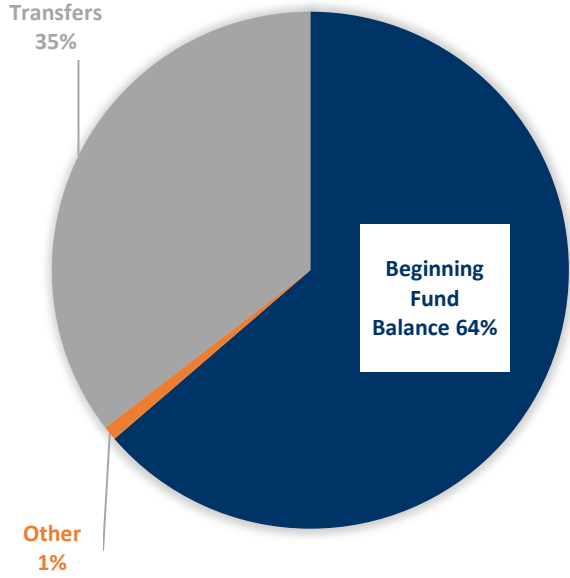


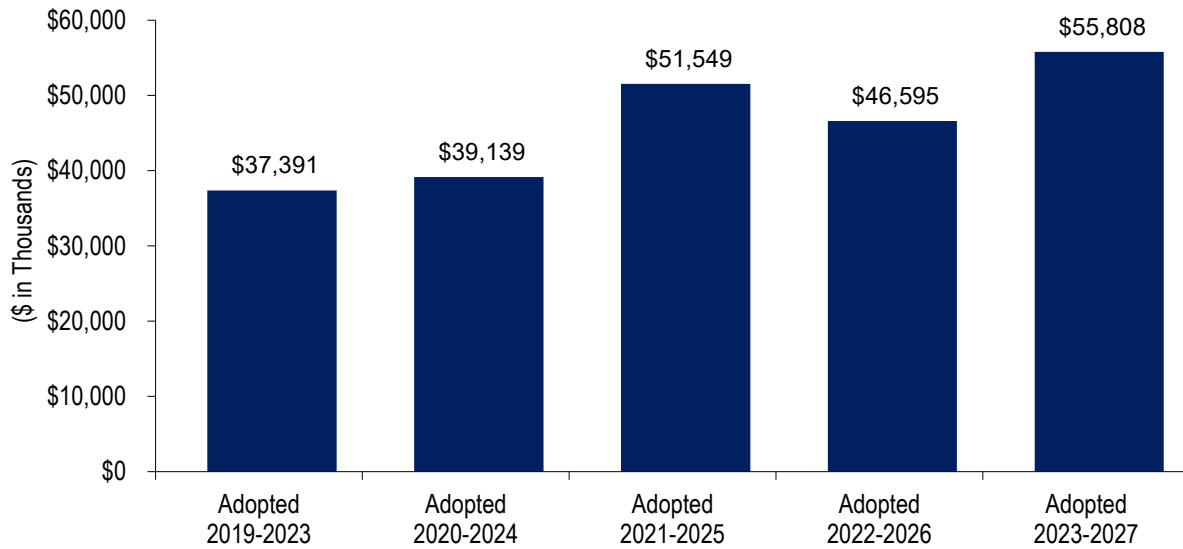
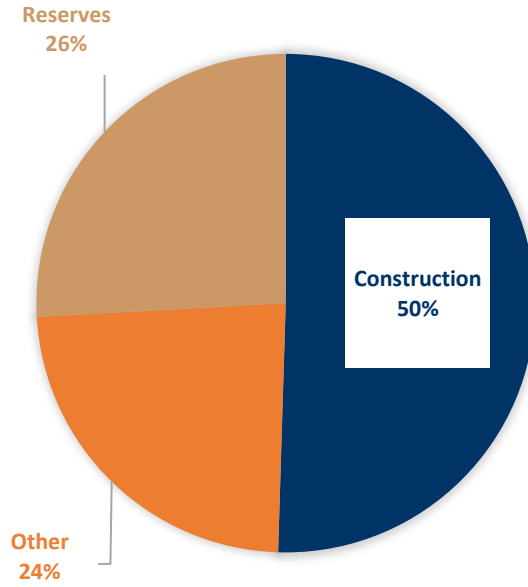
WATER UTILITY SYSTEM

