



2014-2015 CAPITAL BUDGET

**2015-2019 CAPITAL
IMPROVEMENT PROGRAM**

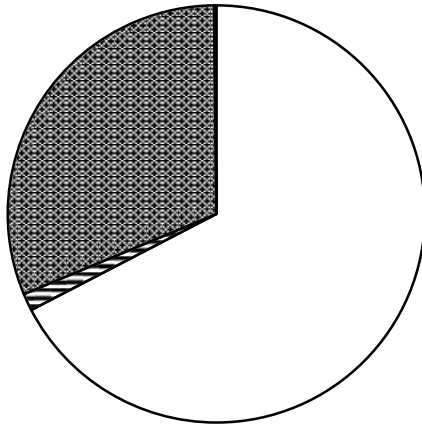


**WATER
UTILITY SYSTEM**

WATER UTILITY SYSTEM

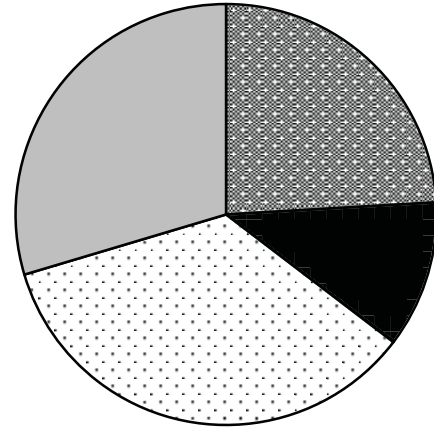
2015-2019 Capital Improvement Program

**2014-2015 Adopted
Source of Funds**



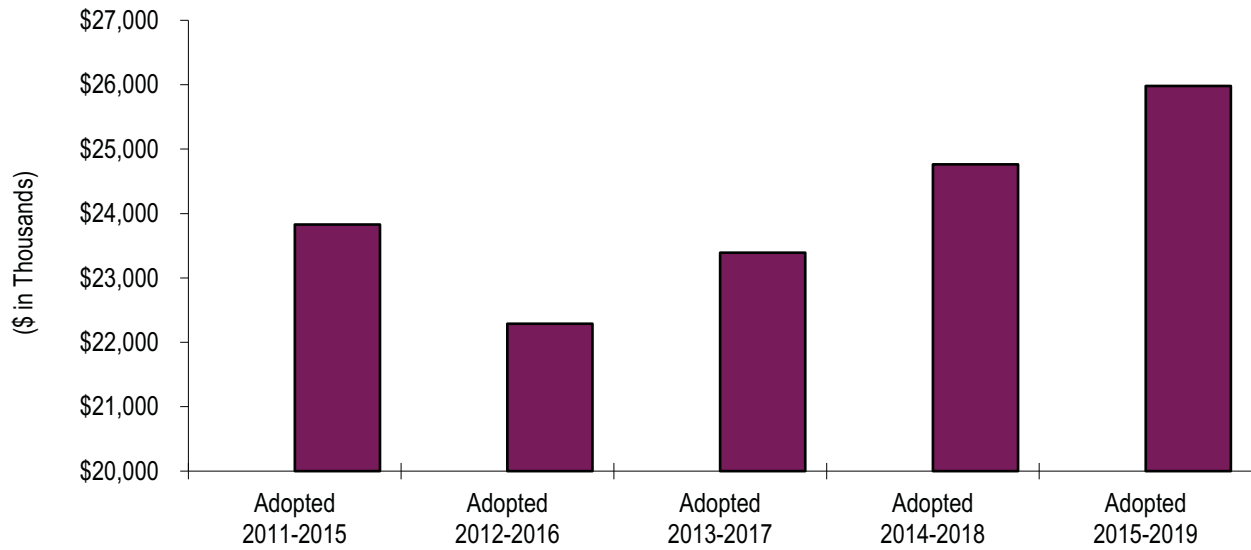
- Beginning Fund Balance
- Taxes, Fees and Charges
- ▨ Loans & Transfers
- ▧ Interest

**2014-2015 Adopted
Use of Funds**



- ▨ Construction
- Non-Construction
- ▧ Loans and Transfers
- Reserves
- ▩ Ending Fund Balance

CIP History



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Water Utility System

2015-2019 Adopted Capital Improvement Program

North

- A)** North San José Well Evaluation and Rehabilitation
- B)** Water Valve Rehabilitation 2014



