; invests in and sets aside funding for the rehabilitation and enhancement of a variety of park assets and recreational facilities; constructs a wide array of bike and pedestrian, traffic safety, and multi-modal improvement projects; and begins the initial steps to renovate a number of the City's outstanding cultural facilities. The City's 2015-2016 Adopted Capital Budget totals \$996.7 million and the 2016-2020 Adopted CIP totals \$2.6 billion. The 2015-2016 Adopted Capital Budget reflects a 6.3% increase from the 2014-2015 Adopted Capital Budget of \$937.9 million, and from a five-year perspective, the 2016-2020 Adopted CIP is 6.1% higher than the 2015-2019 Adopted CIP.

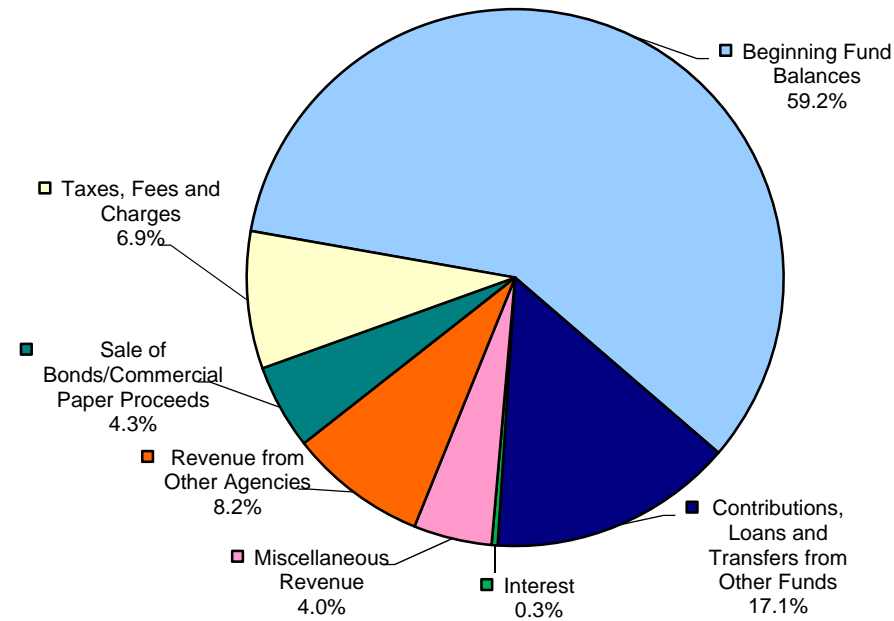
Though the City continues to focus on infrastructure rehabilitation and renewal, investment needs substantially eclipse currently available resources. Many capital programs rely on grants and revenue from other agencies to help narrow the gap between local City funds and the growing backlog of unmet/deferred infrastructure needs. For the local street network, this gap widens in the 2016-2020 CIP as a result of reductions to the City's State Gas Tax allocation for pavement maintenance. The Status Report on Deferred Infrastructure Maintenance Backlog, that was accepted by the City Council on June 2, 2015, identifies a backlog of unmet/deferred infrastructure needs for pavement maintenance that has grown from \$434 million to \$504 million. Left unaddressed, this backlog will continue to grow and street conditions will continue to decline. Faced with this significant funding gap, the City Council has directed the Administration to explore a variety of strategies, including potential ballot measures, to identify additional resources to maintain San José's road network. Regardless of the fiscal challenges, within available resources, the City remains dedicated to providing a safe, reliable, and efficient public infrastructure that meets the needs of its residents and businesses, now and in the future.

**2015-2016 ADOPTED CAPITAL BUDGET
2016-2020 CAPITAL IMPROVEMENT PROGRAM**

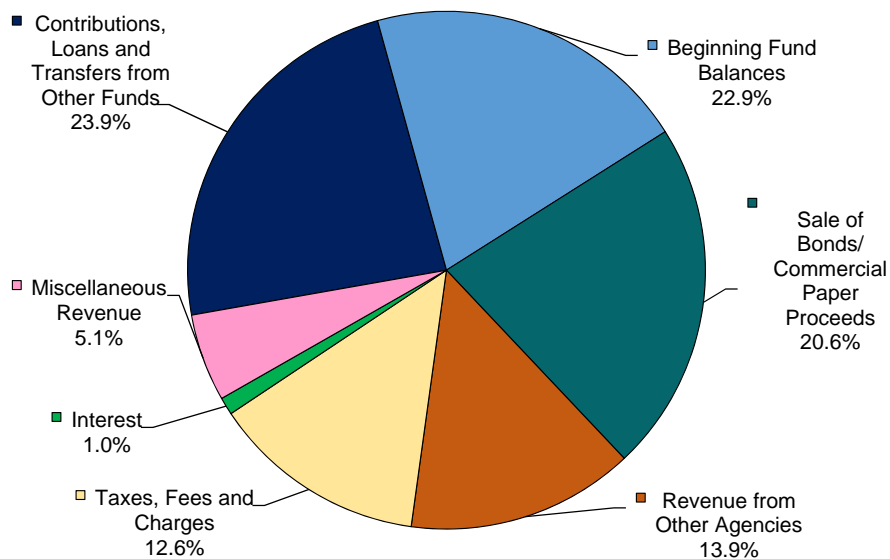
CAPITAL PROGRAM FUNDING SOURCES

The Capital Program is supported by a variety of funding sources as shown in the pie charts below that depict both the 2015-2016 and five-year CIP funding.

**2015-2016 Adopted Capital Budget
Source of Funds (\$996.7 million)**



**2016-2020 Adopted Capital Improvement Program
Source of Funds (\$2.6 billion)**



2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM FUNDING SOURCES

The Beginning Fund Balance category is a major funding source at \$589.6 million, representing 59.2% of the 2015-2016 Source of Funds and 22.9% of the five-year CIP funding. Beginning Fund Balances primarily reflect planned carryover funding for projects expected to be initiated or completed in the next five years. The Parks and Community Facilities Development Capital Program has Beginning Fund Balances totaling \$139.3 million, accounting for 23.6% of the total Beginning Fund Balances. A majority of the funds are reserved pending determination of final scope, location, or funding of projects. Other programs with significant Beginning Fund Balances include the Water Pollution Control Program (\$126.6 million), Traffic (\$104.1 million), Airport (\$92.4 million), and Sanitary Sewer System (\$69.2 million). With a substantial number of capital projects scheduled to be completed over the next five years, the total Ending Fund Balance in 2019-2020 is estimated to fall to \$90.8 million.

Contributions, Loans, and Transfers from Other Funds is the next largest revenue category with 17.1% of the 2015-2016 funding (\$170.2 million) and 23.9% of the CIP funding (\$614.2 million). Over the five-year period, this funding stream includes the transfer of revenue from storm, sanitary, and water operating funds that are supported by utility user fees (\$414.7 million) and the allocation of Construction and Conveyance (C&C) taxes to each Parks and Community Facilities Council District Fund (\$52.8 million).