2023-2027 Capital Improvement Program

**2022-2023 ADOPTED
SOURCE OF FUNDS**



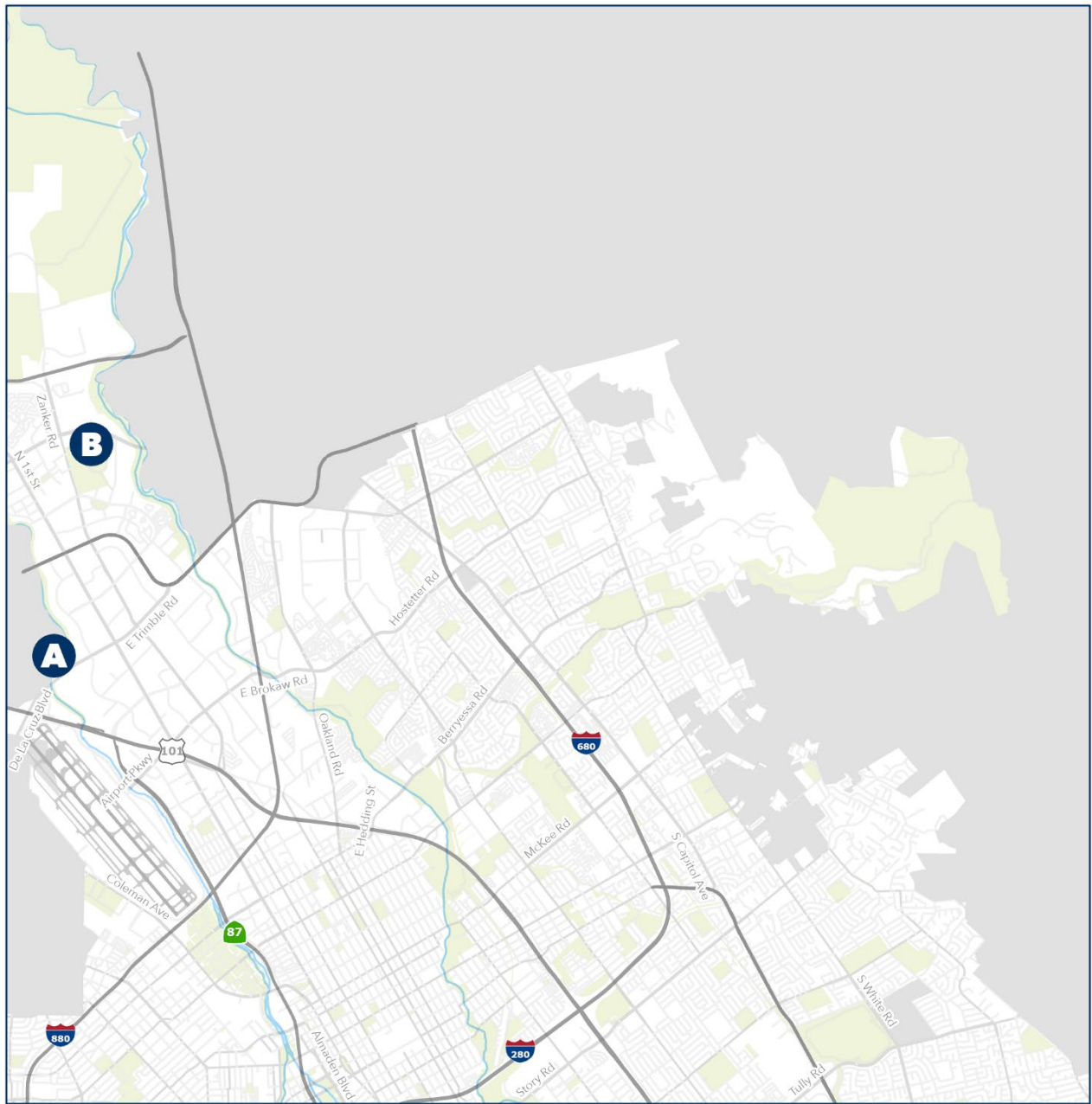
**2022-2023 ADOPTED
USE OF FUNDS**



Water Utility System

2023-2027 Adopted Capital Improvement Program

North East

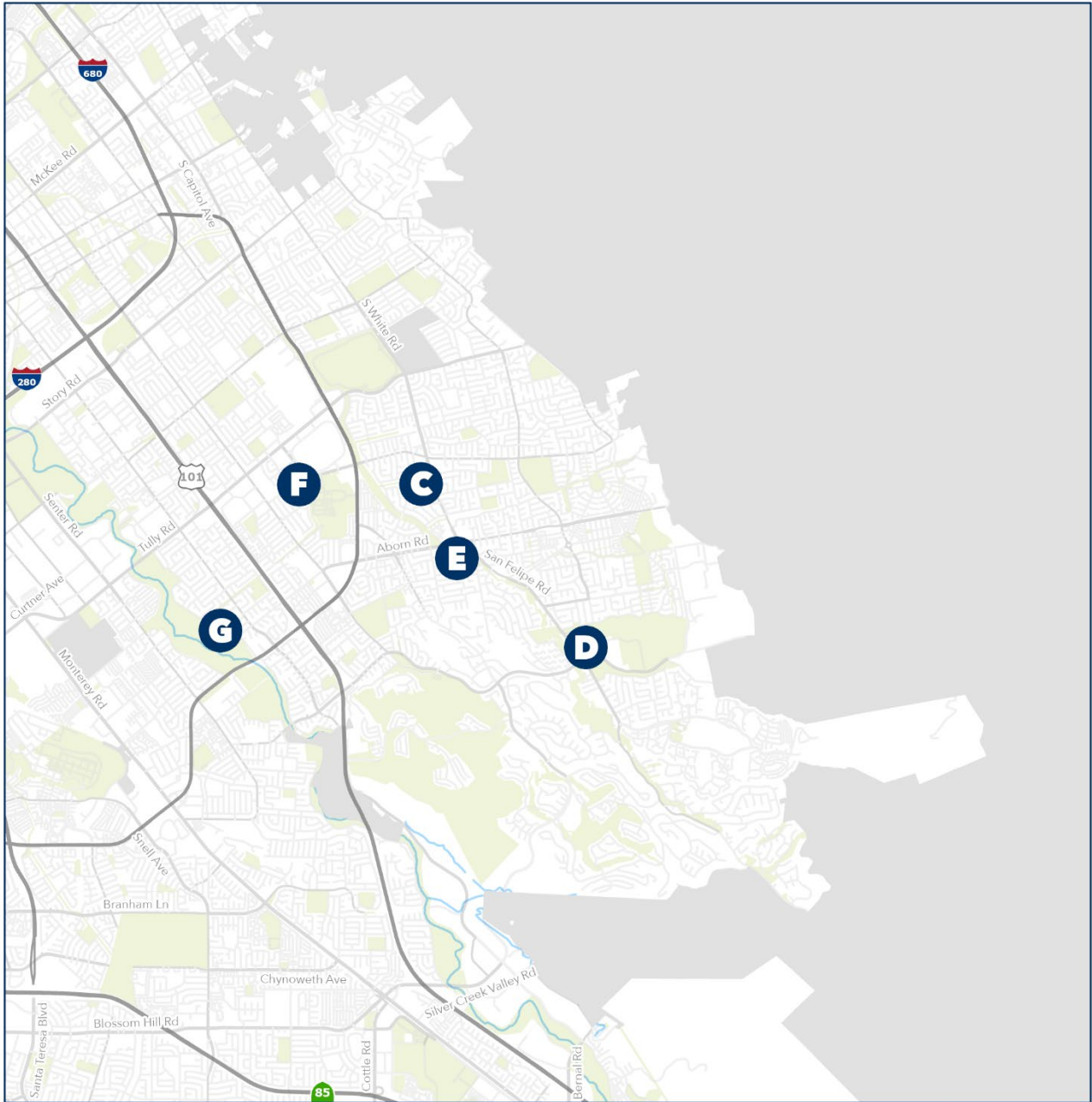


- A** North San José Reliability Well Construction
- B** North San José Well Development and Construction

Water Utility System

2023-2027 Adopted Capital Improvement Program

South East



- C** Annual Water Main Replacement
- D** Safety and Security Improvements
- E** Facility Site Improvements
- F** Evergreen Reliability Well
- G** Water Resources Administration & Operations Facility

