

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: February 21, 2023

Approved



Date

2/23/2023

**SUBJECT: ANNUAL REPORT ON MEASURE T DISASTER PREPAREDNESS,
PUBLIC SAFETY, AND INFRASTRUCTURE GENERAL OBLIGATION
BOND PROGRAM PROCEEDS AND ALLOCATIONS**

RECOMMENDATION

Accept the Measure T Community Oversight Committee's Annual Report on the Measure T – The Disaster Preparedness, Public Safety, and Infrastructure General Obligation Bond Program proceeds and allocations for Fiscal Year 2021-2022.

SUMMARY AND OUTCOME

Consistent with their City Council-approved responsibilities, the Measure T Community Oversight Committee (COC) prepared the attached Fiscal Year 2022-2022 Annual Report that reviews the expenditure of the proceeds of Measure T Bonds to ascertain consistency with the voter-approved purposes for the funds; reviews and forwards the annual audit of the Measure T Bonds Financial Statements as well as the Director of Finance's annual report on the amount of Measure T Bonds issued (reference page 108 in the Annual Comprehensive Financial Report for the year ended June 30, 2022¹) and the amount of ad valorem tax collected for each prior fiscal year ending June 30; and reviews the status of projects funded with the proceeds of Measure T Bonds and forwards a status report on the pending Measure T projects. Overall, the COC concluded that the Measure T funding is being spent appropriately to assure consistency with the voter-approved purposes of the fund. In their report, the COC also provides general observations, comments, and specific recommendations regarding the level of spending of the Measure T authorized funds.

Acceptance of this report concludes the Measure T COC's review of the expenditure of proceeds of Measure T Bonds and the status of projects funded by the Bond program in Fiscal Year 2021-2022.

¹ <https://www.sanjoseca.gov/home/showpublisheddocument/92712/638055767362200000>

BACKGROUND

On November 6, 2018, the voters of San José passed Measure T - The Disaster Preparedness, Public Safety, and Infrastructure Bond with over 70 percent of the electorate voting yes. The measure authorizes the City to issue up to \$650 million in general obligation bonds for infrastructure projects.

As part of the Measure T Bond Program, City Council was required to appoint a committee comprised of residents of San José to provide community oversight over the expenditure of the Measure T Bonds. The measure also required that the size, composition, and specific responsibilities of the committee be determined by a City Council action prior to the issuance of any Measure T Bonds. On June 18, 2019, the City Council approved the resolution establishing the size, composition, and specific responsibilities of the committee. The responsibilities of the Measure T COC include the following:

- 1) Review the expenditure of the proceeds of Measure T Bonds to ascertain consistency with the voter-approved purposes for the funds;
- 2) In connection with the review of expenditures of Measure T Bonds, review and forward to the City Council an audit of the Measure T Bonds Financial Statements as well as the Director of Finance's annual report on the amount of Measure T Bonds issued and the amount of ad valorem tax collected for each prior fiscal year ending June 30; and
- 3) Review the status of projects funded with the proceeds of Measure T Bonds and forward a status report on the pending Measure T projects to the City Council.

The COC has been preparing and reviewing the annual report on the bond program proceeds and allocations and addressing the committee members comments through an ad hoc committee.

ANALYSIS

The attached Annual Report represents the COC's report to City Council on the bond program for City Council's submission and acceptance (Attachment – San José Community Oversight Committee (COC) 2018 Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program Annual Report FOR FISCAL YEAR 2021-2022).

Overall, the COC concluded that the Measure T funding is being spent appropriately to assure consistency with the voter-approved purposes of the fund. In their report, the COC also provides general observations, comments, and specific recommendations regarding the level of spending of the Measure T authorized funds.

In summary, the COC's report share two general observations. First, that the program is experiencing a low rate of spending in relation to the bond issuance commitments for expenditures. Second, that the staff has not published a "Master project plan/schedule" to provide a start and end date for each project since 2019. They highlight that the first

observation, if not remedied, could impact the tax exemption of the bonds and/or project costs could escalate due to the passage of time with inflation. Also, a commitment to the “Master project plan/schedule” will better enable the COC to evaluate if the projects are on-track.

In response, the program is experiencing a low rate of spending due to the impacts caused by the pandemic during the early inception of the program and the uncertainty of the economy. With the majority of the projects starting construction within the next calendar year, the program will see a ramp up in spending. Once construction contracts are awarded, these projects will encumber large amounts of funding from Measure T, however, these encumbrances will not be shown in the Auditor’s Report as actual money spent, but as planned expenditures. Staff is documenting this information and coordinating with Finance and the Bond Counsel to ensure the tax exemption isn’t impacted.

Staff will also commit to providing the COC the formal “Master project plan/schedule” document per their recommendation that is included in the annual status report that is presented to Council which includes current project updates.

Additionally, the COC recommends continuing communication between committee members and their respective Council Districts to ensure that the vacant seats in the COC are being filled.

On November 10, 2022, the COC conducted a public hearing to review the expenditures and the audited financial statements for the fiscal year ending June 30, 2022. The City Auditor, Finance Department staff, and a representative from Macias Gini & O’Connell, the City’s outside financial auditor, attended the public hearing to answer questions from the COC. Public Works’ staff also presented the bond expenditures and the progress of projects.

EVALUATION AND FOLLOW-UP

The bond program proceeds and allocations, and the status reports on the project expenditures and performance of the Measure T Program, are reported on an annual basis to the COC and City Council. The next Measure T Program update will be presented to City Council in March 2023.

COORDINATION

This memorandum and the COC’s annual report on the Measure T Bond program proceeds and allocations have been coordinated with the City Attorney’s Office, Finance Department, and the City Auditor’s Office.

HONORABLE MAYOR AND CITY COUNCIL

February 21, 2023

Subject: Annual Report on Measure T Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond Program Proceeds and Allocations

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PUBLIC OUTREACH

The public hearing for the review of the audited financial statements was held on November 12, 2022. This memorandum will be posted to the City's Council Agenda website for the March 7, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

MATT LOESCH

Acting Director of Public Works

For questions, please contact Katherine Brown, Interim Assistant Director, Public Works Department, at Katherine.brown@sanjoseca.gov.

Attachment – San José Community Oversight Committee (COC) 2018 Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program Annual Report FOR FISCAL YEAR 2021-2022

**TO: HONORABLE MAYOR
AND CITY COUNCIL**

FROM: Community Oversight Committee (COC)
for the Measure T: Disaster Preparedness,
Public Safety, and Infrastructure Bond Program.

