

November 2, 2020

**HONORABLE MAYOR AND CITY COUNCIL:**

I am proud to present the 2020-2021 Adopted Capital Budget and the 2021-2025 Adopted Capital Improvement Program (CIP) for the City of San José. The Adopted Capital Budget and Adopted 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.

Though our community and organization are challenged by the impacts of COVID-19, the City's work to plan for the future and maintain public infrastructure continues. Even in this challenging environment, the Envision San José 2040 General Plan (General Plan) guides the CIP with a focus on the renovation, renewal, and expansion of critical public assets, ranging from the infrastructure that is integrated into daily life such as roadways and the sewer collection and treatment systems, to parks and sports fields that promote community health, to fire and police facilities that help keep our community safe, and to airport facilities to meet the long-term travel needs of our residents and businesses. While capital revenue allocation is often restricted to specific uses, considerations of equity within those allowable uses is an important factor in the development of the CIP. Many of the projects included in this document result from the technical analysis necessary to identify new or deferred infrastructure rehabilitation needs, along with community and City Council conversations to help ensure that resources are allocated with an understanding of how communities will benefit or be impacted by a recommended capital improvement. As always, this is an evolving process, but one that the Administration takes seriously and will become even more important as the region works to recover from the pandemic.

Over a five-year period, the 2021-2025 CIP totals \$3.7 billion, a 7.9% decrease over the 2020-2024 Adopted CIP of \$4.0 billion, a historically large CIP. The 2020-2021 Adopted Capital Budget of \$1.4 billion reflects a 7.5% decrease from the 2019-2020 Adopted Capital Budget of \$1.5 billion. The budget was developed assuming economically sensitive City revenues would continue to be suppressed as public health orders and social distancing protocols result in reduced revenues or activity levels across several capital programs. Notable declines include reduced resources for parks and recreation facilities due to lower expected revenues from Construction and Conveyance taxes collected on real estate transactions, a lower level of transportation improvements due to reduced construction taxes collected from private development activity, and a lower level of capital investment at the Airport due to significantly reduced passenger activity levels. Other significant reductions over the five-year period are related to the timing of financing proceeds with no substantial changes to overall program objectives, including the Measure T – Disaster Preparedness, Public Safety, and Infrastructure Bond program – which issued its first round of bonds in 2019-2020 – and modifications to the timing of financing proceeds for improvements at the Water Pollution Control Plant.

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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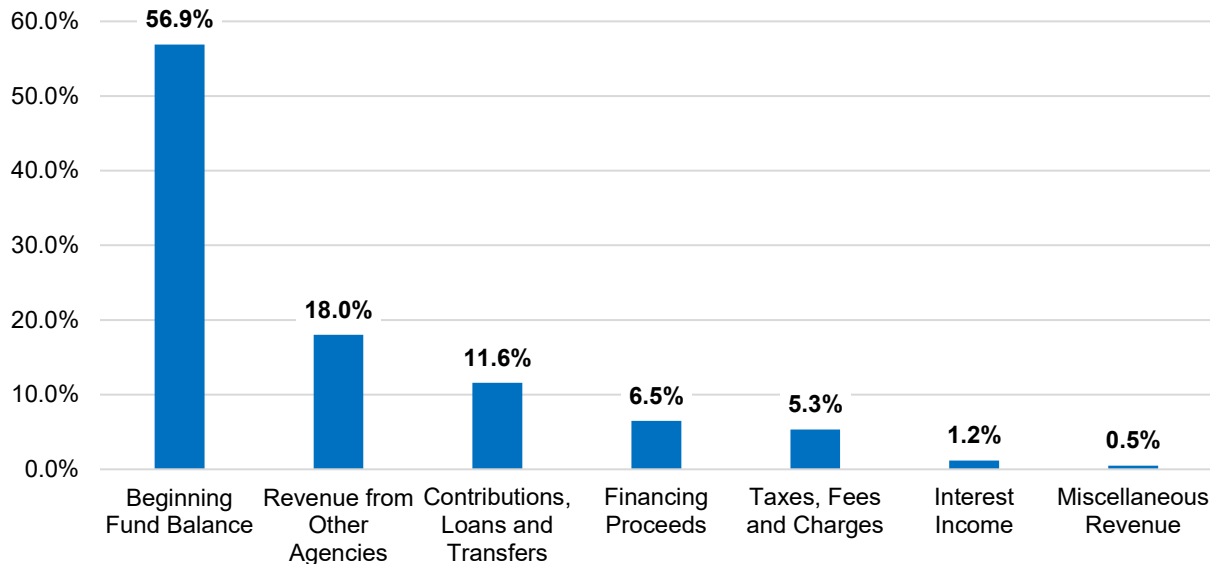
Even before the onset of COVID-19, the City lacked sufficient resources to fully maintain and fund its entire infrastructure portfolio. The Status Report on Deferred Infrastructure Maintenance Backlog, accepted by the City Council on February 25, 2020, identifies an infrastructure backlog of approximately \$1.6 billion, with an additional \$90.7 million needed annually to maintain the City’s infrastructure in a sustained functional condition. Though the existing backlog of \$1.6 billion is expected to decrease as Measure T projects are fully implemented – including \$300 million for street paving – the City must continue to search for additional resources and leverage grant opportunities to ensure San José’s public assets are appropriately maintained. Any physical improvements that may be necessary to modify City facilities to accommodate social distancing requirements in the near term are still under development. The City will seek to leverage federal funding sources to the extent practicable for such improvements.

Due to the enormous impact of COVID-19 on City operations and the capacity of staff to adjust budgetary projections on a very compressed timeline, the content within the 2020-2021 Proposed Capital Budget was reduced when compared to previous years. While much of the typical content has been restored within the enclosed 2020-2021 Adopted Capital Budget document, including performance metrics and the restoration of a proportion of project detail pages, this document still looks slightly different than in previous years. The most notable changes include the shortened overviews within each individual capital program, and a reduction in the number of detail pages describing each project in the Parks and Community Facilities Development Capital Program funds (with the exception of the Council District Funds), as well as the Airport, Traffic, Municipal Improvements, and Water Pollution Control capital programs.

### **CAPITAL PROGRAM FUNDING SOURCES**

The Capital Program is supported by a variety of funding sources as shown in the graphs below that depict both the 2020-2021 and five-year CIP funding.

