



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano

**SUBJECT:** SEE BELOW

**DATE:** November 20, 2020

Approved

Date

11/24/2020

**SUBJECT: STATUS REPORT ON THE NOVEMBER 2018 BALLOT MEASURE T – THE DISASTER PREPAREDNESS, PUBLIC SAFETY AND INFRASTRUCTURE GENERAL OBLIGATION BOND**

## RECOMMENDATION

Accept the status report on the workplan and implementation updates for projects included in the approved 2018 Measure T Bond measure.

## OUTCOME

Approval of the recommendation provides the City Council with updated information on the status of projects and programs relating to the voter-approved 2018 Measure T – The Disaster Preparedness, Public Safety, and Infrastructure Bond.

## EXECUTIVE SUMMARY

Measure T, approved by voters in November 2018, provides for the issuance of \$650 million in General Obligation Bonds to fund a variety of important infrastructure projects throughout the City. Nearly half of this investment will be in resurfacing and repairing City streets and bridges in the worst condition. Also included in this program are six new or relocated fire stations and several critical public safety, flood protection, LED lighting, and clean water projects that will improve service delivery and quality of life for decades to come. Since the time voters approved the Bond Measure, the City Council has received several updates and provided direction on the implementation of the Measure T program. These are linked below for reference<sup>1,2,3,4,5,6,7</sup>.

<sup>1</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3847489&GUID=DCF04188-1A48-4F02-B12D-24873EAD82E5&Options=&Search=>

<sup>2</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4132710&GUID=FAF32B4C-79F1-4270-9EF0-5EC39F33E7C2&Options=&Search=>

<sup>3</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3755302&GUID=0ABE3541-A422-4EC1-88EC-714BCE2B0474&Options=&Search=>

<sup>4</sup> <http://files.constantcontact.com/7a210436601/dbd7436a-7b55-4264-b1e4-e25cc8a0b8a3.pdf>

<sup>5</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3847489&GUID=DCF04188-1A48-4F02-B12D-24873EAD82E5>

<sup>6</sup> <http://sanjose.legistar.com/gateway.aspx?M=F&ID=94651e78-6e51-4f50-a886-eb1a8349e8a9.pdf>

<sup>7</sup> <http://sanjose.legistar.com/gateway.aspx?M=F&ID=6f9d5e4e-b49d-4070-afbb-7da52a1770c2.pdf>

## **BACKGROUND**

On November 6, 2018, the voters of San José passed ballot Measure T - The Disaster Preparedness, Public Safety and Infrastructure Bond with over 70 percent of the electorate voting yes. The measure authorizes the City to issue up to \$650 million in general obligation bonds for infrastructure projects.

The City Council has received several updates and provided direction on the implementation of the Measure T program. Most recently, on June 2, 2020, City Council unanimously approved a report titled *Status Report on Measure T – The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond Item 3.4*<sup>8</sup>. The report included staff's update on the project workplans and implementation schedules.

## **ANALYSIS**

Since the June 2, 2020 report, several significant activities have taken place. The following is a list of progress made, and activities currently underway in each of the major project categories:

- 1) **Community Oversight Committee (COC)** – On August 26, 2020, the Community Oversight Committee held its first meeting virtually with the committee members and members of the public in attendance. During that meeting, a Chair and Vice Chair was designated by the Committee and Staff provided a presentation on the current status of the Measure T Program. The next meeting will be held in December to review the expenditure of Measure T funds for consistency with the voter approved purposes for the funds. In connection with the review of Measure T expenditures, the committee members will review and forward to the City Council an audit of the Measure T Bonds Financial Statement for the fiscal year ending June 30<sup>th</sup>. Currently, there are twelve seats filled and three vacant positions from District 3, District 8, and the at-large seat for environmental focus.
- 2) **Public Safety Projects** – The approved Measure T Program allocates \$175 million to complete public safety projects. Site selection, land acquisition and scoping are currently underway for several projects and are significant factors in ensuring these projects are delivered within the funding allocation. A summary of current activities in the Public Safety category is described below. The updated schedules for these, and all Measure T projects, are described in Attachment A.

Site selection for new and relocated fire stations is being targeted in specific areas based on optimizing service response times. Land acquisition for the other Public Safety projects are being evaluated against operational criteria as well. All potential project sites are being vetted for size, access, current land use, zoning, environmental considerations, and seller interest. Once sites have been assessed for suitability, Staff will coordinate with the appropriate Council Office prior to the acquisition of property.