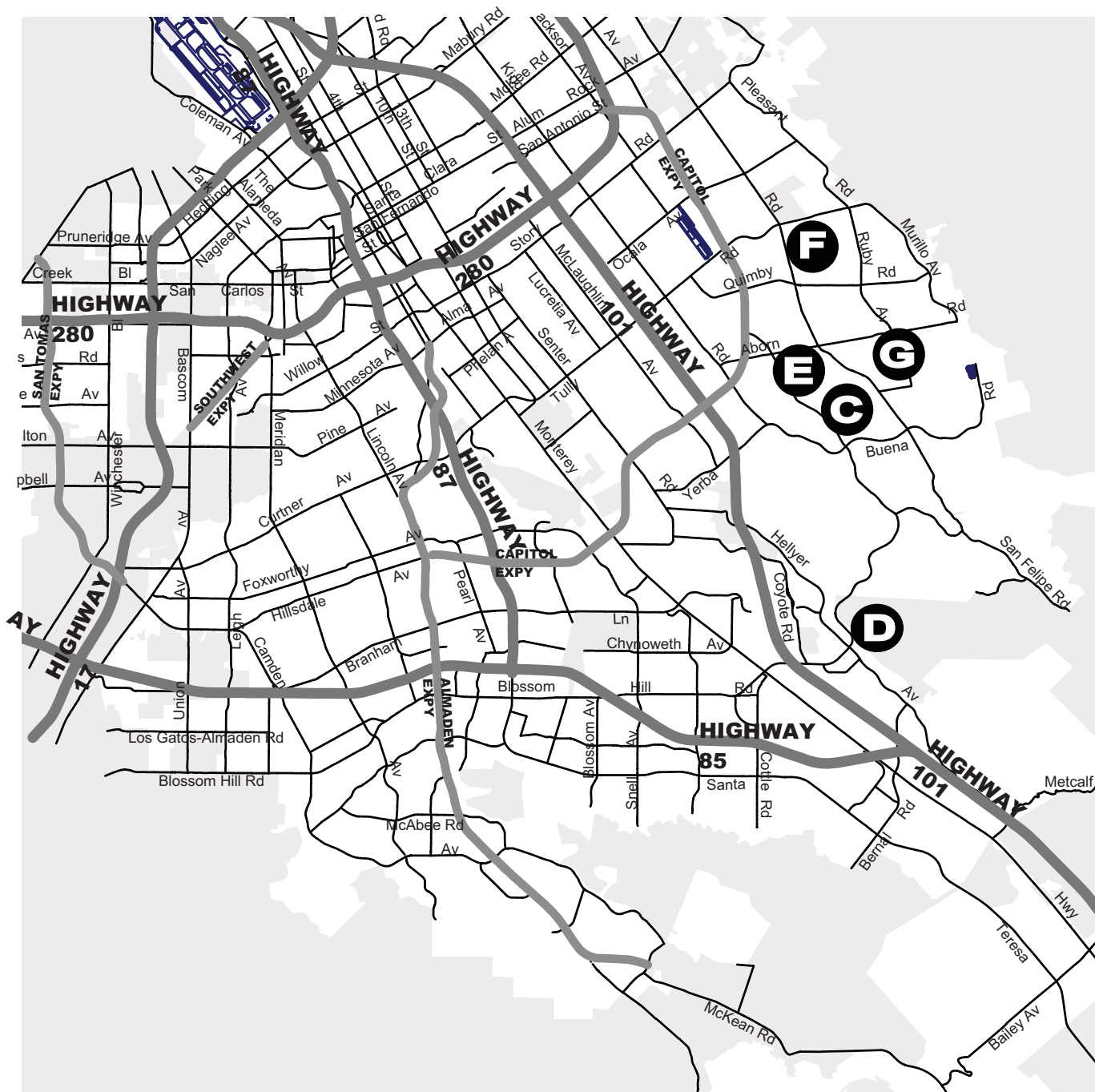
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Water Utility System

2015-2019 Adopted Capital Improvement Program

South

- C)** Cadwallader Reservoir Rehabilitation
- D)** Edenvale Reservoir Rehabilitation
- E)** Elkins Way Main Replacement
- F)** Gumdrop Drive Main Replacement
- G)** Water Valve Rehabilitation 2014



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Water Utility System

2015-2019 Adopted Capital Improvement Program

Overview

INTRODUCTION

The Water Utility System Capital Program includes the Water Utility Capital Fund and the Major Facilities Fund. The Water Utility System Capital Program is developed to ensure reliable utility infrastructure for the San José Municipal Water System. The San José Municipal Water System provides water utility service, in accordance with State of California Department of Public Health requirements, to areas approved for development by the City Council and within the City's water service area. The program's mission is to provide superior water service at competitive rates. The 2015-2019 Adopted Capital Improvement Program (CIP) provides funding of \$26.0 million, of which \$11.3 million is allocated in 2014-2015.

MUNICIPAL WATER SYSTEM PUBLIC INFRASTRUCTURE	
MILES OF WATER MAINS	345
NUMBER OF RESERVOIRS	18
NUMBER OF PUMP STATIONS	15
NUMBER OF GROUNDWATER WELLS	14

The San José Municipal Water System 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 corporate limits of the former City of Alviso. The North San José service area (Council District 4) is generally north of Trimble Road, between the Guadalupe River and Coyote Creek. The Coyote Valley service area (Council District 2) encompasses the area generally 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 generally 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

Projects are programmed to 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 recommended by the San José Fire Department are maintained. Projects in the 2014-2015 Adopted CIP include maintenance of existing infrastructure and improvements to the Water Utility System facilities. The System Growth Related Projects Reserve remains at \$1.6 million for future system needs. In accordance with San José Municipal Code Section 4.80.630, the System Rehabilitation/Replacement Reserve is set at 7% of annual operating revenues. This reserve totals \$3.3 million at the end of the 2015-2019 CIP based on current operating revenue projections for 2018-2019. In the event that economic or environmental conditions (e.g. drought, slowing economy, etc) decreases revenues to the Water Utility System, use of the reserve may be required to maintain infrastructure.