Water Utility System

2023-2027 Adopted Capital Improvement Program

OVERVIEW

INTRODUCTION

The Water Utility System Capital Program includes the Water Utility Capital Fund and the Major Facilities Fund. The program’s mission is to provide superior water service at competitive rates. The 2023-2027 Adopted Capital Improvement Program (CIP) provides funding of \$55.8 million, of which \$22.0 million is allocated in 2022-2023.

| MUNICIPAL WATER SYSTEM PUBLIC INFRASTRUCTURE | |
|---|-----|
| MILES OF WATER MAINS | 345 |
| NUMBER OF RESERVOIRS | 17 |
| NUMBER OF PUMP STATIONS | 15 |
| NUMBER OF GROUNDWATER WELLS | 14 |

The San José Municipal Water System (Muni Water) provides water service to approximately 26,000 customers in five service areas of the City of San José: Alviso, North San José, Coyote Valley, Edenvale, and Evergreen. The Alviso service area (Council District 4) includes the area within the former City of Alviso. The North San José service area (Council District 4) is north of Trimble Road, between the Guadalupe River and Coyote Creek. The Coyote Valley service area (Council District 2) encompasses the area south of Tulare Hill, west of Highway 101, and north of Palm Avenue. The Edenvale service area (Council District 8) is south of Hellyer Avenue and east of Coyote Creek. The Evergreen service area coincides with the boundaries of Council District 8, east of Highway 101.



Installation of new pumps and motors at the Fowler Pump Station

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure* and *Safe, Reliable, Sufficient Water Supply*.

PROGRAM PRIORITIES AND OBJECTIVES

Muni Water’s CIP’s guiding objective is to provide a safe, reliable water supply. Based on the CSA outcomes supported by this program, the following list of priorities has been developed:

- Maintain the existing water utility system infrastructure;
- Provide facilities necessary for new development as identified in the Envision San José 2040 General Plan; and
- Ensure that the fire flow pressure and volume as recommended by the San José Fire Department is maintained.

Water Utility System

2023-2027 Adopted Capital Improvement Program

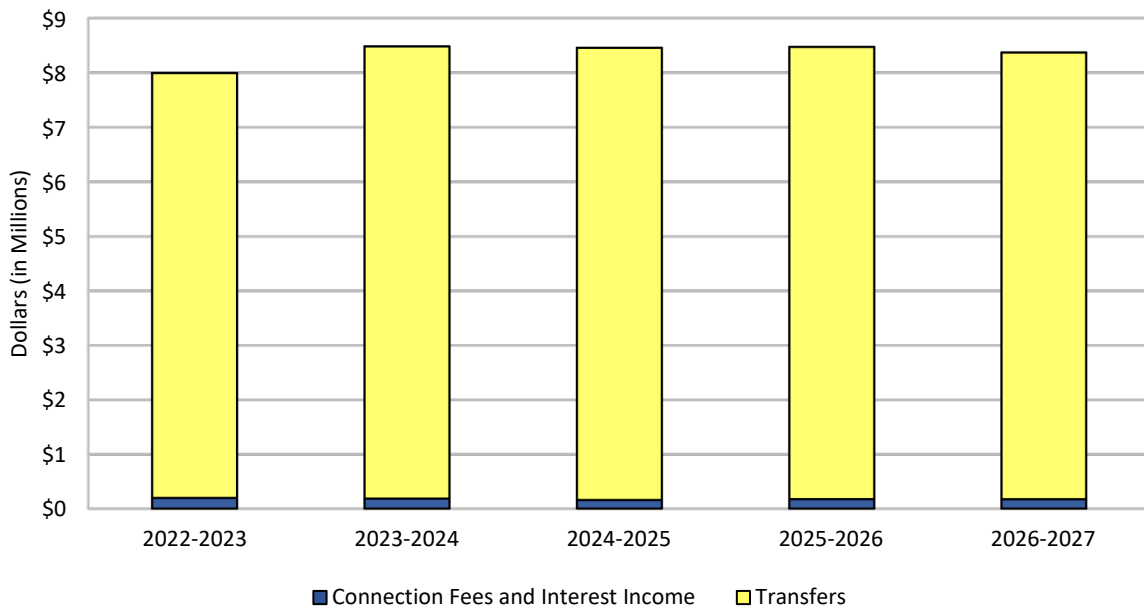
OVERVIEW

SOURCES OF FUNDING

Over the five years of the Adopted CIP, the funds available for capital improvements are estimated to total \$55.8 million, which consists of \$49.3 million in the Water Utility Capital Fund and \$6.5 million in the Major Facilities Fund. Revenue for the Adopted CIP is derived from a combination of funding sources: transfers from the Water Utility Fund to the Water Utility Capital Fund, fee income, and interest income. The Water Utility Fund derives its revenue primarily from water sales in the service areas. The amount of the transfer from the Water Utility Fund is \$7.8 million in 2022-2023, \$8.3 million for the next three years, and \$8.2 million in the final year of the CIP. Fee revenue in the Water Utility Capital Fund is generated from Service Connection Fees, Advanced System Design Fees, and Meter Installation Fees.

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

Summary of Revenues



Water Utility System

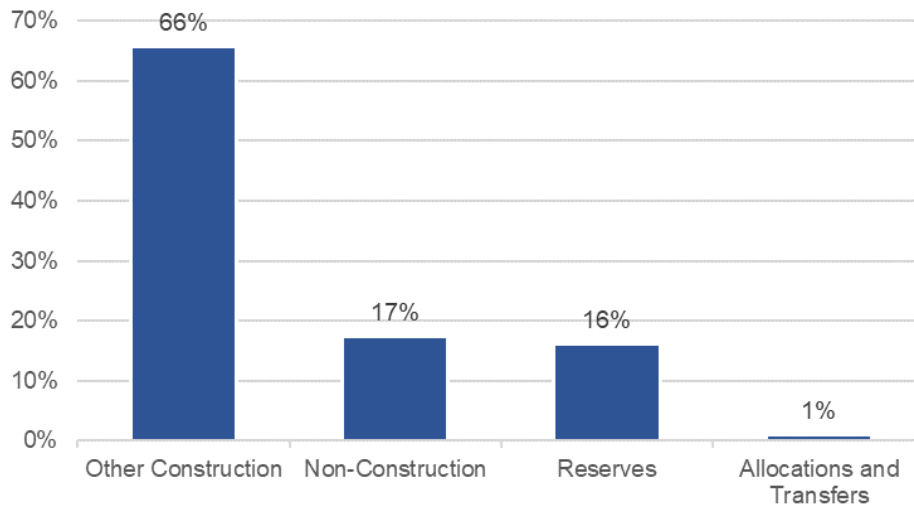
2023-2027 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

To meet the service needs of new developments in the Muni Water service area, the program continues its policy of requiring developers to construct infrastructure improvements within their project area. Large water storage and conveyance infrastructure is constructed by developers or funded from the Major Facilities fees. Capital Improvements for existing customers are funded from water sale revenues, which are displayed in the 2022-2023 Adopted Operating Budget in the Water Utility Fund.

