

Proposed Biennial Capital Improvement Program Budget For Fiscal Years 2018/19 & 2019/20



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Agenda

- Council Strategic Pillars
- Public Funds
- Budget Process
- Budget Summary
- Fund Groups
 - Streets and Highways Fund
 - General Government Funds
 - Enterprise Funds
- 2018/19 & 2019/20 CIP Overview
- Department Projects Review

2



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Public Funds Managed by City's Public Entities

(\$ millions)

Budget Type	FY 2018/19	Status
Capital Improvement Program (CIP)	\$83.5	Study Session – May 8 th
Annual Operating Budget	\$883.9	Study Session – May 22 nd
Santa Clara Stadium Authority (SCSA)	\$196.3	Adopted – March 27, 2018
Total Funds Administered	\$1,163.7	

3



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Council Strategic Pillars

- Promote and Enhance Economic and Housing Development
- Enhance Community Sports and Recreational Assets
- Deliver and Enhance High Quality Efficient Services and Infrastructure
- Maintain Adequate Staffing Levels
- Enhance Community Engagement and Transparency
- Ensure Compliance with Measure J and Manage Levi's Stadium

4



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Budget Process

Council Operational and Strategic Priority Setting Retreat – January 19-20, 2018

- Aligned the process of goal setting to the City's fiscal condition and within the context of the existing strategic pillars
- Approved the transition to a two-year budget development process beginning with FYs 2018/19 & 2019/20 Capital Budget
- Adopted Budget Principles
 - Consider budget decisions with long-term implications taken into account using data from the Ten Year Financial Plan
 - Focus on projects and services that provide benefit to the community as a whole
 - Use one-time unrestricted revenues (e.g., annual General Fund surplus) for one-time uses such as increasing reserves, **funding capital or Information Technology projects**, paying off debt, and/or paying off unfunded pension or other post-employment benefit liabilities
 - Inform and communicate clearly and broadly to residents, businesses, and employees of the City's fiscal position and budget schedule/hearings to actively participate in the City Council's budget deliberations

5



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Budget Process

- **City Manager Guidelines**
 - Complete projects that are already approved
 - Address serious deferred maintenance needs
 - Replace end-of-life technology
 - Manage Risk
 - New or enhanced project requests will be given higher priority if:
 - Mandatory
 - Have alternative funding sources
 - Result in lower operating costs

6



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Budget Summary

- **Implements a Two-Year CIP Budget - \$215.9M**
 - FY 2018/19 = \$ 83.5M
 - FY 2019/20 = \$132.4M
- **Five-Year Capital Program - \$509.8M (\$646.1M with prior year carryforward)**
 - Changes can occur during the five-year period which may require reallocation of resources
- **2017/18 Estimated Carryforward - \$136.5M (projects in process)**
- **Projects are Summarized by Fund Group**
 - Streets & Highways Fund
 - General Government Funds
 - Enterprise Funds
- **Budget does not anticipate additional funding in the Capital Projects Reserve Fund, unless Year End Fund Balance allows for contribution**

