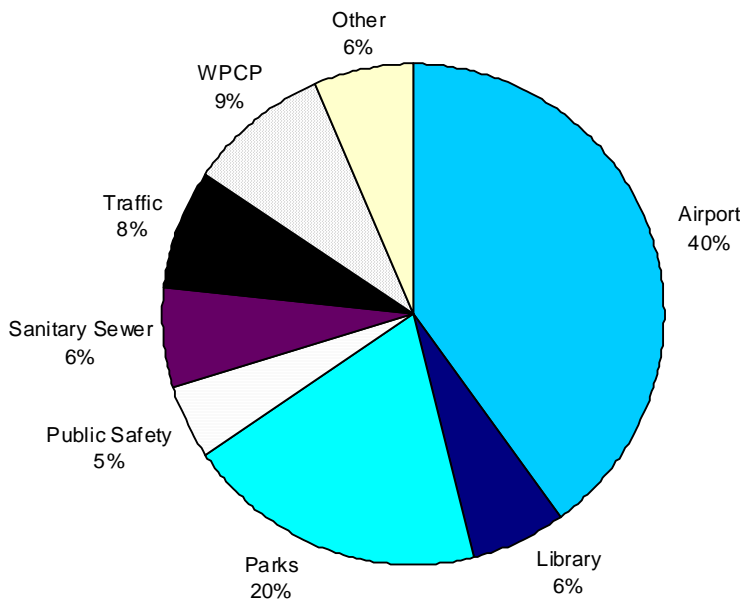


**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

Major Capital Investments

The CIP is composed of 14 capital programs. Following is a breakdown of the major programs:

2008-2009 Adopted Capital Budget



In the 2009-2013 Capital Improvement Program, investments target infrastructure improvements throughout the City's neighborhoods, including: parks, community centers, libraries, storm and sanitary sewer systems, and public safety facilities. These are the facilities that are visited and/or utilized by every resident and visitor of San José.

In November 2000, General Obligation Bond measures were approved to support library projects (\$212 million) and parks projects (\$228 million). An additional \$159 million in General Obligation Bonds was authorized by the voters in March 2002 to support Public Safety facilities. Further discussions of these programs are detailed below.

The Airport Capital Program remains the largest single component of the overall CIP. The 2009-2013 Adopted CIP for this program totals \$978.1 million

Major Projects to be Completed Over the Next Five Years

2008-2009 Projects

Airport North Concourse Building
 Airport People Mover Conceptual Design
 Alum Rock Sanitary Sewer Rehab
 Julian-Sunol Supplement Sewer Rehab
 Mayfair Community Center
 Roosevelt Community Center
 Santa Teresa Branch Library

2009-2010 Projects

Bascom Community Center / Library
 East SJ Carnegie Branch Library
 Edenvale Sanitary Supplement, Ph V
 Educational Park Branch Library
 Fire Station 2 Rebuild
 Fire Station 19 Relocation (Piedmont)
 Fire Station 36 (Silver Creek/Yerba Buena)
 Happy Hollow Park and Zoo Renovations
 Naglee Avenue Sewer Replacement
 North First Street Water Main Replacement
 Seven Trees Community Center / Library
 SJSU to Japantown Pedestrian Corridor
 South San José Police Substation
 University Avenue Sewer Replacement

2010-2011 Projects

Airport Consolidated Rental Car Facility
 Almaden Road Sewer Rehabilitation
 Blossom Hill Road Sanitary Supplement
 Calabazas Branch Library
 Driver Safety Training Center
 Jackson Street: Light Rail Station to
 Japantown Pedestrian Corridor
 Water Pollution Control Plant Master Plan

2011-2012 Projects

Airport Belly-Freight Facility
 Albany-Kiely Storm Improvements Ph V
 Coleman Road Sewer Improvements
 Cropley Avenue Sewer Improvements
 Fire Station 21 Relocation (White Rd.)
 Fire Station 37 (Willow Glen)
 Morrill Ave./Sierra Rd. Sewer Impvmts.
 Southeast Branch Library

2012-2013 Projects

Airport Taxiway W, Phase I/II
 Capitol Avenue Sewer Improvements
 Foxworthy Avenue Sewer Improvements
 Jacob Avenue Sewer Improvements
 Parkmoor-Meridian Sewer Rehabilitation

2008-2009 ADOPTED CAPITAL BUDGET

2009-2013 CAPITAL IMPROVEMENT PROGRAM

Major Capital Investments (Cont'd.)

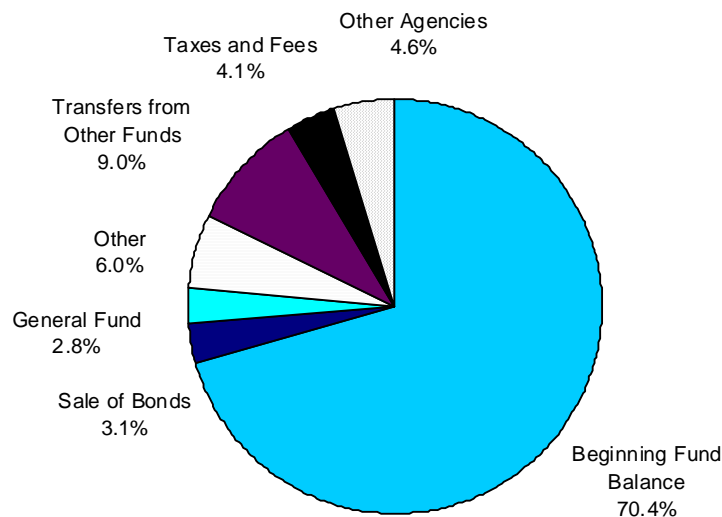
and includes investments based on the recent amendments to the Airport Master Plan approved by the City Council in June 2006. The Master Plan incorporates input from a variety of stakeholders in order to develop a facility that will meet community and customer needs, while keeping costs low. This Plan will allow for facility and customer service improvements to proceed in a more economically viable manner and, at the same time, deliver some of these improvements sooner than planned.