27 January 2023

**SUBJECT: San José Community Oversight Committee (COC) 2018 Measure T
Disaster Preparedness, Public Safety, and Infrastructure Bond Program
Annual Report FOR FISCAL YEAR 2021-2022**

Accept this Fiscal Year 2021-2022 Community Oversight Committee (COC) report on the Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program proceeds and allocations and its findings and recommendations.

1. COC FINDINGS AND CONCLUSIONS

The bond issuance and related expenditures for the fiscal year ended June 30, 2022 have been reviewed by the COC to ensure that the proceeds have been used within the spending categories defined and authorized by Measure T and have been expended on a timely basis to ensure that the municipal bonds issued retained their tax-exempt status.

2. COC REQUEST FOR ACTION

This report provides Measure T COC general observations, comments and specific recommendations regarding the level of spending of Measure T authorized funds, the status and planning of Measure T projects, and the number of unfilled seats for the COC.

3. GENERAL OBSERVATIONS AND COMMENTS

1. There has been a persistent low rate of Measure T spending (refer to Table 7-1) versus DPW's planned spending which raises two underlying concerns:
 - a. The bond indenture requires that 85% of any money received be spent within three years of issuance in order to qualify for the bonds' requisite tax exemptions. If the city's historical rate of rate of spending worsens, this tax exemption could become jeopardized.
 - b. Delays and/or deferrals of planned spending serve to push completion of affected Measure T projects further out into the future where cost projections and completion timing become less certain and more prone to serious cost overruns due to the simple passage of time coupled with the compounding impact of high inflation
2. There are twenty-six Measure T projects statused in the independent accountant's report (attachment 2). This COC report provides a further analysis of the allocations, status, and results of Measure T expenditures. With reference to DPW's Measure T COC presentation to the City Council in June 2022, DPW is expected to update planned project expenditures for all active Measure T projects and is expected to provide updated/revised expenditure estimates to the City Council in February 2023. This is the first update/revision to Measure T's expenditure plan since Measure T's inception in 2019. Since Measure T's inception, however, DPW has not published a "Master project

plan/schedule” for the Measure T projects providing expected start/finish dates for each underlying project. As a result, it has not been possible for the COC to conclude whether DPW is on-track to complete all Measure T projects in accordance with each project’s original scope, its planned completion date and within its originally anticipated budget.

4. SPECIFIC RECOMMENDATIONS

- With reference to items 3.1 and 3.2 above, the COC recommends that DPW:
 - Publish a “Master project plan/schedule beginning with DPW’s next semi-annual report to the Council on June 30, 2023, containing the above-referenced data points for each Measure T project, i.e., current scope of each project, each project’s expected completion schedule and current spending plan
 - Every six months thereafter, DPW should publish a Measure T project update report, setting forth changes and/or adjustments, if any, to each project’s scope, completion schedule and estimated cost to complete
 - COC believes this semi-annual report will greatly assist the COC in performing its mandated oversight and will be an invaluable resource to the City Council in any required decision-making regarding the appropriate expenditure of remaining Measure T funds
- This recommendation appeared in last year’s Measure T COC report to the City Council and is restated here due to lack of progress with this initiative. Last year’s COC presentation to the City Council (June 2022), made note of the fact that the Committee had six seats (out of a total of fifteen) that were unfilled and strongly encouraged the Mayor to appoint the two vacant citywide seats and the affected City Council members to appoint representatives from his/her respective district. As of the date of this report, five vacant Measure T COC seats still remain (four district seats, 3, 5, 8 and 10, and one citywide seat - environmental issues). Because of the number of unfilled seats, the COC has, at times, been unable to muster the quorum necessary to conduct COC business. To address this concern, with advice and consent from the City Attorney, the COC at its November meeting, passed a resolution altering the calculation for reaching a quorum thereby making it easier for the COC to conduct its business. The Measure T COC Chair has, once again, reached out to various Councilmembers and the Mayor to re-emphasize the need to fill the vacant COC seats. The COC is hopeful that it will not have to repeat this recommendation in next year’s report to the City Council.
- To ensure continued communication and liaison with their respective Districts, District representatives to the COC will again be required to reach out to their respective Councilmembers to offer any support deemed necessary within their given Districts to facilitate communication of the results of the COC’s Measure T oversight to that District’s constituency. This also serves to reinforce the importance of implementing recommendation 2, immediately above.

5. BACKGROUND/DETAILS ON MEASURE T

This report to the Mayor and Council provides the COC findings and recommendations for the Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program for the period from July 1, 2021, through June 30, 2022.

On November 6, 2018, registered voters of the City of San José approved Measure T, the San José Public Safety, and Infrastructure Bonds, authorizing the issuance and sale of general obligation bonds (PSI Bonds) not to exceed \$650,000,000 to be used to fund the cost of land or improvement of land of, without limitation, the following categories of projects: Traffic, Public Safety, Storm Sewer, Municipal Improvements, and Parks & Community Facilities.

The COC was authorized because of the approved San José City’s Measure T bond measure that provided for Community Oversight of the expenditure of the bonds.

On June 18, 2019, the City Council approved the resolution establishing the size, composition, and specific responsibilities of the COC.

The Measure T Community Oversight Committee serves as an advisory committee to the City Council, with responsibilities to include the following: (1) Review the expenditure of Measure T funds to ascertain consistency with the voter approved purposes for the funds; (2) In connection with the review of Measure T expenditures, review and forward to the City Council an audit of the Measure T Bonds Financial Statements for the fiscal year ending June 30th as well as the Director of Finance’s annual report on the amount of Bonds issued and the amount of ad valorem tax collected for each prior fiscal year ending June 30th; and (3) Review the status of projects funded with Measure T funds and forward a status report on the pending Measure T projects to the City Council.

6. BOND PROCEEDS AND TAX EXEMPTION REQUIREMENTS

IRS rules require 85% of the bond proceeds for the Measure T projects must be expended within the three years of bond-issuance to remain tax exempt. As in 2022, the three-year window will be reached for the first bond-issuance, the DPW staff has been closely tracking Measure T expenditures to ensure the bond proceeds are spent in accordance with the IRS tax-exempt guidelines for municipal bonds. Table 6-1 provides the Measure T yearly bond history from 2018 through 2022.

Table 6-1. Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond Proceeds

2018	Bond Authorized	\$650.0 M
2019	Bond Issued	(\$239.9M)
2021	Bond Issued	(\$200.5M)
	Total Bonds Issued to date	(\$440.4M)
	Remaining Bond Issuance	\$209.6M

7. AUDITED USE OF FUNDS

San José City’s 2018 Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond Program Audited Use of Funds for FY 2021-2022 was \$72,736,192. The Total Measure T Audited Use of Funds for FY 2019 through FY 2022 was \$200,409,861.