The Sale of Bonds/Commercial Paper Proceeds is relatively small in 2015-2016, representing only 4.3% (\$42.8 million) of the total funding sources, but increases to 20.6% (\$530.0 million) in the CIP. This category is mostly comprised of anticipated bond sales and use of commercial paper proceeds to support the Water Pollution Control Program (\$517.3 million) due to the large capital improvement program identified by the Water Quality Control Plant Master Plan. These figures, however, are likely to change as the financing for the major renovation of this facility is refined.

The Revenue from Other Agencies category, which includes mostly federal, State, and local grants as well as revenue from other agencies that use the Water Pollution Control Plant, comprises 8.2% of the 2015-2016 funding (\$82.3 million) and 13.9% (\$356.5 million) of the five-year CIP. With the expected expansion of the Water Pollution Control Plant, the contributions from user agencies are expected to increase significantly and are currently projected to total \$203.4 million over the five-year period. These figures may also change as the user agencies determine their preferred funding mechanism for the Plant improvements.

The Taxes, Fees and Charges category accounts for 6.9% (\$69.3 million) of the funding in 2015-2016 and 12.6% or \$325.6 million of the total funding in the CIP. The three largest funding sources in this category are Construction and Conveyance (C&C), Construction Excise, and Building and Structure Construction Taxes, which serve as the major revenue sources for Parks and Traffic Capital projects. While collections remain relatively strong in these areas, the projections for each of these taxes are below the estimates in the 2015-2019 Adopted CIP primarily due to peak development activity levels experienced in 2013-2014 and a lower projected number of property transactions.

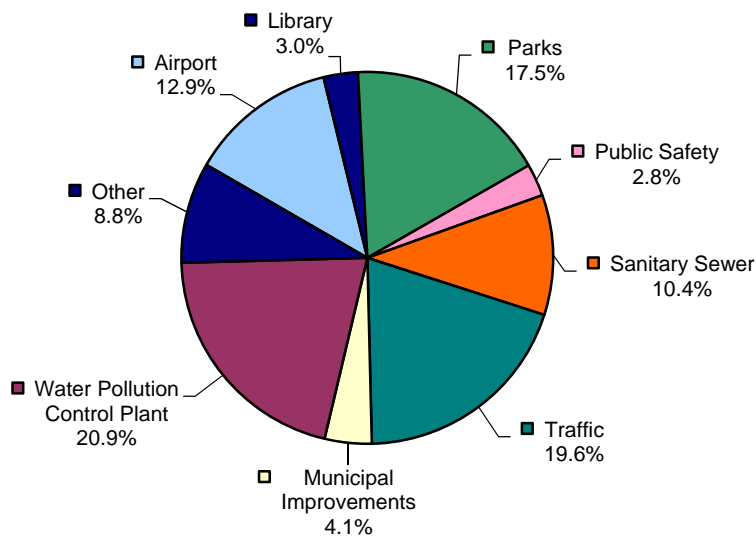
A more detailed discussion of revenues can be found in the Summary Information section of this budget document.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

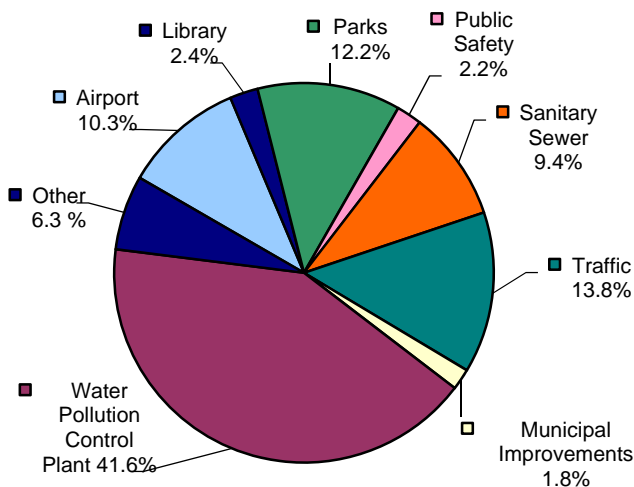
CAPITAL PROGRAM INVESTMENTS

The CIP consists of 14 capital programs. The following pie charts depict the uses of funds by capital program and percentage of funding for the 2015-2016 Capital Budget and the 2016-2020 Capital Improvement Program. Major projects to be completed over the next five years are highlighted in the sidebar.

**2015-2016 Capital Budget
Use of Funds (\$996.7 million)**



**2016-2020 Capital Improvement Program
Use of Funds (\$2.6 billion)**



Major Projects to be Completed Over the Next Five Years

2015-2016 Projects

Alviso Storm Pump Station
Animal Care and Services Waterproofing
Autumn Street Extension
Branham and Snell Street Improvements
Fire Station 21 – Relocation (White Road)
Martin Park Expansion
Water Meter Replacements
Monterey – Riverside Relief Sanitary Sewer Improvements
Perimeter Fence Line Upgrades (Airport)
Plant Electrical Reliability
San José Civic Auditorium HVAC Replacement
Security Exit Doors (Airport)
TRAIL: Coyote Creek (Flea Market)
TRAIL: Guadalupe River Trail (Tasman Drive Under-crossing)
United States Patent and Trademark Office – Tenant Improvements Project
Village Square Branch Library

2016-2017 Projects

Almaden/Vine Downtown Couplet (OBAG)
Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements
Cadwallader Reservoir Rehabilitation
Iron Salt Feed Station
LED Garage Lighting Upgrade
Lake Cunningham Bike Park
Large Trash Capture Devices
North San José Well #5 Dev. and Construction
Park Avenue Multimodal Improvements
Rehabilitation of Sanitary Sewer Pump Stations
Terminal A Baggage Claim Escalators
The Alameda “Beautiful Way” Phase 2 (OBAG)
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)
TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)
TRAIL: Thomson Creek (Tully Road to Quimby Road)

2017-2018 Projects

60” Brick Interceptor, Phase VIA and VIB
Southeast Ramp Reconstruction, Phase I
Tamien Park

2018-2019 Projects

Airfield Geometric Implementation
Energy Generation Improvements
Southeast Ramp Reconstruction, Phase II

2019-2020 Projects

Airport Rescue and Fire Fighting Facility
Fourth Major Interceptor, Phase VIIA
Route 101/Mabury Road Project Development
Westmont Avenue and Harriet Avenue Sanitary Sewer Improvement

2015-2016 ADOPTED CAPITAL BUDGET
2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Each of the 14 capital programs is aligned to one of the six City Service Areas (CSAs). The chart below compares the 2015-2019 Adopted CIP with the 2016-2020 Adopted CIP for each CSA. As discussed earlier, the 2016-2020 Adopted CIP is 6.1% higher than the 2015-2019 Adopted CIP. The Adopted CIP includes significantly increased investments in the Water Pollution Control Program (Environmental and Utility Services CSA). However, this increase in funding is offset by declines in almost every other CSA.