Major investments also continue in the City's transportation system; storm sewer, sanitary sewer and municipal water systems; the water pollution control plant; and the City's service yards.

Capital Improvement Program Funding

The Capital Budget is supported by a combination of funding sources as shown in the chart below. Beginning Fund Balances in the various funds account for over half of the funding for the 2008-2009 Adopted Capital Budget. The Transfers from Other Funds is the next largest funding source. This category includes transfers from Special Funds to support capital investments. Examples of transfers from Special Funds include revenue from storm and sanitary operating funds, supported by utility user fees, to pay for the capital outlay of those utility systems. Notably, transfers from the General Fund to pay for infrastructure such as fire apparatus replacement totals 2.8% of the funding that supports the 2008-2009 Adopted Capital Budget.

**2008-2009 Adopted Capital Budget
Source of Funds (\$730.7 million)**



2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM

Green Building Implementation

As part of San José’s Green Vision to position the City as a leader in sustainable design and set a community standard of environmental, economic, and social stewardship, this Adopted CIP includes major investments in City facilities to help achieve the goal of over 50 million square feet of green buildings throughout San José. The City Council adopted revisions to the City’s Green Building Policy in March 2007 that require certain new building projects over 10,000 square feet (not previously budgeted in a CIP) to achieve a minimum Leadership in Energy and Environmental Design (LEED) certification level of Silver, out of a range which includes Certified, Silver, Gold and Platinum, the highest level designated by the United States Green Building Council (USGBC). In addition, the City Council set a higher USGBC LEED certification level of Gold or Platinum rating as the new goal. Specific projects that were in progress or allocated in a CIP prior to the Green Building Policy changes in March 2007 were individually evaluated and approved by the City Council for specific levels of green building certification and included as part of the 2008-2012 Adopted CIP. Notably, the Bascom and Seven Trees Community Centers and Libraries projects were approved to achieve a higher USGBC LEED Silver level of green building certification, when compared to the certification level previously targeted. Other projects in the “pipeline” were evaluated for the highest certification level achievable within the allocated funding for each project. The table below summarizes the projects included in the 2009-2013 Adopted CIP with the associated green building certification and funding level.

Project	USGBC LEED
Bascom Community Center and Library	Silver
Roosevelt Community Center – Multi-Service	Silver
Seven Trees Community Center and Library	Silver
South San José Police Substation	Silver
Calabazas Branch Library*	Certified
Environmental Services Building Repair	Certified
Happy Hollow Park and Zoo Renovations	Certified
Mayfair Community Center – Satellite	Certified
North Concourse Building – Airport	Certified
Santa Teresa Branch Library	Certified
Terminal B (Terminal Area Improvement) – Airport	Certified
Belly-Freight Facility – Airport	Other**
Consolidated Rental Car Facility – Airport	Other**
East San José Carnegie Branch Library	Other**
Educational Park Branch Library	Other**
Fire Station 36	Other**
Household Hazardous Waste Las Plumas Facility	Other**
Public Parking Garage – Airport	Other**
Southeast Branch Library	Other**

* The Calabazas Branch Library scope changed from less than 10,000 square feet (best green building practices) to a 10,000 square foot facility due to the addition of a community room.

** “Other” includes projects pursuing best green building practices or projects where the achievable USGBC LEED level will be determined after finalization of the project scope and location.

2008-2009 ADOPTED CAPITAL BUDGET

2009-2013 CAPITAL IMPROVEMENT PROGRAM

Green Building Implementation (Cont'd.)

In order to help achieve San José's Green Vision goal for green buildings, the General Services and Public Works departments are evaluating existing City facilities, such as City Hall and Fire Station 35, for potential USGBC LEED – Existing Building green building certification. In addition, the City continues to discuss opportunities to encourage green building development with the private development community.

Art in Public Places

Revisions to the Public Art Master Plan were approved by the City Council on March 13, 2007. The revisions were designed to reinforce San José's urban design and development goals in an effort to create opportunities for public art in high-traffic locations. In accordance with the revisions, one percent of all construction project funding was approved to be allocated to public art. However, the Public Art Master Plan exempts funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), or affordable housing. In addition, projects that had previously contributed to public art prior to the revisions of the Public Art Master Plan were exempt from the new art requirements and continue to be reflected in the 2009-2013 Adopted CIP as allocated through prior CIPs.

An investment of \$15.2 million is programmed for public art projects in the 2009-2013 Adopted CIP. This figure does not include the \$3.0 million in public art expenditures estimated for 2007-2008. This funding will allow for iconic public art works at the Airport, downtown, in public safety, parks, and library facilities, and include artistic elements as part of storm, municipal water, and wastewater infrastructure. A detailed sampling of projects funded through this allocation can be found in the Art in Public Places section in the Appendix of this Adopted CIP.

Unmet Infrastructure/Maintenance Needs

As presented to the City Council on October 1, 2007 in the "Deferred Maintenance and Infrastructure Backlog Progress Report," the economic environment presents significant challenges to sustain the existing maintenance service levels and maintain the overall condition of City infrastructure. This is primarily due to recent construction and expansion of new facilities, compounded by a gap in resources available to maintain the City's existing infrastructure. This report identified a one-time backlog of approximately \$900 million across the City, for which over \$500 million was identified with the General Fund as the primary or partial funding source. Assuming this one-time backlog is met, an ongoing annual investment of \$40.2 million would be required from the General Fund to maintain the infrastructure. In addition to the outstanding items for which the General Fund would be the primary or partial funding source, significant needs remain for the City's various Special Fund programs. For example, as part of an Infrastructure Condition Assessment prepared for the Environmental Services Department in February 2007, total capital infrastructure needs for the Water Pollution Control Plant totaled approximately \$1 billion. In this Adopted CIP, a total of \$236.0 million is allocated toward construction projects in order to begin to address these infrastructure needs. Funding for a Plant Master Plan (\$7.7 million) is included in the five-year CIP which would provide the City with a phased program of recommended wastewater

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

Unmet Infrastructure/Maintenance Needs (Cont'd.)

treatment facilities and management programs to accommodate planned growth and meet existing and future regulatory requirements.