The funds were allocated and expended for each of the Measure T program categories as detailed in table 7-1.

Table 7-1. FY 2019-2020, FY 2020-2021, FY 2021-2022 Measure T audited use of funds vs planned spending and total expected expenditures by major category

Measure T Program Category	Measure T Audited Use of Funds for Fiscal Years June 30, 2019 Through June 30, 2022 (1)	June 30, 2022 Encumbrances by Program Category (2)	Total Audited Use of Funds Plus Encumbrance at June 30, 2022 (3)	Measure T Planned Use of Funds for FY 2019-2020 Through FY 2021-2022, (4)	Percent of Funds Actually Spent vs Funds Planned to be Spent (5)	Revised life of Category Expected Expenditures per DPW June 28, 2022 Memo (6)	Percentage of Each Measure T Program Category Unspent as of June 30, 2022 (7)
Traffic	\$ 88,082,948	\$ 15,736,608	\$ 103,819,556	\$ 198,776,479	52.2%	\$ 331,128,000	68.7%
Public Safety	\$ 56,316,536	\$ 14,172,055	\$ 70,488,591	\$ 180,088,620	39.1%	\$ 189,728,000	62.9%
Storm Sewer	\$ 2,418,558	\$ 1,384,239	\$ 3,802,797	\$ 37,697,909	10.1%	\$ 54,100,000	93.0%
Municipal Improvements	\$ 53,204,518	\$ 1	\$ 53,204,519	\$ 63,223,426	84.2%	\$ 58,950,000	9.8%
Parks & Community Facilities	\$ 387,301	\$ 164,736	\$ 552,037	\$ 1,960,000	28.2%	\$ 12,950,000	95.7%
Total	\$ 200,409,861	\$ 31,457,639	\$ 231,867,500	\$ 481,746,434	48.1%	\$ 646,856,000	64.2%

(1) The aggregate sum of the last three fiscal year's audited financial statements by Measure T program category

(2) Per the audited financial statements for June 30, 2022 – represents year-end contractual obligations/encumbrances by program category not included in the year-end audited use of funds calculation

(3) Sum of columns 1 and 2

(4) The aggregate sum of DPW's planned expenditures for each Measure T program category for the last three fiscal years

(5) Column 3 divided by column 4

(6) Per DPW Measure T memo presented to City Council on June 28, 2022

(7) Column 6 minus column 3 divided by column 6

8. COC COMMITTEE MEMBERSHIP

A list of the COC members serving during FY 2021-2022 is provided in table 8-1.

Table 8-1. COC Committee Members Serving During FY 2021-2022

Representing	Committee Member	Representing	Committee Member
D1	Gary Cunningham**	D9	Shruti Chandrasekhar
D2	Carolyn Bauer	D10	Open
D3	Open	Citywide (Labor)	Enrique Arguello
D4	Jai Srinivasan	Citywide (Business)	Open
D5	Open	Environmental Issues	Open
D6	Nicholas Cochran*	Public Safety	Sean Kaldor
D7	Will Smith	Citywide (Finance/Accounting)	Arjun Batra
D8	Open		

*Chair

**Vice Chair

9. COC MEETINGS

COC meetings were conducted in accordance with SJ City and Brown Act requirements. The Program Manager from the San José City Director of Public Works provided support for meeting logistics (Zoom calls), agendas, notices, and minutes. As a result of COVID-19 health requirements, all meetings were conducted electronically.

10. AUDITED DATA AND STATUS REPORT

The San José City Director of Public Works provided the COC with the following:

- The Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 2, 2022 and Supplemental Memorandum, Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 23, 2022 (Attachment 1).
- The Measure T Independent Auditor's Report for the fiscal year ended June 30, 2022 and for the period from July 25, 2019 through June 30, 2022 (Measure T inception-to-date) The report was prepared by Macias Gini & O'Connell LLP (Attachment 2).

11. OVERSIGHT METHODOLOGY

Measure T requires community oversight of the measure's bond proceeds. This includes reporting the measure's planned proceeds allocation, actual allocations, and the result of the expenditure.

The Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 2, 2022, and Supplemental Memorandum, Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 23, 2022 is used in the oversight process. The presentation report provides the status on budget, schedule, and results of the expenditures and is included as attachment 1.

The FY 2021-2022 Independent Accountant's Report detailing the audited use of funds is used in the oversight process and is included as attachment 2

12. OVERSIGHT PROJECT ITEM COMPARISON MATRIX AND ANALYSIS

A matrix of the projects was developed and compares those items with data provided in the reports cited in section 8, Oversight Methodology. The results of the comparisons form the findings for each of the project's planned use of funds, audited use of funds, and the results or outcomes of the expenditures. The matrix is provided as attachment 3 to this report.

The matrix lists all projects to be funded by Measure T set forth by Measure T category, as rows, and is aligned with the projects listed in attachments 1 and 2. For each project line item (matrix row) nine pieces of data are shown in the nine columns of the matrix described in Table 9.1. Some projects listed may not have had any planned effort for this fiscal year and are noted as such in the matrix.

**Table 12-1. Title and Description of contents of each of the Nine Columns
of the Comparison Matrix**

Column#	Column Title	Description of contents of the column
0	Projects	Project item associated with each Measure T category
1	Project Location by Council Districts	The districts in which this line item is physically located or the districts either impacted by or benefitted from this item
2	2021-2022 Planned Use of Funds	Planned FY 2021-2022 funding for the item
3	2021-2022 Audited Use of Funds	Audited FY 2021-2022 funds used for the item
4	Total Audited Use of Funds as of June 30, 2022	Total of FY 2019-2020 and FY 2021-2022 Audited funds used for this item
5	Results of Expenditures	Provides details of the accomplishments of the expended funds for the line item
6	Initial Life of Project Total Estimated Expenditure	Provides Initial estimate of the Total Expenditure expected for completing line item
7	Revised Life of Project Total Estimated Expenditure	Provides Revised/New estimate of the Total Expenditure expected for completing line item
8	Potential Delta (Expected overrun /underrun)	Provides the estimate of the Expected Overrun /Underrun for completing this line item. It is the difference between” Initial” and “Revised” Life of Project Total Estimated Expenditure

Attachments:

1. Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 2, 2022
Supplemental Memorandum, Director of Public Works Measure T, The Disaster Preparedness, Public Safety, and Infrastructure Bond Status Report, dated June 23, 2022
2. FY 2021-2022 Independent Accountant's Report Statement of Revenues. Expenditures, and Change in Fund Balance by Fiscal Year for the Period from July 1,2021 through June 30, 2022
3. FY 2021-2022 COC Oversight Project Item Comparison Matrix