**2023-2027 Water Utility System
Capital Program Expenditures
\$40.8 million
(excludes Ending Fund Balance)**



Water Resources Administration & Operations Facility

The Adopted CIP includes design costs for the Water Resources Administration & Operations Facility, a project that will provide the Water Resources Division (the administration, management, and operations staff that supports the entire Municipal Water System of San José) of the Environmental Services Department with a new facility. Existing Water Resources Division facilities consist of three separate buildings: a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of useful life and are in need of replacement.

Water Utility System

2023-2027 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

Water Resources Administration & Operations Facility (Cont'd.)

The new Water Resources Administration & Operations Facility is expected to consist of one large building that will house all staff and infrastructure necessary to ensure continuous operations. The new facility is expected to include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing.

Staff preliminarily estimates a total construction cost of approximately \$40.0 million. The Adopted CIP includes a total of \$3.0 million for partial design and project delivery needs (in addition to the \$5.4 million included and spent in 2021-2022). The project design is scheduled to be completed during 2022-2023. Future CIPs will include further refine cost estimates and project scheduling once a more detailed project scope and design is finalized. It is anticipated that either commercial paper or other financing mechanism will be utilized to fund remaining project costs. During 2022-2023, staff will recommend a financing strategy for City Council approval, along budget adjustments to the project, as appropriate.

System-Wide

The Safety and Security Improvements project (\$786,000) in the Adopted CIP includes the installation of safety and security equipment at various system facilities in order to maintain reliable utility infrastructure, ensure water supplies remain secured, and provide a safe working environment for staff performing operations and maintenance. In an effort to maintain and upgrade the Muni Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement Project (\$8.8 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 following an unexpected failure. The Adopted CIP also includes funding for Infrastructure Improvements (\$4.3 million) and System Maintenance and Repairs (\$4.0 million).

The System Rehabilitation/Replacement Reserve totals \$4.9 million in the Adopted CIP. In the event that economic or environmental conditions (for example, a drought, natural disaster, or an abrupt economic disruption) decrease revenues to the Water Utility System, use of the reserve may be required to maintain infrastructure.



City staff and contractor discuss a newly installed control valve

Water Utility System

2023-2027 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

North San José and Alviso Service Areas

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

The North San José and Alviso service areas have experienced some growth in the last several years, and continued growth is assumed in this CIP. In order to meet future demand forecasts, the City continues to work with developers to construct new groundwater wells once viable locations are determined. Increased focus on rehabilitation and construction of groundwater wells will enable Muni Water to minimize costs to customers, supply groundwater under emergency situations, and take advantage of Indirect Potable Reuse of purified water when available. The Adopted CIP includes funding for the North San José Well Development and Construction (\$4.4 million) and North San José Reliability Well Construction project (\$2.2 million).

Evergreen Service Area

The Evergreen service area contains approximately 92% of the total customers served by the water system and accounts for approximately 67% of total water usage. Customers in the Evergreen area receive water supplied by Valley Water (formerly the Santa Clara Valley Water District). The Evergreen service area has experienced minimal growth in the last several years. Included in the Adopted CIP is the design and construction of the Evergreen Reliability Well (\$1.8 million), as well as other miscellaneous improvements to extend the useful life of the system.

Edenvale Service Area

Basic water facilities for domestic supply and fire protection for the Edenvale service area north of Silver Creek Valley Road include three wells and a reservoir. Groundwater from deep-water wells provides 100% of the supply in the Edenvale service area. The quality, supply, and management of this local groundwater basin are monitored by Valley Water. Projects scheduled in the Adopted CIP in the Edenvale service area include minor improvements, such as pump station maintenance and other distribution system rehabilitation.

Coyote Valley Service Area

Groundwater from deep-water wells provides 100% of the supply in the Coyote Valley service area. The area is largely undeveloped and primarily consists of designated open space.

Water Utility System

2023-2027 Adopted Capital Improvement Program

OVERVIEW

MAJOR CHANGES FROM THE 2022-2026 ADOPTED CIP

The overall size of the Water Utility System CIP has increased by approximately \$4.3 million from \$51.5 million in the 2022-2026 Adopted CIP to \$55.8 million in the 2023-2027 Adopted CIP. The changes to the size of the CIP are attributable to the beginning of the Water Resources Administration & Operations Facility design and construction as well as projects that have shifted into the five-year planning horizon.

Major Changes to Project Budgets

The following table outlines the most significant changes to project budgets, including new/augmented allocations and reduced/eliminated allocations.

| Project | Incr/(Decr) |
|--|---------------|
| Water Resources Administration & Operations Facility | \$3.0 million |

OPERATING BUDGET IMPACT

There are no additional maintenance and operating costs associated with the projects in the 2023-2027 Adopted CIP.

COUNCIL-APPROVED REVISIONS TO THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

Changes to the Proposed Capital Improvement Program were brought forward in the Mayor's June Budget Message for Fiscal Year 2022-2023 and approved by the City Council on June 21, 2022. This included rebudgeting of unexpended funding for projects and other budget adjustments totaling \$4.7 million in [Manager's Budget Addendum #42](#), the largest of which includes North San Jose Reliability Well Construction (\$2.1 million), North San Jose Well Development and Construction (\$1.9 million), Safety and Security Improvements (\$386,000), and Backup Generator Replacement (\$199,000).

For more information, please refer to the [Mayor's June Budget Message for Fiscal Year 2022-2023](#), located in the Appendices of this document, and [Manager's Budget Addendum #43](#) which was incorporated into the Mayor's June Budget Message.

