

September 20, 2021

HONORABLE MAYOR AND CITY COUNCIL:

I am pleased to present the 2021-2022 Adopted Capital Budget and the 2022-2026 Adopted Capital Improvement Program (CIP) for the City of San José. The Adopted Capital Budget and CIP presented in this document guide the City in the planning, scheduling, and budgeting of capital improvement projects over the next five years. 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.

Like everything else it touched, the COVID-19 pandemic left its mark on the City's CIP, impacting project schedules and capital revenue sources. In spite of these setbacks, I am very proud of the way that our employees responded. Managing through public health orders and safety protocols, projects got back on track and the vital efforts to rehabilitate, renew, and expand San José's public infrastructure continues on. Though it can often be taken for granted, maintaining public assets is some of the most important work a city performs. With a more positive outlook on capital revenues moving forward, the City can further its efforts to invest in the wide range of public infrastructure essential to daily life, such as roadways that are critical for transportation systems, the sewer collection and treatment systems that ensure wastewater is properly treated to prevent pollution of the waterways and the Bay, parks and sports fields that promote community well-being, fire and police facilities that help protect our community from harm, and airport facilities to meet the long-term travel needs of our community as the region recovers. While the Envision San José 2040 General Plan remains the core planning tool of the CIP, the City continues to sharpen its focus on making equitable investments that align with the restricted uses of the various CIP funding sources. Many of the projects included in this document not only result from the technical analysis necessary to identify new or deferred infrastructure rehabilitation needs, but also from community and City Council engagement to help ensure that resources are allocated with an understanding of how communities will benefit or be impacted by a capital improvement investment. This equity evaluation is an evolving process, but one that the Administration takes seriously and commits to continually improving.

The 2021-2022 Adopted Capital Budget of \$1.6 billion reflects a 11.6% increase from the 2020-2021 Adopted Capital Budget of \$1.4 billion. Over a five-year period, the 2022-2026 Adopted CIP totals \$3.8 billion, a 5.1% increase from the 2021-2025 Adopted CIP of \$3.7 billion. While capital-related revenues have stabilized and are beginning to recover from the worst of the pandemic's impacts, available resources remain limited, particularly within the Airport and Parking Capital Programs, which have seen significant declines in passenger and parking activity, respectively, when compared to recent years. Though not related to the pandemic, the Storm Sewer Capital Program also faces significant funding declines as the storm sewer service charge fee rate has remained flat over the past decade. Identifying a more sustainable funding source will be a top priority for the CIP in the next three years.

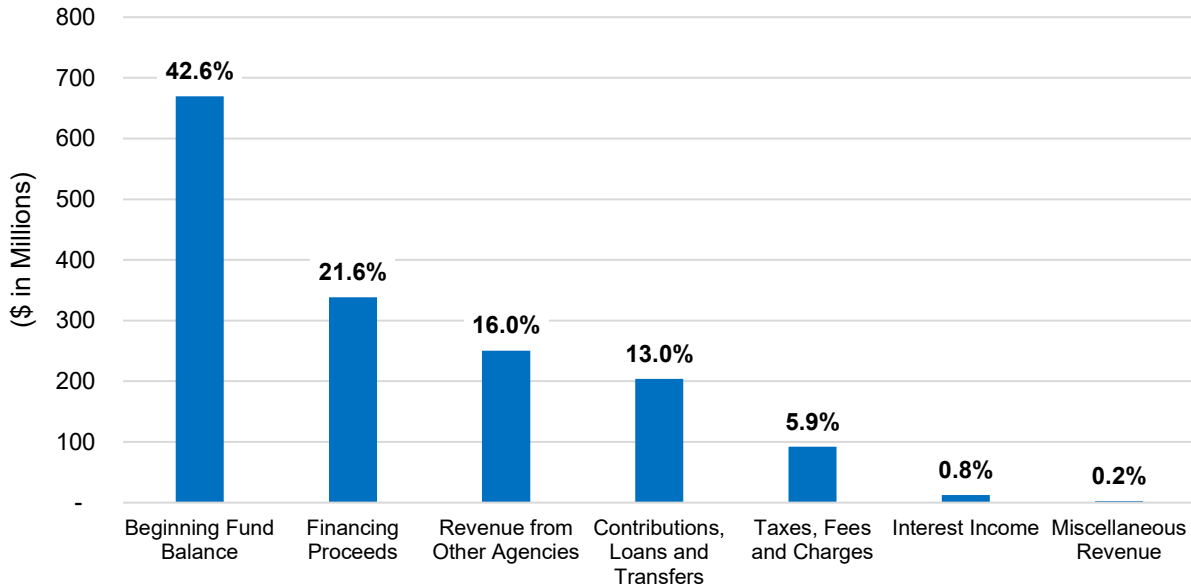
Even before the onset of the pandemic, the City lacked sufficient resources to fully maintain and fund its entire infrastructure portfolio. The Status Report on Deferred Infrastructure Maintenance Backlog, presented to the Transportation and Environment Committee on March 1, 2021, identifies an infrastructure backlog of approximately \$1.7 billion, with an additional \$92.8 million needed annually to maintain the City's infrastructure in a sustained functional condition. Though the existing backlog of \$1.7 billion is expected to decrease as Measure T projects are fully implemented—including \$300 million for street pavement maintenance—the City must continue to search for additional resources and leverage grant opportunities to ensure San José's public assets are appropriately maintained.