2015-2019 Adopted CIP and 2016-2020 Adopted CIP Comparison (By City Service Area)

City Service Area	2015-2019 Adopted CIP	2016-2020 Adopted CIP	% Change
Community and Economic Development	\$ 13,558,297	\$ 11,533,381	(14.9%)
Environmental and Utility Services	1,219,247,457	1,401,460,070	14.9%
Neighborhood Services	410,160,504	375,983,902	(8.3%)
Public Safety	53,560,582	55,887,812	4.3%
Transportation and Aviation Services	653,521,947	635,319,868	(2.8%)
Strategic Support	76,158,900	94,304,261	(23.8%)
Total	\$ 2,426,207,687	\$ 2,574,489,294	6.1%

The following discussion of significant issues and projects included in the CIP is presented by CSA. A more detailed description and justification for the capital projects can be found in the Capital Programs by City Service Area (Section V) of the document.

Community and Economic Development CSA

The Community and Economic Development CSA includes the Developer Assisted Projects Capital Program.

Developer Assisted Projects Capital Program

The Developer Assisted Projects CIP ensures that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City. This capital program is used to facilitate the undergrounding of existing overhead utilities and to reimburse residential developers for the construction of certain street improvements throughout the City. The underground utility projects are prioritized based on several criteria, the most significant of which is the level of fee revenue that has been collected within the Underground District.

The major undergrounding projects in this CIP include:

- ❑ Delmas/Park (San Fernando Street, Cahill Street, Auzerais Avenue)
- ❑ Aborn Road (Renfield Way to Thompson Creek)
- ❑ Tully Road (Tully Road, Kenoga Drive, and Senter Road)
- ❑ Camden Avenue (Camden Avenue, Bascom Avenue to Leigh Avenue)

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

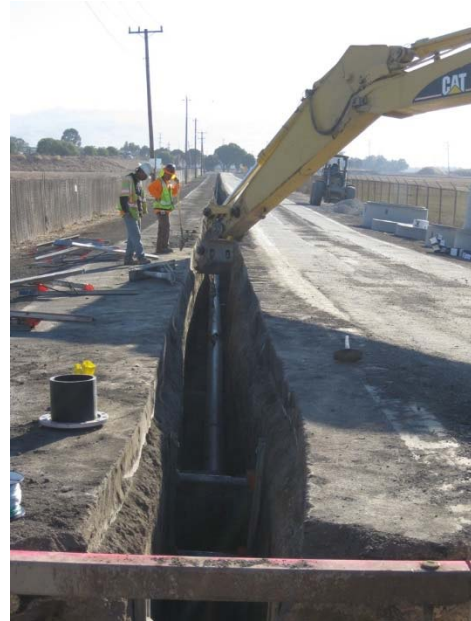
Environmental and Utility Services CSA

The Environmental and Utility Services CSA includes the Sanitary Sewer System, Storm Sewer System, Water Pollution Control, and Water Utility System Capital Programs.

Sanitary Sewer System Capital Program

The Sanitary Sewer System consists of approximately 2,250 miles of sewer mains ranging in diameter from six to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José-Santa Clara Water Pollution Control Plant (Plant). The objectives of this capital program are to reduce sanitary sewer overflows (SSOs); enhance sewer capacity to meet economic development; rehabilitate large diameter sanitary sewers; reduce water inflow and infiltration in sanitary sewers; and improve local neighborhood sewers.

As identified in the Status Report on Deferred Maintenance and Infrastructure Backlog accepted by City Council on June 2, 2015, the Sanitary Sewer Collection System has estimated unfunded needs of approximately \$5.7 million per year. This figure incorporates an additional \$7.0 million per year transfer from the Sewer Service and Use Charge Fund for infrastructure rehabilitation, beginning in 2015-2016, which has been included in the Adopted CIP to help address backlog needs. With a remaining \$5.7 million backlog, the City will continue to evaluate staffing levels and resources and overall strategic capital improvement priorities at both the RWF and the sanitary collection system to address the remaining unfunded need in the future.



Force Main Installation

The Adopted CIP assumes the 5.5% rate increase for the SSUC Fund in 2015-2016, as approved by the City Council on June 23, 2015; included in this figure is an approximate 2.0% rate increase necessary to fund the additional \$7.0 million annual transfer from the SSUC Fund. In the remaining years of the CIP, rate increases ranging from 5.0% up to 7.0% are projected. These increases may be revised based on future assessments of capital and operating needs, changes in project costs, or other unforeseen circumstances.

The major projects in this CIP include:

- 60-Inch Brick Interceptor, Phase VIA and VIB
- Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements
- Fourth Major Interceptor, Phase IIB/IIIB
- Monterey-Riverside Relief Sanitary Sewer Improvements
- Rehabilitation of Sanitary Sewer Pump Stations
- Spreckles Sanitary Sewer Force Main Supplement, Phase II

2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Environmental and Utility Services CSA

Storm Sewer System Capital Program

In accordance with the City's Envision San José 2040 General Plan, the goal of the Storm Sewer System CIP is to reduce the risk of drainage-related surface damage and manage the quality of storm water runoff. The City is responsible for the design, construction, and maintenance of facilities for the conveyance of surface runoff in the City's Urban Service Area to adjacent stream channels. However, the Santa Clara Valley Water District and the U.S. Army Corps of Engineers are responsible for the design and construction of flood control facilities or the modification and maintenance of stream channels.

Project funding levels in this Adopted CIP will not require a Storm Sewer Service Charge rate increase in any year of the CIP; however, this may change in the out-years based on the initial recommendations from the Storm Sewer Master Plan, which is scheduled for completion in 2017. The Storm Sewer Master Plan will identify and prioritize capital improvements that maximize the efficiency and capacity of the storm drainage system city-wide. The need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual budget process.

Provision C.3 of the Municipal Regional Stormwater Permit requires ten Green Street Pilot Projects within the San Francisco Bay Region, with a minimum of two green street projects within Santa Clara County. This Adopted CIP includes funding of approximately \$5.0 million (sourced by approximately \$4.2 million in grant funding and approximately \$800,000 in matching funds) for four such projects in the areas of Martha Gardens, Park Avenue, Ocala Avenue, and Chynoweth Avenue.



Example of a Stormwater Bioretention Treatment Facility in South San José

Green elements included in these projects consist of bioretention areas, or "rain gardens", that function as a soil and plant-based filtration measure, and pervious pavers and infiltration trenches which will allow stormwater run-off to infiltrate into the ground.