Attachment 1

Director of Public Works Measure T, The Disaster Preparedness, Public Safety,
and Infrastructure Bond Status Report, dated June 2, 2022



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano
Jim Shannon

SUBJECT: SEE BELOW

DATE: May 6, 2022

Approved

Date

05/06/22

SUBJECT: STATUS REPORT ON THE NOVEMBER 2018 BALLOT MEASURE T – THE DISASTER PREPAREDNESS, PUBLIC SAFETY AND INFRASTRUCTURE GENERAL OBLIGATION BOND

RECOMMENDATION

- (a) Accept the status report on the workplan and implementation updates for projects included in approved 2018 Measure T Bond measure;
- (b) Accept the Measure T Community Oversight Committee's (COC) annual report, as identified in Attachment A, on the Measure T –The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond Program proceeds and allocations for Fiscal Year 2020-21;
- (c) Approve the proposed site at the intersection of Capitol Expressway and Tuers Road for the construction of new Fire Station 36;
- (d) Adopt the following 2021-2022 Appropriation Ordinance amendments in the Public Safety and Infrastructure Bond Fund:
 - (1) Increase the Measure T - Police Headquarters Infrastructure Upgrades appropriation to the Public Works Department by \$250,000; and
 - (2) Decrease the Measure T – Program Reserve (Public Safety) appropriation by \$250,000.
- (e) Provide staff direction on a policy decision in regard to funding of projects identified in Tables 2 and 4 of the Public Safety Program Reserve section of this report;
- (f) Approve the proposed City Land South of Phelan site as a project to be funded by the Clean Water Program.

OUTCOME

Approval of the recommendation provides the City Council with updated information on the status of projects and programs relating to the voter-approved 2018 Measure T – The Disaster Preparedness, Public Safety, and Infrastructure Bond.

Acceptance of the Measure T COC report would conclude the Measure T COC's review of the expenditure of proceeds of Measure T Bonds and the status of projects funded by the Bond program in FY 2020-21.

The approval of the subsequent recommendations allows for staff to proceed with further evaluations and preliminary design of the new Fire Station 36 project and City Land South of Phelan clean water project at the proposed locations. Adoption of the amendments to the Appropriation Ordinance will provide the funding needed to proceed with upgrades to the Gun Range in the Police Administration Building. Finally, a policy decision will be made on how to utilize the remaining Program Reserve for Public Safety, interest earnings, project savings, and funding for critical infrastructure.

EXECUTIVE SUMMARY

Measure T, approved by voters in November 2018, provides for the issuance of \$650 million in General Obligation Bonds to fund a variety of important infrastructure projects throughout the City. Nearly half of this investment will be in resurfacing and repairing City streets and bridges in the worst condition. Also included in this program are six new or relocated fire stations and several critical public safeties, flood protection, LED lighting, and clean water projects that will improve service delivery and quality of life for decades to come. Since the time voters approved the Bond Measure, the City Council has received semiannual updates and provided direction on the implementation of the Measure T program. These are linked below for reference¹²³⁴⁵⁶⁷⁸.

This memorandum provides a status update on all the Measure T projects as they are progressing through the feasibility, design, and construction phases. Along with a status update, staff is recommending and requesting City Council's approval of two new sites to be developed, one for the new Fire Station 36 and one as a regional Clean Water/Green Stormwater Infrastructure project. This memorandum provides the details of the funding needs for the Measure T – Police Headquarters Infrastructure Upgrades and Police Training and Academy Facility and is requesting City Council provide a policy decision to staff regarding the use of the Program Reserve for Public Safety, interest earnings, project savings, and funding for critical infrastructure to facilitate the design and construction of these projects.

BACKGROUND

On November 6, 2018, the voters of San José passed ballot Measure T - The Disaster Preparedness, Public Safety and Infrastructure Bond with over 70 percent of the electorate voting yes. The measure authorizes the City to issue up to \$650 million in General Obligation Bonds for infrastructure projects.

¹ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3847489&GUID=DCF04188-1A48-4F02-B12D-24873EAD82E5&Options=&Search=>

² <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4132710&GUID=FAF32B4C-79F1-4270-9EF0-5EC39F33E7C2&Options=&Search=>

³ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3755302&GUID=0ABE3541-A422-4EC1-88EC-714BCE2B0474&Options=&Search=>

⁴ <http://files.constantcontact.com/7a210436601/dbd7436a-7b55-4264-b1e4-e25cc8a0b8a3.pdf>

⁵ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3847489&GUID=DCF04188-1A48-4F02-B12D-24873EAD82E5>

⁶ <http://sanjose.legistar.com/gateway.aspx?M=F&ID=94651e78-6e51-4f50-a886-eb1a8349e8a9.pdf>

⁷ <http://sanjose.legistar.com/gateway.aspx?M=F&ID=6f9d5c4e-b49d-4070-afbb-7da52a1770c2.pdf>

⁸ <https://sanjose.legistar.com/View.ashx?M=F&ID=8453769&GUID=CC323CC8-820D-408E-84B9-8C2C79491C75>

The City Council has received semiannual updates and provided direction on the implementation of the Measure T program. Most recently, on June 15, 2021, City Council approved a report titled *Status Report on the November 2018 Ballot Measure T – The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond Item 3.12*⁹. The report included staff's update on the project workplans and implementation schedules.

ANALYSIS

Since the June 15, 2021 report, several significant activities have taken place. The following is a list of the progress made, and activities currently underway in each of the major project categories:

- 1) **Community Oversight Committee (COC)** – The COC has held two meetings since the June 15, 2021 report. The meeting held on August 19, 2021 discussed the plans on community outreach for Measure T and voted on a new chair and vice chair. During the meeting held on December 9, 2021, the COC reviewed the expenditures of the Measure T Bonds as reported in the City of San José Public Safety and Infrastructure Bond Projects Fund¹⁰ Annual Auditor's Report. This report included the Independent Auditor's Reports, Financial Statements, other supplementary information, and Independent Accountant's Report for the year ending June 30, 2021. The COC has prepared a report as presented in Attachment A titled *San Jose Community Oversight Committee (COC) 2018 Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program Annual Report FOR FISCAL YEAR 2020-2021* sharing their findings and recommendations derived from the operation of the COC for the FY 2020-2021 session.

The next meeting will be held in June 2022 to review the 2022-2023 Proposed Capital Budget and 2023-2027 Capital Improvement Program to ensure consistency between the budget for Measure T funds and the voter approved purposes for the funds. Currently, there are eleven seats filled and four vacant positions from District 3, District 8, the at-large seat for the Citywide Business role, and the at-large seat for environmental focus.