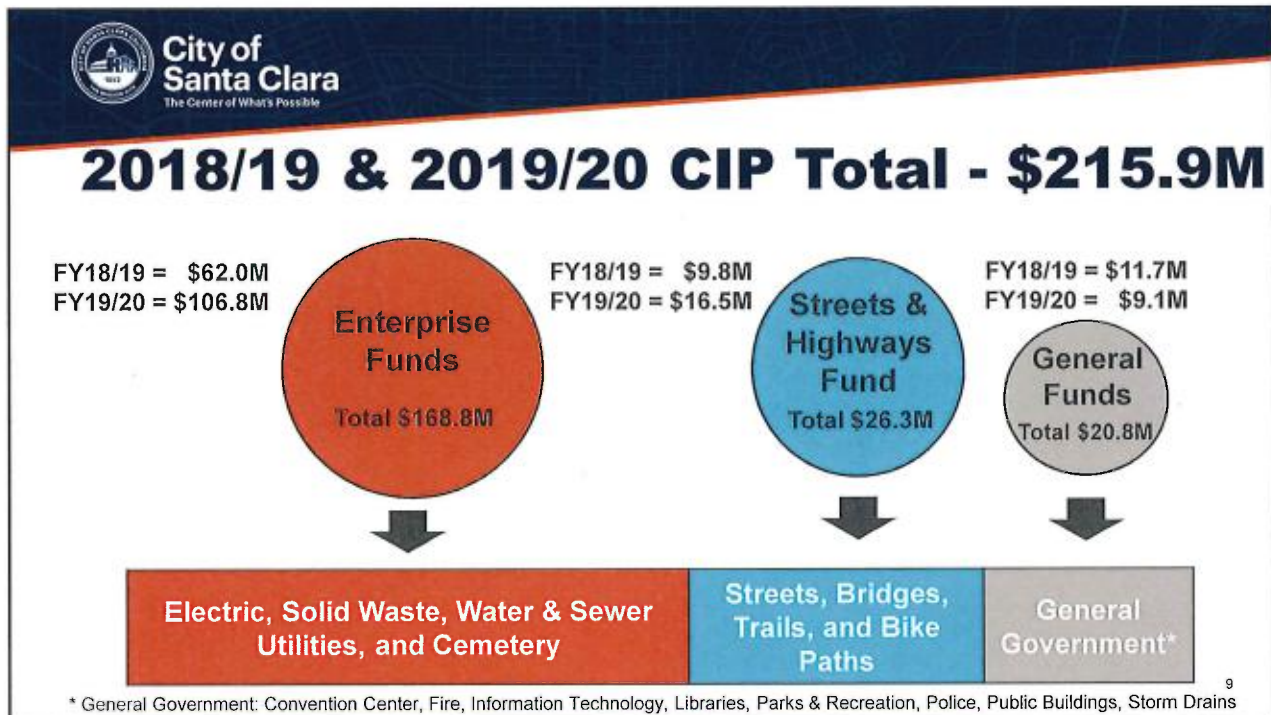
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Fund Groups:

- **Streets & Highways Fund**
- **General Government Funds**
- **Enterprise Funds**



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Category	FY 2018/19	FY 2019/20	Projects
Electric	\$34.6 Million	\$46.7 Million	Fiber development, design, and expansion; transmission system reinforcements; SVP utility center; and relocation of electric crossings for CalTrain
Water & Sewer	\$26.9 Million	\$59.6 Million	Tank rehabilitation, new and replacement wells, water distribution system replacement/restoration, and various sanitary sewer improvements
Solid Waste	\$0.5 Million	\$0.5 Million	Sanitary landfill development – post closure
Parks & Recreation	\$1.0 Million	\$0.5 Million	Park improvements, playground construction, and various field rehabs
Fire	\$0.7 Million	\$0.5 Million	Protective equipment replacement and CAD upgrade
Storm Drains	\$2.0 Million	\$4.4 Million	Various pump station replacement and rehab
Library	\$0.2 Million	-	Public Spaces remodel
Public Buildings	\$3.6 Million	\$1.6 Million	Standby generators, ADA improvements, and various building repairs
General Government	\$4.2 Million	\$2.1 Million	CAD replacement, computer replacement, GIS system, and Downtown Master Plan
Streets & Highways	\$9.8 Million	\$16.5 Million	Annual Street maintenance and rehabilitation program, sidewalks, various trail improvements, and adaptive signal system
Total	\$83.5 Million	\$132.4 Million	Two-year total of \$215.9 Million