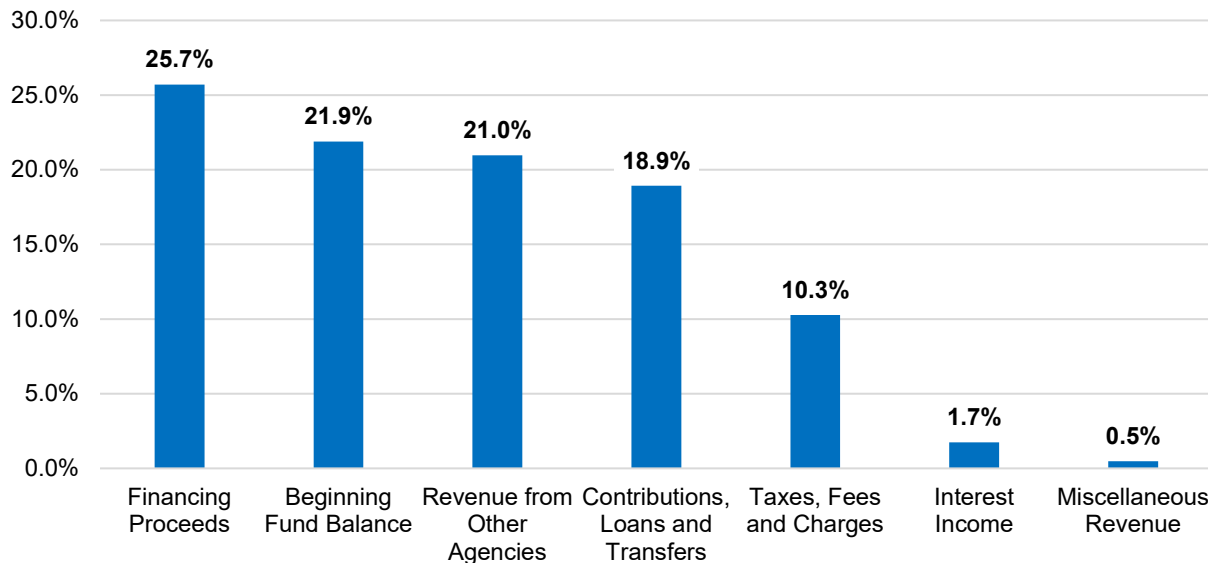
**2020-2021 Adopted Capital Budget  
Source of Funds (\$1.4 billion)**



**2020-2021 ADOPTED CAPITAL BUDGET  
2021-2025 CAPITAL IMPROVEMENT PROGRAM**

**CAPITAL PROGRAM FUNDING SOURCES**

**2021-2025 Adopted Capital Budget  
Source of Funds (\$3.7 billion)**



The Beginning Fund Balances in the 2021-2025 CIP total \$800.1 million, representing 56.9% of the 2020-2021 Adopted Capital Budget and 21.9% of the 2021-2025 CIP. The Traffic Capital Program has a Beginning Fund Balance totaling \$260.9 million, representing a significant amount of carryover project costs that will be spent over the next five years. The Parks and Community Facilities Development Capital Program’s Beginning Fund Balance is \$132.5 million, with a majority of the funds reserved pending determination of final scope of projects and locations or availability of future funding within the nexus of a facility. Other programs with significant Beginning Fund Balances include Water Pollution Control (\$115.2 million) and Public Safety (\$98.2 million) capital programs.

The 2021-2025 Adopted CIP includes revenues of \$939.5 million from Financing Proceeds. The Water Pollution Control Capital Program accounts for \$604.0 million from bond proceeds (\$385.0 million) and revenue notes (\$219.0 million), and that will be used for the implementation of capital improvement projects recommended by the City Council-approved Plant Master Plan that responds to aging infrastructure, future regulations, population growth, and treatment technology improvements. The Traffic (\$162.0 million), Public Safety (\$96.0 million), Municipal Improvements (\$7.0 million), Storm Sewer (\$50.6 million), and Parks (\$12.5 million) capital programs incorporate the Measure T bond proceeds totaling \$328.1 million to be issued throughout the CIP five-year period. Finally, the Parks and Community Facilities Development capital program accounts for \$5.5 million in commercial paper to address remediation projects related to the 2017 flood event.

## **2020-2021 ADOPTED CAPITAL BUDGET**

### **2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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Revenue from Other Agencies category totals \$766.0 million and is comprised of contributions from other agencies that use the Water Pollution Control Plant (\$241.7 million); federal (\$198.8 million) and State (\$178.5 million) grants and allocations; and Revenue from Local Agencies (\$147.1 million), which derives most of its funding from the Valley Transportation Authority to fund pavement maintenance (\$130.0 million).

Contributions, Loans and Transfers total \$691.9 million. The largest transfers of funds are from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Program (\$227.5 million) and to the Sanitary Sewer System Capital Program (\$160.0 million). The Transfer from the General Fund totals \$87.3 million for capital projects with no other funding source.

The 2021-2025 Adopted CIP includes an estimate of \$375.7 million in the Taxes, Fees and Charges category, a significant decline when compared to the estimated level of \$522.7 million in the 2020-2024 Adopted CIP. Most of this revenue category is comprised of the Construction and Conveyance Tax (\$158.0 million), Building and Structure Construction Tax (\$79.0 million), Construction Excise Tax (\$78.0 million), and Airport Passenger Facility Charge proceeds (\$54.2 million). This budget reflects the economic impacts from the COVID-19 pandemic, with revenue from Airport Passenger Facility Charge forecasted to drop substantially from previous years. Set at \$4.50 per enplaned passenger, revenue estimates included in the CIP total \$54.2 million over the five-year period which is substantially lower compared to prior COVID-19 levels, with an estimated 66% drop below the previously budgeted estimate of \$159.9 million in the 2020-2024 CIP. The impact of the real estate slow-down beginning in March will have a negative impact on the Construction and Conveyance tax receipts, and lower expected private development activity will negatively impact Construction Excise Tax receipts that provide funding to the Traffic Capital Program.

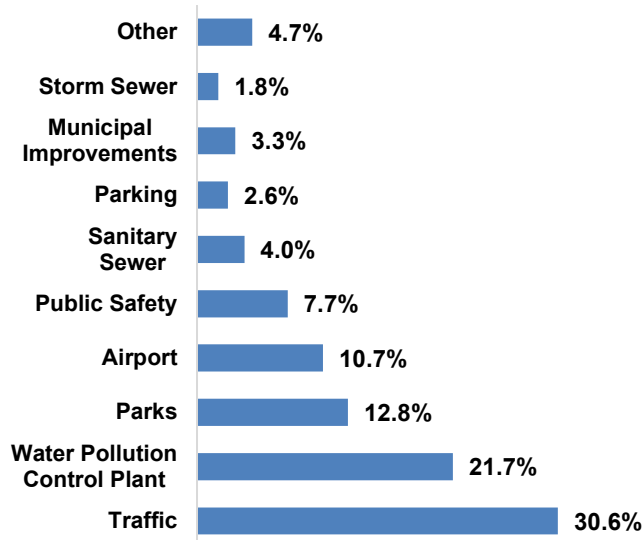
### **CAPITAL PROGRAM INVESTMENTS**

The CIP consists of 14 capital programs. The following chart depicts the uses of funds by capital program and percentage of funding for the 2020-2021 Capital Budget and the 2021-2025 Capital Improvement Program. Major projects to be completed over the next five years are highlighted in the sidebar.