- 2) **Public Safety Projects** – The approved Measure T Program allocates \$180.9 million to complete public safety projects. Site selection, land acquisition and scoping are continuing for several projects and are significant factors in ensuring these projects are delivered within the funding allocation. A summary of current activities in the Public Safety category is described below. The updated schedules for all Measure T projects are described in Attachment B.

⁹ <https://sanjose.legistar.com/View.ashx?M=F&ID=9456677&GUID=1FF756F1-D3EF-4405-A3E3-2AF171D2592F>

¹⁰

<https://sanjoseca.sharepoint.com/sites/PWProcurement/Measure%20T/Forms/AllItems.aspx?id=%2Fsites%2FPWProcurement%2FMeasure%20T%2FCOC%2FCOC%20Meeting%20%236%20%2D%2012%2D09%2D2021%2FSan%20Jose%20Measure%20T%20Public%20Safety%20and%20Infrastructure%20Bonds%20Report%20FY2021%20%2D%20SECURED%2Epdf&parent=%2Fsites%2FPWProcurement%2FMeasure%20T%2FCOC%2FCOC%20Meeting%20%236%20%2D%2012%2D09%2D2021&p=true>

- (a) **New Fire Station 37** – The project was awarded on June 30, 2020 to Gonsalves & Stronck, Inc. in the amount of \$8,715,600. The project started construction in September 2020 and is expected to be operational by the mid-May 2022.
- (b) **Relocated Fire Station 8** – Staff completed the sale of the City’s 575/579 E. Santa Clara Street property to the VTA in April 2022. The City plans on using the funding from the sale to acquire the site at 601 E. Santa Clara Street from Santa Clara Valley Housing Authority. The City intends to construct Fire Station 8 on the 601 E. Santa Clara street property as approved by Council on March 2, 2021¹¹.

This station is envisioned to be a single-company station with the ability to expand to a dual company station to accommodate possible future service demands. Staff has completed the schematic design phase and is currently in the design development phase with an anticipated start of construction in spring of 2023 and completion date in fall of 2024.

- (c) **New Fire Station 32** – Staff has acquired a property located at 1138 Olinder Court on the northeast corner of Olinder Court and Felipe Avenue. This station was originally envisioned to be a single-company station but after further evaluations, it was determined the new station could be designed as a dual company station to accommodate the service demands in this area. At this time, only the single company is planned to be constructed in this first phase due to funding availability. An approximate shortfall of \$2 million exists for the full build out of a dual company station. Staff has completed the schematic design phase and is currently in the design development phase with an anticipated start of construction in spring of 2023 and completion date in fall of 2024. In order to proceed with both companies during the initial construction, funding for the approximately \$2 million shortfall would need to be identified prior to proceeding with procurement of a construction contractor later this year.
- (d) **Relocated Fire Station 23** – Fire Station 23 is intended to replace the existing station located on Capitol Avenue at Via Cinco de Mayo. Staff anticipates acquiring a location further from the Milpitas border to improve coverage within city limits and planned developments in North San José.

This relocation project is intended to be a co-development partnership with the Public Works and Housing Departments to construct a fire station and affordable housing on a shared lot. Staff has identified a potential site which fits the necessary parameters needed to comply with the Fire Department’s optimal response time requirements. However, staff is still negotiating with the property owner and will provide further updates to the City Council as the negotiations progress. This project is currently fully funded. However, as there continues to be strains on the Program Reserve for Public Safety due to construction price escalation, staff is concerned that sufficient

¹¹ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4799774&GUID=E15762BB-75C1-4DB5-8E09-86CC5E4D384F&Options=&Search=>

funding may not be available to complete this project once a site is selected. Staff will continue to update the City Council on this project and potential challenge in future Measure T updates.

- (e) **New Fire Station 36** – Staff has selected a site at the intersection of Capitol Expressway and Tuers Road for the construction of new Fire Station 36. The City owns most of the property needed to construct the Fire Station, but a portion of the required buildable area is right-of-way owned by the County of Santa Clara. The property was not developed as parkland and at this time the City has no plan to use it for parkland. Staff has completed research and found there are no known restrictions to building the Fire Station at this location outside of the County property issue. Staff is in discussion with the County of Santa Clara to acquire the needed property to assemble the City and County-owned lands, which could create an ideal location for this fire station.
- (f) **Fire Station 20 – Aircraft Rescue and Firefighting Facility (ARFF)** – Fire Station 20 located at the southwest area of the Airport replaced the existing over 50-year-old ARFF station in the southeast area of the Airport. During construction, the City took the opportunity to add a landside bay to the project which will add capacity to respond to off airport emergencies thus increasing safety for the surrounding area. The Project was completed in the end of March 2022, with the newly expanded fire station officially online.

As directed by the City Council-approved Mayor's March Budget Message for Fiscal Year 2020-2021, \$4.6 million was advanced from Measure T funds to expand Fire Station 20 to include landside operations. Another \$1.2 million of Measure T funds generated from interest earnings was allocated to this project in the 2019-2020 Annual Report due to higher than anticipated costs. A transfer of \$2.3 million from the General Fund in 2021-2022 partially replenishes the \$4.6 million advanced for this project. The remaining \$2.3 million is expected to be replenished in a future budget process though a specific funding source has not yet been identified.

- (g) **Police Training and Academy Facility** – The City acquired 300 Enzo as the site for the Police Training and Academy in March 2021. Staff has started design and expects the project to start construction in the spring of 2023. The project budget is estimated at \$49.7 million as detailed in the 2022-2023 Proposed Capital Budget and 2023-2027 Proposed Capital Improvement Program. After further analysis of the project scope and the increases to construction costs due to inflation and material shortage, staff anticipates this project to have a shortfall of \$11.1 million. The shortfall includes the additional need as required by the Police Department to fully open the South Substation for its intended purpose and to develop the space to accommodate two full concurrent academies and training spaces. Staff has committed to including the full academy as part of the base bid and placing the training spaces as bid alternates. With just the base bid, the project still anticipates having a shortfall of \$7 million. However, in order to facilitate the southern patrol division to occupy the

Substation, the minimum project funding required is \$9 million. This will fund the academy spaces and facilitate the move of the academy out of the Substation to 300 Enzo, but funds only a portion of the training spaces which are currently being conducted at the Substation. If all training functions cannot be fully transitioned from the Substation to 300 Enzo, the Department will not be able to open the Substation to the public due to space constraints. The Department will be able to open Substation to the public only if training is completely moved to 300 Enzo, which means identifying funding for the entire \$11.1 million deficit. Staff recommends the use of the Program Reserve for Public Safety, interest earnings, and funding from critical infrastructure to fund the minimum project funding of \$9 million. Additional analysis on the recommendation and the policy decision requested by Council is discussed further in the Program Reserve for Public Safety section below.