The major projects in this CIP include:

- Alviso Storm Pump Station
- Charcot Storm Pump Station at Coyote Creek
- Large Trash Capture Devices
- Storm Sewer Master Plan – City-Wide

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Environmental and Utility Services CSA

Water Pollution Control Capital Program

The Water Pollution Control Plant (WPCP) is a wastewater treatment facility serving eight tributary sewage collection agencies, including municipalities and sanitary sewer districts. Accounting for 41.6% of the 2016-2020 Adopted CIP, the WPCP is the largest capital program. A total of \$1.07 billion will be directed to renovate and upgrade the WPCP infrastructure to ensure capacity and reliability of treatment plant processes. This work is guided by the Plant Master Plan (PMP) and includes anticipated bond issuances combined with commercial paper proceeds, totaling \$517.3 million over the next five years. The PMP recommends an estimated investment of approximately \$2.0 billion over a 30-year planning period to implement more than 114 capital improvement projects, with over \$1.0 billion to be invested in the near-term (the next ten years), to address future regulatory requirements, capacity needs, and an overhaul of the entire solids treatment process. In September 2013, the City Council approved a consultant agreement with MWH Americas, Inc. to assist and support the Environmental Services Department in developing and implementing such a large capital program. In February 2014, the MWH program team completed a detailed project validation process to critically evaluate project needs and priorities. Priorities for the near-term include securing program funding, evaluating project delivery approaches, developing program staff, and continuing development of project delivery processes.



***Aerial View of the San José-Santa Clara
Regional Wastewater Facility***



Headworks Bar Screens

As discussed earlier, the 2016-2020 Adopted CIP assumes the 5.5% rate increase for the SSUC Fund for 2015-2016, as approved by the City Council on June 23, 2015, with rate increases of 5% up to 7% in the out years. These rates will be reassessed at a later time once a more detailed implementation plan and financing strategy are identified. The next five to ten years will see significant investment at the Plant based on the PMP, resulting in revitalized infrastructure to meet current and future customer demands, meet future environmental regulatory standards, and reduce odor impacts to the surrounding community.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Environmental and Utility Services CSA

Water Pollution Control Capital Program (Cont'd.)

The major projects in this CIP include:

- Construction-Enabling Improvements
- Digested Sludge Dewatering Facility
- Digester and Thickener Facilities Upgrade
- Energy Generation Improvements
- Iron Salt Feed Station
- Lagoons and Drying Beds Retirement
- New Headworks
- Plant Electrical Reliability
- Plant Instrument Air System Upgrade
- SBWR System Reliability and Infrastructure Replacement
- Support Building Improvements

Water Utility System Capital Program

The San José Municipal Water System provides water service to 126,000 residents via 26,000 service connections in five areas within the City of San José: Alviso, Coyote Valley, Edenvale, Evergreen, and North San José. Projects in this CIP include the construction of new facilities, maintenance of existing infrastructure, and improvements to the Water Utility System facilities. Retail water rates were approved by the City Council on June 9, 2015, to increase by 28% in 2015-2016 in order to offset rising wholesale water costs and increased operating costs, restore revenue that was down due to declining water sales, and fund capital improvements.

Included in this Adopted CIP are proceeds from a Commercial Paper loan in 2015-2016 of \$3.5 million, which will fund the replacement of approximately 14,000 remaining manual-read water meters in the Municipal Water service area with remote-read water meters. This project will allow staff to focus on system infrastructure and maintenance, as well as provide customers with improved customer service through quicker water meter reads. Importantly, this project will assist in increasing water conservation efforts by allowing for more useful water usage reports to respond more effectively to water leaks at residences, as the new remote-read technology includes indicators of potential leaks. An increased transfer from the Water Utility Fund will provide for the annual repayments of the Commercial Paper loan over five years.



Meter Replacement Project

The major projects in this CIP include:

- Cadwallader Reservoir Rehabilitation
- Meter Replacements
- North San José Water Well Evaluation and Rehabilitation
- North San José Well #5 Development and Construction

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Neighborhood Services CSA

The Neighborhood Services CSA includes the Library and Parks and Community Facilities Development Capital Programs.

Library Capital Program

The City's library system is nearing completion of its major transformation effort as a result of the November 2000 voter-approved bond measure that approved the issuance of \$212 million in General Obligation bonds to improve the branch library system consistent with the Branch Facilities Master Plan. This bond measure provided funding for the reconstruction or replacement of 14 of the 17 existing branches and the construction of six new branches in under-served neighborhoods. The new Village Square Branch, located at the Evergreen Village Square, is the final new branch to be constructed with an anticipated opening of spring 2016. Also included in this CIP is the final sale of the bonds, of which sale proceeds, along with remaining funding, will be used to fund the remaining construction costs for the Village Square Branch Library, as well as additional efficiency and rehabilitation projects at the branch libraries, including improvements at the Alviso Branch Library.



***Artist's rendering of
Village Square Branch Library***

Aside from the Bond program, the Library CIP receives funding from the Library C&C Tax Fund and the Library Parcel Tax Fund. On June 3, 2014, over 81% of San José voters approved the continuation of the Library Parcel Tax for the next 25 years, beginning in 2015-2016. The Parcel Tax has historically provided 45% of the Acquisition of Materials budget and 75% of the Automation Projects and System Maintenance budget. This funding will continue the replacement of approximately 100,000 library materials on an annual basis, replacement of public and staff computers, replacement and repair of the Library automated handling and self-checkout machines, and provide the stability needed to position the library system for growth.

In 2015-2016, the Library Capital Program will fund the design and purchase of a new mobile technology vehicle – one of the first of its kind – entitled “Maker[Spaceship]”. The Maker[Spaceship], operated by existing library staff, will be used as a key outreach vehicle to bring technology and “Maker” equipment (such as 3-D printers, laser cutters, and robotics kits) to high need communities throughout San José. Additionally, Community Development Block Grant (CDBG) funding is budgeted to support improvement projects within the library system. These CDBG projects, reflected in the 2015-2016 Adopted Operating Budget, include the creation of a Teen Room in the Bibliotheca Branch Library, and facility improvements and technology enhancements at Bibliotheca, Hillview, Alum Rock, Seven Trees, and Tully Branch libraries.

2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Neighborhood Services CSA

Library Capital Program (Cont'd.)