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<sup>8</sup> <https://sanjose.legistar.com/View.ashx?M=F&ID=8453769&GUID=CC323CC8-820D-408E-84B9-8C2C79491C75>

- a. **New Fire Station 37** – The project was awarded on June 30, 2020 to the lowest responsive bidder Gonsalves & Stronck, Inc. in the amount of \$8,715,600. The project started construction in September 2020 and is currently 8% complete with final completion anticipated in January 2022.
- b. **Relocated Fire Station 8** – A single-company station with two apparatus bays is proposed for the design of Fire Station 8. The City has acquired a site located at 575/579 E. Santa Clara Street with an option to purchase the site at 601 E. Santa Clara Street directly across the street. Staff is in discussions with VTA on their interest of 575/579 E. Santa Clara Street for the venting structure for the future BART construction project. As part of these discussions, Staff is evaluating whether to shift the location for the new Fire Station from 575/579 East Santa Clara Street to 601 East Santa Clara Street. These discussions are expected to conclude by January 2021 in order to allow staff the ability to proceed with design of the new station in early 2021.
- c. **New Fire Station 32** – Staff has identified a potential site near the intersection of Story Road and McLaughlin Avenue and is currently completing environmental testing. Staff expects to prepare a separate action memo that will be going to Council in the first quarter of 2021. This station is envisioned to be a single-company station with the ability to expand to future service demands, depending on the size of the site selected.
- d. **Relocated Fire Station 23** – Preliminary site selection for this relocated fire station continues. Fire Station 23 is intended to replace the station on Capitol Avenue at Via Cinco de Mayo. It is hoped that staff can secure a location further from the Milpitas border to improve coverage within San Jose city limits and planned developments in North San Jose.
- e. **New Fire Station 36** – Site selection for the new Fire Station 36 continues. This station is envisioned to be a single-company station with the ability to expand depending on future service demands and pending on site size selection.
- f. **Fire Station 20 – Aircraft Rescue and Firefighting (ARFF) Facility** – The 2021-2025 Airport Capital Improvement Program includes construction of a new Airport Rescue and Fire Fighting Facility (Fire Station 20). This project is funded primarily from a Federal Aviation Administration (FAA) grant. The Mayor's March 6, 2020 Budget Message directed the City Manager to identify \$4.6 million in additional funding to be advanced from the Measure T Program for the expansion of Fire Station 20 to include landside operations adjacent to the airfield to improve emergency response capabilities to the local community. This funding was included in the Adopted Capital Budget. An additional \$1,185,000 of Measure T funds were allocated to this project in October 2020 for higher than anticipated costs. It is expected that the landside costs (\$5,785,000 in total) for

Fire Station 20 will be replenished as part of future budget cycles from eligible funding sources subject to future budget actions as approved by City Council. This project has started construction and is currently 8% complete with anticipated final completion in January 2022.

- g. Police Training and Academy Facility** – Site selection continues for this critical facility, which requires a unique site layout and configuration to maintain accreditation under the State’s Peace Officers Safety Training program. The facility requires separate training and academy amenities, separate physical training and workout facilities, an indoor gun range, and sufficient parking to allow concurrent academies and exercises to take place. Staff is pursuing potential sites that can meet the needs of this specialized facility with a minimum level of construction and maintenance costs, while optimizing long-term operational capability. Several sites have been evaluated and ruled out due to size limitations, cost of land, or the cost of building/site improvements that would be required.

**Emergency Operations Center (EOC)** – The Fire Training Center Facility (FTC) and EOC will be constructed as a joint facility in the vacant lot located on 1591 Senter Road at the southwest corner of East Alma Avenue and Senter Road. The project will also include demolishing the parking lot north of Building A located at the City of San Jose Central Service Yard (CSY) to build a portion of the facility. The project is currently being advertised with bids opening on November 19. Below is a table of the funding intended for this project:

Name or Funding Description	Amt. for FTC/EOC	Comments
Measure T - Emergency Operations Center Relocation	\$21,500,000	In the June 2020 Measure T Status Report, the amount shown here was \$24.5M. However, after funding reallocations, the amount was reduced to \$21.5M
Fire Training Center Replacement Reserve	\$24,835,000	Remaining sale proceeds of current FTC property
Fire Training Center Replacement	\$15,000,000	\$12M from sale proceeds of current FTC property and \$3M from State Grant
Fire Training Center Deferred Revenue	\$4,200,000	Revenue was part of the sale of current FTC property and is contingent on the City vacating current FTC site by June 2022
State Grant for EOC Furniture, Fixtures, and Equipment	\$2,500,000	
Measure T - Program Reserve (Public Safety)	\$4,200,000	Funding from the next bond issuance expected to be used for the project, as outlined in the June 2, 2020 memorandum to the Mayor and City Council.