**2021-2022 ADOPTED CAPITAL BUDGET
2022-2026 CAPITAL IMPROVEMENT PROGRAM**

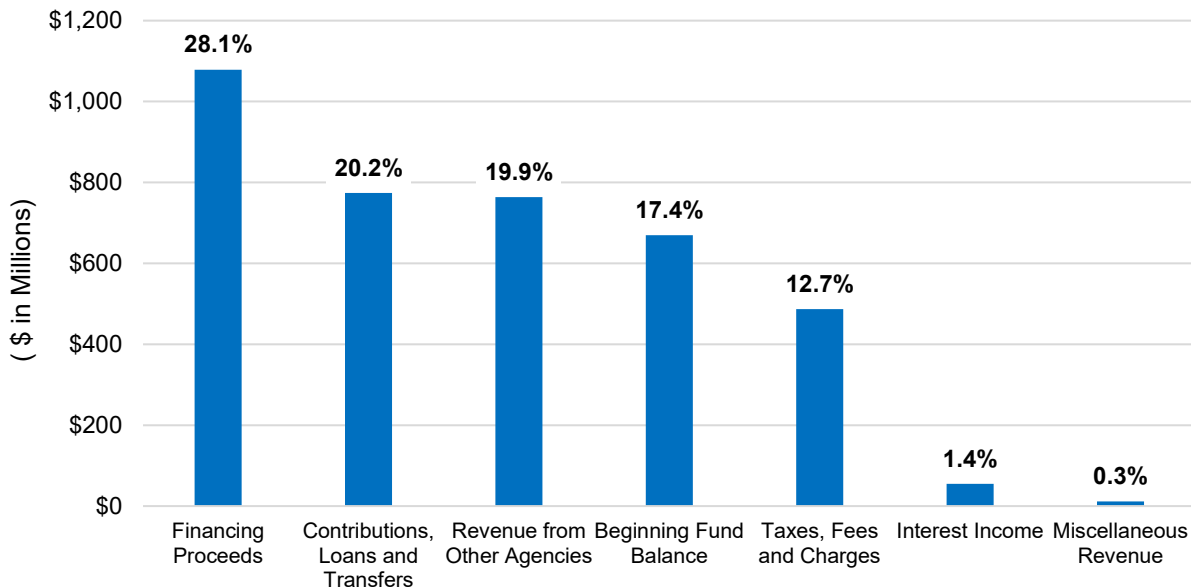
CAPITAL PROGRAM FUNDING SOURCES

The City's Capital Programs are supported by a variety of funding sources as shown in the graphs below that depict both the 2021-2022 and five-year CIP funding. A discussion of the five-year CIP funding sources follows.

**2021-2022 Adopted Capital Budget
Source of Funds (\$1.6 billion)**



**2022-2026 Adopted CIP
Source of Funds (\$3.8 billion)**



2021-2022 ADOPTED CAPITAL BUDGET
2022-2026 CAPITAL IMPROVEMENT PROGRAM

The Beginning Fund Balances in the 2022-2026 CIP total \$669.4 million, representing 17.4% of the 2022-2026 CIP. The Traffic Capital Program has a Beginning Fund Balance totaling \$200.8 million, representing a significant amount of carryover project funding that will be spent over the next five years. The Parks and Community Facilities Development Capital Program's Beginning Fund Balance is \$149.0 million, with a majority of the funds reserved pending determination of a final scope for projects, final project locations, and/or availability of future funding within a nexus of a project facility.

The 2022-2026 Adopted CIP includes revenues of \$1.1 billion from Financing Proceeds. The Water Pollution Control Capital Program accounts for \$659.8 million from bond proceeds (\$450.8 million) and revenue notes (\$209.0 million) 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 (\$235.1 million), Public Safety (\$93.0 million), Storm Sewer (\$50.6 million), Parks (\$12.5 million), and Municipal Improvements (\$11.9 million) capital programs incorporate Measure T bond proceeds totaling \$403.1 million that will be issued throughout the CIP five-year period. The Parks and Community Facilities Development capital program accounts for \$8.3 million in commercial paper proceeds to address remediation projects related to the 2017 flood event. Finally, the Service Yards capital program includes \$7.6 million from bond proceeds for various facility improvement projects at the Central Service Yard.

Revenue from Other Agencies category totals \$763.5 million and is comprised of contributions from other agencies that use the Water Pollution Control Plant (\$266.4 million); State (\$180.3 million) and federal (\$173.2 million) grants and allocations; and Revenue from Local Agencies (\$141.7 million) which derives most of its funding from the Valley Transportation Authority to fund pavement maintenance (\$124.5 million).

Contributions, Loans and Transfers total \$774.4 million. The largest transfers of funds are from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Program (\$243.5 million) and to the Sanitary Sewer System Capital Program (\$175.0 million). The Transfer from the General Fund totals \$123.3 million for capital projects with no other dedicated funding source.

The 2022-2026 Adopted CIP includes an estimate of \$487.2 million in the Taxes, Fees and Charges category, a major increase when compared to the estimated level of \$375.7 million in the 2021-2025 Adopted CIP, but still well below the 2020-2024 Adopted CIP estimate of \$522.7 million from pre-COVID-19 pandemic levels. Most of this revenue category is comprised of the Construction and Conveyance (C&C) Tax (\$184.0 million), Building and Structure Construction Tax (\$96.0 million), Construction Excise Tax (\$86.0 million), and Airport Passenger Facility Charge (PFC) (\$114.9 million) proceeds. These four major revenue sources collectively account for almost all of the increases in this revenue category when compared to 2021-2025 Adopted CIP estimates.