The major projects in this CIP include:

- Acquisition of Materials
- Automation Projects and System Maintenance
- Materials Handling Technology
- Village Square Branch Library

Parks and Community Facilities Development Capital Program

The Parks and Community Facilities Development Capital Program plans for and implements the acquisition, development, and protection of parks, recreation facilities, and open space to maintain a high quality of life in San José. This program provides oversight of the planning and development for approximately 3,500 acres of parks (regional/city-wide and neighborhood/community) and open space in the City's sphere of influence. In addition, the City has plans for construction of a trails and



West Evergreen Park

greenways system that will provide a 100-mile network of hiking, biking, jogging, and equestrian trails along the Guadalupe River, Coyote Creek, Los Gatos Creek, Penitencia Creek, San Tomas/Saratoga Creek, Thompson Creek, and other major feeder streams.

In November 2000, a \$228 million General Obligation Bond was approved by City voters for parks and recreational facilities improvements. The Bond program is nearing completion, with the final two projects, the Coleman Soccer Complex and the Arcadia Softball Complex, expected to be completed in this CIP.

With the Bond program nearing completion, the primary sources of support for the Parks and Community Facilities Development Capital Program remain the C&C Tax revenue and Parkland Dedication Ordinance/Park Impact Ordinance (PDO/PIO) fees. One of the major focuses of the Parks and Community Facilities Development Capital Program has been using these revenue sources to reduce the large backlog of deferred maintenance and infrastructure rehabilitation. In addition to programming projects to address the infrastructure backlog in 2015-2016, each Council District and Parks City-Wide C&C Tax Fund has a reserve of funds to continue addressing these needs in future years. Highest priority needs will be addressed annually and will be allocated from the respective C&C Tax Fund Infrastructure Backlog Reserve.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Neighborhood Services CSA

Parks and Community Facilities Development Capital Program (Cont'd.)

The major projects in this CIP include:

- Agnews Property Development
- Arcadia Softball Complex
- Bramhall Park Restroom and Concession Building
- Coyote Creek Trail (Story Road to Selma Olinder Park)
- Del Monte Park Expansion
- Iris Chang Park Development
- Lake Cunningham Bike Park
- Overfelt Gardens Improvements
- Plata Arroyo Park Improvements
- Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)
- Rincon South Park Development
- Shirakawa Community Center Renovation
- Tamien Park Development
- Thompson Creek Trail (Tully Road to Quimby Road)

Public Safety CSA

The Public Safety CSA includes the Public Safety Capital Program.

Public Safety Capital Program

The objective of the Public Safety Capital Program is to provide, maintain, and improve facilities and equipment that support the delivery of effective emergency services to residents and visitors.

Over the last decade, the major investment in Public Safety infrastructure was made possible because of the voter approved Measure O, the “9-1-1, Fire, Police, Paramedic and Neighborhood Security Act.” This bond measure, approved in March 2002, authorized the City to issue General Obligation Bonds in an amount not to exceed \$159 million to fund both Police and Fire Department capital improvements. Two Public Safety Bond facilities are remaining: Fire Station 21 (White Road) Relocation and Fire Station 37 (Willow Glen). The construction for Fire Station 21 is anticipated to be completed in early 2016; however, due primarily to the unexpectedly high costs of construction during much of the Measure O program, the decision to rebuild instead of remodel Fire Station 2 (which resulted in a net cost increase of approximately \$4.1 million), and the recent uptick in bid prices expected for Fire Station 21, only \$3.0 million of Measure O funds will remain in reserve for the Fire Station 37 project. This amount leaves the Fire Station 37 project approximately \$6.0 million short of the funds needed to complete the construction project and purchase the associated furniture, fixtures and equipment and a fire engine. In addition, in order to operate and maintain this new fire station, approximately \$3.3 million in ongoing General Fund dollars would need to be identified. Given the funding shortfall, the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, included Manager’s Budget Addendum (MBA) #17 which, in part, directed staff to continue its analysis of response time performance through a comprehensive Fire Department organizational review. The organizational review is anticipated to be completed and presented to the Public Safety, Finance and Strategic Support Committee in fall 2015. The Fire Station 37 project has been deferred indefinitely pending the review of this analysis and the identification of funding to close the budget gap.

2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Public Safety CSA

Public Safety Capital Program (Cont'd.)

The Adopted CIP includes \$35.4 million for fire apparatus replacement (\$31.9 million from the General Fund and \$3.5 million from the Fire C&C Tax Fund). This investment will replace fire engines, aerial ladder trucks, brush patrols, water tenders, and other emergency response apparatus. These replacements will maintain the reliability of the Fire Department's fleet. The Adopted CIP also includes \$4.3 million for the Facilities Improvement and Fire Facilities Remediation projects to address capital maintenance needs in the fire stations.

The major projects in this CIP include:

- Facilities Improvements
- Facilities Remediation
- Fire Station 37 (Willow Glen) Reserve
- Fire Apparatus Replacement
- Fire Data System

Transportation and Aviation Services CSA

The Transportation and Aviation Services CSA includes the Airport, Parking, and Traffic Capital Programs.

Airport Capital Program

The Airport's Capital Program continues to focus its priorities to meet Airport safety and security mandates as well as aggressively pursue opportunities to leverage federal grants and other revenue sources.



Airfield Improvements

The CIP includes projects reflecting the Norman Y. Mineta San José International Airport's (SJC) priority of retaining, expanding, and growing air service and passengers. The success of All Nippon Airway's daily flight to Narita, Japan, as well as the recent addition of Hainan Airlines' non-stop flight to Beijing, China, demonstrate significant achievements. It is vital that SJC supports the airlines and success of the flights by increasing convenience for passengers, providing flexibility for airlines, and demonstrating capacity to accommodate additional flights. This CIP also includes projects aimed at upgrading perimeter fencing and enhancing security technology and infrastructure. The availability of Federal Aviation Administration (FAA) grant funding is anticipated for these projects in 2015-2016, demonstrating the importance of maintaining and improving security and safety at SJC. In fact, the City was notified on August 24, 2015 about an award of \$3.4 million from the FAA for the Perimeter Fence Line Upgrades project. In addition, 14 new projects in the Adopted CIP will spend the excess 2007A bond proceeds which must be used by August 2017. Some of the significant projects include FIS Curbside Improvements, PG&E Powerline Relocation, FIS Baggage System Upgrades, Southeast Area Building Demolition, and Central Plan Refurbishment.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA

Airport Capital Program (Cont'd.)

The major projects in this CIP include:

- Airfield Geometric Implementation
- Airport Rescue and Fire Fighting Facility
- FIS Baggage System Upgrades
- Perimeter Fence Line Upgrades
- Southeast Ramp Reconstruction, Phase I and II

Parking Capital Program

The Parking Capital Program's primary responsibilities include maintaining and improving existing facilities and upgrading and replacing both on-street and off-street parking equipment. When the Fourth and San Fernando Garage was constructed in 2003 through the issuance of bonds, Redevelopment Agency tax increment revenue was expected to be the primary source for covering the debt service, with the General Purpose Parking Fund (Parking Fund) obligated to make debt service payments in the event tax increment revenue was insufficient to meet total obligations. Since 2005, and more recently with the 2012 state-wide dissolution of redevelopment agencies, the Parking Fund has been a source of funding for debt service payments. To position the Parking Fund to support the approximately \$3.4 million annual debt service, various operational, staffing, and revenue generating measures were taken, including a reduction to the CIP program.