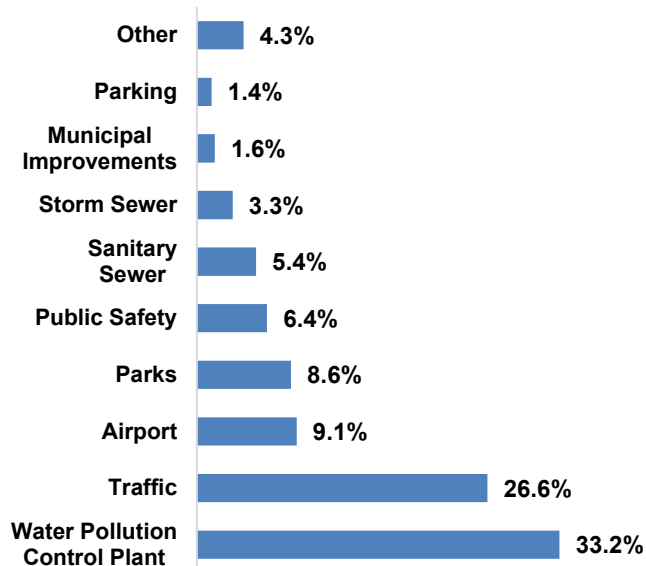
# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

## CAPITAL PROGRAM INVESTMENTS

**2020-2021 Capital Budget  
Use of Funds (\$1.4 billion)**



**2021-2025 Capital Improvement Program  
Use of Funds (\$3.7 billion)**



### Major Projects to be Completed Over the Next Five Years

#### 2020-2021 Projects

- 60-inch Brick Interceptor, Ph. VIA & VIB
- All-Inclusive Playground/Lincoln Glen
- Airfield Electrical Circuit Rehabilitation
- Fowler Pump Station Replacement
- Plant: Energy Generation Improvements

#### 2021-2022 Projects

- Aircraft Waste Disposal/Fuel Service Reloc.
- All-Inclusive Playground/Almaden Lake Park
- All-Inclusive Playground/Emma Prusch
- Coyote Creek Trail (Story Rd. to Tully Rd.)
- East San José Bike/Pedestrian Transit Conn.
- Measure T: Emergency Operations Center Relocation
- Measure T: New Fire Station 37
- Measure T: Fire Station 20 (ARFF)
- Plant Electrical Reliability
- Route 87/Narvaez Interchange Improv.

#### 2022-2023 Projects

- Advanced Facility Control/Meter Replacmt
- Better Bikeways San Fernando
- Fourth Major Interceptor, Phase VIIA
- McKee Road Corridor Safety Improvements
- Measure T: LED Streetlight Conversion
- Payne Avenue Park Phase I
- Route 101/Trimble/De La Cruz Interchange

#### 2023-2024 Projects

- Digested Sludge Dewatering Facility
- Measure T: Clean Water Projects
- Measure T: Fire Station 8 Relocation
- Measure T: New Fire Station 32
- Measure T: Police Training Center Reloc.
- Measure T: Storm Drain Imp. Charcot Ave
- New Headworks

#### 2024-2025 Projects

- Aeration Tanks and Bowler Rehabilitation
- Airfield Geometric Implementation
- Measure T: Fire Station 23 Relocation
- Measure T: New Fire Station 36

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

### MEASURE T GENERAL OBLIGATION BOND

In November 2018, San José voters approved Measure T, the Disaster Preparedness, Public Safety, and Infrastructure Bond Measure, which will provide up to \$650 million in General Obligation (GO) bonds for a wide variety of infrastructure needs, with at least \$300 million to be contributed to road rehabilitation. Those priorities are reflected in this CIP, with \$501.4 million allocated over the next five years and \$168.8 million expected to be spent in 2020-2021. The remaining Measure T funds are for pavement maintenance and are expected to continue beyond the CIP period.

#### Measure T Public Safety and Infrastructure Bond Fund (498) (Projected Expenditures in 2021-2025 CIP)

Program	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	5-Year Total
<b>Traffic</b>						
Bridges	\$7,977,000	\$3,000,000	\$3,000,000	\$4,000,000		\$17,977,000
Pavement Maintenance	57,500,000	37,500,000	37,500,000	37,500,000	37,500,000	207,500,000
LED Streetlight Conversion	10,058,000	1,971,000				12,029,000
Admin – Traffic	21,000	21,000				42,000
Admin Reserve – Traffic	108,000	8,000				116,000
<b>Total Traffic</b>	<b>\$75,664,000</b>	<b>\$42,500,000</b>	<b>\$40,500,000</b>	<b>\$41,500,000</b>	<b>\$37,500,000</b>	<b>\$237,664,000</b>
<b>Public Safety</b>						
Fire Station 37	\$6,482,000					\$6,482,000
Fire Station 8 Relocation	6,242,000	9,379,000	391,000			16,012,000
Fire Station 23 Relocation	1,660,000	3,834,000	10,670,000	391,000		16,555,000
New Fire Station 32	6,238,000	9,360,000	390,000			15,988,000
New Fire Station 36	1,452,000	1,560,000	13,164,000	390,000		16,566,000
Fire Station 20*	4,486,000					4,486,000
Emergency Ops Ctr. Relocation	23,794,000					23,794,000
Police Training Ctr. Relocation	22,722,000	20,058,000	392,000			43,172,000
Police Air Support Unit Hangar	10,059,000					10,059,000
Public Safety Reserve	877,000	28,660,000				29,537,000
911 Call Center Upgrade	265,000					265,000
PD Headquarters Upgrade	20,000					20,000
Public Art – Public Safety	557,000	354,000	232,000	8,000		1,151,000
Admin – Public Safety	417,000	346,000	344,000	11,000		1,118,000
Admin Reserve – Public Safety	701,000	649,000	17,000			1,367,000
<b>Total Public Safety</b>	<b>\$85,972,000</b>	<b>\$74,200,000</b>	<b>\$25,600,000</b>	<b>\$800,000</b>		<b>\$186,572,000</b>
<b>Storm Sewer</b>						
Charcot Pump Station	\$1,364,000	\$585,000	\$24,086,000	\$1,561,000		\$27,596,000
Clean Water Projects	518,000	14,137,000	8,462,000	589,000		23,706,000
Public Art – Storm Sewer	26,000	149,000	251,000	17,000		443,000
Admin – Storm Sewer	29,000	107,000	110,000	33,000		279,000
Admin Reserve – Storm Sewer		122,000	391,000			513,000
<b>Total Storm Sewer</b>	<b>\$1,937,000</b>	<b>\$15,100,000</b>	<b>\$33,300,000</b>	<b>\$2,200,000</b>		<b>\$52,537,000</b>
<b>Municipal Improvements</b>						
Environmental Protection Projects	\$875,000					\$875,000
City Facilities LED Lighting	3,810,000	\$1,972,000				5,782,000
Critical Infrastructure		1,970,000	2,955,000			4,925,000
Admin – Muni Improvements	21,000	21,000	22,000			64,000
Admin Reserve – Muni Improvements	34,000	37,000	23,000			94,000
<b>Total Municipal Improvements</b>	<b>\$4,740,000</b>	<b>\$4,000,000</b>	<b>\$3,000,000</b>			<b>\$11,740,000</b>