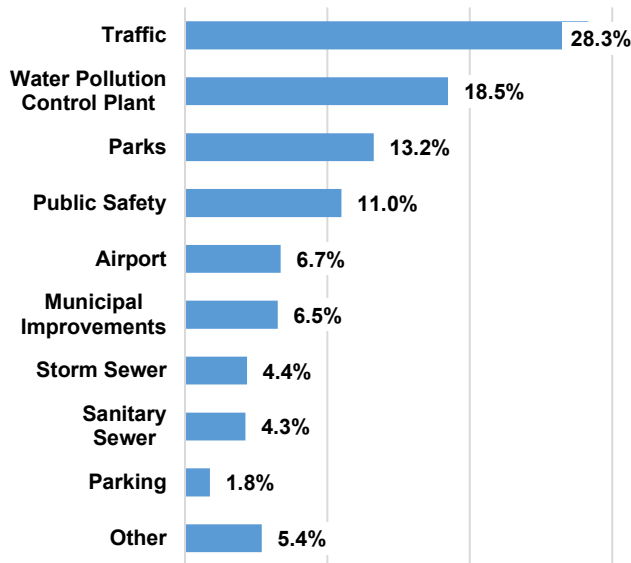
While this budget anticipates the economic recovery from the COVID-19 pandemic to be faster than previously predicted for many revenue areas, such as C&C Tax receipts due to stronger than anticipated real estate activities in the region, other revenue sources like PFCs and Parking revenues are forecasted to recover more gradually. For example, set at \$4.50 per enplaned passenger, the five-year total revenue estimate for Airport PFC receipts of \$114.9 million in this CIP is still substantially lower than pre-COVID-19 pandemic levels; the 2022-2026 CIP represents a 28.1% drop below the \$159.9 million estimate in the 2020-2024 CIP.

**2021-2022 ADOPTED CAPITAL BUDGET
2022-2026 CAPITAL IMPROVEMENT PROGRAM**

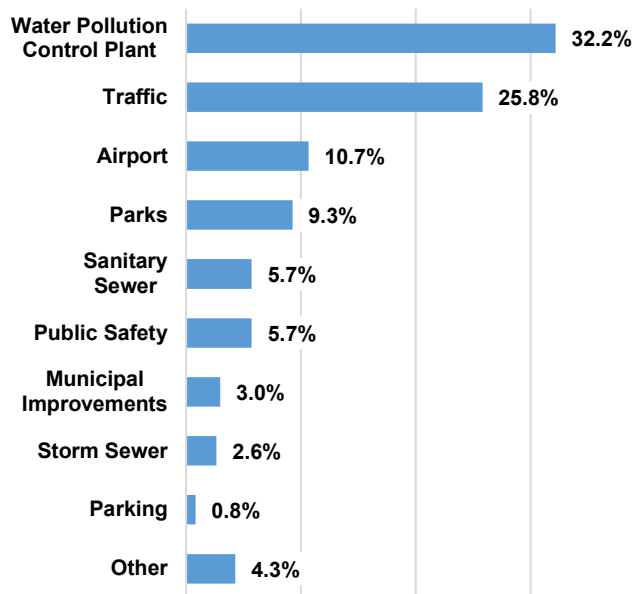
CAPITAL PROGRAM INVESTMENTS

The CIP consists of 14 capital programs. The following chart depicts the uses of funds by capital program and percentage of funding for the 2021-2022 Adopted Capital Budget and the 2022-2026 Adopted CIP. Major projects to be completed over the next five years are highlighted in the sidebar.

**2021-2022 Adopted Capital Budget
Use of Funds (\$1.6 billion)**



**2022-2026 Adopted CIP
Use of Funds (\$3.8 billion)**



Major Projects to be Completed Over the Next Five Years

2021-2022 Projects

- All-Inclusive Playground/Emma Prusch
- East San José Bike/Pedestrian Transit Conn.
- Measure T: New Fire Station 37
- Measure T: Fire Station 20 (ARFF)
- McKee Road Corridor Safety Improvements
- Penitencia Creek Dog Park
- Quimby/Fowler Creek Riparian Restoration
- Route 101/Trimble/De La Cruz Interchange

2022-2023 Projects

- Advanced Facility Control/Meter Replacmt.
- Aircraft Waste Disposal/Fuel Service Reloc.
- Balbach Street Transportation Improvements
- Better Bikeways San Fernando
- Fourth Major Interceptor, Phase VIIA
- Measure T: Emergency Operations Center Relocation
- New Headworks
- Plant Electrical Reliability
- Willow-Keyes Complete Streets

2023-2024 Projects

- Digested Sludge Dewatering Facility
- Measure T: Fire Station 8 Relocation
- Measure T: LED Streetlight Conversion
- Measure T: New Fire Station 32
- Measure T: Police Training Center Reloc.
- Measure T: Storm Drain Imp. Charcot Ave
- North San José Reliability Well

2024-2025 Projects

- Measure T: Fire Station 23 Relocation
- Measure T: Critical Infrastructure
- New Disinfection Facilities
- Terminal B Ramp Rehabilitation
- Technology Drive Sanitary Sewer Improve.
- Measure T: New Fire Station 36

2025-2026 Projects

- Copper to Fiber Conversion
- Nitrification Clarifier Rehabilitation
- Terminal A Ramp Rehabilitation
- TS2 Traffic Signal Cabinet Upgrades

**2021-2022 ADOPTED CAPITAL BUDGET
2022-2026 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 \$461.4 million allocated over the next five years, including \$256.6 million budgeted in 2021-2022. Approximately \$147.8 million was expended in 2019-2020 and 2020-2021. Of the remaining \$39.6 million in ending fund balance, \$37.5 million will be allocated to the pavement maintenance project in 2026-2027.