However, as the local economy has improved and property tax increment revenue has risen, the Successor Agency to the Redevelopment Agency, a public entity, is anticipated to pay a greater proportion of the Fourth and San Fernando Garage annual debt service in future years. Based on this improved forecast, the 2016-2020 CIP reestablishes a modest level of projects in line with the program objectives outlined above, while supporting the development of a multi-modal environment, enhancing pedestrian and vehicular access through key downtown corridors, and upgrading garage lighting and access/payment technology in line with the City's technology and innovation goals.

The major projects in this CIP include:

- Diridon Area Parking and Multi-Modal Improvements
- Downtown Event Parking Dynamic Message Sign Repair and Upgrades
- LED Garage Lighting Upgrade

2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA

Traffic Capital Program

The mission of the Traffic Capital Program is to implement a safe, efficient, and environmentally sensitive surface transportation system consistent with the goals and policies of the City's General Plan. The investments in the CIP include: funding for maintenance and rehabilitation activities, including bridge and pavement maintenance; the local system expansion; safety and efficiency projects, primarily pedestrian safety improvements; support for the City's contribution to regional system expansion; future transportation improvements in the Downtown and North San José areas; activities that promote community livability, including land management, weed abatement, undergrounding City utilities, and monitoring of environmental mitigation sites; and project and program support.



**Rendering of Future Improvements in
North San José**

The Traffic Capital Program is the second largest program, or 13.8% of this CIP, with a budget of \$353.5 million. Of this amount, approximately \$100.3 million, or 28.4% of the Traffic Program is directed toward pavement maintenance activities. This funding level, however, is below the 2015-2019 Adopted CIP level of \$124.7 million due primarily to a projected drop in State Gas Tax revenues, the cessation of one-time funding from the federal government, and lower overall Construction Excise Tax revenues, which spiked in 2013-2014, generating additional resources for street maintenance. San José's street system consists of 2,410 miles of pavement and is rated overall in "fair" condition with a Pavement Condition Index (PCI) rating of 63. Additionally, due to insufficient funding for pavement maintenance, the backlog of deferred maintenance has grown from \$250 million in 2010 to \$504 million in 2015. The average annual funding in this CIP of \$20.1 million is well below both the \$68.3 million needed annually to sustain the current fair condition and the \$104.2 million needed annually to bring the system to an overall "good" condition with a PCI rating of 70.

In 2015-2016, a total of \$47.9 million is programmed for pavement maintenance; however, of this amount, \$23.9 million is unexpended funds carried over from 2014-2015. The remaining \$24.0 million of new funding, to address the City's need for street paving and repair, represents \$16.0 million from the Construction Excise Tax Fund and one-time funding of \$8.0 million from the General Fund per the Mayor's June Budget Message for Fiscal Year 2015-2016, as approved by the City Council. This \$24.0 million exceeds the minimum \$18.0 million level of funding needed for pothole repairs and maintenance of the Priority Street Network. In addition, at the recommendation of the Administration, the City Council has directed the Administration to explore various future revenue strategies, including a City Sales Tax ballot measure, State funding from an increased vehicle license tax, a potential Sales Tax Measure with the Santa Clara Valley Transportation Authority, and a street repair bond measure.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA

Traffic Capital Program (Cont'd.)

Also, in accordance with the Mayor's March Budget Message for Fiscal Year 2015-2016, as approved by the City Council, the Adopted Traffic CIP continues the City's significant investment for pedestrian and traffic safety. Over the five-year CIP, approximately \$61.5 million is allocated for street safety improvements focusing on pedestrian safety with projects in each City Council district. This investment is consistent with the Vision Zero San José plan that was developed in April 2015 to enhance the City's focus on reducing traffic related deaths and severe injuries.

The North San José Transportation Plan (Plan) adopted in 2005 identifies traffic infrastructure investments of over \$500 million to facilitate future growth and development of North San José. While these improvements were originally envisioned to be primarily funded from traffic impact fees levied on developers and contributions from the San Jose Redevelopment Agency (SJRA), the lowering of impact fees to entice commercial/job-oriented development into North San José and the loss of SJRA has created a large traffic infrastructure funding gap and made plan implementation more reliant on local City revenues and regional grant funding. As approved as part of the Mayor's June Budget Message for Fiscal Year 2014-2015, Manager's Budget Addendum #8 described a new funding strategy, dedicating future Building and Structure Construction Tax revenues (estimated to exceed \$32 million as development proceeds) and future Business Cooperation Program revenues generated from new development in North San José (estimated to be approximately \$7 million as development proceeds) to be held in reserve for North San José transportation projects. As a result, in 2015-2016 the North San José New Development Reserve was established with \$1.2 million from projects initiated in 2014-2015. The 2016-2020 Adopted CIP also includes a North San José Improvements Reserve of \$8 million, of which \$4.5 million may be allocated towards the cost of interchange improvements at US 101/Oakland Road and at US 101/Mabury Road and the remaining funding will be allocated in the future for other North San José transportation improvements.

In addition to reserves, the CIP includes projects funded by previously collected traffic impact fees, including Montague Expressway Improvements Phase 2 (\$12.0 million), Route 101/Zanker (\$2.2 million), and Route 880/Charcot (\$400,000). Payments to the County of Santa Clara (\$4.5 million) are also included to settle litigation regarding Montague Expressway Improvements within the Cities of Milpitas and Santa Clara.

In November 2014, City Council directed staff to return to City Council by June 2015 with an approach that would facilitate a permanently reduced North San José Traffic Impact Fee on office/R&D development, including potential modification to the transportation infrastructure plan, and any resulting fiscal impacts. Based on further City Council direction in June 2015, staff is developing a workplan for analyzing the North San José Area Development Policy and potential changes to the Traffic Impact Fee. In addition, staff will evaluate a new base year for traffic modeling, program and project level traffic analysis for the planned build-out of the three remaining development phases, and the project schedule, which may continue into 2016-2017. The Traffic Capital Program will provide \$200,000 for a traffic report consultant, which is included in the scope of work. The General Fund will also provide \$640,000 for this work.

2015-2016 ADOPTED CAPITAL BUDGET

2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA

Traffic Capital Program (Cont'd.)

The major projects in this CIP include:

- Autumn Street Extension
- Montague Expressway Improvement, Phase 2
- Pavement Maintenance
- Pedestrian Improvements (e.g., enhanced crosswalks with beacons and markings)
- Route 101/Blossom Hill Road Interchange
- Safety – Traffic Signal Modifications/Construction
- The Alameda “Beautiful Way,” Phase 2

Strategic Support CSA

The Strategic Support CSA includes the Communications, Municipal Improvements, and the Service Yards Capital Programs.