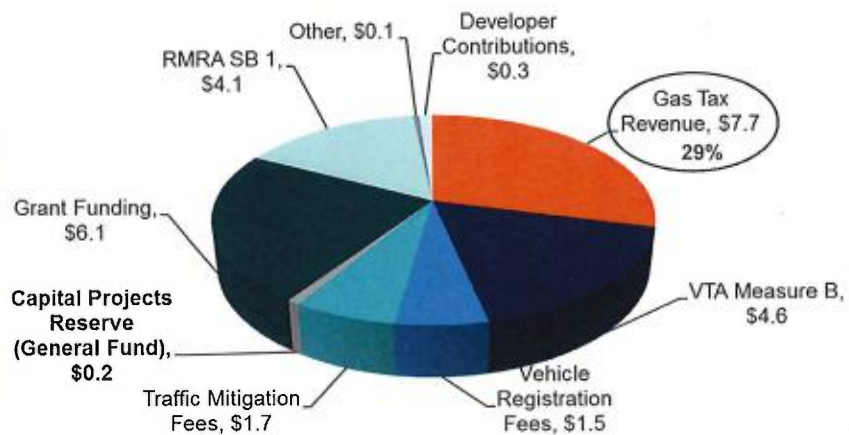


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Streets & Highways Fund - \$26.3M

Infrastructure:

Street resurfacing, major roadway improvements, traffic signal improvements, crosswalks, and related trail and bike plan expenditures managed by Public Works

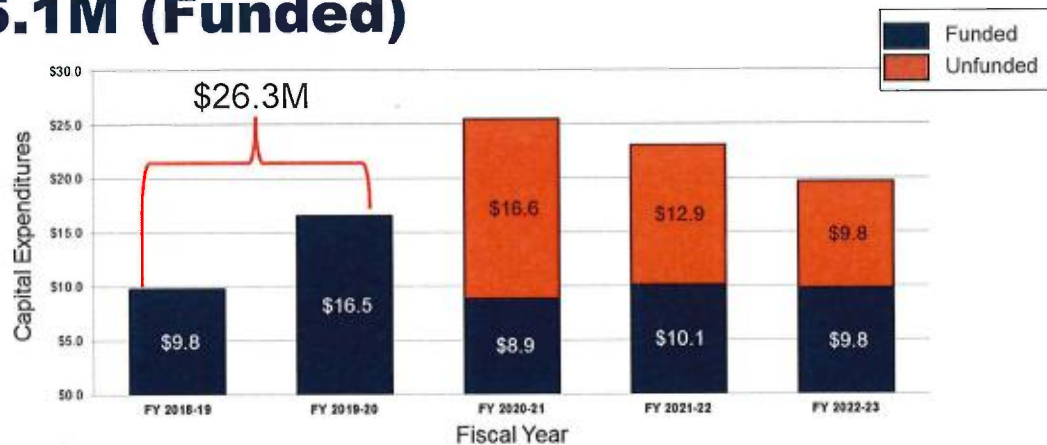


11



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Streets & Highways Fund – Five-Year \$55.1M (Funded)



12

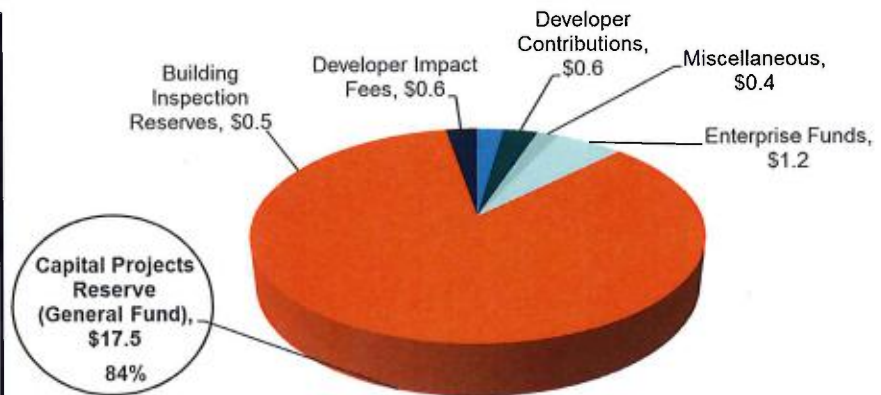


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General Government Funds - \$20.8M