Central Service Yard Financing Proceeds	\$15,000,000	Pending future City Council approval, financing is required to complete all elements. The debt service would be paid within the Service Yard Capital Program. It is important to note that additional capital rehabilitation improvements to the Central Service Yard, unrelated to the Fire Training Center and EOC construction are also contemplated, which may increase the financing need from \$15 million to \$24 million. The Cost Summary/Implications section below contains additional discussion regarding a potential financing approach.
<b>Total Funding</b>	<b>\$87,235,000</b>	

The project is scheduled to be brought forward to City Council in January 2021 for the approval of the contract award and the approval of the financing strategy. Construction is anticipated to start in February 2021, with the training tower and surface parking to be completed by April 2022, and the new buildings and the remodel of building D4 by December of 2022.

- h. 9-1-1 Call Center Renovation** – Staff has begun planning to renovate the 9-1-1 call center to provide improved working conditions in a more efficient space to handle the increasing number of calls and to take advantage of changing methods and technologies that the public utilize to call for 9-1-1 service. Staff anticipates preparing a preliminary scope for the 9-1-1 call center and determine the appropriate budget early 2021.
- i. Police Air Support Unit Hangar** – The location of this project is at the southwest corner of the Airport property, near Coleman Avenue and Airport Boulevard. This triangular site will also house the relocated Aircraft Rescue and Fire Fighting Facility (Fire Station 20) described above, as well as the Airport Facilities Division. The new Hangar was anticipated to be combined with the Airport Facilities Relocation and awarded as a single design-build project in April 28, 2020. However, due to the rapid loss of passenger traffic and the economic uncertainty surrounding the COVID-19 situation, this project has been temporarily placed on hold. The Hangar project may be developed as a single project to be prioritized for delivery with other Measure T Public Safety projects.
- j. Public Safety Reserve** – Below is the table with the currently appropriated and planned funding allocation through the Public Safety Program:

Project Name	Use of Reserve	Comments
<b>Program Reserve Total:</b>		<b>\$36,420,000</b>
Emergency Operations Center	\$4,100,000	
Fire Station 37	\$877,000	
Police Air Support Hangar	\$2,000,000	
Police 911 Call Center Upgrades	\$300,000	
Police Headquarters Infrastructure	\$30,000	
<b>Funding Available in the Program Reserve Beginning 2021-2022:</b>		<b>\$29,113,000</b> <sup>1</sup>
Project Name	Planned Allocation of Reserve Funding <sup>2</sup>	Comments
<b>Program Reserve Balance:</b>		<b>\$29,113,000</b> <sup>1</sup>
Fire Station 37	\$1,118,000	Additional funding needed to award the contract on June 30, 2020. This was funded by reducing the Program Reserve by \$877,000 and shifting funds from FS 36. This project will be replenished after the next issuance from this reserve.
Emergency Operations Center	\$10,100,000	Since the funding needs to be available to award the EOC project in January 2021, funding was borrowed from FS23 and the Storm Sewer program. Both projects will be replenished in the next issuance from this allocated reserve.
Additional Public Safety Projects	\$18,601,238	This funding is anticipated to be used for the following projects: rehabilitation of Police Headquarters, Various Fire Station Rehab and contingency for new stations, and the 911 Call Center

<sup>1</sup>This total amount represents the total funding that will be available in the Program Reserve after the second bond issuance in 2021-2022 and includes the Public Safety Administration cost of \$453,000. In Attachment B, this cost is budgeted separately on the Source and Use Statement which is why the Program Reserve amount is shown as \$28,660,000.

<sup>2</sup>Note that the amount shown under this column includes Public Art and the Public Safety Administration costs and are only program level estimates.

