

## **CITY SERVICE AREA**

### **COMMUNITY & ECONOMIC DEVELOPMENT**

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**Mission:** To manage the growth and change of the City of San José to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of housing and employment opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings.

#### **Undergrounding Project**

*Tully Rd. West of Kenoga Dr.  
Tully Community Center/Ball Fields*



*Before Undergrounding*

The Developer Assisted Projects Capital Program reimburses developers for the construction of street improvements throughout the City, encourages the undergrounding of existing overhead utilities, and facilitates funding of development-related public improvement construction through special districts. As part of the Community and Economic Development City Service Area, the major objective of the capital program is to ensure that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City.

Developers who construct residential dwelling units pay contributions to the Residential Construction Tax Contribution Fund. In turn, payments from the fund are made to developers who construct eligible improvements if those improvements are contiguous to existing or proposed residential development.



*After Undergrounding*

Underground Utility Districts are established using fees collected from developers. Undergrounding projects are prioritized within a five-year plan based on several criteria, the most important of which is the value of fees collected within the proposed Underground District. Other criteria include whether the underground work can be coordinated with other capital improvements such as street widening, and equity in the amount of undergrounding approved among City Council Districts.

The Contingent Lien District Fund is used to facilitate cost sharing agreements through special districts between private parties regarding the construction of significant public improvements as required by the City for development projects. As funds are collected, projects are constructed as specified by the original district agreements.

### **CSA CAPITAL PROGRAM**

- Developer Assisted Projects

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**PROGRAM HIGHLIGHTS**

**Developer Assisted Projects Capital Program**

2024-2028 Proposed CIP: \$21.9 million

***Undergrounding Projects – Rule 20A (Through Rule 20A, the California Public Utilities Commission requires Pacific Gas and Electric (PG&E) to set aside funds annually to finance the undergrounding of overhead electrical facilities located on public streets within the City of San José.)***

- Monterey Rd. Rule 20A Underground Utility District
- Lincoln Ave. Rule 20A Underground Utility District
- Kirk Park Rule 20A Underground Utility District
- Delmas Ave./Park Ave. 20A Underground Utility District

***Undergrounding Projects – Rule 20B (Rule 20B Underground Utility Districts combine several smaller undergrounding projects into one large project to benefit from economies of scale.)***

- McKee Rd./Jose Figueres Ave. Rule 20B Underground Utility District
- Delmas Ave./Park Ave. Rule 20B Underground Utility District
- Meridian Ave. Rule 20B Underground Utility District
- Pearl Ave./Hillsdale Ave. Rule 20B Underground Utility District

***Residential Construction Tax Contribution Fund Street Improvement Projects***

- Hillsdale Avenue (Communications Hill, KB Homes)

**Recent Accomplishments**

- ◇ Substructure construction of the Delmas Ave. /Park Ave. Rule 20B, was completed summer 2021. This project is near completion with a final pole removal expected for May 2023.

**CSA OUTCOME**

(Supported by the Capital Program)

- ✓ Safe, Healthy, Attractive, and Vital Community

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**PERFORMANCE MEASURES**

A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program and adopted for each individual CSA. Measures focus on schedule (cycle time) and project delivery cost. Please see Budget Guide section narrative for additional information on capital performance measures.

**Outcome: Quality CIP Projects Delivered On-Time and On-Budget**

5 Year Strategic Goals	2021-2022 Actual <sup>1</sup>	2022-2023 Target	2022-2023 Estimate	2023-2024 Target	5-Year Goal
Community and Economic Development CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget <sup>2</sup>	1. % of CIP projects that are completed within the approved baseline budget <sup>3</sup>	N/A	90%	100% (1/1)	90%

<sup>1</sup> The 2021-2022 Actual number of projects may vary from the 2021-2022 Estimate, as documented in the 2022-2023 Adopted Budget, because of revision to the date of estimated beneficial use of the project being revised and the project expected to be delivered in the following fiscal year. Also, the number of projects may change with the inclusion of projects in the 2021-2022 Actual not originally included in the 2021-2022 Adopted Budget Estimate due to incomplete project information at that time.

<sup>2</sup> Projects are considered “delivered” when they are available for their intended use and are considered “on schedule” if delivered within two months of baseline schedule.