Infrastructure:

Repairs or modifications to public buildings, recreation facilities, sports fields, major equipment replacement, and technology updates for Convention Center, Civic Center, Fire, IT, Library, Parks, Police, and Storm Drains

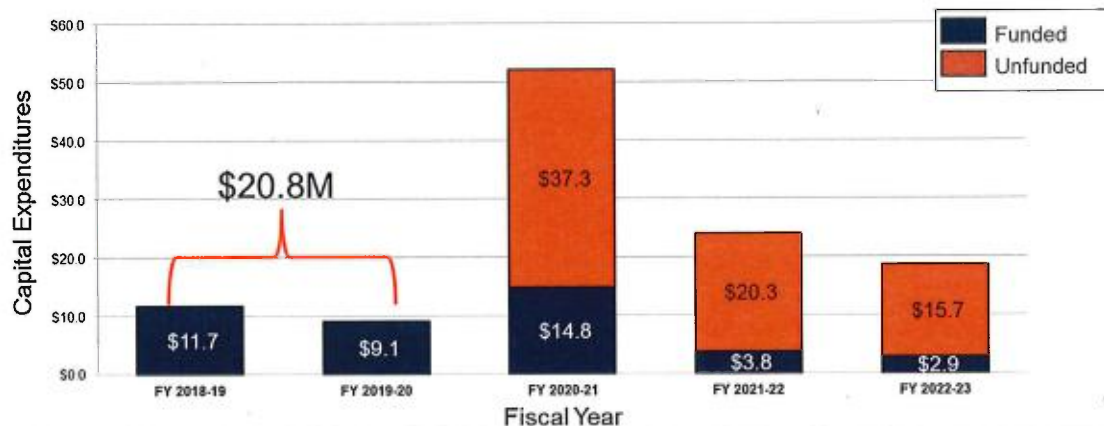


13



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General Government Funds – Five-Year \$42.3M (Funded)



14



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General Government Funds Deferred Projects (\$ TBD)

Project

International Swim Center

Parks Facility Condition Assessments & Youth Soccer Park

Convention Center and Garage

Storm Drain System

Civic Center Buildings

15



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Capital Projects Reserve Fund

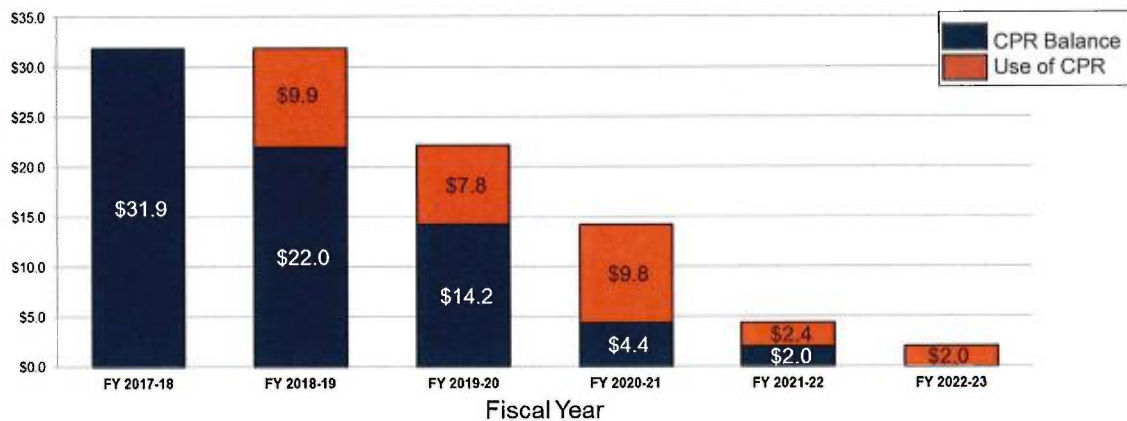
- The General Fund Capital Projects Reserve is earmarked for investments into the Capital Improvement Program.
- Current beginning balance of \$31.9 million
 - The minimum target for this reserve is \$5 million
- Use of reserves are used to fund critical projects that do not have any other funding source
- Other types of funding that could be used for Capital Projects include (if applicable):
 - Park in-lieu fees
 - Rates/Charges for services
 - Bonds/Financing
 - Special Revenue Funds (such as Gas Tax)