Currently, staff anticipates a funding shortfall in the Program Reserve between \$700,000 to \$800,000. At this time, staff feels that while tight, this amount is manageable based on anticipated project savings to be generated from the Charcot project. Staff is continuing to refine the estimates for the projects above. However, in order to prepare for any potential projects that may go over budget, staff anticipates utilizing the savings from other projects within the program to help fund public safety projects.

### **3) Paving and Bridge Projects**

- a. Street Resurfacing Projects** – The City’s 2,434-mile pavement network includes 944 miles of “major streets”, and 1,490 miles of “local and neighborhood” streets. The Measure T Program designates \$300 million for the repair or rehabilitation of local and neighborhood streets in the worst condition. Staff has identified 388 miles of streets dispersed throughout the City to be resurfaced or reconstructed with this funding.

A multi-year implementation and expenditure plan has been developed and the first year of construction is nearly complete. Funds from Measure T, in combination with annual allocations from State gas taxes, Santa Clara County Valley Transportation Authority 2016 Measure B and other funding sources, are expected to provide the appropriate and prescribed maintenance to all local and neighborhood streets in the City by 2028, while providing the appropriate maintenance to keep the Major Street Network in good condition. Department of Transportation (DOT) released its first three-year pavement plan in an informational memorandum on December 18, 2019 and will provide an updated memorandum in late December of 2020 to share tentative construction plans through the 2023 construction season with the public.

In the 2020 construction season, DOT planned maintenance on 205 miles of San José streets, 127 of which are local and neighborhood streets with 1,840 associated curb ramps. As of October 20th, DOT has completed over 120 miles of maintenance, commenced work on 53 miles, and is in the process of scheduling the final 32 miles for maintenance. It is likely that DOT will need to suspend work on some miles planned for the 2020 construction season due to colder winter conditions in December, but those will primarily be on the major streets network. With respect to Measure T, DOT allocated \$37.5 million funding to provide substantial rehabilitation and reconstruction of approximately 72 miles of the local and neighborhood streets in the worst overall conditions. Of these planned miles, 53 have been completed and Staff expects to finish the remaining 19 miles at the end of the 2020 construction season.

The COVID-19 pandemic presented challenges early in the construction season. Contractors had to implement social distancing procedures to comply with county and state regulations. Eleven distinct contractors needed training and oversight to ensure compliance with county and state COVID-19 safety requirements.

The County's Shelter-in-Place (SIP) order released on March 17 resulted in more than average numbers of vehicles being parked on the street. In collaboration with the DOT Parking Compliance group, inspection staff performed additional and enhanced outreach in locations with heavy impacts in order to minimize impacts on the paving projects. Early adoption of virtual project management software and protocols allowed inspection and engineering staff to work closely with contractors and facilitated compliance with County and State COVID-19 safety requirements, and an online dashboard has kept the public and Council updated on the progress of the construction season. As a result of these efforts and innovations, DOT was able to continue its ambitious construction season without reducing the original mileage goal and is on track to make substantial progress in its completion. As a result, DOT remains on track to provide maintenance to each of the 1,490 miles of local and neighborhood streets by 2028.

- b. Bridge Repair and Rehabilitation Projects** – The Measure T Program designates \$20 million for City-owned bridges that are designated as structurally deficient, which could be vulnerable in an earthquake or other disaster. In order to address as many bridge projects as possible, Staff is implementing a delivery strategy aimed at leveraging multiple funding opportunities such as Measure T and the Highway Bridge Program (HBP) federal-aid funding which consists of Bridge Investment Credits (BIC). Staff has identified 45 BIC eligible bridges to be structurally preserved or rehabilitated as part of three projects. The first two projects consisted of 27 bridges and were completed in June and November of 2020. The third project will consist of the remaining 18 bridges and is currently in the design phase with a targeted Spring 2021 construction start date. These projects are expected to accumulate approximately \$3 million in BIC credits which will be distributed back, as the local match, into future prioritized bridge projects utilizing HBP grants along with Measure T funds.

In order to effectively prioritize bridges from the City's bridge inventory, Staff has procured a consultant to assess bridges using prioritization factors to provide project recommendations. Staff is in the process of reviewing the consultant recommendations and will provide a list of bridges to receive major rehabilitation as part of the next Measure T program update. Additionally, the consultant will assist in generating a multi-year plan and funding strategy for the Measure T program to address both short term and long-term projects and maximize the opportunity for grant funding.