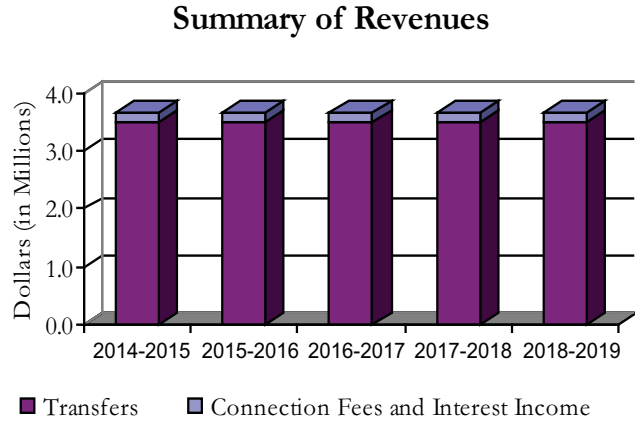
Water Utility System

2015-2019 Adopted Capital Improvement Program

Overview

SOURCES OF FUNDING

Revenue for the 2015-2019 Adopted CIP is derived from three sources: transfers from the Water Utility Fund to the Water Utility Capital Fund, connection fees, and interest income. The Water Utility Fund derives its revenue primarily from water sales in the service areas. Retail water rates increased 11.0% in 2014-2015, due to an increase in wholesale water costs and increased operating costs. The amount of the transfer from the Water Utility Fund is \$3.5 million annually. Fee revenue in the Water Utility Capital Fund is generated from Service Connection Fees, Advance System Design Fees, and Meter Installation Fees.



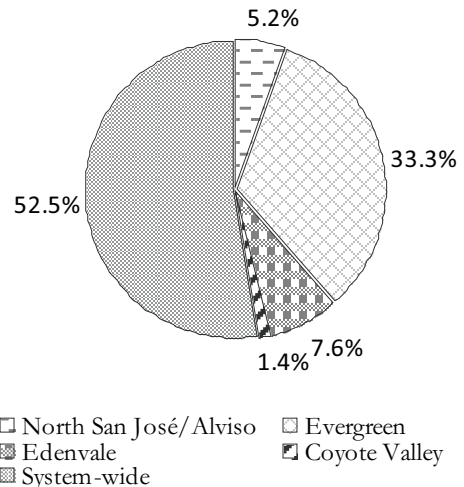
Revenue in the Major Facilities Fund is generated primarily through development fees associated with the connection and operation of major water facilities in the five service areas. Revenues received from Major Water Facilities Fees are not budgeted due to the volatility of this revenue stream. Revenue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

Over the five years of this Adopted CIP, the funds available for capital improvements are estimated to total \$26.0 million, consisting of \$21.7 million in the Water Utility Capital Fund and \$4.3 million in the Major Facilities Fund.

PROGRAM HIGHLIGHTS

To meet the service needs of new developments in the Municipal Water System service area, the program continues its policy of requiring developers to construct distribution system improvements such as pipelines, service connections, and fire hydrants. Reservoirs, pump stations, and other large facilities are either constructed by developers or funded from the Major Water Facilities Fee. Construction and reconstruction of projects for existing customers are funded from water sale revenues, which are displayed in the 2014-2015 Adopted Operating Budget in the Water Utility Fund.

2015-2019 Construction Dollars Programmed by Service Area
\$11.9 million



Water Utility System

2015-2019 Adopted Capital Improvement Program

Overview

PROGRAM HIGHLIGHTS

System-Wide

Two projects scheduled in 2014-2015 will benefit customers in all service areas by increasing operational and staff efficiency and incorporating technological upgrades. The Meter Replacements project (\$1.0 million) will replace manual-read water meters with remote-read water meters, allowing staff to focus on system infrastructure and maintenance. The Water Valve Rehabilitation 2014 project (\$100,000 in 2014-2015, \$500,000 for the total project) will test all water main valves and collect Global Positioning System (GPS) coordinates for each valve. GPS data for valve locations will be used to update Muni Water's Geographic Information System (GIS) data and maps.

Additionally, funding for Infrastructure Improvements (\$3.8 million) is included in the 2015-2019 CIP to replace or refurbish water mains, pumps, motors, valves, and other equipment nearing the end of their useful lives.

North San José and Alviso Service Areas

The North San José and Alviso service areas use water supplied by the Hetch Hetchy system under the Water Supply Agreement (WSA) with the City of San Francisco. The City is a party to the agreement with 27 suburban agencies. The new agreement, which will expire June 30, 2034, was approved by the City Council in June 2009.



Interior of Nortech Reservoir

The North San José and Alviso service areas have experienced some growth in the last several years and continued growth is assumed in this CIP. Projects scheduled in 2014-2015 in the North San José and Alviso service areas include the North San José Water Well Evaluation and Rehabilitation project (\$625,000) as well as minor improvements, such as vault site maintenance, asphalt restoration, pump station maintenance, and other distribution system rehabilitation.

Evergreen Service Area

The Evergreen service area contains approximately 92% of the total customers served by the water system and accounts for 72% of the total water usage. Customers in the Evergreen service area receive water supplied by the Santa Clara Valley Water District. The Evergreen area has experienced minimal growth in the last several years. The 2015-2019 CIP includes funding for the Cadwallader Reservoir Rehabilitation (\$1.8 million), Gumdrop Drive Main Replacement (\$1.1 million), and Elkins Way Main Replacement (\$1.0 million), as well as other miscellaneous improvements to extend the useful life of the system.