**Measure T Public Safety and Infrastructure Bond Fund (498)
(Projected Expenditures in 2022-2026 CIP)**

Program	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	5-Year Total
Traffic						
Bridges	\$5,000,000	\$3,000,000	\$3,000,000	\$4,000,000		\$15,000,000
Pavement Maintenance	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	\$187,500,000
LED Streetlight Conversion	471,000	5,628,000	2,000,000			\$8,099,000
Admin – Traffic	21,000					\$21,000
Admin Reserve – Traffic	116,000					\$116,000
Total Traffic	\$43,108,000	\$46,128,000	\$42,500,000	\$41,500,000	\$37,500,000	\$210,736,000
Public Safety						
Fire Station 37	\$1,600,000					\$1,600,000
Fire Station 8 Relocation	2,874,000	9,408,000	387,000			12,669,000
Fire Station 23 Relocation	4,875,000	583,000	9,992,000	993,000		16,443,000
New Fire Station 32	2,095,000	9,268,000	386,000			11,749,000
New Fire Station 36	1,811,000	13,279,000	1,000,000	390,000		16,480,000
Fire Station 20 (ARFF)*	800,000					800,000
Emergency Operations Center Relocation	8,783,000	300,000				9,083,000
Police Training Center Relocation	4,643,000	25,766,000	389,000			30,798,000
Police Air Support Unit Hangar	1,464,000	8,400,000	100,000			9,964,000
911 Call Center Upgrades	663,000	1,978,000	198,000			2,839,000
PD Headquarters Upgrades	16,000	10,000				26,000
Public Safety Reserves	9,200,000		9,782,000			18,982,000
Public Art - Pub Safety	679,000	550,000	90,000	7,000		1,326,000
Admin WC - Public Safety	346,000	344,000	12,000			702,000
Admin Reserve - Public Safety	1,350,000	17,000				1,367,000
Total Public Safety	\$41,199,000	\$69,903,000	\$22,336,000	\$1,390,000		\$134,828,000
Storm Sewer						
Charcot Pump Station	\$24,634,000	\$2,077,000	\$15,000			\$26,726,000
Clean Water Projects	6,556,000	1,407,000	15,494,000			23,457,000
Public Art – Storm Sewer	313,000	33,000	158,000			504,000
Admin – Storm Sewer	107,000	110,000	33,000			250,000
Admin Reserve – Storm Sewer	122,000	391,000				513,000
Total Storm Sewer	\$31,732,000	\$4,018,000	\$15,700,000			\$51,450,000
Municipal Improvements						
Environmental Protection Projects	\$550,000	\$100,000	\$2,800,000			\$3,450,000
City Facilities LED Lighting	3,844,000					3,844,000
Critical Infrastructure			2,955,000	1,970,000		4,925,000
Admin – Muni Improvements	21,000	22,000				43,000
Admin Reserve – Muni Improvements	71,000	23,000				94,000
Total Municipal Improvements	\$4,486,000	\$145,000	\$5,755,000	\$1,970,000		\$12,356,000

**2021-2022 ADOPTED CAPITAL BUDGET
2022-2026 CAPITAL IMPROVEMENT PROGRAM**

Program	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	5-Year Total
Parks & Community Facilities						
Community Centers/Emergency Shelters	\$958,000	\$5,358,000	\$4,839,000	\$981,000	\$6,000	\$12,142,000
Public Art – Parks	14,000	56,000	50,000	10,000		130,000
Admin – Parks	15,000	27,000	28,000	29,000		99,000
Admin Reserve Parks		26,000	55,000	8,000		89,000
Total Parks & Community Facilities	\$987,000	\$5,467,000	\$4,972,000	\$1,028,000	\$6,000	\$12,460,000
Total Expenditures	\$121,512,000	\$125,661,000	\$91,263,000	\$45,888,000	\$37,506,000	\$421,830,000
Ending Fund Balance	\$135,076,000	\$11,715,000	\$47,974,000	\$2,086,000	\$39,580,000	\$39,580,000
Total Uses	\$256,588,000	\$137,376,000	\$139,237,000	\$47,974,000	\$77,086,000	\$461,410,000

* Measure T Public Safety and Infrastructure Bond funds (\$4.6 million) have been used for the reconstruction and expansion of Fire Station 20, which was not part of the original list of projects identified to be funded through Measure T. The transfer of \$2.3 million from the General Fund is included in the 2021-22 Adopted Capital Budget to partially replenish funding for Fire Station 20. An additional \$2.3 million will need to be identified as part of future budget cycles from eligible funding sources.

The Administration has moved quickly to implement the Measure T projects. As the program matures and as improvements are further scoped and designed, the exact cost and phasing of the projects will continue to shift in the coming years. Work in 2021-2022 will focus on continuing with design or construction for multiple projects, such as the new and relocation of existing fire stations, the Emergency Operations Center, and the Police Training Center. It is important to note that the Public Safety Program Reserve of \$19.0 million is allocated to provide a contingency for public safety projects. The CIP also 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 most recent bi-annual update to the City Council on the status of the Measure T program occurred in June 2021.



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 2021-2025 Adopted CIP with the 2022-2026 Adopted CIP for each CSA. As discussed earlier, the 2022-2026 Adopted CIP is 5.1% higher than the 2021-2025 Adopted CIP.

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

**2022-2026 Adopted CIP compared to 2021-2025 Adopted CIP
(By City Service Area)**

City Service Area	2021-2025 Adopted CIP	2022-2026 Adopted CIP	% Change
Community and Economic Development	\$19,690,939	\$20,437,096	3.8%
Environmental and Utility Services	1,583,241,094	1,602,190,080	1.2%
Neighborhood Services	363,752,584	400,802,001	10.2%
Public Safety	235,150,328	219,291,523	(6.7%)
Transportation and Aviation Services	1,356,623,777	1,431,462,019	5.5%
Strategic Support	96,161,444	165,248,548	71.8%
Total	\$ 3,654,620,166	\$3,839,431,267	5.1%

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

Community and Economic Development CSA

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

- Lincoln Avenue (Lincoln Avenue to West San Carlos Street)
- Mckee Road/Jose Figueres Avenue (Jose Figueres Avenue to North Jackson Avenue)
- Monterey Road (Willow Street to Curtner Avenue)

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 Regional Wastewater Facility (RWF). 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.