16



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Capital Projects Reserve Forecast*



*Current scenario if no additional funds are allocated to this Reserve

17



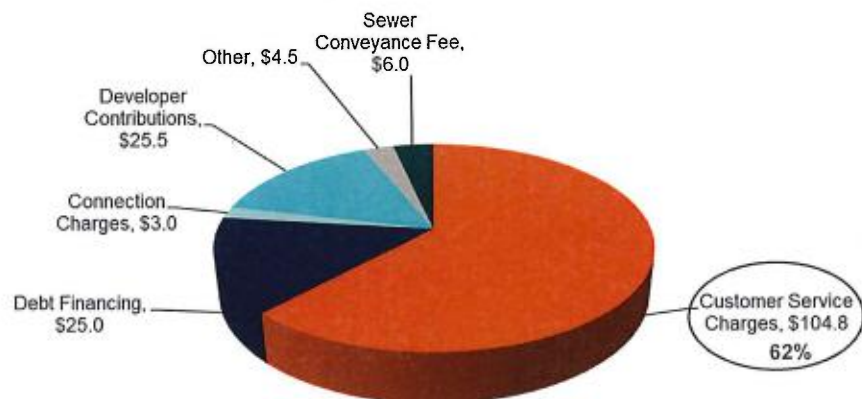
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Enterprise Funds – \$168.8M

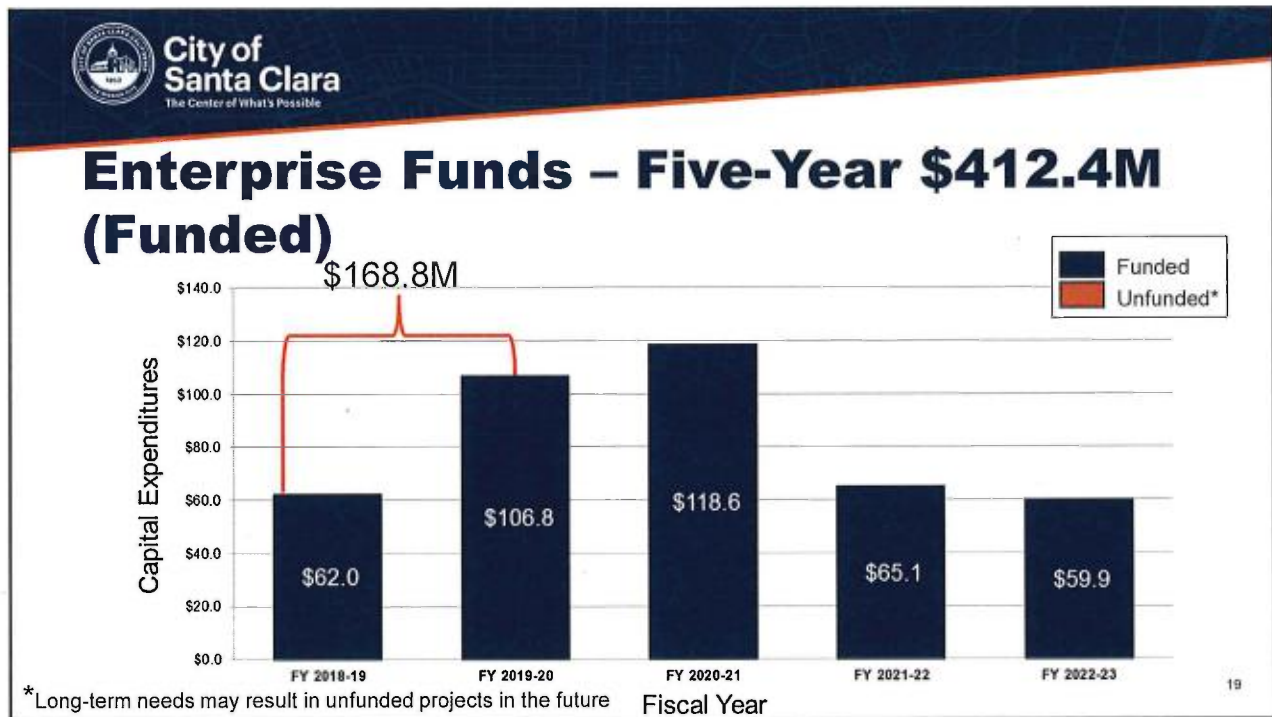
Electric, Water & Sewer Utilities, Solid Waste, and Cemetery