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

Program	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	5-Year Total
<b>Parks &amp; Community Facilities</b>						
Community Centers/Emergency Shelters	\$464,000	\$975,000	\$3,413,000	\$5,363,000	\$2,389,000	\$12,604,000
Public Art – Parks	4,000	10,000	34,000	54,000	24,000	126,000
Admin – Parks	7,000	15,000	27,000	28,000	29,000	106,000
Admin Reserve Parks			26,000	55,000	8,000	89,000
<b>Total Parks &amp; Community Facilities</b>	<b>\$475,000</b>	<b>\$1,000,000</b>	<b>\$3,500,000</b>	<b>\$5,500,000</b>	<b>\$2,450,000</b>	<b>\$12,925,000</b>
<b>Total Expenditures</b>	<b>\$168,788,000</b>	<b>\$136,800,000</b>	<b>\$105,900,000</b>	<b>\$50,000,000</b>	<b>\$39,950,000</b>	<b>\$501,438,000</b>
<b>Ending Fund Balance</b>		<b>\$101,300,000</b>		<b>\$39,950,000</b>		
<b>Total Uses</b>	<b>\$168,788,000</b>	<b>\$238,100,000</b>	<b>\$105,900,000</b>	<b>\$89,950,000</b>	<b>\$39,950,000</b>	<b>\$501,438,000</b>

\* Measure T Public Safety and Infrastructure Bond funds used for the reconstruction and expansion of the Fire Station 20. Measure T is anticipated to be replenished for the cost of Fire Station 20 as part of future budget cycles from eligible funding sources.

The Administration has moved quickly to begin work on the Measure T program; and given its early stage of development, the exact cost and phasing of the projects will continue to shift in the coming years. Work in 2020-2021 will focus on defining and refining project scopes and acquiring property for sites such as the new and relocated fire stations, the Emergency Operations Center, and the Police Training Center. It is important to note that the Public Safety Program Reserve of \$29.5 million includes funding for an upgraded 9-1-1 Call Center and Police Headquarter infrastructure needs and provides a contingency for public safety projects. This reserve will be allocated as project scopes are further refined. The CIP includes setting aside Measure T funding specifically for administration and public art. The Administration will continue to provide updates on the Measure T program as funding and priority needs are reevaluated. The next bi-annual update to the City Council on the status of the Measure T program is anticipated in December 2020.



*Artist rendering of Fire Station 37*

### **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 2020-2024 Adopted CIP with the 2021-2025 Adopted CIP for each CSA. As discussed earlier, the 2021-2025 Adopted CIP is 7.9% lower than the 2020-2024 Adopted CIP.



**2020-2021 ADOPTED CAPITAL BUDGET  
2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

**2020-2024 Adopted CIP and 2021-2025 Adopted CIP Comparison  
(By City Service Area)**

<b>City Service Area</b>	<b>2020-2024 Adopted CIP</b>	<b>2021-2025 Adopted CIP</b>	<b>% Change</b>
Community and Economic Development	\$17,933,291	\$19,690,939	9.8%
Environmental and Utility Services	1,749,983,976	1,583,241,094	(9.5%)
Neighborhood Services	414,693,795	363,752,584	(12.3%)
Public Safety	224,769,766	235,150,328	4.6%
Transportation and Aviation Services	1,381,177,037	1,356,623,777	(1.8%)
Strategic Support	178,965,176	96,161,444	(46.3%)
<b>Total</b>	<b>\$ 3,967,523,041</b>	<b>\$ 3,654,620,166</b>	<b>(7.9%)</b>

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. 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 Avenue/Park Avenue (Santa Clara Street to San Fernando Street; Delmas Avenue to Route 87; Bird Avenue to Delmas Avenue)
- ❑ Mckee Road/Jose Figueres Avenue (Jose Figueres Avenue to North Jackson Avenue)
- ❑ Monterey Road (Willow Street to Curtner Avenue)



# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 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 2,030 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.

The Adopted CIP includes a 4.0% rate increase for the Sewer Service and Use Charge (SSUC) Fund in 2020-2021. In the remaining years of the CIP, rate increases are currently projected to range from 4.0% and 7.0% each year. These increases may be revised based on future assessments of capital and operating needs, changes in project costs, or other unforeseen circumstances.



**Stevens Creek  
Sanitary Sewer Replacement**

The major projects in this CIP include:

- Urgent Rehabilitation and Repair Projects
- Condition Assessment Sewer Repairs
- Immediate Replacement and Diversion Projects
- Cast Iron Pipe – Remove and Replace
- Infrastructure – Sanitary Sewer Condition Assessment
- Master Planning Updates
- Fourth Major Interceptor, Phase VIIA
- Blossom Hill Road and Leigh Avenue Sanitary Sewer Improvement
- Preliminary Engineering – Sanitary Sewer

#### ***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.

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### **Environmental and Utility Services CSA (Cont'd.)**

##### ***Storm Sewer System Capital Program (Cont'd.)***

Project funding levels in the CIP will not require a Storm Sewer Service Charge rate increase; however, this may change in the out-years based on recommendations from the Storm Sewer Master Plan. The first phase of the Storm Sewer Master Plan, completed in 2017, identified capital costs totaling \$230 million for high priority capacity projects. A key focus will be the delivery of Measure T-funded projects, nearly 50% of the Storm Sewer program, to alleviate flooding and drainage issues in the Charcot Area and to implement regional green stormwater infrastructure projects to capture, filter, and treat stormwater before discharging it into receiving waterways.