Communications Capital Program

The guiding objective of the Communications Capital Program is the provision of reliable and necessary public safety and non-public safety-related communications equipment for all City employees who need this equipment to perform their job duties. 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.



ECOMM Antennae at Eagle Rock

The City, along with 14 other municipalities, constitutes the Silicon Valley Regional Interoperability Authority (SVRIA), a joint-powers authority. The purpose of the SVRIA is to identify, coordinate, and implement communications interoperability solutions to its member agencies. The project, currently known as Silicon Valley Regional Communications System (SVRCS), will enable interoperability with other radio communications systems currently deployed throughout the greater Bay Area. However, this project includes a significant upfront investment to build the system and purchase new radios and dispatch consoles at a total estimated cost of \$28.9 million, which the City’s portion is estimated at \$24.5 million (\$7.6 million for infrastructure, assuming Valley Transportation Authority (VTA) participation, and \$16.9 million for radios and dispatch consoles).

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 \$7.6 million over a three-year period. The City agreed to prepay the 2015-2016 payment and a portion of the 2016-2017 payment to SVRIA for a total of \$3.13 million. As part of the 2015-2016 Adopted Operating Budget, an additional \$3.0 million was set aside in the

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Strategic Support CSA

Communications Capital Program (Cont'd.)

Silicon Valley Regional Communications System Reserve in the General Fund, leaving a remaining need of \$1.5 million. To address the \$16.9 million need for radio and dispatch console replacements, the City has and will continue to use grant and local funding from several sources. To date, a total of \$6.4 million has been used for radio replacements. In addition, over the five-year CIP, approximately \$2.5 million is included for radio replacements. The remaining unfunded amount for radio and dispatch and console replacement is estimated at \$8.0 million.

The major projects in this CIP include:

- Communications Equipment Replacement and Upgrade
- Silicon Valley Regional Communications System - Radios

Municipal Improvements Capital Program

The Municipal Improvements Capital Program provides capital improvements for City facilities that are not funded in other capital programs. The CIP includes new one-time funding of \$3.4 million from the General Fund (fully reimbursed by the federal government) for the United States Patent and Trademark Office – Tenant Improvements project and key safety and reliability improvements that address a small portion of the deferred maintenance and infrastructure backlog of municipal buildings. Importantly, due to the continued strength of Transient Occupancy Tax (TOT) proceeds, the City can begin addressing a small portion of the deferred infrastructure rehabilitation needs at the City's cultural facilities. As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, growth in the General Fund's share of TOT revenue above the 2013-2014 actual collections is to be allocated to the capital maintenance of City-owned cultural and art facilities. In 2015-2016, funding of \$1.5 million (of the \$5.1 million available) is allocated to address capital needs at the Children's Discovery Museum (\$350,000), Mexican Heritage Plaza (\$300,000), Tech Museum of Innovation (\$230,000), Plaza de Cesar Chavez (\$210,000), History San José (\$205,000), and San José Museum of Art (\$200,000). In addition, the Convention and Cultural Affairs Fund provides funding of \$6.4 million to address a variety of electrical, mechanical, structures, unanticipated, and miscellaneous rehabilitation and repair projects at the Convention Center and cultural facilities managed by Team San José.

The major projects in this CIP include:

- Animal Care and Services Waterproofing
- City Hall Audio Visual Upgrade
- Mexican Heritage Plaza Building Management System Upgrade
- Police Communications Emergency Uninterrupted Power Supply
- Police Administration Building Fencing
- San José Civic Auditorium HVAC Replacement
- United States Patent and Trademark Office – Tenant Improvements

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Strategic Support CSA

Service Yards Capital Program

The objective of the Service Yards Capital Program is to maintain and improve the existing conditions at the City's Service Yards by implementing projects to reduce safety hazards, increase efficiencies, and provide necessary equipment and materials for operations. While ongoing funding is allocated to address general capital improvement needs, the majority of funding in this capital program is set aside for the payment of debt service on the Central Service Yard Phase I and II improvements. The anticipated proceeds from the sale of the old Main Service Yard in 2015-2016 will be used to pay off the short-term debt for Phase II of the Central Service Yard project.



Fire Truck Maintenance at the Central Service Yard

The major projects in this CIP include:

- Roof Replacement, Painting, and Supplemental Needs
- Sale of the Main Service Yard
- West Yard Restroom Retrofit

OTHER CAPITAL PROGRAM HIGHLIGHTS

Unmet Infrastructure/Maintenance Needs

As presented in a report to the City Council on October 1, 2007, insufficient funding has created a structural deficit between the funding available and the resources necessary to maintain the overall condition of the City infrastructure. This includes the City's buildings, parks, traffic (streets, traffic lights, signs, and streetlights), utility, and technology infrastructure. The figures in this report are updated annually, and the most recent report was reviewed by the Transportation and Environment Committee on May 4, 2015 and approved by the City Council on June 2, 2015. In this most recent report, the infrastructure backlog totaled \$992 million across the City. Assuming this one-time backlog could be met, an ongoing annual investment of approximately \$175 million would also be needed to maintain and prevent further degradation of the City's infrastructure. This CIP, as well as investments included in the 2015-2016 Adopted Operating Budget, allocate limited resources to the most immediate and critical deferred infrastructure needs.

**2015-2016 ADOPTED CAPITAL BUDGET
2016-2020 CAPITAL IMPROVEMENT PROGRAM**

OTHER CAPITAL PROGRAM HIGHLIGHTS

Operating Budget Impacts

This CIP continues to balance the delivery of capital programs with the limited resources available to operate and maintain existing and newly-constructed facilities. Over the past several years, strategies were implemented to defer or reduce operating and maintenance costs, with a particular focus on the General Fund. These efforts have included deferring the completion date for capital projects, using alternative staffing models, reducing the size of some facilities, developing joint library and community center facilities, entering into agreements with developers to initially maintain facilities, and installing capital improvements that would reduce costs, such as energy efficient traffic signals.

In March 2008, the City Council approved Budget Principle #8 that states capital improvement projects “shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire project, including operating and maintenance costs, will not require a decrease in existing basic neighborhood services.” In addition, all capital improvement projects with new General Fund operating and maintenance costs will be detailed in the Five-Year General Fund Forecast and included as part of the annual CIP. This CIP included one project, Lake Cunningham Bike Park, that required City Council certification, which was approved with the adoption of this CIP.