Infrastructure:

Provides for the rehabilitation, upgrade, and major maintenance of enterprise facilities and assets required for their safe and efficient operation



18



2018-19 & 2019-20 CIP Overview



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Proposed CIP Budget by Fund Group

(\$ millions)

Fund Group	2017/18 Estimated Carryforward	2018/19	2019/20	Total Available
Street & Highway Funds	\$17.4	\$9.8	\$16.5	\$43.7
General Government Funds	\$28.6	\$11.7	\$9.1	\$49.4
Enterprise Funds	\$90.3	\$62.0	\$106.8	\$259.1
Total City Funds	\$136.3	\$83.5	\$132.4	\$352.2

- 201 Active Projects (including 33 new)

21



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2017/18 Carryforward

- Project balances are reallocated when feasible
- Project Balances:
 - **Street and Highway Funds** – Carryover of multi-year projects and timing to complete various street and traffic signal projects
 - **General Government Funds**
 - Encumbered funds for large multi-year projects (Land Sale Reserves for Youth Soccer Fields – Reed and Grant Street (\$12.3M) and Montague Park (\$2.9M))
 - Encumbered funds for ongoing Citywide IT projects (Financial and Human Resource Management System, Permit Information System, Utility Management Information System)
 - **Enterprise Funds** - Build balances to fund large multi-year projects (Serra Substation Rebuild, Phase Shifting Transformer at NRS, Implementation of Advanced Metering Infrastructure, San Jose/Santa Clara Regional Wastewater Facility)

22

Public Works Department



Public Works Department

Annual Street Maintenance

- Preventative maintenance and rehabilitation of City streets
- Program managed using Streetsaver Pavement Maintenance Program

18/19: \$6.5M

19/20: \$8.7M

5-Year Forecast: \$34.3M





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Public Works Department

Storm Drain Pump Stations

Commence Design:

- 18/19: Pump Replacement at Westside (\$0.9M)
- 18/19: Laurelwood Pump Station Rehab (\$4.1M)
- 19/20: Eastside Retention Basin (\$2.3M)



25



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Public Works Department

Sanitary Sewer System Improvements

- 18/19 Construct Northside and Rabello Pump Station Improvements (\$2.5M)
- 18/19 Design City-Wide Sanitary Sewer Repair Phase III (\$5.0M)

18/19: \$2.4M

19/20: \$2.5M

5-Year Forecast: \$13.0M



26



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Public Works Department

Transportation Planning

- 18/19 Begin ADA Self Evaluation/Transition Plan (\$0.5M)
- 18/19 Bicycle Master Plan (\$0.1M)
- 18/19 Pedestrian Master Plan (\$0.3M)
- 18/19 Creek Trail Master Plan (\$0.5M)



27



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Public Works Department

Bicycle & Pedestrian Projects

- Saratoga Creek Trail (Homeridge Park – Central Park) 19/20 (\$5.5M)
- Safe Routes To School
 - Education (\$0.5M) next two years
 - Infrastructure projects 18/19 (\$0.4M); 19/20 (\$2.0M)