- (h) Emergency Operations Center (EOC)** – The project, in conjunction with the Fire Department Training Center, was awarded on January 12, 2021 to Zovich Construction, Inc. in the amount of \$54,105,000. Construction started March 2021, with the new buildings and the remodel of building D4 to be completed December 2022 as previously reported in the June 15, 2021 Measure T Update. Due to delays experienced by multiple utility coordination efforts, the new buildings and the remodel of building D4 are expected to be completed Spring 2023 with beneficial occupancy occurring a month or two after. With the extension provided by Google to vacate the existing Fire Training Center site, the Fire Department does not anticipate a need to start utilizing the training tower and surface parking until September 2022.
- (i) 9-1-1 Call Center Renovation** – Staff has begun conceptual planning to renovate and expand the 9-1-1 call center. The project will provide improved working conditions in a more efficient space to handle the increasing number of calls and to take advantage of changing methods and technologies that the public utilize to call for 9-1-1 service. The 9-1-1 call center will assume the space currently occupied by the existing EOC; therefore, construction is expected to start after the EOC has relocated to their new facility at the Central Service Yard. Partial demolition, repairs/replacement of walls, floors, and ceiling, and changes to the associated mechanical and electrical components will be necessary. The Measure T (Phase I) funded work currently includes (1) moving non-dispatch personnel to the space being vacated by the Office of Emergency Management, which includes installing new walls, private and open offices, and workstations; and (2) the addition of 14 new control workstations by windows which opens the area to natural light. Additionally, staff has identified a need for additional phases of work requiring approximately \$4 million of additional funding, which includes relocation of the conference room, two new quiet rooms, a lactation room, copier room, and additional much needed storage rooms, which are not funded at this time. Currently, staff is working on the design for the Measure T (Phase I) funded (items 1 and 2) and future scopes of work. However, it is currently assumed that funding will not be available for the additional phases of work as part of this project. Therefore, the Measure T project will likely only include construction of the Phase I elements listed above.

- (j) Police Air Support Unit Hangar** – The location of this project is at the southwest corner of the Airport property, near Coleman Avenue and Airport Boulevard. This triangular site will also house the relocated Aircraft Rescue and Fire Fighting Facility (Fire Station 20) described above, as well as the Airport Facilities Division. Staff is currently proceeding with the Hangar project as a stand-alone project to be prioritized for delivery with other Measure T Public Safety projects. The project is currently in the design development phase with an anticipated start of construction in late 2023.
- (k) Police Headquarters Infrastructure Upgrades** – Staff has begun preliminary scoping exercises working closely with the Police Department to identify potential projects to be completed at the Police Administration Building (PAB). Initial estimates identified a need of approximately \$11.7 million dollars to address all backlog infrastructure projects. The highest priority projects identified include improvements to the plumbing throughout the facility and improvements at the existing gun range. To address these needs, the improvements require an estimated funding of \$6.25 million. Staff recommends allocating \$250,000 as part of the recommendations in this memorandum to fund the replacement of the target system at the existing gun range since the current target system will be going out of commission. Staff has included \$1 million in the 2022-2023 Proposed Capital Budget to upgrade the ventilation system and HVAC system in the gun range to provide adequate training space for officers. Staff is requesting City Council to provide a policy decision on funding the plumbing system improvements as identified in the Program Reserve for Public Safety discussion. It was disclosed in previous status reports that the projects identified at the PAB will be funded from the Program Reserve for Public Safety.
- (l) Program Reserve for Public Safety** – Originally \$36.42 million of the Measure T funds was set aside in the reserve for various public safety projects, including: Police Headquarters Infrastructure Upgrades, rehabilitation of various fire stations, as well as a contingency for Public Safety projects. Including the budget actions recommended in this memorandum, a total of \$21.9 million of the reserve has been allocated to specific projects, with approximately \$13.5 million remaining unallocated. As identified in a previous memorandum, the remaining funds in the reserve will not be enough to cover the shortfall for the existing projects or complete the remaining projects that have not begun. Additionally, as mentioned previously in this report, staff is concerned about the impact that continued cost escalations may have on the delivery of the final public safety project – Fire Station 23. Staff will continue to update the City Council on this project and potential challenge in future Measure T updates.

As mentioned above, the Police Training and Academy and Police Headquarters Upgrades projects have identified shortfalls. Staff is requesting a policy decision from

City Council on how to utilize the remaining Program Reserve for Public Safety, interest earnings, project savings, and the funding for critical infrastructure. The tables below break down the available funding, staff recommended use of the available funding, and the analysis of the funding needs to assist City Council in this policy decision. If these options are not viable, staff will need to review alternative options with the City Council such the potential to re-scope or re-evaluate the commitments for projects not yet started, such as Fire Station 23.

In particular, staff is seeking the following from the City Council:

1. Confirmation of the funding recommendation listed in Table 2 below; and
2. Policy direction on whether to fund one of the two options presented in Table 4 below, or an alternative option.

**Table 1
Funding Sources Available**

Available Funding	
Remaining Program Reserve for Public Safety	\$13,482,000
Measure T Interest Earnings from Prior Years	\$3,605,000
Critical Infrastructure	\$5,000,000
Environmental and Flood Protection and Project Savings*	\$3,200,000
Total	\$25,287,000

*As identified in the Environmental and Flood Protection Project section later in this report

Table 2
Staff Recommended Use of the Funding Sources Available

Projects	Funding Need	Recommended Use	Remaining Funding Gap	Notes
Fire Station Rehabilitation and Potential Overages	Unknown	\$5,000,000	\$0	This funding will be used for potential increases in cost of construction for the four remaining fire stations. If sufficient funding is available to construct the fire stations, the remaining funds could be used for rehabilitation projects at the fire stations.
Police Air Support Unit Hangar	\$780,000	\$780,000	\$0	Total current cost estimate is \$10.9 million. Deficit is currently \$780,000. This hangar must be relocated prior to new terminal construction. Concern remains about potential market-based cost increases which could increase this funding gap.
Police Training and Academy Facility	\$11,100,000	\$9,000,000	\$2,100,000	The \$9 million in funding would, based on current estimates, facilitate a Southern Patrol Unit to occupy the Substation. This will not open the Substation to the public unless a source for the remaining \$2.1 million funding gap is identified. An option for this additional funding is detailed further in Table 4 below.
Police Headquarters Infrastructure Upgrades	\$6,250,000	\$2,207,000*	\$2,693,000	<p>If the full \$6.25 million is provided, this allocation would also be expected to address the primary concern which is the plumbing, and would include replacement of the piping systems throughout the building and the outdated target system and ventilation system in the gun range to provide an adequate training space for officers which are both high priority projects</p> <p>If only the minimum allocation is provided – in addition to the targeting and ventilation systems discussed above – this project would likely focus on other lower priorities such as flooring replacement, and upgrades to security systems, since replacing only a portion of the plumbing infrastructure is not practical.</p>
Total Available Funding as Identified in Table 1		\$25,287,000		
Total Recommended Use		\$16,987,000		
Funds Remaining		\$8,300,000		