Water Utility System
2023-2027 Adopted Capital Improvement Program
Source of Funds (Combined)

| | Estimated | | | | | | |
|---|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 5-Year Total* |
| Water Utility Capital Fund (500) | | | | | | | |
| Beginning Balance | 11,493,689 | 7,701,783 | 1,271,783 | 4,831,783 | 8,308,783 | 11,574,783 | 7,701,783 |
| Reserve for Encumbrance | 3,688,945 | | | | | | |
| Transfers and Reimbursements | | | | | | | |
| Transfer from the Water Utility Fund | 7,800,000 | 7,800,000 | 8,300,000 | 8,300,000 | 8,300,000 | 8,200,000 | 40,900,000 |
| TOTAL Transfers and Reimbursements | 7,800,000 | 7,800,000 | 8,300,000 | 8,300,000 | 8,300,000 | 8,200,000 | 40,900,000 |
| Revenue from Use of Money and Property | | | | | | | |
| Interest Income | 167,262 | 72,000 | 63,000 | 61,000 | 73,000 | 71,000 | 340,000 |
| TOTAL Revenue from Use of Money and Property | 167,262 | 72,000 | 63,000 | 61,000 | 73,000 | 71,000 | 340,000 |
| Fees, Rates and Charges | | | | | | | |
| Advance System Design Fees | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 |
| Meter Installation Fees | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 |
| Service Connection Fees | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 |
| TOTAL Fees, Rates and Charges | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 375,000 |
| Total Water Utility Capital Fund (500) | 23,224,896 | 15,648,783 | 9,709,783 | 13,267,783 | 16,756,783 | 19,920,783 | 49,316,783 |
| Major Facilities Fund (502) | | | | | | | |
| Beginning Balance | 6,258,441 | 6,322,455 | 2,334,455 | 345,455 | 352,455 | 363,455 | 6,322,455 |

* The 2023-2024 through 2026-2027 Beginning Balances are excluded from in FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2023-2027 Adopted Capital Improvement Program
Source of Funds (Combined)

| | Estimated | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 5-Year Total* |
| Reserve for Encumbrance | 123,801 | | | | | | |
| Revenue from Use of Money and Property | | | | | | | |
| Interest Income | 52,964 | 49,000 | 46,000 | 22,000 | 26,000 | 26,000 | 169,000 |
| TOTAL Revenue from Use of Money and Property | 52,964 | 49,000 | 46,000 | 22,000 | 26,000 | 26,000 | 169,000 |
| | | | | | | | |
| Total Major Facilities Fund (502) | 6,435,206 | 6,371,455 | 2,380,455 | 367,455 | 378,455 | 389,455 | 6,491,455 |
| | | | | | | | |
| TOTAL SOURCES | 29,660,102 | 22,020,238 | 12,090,238 | 13,635,238 | 17,135,238 | 20,310,238 | 55,808,238 |

* The 2023-2024 through 2026-2027 Beginning Balances are excluded from in FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2023-2027 Adopted Capital Improvement Program Use of Funds (Combined)

| | Estimated 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 5-Year Total* |
|--|------------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| <u>Water Utility System</u> | | | | | | | |
| Annual Water Main Replacement | 4,914,150 | 1,800,000 | 1,900,000 | 1,900,000 | 1,600,000 | 1,600,000 | 8,800,000 |
| Backup Generator Replacement | | 199,000 | | | | | 199,000 |
| Evergreen Reliability Well | | | | 200,000 | 800,000 | 800,000 | 1,800,000 |
| Facility Sites Improvement | 538,000 | | | | | | |
| Fowler Pump Station Replacement | 850,868 | | | | | | |
| Infrastructure Improvements | 1,367,885 | 840,000 | 850,000 | 860,000 | 870,000 | 880,000 | 4,300,000 |
| Meter Installations | 55,378 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 |
| North San José Reliability Well Construction | 116,757 | 2,225,000 | | | | | 2,225,000 |
| North San José Well Development and Construction | 97,751 | 2,417,000 | 2,000,000 | | | | 4,417,000 |
| Safety and Security Improvements | 200,000 | 386,000 | 100,000 | 100,000 | 100,000 | 100,000 | 786,000 |
| Service Installations | 263,707 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,000,000 |
| Tuers Road Site Improvements | 0 | | | | | | |
| Water Resources Administration & Operations Facility | 5,389,889 | 3,000,000 | | | | | 3,000,000 |
| Other Water - Construction | 13,794,385 | 11,117,000 | 5,100,000 | 3,310,000 | 3,620,000 | 3,630,000 | 26,777,000 |
| Water - Construction | 13,794,385 | 11,117,000 | 5,100,000 | 3,310,000 | 3,620,000 | 3,630,000 | 26,777,000 |
| Advance System Design | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,000,000 |
| GIS Support | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 200,000 |
| Major Facilities Fee Administration | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 75,000 |
| Master Plan Engineering | 194,755 | 185,000 | 190,000 | 200,000 | 210,000 | 210,000 | 995,000 |
| Preliminary Engineering - Water | 155,000 | 160,000 | 165,000 | 170,000 | 175,000 | 175,000 | 845,000 |
| System Maintenance/Repairs | 1,090,725 | 780,000 | 780,000 | 800,000 | 800,000 | 800,000 | 3,960,000 |
| General Non-Construction - Water | 1,695,480 | 1,380,000 | 1,390,000 | 1,425,000 | 1,440,000 | 1,440,000 | 7,075,000 |

* The 2022-2023 through 2025-2026 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2023-2027 Adopted Capital Improvement Program Use of Funds (Combined)

| | Estimated | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 5-Year Total* |
| Water - Non Construction | 1,695,480 | 1,380,000 | 1,390,000 | 1,425,000 | 1,440,000 | 1,440,000 | 7,075,000 |
| Public Art Funding | 11,000 | 161,000 | 20,000 | | | | 181,000 |
| Public Art Projects | 11,000 | 161,000 | 20,000 | | | | 181,000 |
| Capital Program and Public Works Department Support Service Costs | 111,000 | 48,000 | 25,000 | 26,000 | 29,000 | 29,000 | 157,000 |
| Allocations | 111,000 | 48,000 | 25,000 | 26,000 | 29,000 | 29,000 | 157,000 |
| City Hall Debt Service Fund | 24,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 40,000 |
| Transfers to Special Funds | 24,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 40,000 |
| Transfers Expense | 24,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 40,000 |
| System Growth Related Projects Reserve | | 1,600,000 | | | | | 1,600,000 |
| System Rehabilitation/Replacement Reserve | | 4,100,000 | 370,000 | 205,000 | 100,000 | 170,000 | 4,945,000 |
| Expense Reserves - Non Construction | | 5,700,000 | 370,000 | 205,000 | 100,000 | 170,000 | 6,545,000 |
| Total Expenditures | 15,635,864 | 18,414,000 | 6,913,000 | 4,974,000 | 5,197,000 | 5,277,000 | 40,775,000 |
| Ending Fund Balance | 14,024,238 | 3,606,238 | 5,177,238 | 8,661,238 | 11,938,238 | 15,033,238 | 15,033,238 |
| TOTAL | 29,660,102 | 22,020,238 | 12,090,238 | 13,635,238 | 17,135,238 | 20,310,238 | 55,808,238 |