28



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Public Works Department

Traffic Signal Projects

- Traffic Signal Timing & Communications
 - 18/19 Agnew & De La Cruz (\$0.7M)
 - 19/20 Lick Mill & Homestead (\$1.1M)
 - 19/20 Bowers & Lafayette (\$1.6M)
- 19/20 Adaptive Signal Systems Bowers & Great America Parkway (\$1.9M)



29

Water & Sewer Utilities Department



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Water & Sewer Utilities Department

Water Storage Tank Rehabilitation

- Inspection, coating, and rehabilitation of three Serra Tanks at 200 Lawrence Expressway
- Maintain storage supplies and water quality

2018/19: \$0.6M

2019/20: \$0.6M

5-Year Forecast: \$2.3M



New and Replacement Wells

- Develop new wells at Serra Tanks property - 200 Lawrence Expwy. & Fire Station #5 -1912 Bowers Ave.
- Increase Groundwater Pumping System Reliability

2018/19: \$0 (Carryforward of \$2.0M)

2019/20: \$1.8M

5-Year Forecast: \$4.4M



31



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Water & Sewer Utilities Department

Water Main Replacement/Restoration

- Replace two miles of pipe annually
- Condition assessment of pipe is based on age, material type/condition, leaks, water quality data, and flow data
- Improve system reliability, maintain level of service, limit risk exposure, enhance water quality

2018/19: \$ 2.5M

2019/20: \$ 1.6M

5-Year Forecast: \$10.2M



32



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Water & Sewer Utilities Department

Sanitary Sewer System Condition Assessment and Repair

- Assessment of 1.5 million LF of sewer pipe and complete repairs
- Maintain level of service, reduce risk exposure, reduce sanitary sewer overflows, protect San Francisco Bay

2018/19: \$1.0M

2019/20: \$1.0M

5-Year Forecast : \$5.0M



33



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Water & Sewer Utilities Department

San Jose-Santa Clara Regional Wastewater Facility

- \$2.0B Project (over 20 years)
- Managed by the city of San Jose
- City is 17% facility co-owner

2018/19: \$15.8M

2019/20: \$47.9M

5-Year Forecast : \$146.6M



Active Projects:

- Nitrification Mag. Meter and Meter Valve Replacement
- Digester Gas Compressor Upgrade
- Emergency Diesel Generators
- Fiber Optic Connection
- Construction Enabling Improvements
- Iron Salt Feed Station
- Digester and Thickener Facilities Updates

Future Projects:

- Cogeneration Facility Design
- Blower Improvements

34

Parks & Recreation Department



Parks and Recreation Department

Complete Current Projects

- Park Improvements
- Playground Rehabilitation & Park Amenities
 - Bowers
 - Machado
 - Homeridge
 - Montague
 - Agnew
 - Fuller Street Park Sport Court
- Arbor Playground (Magical Bridge)

Carryforward: \$6.3M

2018/19: \$0.8M; 2019/20: \$0.3M

5-Year Forecast: \$1.7M



36



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Parks and Recreation Department

Complete Current Projects

- New Parks
 - San Tomas & Monroe Park & Garden
 - Reed & Grant Street Sports Park
- \$12.3M Carryforward

Project Planning

- Central Park Master Plan Update
- Right-Sized Community Recreation & Aquatic Ctr

Facility Condition Assessment Projects

- Park sites & buildings rehabilitation

5-Year Forecast: \$74.0M with contingency & escalation



Electric Department



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Electric Department

New Business and System Growth

- Funded from Primarily Developer Contributions
 - Distribution Services and Expansion
 - Reconfigure South Transmission Loop
 - New Parker, Oaks Junction, Laurelwood, and Esperanca Substations
 - Fairview Substation expansion