Water Utility System

2015-2019 Adopted Capital Improvement Program

Overview

PROGRAM HIGHLIGHTS

Edenvale Service Area

Basic water facilities for domestic supply and fire protection for the Edenvale service area north of Silver Creek Valley Road include three wells and a reservoir. Groundwater from deep-water wells provides 100% of the supply in the Edenvale service area. The quality, supply, and management of this local groundwater basin are monitored by the Santa Clara Valley Water District. Projects scheduled in 2015-2019 in the Edenvale service area include the Edenvale Reservoir Rehabilitation (\$900,000), as well as minor improvements, such as vault site maintenance, asphalt restoration, pump station maintenance, and other distribution system rehabilitation.



***Dove Road Main Extension,
Completed in 2013-2014***

Coyote Valley Service Area

Groundwater from deep-water wells provides 100% of the supply in the Coyote Valley service area. City funding for developer constructed water facilities in the primarily industrial North Coyote Valley service area was provided in accordance with the Master Development Agreement between the City and the coalition of North Coyote Valley developers. Once development occurs in this service area, developers will pay for the cost of expanding the water system into this area.

MAJOR CHANGES FROM THE 2014-2018 ADOPTED CIP

Major changes from the 2014-2018 Adopted CIP include the following:

- Funding of \$1.0 million for additional Meter Replacements;
- Funding of \$900,000 for a new Edenvale Reservoir Rehabilitation project; and
- Funding of \$625,000 for the new North San José Water Well Evaluation and Rehabilitation project.

OPERATING BUDGET IMPACT

There are no additional maintenance and operating costs associated with the projects in the 2015-2019 CIP.

COUNCIL-APPROVED REVISIONS TO THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

The City Council approved the rebudgeting of \$96,000 for Public Art.

2014-2015 CAPITAL BUDGET

2015-2019 CAPITAL IMPROVEMENT PROGRAM

WATER UTILITY SYSTEM

SOURCE OF FUNDS

USE OF FUNDS

SOURCE AND USE OF FUNDS STATEMENTS

2014-2015 USE OF FUNDS BY FUNDING SOURCE

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. The Source and Use of Funds Statements display major categories of capital revenues and expenditures for each year over the five-year period. The 2014-2015 Use of Funds by Funding Source displays the funding sources for the capital expenditures that are budgeted in 2014-2015.

Water Utility System
2015-2019 Adopted Capital Improvement Program
Source of Funds (Combined)

SOURCE OF FUNDS	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Water Utility Capital Fund (500)							
Beginning Fund Balance	5,468,352	3,359,143	886,143	109,143	297,143	349,143	3,359,143 *
Taxes, Fees and Charges:							
<u>Water Utility Fees</u>							
– Advance System Design Fees	50,000	50,000	50,000	50,000	50,000	50,000	250,000
– Meter Installation Fees	50,000	50,000	50,000	50,000	50,000	50,000	250,000
– Service Connection Fees	50,000	50,000	50,000	50,000	50,000	50,000	250,000
Contributions, Loans and Transfers from:							
<u>Special Funds</u>							
– Transfer from Water Utility Fund	3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	17,500,000
Interest Income	22,000	9,000	12,000	14,000	17,000	17,000	69,000
Reserve for Encumbrances	881,791						
Total Water Utility Capital Fund	9,522,143	7,018,143	4,548,143	3,773,143	3,964,143	4,016,143	21,678,143 *
Major Facilities Fund (502)							
Beginning Fund Balance	3,786,211	4,224,211	2,446,211	2,445,211	2,446,211	2,447,211	4,224,211 *
Taxes, Fees and Charges:							
<u>Water Utility Fees</u>							
– Major Water Facilities Fee	436,000						
Interest Income	17,000	12,000	14,000	16,000	16,000	18,000	76,000
Reserve for Encumbrances							
Total Major Facilities Fund	4,239,211	4,236,211	2,460,211	2,461,211	2,462,211	2,465,211	4,300,211 *
TOTAL SOURCE OF FUNDS	13,761,354	11,254,354	7,008,354	6,234,354	6,426,354	6,481,354	25,978,354 *

* The 2015-2016 through 2018-2019 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2015-2019 Adopted Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Construction Projects							
Dove Road Main Extension	800,000						
Edenvale Reservoir Rehabilitation				900,000			900,000
Elkins Way Main Replacement					60,000	950,000	1,010,000
Gumdrop Drive Main Replacement				60,000	1,050,000	30,000	1,140,000
Nortech and Trimble Reservoir Rehabilitation	1,340,000						
North Coyote Valley Water System		168,000					168,000
Public Art		107,000	18,000	3,000	14,000	12,000	154,000
1. Cadwallader Reservoir Rehabilitation		250,000	1,550,000	20,000			1,820,000
2. Infrastructure Improvements	1,183,000	710,000	730,000	750,000	770,000	790,000	3,750,000
3. Meter Installations	115,000	50,000	50,000	50,000	50,000	50,000	250,000
4. Meter Replacements	500,000	500,000	500,000				1,000,000
5. North San José Water Well Evaluation and Rehabilitation		625,000					625,000
6. Service Installations	375,000	200,000	200,000	200,000	200,000	200,000	1,000,000
7. Water Valve Rehabilitation 2014	400,000	100,000					100,000
Total Construction Projects	4,713,000	2,710,000	3,048,000	1,983,000	2,144,000	2,032,000	11,917,000
Non-Construction							
General Non-Construction							
Capital Program and Public Works Department Support Service Costs	26,000	17,000	17,000	17,000	17,000	17,000	85,000
Water Management System Enhancements	125,000						