Strategies to address the deferred maintenance backlog were discussed in a study session with the City Council on October 25, 2007. Continuing efforts to reduce the City's deferred maintenance backlog are currently being evaluated as part of the Three-Year General Fund Structural Deficit Elimination Plan. In an effort to begin to fund this backlog, one-time General Fund resources (\$5 million) were approved in the 2007-2008 Adopted Capital Budget. A continuation of this strategy, with additional one-time General Fund funding of \$5 million, was approved to fund high priority transportation, technology, and building facilities infrastructure deferred maintenance projects. Furthermore, additional analysis and recommendations developed from the Three-Year General Fund Structural Deficit Elimination Plan to fund the unmet/deferred maintenance infrastructure backlog will be brought forward for City Council consideration separate from this document.

General Fund Operating Budget Impact

In the last few years, strategies were implemented to defer or reduce operating and maintenance costs, with a particular focus on the General Fund. These efforts included deferring the completion date for capital projects, using alternative staffing models, reducing the size of some facilities, developing joint library and community center facilities, and installing capital improvements that would reduce costs, such as energy efficient traffic signals.

Considering cost saving measures taken to date and the continuing trend of rising construction costs, the Adopted CIP does not recommend significant additional project deferrals at this time. The program focus is to deliver on the commitments to the public by completing the park, library, and public safety projects that were approved by the voters and funded by General Obligation Bonds. Therefore, the additional costs associated with these facilities are being factored into the General Fund Five-Year Forecast. It should be noted, however, that the most recent Five-Year Forecast issued in February 2008 projects General Fund deficits in each of the next four years. The City will thus continue to face very tough choices to address these deficits, while planning to identify the additional funding necessary to operate the new facilities. The City will continue to analyze the overall complement of facilities and resources available to the public when determining future potential actions that may be necessary to balance the General Fund budget. In addition, in light of the San José Green Vision, staff will continue to explore further energy saving opportunities for new facilities scheduled to come online and potential investments in energy saving improvements at existing facilities.

As part of the Mayor's March Budget Message, the City Council approved a budget principle stating that 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 cost of the project, including operations and maintenance costs, will not require a decrease in existing basic neighborhood services. City staff continues to evaluate the implementation of this certification process and will bring forward recommendations

2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM

General Fund Operating Budget Impact (Cont'd.)

for Council consideration. It should be noted that the majority of operations and maintenance costs included in the table below have been factored into the General Fund Five-Year Forecast.

As a result of the large number of new and expanded facilities coming online, resulting from the approval of the General Obligation Bonds, substantial additional General Fund operating and maintenance costs are projected through the five-year term represented in this Adopted CIP. For new parks facilities, the 2008-2009 Adopted Operating Budget includes funding of \$1.7 million and a one-time revenue loss of \$1.8 million related to the temporary closure of Happy Hollow Park and Zoo. This General Fund cost is partially offset by one-time savings of \$998,000 also related to the temporary zoo closure. Additional funding of \$861,000 is included in the 2008-2009 Adopted Operating Budget for new library facilities that are scheduled to be operational next year. The required level of investment is projected to increase significantly over the next five years as the remaining bond-funded parks, libraries, and public safety facilities open.

As detailed below, General Fund operating costs for facilities included in the 2009-2013 CIP will total \$3.9 million in 2009-2010 and increase to \$12.0 million by 2012-2013. (Operating budget adjustments for facilities scheduled to come online in 2008-2009 have been incorporated into the Adopted Operating Budget.)

Projected New General Fund Operating and Maintenance Costs

Project Title	2009-2010	2010-2011	2011-2012	2012-2013
Fire Facilities	\$ 30,000	\$ 572,000	\$ 2,653,000	\$ 2,777,000
Library Facilities	1,404,000	3,215,000	4,080,000	4,488,000
Parks Facilities	1,521,000	2,566,000	3,141,000	3,351,000
Parks Facilities-Other Agencies	192,000	201,000	219,000	228,000
Police Facilities	702,000	1,003,000	1,083,000	1,137,000
Traffic Projects	34,000	37,000	38,000	39,000
Traffic Projects-Other Agencies	22,000	22,000	23,000	24,000
Total	\$ 3,905,000	\$ 7,616,000	\$ 11,237,000	\$ 12,044,000

Staff will continue to pursue measures designed to reduce the operating and maintenance costs. In the Traffic CIP, for instance, investments are continuing to be made to ensure the most cost-effective traffic signals. Joint interdepartmental facilities will also continue to be pursued, where feasible, in order to maximize integration and economies of scale. Energy efficiency improvements will also be explored in new and existing facilities.

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Each of the 14 capital programs continues to be aligned to one of the six CSAs as appropriate. The chart below compares the 2008-2012 Adopted CIP with the 2009-2013 Adopted CIP for each CSA. As discussed earlier, the 2009-2013 Adopted CIP reflects a decrease of 23.1% from the 2008-2012 Adopted CIP, primarily because the timing of capital investment and the completion of major projects. Decreases in the Neighborhood Services and Public Safety CSAs resulted primarily from the timing of large General Obligation Bond Projects (Happy Hollow Park and Zoo Renovations and the South San José Police Substation) that were programmed in 2007-2008. In the Transportation and Aviation Services CSA, decreases reflects substantial completion of terminal improvements in 2007-2008. These decreases, however, are partially offset by increases in funding in the Environmental and Utility Services CSA to support major utility infrastructure upgrades.