The major projects in this CIP include:

- Measure T – Storm Drain Improvements at Charcot Avenue
- Measure T – Clean Water Projects
- Citywide Outfall Improvements
- Storm Pump Station Rehabilitation and Replacement
- Storm Sewer Master Plan – City-wide
- Large Trash Capture Devices
- Storm Sewer Improvements

##### ***Water Pollution Control Capital Program***

The Water Pollution Control Plant (Plant) is a wastewater treatment facility serving eight South Bay cities and four sanitary sewer districts. Accounting for 33.2% of the 2021-2025 Adopted CIP, the Plant CIP is the largest capital program. A total of \$1.2 billion will be directed to renovate and upgrade the Plant infrastructure to ensure capacity and reliability of treatment plant processes. This work is guided by the Plant Master Plan (PMP) and includes anticipated wastewater revenue note utilization (\$219.0 million) and bond issuances (\$385.0 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 to perform long-term rehabilitation and modernization and address future regulatory requirements and capacity needs. Priorities for the near-term include managing long-term financing for San José, continuing to focus on program and project delivery, and actively managing project risks and variables to inform timing and amount of major encumbrances.



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

# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### Environmental and Utility Services CSA (Cont'd.)

#### *Water Pollution Control Capital Program (Cont'd.)*



***Headworks #1 Bar Screens***

As discussed earlier, the 2021-2025 Adopted CIP includes a 4.0% rate increase for the SSUC Fund for 2020-2021, with rate increases from 4.0% to 7.0% in the out-years. These rates will be reassessed each year based on a detailed implementation plan. 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.

The major projects in this CIP include:

- Digested Sludge Dewatering Facility
- East Primary Rehabilitation, Seismic Retrofit, and Odor Control
- Yard Piping and Road Improvements
- Aeration Tanks and Blower Rehabilitation
- Additional Digester Upgrades
- Nitrification Clarifier Rehabilitation
- Filter Rehabilitation

# **2020-2021 ADOPTED CAPITAL BUDGET**

## **2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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### **CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

#### **Environmental and Utility Services CSA (Cont'd.)**

##### ***Water Utility System Capital Program***

The San José Municipal Water System provides water service to approximately 118,000 residents via 26,700 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. The 2020-2021 Adopted Operating Budget does not include a revenue rate increase for the Water Utility System.

In order to effectively manage the City's Municipal Water distribution system, the Adopted CIP includes funding for the Water Resources Administration & Operations Facility (\$14.5 million). Though still in the preliminary stages of development, this facility will provide the City with a consolidated site for consistent and effective operations and administration of the Municipal Water System, and will replace a variety of disparate facilities that are nearing the end of their effective lifetimes, including a converted storage warehouse, a temporary mobile office trailer, and an administration building.

To maintain and upgrade the City's Municipal Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement project (\$9.1 million), which will prioritize water mains for replacement throughout the service areas by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe if it failed considering location and traffic conditions.

Additionally, the North San José and Alviso service areas have experienced some growth in the last several years, and growth is assumed in this CIP. To take advantage of groundwater as the least expensive water supply to meet future demand forecasts, the City continues to work with developers to construct new groundwater wells once viable locations are determined. Continued focus on rehabilitation and construction of groundwater wells will enable the San José Municipal Water System to minimize costs to customers, supply groundwater under emergency situations, and take advantage of indirect potable reuse of purified water when available.

The major projects in this CIP include:

- Water Resources Administration & Operations Facility
- Annual Water Main Replacement
- Infrastructure Improvements
- North San José Well Development and Construction
- System Maintenance/Repairs
- North San José Reliability Well Construction



# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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## 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 underwent a major transformation 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. After the completion of the planned bond projects, there is remaining bond funding to improve the library capital infrastructure. The final bond issuance occurred in 2019-2020. These proceeds, along with remaining unspent bond funding for a combined total of \$6.8 million, will be used to recommend a new suite of bond-eligible projects, including renovations at Biblioteca Branch Library and efficiency improvements at various branch libraries.



***Wee PlaySpace in the King  
Library Children's Room***

Aside from the Bond program, the Library CIP receives funding from the Library C&C Tax Fund and the Library Parcel Tax Capital 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. For 2020-2021, the Library Parcel Tax provides 30% of the \$5.4 million Acquisition of Materials budget and 40% of the \$1.6 million Automation Projects and System Maintenance budget. This funding will continue the replacement of 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.

The 2021-2025 Adopted CIP includes \$24.5 million for the purchase of new materials, funded by both the Library Construction and Conveyance Tax Fund and the Library Parcel Tax Fund. This funding enables the Library Department to add new materials at all facilities, including non-English language materials, children's books, large type books, audio books, and media materials. On an annual basis, the Library must replenish its inventory to ensure the public has access to high quality and current materials. In addition, the CIP includes \$5.2 million for Automation Projects and System Maintenance, which will benefit all service outlets and work units funded by both the Library Construction and Conveyance Tax Fund and the Library Parcel Tax Fund. The Library Department will continue the installation and maintenance of internet and online sources for public use, and additional computer workstations at all facilities.

# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### Neighborhood Services CSA (Cont'd.)

#### ***Parks and Community Facilities Development Capital Program***

The Parks and Community Facilities Development (P&CFD) 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 3,533 acres of parks (regional/city-wide and neighborhood/community) and open space in the City's sphere of influence, as well as 11 City-operated community centers. In addition, the City has plans for construction of a trails and 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. Overall the 2021-2025 CIP allocates \$315.2 million to the P&CFD program, including \$180.3 million in 2020-2021.

A continued focus of the P&CFD CIP is to complete the rehabilitation of City parks and recreation facilities that were damaged by the January and February 2017 flood events, as well as complete the projects that were established in 2019-2020 with the proceeds of the sale of property on Coleman Avenue.

Projects included in the P&CFD CIP include the repair and upgrade of 18 playgrounds, conversion of two grass sport fields to artificial turf, and the construction of four all-inclusive playgrounds. In addition, this CIP also allocates the last of the Measure P Bond Funds for the reconstruction of Columbus Park to add sports fields.



*Iris Chang Park*

Other significant projects in this CIP include:

- All Inclusive Playground – Almaden Lake Park
- All Inclusive Playground – Emma Prusch
- All Inclusive Playground – Lincoln Glen
- All Inclusive Playground – Rotary Playgarden
- Alma Community Center Improvements
- Berryessa Community Center Renovations
- Doerr Park Improvements
- Kirk Community Center Improvements
- Payne Avenue Park Phase I
- Pellier Park
- Police Athletic League Stadium Turf Replacement
- Saratoga Creek Dog Park Renovation

# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### 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.