Water Utility System
2015-2019 Adopted Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS (CONT'D.)	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Non-Construction							
General Non-Construction							
8. Advance System Design	120,000	150,000	150,000	150,000	150,000	150,000	750,000
9. Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	15,000	75,000
10. Major Water Facility Fee Update		50,000					50,000
11. Master Plan Engineering	135,000	135,000	140,000	145,000	150,000	155,000	725,000
12. Network System Flow Improvements	6,000	6,000	6,000	6,000	6,000	6,000	30,000
13. Preliminary Engineering	115,000	120,000	125,000	130,000	135,000	140,000	650,000
14. Public Works GIS Support		130,000	65,000	65,000	65,000	65,000	390,000
15. System Maintenance/Repairs	920,000	640,000	660,000	680,000	700,000	720,000	3,400,000
Total General Non-Construction	1,462,000	1,263,000	1,178,000	1,208,000	1,238,000	1,268,000	6,155,000
Contributions, Loans and Transfers to General Fund							
Transfer to the General Fund: Human Resources/Payroll System		1,000					1,000
Total Contributions, Loans and Transfers to General Fund		1,000					1,000
Contributions, Loans and Transfers to Special Funds							
Transfer to the City Hall Debt Service Fund	3,000	7,000	7,000	7,000	8,000	8,000	37,000
Total Contributions, Loans and Transfers to Special Funds	3,000	7,000	7,000	7,000	8,000	8,000	37,000
Reserves							
System Growth Related Projects Reserve		1,600,000					1,600,000

Water Utility System
2015-2019 Adopted Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS (CONT'D.)	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Non-Construction							
Reserves							
System Rehabilitation/Replacement Reserve		2,341,000	221,000	293,000	240,000	213,000	3,308,000
Total Reserves		3,941,000	221,000	293,000	240,000	213,000	4,908,000
Total Non-Construction	1,465,000	5,212,000	1,406,000	1,508,000	1,486,000	1,489,000	11,101,000
Ending Fund Balance	7,583,354	3,332,354	2,554,354	2,743,354	2,796,354	2,960,354	2,960,354*
TOTAL USE OF FUNDS	13,761,354	11,254,354	7,008,354	6,234,354	6,426,354	6,481,354	25,978,354*

* The 2014-2015 through 2017-2018 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2015-2019 Adopted Capital Improvement Program
Water Utility Capital Fund (500)

Statement of Source and Use of Funds

	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
<u>SOURCE OF FUNDS</u>							
Beginning Fund Balance *	5,468,352	3,359,143	886,143	109,143	297,143	349,143	3,359,143
Contributions, Loans and Transfers	3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	17,500,000
Interest Income	22,000	9,000	12,000	14,000	17,000	17,000	69,000
Reserve for Encumbrances	881,791						
Taxes, Fees and Charges	150,000	150,000	150,000	150,000	150,000	150,000	750,000
TOTAL SOURCE OF FUNDS	9,522,143	7,018,143	4,548,143	3,773,143	3,964,143	4,016,143	21,678,143
<u>USE OF FUNDS</u>							
Construction Projects	4,713,000	2,585,000	3,048,000	1,983,000	2,144,000	2,032,000	11,792,000
Contributions, Loans and Transfers	3,000	8,000	7,000	7,000	8,000	8,000	38,000
Non-Construction	1,447,000	1,198,000	1,163,000	1,193,000	1,223,000	1,253,000	6,030,000
Reserves		2,341,000	221,000	293,000	240,000	213,000	3,308,000
Ending Fund Balance **	3,359,143	886,143	109,143	297,143	349,143	510,143	510,143
TOTAL USE OF FUNDS	9,522,143	7,018,143	4,548,143	3,773,143	3,964,143	4,016,143	21,678,143

* The 2015-2016 through 2018-2019 Beginning Fund Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

** The 2014-2015 through 2017-2018 Ending Fund Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2015-2019 Adopted Capital Improvement Program
Major Facilities Fund (502)

Statement of Source and Use of Funds

	<u>Estimated 2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
<u>SOURCE OF FUNDS</u>							
Beginning Fund Balance *	3,786,211	4,224,211	2,446,211	2,445,211	2,446,211	2,447,211	4,224,211
Interest Income	17,000	12,000	14,000	16,000	16,000	18,000	76,000
Reserve for Encumbrances							
Taxes, Fees and Charges	436,000						
TOTAL SOURCE OF FUNDS	<u>4,239,211</u>	<u>4,236,211</u>	<u>2,460,211</u>	<u>2,461,211</u>	<u>2,462,211</u>	<u>2,465,211</u>	<u>4,300,211</u>
<u>USE OF FUNDS</u>							
Construction Projects		125,000					125,000
Contributions, Loans and Transfers							
Non-Construction	15,000	65,000	15,000	15,000	15,000	15,000	125,000
Reserves		1,600,000					1,600,000
Ending Fund Balance **	4,224,211	2,446,211	2,445,211	2,446,211	2,447,211	2,450,211	2,450,211
TOTAL USE OF FUNDS	<u>4,239,211</u>	<u>4,236,211</u>	<u>2,460,211</u>	<u>2,461,211</u>	<u>2,462,211</u>	<u>2,465,211</u>	<u>4,300,211</u>

* The 2015-2016 through 2018-2019 Beginning Fund Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