* The 2022-2023 through 2025-2026 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of One-Time Projects

Backup Generator Replacement

| | | | |
|--------------------------|--|-------------------------------|---------------|
| CSA | Environmental and Utility Services | Initial Start Date | 3rd Qtr. 2017 |
| CSA Outcome | Safe, Reliable, and Sufficient Water Supply; Reliable Utility System | Initial End Date | 1st Qtr. 2019 |
| Location | 102 Silver Creek Valley Road | Revised Start Date | 3rd Qtr. 2019 |
| Dept Owner | Environmental Services | Revised End Date | 2nd Qtr. 2023 |
| Council Districts | 2 | Initial Project Budget | \$180,000 |
| Appropriation | A401M | FY Initiated | 2017-2018 |

Description The existing backup generator at Edenvale Wells installed in 1984 is outdated and has reached the end of its useful life. The replacement of an existing 415 kiloWatt diesel standby generator is required for meeting the current air quality permitting requirements.

Justification This project will ensure the efficient operation of the water system and maintain reliable utility infrastructure.

Notes

Major Cost Changes 2019-2023 CIP - Increase of \$20,000 due to required permits.

| | PRIOR YEARS | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 YEAR TOTAL | BEYOND 5 YEARS | PROJECT TOTAL |
|------------------------------------|------------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------------------|---------------------------|--------------------------|
| Expenditure Schedule (000s) | | | | | | | | | | |
| Design | 1 | | 29 | | | | | 29 | | 30 |
| Construction | | | 170 | | | | | 170 | | 170 |
| Total | 1 | | 199 | | | | | 199 | | 200 |

| Funding Source Schedule (000s) | | | | | | | | | | |
|---------------------------------------|----------|--|------------|--|--|--|--|------------|--|------------|
| Water Utility Capital Fund (500) | 1 | | 199 | | | | | 199 | | 200 |
| Total | 1 | | 199 | | | | | 199 | | 200 |

| Annual Operating Budget Impact (000s) | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | |

Water Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Reliability Well Construction

| | | | |
|--------------------------|------------------------------------|-------------------------------|---------------|
| CSA | Environmental and Utility Services | Initial Start Date | 3rd Qtr. 2019 |
| CSA Outcome | Reliable Utility Infrastructure | Initial End Date | 2nd Qtr. 2021 |
| Location | Trimble Road | Revised Start Date | |
| Dept Owner | Environmental Services | Revised End Date | 2nd Qtr. 2023 |
| Council Districts | 4 | Initial Project Budget | \$1,460,000 |
| Appropriation | A415N | FY Initiated | 2019-2020 |

Description This project constructs a groundwater well in the North San José service area to provide water supply reliability to existing customers.

Justification An existing backup well has begun to reach end of useful life and exceed secondary maximum contaminant limit health standards. This project will replace the existing reliability well.

Notes

Major Cost Changes 2022-2026 CIP - Increased by \$1.0 million due to revised project scope and construction cost estimate.
2023-2027 CIP - Increased by \$150,000 due to revised project scope.

| | PRIOR YEARS | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 YEAR TOTAL | BEYOND 5 YEARS | PROJECT TOTAL |
|------------------------------------|------------------------|---------------------|--------------|-------------|-------------|-------------|-------------|-------------------------|---------------------------|--------------------------|
| Expenditure Schedule (000s) | | | | | | | | | | |
| Design | | | 162 | | | | | 162 | | 162 |
| Construction | 106 | 117 | 1,913 | | | | | 1,913 | | 2,136 |
| Post Construction | | | 150 | | | | | 150 | | 150 |
| Total | 106 | 117 | 2,225 | | | | | 2,225 | | 2,448 |

| Funding Source Schedule (000s) | | | | | | | | | | |
|---------------------------------------|------------|------------|--------------|--|--|--|--|--------------|--|--------------|
| Water Utility Capital Fund (500) | 106 | 117 | 2,225 | | | | | 2,225 | | 2,448 |
| Total | 106 | 117 | 2,225 | | | | | 2,225 | | 2,448 |

| Annual Operating Budget Impact (000s) | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | |

Water Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Well Development and Construction

| | | | |
|--------------------------|---|-------------------------------|---------------|
| CSA | Environmental and Utility Services | Initial Start Date | 2nd Qtr. 2016 |
| CSA Outcome | Safe, Reliable, and Sufficient Water Supply | Initial End Date | 2nd Qtr. 2017 |
| Location | North San José Service Area | Revised Start Date | 3rd Qtr. 2019 |
| Dept Owner | Environmental Services | Revised End Date | 2nd Qtr. 2024 |
| Council Districts | 4 | Initial Project Budget | \$1,560,000 |
| Appropriation | A6274 | FY Initiated | 2015-2016 |

Description This allocation provides funding for the development and construction of groundwater production well(s) in the North San José service area. To meet the increasing demands of growth in the area, this project is funding one well to be completed in 2021-2022 and a second well scheduled to be completed in 2023-2024.

Justification Construction and development of new wells will be needed to allow for operational flexibility by supplementing the existing treated water supplies, and to ensure a reliable potable water supply in order to meet increasing demands as growth and development continue in the North San José and Alviso service areas.