The major focus of the Public Safety Capital Program is on delivering projects funded by the Measure T San José Disaster Preparedness, Public Safety and Infrastructure Bond (Measure T). Measure T funding of \$186.6 million is allocated to various projects, including new facilities, relocations of existing facilities, and rehabilitation of aging facilities. Projects scheduled as a result of these new funds include: three new fire stations including Fire Station 37 in Willow Glen, as well as Fire Stations 32 and 36 to improve response times; reconstruction and expansion of Fire Station 20 (Airport Rescue and Fire Fighting; ARFF) to allow for off-airport operations; relocations of Fire Stations 8 and 23; a relocated Police Training Center, allowing for the full activation of the South San José Police Substation; relocation of the Police Air Support Hangar to accommodate future expansion at the Norman Y. Mineta San José International Airport; and relocation and improvement of the Emergency Operations Center (EOC).



*Artist rendering of Fire Station 20*

The 2021-2025 CIP includes the remaining \$3.5 million from the Neighborhood Security Act Bond Measure (including the final issuance of \$3.3 million in 2019-2020) that will be spent to address needed capital repairs at fire stations. These upgrades will preserve integrity of existing infrastructure and improve working conditions for the staff. Assessments on the property taxes of San José residents are used to support these obligations.

The 2021-2025 CIP includes \$25.2 million for fire apparatus replacement (\$18.8 million from the General Fund, \$5.5 million from the Fire C&C Tax Fund). These funds replace fire engines, aerial ladder trucks, brush patrols, water tenders, and other emergency response apparatus. Scheduled replacements maintain the reliability of the Fire Department's fleet. In addition, the CIP also includes \$1.5 million for personal protective equipment (PPE) replacement. The amounts of funding vary year to year based on the replacement schedule of the PPE equipment. However, at a minimum, the City will allocate sufficient funding on a year-to-year basis to ensure the PPE needs are met.

The major projects in this CIP include:

- Measure T – New Fire Stations 37, 32, 36
- Measure T – Fire Station 20 ARFF
- Measure T – EOC Relocation
- Measure T – Police Training Center
- Measure T – Police Air Support Hangar
- Measure T – Relocated Fire Stations 8, 23



# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### Transportation and Aviation Services CSA

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

#### ***Airport Capital Program***

The Airport Master Plan provides the framework for a phased program to adequately serve aviation demand projected out to the year 2037. The Adopted 2021-2025 CIP contains projects reflecting SJC's strategic priorities to drive growth, innovate, fund the future, and invest in the organization.

Currently in-progress projects such as the Aircraft Rescue and Fire Fighting Facility and Economy Lot Garage, along with future projects such as Airfield Geometric Implementation, Terminal B Ramp Rehabilitation and Terminal Area Improvement Program (TAIP) Phase II are all examples of the implementation of SJC's strategic priorities and Master Plan.

While airport activity is severely impacted by COVID-19 and resources for capital investment are reduced in this CIP, long range projections indicate some growth in passenger activity at SJC. While the Airport anticipates future expansion via the Terminal Area Improvement Program (TAIP) Phase II program, the current CIP includes projects required to plan and prepare for the program. The CIP also includes projects that upgrade existing facilities to new standards and rehabilitate infrastructure to continue serving passengers and tenants doing business at the Airport.



***Terminal B Ramp Rehabilitation***

Major projects in this CIP include:

- Airfield Geometric Implementation
- Airfield Electrical Circuit Rehabilitation
- Aircraft Waste Disposal and Fuel Service Relocation
- Terminal A Parking Garage Resurfacing
- Terminal A Ramp Rehabilitation
- Terminal B Ramp Rehabilitation

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

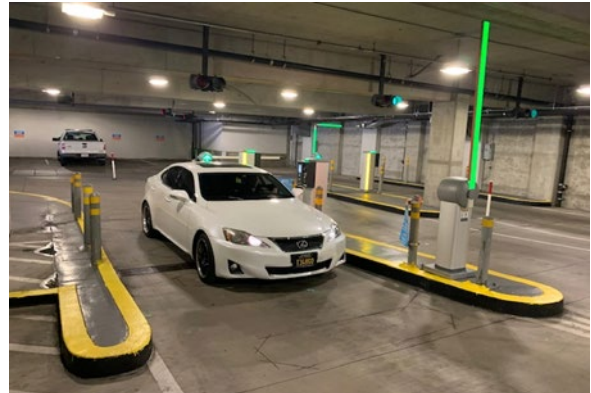
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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### Transportation and Aviation Services CSA (Cont'd.)

##### *Parking Capital Program*

This CIP was developed with guidance from the Envision San José 2040 General Plan, focused on providing a well-maintained parking infrastructure with the goal of supporting Downtown as a regional job, entertainment, and cultural destination. With significant funding previously programmed in the 2020-2024 CIP for key projects like the Parking Access and Revenue Control System (PARCS) upgrade, elevator upgrades, and façade improvements, the 2021-2025 CIP focuses on projects that will effectively maintain the City's parking facilities in a safe and reliable manner, while modestly setting aside funding in key Reserves for future priority parking and transportation projects.



***City Parking Garages' New Parking Access and Revenue Control System Upgrade***

Projects are funded via transfers from the General Purpose Parking Operating Fund through parking meter and facility revenues which exceed the amounts needed for ongoing operations and maintenance. The 2021-2025 Adopted CIP recommends reserving additional funding for future capital projects, investments and improvements to parking, multi-modal transportation, and streetscapes within the SAP/Diridon Area Parking and Transportation Reserve (\$16.3 million) and within the Parking and Transportation Capital Development Reserve (\$8.6 million).

The major projects in this CIP include:

- Minor Parking Facility Improvements
- Garage Elevator Upgrades
- Garage Façade Improvements

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### Transportation and Aviation Services CSA (Cont'd.)

##### *Traffic Capital Program*



***Pedestrian Safety  
Improvements***

The mission of the Traffic Capital Improvement Program (CIP) is to implement and manage a multimodal transportation system that is safe, efficient, environmentally sensitive, and maintained in the best condition possible consistent with the goals and policies of the Envision San José 2040 General Plan (General Plan). The 2021-2025 Adopted Traffic CIP includes a variety of infrastructure maintenance and repair activities, such as pavement maintenance, bridge maintenance and projects, street name sign replacement, LED traffic signal lamp replacement, and traffic signal preventative maintenance. Overall funding for the 2021-2025 CIP is 10% higher than the 2020-2024 CIP. While construction taxes are lower as a result of the COVID-19 pandemic, significant resources provided by Measure T Bond Program and strategic leveraging of federal, State, and local agency funding further the City's goals of maintaining and improving the City's transportation infrastructure.

##### *Pavement Maintenance*

Overall, the 2021-2025 Adopted CIP allocates \$514.9 million for pavement maintenance, bringing the five-year annual average over to \$103.0 million. San José's street system consists of 2,434 miles of pavement and the current average PCI for all San José streets is 66, which is a rating of "Fair" condition. To reach and sustain "Good" condition (PCI 70), and significantly reduce the backlog of deferred maintenance, the City would need to invest \$102 million annually for 10 years. While average funding levels for the next ten years are estimated at approximately \$87.1 million per year and fall short of the total amount of needed funding by \$14.9 million, this funding level allows for a significant reduction of the pavement maintenance backlog and has fundamentally changed the situation from previous years.