** The 2014-2015 through 2017-2018 Ending Fund Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2015-2019 Adopted Capital Improvement Program
2014-2015 Use of Funds by Funding Source

	(500) Water Utility Capital Fund	(502) Major Facilities Fund	Total
TOTAL RESOURCES	7,018,143	4,236,211	11,254,354
<u>Construction Projects</u>			
North Coyote Valley Water System	168,000		168,000
Public Art	107,000		107,000
1. Cadwallader Reservoir Rehabilitation	250,000		250,000
2. Infrastructure Improvements	710,000		710,000
3. Meter Installations	50,000		50,000
4. Meter Replacements	500,000		500,000
5. North San José Water Well Evaluation and Rehabilitation	500,000	125,000	625,000
6. Service Installations	200,000		200,000
7. Water Valve Rehabilitation 2014	100,000		100,000
<u>Total Construction Projects</u>	2,585,000	125,000	2,710,000
<u>Non-Construction</u>			
General Non-Construction			
Capital Program and Public Works Department Support Service Costs	17,000		17,000
8. Advance System Design	150,000		150,000
9. Major Facilities Fee Administration		15,000	15,000
10. Major Water Facility Fee Update		50,000	50,000

Water Utility System
2015-2019 Adopted Capital Improvement Program
2014-2015 Use of Funds by Funding Source

	(500) Water Utility Capital Fund	(502) Major Facilities Fund	Total
<u>Non-Construction</u>			
General Non-Construction			
11. Master Plan Engineering	135,000		135,000
12. Network System Flow Improvements	6,000		6,000
13. Preliminary Engineering	120,000		120,000
14. Public Works GIS Support	130,000		130,000
15. System Maintenance/Repairs	640,000		640,000
Total General Non-Construction	1,198,000	65,000	1,263,000
Contributions, Loans and Transfers to General Fund			
Transfer to the General Fund: Human Resources/Payroll System	1,000		1,000
Total Contributions, Loans and Transfers to General Fund	1,000		1,000
Contributions, Loans and Transfers to Special Funds			
Transfer to the City Hall Debt Service Fund	7,000		7,000
Total Contributions, Loans and Transfers to Special Funds	7,000		7,000
Total Non-Construction	3,547,000	1,665,000	5,212,000

Water Utility System
2015-2019 Adopted Capital Improvement Program
2014-2015 Use of Funds by Funding Source

	(500) Water Utility Capital Fund	(502) Major Facilities Fund	Total
<u>Non-Construction</u>			
Reserves			
System Growth Related Projects Reserve		1,600,000	1,600,000
System Rehabilitation/Replacement Reserve	2,341,000		2,341,000
Total Reserves	2,341,000	1,600,000	3,941,000
Ending Fund Balance	886,143	2,446,211	3,332,354
TOTAL USE OF FUNDS	7,018,143	4,236,211	11,254,354

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2014-2015 CAPITAL BUDGET

2015-2019 CAPITAL IMPROVEMENT PROGRAM

WATER UTILITY SYSTEM

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 2014-2015. The Detail of Non-Construction Projects section is abbreviated and provides information on the individual non-construction project, with funding in 2014-2015. On the Use of Funds statement, these projects are numbered.

Water Utility System

2015-2019 Adopted Capital Improvement Program Detail of Construction Projects

1. Cadwallader Reservoir Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2014
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
	Safe, Reliable, and Sufficient Water Supply	Initial Completion Date:	2nd Qtr. 2017
Department:	Environmental Services	Revised Completion Date:	
Council District:	8		
Location:	South end of Cadwallader Avenue		
Description:	This project includes the rehabilitation of two steel reservoirs that provide fire protection and system storage capacity for the Evergreen service area.		
Justification:	The coatings on the reservoirs have deteriorated and require rehabilitation to prevent premature replacement.		

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Design			150						150		150
Construction			100	1,550	20				1,670		1,670
TOTAL			250	1,550	20				1,820		1,820

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	250	1,550	20	1,820	1,820
TOTAL	250	1,550	20	1,820	1,820

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2014-2015	Appn. #:	7671
Initial Project Budget:	\$1,820,000	USGBC LEED:	N/A

Water Utility System

2015-2019 Adopted Capital Improvement Program

Detail of Construction Projects

2. Infrastructure Improvements

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Ongoing
Council District: 2, 4, 7, 8 **Revised Completion Date:**
Location: System-wide

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.

Justification: Mechanical and electrical equipment requires replacement at the end of its service life to ensure ongoing operation.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Construction		1,183	1,183	710	730	750	770	790	3,750		
TOTAL		1,183	1,183	710	730	750	770	790	3,750		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		1,183	1,183	710	730	750	770	790	3,750		
TOTAL		1,183	1,183	710	730	750	770	790	3,750		

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. #:** 5366
Initial Project Budget: **USGBC LEED:** N/A

Water Utility System

2015-2019 Adopted Capital Improvement Program

Detail of Construction Projects

3. Meter Installations

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		
 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.		
 Justification:	New meters are needed to provide water to new utility customers.		

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Construction		115	115	50	50	50	50	50	250		
TOTAL		115	115	50	50	50	50	50	250		

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	115	115	50	50	50	50	50	50	250
TOTAL	115	115	50	50	50	50	50	50	250

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. #:** 4347

Initial Project Budget: **USGBC LEED:** N/A

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Construction Projects

4. Meter Replacements

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2013
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2014
Council District:	2, 4, 7, 8	Revised Completion Date:	2nd Qtr. 2016
Location:	System-wide		

Description: This allocation provides funding to replace existing manual-read water meters with remote-read water meters. Approximately 6,300 of the 27,000 meters will be replaced.