**4) Light Emitting Diode (LED) Outdoor Lighting Projects**

**a. City Facilities LED Lighting Projects** – Staff is continuing to evaluate the actual lighting inventory and the number of fixtures that will be converted. The conversion will be funded through a combination of Measure T funding and PG&E on-bill financing (OBF) loan agreements, which are still being developed. Staff will be determining the details of the OBF agreement once PG&E has a Contractor on board to determine the energy savings. Staff is coordinating with the Department of Parks, Recreation & Neighborhood Services to utilize the Mayor’s Gang Prevention Task force hot spot areas map as a primary tool to prioritize conversion of park and trail lighting to LED. The current commitment is to have all parks and trail lights converted to LED by the end of fiscal year 2021-2022.

**i. Lighting Controls** - The solicitation for lighting controllers for City Facilities is continuing to move forward to procure a smart controller with IoT capabilities for future implementation of the IoT functionality. The Finance Department has assigned the project to a team member and Staff is expecting to solicit the request for proposals by the end of this year.

**b. LED Streetlight Conversion Projects** – The City owns and maintains approximately 64,400 streetlights, of which more than half have been converted to LED over the past decade. The remaining 32,000 non-LED lights consist mainly of standard mast-arm style “cobra head” fixtures and includes approximately 5,000 ornamental (or “post-top”) lights, primarily in the downtown, and in neighborhood and business districts.

**i. Streetlight Replacement by City Crews** - Approximately \$1 million of Measure T funds has been allocated in the 2021-2025 Adopted CIP to purchase LED fixtures that are being used by City crews to replace Low Pressure Sodium (LPS) and High-Pressure Sodium (HPS) streetlight fixtures as the bulbs burn out. New LED fixtures are being installed as part of DOT’s regular program of replacing burned out bulbs, with an initial plan to convert approximately 5,000 streetlights to LED in this fiscal year. Approximately 5,200 streetlights have been converted to LED since July 1, 2019.

The City is also replacing the approximately 5,000 ornamental fixtures in its street light inventory. This is being accomplished in a similar manner as described above, where City crews would replace burned out lights with new LED fixtures rather than just replacing the bulbs. Approximately \$4 million of Measure T funding has been identified in the 2021-2025 Adopted CIP to accomplish this goal by early 2024.

- ii. **PG&E “Turnkey” LED Streetlight Conversion** – On June 25, 2019, the City Council authorized the City Manager to negotiate and execute agreements with PG&E for the financing and installation of up to 27,000 LED streetlights. The terms of the agreements provide for PG&E to fund, procure and install the new fixtures, remove and dispose of the old fixtures, and finance the entire effort at 0% interest. These costs are paid back using energy savings resulting from energy efficient LEDs. Under this payback method, the City continues to pay its current electric bill, and in approximately 7 years, following completion of the project, the project costs will be paid off, and the continued energy cost savings will become a reduction in the electric bill. Project services and funding agreements with PG&E have been executed, and PG&E began its preparatory work of streetlight inventory audit at the end of August 2020 with anticipation of the first LED installation to occur in the first quarter of 2021. Staff will be utilizing Measure T funds to support PG&E in completing the conversion by end of 2021.
  
- iii. **Lighting Controls** - The solicitation for lighting controllers for streetlights are currently on hold and will continue on a separate procurement and installation path in the future. Staff will use this opportunity to do further research and work with the industry in developing a solution that meets the needs of streetlights network and takes advantage of the emerging Internet of Things (IoT) functionality. This will mean that the newly converted lights will not initially have smart controllers and that the available Measure T funding will purchase fewer Smart controllers than had been initially planned due to the “second touch” that crews will need to make when the smart controllers are initially installed. However, it will ensure that a balanced approach is taken to accommodate both the need to quickly convert the remaining streetlights to LED and to provide additional community-serving benefits by installing the highest quality and most functional smart controllers available.