Fourth Street 84-inch Interceptor Phase VI-A

The Adopted CIP does not include a rate increase for the Sewer Service and Use Charge (SSUC) Fund in 2021-2022. In the remaining years of the CIP however, rate increases are currently projected to range from 2.0% and 8.0% each year. These increases may be revised based on future assessments of capital and operating needs, changes in project costs, and/or other unforeseen circumstances.

The major projects in this CIP include:

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

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.

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Environmental and Utility Services CSA (Cont'd.)

Storm Sewer System Capital Program (Cont'd.)

The 2022-2026 CIP funding level of \$101.5 million is 15.3% below the 2021-2025 Adopted CIP level of \$119.8 million, mostly due to the 53% reduction in revenues transferred from the Storm Sewer Operating Fund, which is funded through Storm Sewer Service Charge fees. As fees have remained flat over the past decade, a revised forecast of available resources can no longer fully fund all projects in the Storm Sewer System Capital Program, which has resulted in reduced investments in the outyears of the CIP to align project expenses with available revenues. For example, in the 2021-2025 Adopted CIP, the revenue from this transfer was \$50.0 million, compared to \$26.5 million in this CIP, a decrease of \$23.5 million. Without additional funding, the need to fund operations and maintenance costs for the storm sewer system may result in significantly reduced capacity to perform important capital rehabilitation projects in the Storm Sewer System beginning in 2023-2024. To prevent underinvestment, identifying additional funding for this capital program through a rate increase, a future ballot measure, or the General Fund, must be a priority within the next three years.

A key focus will be the delivery of Measure T-funded projects, which represent more than 50% of the Storm Sewer program funding, 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:

- Citywide Outfall Improvements
- Green Infrastructure Improvements
- Large Trash Capture Devices
- Measure T – Clean Water Projects
- Measure T – Storm Drain Improvements at Charcot Avenue
- River Oaks Regional Stormwater Capture Project

Water Pollution Control Capital Program

The San José-Santa Clara Regional Wastewater Facility (RWF) is a wastewater treatment facility serving eight South Bay cities and four sanitary sewer districts. Accounting for 32.2% of the 2022-2026 Adopted CIP, this is the City's 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 bond issuances (\$450.8 million) and wastewater revenue note utilization (\$209.0 million) over the next five years. The PMP recommends an



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

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.

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

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.

As discussed earlier, the 2022-2026 Adopted CIP includes no rate increases for the SSUC Fund for 2021-2022, but rate increases from 2.0% to 8.0% are forecasted 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.



Upgraded Digester Facilities

The major projects in this CIP include:

- Additional Digester Upgrades
- Aeration Tanks and Blower Rehabilitation
- Digester and Thickener Facilities Upgrade
- Digested Sludge Dewatering Facility
- East Primary Rehabilitation, Seismic Retrofit, and Odor Control
- Facility Wide Water Systems Improvements
- Final Effluent Pump Station & Stormwater Channel Improvements
- Nitrification Clarifier Rehabilitation
- Secondary Clarifier Rehabilitation
- Support Building Improvements
- Various Infrastructure Decommissioning
- Yard Piping and Road Improvements

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. An 11.0% water rate increase for 2021-2022 was approved by the City Council on June 15, 2021 and was largely attributable to increased wholesale water costs.

In order to effectively manage the City's Municipal Water distribution system, the Adopted CIP includes funding for design of the Water Resources Administration & Operations Facility (\$3.0 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. Once more refined scope of work and project cost estimates become available through design, construction costs will be added in the next CIP.



To maintain and upgrade the City's Municipal Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement project (\$11.8 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. To take advantage of groundwater as the least expensive water supply to meet future demand forecasts based on this growth, 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:

- Annual Water Main Replacement
- Infrastructure Improvements
- North San José Reliability Well Construction
- North San José Well Development and Construction
- System Maintenance/Repairs

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 Library Capital Program provides funding to construct new library facilities, acquire materials, install automation equipment to improve information access and electronic processing, and support other miscellaneous facility improvements. The objective of the Library Capital Program is to provide readily accessible, quality library services to San José residents.



The 2022-2026 Adopted CIP includes \$26.0 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 \$5.0 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.

The major projects in this CIP include:

- Acquisition of Materials
- Automation Projects and System Maintenance
- Branch Efficiency Projects
- Bridge Libraries
- Facilities Improvements and Equipment

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 3,573 acres of parks (regional/city-wide and neighborhood/community) and open space in the City's sphere of influence, as well as 16 City-operated community centers. Over 61 miles of trails are open to the public and several miles are in development. The ActivateSJ Plan, Trail Program Strategic Plan, General Plan, and Bike Plan 2020 all support further development of the trails; with a goal for an interconnected 100-mile urban trail network and 30 miles of hiking trails. Development of the trail network continued during 2020-2021, with opening of the Three Creeks Pedestrian Bridge (0.1 mile) over the Los Gatos Creek between Coe Avenue and Lonus Street. In addition, construction work was begun on the Coyote Creek Trail between Selma Olinder Park and Phelan Avenue.

Overall the 2022-2026 CIP allocates \$355.3 million to the P&CFD program, including \$207.9 million in 2021-2022. The PCFD's 2022-2026 Capital Improvement Program (CIP) plans for over 200 major projects and over 100 small projects, with a focus on stewardship – developing systems and processes to effectively project capital needs over a multi-year period and plan for those needs accordingly. In addition, this CIP also allocates remaining funds in the Measure P Recreation Bond Projects Fund for the reconstruction of Columbus Park to add sports fields.