Justification: Equipping water meters with remote-read capabilities will increase efficiency and improve operations, allowing staff to focus on system infrastructure and maintenance.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Construction		500	500	500	500				1,000		1,500
TOTAL		500	500	500	500				1,000		1,500

FUNDING SOURCE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Water Utility Capital Fund		500	500	500	500				1,000		1,500
TOTAL		500	500	500	500				1,000		1,500

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:
 2015-2019 CIP - increase of \$1.0 million to replace an additional 4,000 meters.

Notes:

FY Initiated:	2013-2014	Appn. #:	7593
Initial Project Budget:	\$500,000	USGBC LEED:	N/A

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Construction Projects

5. North San José Water Well Evaluation and Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2014
CSA Outcome:	Safe, Reliable, and Sufficient Water Supply	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2015
Council District:	4	Revised Completion Date:	
Location:	Various well locations in the North San José and Alviso areas		
Description:	This project rehabilitates existing wells to improve capacity and water quality, and installs new wells to serve future development. Funding will include a pilot program to drill the area to determine if it is a viable location to build a water well.		
Justification:	Improvements to existing wells and new wells are required to maintain reliable utility infrastructure, improve water supply capacity, and ensure water quality standards are met.		

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Design			50						50		50
Construction			575						575		575
TOTAL				625					625		625

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund											
			500						500		500
Major Facilities Fund			125						125		125
TOTAL				625					625		625

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2014-2015	Appn. #:	7672
Initial Project Budget:	\$625,000	USGBC LEED:	N/A

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Construction Projects

6. Service Installations

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

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.

Justification: As development proceeds in the City, connections between water mains and meters are required to service new customers. Additional minor connections and appurtenances are periodically needed to reliably operate the system and ensure a safe drinking water supply.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Construction		375	375	200	200	200	200	200	1,000		
TOTAL		375	375	200	200	200	200	200	1,000		

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	375	375	200	200	200	200	200	200	1,000
TOTAL	375	375	200	200	200	200	200	200	1,000

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. #:	4348
Initial Project Budget:		USGBC LEED:	N/A

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Construction Projects

7. Water Valve Rehabilitation 2014

CSA:	Environmental and Utility Services	Initial Start Date:	4th Qtr. 2013
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2015
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project will test all water main valves in the field and collect Global Positioning System (GPS) coordinates for each valve. This assessment and rehabilitation process needs to take place approximately every five years, with the most recent process begun in spring 2014.

Justification: Valves must be periodically tested to ensure proper functioning, as they are needed for emergencies and system operations.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Construction		400	400	100					100		500
TOTAL		400	400	100					100		500

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		400	400	100					100		500
TOTAL		400	400	100					100		500

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2013-2014	Appn. #:	7594
Initial Project Budget:	\$500,000	USGBC LEED:	N/A

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Non-Construction Projects

8. Advance System Design

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
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.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Planning and Engineering		120	120	150	150	150	150	150	750		
TOTAL		120	120	150	150	150	150	150	750		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		120	120	150	150	150	150	150	750		
TOTAL		120	120	150	150	150	150	150	750		

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

Appn. #: 4346

9. Major Facilities Fee Administration

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
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.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Program Management		15	15	15	15	15	15	15	75		
TOTAL		15	15	15	15	15	15	15	75		

FUNDING SOURCE SCHEDULE (000'S)											
Major Facilities Fund		15	15	15	15	15	15	15	75		
TOTAL		15	15	15	15	15	15	15	75		

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

Appn. #: 5369

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Non-Construction Projects

10. Major Water Facility Fee Update

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This project provides funding to evaluate the Major Water Facility Fees currently being assessed to ensure that fees are set at an appropriate level.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Master Plan/Study				50					50		50
TOTAL				50					50		50
FUNDING SOURCE SCHEDULE (000'S)											
Major Facilities Fund				50					50		50
TOTAL				50					50		50

Appn. #: 4955

11. Master Plan Engineering

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This ongoing allocation is used to update the Water System Master Plan based on anticipated development and customer consumption.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Master Plan/Study		135	135	135	140	145	150	155	725		
TOTAL		135	135	135	140	145	150	155	725		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		135	135	135	140	145	150	155	725		
TOTAL		135	135	135	140	145	150	155	725		

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

Appn. #: 4349

Water Utility System

2015-2019 Adopted Capital Improvement Program Detail of Non-Construction Projects

12. Network System Flow Improvements

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation is used to perform computer analysis of the water distribution system, including modeling of the system's reservoirs, pump stations, and distribution facilities, in order to prioritize replacement of existing facilities and development of new facilities.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Advanced Planning		6	6	6	6	6	6	6	30		
TOTAL		6	6	6	6	6	6	6	30		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		6	6	6	6	6	6	6	30		
TOTAL		6	6	6	6	6	6	6	30		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 4350

13. Preliminary Engineering

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation provides funding for project development in the early stages of planning.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Advanced Planning		115	115	120	125	130	135	140	650		
TOTAL		115	115	120	125	130	135	140	650		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		115	115	120	125	130	135	140	650		
TOTAL		115	115	120	125	130	135	140	650		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 4952