##### *Transportation Safety and Multimodal Improvements*

The 2021-2025 Adopted CIP includes investments targeted towards providing safe streets for all modes of travel and balanced transportation by investing approximately \$191.1 million in traffic safety and efficiency and local multimodal improvements. In May 2015, the Vision Zero San José (VZSJ) transportation safety initiative was adopted with the ultimate goal of eliminating fatalities and reducing severe injuries caused by traffic collisions. On February 11, 2020, the City Council approved an updated Vision Zero Action Plan with an estimated cost of \$22 million that includes measures for implementation over the next four to six years, and a quick build strategy on the 56 miles of the City's Priority Safety Corridors to create a more complete street environment. As part of this Adopted CIP, an overall initial investment of \$6.78 million (\$0.8 million was allocated in 2019-2020 for highest priority items) initiates efforts on some of the plan's top priority actions.

# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### Transportation and Aviation Services CSA (Cont'd.)

#### *Traffic Capital Program (Cont'd.)*

In addition, the delivery of local multimodal projects, many of which are grant-funded, transforms existing roadways to support alternate mode choices and safe travel for pedestrians, bicyclists, and transit users. To the extent possible, the CIP prioritizes delivery of traffic safety projects on the Priority Safety Corridors identified in the VZSJ plan as having a higher incidence of traffic fatalities and severe injuries.

As part of this Adopted CIP, an addition of \$10.0 million in grant funding is allocated to the Better Bikeways project to include the San Fernando Corridor from Almaden Boulevard to 11th Street along San José State University. The Better Bikeways project implements a network of bikeways that will be transformative for Central San José streets, elevating their role as public spaces and providing people with a protected environment to bike for their daily transportation needs. This multi-year project, which is planned in coordination with pavement maintenance work, includes the implementation of buffered bike lanes, roadway reconfigurations, and traffic signal detection for the presence of bicyclists.



**L. Kirkland, *Life, Berryessa*  
BART station, 2019**

Efforts have been made to advance some of the highway interchange improvement projects in anticipation of the release of the VTA 2016 Measure B grant funds. One of the projects, the Route 101 Blossom Hill Interchange project, is on track for construction to start late 2020. Additionally, the BART Phase I project, providing connectivity from Fremont into North San José, was completed and began passenger service on June 13, 2020.

The major projects in this CIP include:

- Better Bikeways Program
- East San José Pedestrian/Bike Transit Connection
- McLaughlin Ave. Pedestrian/Bike Safety Enhancements
- Measure T – Bridges
- Measure T – LED Streetlight Conversion
- Pavement Maintenance
- Senter Road Pedestrian Safety Improvements
- Tully Road Corridor Safety Improvements
- W San Carlos Corridor Safety Improvements

# 2020-2021 ADOPTED CAPITAL BUDGET

## 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### **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, and radio and other equipment.



***ECOMM Antennae at Eagle Rock***

The Silicon Valley Regional Interoperability Authority (SVRIA) is a joint powers authority consisting of 19 member agencies, including the City of San José, whose mission is to identify, coordinate and implement communication interoperability solutions to its member agencies by integrating voice and data communications between law enforcement, fire and rescue services, emergency medical services, and emergency management for routine operations, critical incidents, and disaster response and recovery. The Silicon Valley Regional Communications System (SVRCS), a multi-stage project coordinated by SVRIA, will replace the existing public safety radio systems currently in use in Santa Clara County with a system that uses the 700/800MHz spectrum, which allows for enhanced data transmissions, additional capacity for mutual aid scenarios, and the ability to record transmissions for training purposes. The additional transmission towers, repeater sites, and other infrastructure required to build out the SVRCS were completed summer of 2020.

The City entered 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. The City's portion is now paid in full. Ten transmission sites have been completed in the central cell with the final transmission site at Coyote Peak completed in December 2019. The City also purchased new radios and dispatch consoles so that the City can be fully operational on the new system.

In addition, over the five-year CIP, approximately \$2.5 million is included in the Silicon Valley Regional Communications System – Radios project to complete the necessary radio purchases. An additional 167 radios for the Police and Fire Departments was purchased in 2019-2020 to improve operational efficiency and redundancy. By the end of 2019-2020, the City had a total of 3,091 SVRCS subscribers. Those portables and mobile radios went live in summer 2020. The City also previously purchased 47 dispatch consoles for use at the Police and Fire Communications Center, which serves as the primary Public Safety Answering Point (PSAP) and the South San José Police Substation that serves as the secondary PSAP.



# **2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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## **CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

### **Strategic Support CSA (Cont'd.)**

#### ***Communications Capital Program (Cont'd.)***

The major projects in this CIP include:

- Silicon Valley Regional Interoperability Authority
- Communications Maintenance
- Silicon Valley Regional Communications System - Radios

#### ***Municipal Improvements Capital Program***

The Municipal Improvements Capital Program provides capital improvements and maintenance for City facilities and their operating systems that are not funded in other capital programs. This program includes \$10.7 million from the Measure T Bond Fund to support light-emitting diode (LED) lighting at City facilities and other priority critical infrastructure projects.

The General Fund provides one-time and ongoing funding in the Municipal Improvements CIP, for projects with no other funding source. This includes \$16.7 million in one-time funding for improvements of various City facilities. Annual funding of \$1.5 million is set aside for Unanticipated/Emergency Maintenance (\$750,000), Closed Landfill Compliance (\$400,000), City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance (\$200,000), Arena Repairs (\$100,000), and ongoing annual funding for Fuel Tank Monitoring (\$30,000).

The Convention and Cultural Affairs Capital Fund and the Convention Center Facilities District Revenue Fund, supported by hotel taxes, will return a total of \$5.2 million of funding via transfers to their corresponding operating funds to address revenue shortfalls resulting from the abrupt reduction in hotel tax revenue due to COVID-19. This funding was previously planned for a variety of electrical, mechanical, structural, unanticipated, and miscellaneous rehabilitation and repair projects at the San José McEnery Convention Center and other cultural facilities managed by Team San José. However, funding for capital projects has been temporarily suspended pending recovery of the revenue sources that support these capital programs.

The major projects in this CIP include:

- Measure T – City Facilities LED Lighting
- Measure T – Critical Infrastructure
- PAB/PAC Elevator Modernization
- The Tech Museum Controls Modules Improvements

# 2020-2021 ADOPTED CAPITAL BUDGET 2021-2025 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### Strategic Support CSA (Cont'd.)