Table A summarizes the additional annual resources required to operate and maintain new facilities coming on-line during the five-year CIP or planned by other agencies (such as developers). For the General Fund, these costs are estimated at \$146,000 in 2016-2017 and are anticipated to increase to \$461,000 by 2019-2020. These figures do not include the funding needed in 2015-2016 to operate and maintain new facilities as these amounts have been incorporated into the 2015-2016 Adopted Operating Budget. A total of \$362,000 is allocated in 2015-2016 to operate several facilities including the Coyote Creek Trail (Flea Market), Lake Cunningham Bike Park, Martin Park, Village Square Branch Library, and various transportation-related infrastructure.

2015-2016 ADOPTED CAPITAL BUDGET
2016-2020 CAPITAL IMPROVEMENT PROGRAM

OTHER CAPITAL PROGRAM HIGHLIGHTS

Operating Budget Impacts (Cont'd.)

**Table A - Projected Total New Operating and Maintenance Costs
(Cumulative)**

Project Title	2016-2017	2017-2018	2018-2019	2019-2020
Library Projects	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Parks Facilities	93,000	308,000	365,000	381,000
Parks Facilities-Other Agencies ¹	0	17,000	18,000	18,000
Traffic Projects	42,000	47,000	49,000	51,000
General Fund Total	\$ 146,000	\$ 383,000	\$ 443,000	\$ 461,000
Municipal Improvements (Special Fund)	(275,000)	(275,000)	(275,000)	(275,000)
Water Pollution Control Plant (Special Fund)	326,000	1,200,000	(3,479,000)	(836,000)
All Funds Total	\$ 197,000	\$ 1,308,000	\$ (3,311,000)	\$ (650,000)

As mentioned earlier, operating and maintenance funding for the Lake Cunningham Bike Park project was certified with the adoption of the 2016-2020 CIP. This new facility is anticipated to open to the public in July 2016, with a net annual operating and maintenance impact on the General Fund of \$121,000. No other projects in this CIP required City Council certification.

In the Municipal Improvements Capital Program, the San José Civic Auditorium HVAC replacement project is expected to result in net operating and maintenance cost savings of approximately \$275,000 annually in the Convention and Cultural Affairs Fund.

It is important to note that the expanded infrastructure investment at the Water Pollution Control Plant will result in significant operating costs in the coming years. It is estimated that additional maintenance and operations costs will total \$326,000 starting in 2016-2017 and increase to \$1.2 million in 2017-2018. These costs are expected to be offset by energy savings achieved through better solids settling, less aeration demand, and improved bio-gas production, resulting in net savings of \$3.5 million in 2018-2019. While energy generation improvements will reduce operating and maintenance costs, annual savings will decrease to a net \$836,000 in 2019-2020 once the new digested sludge dewater facility comes on-line.

¹ Projects being constructed by other agencies, but will be maintained by the City of San José.

**2015-2016 ADOPTED CAPITAL BUDGET
2016-2020 CAPITAL IMPROVEMENT PROGRAM**

OTHER CAPITAL PROGRAM HIGHLIGHTS

Green Building Implementation

As part of San José’s Green Vision to position the City as a leader in sustainable design and set a community standard of environmental, economic, and social stewardship, this CIP includes projects to help achieve the goal of 50 million square feet of green buildings throughout San José by 2022. The City Council adopted revisions to the Municipal Green Building Policy in March 2007 requiring that certain new City building projects 10,000 square feet and over achieve a minimum Leadership in Energy and Environmental Design (LEED) certification level of Silver, as designated by the United States Green Building Council (USGBC). LEED certification levels range from Certified, Silver, Gold, to Platinum. As part of this policy, the City Council also directed staff, where possible, to achieve a higher USGBC LEED certification level of Gold or Platinum. Table B below summarizes the projects scheduled to open during the five-year period reflected in the 2016-2020 Adopted CIP with the associated green building certification.

Table B – Capital Improvement Projects Targeting USGBC LEED Certification or Incorporating Green Building Principles

Project	USGBC LEED
Village Square Branch Library	Silver

To date, over 2.29 million square feet of municipal buildings have been certified as green buildings, including the new San José Convention Center Expansion and Renovation project (Silver). The newly completed San José Environmental Innovation Center (Las Plumas) will also be a LEED certified facility in calendar year 2015 (Silver), and the soon-to-be completed Village Square Branch Library will be a LEED certified facility in calendar year 2016 (Silver). These two facilities will increase the City’s municipal green building space to over 2.35 million square feet.

Art in Public Places

Funding of the Public Art Program provides the City iconic public art works at the Airport, Downtown, public safety, parks, and library facilities, and includes artistic and public engagement elements as part of storm, municipal water, and wastewater infrastructure. A sample of projects funded through the public art allocation in the various Capital Programs can be found in the Art in Public Places section in the Appendix of this CIP.



**San José McEnergy Convention Center
“Idea Tree”
by Soo-in Yang**

A total investment of \$7.4 million is programmed for eligible public art projects that span all capital programs in the 2016-2020 Adopted CIP. This figure does not include the \$1.6 million in public art expenditures budgeted for 2014-2015.

2015-2016 ADOPTED CAPITAL BUDGET 2016-2020 CAPITAL IMPROVEMENT PROGRAM

CONCLUSION

With a continued focus on the rehabilitation and revitalization of existing infrastructure, the City of San José's 2016-2020 Adopted CIP makes strategic investments that benefit all neighborhoods and residents now and into the future. The next five years will see the likely completion of remaining projects funded by voter-approved bond measures, including the Village Square Branch Library, Fire Station 21, Coleman Soccer Fields, and the Arcadia Softball Complex.

As the community continues to grow and change, the City's investments in public infrastructure must strive to keep pace. In some areas, that means increasing the reliability and resiliency of the sanitary sewer collection system and Regional Wastewater Facility; in others, it means close attention on issues related to pedestrian and bicycle safety and multi-modal transport; and in still others, it means attending to the rehabilitation needs of the City's vital cultural facilities.

Some needed investments, however, continue to be deferred due to the lack of resources. As presented to the City Council on June 2, 2015, the City's unmet deferred infrastructure and maintenance backlog stands at almost \$1 billion, of which approximately half is attributable to deferred pavement maintenance. As constrained resources in the General Fund are expected to continue, it has become increasingly more important to explore all potential sources of additional revenue – both regionally and locally – that could be used to stop and reverse the growth of deferred pavement maintenance needs as the City's current street condition and its trajectory are becoming increasingly alarming.

Input from the City Council and community members was incorporated in this budget to ensure that the overall capital improvement program reflects the needs and priorities of our residents, businesses, and visitors within available funding levels. Under the direction of the City Manager's Budget Office, the 2016-2020 Adopted CIP was developed in coordination with all of the CSAs and City departments responsible for capital projects. I want to acknowledge and thank the many employees who made direct contributions to the analysis and production of this CIP and document.



Norberto Dueñas
City Manager