Water Utility System
2015-2019 Adopted Capital Improvement Program
Detail of Non-Construction Projects

14. Public Works GIS Support

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds Public Works Geographic Information System (GIS) support services on an as-needed basis.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Planning and Engineering		65		130	65	65	65	65	390		
TOTAL		65		130	65	65	65	65	390		

FUNDING SOURCE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Water Utility Capital Fund		65		130	65	65	65	65	390		
TOTAL		65		130	65	65	65	65	390		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 7365

15. System Maintenance/Repairs

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds emergency and miscellaneous repairs in the distribution system.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Equipment		920	920	640	660	680	700	720	3,400		
TOTAL		920	920	640	660	680	700	720	3,400		

FUNDING SOURCE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Water Utility Capital Fund		920	920	640	660	680	700	720	3,400		
TOTAL		920	920	640	660	680	700	720	3,400		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 5876

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2014-2015 CAPITAL BUDGET

2015-2019 CAPITAL IMPROVEMENT PROGRAM

WATER UTILITY SYSTEM

SUMMARY OF PROJECTS THAT START AFTER 2014-2015

SUMMARY OF PROJECTS WITH CLOSE-OUT COSTS ONLY IN 2014-2015

SUMMARY OF RESERVES

The Summary of Projects that Start after 2014-2015 includes those projects that have funding budgeted starting after 2014-2015. The Summary of Projects with Close-Out Costs Only in 2014-2015 include those projects that are near completion with only minimal costs (typically inspection services and program management) to finish the project budgeted in 2014-2015. The Summary of Reserves includes all reserves budgeted within the Five-Year Capital Improvement Program. On the Use of Funds statement, the projects in these summaries are not numbered.

Water Utility System

2015-2019 Adopted Capital Improvement Program

Summary of Projects that Start after 2014-2015

Project Name:	Edenvale Reservoir Rehabilitation	Initial Start Date:	3rd Qtr. 2016
5-Year CIP Budget:	\$900,000	Revised Start Date:	
Total Budget:	\$900,000	Initial End Date:	2nd Qtr. 2018
Council District:	2	Revised End Date:	2nd Qtr. 2017
USGBC LEED:	N/A		

Description: This project includes the rehabilitation of a steel reservoir that provides fire protection and system storage capacity for the Edenvale service area.

Project Name:	Elkins Way Main Replacement	Initial Start Date:	3rd Qtr. 2017
5-Year CIP Budget:	\$1,010,000	Revised Start Date:	
Total Budget:	\$1,010,000	Initial End Date:	2nd Qtr. 2018
Council District:	8	Revised End Date:	2nd Qtr. 2019
USGBC LEED:	N/A		

Description: This project includes the replacement and relocation of approximately 3,100 feet of 6-inch and 8-inch steel water mains on Elkins Way, Hebron Court, Pomeroy Avenue, and Denton Way.

Project Name:	Gumdrop Drive Main Replacement	Initial Start Date:	3rd Qtr. 2014
5-Year CIP Budget:	\$1,140,000	Revised Start Date:	3rd Qtr. 2016
Total Budget:	\$1,140,000	Initial End Date:	3rd Qtr. 2016
Council District:	8	Revised End Date:	2nd Qtr. 2019
USGBC LEED:	N/A		

Description: This project includes the replacement and relocation of approximately 2,050 feet of 8-inch steel water main on Gumdrop Drive, Almond Drive, and Coconut Drive.

Water Utility System

2015-2019 Adopted Capital Improvement Program

Summary of Projects with Close-out Costs Only in 2014-2015

Project Name:	North Coyote Valley Water System	Initial Start Date:	4th Qtr. 1999
5-Year CIP Budget:	\$168,000	Revised Start Date:	2nd Qtr. 2001
Total Budget:	\$8,083,000	Initial End Date:	2nd Qtr. 2004
Council District:	2	Revised End Date:	2nd Qtr. 2015
USGBC LEED:	N/A		

Description: This project provided funding for the rehabilitation of existing wells, installation of well pumps, and design and construction of controls, piping, and enclosures at the existing Coyote Valley well sites, as well as construction of a new reservoir and related piping and appurtenances. The project was completed and in beneficial use in 2004, however, remaining funding is allocated in 2014-2015 for outstanding project close-out activities to be completed by the contractor relating to final project documentation.

Water Utility System

2015-2019 Adopted Capital Improvement Program

Summary of Reserves

Project Name:	System Growth Related Projects Reserve	Initial Start Date:	N/A
5-Year CIP Budget:	\$1,600,000	Revised Start Date:	
Total Budget:	\$1,600,000	Initial End Date:	N/A
Council District:	2, 4, 7, 8	Revised End Date:	
USGBC LEED:	N/A		

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	Initial Start Date:	N/A
5-Year CIP Budget:	\$3,308,000	Revised Start Date:	
Total Budget:	\$3,308,000	Initial End Date:	N/A
Council District:	2, 4, 7, 8	Revised End Date:	
USGBC LEED:	N/A		

Description: This reserve sets aside funds in the Water Utility Capital Fund for rehabilitation and/or replacement of existing facilities. Ordinance No. 26903, which was approved by the City Council on May 27, 2003, requires that this reserve total 7% of annual operating revenues. This reserve is estimated to total \$3.3 million at the end of 2015-2019 based on current operating revenue projections for 2018-2019.

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