#### *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 repayment of debt associated with the Central Service Yard Phase I and Phase II projects represents the largest use of funds in the 2021-2025 CIP. The Central Service Yard Phase I project included the purchase of the Central Service Yard property and renovation of Building A. In the 2021-2025 CIP, a total of \$6.6 million is budgeted for debt service on Phase I bonds. The Central Service Yard Phase II project entailed construction and relocation of remaining operations from the old Main Yard property that was completed in 2007-2008. The total cost for the Central Service Yard Phase II project was \$32.2 million, including demolition of the Main Yard. Proceeds from the sale of the Main Yard were used to partially pay the outstanding commercial paper used to fund Phase II. However, because the sale proceeds were insufficient to pay off the commercial paper, the 2021-2025 CIP includes commercial paper payments totaling \$3.5 million.



***Fire Truck Maintenance at the Central Service Yard***

Future considerations for refinancing debt service are forthcoming to help fund the Fire Training Center Relocation and associated Central Service Yard buildout. As funding options are determined for these projects, the Administration plans to provide an update on the status of these projects and a funding strategy to the City Council later this fiscal year.

The 2021-2025 CIP also includes funding of \$2.2 million for the repairs, minor improvements, and roof replacement at the Central Service Yard, \$623,000 for the HVAC replacement at the Central Service Yard, and \$450,000 for the construction of a new fueling island at the Central Service Yard to allow for more efficient vehicle deployment and reduced travel times.

The major projects in this CIP include:

- Roof Replacement, Painting, and Supplemental Needs
- Debt Service on Phase I Bonds and Phase II Commercial Paper
- Central Service Yard – HVAC Replacement
- Central Service Yard Fueling Island



**2020-2021 ADOPTED CAPITAL BUDGET  
2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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**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. The Administration also pursues strategies to ensure the most cost-effective operation of City facilities, including installing capital improvements that reduce costs, such as energy efficient lighting and 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. Several of the Measure T projects will incur significant operating and maintenance costs in the future, including the new fire stations and the Police Training Center. The annual operating and maintenance costs for Fire Station 32, 36, and 37 (\$4.3 million for each station), the Police Training Center (\$3.6 million), and the subsequent activation of the South San José Police Substation (\$3.0 million) will be brought forward for City Council certification prior to awarding a construction contract. Annual costs for other Measure T projects will be brought forward as part of future budget processes once their scope has been refined. As the City likely enters a recessionary economic environment, careful considerations of future operating costs will become even more important.

The table below 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).

**Projected Total New Operating and Maintenance Costs  
(Cumulative)**

<b><u>Project Title</u></b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>
Parks Facilities	\$ 517,000	\$ 780,000	\$ 820,000	\$ 871,000
Public Safety Facilities	2,071,000	4,538,000	6,941,000	15,177,000
Traffic Projects	65,000	82,000	105,000	111,000
<b>General Fund Total</b>	<b>\$ 2,653,000</b>	<b>\$ 5,400,000</b>	<b>\$ 7,866,000</b>	<b>\$ 16,159,000</b>
Water Pollution Control Plant (Special Fund)	2,123,000	5,274,000	14,562,000	14,996,000
<b>All Funds Total</b>	<b>\$ 4,776,000</b>	<b>\$ 10,674,000</b>	<b>\$ 22,428,000</b>	<b>\$ 31,155,000</b>

# **2020-2021 ADOPTED CAPITAL BUDGET**

## **2021-2025 CAPITAL IMPROVEMENT PROGRAM**

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### **OTHER CAPITAL PROGRAM HIGHLIGHTS**

#### ***Operating Budget Impacts (Cont'd.)***

For the General Fund, these costs are estimated at \$2.7 million in 2021-2022 and are anticipated to increase to \$16.2 million by 2024-2025. The majority of the costs are for Public Safety facilities, including new Fire Stations 32, 36, and 37. Operations and Maintenance cost are reflected for the Police Training Center only and does not include the full activation of the South San Jose Police Substation which is estimated to cost an additional \$3 million annually.

In addition, 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 \$2.1 million starting in 2021-2022, largely due to completion of large projects such as the Digester and Thickener Facilities Upgrade. In 2022-2023, the additional operating costs at the Plant are expected to increase to \$5.3 million, and then to \$14.6 million in 2023-2024 and 15.0 million in 2024-2025, as the Digested Sludge Dewatering Facility is expected to come online and replace the existing sludge storage lagoons.

#### ***Art in Public Places***

Funding of the Public Art Program provides the City with iconic public art works at the Airport, Downtown, public safety facilities, parks, and library facilities. A total investment of \$6.5 million is programmed for eligible public art projects that span all capital programs in the 2021-2025 Adopted CIP. This figure does not include the estimated \$3.9 million in public art expenditures for 2019-2020, nor does it include public art associated with all Measure T projects. The allocation for public art will be applied once the scopes of eligible projects are more fully defined.

### **CONCLUSION**

Though Fiscal Year 2020-2021 will be challenging for the community and our organization, the City remains committed to maintaining and improving the public infrastructure that provides the backbone of day-to-day service delivery. The 2021-2025 Adopted CIP of \$3.7 billion, across multiple funding sources, represents the implementation of the public safety, transportation, and environmental protection projects authorized by Measure T, and reflects the City's continued focus on the rehabilitation and revitalization of existing infrastructure to serve our community well into the future.

Projects delivered over the next five years will improve the City's roadways, address the reliability and appearance of parks and recreational facilities, the reliability and performance of the City's wastewater treatment facility, continued improvements to the Airport, and reduction of pollutants within storm drains and creeks. The City will also continue to work with other agencies on major regional projects including BART Phase II, High Speed Rail, an expanded and redeveloped Diridon Station, Caltrain Modernization, and highway interchanges that will dramatically alter the City's transportation infrastructure.

**2020-2021 ADOPTED CAPITAL BUDGET  
2021-2025 CAPITAL IMPROVEMENT PROGRAM**

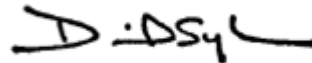
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**CONCLUSION (Cont'd.)**

While the Adopted CIP addresses major infrastructure needs, a significant infrastructure maintenance backlog remains. The Administration will continue to target resources toward their most important need and seek all possible avenues to secure federal, State, and regional funding to supplement available City funding.

This capital improvement program has been developed to reflect the needs and priorities of the City Council, our residents, businesses, and visitors. Under the direction of the City Manager's Budget Office, the 2020-2021 Adopted Budget and 2021-2025 Adopted CIP was developed in coordination with all 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.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "D. Sykes", with a stylized flourish at the end.

David Sykes  
City Manager

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