Rincon South Park

The major projects in this CIP include:

- 2017 Flood - Alum Rock Park Service Road Repairs and Reconstruction
- 2017 Flood - Alum Rock Park Trestle Repair
- 2017 Flood - Family Camp Playground Shade Structure & Retaining Wall
- 2017 Flood - Japanese Friendship Garden Koi Pond & Pump House
- All Inclusive Playground – Almaden Lake Park
- Butcher Dog Park Renovations
- Camden Community Center Improvements
- Columbus Park Soccer Facility
- Emma Prusch Park Electrical Improvements
- Happy Hollow Park and Zoo Exhibit Improvements
- Starbird Park Playground
- TRAIL: Guadalupe River (Chynoweth Ave) Pedestrian Bridge Design

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 bond proceeds of \$180.9 million are 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 (Santee) and 36 (Windmill Springs) to improve response times; expansion of Fire Station 20 (Airport Rescue and Fire Fighting; ARFF) to allow for off-airport operations; relocations of Fire Stations 8 (Downtown East) and 23 (Vinci/Berryessa); a new 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 expansion of the Emergency Operations Center (EOC) to the Central Service Yard.



Artist rendering of Fire Station 20

The 2022-2026 CIP also includes \$28.6 million for fire apparatus replacement (\$21.2 million from the General Fund, \$7.4 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:

- | | |
|---|--|
| <input type="checkbox"/> Fire Training Center Relocation | <input type="checkbox"/> Measure T – Police Training Center |
| <input type="checkbox"/> Measure T – EOC Relocation | <input type="checkbox"/> Measure T – Police Air Support Hangar |
| <input type="checkbox"/> Measure T – Fire Station 20 ARFF | <input type="checkbox"/> Measure T – Relocated Fire Stations 8, 23 |
| <input type="checkbox"/> Measure T – New Fire Stations 32, 36 | |

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 at the Norman Y. Mineta San José International Airport (SJC) projected out to the year 2037. The 2022-2026 Adopted 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, like the Airfield Geometric Implementation, Terminal B Ramp Rehabilitation, and the New Terminal Project (formerly Terminal Area Improvement Program Phase II), are all examples of the implementation of SJC's strategic priorities and Master Plan.



Economy Lot 1 Parking Garage under construction

While airport activity remains severely impacted by COVID-19 and resources for capital investment stay reduced, this CIP was developed based on revised projections that forecast a steady growth in total passenger levels each year, reaching 12.2 million by 2024-2025. Though the Airport anticipates future expansion via the New Terminal Project, the current CIP includes projects required to plan and prepare for the new facility. 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.

The major projects in this CIP include:

- | | |
|--|--|
| <input type="checkbox"/> Airfield Geometric Implementation | <input type="checkbox"/> Terminal Accessibility Upgrades |
| <input type="checkbox"/> Facilities Division Relocation | <input type="checkbox"/> Terminal A Ramp Rehabilitation |
| <input type="checkbox"/> Program Management | <input type="checkbox"/> Terminal B Ramp Rehabilitation |

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. In the 2021-2025 CIP, significant funding was programmed for key improvement projects like the Parking Access and Revenue Control System (PARCS) upgrade, Smart Meter enhancements, and garage façade improvements; however, due to the pandemic's severe impact on parking operations and revenue, the level of investment in the 2022-2026 Adopted CIP has been substantially pared back to focus limited available resources on ensuring the ongoing maintenance of the City's parking facilities.



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

The 2022-2026 Adopted CIP's \$31.6 million of funding represents an overall decrease of \$18.0 million from the \$49.6 million programmed in the 2021-2025 Adopted CIP. Projects have historically been 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. Unfortunately, the adverse impact of COVID-19 on parking revenue has significantly compromised the operating fund's ability to fund this 2022-2026 Adopted CIP.

Accordingly, a decrease of the SAP/Diridon Area Parking and Transportation Reserve (\$13.9 million) and the elimination of the Parking and Transportation Capital Development Reserve (\$8.6 million) are included in this budget to provide funding for 2022-2026 Adopted CIP projects (\$11.0 million) and a transfer of \$8.7 million back to the General Purpose Parking Operating Fund to assist in balancing that fund due to its reduced revenue collections from parking garages and meters.

The major projects in this CIP include:

- Garage Elevator Upgrades
- Minor Parking Facility Improvements

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 2022-2026 Adopted CIP includes a variety of infrastructure maintenance and repair activities, such as pavement maintenance, bridge maintenance and projects, street name sign replacement, Light-Emitting Diode (LED) traffic signal lamp replacement, and traffic signal preventative maintenance. Overall funding for the 2022-2026 CIP (\$990.6 million) is 1.8% higher than the 2021-2025 Adopted CIP amount (\$972.7 million). 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 2022-2026 Adopted CIP allocates \$480.4 million for pavement maintenance, bringing the five-year annual average to \$96.1 million. San José's street system consists of 2,519 miles of pavement and the current average pavement condition index (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 \$86.8 million annually for 10 years. While average funding levels for the next ten years are estimated at approximately \$84.7 million per year and are slightly below the total amount of needed funding by \$2.1 million, this budget level allows for a significant reduction of the pavement maintenance backlog and has fundamentally changed the funding situation from previous years. Given the relatively healthy levels of funding, the City Council's adoption of this CIP sunsets prior direction to allocate all excess Construction Excise taxes to pavement maintenance and traffic safety. By sunseting this prior direction, excess revenues will be allocated to priority projects and initiatives including technology and data investments to better inform project planning and delivery, long-range planning efforts to advance access and mobility goals, grant match funding to leverage existing resources, and regional transportation projects (such as Diridon Integrated Station and Airport Connector) which are not fully funded by outside revenue sources. However, it is important to note that, safety and roadway maintenance will continue to be the most significant investment priority for the Traffic CIP.