<sup>3</sup> Projects are considered “completed” when final cost accounting has occurred, and the project has been accepted. Projects are considered “on budget” when the total expenditures do not exceed 101% of the baseline budget.

For the purposes of reporting performance measures, Developer Assisted Projects (DAP) in the CIP are generally captured in the Transportation and Aviation Services (TAS) CSA performance measures. These projects appear the TAS CSA because the work performed to deliver the DAP is done by the roadway and street light engineering staff. However, projects related to the Contingent Lien District will be tracked within this CSA and will be reported on when they are completed.

On-budget performance is measured after all costs have been accounted for and after documentation of project acceptance is filed with the County of Santa Clara. Project acceptance can occur months, or sometimes a year or more, after a project reaches beneficial use due to issues such as the time required to complete punch list items or to resolve contractor claims. An estimated 1 of 1 (100%) of the projects in this CSA is anticipated to be accepted in 2022-2023 and completed within the baseline budget, exceeding the performance target of 90%. Staff continues to strengthen the alignment of project scopes, schedules, and budgets, while also accounting for external market conditions that may affect the delivery of capital projects. Staff relies heavily on the cost estimating and tracking tools that are available through the Capital Project Management System (CPMS). These tools allow project management staff to effectively track project costs on an ongoing basis and assist in ensuring that expenditures remain within budgeted levels. Instances in which projects do exceed the baseline budget are typically attributed to schedule-related delays, redesign costs, and additional staff costs needed to resolve unforeseen construction issues.

# Capital Program Summary by City Service Area

## Community and Economic Development

	<u>2023-2024 Budget</u>	<u>2024-2028 CIP Budget</u>	<u>Total Budget (All Years)</u>	<u>Start Date</u>	<u>End Date</u>
<b><u>Developer Assisted Projects</u></b>					
Capital Program and Public Works Department Support Service Costs	199,000	631,000	*	Ongoing	Ongoing
City Hall Debt Service Fund	9,000	49,000	*	Ongoing	Ongoing
Contingent Lien District Administration	30,000	150,000	*	Ongoing	Ongoing
Evergreen Creek District Reserve	1,128,832	1,128,832	1,128,832	N/A	N/A
Evergreen Specific Plan District Reserve	180,300	180,300	180,300	N/A	N/A
General Fund - Interest Income	60,000	300,000	*	Ongoing	Ongoing
PG&E/Private Electrical Service Panel Conversion Reimbursement		145,500	*	Ongoing	Ongoing
Reimbursement to Developers for Center Strip Paving	100,000	500,000	*	Ongoing	Ongoing
Reimbursement to Developers for Landscaping	150,000	750,000	*	Ongoing	Ongoing
Residential Program Administration	35,000	175,000	*	Ongoing	Ongoing
Silicon Valley Bridge District Reserve	283,965	283,965	283,965	N/A	N/A
Silver Creek Development District 1A Reserve	277,308	277,308		N/A	N/A
Silver Creek Development District 1B Reserve	190,634	190,634		N/A	N/A
Street Improvements for New Development	100,000	500,000	*	Ongoing	Ongoing
Underground Utility Administration (20A)	340,000	1,850,000	*	Ongoing	Ongoing
Underground Utility Administration (20B)	110,000	600,000	*	Ongoing	Ongoing
Underground Utility Program (20B)	<u>1,565,000</u>	<u>9,656,000</u>	*	Ongoing	Ongoing
<b>Total: Construction/Non-Construction</b>	<b>4,759,039</b>	<b>17,367,539</b>			
Ending Fund Balance	<u>10,648,032</u>	<u>4,565,032</u>	**		
<b>Total: Developer Assisted Projects</b>	<b>15,407,071</b>	<b>21,932,571</b>	**		
<b>CSA Total: Construction/Non-Construction</b>	4,759,039	17,367,539	**		
Ending Fund Balance	<u>10,648,032</u>	<u>4,565,032</u>	**		
<b>CSA Total:</b>	<u>15,407,071</u>	<u>21,932,571</u>	**		

\* Total Budget information is not provided due to the ongoing nature of this project.

\*\* The 2023-2024 through 2026-2027 Ending Balance are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.