2008-2012 Adopted CIP and 2009-2013 Adopted CIP Comparison (By City Service Area)

City Service Area	2008-2012 Adopted CIP	2009-2013 Adopted CIP	% Change
Community and Economic Development	\$ 14,035,000	12,941,000	(7.8%)
Environmental and Utility Services	430,369,000	514,963,000	19.7%
Neighborhood Services	538,468,000	431,998,000	(19.8%)
Public Safety	133,562,000	72,776,000	(45.5%)
Transportation and Aviation Services	1,920,248,000	1,300,347,000	(32.3%)
Strategic Support	84,334,000	67,123,000	(20.4%)
Total	\$ 3,121,016,000	\$ 2,400,148,000	(23.1%)

The following discussion of significant issues and projects included in the Adopted CIP is presented by CSA.

COMMUNITY AND ECONOMIC DEVELOPMENT CSA

The Community and Economic Development CSA includes the Developer Assisted Projects Capital Program. This program supports the following CSA outcome:

- ✓ *Safe, Healthy, Attractive and Vital Community*

Developer Assisted Projects Capital Program

The Developer Assisted Projects CIP reimburses residential developers for construction of major City streets and encourages the undergrounding of existing overhead utilities. The objective of this 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. Following is a brief summary of the major projects in this CIP.

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

COMMUNITY AND ECONOMIC DEVELOPMENT CSA (CONT'D.)

Developer Assisted Projects Capital Program (Cont'd.)

- ❑ ***Underground Utility Program:*** The underground utility projects are prioritized based on several criteria, the most significant of which is how much fee revenue has been collected within the Underground District.

The following projects are currently in construction or design:

- Guadalupe Gardens (bounded by Coleman Ave, Route 880, and Guadalupe River)
- Park/Naglee (Naglee to Shasta Avenues, Park to Bascom Avenues)
- Market/Almaden (Reed Street, Pierce Avenue, Williams Road, Balbach Street and Viola Avenue)
- Jackson/Taylor (4th Street to 9th Street)
- Stevens Creek Boulevard (Sterns Avenue to Calvert Drive)
- Camden Avenue (Bascom Avenue to Leigh Avenue)
- Evergreen Park (Yerba Buena Road to San Felipe Road)

- ❑ ***Median Island and Center Strip Paving:*** Reimbursements to developers are scheduled, including reimbursements for the Communications Hill and the Dairy Hill projects.

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. These programs support the following CSA outcomes:

- ✓ *Reliable Utility Infrastructure*
- ✓ *Healthy Streams, Rivers, Marsh and Bay*
- ✓ *Safe, Reliable, Sufficient Water Supply*

Sanitary Sewer System Capital Program

The Sanitary Sewer System consists of approximately 2,150 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 Water Pollution Control Plant. The objectives of this capital program are to enhance sewer capacity to meet economic development; rehabilitate large diameter sanitary sewers; reduce water inflow and infiltration in sanitary sewers; improve local neighborhood sewers; and develop a city-wide sanitary sewer master plan. Following is a brief summary of the major projects in this CIP.

- ❑ ***Edenvale Sanitary Sewer Supplement:*** \$28.7 million is programmed in the CIP.
- ❑ ***60-Inch Brick Interceptor:*** \$17.0 million is programmed in the CIP.

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

Sanitary Sewer System Capital Program (Cont'd.)

- ❑ ***30-Inch Old Bayshore Supplement:*** \$4.9 million is programmed in the CIP.
- ❑ ***Cropley Avenue Sanitary Sewer:*** \$4.5 million is programmed in the CIP.
- ❑ ***Fourth Major Interceptor, Phase IIB:*** \$3.4 million is programmed in the CIP.
- ❑ ***Neighborhood Sewer Projects:*** The following smaller sanitary sewer projects are programmed to improve conditions in specific neighborhoods:
 - Almaden Road (North) (\$2 million in CIP)
 - Almaden Road (South) (\$2.3 million in CIP)
 - Foxworthy Avenue (\$2.5 million in CIP)
 - Jacob Avenue (\$2.8 million in CIP)
 - Morrill Avenue/Sierra Road (\$2.4 million in CIP)
 - Naglee Avenue (\$3.1 million in CIP)
 - Parkmoor/Meridian (\$2 million in CIP)
 - Spreckles (\$2.9 million in CIP)
 - University Avenue (\$2.9 million in CIP)
 - Willow Glen (\$1.2 million in CIP)

Storm Sewer System Capital Improvement Program

In accordance with the City's General Plan, the goal of the Storm Sewer System CIP is to reduce the risk of drainage-related surface damage and protect the quality of storm water runoff. The City is responsible for the design and construction of facilities for the conveyance of surface runoff in the City's Urban Service Area to adjacent stream channels. However, the City is not responsible for the design and construction of flood control facilities and the modification and maintenance of stream channels, which are under the purview of the Santa Clara Valley Water District and the U.S. Army Corps of Engineers.

In this CIP, for planning purposes, a 30% rate increase in the Storm Sewer Service Charge was approved for 2008-2009 and a 20% increase in 2009-2010 is assumed to ensure adequate funding for projects that preserve the quality of storm water run off and necessary capital improvements in the City's storm water system. These increases, consistent with public rate notices sent in April 2007, would build in predictable measured adjustments in service charges to continue a modest investment in the capital infrastructure and ensure the fiscal health of the Storm Sewer Operating and Capital Funds. Following is a brief summary of the limited number of projects possible in this CIP with the current rate structure:

- ❑ ***Albany-Kiely Storm Drainage Improvement, Phases III/IV and V:*** \$1.7 million is programmed in the CIP to rehabilitate existing pipe and water quality devices.

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

Storm Sewer System Capital Program (Cont'd.)