Transportation Safety and Multimodal Improvements

The 2022-2026 Adopted CIP includes investments targeted towards providing safe streets for all modes of travel and balanced transportation by investing approximately \$205.9 million in traffic safety and efficiency and local multimodal improvements. In May 2015, the Vision Zero San José (VZSJ) transportation safety initiative was adopted by the City Council with the ultimate goal of

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA (Cont'd.)

Traffic Capital Program (Cont'd.)

eliminating fatalities and reducing severe injuries caused by traffic collisions. In February 2020, the City Council-approved an updated Vision Zero Action Plan with an estimated cost of \$25.0 million that includes various safety projects for implementation over the next four to six years, and a quick build strategy on the 11 miles of the City's Priority Safety Corridors to create a more complete street environment. In the 2020-2021 Adopted Capital Budget, an overall initial investment of \$6.8 million (\$0.8 million was allocated in 2019-2020 for the highest priority items) initiated efforts on some of the plan's top priority actions. As part of this Adopted CIP, an additional investment of \$2.5 million is programmed for data analysis and outreach/engagement work along with an additional \$3.9 million set aside in the reserves to implement other Quick Build projects on other priority safety corridors once individual project scopes are developed.

In addition, the delivery of local multimodal projects, many of which are grant-funded, transform 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 Vision Zero Action Plan due to their higher incidence of traffic fatalities and severe injuries.

As part of this Adopted CIP, approximately \$10.9 million in grant funding is allocated to implement the recently City Council-approved Better Bike Plan 2025. Twenty-nine miles of new bikeways and 30 miles of existing bikeway improvements will be constructed over the next two years. The bikeway types included in this two-year effort include protected bike lanes, buffered bike lanes, bicycle boulevards, and shared lane markings (sharrows). This 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.



**Quick Build Safety Improvements
at W San Fernando St and
Almaden Blvd**

Efforts also continue to advance some of the highway interchange improvement projects that will be directly managed and funded by VTA and its 2016 Measure B grant funds. The US 101/Blossom Hill Road Interchange Improvements is the first Measure B funded (\$35.0 million) project in San José that moved into construction last September and is currently on schedule to be completed by early 2023. Meanwhile, the US 101/Trimble Road/De La Cruz Boulevard Interchange Improvements project is expected to be the second Measure B funded (\$39.0 million) project in San José to be constructed later this year. Along with Measure B funding, \$25.0 million in SB1 funding was awarded to the Trimble Interchange project.

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Transportation and Aviation Services CSA (Cont'd.)

Traffic Capital Program (Cont'd.)

The major projects in this CIP include:

- | | |
|---|---|
| <input type="checkbox"/> Better Bikeways San Fernando | <input type="checkbox"/> Pavement Maintenance |
| <input type="checkbox"/> Branham and Snell Street Improvements | <input type="checkbox"/> Senter Road Pedestrian Safety Improvements |
| <input type="checkbox"/> East San José Pedestrian/Bike Transit Connection | <input type="checkbox"/> Tully Road Corridor Safety Improvements |
| <input type="checkbox"/> Measure T – Bridges | <input type="checkbox"/> W San Carlos Corridor Safety Improvements |
| <input type="checkbox"/> Measure T – LED Streetlight Conversion | |

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.

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, replaced the public safety radio systems previously 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. Police went live on the SVRCS system in mid-March 2020 and Fire went live on July 1, 2020. San José currently has 3,310 radios on the SVRCS radio system, of which 3,102 belong to Police and Fire.



***Transmitter Antennae
at Coyote Peak***

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Strategic Support CSA (Cont'd.)

Communications Capital Program (Cont'd.)

In the last two years, the vendor that supplies SVRCS radios announced that certain models will no longer be supported in the near future, starting as early as July 2021. In order to address this issue, the City has reviewed multiple radio replacement scenarios. The 2022-2026 Adopted CIP includes one-time additional funding of \$5.3 million from the General Fund in 2021-2022 to replace the first wave of radios that will no longer be supported starting in July 2021. Staff will continue to examine all potential funding sources, including grant opportunities to help supplement replacement costs, as the annual ongoing cost for SVRC radio replacements exceeds existing funding levels by approximately \$1.7 million.

The major projects in this CIP include:

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

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 \$11.9 million from the Measure T Bond Fund to support LED lighting at City facilities and other priority critical infrastructure projects.

The 2022-2026 Adopted CIP provides \$59.3 million for the Ice Centre Expansion project including construction payments totaling \$58.4 million and \$882,000 for City inspection and oversight costs. This project includes 200,000 sq. ft. of additional facilities for two new ice rinks and office space, bringing the facilities' total just under 400,000 sq. ft., which will make it the largest ice facility under one roof west of the Mississippi River. Construction will be completed by Sharks Ice, the current manager of the facility, and the City, owners of the land and facility, will own the improvements from this expansion project. Construction began in August 2020 and the project is expected to be completed by August 2022. The City issued the Series 2020B Lease Revenue Bonds in October 2020 to fund total estimated project cost of \$120.0 million; the debt service payments related to this bond issuance are fully paid by Sharks Ice.