5) **Clean Water and Green Stormwater Infrastructure Projects** – The Measure T Program has dedicated \$25 million for this category of projects. Each of the projects is being developed in conjunction with the Green Stormwater Infrastructure (GSI) Plan that was approved by the City Council on September 10, 2019. Staff has advanced the planning phase for the River Oaks Pump Station Stormwater Capture Project, one of the top priority projects identified in the GSI Plan. The project is anticipated to be completed by December 2023. Additionally, PW Staff will, in coordination with ESD, DOT, and PRNS, identify near-term projects and approaches per the GSI Plan and provide a corresponding funding strategy, consistent with the City Council’s recommendations. This effort was originally anticipated to be completed in June 2020; however, due to impacts from the COVID-19 pandemic, near-term projects and approaches may not be

fully developed until early 2021. Staff will be coming back to Council to present a project list in early 2021 following community outreach.

- 6) **Storm Drain Improvement Projects for the Charcot Area** – Planning has begun for the Storm Drain Improvement Projects for the Charcot area, which will provide flood protection in the area east of Zanker Road between Trimble Road and Brokaw Road. Originally envisioned as a new pump station, this project has been re-scoped to construct a new and less costly storm drain system that connects to the existing Rincon Pump Station II, which outfalls to the Guadalupe River. This revised project approach provides similar level of flood protection while saving the City significant costs for building, operating, and maintaining a new pump station.

Under existing condition, a 10-year storm event would result in a floodplain of 35 acres, and a 100-year storm event a floodplain of 64 acres. The original scope (a new 250cfs pump station) and the revised scope would successfully reduce the 10-year floodplain to less than 7 acres and the 100-year floodplain to less than 27 acres. Additionally, the cost of the revised project scope is anticipated to be under \$30 million, pending further analysis.

Staff has informed Valley Water of the change in scope and the future use of the existing Rincon Pump Station II and continues to work with Valley Water in moving forward with the project. Staff is currently procuring a Consultant to proceed with the final design.

- 7) **Environmental and Flood Protection Projects** – On November 6, 2019, Council approved the purchase of approximately 672 acres of real property in Coyote Valley using \$47 million in bond funds authorized by Measure T for flood prevention and water quality contamination. There are some remaining demolition and land acquisition costs yet to be finalized. At the June 2, 2020 City Council meeting, Councilmember Sylvia Arenas made a motion that was accepted by the Mayor and City Council to focus any savings from this project on additional water quality projects.
- 8) **Community Center/Emergency Shelters**– PW Staff have evaluated the 10 regional community centers throughout the City to determine the suitability of each building as a potential assistance center or shelter during times of disaster. Following the assessment of building capacity, Staff evaluated each building using American Red Cross Sheltering Handbook (May 2012) and FEMA 453 Risk Management Series Design Guidelines for Shelters and Safe Rooms (May 2006). Improvements have been identified by Staff for sites that do not meet the requirements of Emergency Shelter-Ready Sites. The list of recommendations is continuing to be evaluated and refined in context of potential future needs during a variety of different crises. Staff will provide council updates in Spring 2021 that will identify potential shelter locations and will document the final list of proposed community centers improvements.

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## **CONCLUSION**

This recommendation provides the Council with updated information on the status of projects and programs relating to the voter-approved Measure T – The Disaster Preparedness, Public Safety, and Infrastructure Bond. The Measure T Program is continuing to move forward with land acquisition, planning, design and construction of multiple projects within the program.

## **EVALUATION AND FOLLOW-UP**

Staff will return to City Council in June 2021 with a semi-annual update on the progress of the Program.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the December 8, 2020, City Council meeting.

## **COORDINATION**

This memorandum, workplan and implementation schedules have been coordinated with the City Attorney's Office; the Departments of Environmental Services, Transportation, Parks, Recreation and Neighborhood Services, Police, Fire, Finance, Airport, the Office of Emergency Management, the Office of Economic Development, and the City Manager's Budget Office.

## **COMMISSION RECOMMENDATION/INPUT**

The Community Oversight Committee (COC) held its inaugural meeting on August 26, 2020. A second meeting was held on November 12, 2020 to review the annual audit report prepared by the City Auditor. The COC will forward its review of the audit in a memorandum to City Council in January 2021.

### **FISCAL/POLICY ALIGNMENT**

The proposed project aligns with the adoption of the Greenprint 2009 Update by City Council, the City's General Plan and the Measure T Bond program.