- ❑ ***Storm Drainage Improvements – Special Corridors:*** \$3.1 million is programmed in the CIP to improve local drainage issues and resolve storm water ponding complaints.
- ❑ ***Chateau Drive Storm Drain Improvement, Phases II:*** \$784,000 is programmed in the CIP.
- ❑ ***Creek Channel Stabilization:*** \$600,000 is programmed in the CIP to stabilize an embankment along Thompson Creek.
- ❑ ***Outfall Rehabilitation:*** \$564,000 is programmed in the CIP to rehabilitate existing storm outfalls and install new storm outlets and associated pipes.
- ❑ ***Storm Pump Station Rehabilitation and Replacements:*** \$885,000 is programmed in the CIP toward the replacement or rehabilitation of various storm pump stations determined to be of high priority.
- ❑ ***Storm/Sanitary Sewer Separation:*** \$500,000 is programmed in the CIP.
- ❑ ***Ross – Guadalupe Storm Drain Improvements:*** \$400,000 is programmed in the CIP.

Water Pollution Control Capital Program

The San José/Santa Clara Water Pollution Control Plant (WPCP) is a regional wastewater treatment facility serving eight tributary sewage collection agencies, including municipalities and sanitary sewer districts. This CIP focuses on preserving the WPCP infrastructure and capacity improvement projects. In order to maintain the program represented in this document, a 15% increase for 2008-2009 was approved and another 15% rate increase in 2009-2010 is assumed. These increases, consistent with public rate notices sent in April 2007, will help improve Plant reliability and begin to address critical infrastructure needs identified by a recent infrastructure condition assessment study. Following is a brief summary of the major projects programmed in this CIP.

- ❑ ***Digester Rehabilitation:*** This project includes structural rehabilitation to address cracks in the existing digestion tanks, mechanical rehabilitation and/or replacement to restore digester performance, and facilitate the receiving station for digesting grease. Sludge digestion consists of using anaerobic bacteria and other microorganisms to break down complex organic materials present in raw sludge. This process produces an inoffensive, easily dried sludge accompanied by a large reduction in volume. In addition, gas produced from this process is used as fuel for onsite electricity generation. Six out of 16 concrete digesters are currently non-operational due to structural damage and a lack of an adequate mixing capability. This project will maintain the integrity of the digesters and ensure reliability of the digestion facility.

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

Water Pollution Control Capital Program (Cont'd.)

- ❑ ***Plant Electrical Reliability:*** \$57.2 million is programmed in the CIP for major upgrades and replacements of electrical systems. This scope of work includes detailed electrical power distribution system analysis, increasing electrical power reliability by utilizing new technology, improved design, advanced monitoring, and increased automation. Completed project costs are estimated to be \$90.3 million with the inclusion of \$9.9 million total for the M5, Ring Buss, and Cable Replacement project.



Water Pollution Control Plant – Digester Tanks

- ❑ ***Plant Master Plan:*** Funding of \$7.7 million was approved in this CIP to complete a study which would provide the Plant with a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and to meet existing and anticipated regulatory requirements through the year 2040. This master plan is expected to be completed in 2010-2011.

Water Utility System Capital Program

The San José Municipal Water System provides water utility service to approximately 26,000 customers in five areas within the City of San José: Evergreen, North San José, Alviso, Edenvale, and Coyote Valley. Projects approved in this CIP include the construction of new facilities, maintenance of existing infrastructure, and improvements to the Water Utility System facilities.

Major projects in the CIP include the following:

- ❑ ***Rehabilitation and Replacement Projects:*** Several rehabilitation and replacement projects are scheduled in this CIP, including Bon Bon Drive Main Replacement (\$1.0 million), Castleton Drive Main Replacement (\$900,000), and Peppermint Drive Main Replacement (\$1.3 million).
- ❑ ***System Development Projects:*** Several projects are designed to provide more capacity or better coverage, such as the North First Street Parallel Main (\$1.5 million) and the Nortech Parkway East Loop Main (\$750,000).

2008-2009 ADOPTED CAPITAL BUDGET

2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

NEIGHBORHOOD SERVICES CSA

The Neighborhood Services CSA includes the Library and Parks and Community Facilities Development Capital Programs. These programs support the following CSA outcomes:

- ✓ *Safe and Clean Parks, Facilities and Attractions*
- ✓ *Vibrant Cultural Learning and Leisure Opportunities*

Library Capital Program

The City's library system has been undergoing a major transformation as a result of the November 2000 voter-approved bond measure that approved the issuance of \$212 million in General Obligation bonds to improve the branch library system over a ten year period. This bond measure provided funding for the reconstruction or replacement of 14 of the 17 existing branches and the construction of six new branches in unserved neighborhoods. Major projects in the CIP and issues are discussed below.



Hillview Branch Library

- ***Library Bond Projects:*** Over the course of the 2009-2013 Adopted CIP, the build-out will be completed with the opening of two new branches and completion of five expansion/relocation projects. Listed below are the new and renovated branches that will be completed over this five-year period with the scheduled completion date noted.

New Branches

- Bascom (2nd Qtr. 2010)
- Southeast (TBD after site is determined)

Renovated Branches

- Calabazas (1st Qtr. 2011)
- East San José Carnegie (3rd Qtr. 2009)
- Educational Park (2nd Qtr. 2010)
- Santa Teresa (2nd Qtr. 2009)
- Seven Trees (1st Qtr. 2010)

- ***Fixtures, Furniture and Equipment:*** The 2009-2013 Adopted CIP allocates \$1.7 million in the Library Construction and Conveyance Tax Fund towards the purchase of fixtures, furniture and equipment over the next five years for the new facilities funded by bond proceeds and includes a reserve of \$2.9 million for branches completed after 2008-2009.
- ***New Branch Opening Day Collections:*** The 2009-2013 Adopted CIP includes \$3.5 million in funding for the purchase of New Branch Opening Day Collections to supplement current collections, which are moved from closed branches, and contribute toward full new collections at new branches.