The General Fund provides one-time and ongoing funding in the Municipal Improvements CIP, for projects with no other funding source. Annual funding of \$1.5 million is allocated for Unanticipated/Emergency Maintenance (\$750,000), Closed Landfill Compliance (\$400,000), City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance (\$200,000 million), and Arena Repairs (\$100,000). Additional one-time funding of \$2.3 million is allocated to the Closed Landfill Compliance project to replace the Singleton Landfill gas flare and collection system.

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Strategic Support CSA (Cont'd.)

Municipal Improvements Capital Program (Cont'd.)

In addition, \$11.4 million from the General Fund is programmed in 2021-2022 to rehabilitate or support the City's cultural facilities, including the Tech Interactive (\$5.1 million), Children's Discovery Museum (\$1.6 million), Hammer Theatre (\$1.6 million), various Cultural Facilities Rehabilitation/Repair projects (\$1.2 million), San José Stage Company (\$1.0 million), History San José (\$428,000), San José Museum of Art (\$240,000), African American Community Services Agency Upgrades (\$100,000), and Mexican Heritage Plaza (\$47,000). A portion of these costs are offset using the Cultural Facilities Capital Maintenance Reserve set aside for this purpose as included in the 2021-2022 Adopted Operating Budget. Annual funding of \$850,000 is allocated to this reserve.

The major projects in this CIP include:

- Closed Landfill Compliance
- Measure T – City Facilities LED Lighting
- Measure T – Critical Infrastructure

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 various projects at the Central Service Yard (CSY), including Phase I, Phase II, new CSY projects, and the Fire Department Training Center (FDTC) represents the largest use of funds in the 2022-2026 Adopted CIP.



Fire Truck Maintenance at the Central Service Yard

The CSY Phase I project included the purchase of the CSY property and renovation of Building A. The CSY 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.

The City is scheduled to issue lease revenue bonds later this fall to refinance outstanding debt from CSY Phase I (\$5.0 million) and II (\$2.7 million) projects, and provide new funds for the FDTC (\$15.0 million) and new CSY improvement projects (\$7.6 million).

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Strategic Support CSA (Cont'd.)

Service Yards Capital Program (Cont'd.)

The major projects in this CIP include:

- Central Service Yard – Generator Replacement
- Central Service Yard – HVAC Replacement
- Central Service Yard – Water Main Replacement
- Mabury Yard Sewer Pipe Replacement
- Roof Replacement, Painting, and Supplemental Needs

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 are 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 and 36, the Police Training Center, and the subsequent activation of the South San José Police Substation will be brought forward for City Council certification at the time of construction contract award. Annual costs for other Measure T projects will be brought forward as part of future budget processes once their scope has been refined.

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).

OTHER CAPITAL PROGRAM HIGHLIGHTS

Operating Budget Impacts (Cont'd.)

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

Project Type	2022-2023	2023-2024	2024-2025	2025-2026
Parks Facilities	391,000	838,000	1,311,000	1,397,000
Public Safety Facilities	31,000	5,095,000	9,883,000	14,144,000
Traffic Projects	58,000	94,000	116,000	132,000
General Fund Total	480,000	6,027,000	11,310,000	15,673,000
Storm Sewer		163,000	173,000	183,000
Water Pollution Control Plant	2,213,000	10,478,000	14,996,000	15,446,000
Special Fund Total	2,213,000	10,641,000	15,169,000	15,629,000
All Funds Total	2,693,000	16,668,000	26,479,000	31,302,000

For the General Fund, these costs are estimated at \$480,000 in 2022-2023 and are anticipated to increase to \$15.7 million by 2025-2026. The majority of the costs are for Public Safety facilities, including new Fire Stations 32 and 36, as well as the new Police Training Center and the full activation of the South San José Police Substation.

In addition, the expanded infrastructure investment at the Water Pollution Control Plant will result in significant operating costs to the San José-Santa Clara Treatment Plant Operating Fund in the coming years. It is estimated that additional maintenance and operations costs will total \$2.2 million starting in 2022-2023, largely due to completion of large projects such as the Digester and Thickener Facilities Upgrade. In 2023-2024, the additional operating costs at the Plant are expected to increase to \$10.5 million, to \$15.0 million in 2024-2025 and \$15.4 million in 2025-2026, as the Digested Sludge Dewatering Facility is expected to come online and replace the existing sludge storage lagoons.

Art in Public Places

A vibrant public art program is vital to continue the cultivation of a diverse and thriving community. To provide funding for the City’s public art program, one percent of all construction project funding is generally required to be allocated to public art. Some types of projects, such as those for seismic and ADA retrofits, rehabilitation, maintenance and operations, non-construction projects (such as studies), affordable housing, and the Water Pollution Control Plant, are exempted from this one percent public art contribution requirement.

As a result of this program, iconic public art works can be found at the Airport, Downtown, public safety facilities, parks, and library facilities. The Adopted CIP continues to provide meaningful funding to build and display art in public places. A total investment of \$8.3 million is programmed for eligible public art projects that span all capital programs in the 2022-2026 Adopted CIP. This figure is in addition to the estimated \$2.2 million in public art expenditures previously programmed for 2020-2021 and does not yet 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

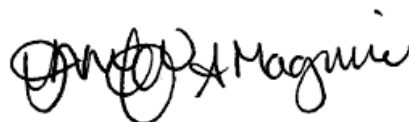
Though the COVID-19 pandemic has affected the local economy and resulted in a very challenging environment for the community and our organization, the City remains committed to maintaining and improving the public infrastructure that provides the backbone of day-to-day service delivery. The 2022-2026 Adopted CIP of \$3.8 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 renewal 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, significantly upgrade the City's wastewater treatment facility, deliver continued improvements to the Airport, and reduce 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.

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 CIP was 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 2021-2022 Adopted Budget and 2022-2026 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,



Jennifer A. Maguire
City Manager