### **COST SUMMARY/IMPLICATIONS**

As shown in Attachment B, Measure T funding in the amount of \$501.4 million has been programmed into the 2020-2021 Adopted Capital Budget and 2021-2025 Capital Improvement Program. The remaining amounts will be programmed in future years. As the Measure T program is still in an early phase, project budgets may be recommended for modification, as appropriate, in future years as they proceed through site selection, design, and construction. In order to maintain a tax-exempt status, per IRS rules, 85% of the bond proceeds issued for the Measure T projects must be expended within the three years of issuance. As such, staff is tracking Measure T expenditures on a monthly basis to ensure the bond proceeds are spent in accordance with the IRS tax-exempt guidelines for municipal bonds. Council authorized the issuance of \$239.9 million in General Obligation bonds on June 25, 2019, for the purpose of providing funds for Measure T projects with \$154.2 million allocated in FY 2019-2020 and the remaining balance in FY 2020-2021. Attachment C shows the actual year-to-date Measure T expenditures through October 2020. For the remaining \$410.1 million bonds to be issued, it is unclear what impacts, if any, COVID-19 pandemic will have on the bond market and the City's sale of the bonds. The same uncertainty applies to gas tax and other funding sources as mentioned in this status report. Staff will continue to monitor this and provide more information on this issue in future updates.

In January, staff will be seeking Council approval on the construction contract for the new Fire Training Center/Emergency Operations Center (FTC/EOC) project at the Central Service Yard (CSY) and request authorization for the issuance of Commercial Paper to fund a portion of the project. The Finance Department will issue Lease Revenue Bonds in the Summer of 2021, in conjunction with the second round of Measure T bond issuance (Series 2021 GO Bond issuance), for the purpose of refunding all the commercial paper issued/committed for the FTC/EOC. The repayment of debt associated with the Central Service Yard Phase I and Phase II projects, paid by the Service Yards Construction and Conveyance Tax Fund and the General Fund, is expected to be paid off by 2024-2025. However, due to the need to finance a portion of the FTC/EOC project and capital improvements at the Central Service Yard, it is expected the debt payments would extend beyond 2024-2025, with the debt payment level similar to what is currently paid now. The financing proceeds required for the existing FTC/EOC scope is \$15.0 million; however, an additional \$9.0 million for rehabilitation of existing infrastructure at the Central Service Yard, including a new water main, is also under consideration. A final recommended amount will be included in the January 2021 action to award the construction contract and approve the financing approach.

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As stated in the 2020-2021 Adopted Capital Budget and 2021-2025 Capital Improvement Program, 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. In addition to construction costs, future funding is required to outfit the fire stations with the necessary fixtures, furnishings, and equipment (FF&E) – including new fire apparatus – that are not eligible to be paid with general obligation bonds. 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 (with the exception of Fire Station 37 that was previously certified) . 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. 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 continues to experience a recessionary economic environment, careful considerations of future operating costs will become even more important.

### **CEQA**

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

MATT CANO

Director of Public Works

For questions, please contact [John.Cannon@sanjoseca.gov](mailto:John.Cannon@sanjoseca.gov) or [David.French@sanjoseca.gov](mailto:David.French@sanjoseca.gov)

Attachments:

A – Project Implementation Schedules

B – 2021-2025 Adopted Capital Improvement Program – Measure T Fund

C – YTD Measure T Expenditures

# MEASURE T Project Schedules

Bond Project List Category	Proposed Projects Scope and Locations	2020	2021	2022	2023	2024	2025	2026	2027	
Street Repair	388 Miles of Street Repair (approx. 58 mi./year)	[Gantt chart showing continuous street repair from 2020 to 2027]								
Police/Fire/Emergency Operations Center	Fire Station No. 37 - New	[Gantt chart showing construction from 2020 to 2021]								
	Fire Station No. 8 - Relocated	[Gantt chart showing construction from 2020 to 2024]								
	Fire Station No. 32 - New	[Gantt chart showing construction from 2020 to 2024]								
	Fire Station No. 23 - Relocated	[Gantt chart showing construction from 2020 to 2025]								
	Fire Station No. 36 - New	[Gantt chart showing construction from 2020 to 2025]								
	Various Fire Stations - Rehabilitation	[Gantt chart showing construction from 2021 to 2022]								
	911 Center - Upgraded/New	[Gantt chart showing construction from 2020 to 2021]								
	Emer. Operations Ctr. - Upgraded/New	[Gantt chart showing construction from 2020 to 2023]								
	Police Headquarters - Infrastructure needs	[Gantt chart showing construction from 2021 to 2022]								
	Police Dept. Training Center - New/Relocated from South Substation	[Gantt chart showing construction from 2020 to 2021]								
Police Dept. Air Support Unit Hangar - New at Airport	[Gantt chart showing construction from 2020 to 2021, highlighted in red]									
Environmental Protection Projects	Flood Control, open space and environmental protection of lands such as Coyote Valley	[Gantt chart showing construction from 2020 to 2021]								
Storm System Conveyance & Flood Prevention Projects	Charcot Area Storm Drain Improvement	[Gantt chart showing construction from 2020 to 2024]								
Clean Water Projects	River Oaks Regional Stormwater Capture Project	[Gantt chart showing construction from 2020 to 2024]								
	Provide clean water to our Bays and beautify existing City owned open space.	[Gantt chart showing construction from 2020 to 2021]								
Bridges - Seismic Repairs	Various bridge overpasses to be seismically retrofitted or repaired.	[Gantt chart showing construction from 2020 to 2024]								
LED Lighting - Streetlights	Replacement of both standard and decorative streetlights to LEDs to reduce ongoing General Fund impacts.	[Gantt chart showing construction from 2020 to 2024]								
LED Lighting - City Facilities	Replacement of outdoor lights in city facilities to reduce ongoing General Fund impacts.	[Gantt chart showing construction from 2020 to 2024]								
Public Safety Parks/Community Center Facility Improvements	Upgrading community centers/emergency shelters and parks facilities to support public safety.	[Gantt chart showing construction from 2021 to 2022]								
Other Priority Critical Infrastructure	Priority Critical Infrastructure repairs to reduce ongoing General Fund impacts	[Gantt chart showing construction from 2020 to 2021]								

**PROJECT SELECTION PROCESS AND IDENTIFICATION:** Evaluation and Prioritization of Options  
 **SCOPING/CEQA/PROPERTY ACQUISITION:** Consultant Selection, Programming/Feasibility and Environmental Studies  
 **DESIGN:** Consultant Selection, Design and Bid/Award  
 **CONSTRUCTION:** Construction, Commissioning, Beneficial Use / Occupancy, Acceptance  
 **ON HOLD:** Due to COVID-19  
 November 2020

## CITY OF SAN JOSE 2021-2025 ADOPTED CAPITAL IMPROVEMENT PROGRAM

### Measure T Public Safety and Infrastructure Bond Fund (498)

#### STATEMENT OF SOURCE AND USE OF FUNDS

Program	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	5-Year Total
<b>SOURCE OF FUNDS</b>						
<b>Beginning Balance*</b>	\$168,788,000		\$101,300,000		\$39,950,000	<b>\$168,788,000</b>
<b>Replenish Funds for Fire Station 20**</b>			4,600,000			<b>\$4,600,000</b>
<b>Financing Proceeds</b>						
Traffic***		83,000,000		79,000,000		162,000,000
Public Safety		95,200,000		800,000		96,000,000
Storm Sewer		48,400,000		2,200,000		50,600,000
Municipal Improvements		7,000,000				7,000,000
Parks & Community Facilities		4,500,000		7,950,000		12,450,000
<b>Total Financing Proceeds</b>		<b>\$238,100,000</b>		<b>\$89,950,000</b>		<b>\$328,050,000</b>
<b>Total Sources</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>
<b>USE OF FUNDS</b>						
<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>



**CITY OF SAN JOSE**  
**2021-2025 ADOPTED CAPITAL IMPROVEMENT PROGRAM**

**Measure T Public Safety and Infrastructure Bond Fund (498)**

**STATEMENT OF SOURCE AND USE OF FUNDS**

Program	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	5-Year Total
<b>USE OF FUNDS</b>						
<b><u>Parks &amp; Community Facilities</u></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>

\* The Beginning Fund Balance in 2020-2021 does not include \$11.045 million, which was a data entry error in the Traffic CIP. The figure on this table correctly reflects the estimated Beginning Fund Balance.

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

\*\*\* Traffic Financing Proceeds in 2021-2022 is estimated to be \$83 million which differs from the Traffic CIP which incorrectly displays the Financing Proceeds as \$85 million. The figure on this table correctly reflects the anticipated Financing Proceeds for Traffic.