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

NEIGHBORHOOD SERVICES CSA (CONT'D.)

Parks and Community Facilities Development Capital Program

The Parks and Community Facilities Development 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. Under the direction of the Parks, Recreation and Neighborhood Services Department, the program provides oversight of the planning and development for approximately 3,500 acres of parks (regional/city-wide and neighborhood/community) and open space in the City's sphere of influence. In addition, the City has plans for implementation of a trails and greenways system that will provide a 100-mile network of hiking, biking, jogging, and equestrian trails along the Guadalupe River, Coyote Creek and Los Gatos Creek, Penitencia Creek, Saratoga/San Tomas Creek, and all major feeder streams.



Lake Cunningham Skate Park

The program is managed through the use of 17 funds, including 10 Council District funds, a City-Wide fund for city-wide/regional facilities, a Parks and Recreation Bond Projects Fund, and five special purpose funds, as well as contributions from the General Fund and the San Jose Redevelopment Agency.

The City's Construction and Conveyance Tax revenue has historically been the primary source of support for this capital program. However, over the last few years, the Parks and Recreation Bond Projects Fund has provided a significant amount of resources to address capital needs in the City's various park facilities. On November 7, 2000, City voters approved Measure P, a \$228 million General Obligation Bond for parks and recreational facilities improvements.

❑ ***Parks Bond Projects:*** The 2009-2013 Adopted CIP allocates \$61.5 million towards the implementation of the Parks Bond Program. Over the course of this five-year CIP, four community centers will be renovated or built, sports fields will be developed, Happy Hollow Park and Zoo will be renovated, one City trail will be expanded and one City trail will be constructed. Funding for the Happy Hollow Park and Zoo Bridge and Parking Lot has also been placed in a reserve pending completion of updated cost estimates.

Listed below are the Parks Bond Projects in the Adopted CIP with the scheduled completion date noted:

- Bascom Community Center – Multi-Service (2nd Qtr. 2010)
- Coyote Creek Trail (Tully Road to Los Lagos Golf Course) (3rd Qtr. 2009)
- Happy Hollow Park and Zoo (3rd Qtr. 2009)
- Mayfair Community Center – Satellite (4th Qtr. 2008)

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

NEIGHBORHOOD SERVICES CSA (CONT'D.)

Parks and Community Facilities Development Capital Program (Cont'd.)



Butcher Dog Park

❑ **Parks Bond Projects (Cont'd.):**

- Guadalupe River Trail Reach VI – Woz Way to Willow Street (4th Qtr. 2009)
- Roosevelt Community Center – Multi-Service (4th Qtr. 2008)
- Seven Trees Community Center – Multi-Service (1st Qtr. 2010)
- Soccer Complex (TBD)
- Softball Complex (TBD)

❑ **Park Trust Fund:** The 2009-2013 Adopted CIP includes funding of \$77.4 million in the

Park Trust Fund, which has been allocated to various projects and reserves. It should be noted that this fund has \$26.0 million of unallocated PDO/PIO funds. Staff is currently exploring options to allocate these funds within the five-year requirement as dictated in the San José Municipal Code.

PUBLIC SAFETY CSA

The Public Safety CSA includes the Public Safety Capital Program, which supports the following CSA outcome:

- ✓ *The Public Feels Safe Anywhere, Anytime in San José*

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 construction of a new police substation, a new public safety driver training center, two new fire stations, a renovated 9-1-1 communications dispatch center, and the remodel, rebuild, and relocation of several existing fire stations will provide the infrastructure to help meet this goal.

The major investment in Public Safety infrastructure included in this CIP is made possible because the voters in San José supported



Fire Station 25 - Alviso

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

PUBLIC SAFETY CSA (CONT'D.)

Public Safety Capital Program (Cont'd.)

investments in these facilities. On March 5, 2002, 71.7% of voters approved Measure O, the “9-1-1, Fire, Police, Paramedic and Neighborhood Security Act” Neighborhood Security Act Bond Measure. This bond measure authorized the City to issue General Obligation Bonds in an amount not to exceed \$159 million to fund both Police and Fire Department capital improvements. All of the projects funded by the Neighborhood Security Act Bond are scheduled to be underway during this five-year period.

Following are the major projects in the Adopted CIP with the scheduled completion dates noted.

☐ *Public Safety Bond Projects:*

- South San José Police Substation (4th Qtr. 2009)
- Driver Safety Training Center (4th Qtr. 2010)
- 9-1-1 Communications Dispatch Center (1st Qtr. 2009)
- Fire Station 2 – Rebuild (Alum Rock Avenue) (1st Qtr. 2010)
- Relocate Fire Station 12 (Calero) (4th Qtr. 2008)
- Relocate Fire Station 17 (Cambrian) (4th Qtr. 2008)
- Relocate Fire Station 19 (Piedmont) (3rd Qtr. 2009)
- Relocate Fire Station 21 (White Road) (4th Qtr. 2011)
- Construct Fire Station 37 (Willow Glen) (3rd Qtr. 2011 – pending voter approval)
- Relocate Station 24/Construct Station 36 (Silver Creek/Yerba Buena) (2nd Qtr. 2010)
- Fire Training Center (1st Qtr. 2009)
- East Community Policing Center (TBD)

- ☐ *Fire Vehicle Replacement and Equipment:* Funding from the Fire Construction and Conveyance Tax Fund and the General Fund continues to support many of the infrastructure needs in the Fire Department, including fire apparatus replacement and repair, facilities improvements, hose replacement, emergency response maps, handheld radios, heavy rescue airbags, traffic control equipment, general tools and equipment, computer replacement, records management, and data analysis.