2018/19: \$4.4M; 2019/20: \$4.3M
5-Year Forecast: \$38.0M



39



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Electric Department

Substation Rebuilds, Equipment Replacement and Upgrades

- Funded from Operating Revenues/Developer Contributions
 - Serra Substation – Ground Up Build at New Location
 - System Protection Upgrades
 - Major Transformer Upgrades
 - Homestead Substation Rebuild
 - Physical Security Improvements

2018/19: \$5.8M; 2019/20: \$13.6M
5-Year Forecast: \$63.3M



40



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Electric Department

Transmission and Distribution System Replacement and Upgrades

- Funded from Operating Revenues/Developer Contributions
 - Maintain System Reliability and Service Levels
 - Overhead Infrastructure Replacement
 - Replacing aging overhead poles, cross arms, etc.
 - Distribution and Transmission Betterments
 - Caltrain Crossings

2018/19: \$10.4M; 2019/20: \$7.3M
5-Year Forecast: \$34.9M



41



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Electric Department

Generation Maintenance and Betterments

- Funded from Operating Revenues
 - Major Engine Overhauls
 - Steam Turbine Overhaul
 - Catalyst Replacement
 - Power Plant Control Systems
 - Pipeline Upgrade and Repairs
 - Bucks Creek Relicensing

2018/19: \$4.8M; 2019/20: \$5.9M
5-Year Forecast: \$27.3M



42



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Electric Department

Street Lighting

- Funded from Operating Revenues/Developer Contributions
 - Street Light Replacement
 - Older high maintenance fixtures
 - North of Bayshore
 - LED Retrofit Phase 3

2018/19: \$0.8M; 2019/20: \$0

5-Year Forecast: \$1.2 M



43



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Electric Department

Communications, Controls and Technology

- Funded from Operating Revenues/Developer Contributions/Water & Sewer
 - Fiber Optic System Expansion
 - SCADA Energy Management System
 - Electric Cyber Security
 - Communications Infrastructure
 - Control Center Technology Upgrade

2018/19: \$4.0M; 2019/20: \$1.8M

5-Year Forecast: \$10.4M



44



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Electric Department

Engineering and Administrative Offices

- Available Options for Funding
- Co-locate Staff
 - 35 in City Hall
 - 60 in lease space
- Status of Property Lease

2018/19: \$2.2M; 2019/20: \$10.6M
5-Year Forecast: \$17.2M



45



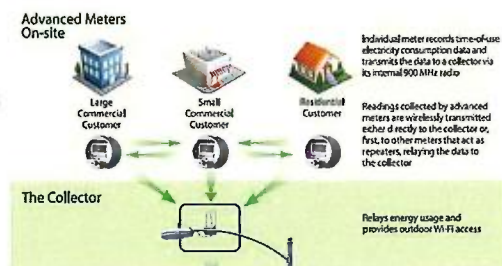
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Electric Department

Metering, Billing and Customer Service

- Funded from Operating Revenues
 - Advanced Meter Infrastructure
 - Outage Management Communications
 - Billing System Replacement

2018/19: \$2.3M; 2019/20: \$3.2M
5-Year Forecast: \$14.3M



46

General Government Departments



General Government

Library

- Increase Public Meeting Space at Central Park Library
- Convert up to 2000 sq ft of unused/underutilized staff spaces to public group meeting and community space
- \$0.2M for design and construction



Santa Clara City Central Park Library Floor Directory



48



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General Government

Information Technology (IT)

- Enterprise GIS - \$0.8M (5-year forecast: \$1.4M)
- Infrastructure and PC Replacement - \$1.7M (5-year forecast: \$2.7M)
- Financial Management System - \$0.5M (5-year forecast: \$11.0M)

49



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General Government

Police

- CAD System Replacement - \$1.0M
- Police Building HVAC - \$0.3M

Fire

- CAD Station Alerting System - \$0.6M
- Diesel Exhaust Removal Systems - \$0.3M
- Protective Equipment Replacement - \$0.4M (5-year forecast: \$0.9M)

50