* The minimum need is \$3.6 million; however \$100,000 has already been allocated to prioritize projects at the Police Headquarters in 2021-2022, with an additional \$250,000 pending City Council approval for the replacement of the target system at the gun range. The 2022-2023 Proposed Capital Budget includes \$1 million for ventilation and HVAC system upgrades at the gun range, and scoping other projects. In total, only \$2.2 million is shown in the Recommended Use amount.

Table 3
Remaining Funding Gap Items for Policy Decision

Projects	Estimated Need (Remaining Funding Gap)	Description/Comments	Reasons for Consideration to Fund
Lake Cunningham – Water Quality Enhancement	\$3,200,000	Preliminary estimates indicate a need of \$26 million to make the necessary enhancements to Lake Cunningham, over a 5-year period, to make the lake water quality viable for recreational use. The \$3.2 million allocation could fund several different projects to start the process of enhancing water quality and user experience, such as vegetated bioswales along shoreline path to intercept sediments and nutrients before they enter the lake or shoreline pathway repairs.	<ul style="list-style-type: none"> - Starts the process of investing in the process of improving the water quality at Lake Cunningham - Meets prior City Council direction to keep the savings from the land purchase in Coyote Valley within the Environmental Protection category of Measure T - Reduces further sediment and nutrient load in the lake - Provides infrastructure funding and repairs to Lake Cunningham Park
Police Headquarters Infrastructure Upgrades	\$2,693,000	The highest priority needs identified are gun range and plumbing system improvements for an estimated total of \$6.25 million. This funding is necessary to address the plumbing need due to the aging piping system which is causing major clogging, increased maintenance calls/concerns and unsanitary working conditions for employees. It is important to note that if the gun range and plumbing improvements are fully funded, work would not proceed on the flooring and security upgrades discussed above in Table 2.	<ul style="list-style-type: none"> - Delivers on named commitment to voters on September 11, 2018 Council report - Protects valuable emergency/public safety infrastructure - Reduces future maintenance costs and capital repairs
Police Training and Academy Facility	\$2,100,000	This would increase the current budget to match the current estimate for a full project build out. Staff remains concerned about potential market-based cost increases so there would still be a risk of not fully delivering on training.	This would increase the current budget to match the current estimate for a full project build out. Staff remains concerned about potential market-based cost increases so there would still be a risk of not fully delivering on training.
Total Estimated Need*	\$7,993,000		

*The total estimated need is based on current preliminary estimates and does not consider future cost escalation which is unknown at this time. The estimated need also DOES NOT account for the \$6 million required to fully build out 911 Call Center and Fire Station 32.

Table 4
Policy Decision Options for City Council to Distribute the \$8.3 million
Remaining from Table 2 above

	Projects	Allocate Funding	Notes
Option 1	Police Training & Academy	\$2,100,000	A total of \$300,000 would remain in the reserve for potential cost overruns in the Public Safety Program; however, this increases the risk of the City not being able to deliver on the entire program, such as the last Fire Station to be built. Station 23.
	Police Admin Upgrades	2,700,000	
	Lake Cunningham	3,200,000	
	Program Reserve for Measure T	300,000	
	Total:	\$8,300,000	
Option 2	Police Training & Academy	2,100,000	A total of \$3.5 million would remain in the reserve until staff has bids for the majority of the public safety projects. There are currently seven public safety projects remaining to bid that may be subject to cost escalations that are currently unknown. As staff have been updating the estimates, there has been a continuous increase to the cost of construction. This would provide a buffer or “insurance” to help meet the original commitments made to the voters in 2018 to build these 7 public safety projects. Note: This DOES NOT account for the \$6 million required to fully build out 911 Call Center and Fire Station 32 as these future phases were not contemplated to be funded out of Measure T.
	Police Admin Upgrades	2,700,000	
	Program Reserve for Measure T	3,500,000	
	Total:	\$8,300,000	

3) Pavement and Bridge Maintenance

- a) Street Resurfacing Projects** – The City’s 2,519-mile pavement network includes 967 miles of “major streets”, and 1,552 miles of “local and neighborhood” streets. The Measure T Program designates \$300 million for the repair or rehabilitation of local and neighborhood streets in the worst condition. Staff has identified over 400 miles of streets dispersed throughout the City to be resurfaced or reconstructed with this funding.

Department of Transportation (DOT) has resurfaced 166 miles since 2020 utilizing Measure T funds. A map that shows the locations of these 166 completed miles can be found in Attachment C. Combined with Valley Transit Authority (VTA) 2016 Measure B; DOT has resurfaced 191 miles of streets in poor condition since 2019.

Funds from Measure T, in combination with annual allocations from State gas

taxes, Santa Clara County Valley Transportation Authority 2016 Measure B and other funding sources, are expected to provide the appropriate and prescribed maintenance to all local and neighborhood streets in the City by 2028, while providing the appropriate maintenance to keep the Major Street Network in good condition. DOT released its first three-year pavement plan in an informational memorandum on December 18, 2019, and provided an updated memorandum on February 10, 2021, to share tentative construction plans through the 2023 construction season with the public.

In the 2021 construction season, DOT completed maintenance on 167 miles of San José streets, 134 of which are local and neighborhood streets with 1,522 associated curb ramps. With respect to Measure T, DOT allocated \$37.5 million to provide substantial rehabilitation and reconstruction of approximately 87 miles of the local and neighborhood streets in the worst overall conditions.

In the 2022 construction season, DOT plans to maintain 250 miles of San José streets, which consists of 191 miles of local and neighborhood streets. DOT plans to allocate \$37.5 million from Measure T funding to provide rehabilitation and reconstruction of approximately 126 miles of local and neighborhood streets.

Currently, DOT remains on track to provide maintenance to each of the 1,552 miles of local and neighborhood streets by 2028.