TRANSPORTATION AND AVIATION SERVICES CSA

The Transportation and Aviation Services CSA includes the Airport, Parking, and Traffic Capital Programs. These programs support the following CSA outcomes:

- ✓ *Provide Safe and Secure Transportation Systems*

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

- ✓ *Provide Viable Transportation Choices That Promote a Strong Economy*
- ✓ *Travelers Have a Positive, Reliable and Efficient Experience*
- ✓ *Preserve and Improve Transportation Assets and Facilities*
- ✓ *Provide a Transportation System That Enhances Community Livability*

Airport Capital Program

The Airport Capital Program's vision statement is to provide the best service to its customers, community and business partners. This Adopted CIP totals \$978.1 million and includes investments based on the recent amendments to the Airport Master Plan approved by the City Council in June 2006. The CIP represents efforts that incorporate input from a variety of stakeholders in order to develop a facility that will meet community and customer needs, while keeping costs low. The completion of scheduled projects, including demand-driven projects, is expected by 2017. Following is a discussion of major projects and issues.

- ❑ ***Terminal Area Improvement, Phase I:*** This allocation's total budget is \$564.9 million with \$161.8 million funded in the 2009-2013 Adopted CIP. Several projects are included: Terminal A improvements, the first half of Terminal B, the phased demolition of Terminal C, roadway improvements, landscaping and signage.
- ❑ ***Terminal Area Improvement, Phase II:*** This allocation's total budget is \$354.4 million, of which \$272.1 million is funded as part of the 2009-2013 Adopted CIP. This allocation provides funding for a number of demand-driven projects including Terminal B, Phase II, which is scheduled to be completed by 2017.
- ❑ ***Consolidated Rental Car Facility:*** Funding of \$264.0 million is included for the complete design and construction of a multi-level, consolidated rental car facility including a quick turn-around for rental car washing, fueling, and minor servicing.
- ❑ ***Taxiway W, Phase I/II:*** \$100.5 million is programmed in the 2009-2013 Adopted CIP (total project budget of \$100.8 million) which provides funds for the design and construction of the extension of Taxiway W, reconstruction of existing portions of Taxiway W, and improvements to Taxiway C, D, H, J, and K.
- ❑ ***Airport People Mover:*** A study on how the Airport People Mover System (APM) will interface with the Airport and the Terminal Area Improvement, Phase I has been completed. Funding for the conceptual design (\$533,000 in this Adopted CIP), development of a business plan, and completion of an updated EIR are included in this Adopted CIP.



North Concourse Interior – Under Construction

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

Parking Capital Program

The Parking Capital Program's primary responsibilities are to develop new parking facilities, maintain and improve existing facilities, and upgrade and replace both on-street and off-street parking equipment.

As part of the implementation of the San Jose Redevelopment Agency's (SJRA's) Strategy 2000 – Greater Downtown Strategy for Development, a Parking Management Plan (PMP) was developed in 2001 to address both short-term and long-term parking needs. Since its approval in 2001, the priority, need, and schedules of specific projects identified in the PMP have been significantly impacted by the downturn in the economy, as well as by changes in the supply and demand for parking. Downtown office vacancy rates were 24% in 2007.

In June 2007, City Council approved an updated PMP, which included reprioritizing parking development sites; authorizing SJRA to pursue acquisition of the Greyhound site for future parking; modifying the Free Parking Program and validation program; enhancing security services in the parking garages; and establishing a separate fund for parking capital development. Following is a brief summary of the capital-related activity in the Parking Capital Program.

- ❑ ***Minor Parking Facility Improvements:*** The Adopted CIP includes \$2.1 million for minor parking facility improvements such as concrete deck sealing that will enhance and prolong the service life of the facilities.
- ❑ ***Garage Elevator Upgrades:*** The Adopted CIP includes \$1.0 million for plans, specifications, and upgrades to the elevators at the Market Street Garage, Third Street Garage, and the Second and San Carlos Garage.
- ❑ ***Parking Technology Improvements:*** The Adopted CIP includes \$900,000 to purchase various types of technology equipment to ensure an efficient and effective operation in various parking facilities.
- ❑ ***Parking Capital Development Fund:*** An initial deposit of \$5.1 million to the fund was made in 2007-2008 from the General Purpose Parking Fund to assist the SJRA in the acquisition of the Greyhound site. An additional transfer of \$800,000 from the General Purpose Parking Fund was approved in 2008-2009 to support activities associated to acquire land; design, develop, and construct parking facilities; acquire parking inventory; and pay parking debt obligations.

Traffic Capital Program

The mission of the Traffic Capital Program is to implement a safe, efficient, and environmentally sensitive surface transportation system, consistent with the goals and policies of the City's General Plan. In the 2009-2013 Adopted Traffic CIP, \$308.5 million is allocated for the purposes of expanding and enhancing the transportation system. These resources are programmed to ensure

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

Traffic Capital Program (Cont'd.)

that the transportation system supports the economic competitiveness of San José and provides residents with safe and attractive street facilities in their neighborhoods.

The investments approved as part of the 2009-2013 Adopted CIP include funding for the City's local system expansion (\$14.5 million); safety and efficiency projects (\$39.8 million); North San José projects (\$21.8 million); support for the City's contribution to regional system expansion (\$14.3 million); maintenance and rehabilitation activities including bridge and pavement maintenance (\$101.9 million); activities that promote community livability including land management, weed abatement, the under-grounding of City utilities, and monitoring of environmental mitigation sites (\$8.9 million); local and regional planning and engineering activities (\$19.8 million); project and program support (\$13.2 million); and reserves and transfers (\$70.9 million).



Street Surface Pavement Maintenance

Following is a discussion of some of the highlights of the Traffic CIP.