Notes

Major Cost Changes 2021-2025 CIP - Increase of \$2.5 million due to increased scope and project cost estimates.
 2022-2026 CIP - Increase of \$495,000 due to increased project cost estimates.

| | PRIOR YEARS | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 YEAR TOTAL | BEYOND 5 YEARS | PROJECT TOTAL |
|------------------------------------|----------------|-------------|--------------|--------------|------|------|------|-----------------|-------------------|------------------|
| Expenditure Schedule (000s) | | | | | | | | | | |
| Design | 40 | 95 | | | | | | | | 135 |
| Construction | | 3 | 2,417 | 2,000 | | | | 4,417 | | 4,420 |
| Total | 40 | 98 | 2,417 | 2,000 | | | | 4,417 | | 4,555 |

| | PRIOR YEARS | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 YEAR TOTAL | BEYOND 5 YEARS | PROJECT TOTAL |
|---------------------------------------|----------------|-------------|--------------|--------------|------|------|------|-----------------|-------------------|------------------|
| Funding Source Schedule (000s) | | | | | | | | | | |
| Major Facilities Fund (502) | 40 | 98 | 2,417 | 2,000 | | | | 4,417 | | 4,555 |
| Total | 40 | 98 | 2,417 | 2,000 | | | | 4,417 | | 4,555 |

| Annual Operating Budget Impact (000s) | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | |

Water Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of One-Time Projects

Water Resources Administration & Operations Facility

| | | | |
|--------------------------|--|-------------------------------|---------------|
| CSA | Environmental and Utility Services | Initial Start Date | 3rd Qtr. 2020 |
| CSA Outcome | Safe, Reliable, and Sufficient Water Supply; Reliable Water System | Initial End Date | 2nd Qtr. 2025 |
| Location | 3025 Tuers Road | Revised Start Date | |
| Dept Owner | Environmental Services | Revised End Date | 2nd Qtr. 2023 |
| Council Districts | 7 | Initial Project Budget | \$14,500,000 |
| Appropriation | A421C | FY Initiated | 2020-2021 |

Description This project will build a new Administration and Operations Building for the Water Resources Division. The new facility is expected to consist of one large building to house all staff and infrastructure necessary to ensure continuous operation of the San José Municipal Water Utility System. Site amenities are expected to include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing.

Justification Division staff are currently located in three separate buildings comprising of a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of useful life and require replacement and/or significant upgrades.

Notes The preliminary cost estimate for this project is \$40 million. Future CIPs will further refine cost estimates and project scheduling once a more detailed project scope and design is finalized. It is anticipated that either commercial paper or other financing mechanisms will be utilized to fund remaining project costs. During 2022-2023, staff will recommend a financing strategy for City Council approval, along budget adjustments to the project, as appropriate.

Major Cost Changes 2022-2026 CIP: Decrease of \$9.0 million to remove debt service costs until construction schedule is finalized.
 2023-2027 CIP: Increase of \$3.0 million for partial design and project delivery needs.

| | PRIOR YEARS | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 YEAR TOTAL | BEYOND 5 YEARS | PROJECT TOTAL |
|------------------------------------|----------------|--------------|--------------|------|------|------|------|-----------------|-------------------|------------------|
| Expenditure Schedule (000s) | | | | | | | | | | |
| General Administration | 18 | | | | | | | | | 18 |
| Design | 52 | 4,627 | | | | | | | | 4,679 |
| Construction | | 733 | 3,000 | | | | | 3,000 | | 3,733 |
| Public Art | | 30 | | | | | | | | 30 |
| Total | 70 | 5,390 | 3,000 | | | | | 3,000 | | 8,460 |

| Funding Source Schedule (000s) | | | | | | | | | | |
|---------------------------------------|-----------|--------------|--------------|--|--|--|--|--------------|--|--------------|
| Water Utility Capital Fund (500) | 70 | 5,390 | 3,000 | | | | | 3,000 | | 8,460 |
| Total | 70 | 5,390 | 3,000 | | | | | 3,000 | | 8,460 |

| Annual Operating Budget Impact (000s) | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Advance System Design

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4346 |
| Description | This allocation funds the design, engineering, and inspection for the connection of new developments to the Water Utility System. Project costs are offset by developer fees. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,000 |
| Total | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,000 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Water Utility Capital Fund (500) | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,000 |
| Total | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,000 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Annual Water Main Replacement

| | | | |
|-------------------------|---|--------------------------|-----------|
| CSA Outcome | Safe, Reliable, and Sufficient Water Supply; Reliable Water System | Council Districts | City-wide |
| Department Owner | Environmental Services | Appropriation | A410Q |
| Description | This project is part of a continuing program to maintain and upgrade the City's Municipal Water distribution system. Most water pipes have a design life of roughly 50 years, depending upon when it was manufactured and the soil conditions where it is installed. The program has prioritized water mains for replacement throughout the service areas of Muni Water System 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. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 109 | 109 | | | | | | |
| Construction | 4,805 | 4,805 | 1,800 | 1,900 | 1,900 | 1,600 | 1,600 | 8,800 |
| Total | 4,914 | 4,914 | 1,800 | 1,900 | 1,900 | 1,600 | 1,600 | 8,800 |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Funding Source Schedule (000s) | | | | | | | | |
| Water Utility Capital Fund (500) | 4,914 | 4,914 | 1,800 | 1,900 | 1,900 | 1,600 | 1,600 | 8,800 |
| Total | 4,914 | 4,914 | 1,800 | 1,900 | 1,900 | 1,600 | 1,600 | 8,800 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

GIS Support

| | | | |
|-------------------------|--|--------------------------|-----------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | City-wide |
| Department Owner | Environmental Services | Appropriation | A7365 |
| Description | This allocation funds Geographic Information System (GIS) related updates, improvements, support services, and other associated needs. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |
| Total | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |

| | | | | | | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Funding Source Schedule (000s) | | | | | | | | |
| Water Utility Capital Fund (500) | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |
| Total | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Infrastructure Improvements

| | | | |
|-------------------------|--|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A5366 |
| Description | This allocation provides funding to replace and/or refurbish pumps, motors, valves, electrical control mechanisms, generators, and water mains that are nearing the end of their useful lives. The selection and scope of the projects selected in any particular year will be based on the previous year's maintenance needs. | | |

| | FY22 | FY22 | | | | | | 5 Year |
|------------------------------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|---------------|
| | Budget | EST | FY23 | FY24 | FY25 | FY26 | FY27 | Total |
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 98 | 98 | | | | | | |
| Construction | 1,270 | 1,270 | 840 | 850 | 860 | 870 | 880 | 4,300 |
| Total | 1,368 | 1,368 | 840 | 850 | 860 | 870 | 880 | 4,300 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|--------------|--------------|------------|------------|------------|------------|------------|--------------|
| Water Utility Capital Fund (500) | 1,368 | 1,368 | 840 | 850 | 860 | 870 | 880 | 4,300 |
| Total | 1,368 | 1,368 | 840 | 850 | 860 | 870 | 880 | 4,300 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Major Facilities Fee Administration

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A5369 |
| Description | This allocation provides funding to administer the Major Facilities Fees. The Major Facilities Fund receives fees associated with the connection and operation of major water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| General Administration | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 75 |
| Total | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 75 |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|---------------------------------------|----------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------------|
| Funding Source Schedule (000s) | | | | | | | | |
| Major Facilities Fund (502) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 75 |
| Total | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 75 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Master Plan Engineering

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4349 |
| Description | This allocation is used to update the Water System Master Plan based on anticipated development and customer consumption. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Project Feasibility Development | 180 | 180 | 185 | 190 | 200 | 210 | 210 | 995 |
| Design | 15 | 15 | | | | | | |
| Total | 195 | 195 | 185 | 190 | 200 | 210 | 210 | 995 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Water Utility Capital Fund (500) | 195 | 195 | 185 | 190 | 200 | 210 | 210 | 995 |
| Total | 195 | 195 | 185 | 190 | 200 | 210 | 210 | 995 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Meter Installations

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4347 |
| Description | This allocation provides funding to purchase, test, and install water meters for new developments and customers, the cost of which is offset by the meter installation fees paid by developers and property owners. | | |

| | FY22 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year |
|------------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| | Budget | EST | | | | | | Total |
| Expenditure Schedule (000s) | | | | | | | | |
| Construction | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 250 |
| Public Art | 5 | 5 | | | | | | |
| Total | 55 | 55 | 50 | 50 | 50 | 50 | 50 | 250 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Water Utility Capital Fund (500) | 55 | 55 | 50 | 50 | 50 | 50 | 50 | 250 |
| Total | 55 | 55 | 50 | 50 | 50 | 50 | 50 | 250 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Preliminary Engineering - Water

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4952 |
| Description | This allocation provides funding for project development in the early stages of planning. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|---------------------------------------|----------------|-------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 155 | 155 | 160 | 165 | 170 | 175 | 175 | 845 |
| Total | 155 | 155 | 160 | 165 | 170 | 175 | 175 | 845 |
| Funding Source Schedule (000s) | | | | | | | | |
| Water Utility Capital Fund (500) | 155 | 155 | 160 | 165 | 170 | 175 | 175 | 845 |
| Total | 155 | 155 | 160 | 165 | 170 | 175 | 175 | 845 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Safety and Security Improvements

| | | | |
|-------------------------|---------------------------------|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4095 |

Description This project includes the repair and installation of additional safety and security improvements at various system facilities. Examples of improvements include new and repaired fencing at reservoirs, construction of concrete block walls around wells, and the installation of safety railing at various sites.

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Construction | 586 | 200 | 386 | 100 | 100 | 100 | 100 | 786 |
| Total | 586 | 200 | 386 | 100 | 100 | 100 | 100 | 786 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Water Utility Capital Fund (500) | 586 | 200 | 386 | 100 | 100 | 100 | 100 | 786 |
| Total | 586 | 200 | 386 | 100 | 100 | 100 | 100 | 786 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

Service Installations

| | | | |
|-------------------------|---------------------------------|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A4348 |

Description This allocation provides funding for the installation of connections between water mains and meters and the extension of existing water mains. A portion of this work related to new development is paid for by developer fees. The remainder of the work, which is not tied to developer fees, entails connections to water, service laterals, sampling stations, meter boxes, air release valves, and main extensions in existing service areas to increase the operability of the system.

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|-------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Construction | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,000 |
| Public Art | 64 | 64 | | | | | | |
| Total | 264 | 264 | 200 | 200 | 200 | 200 | 200 | 1,000 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Water Utility Capital Fund (500) | 264 | 264 | 200 | 200 | 200 | 200 | 200 | 1,000 |
| Total | 264 | 264 | 200 | 200 | 200 | 200 | 200 | 1,000 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Detail of Ongoing Projects

System Maintenance/Repairs

| | | | |
|-------------------------|---|--------------------------|------------|
| CSA Outcome | Reliable Utility Infrastructure | Council Districts | 2, 4, 7, 8 |
| Department Owner | Environmental Services | Appropriation | A5876 |
| Description | This allocation funds emergency and miscellaneous repairs in the distribution system. | | |

| | FY22 Budget | FY22 EST | FY23 | FY24 | FY25 | FY26 | FY27 | 5 Year Total |
|------------------------------------|----------------|--------------|------------|------------|------------|------------|------------|-----------------|
| Expenditure Schedule (000s) | | | | | | | | |
| Design | 331 | 331 | | | | | | |
| Equipment, Materials and Supplies | 760 | 760 | 780 | 780 | 800 | 800 | 800 | 3,960 |
| Total | 1,091 | 1,091 | 780 | 780 | 800 | 800 | 800 | 3,960 |

| Funding Source Schedule (000s) | | | | | | | | |
|---------------------------------------|--------------|--------------|------------|------------|------------|------------|------------|--------------|
| Water Utility Capital Fund (500) | 1,091 | 1,091 | 780 | 780 | 800 | 800 | 800 | 3,960 |
| Total | 1,091 | 1,091 | 780 | 780 | 800 | 800 | 800 | 3,960 |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Summary of Projects that Start After 2022-2023

| | | | |
|--------------------------|--|---------------------------|---------------|
| Project Name | Evergreen Reliability Well | Initial Start Date | 3rd Qtr. 2024 |
| 5-Yr CIP Budget | \$ 1,800,000 | Initial End Date | 2nd Qtr. 2027 |
| Total Budget | \$ 1,800,000 | Revised Start Date | |
| Council Districts | 8 | Revised End Date | |
| Description | This allocation provides initial funding for the siting, design, development, and construction of a groundwater production well to provide water supply reliability in the Evergreen service area. | | |

Water Utility Capital Program
2023-2027 Adopted Capital Improvement Program
Summary of Reserves

Project Name System Growth Related Projects Reserve
5-Yr CIP Budget \$ 1,600,000
Total Budget \$ 1,600,000
Council Districts 2
Description This reserve sets aside funds in the Major Facilities Fund for acquisition of property and the construction of facilities to accommodate future system growth and development.

Project Name System Rehabilitation/Replacement Reserve
5-Yr CIP Budget \$ 4,945,000
Total Budget \$ 4,945,000
Council Districts 2
Description This reserve sets aside funds in the Water Utility Capital Fund for rehabilitation and/or replacement of existing facilities.