- ❑ **Local System Expansion Projects:** The Adopted CIP includes funding for the development of projects on the City's local street system. Key projects include development of grant funded pedestrian corridor projects from San José State University (SJSU) to Japantown, and on Jackson Street from the Japantown/Ayer light rail station to Japantown. Additionally, funding is allocated for bicycle facilities and curb ramp construction.
- ❑ **Regional System Expansion:** The Adopted CIP supports the expansion of the regional freeway and transit systems. It is anticipated that over \$5.0 billion in regional improvements will be constructed over the next ten years. Some of the expected regional transportation improvements include the BART extension to San José, the Route 280/880/Stevens Creek Upgrade, the Route 101/Tully Upgrade, and the Blossom Hill/Monterey Pedestrian Overcrossing.
- ❑ **Pavement Maintenance:** A combined total funding of \$139.9 million was approved in both the Operating and Capital Budgets over the next five years for pavement maintenance. The majority of these funds are anticipated to come from grant programs from State sources, such as Proposition 42 and Proposition 1B, as well as from the federal pavement maintenance grant program. It should be noted that State budget balancing actions may impact Proposition 42 funding (\$9.8 million annually). Any impact will be brought forward for Council consideration.

2008-2009 ADOPTED CAPITAL BUDGET 2009-2013 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

STRATEGIC SUPPORT CSA

The Strategic Support CSA includes the Civic Center, Communications, Municipal Improvements, and the Service Yards Capital Programs. These programs support the following CSA outcomes:

- ✓ *Safe and Functional Public Infrastructure, Facilities and Equipment*
- ✓ *Effective Use of State-of-the-Art Technology*

Communications Capital Program

The guiding objective of the Communications Capital Program is the provision of reliable, necessary public safety and non-public safety-related communications equipment for all City employees that require this equipment for their jobs. A summary of the major projects in this CIP is provided below.

- ❑ ***Communications Equipment Replacement and Upgrade:*** \$5.6 million was approved in this CIP for the equipment replacement and upgrade project, which entails replacing a large portion of the communications equipment, including radios and fixed point base station equipment, over the next five years.
- ❑ ***City-Wide Trunking Radio System:*** \$1.9 million is included in this CIP to develop a trunked radio system in which groups of users are given a logical talk-group to share for their communications, rather than a dedicated radio frequency. This project will maximize available capacity in order to increase public safety communication needs.

Municipal Improvements Capital Program

The Municipal Improvements Capital Program provides capital improvements for City facilities that are not funded in other capital programs. The General Fund typically supports these projects. The 2009-2013 Adopted CIP includes the following ongoing allocations: HP Pavilion Repairs (\$1.0 million); Fuel Tank Monitoring (\$290,000); Closed Landfill Compliance (\$1.7 million); and Unanticipated/Emergency Maintenance (\$1.0 million).

Service Yards Capital Program

The objective of the Service Yards Capital Program is to maintain and improve the existing conditions at the 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 majority of funding in this capital program is set aside for the payment of debt service on the Central Service Yard Phase I and II improvements.

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CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

STRATEGIC SUPPORT CSA (CONT'D.)

Service Yards Capital Program (Cont'd.)

- ❑ **Central Service Yard Phase II Debt Service:** The sale of the Main Yard in Japantown is assumed to repay a portion of the outstanding commercial paper debt from the Central Service Yard Phase II project. The Adopted CIP includes \$3.0 million for the payment of Central Service Yards Phase II Debt Service costs.
- ❑ **Central Service Yard Phase I Debt Service:** Continuing a General Fund budget balancing strategy approved in 2003-2004, \$2.6 million from the Service Yards Construction and Conveyance Tax Fund is allocated to fund the Central Service Yard Phase I Debt Service costs in 2008-2009 and a portion of these costs in 2009-2010. After 2009-2010, it is anticipated that the General Fund will resume responsibility for these payments.

CONCLUSION

The City of San José's 2009-2013 Adopted CIP represents a significant investment in the City's infrastructure. Capital projects are being delivered at a record pace, bringing with them improvements that will benefit neighborhoods, residents, and visitors for decades to come, while preparing the City for future economic development and growth. Over the next five years, the obligations under the voter-approved bond programs will be completed with the opening of several new libraries, fire stations, community centers, and the South San José Police Substation. The North Concourse will be completed, along with other major renovations to the Airport. The Water Pollution Control Plant will have been upgraded to increase its wet weather capacity. The large investment in green building infrastructure with at least 11 certified green buildings sets an example for the private sector to achieve the goal of over 50 million square feet of green buildings throughout San José.

Additional new facilities will continue to be completed within the five-year CIP, creating a challenge to adequately fund operations and maintenance costs. It is estimated that these costs will impact the General Fund in an amount of approximately \$12.0 million annually by 2012-2013, the majority of which has been assumed in the General Fund Five-Year Forecast. However, in an effort to identify and address the issue of future operations and maintenance impacts earlier in the capital project development process, the City Council approved a new budget principle requiring certification that a decrease in existing basic neighborhood services will not result for projects with annual operations and maintenance cost exceeding \$100,000 in the General Fund.

At the same time, the City is struggling to address significant unmet infrastructure needs and a deferred maintenance backlog of over \$900 million (\$500 million in the General Fund). Despite an appropriation of \$5 million in 2007-2008 dedicated to funding these needs and an additional recommended \$5 million in 2008-2009, the City is making only a small dent in addressing this issue. One of the outcomes of the Three-Year General Fund Structural Deficit Elimination Plan will be

**2008-2009 ADOPTED CAPITAL BUDGET
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

CONCLUSION (CONT'D.)

development of strategies to address this issue in a systematic and meaningful manner over a period of years.

The development of the Adopted Capital Budget and CIP is a collaborative effort involving staff from each CSA. Input from the City Council and community members is incorporated to ensure that that overall capital program reflects the needs and priorities of our residents and visitors. I want to acknowledge the outstanding efforts provided by the many employees who made direct contributions to the analysis and production of this CIP and this document.

Debra Figone
City Manager