- b) Bridge Repair and Rehabilitation Projects** – The Measure T Program allocates \$20 million for City-owned bridges that are designated as structurally deficient and could be vulnerable in an earthquake or other disaster. In order to address as many bridge projects as possible, staff is implementing a delivery strategy aimed at leveraging multiple funding opportunities such as Measure T and the Highway Bridge Program (HBP) federal-aid funding which consists of Bridge Investment Credits (BIC). Staff programmed 45 BIC eligible bridges to be structurally preserved or rehabilitated as part of four projects. The first two projects consisted of 27 bridges and were completed in June and November of 2020. The third project consisted of 15 bridges and was completed in December of 2021. The fourth project which addresses preserving or rehabilitating the remaining three bridges is in construction as of April 2022. These projects are expected to accumulate approximately \$3 million in BIC credits which will be distributed back, as the local match, into future prioritized bridge projects utilizing HBP grants along with Measure T funds.

Staff recently submitted a new BIC application package to Caltrans for 17 bridges and is awaiting approval. This project is anticipated to accumulate approximately \$1.3 million in BIC credits. An additional deck treatment project on Story Road is currently in the design phase with construction to start in the Fall 2022.

In order to optimize Measure T funds and maximize the opportunity for grant funding, staff procured a consultant to assess the City's bridge inventory using

prioritization factors to provide major bridge rehabilitation project recommendations. The consultant found that bridges in San José are in better condition than anticipated, and staff reviewed the consultant recommendations with respect to prioritization. However, due to oversubscription and recent funding shortfalls in the HBP program, the eligibility criteria for bridge repairs and replacement have changed and funding is now limited to bridges that are non-operational or need to be completely replaced. Because the City's bridges all fall outside of this new eligibility criteria, the City's original plan to leverage Measure T and BIC credits for up to \$80 million in grant funds is facing challenges. However, the HBP program's funding situation is evolving with the recent passage of Infrastructure Investment and Jobs Act and staff will be ready to apply as soon as funding becomes available. Staff will continue to work with counterparts at Caltrans to maximize grant opportunities, and advocate for the increased availability of program funds. DOT will continue delivering bridge maintenance projects as scheduled and provide further information as they become available. At this time, staff recommends staying with the original Measure T plan of leveraging the BIC credits for additional grant funds. Staff will assess this plan on an annual basis and recommend a different course of action in the future if federal guidelines do not allow for this strategy.

4) Light Emitting Diode (LED) Outdoor Lighting Projects

- a) City Facilities LED Lighting Projects** – Staff is continuing to evaluate the actual outdoor lighting inventory and the number of fixtures that will be converted for city owned facilities. Table 5 below provides the facilities listed in order of priority and an overview of the number of fixtures that have been converted using Measure T funding and the remaining number of fixtures to be completed. As mentioned in prior reports, Measure T funding is not sufficient to fully convert all the outdoor facility lights. Only parks, libraries, and community centers will be fully converted with Measure T funding though \$800,000 in the General Fund is included in the 2022-2023 Proposed Operating Budget to replace the LED lighting at Municipal Stadium to comply with Major League Baseball requirements and \$420,000 from Service Yards Construction and Conveyance Tax Fund is included in the 2022-2023 Proposed Capital Budget to convert the exterior lighting at the service yards to LED lights. A funding shortfall will be identified once the Measure T work is completed and the Administration will evaluate the availability of funding as part of a future budget process to convert the remaining lights as identified in Table 5; however, as staff continues to evaluate this project, they will also look for other funding opportunities to convert the remaining necessary fixtures. The conversion for the parks and trails will be completed by the end of June 2022 and the conversions for libraries and community centers will be completed by the end of 2022-2023.

Table 5
City Facility Lighting Conversion Status as of April 2022

Facilities	Converted	Remaining	Total
Parks & Trails	3,401	85	3,486
Community Centers	830	426	1,256
Libraries	598	512	1,110
Fire Station	70	589	659
Cultural Facilities	0	721	721
San José Police Department	466	128	594
Corporation Yards	219	200	419
Lighted Sports Facilities	0	300	300
Number of Fixtures	5,579	2,997	8,576

1. **Lighting Controls for City Facilities** - The solicitation for lighting controllers for City facilities is continuing to move forward to procure a controller with Internet of Things (IoT) capabilities for potential future implementation of the IoT functionality. The award memo was approved by City Council on December 14, 2021, staff anticipates acquiring the first order of the products by June 2022 using Measure T funds.

- b) **LED Streetlight Conversion Projects** – Previous status reports identified that the City owns and maintains approximately 64,400 streetlights. With the completion of the PG&E audit of the streetlight inventory, this figure has increased to approximately 65,600 streetlights. The majority of the streetlights have been converted either by City crews or through the PG&E “Turnkey Conversion” project as described below. Roughly 5,500 lights remain which includes approximately 5,000 ornamental (or “post-top”) lights, primarily in the downtown neighborhood and business districts.

1. **Streetlight Replacement by City Crews** - Approximately \$1 million of Measure T funds has been allocated to purchase LED fixtures which are being used by City crews to replace Low-Pressure Sodium and High-Pressure Sodium streetlight fixtures as the bulbs burn out.

The City is also replacing approximately 5,000 ornamental fixtures in its street light inventory. This is being accomplished in a similar manner as described above, where City crews would replace burned out lights with new LED fixtures rather than just replacing the bulbs. A total of \$8.5 million of Measure T funding was included in the 2023-2027 Proposed Capital Improvement Program to accomplish this goal by 2024.

2. **PG&E “Turnkey” LED Streetlight Conversion** – On June 25, 2019, the City Council authorized the City Manager to negotiate and execute agreements with PG&E for the financing and installation of up to 27,000 LED

streetlights. PG&E contractors started the conversion process at the end of December 2020 and completed majority of the conversion in February 2022. PG&E has roughly 450 lights to convert which require unique “shoebox” fixtures which are located around the airport and other areas around the City. PG&E anticipates completing those conversions by end of June 2022. Through this turnkey program, the total number of lights converted by PG&E was less than anticipated due to burn outs that City electricians converted to address resident concerns. The PG&E Turnkey project converted 18,500, while City crews converted 8,500.

As part of the PG&E conversion program, a comprehensive inventory of the streetlight assets has been completed. Findings of the PG&E program indicate that a significant portion of the current streetlight poles do not have a ground wire at the fixture head. Staff will have to undergo additional research to determine the presence of ground wire at the base of the streetlights which is the minimum requirement to ensure the poles are bonded and grounded within the system. When the existing poles were installed, the National Electric Code (NEC) standard considered the metal pole to be an acceptable grounding path; however, the NEC has updated its specifications to require a separate grounding wire (NEC section 410.44). Therefore, staff will be undergoing office and field investigations utilizing as-built information to determine the required scope for this effort which includes identifying the presence of ground wire at the base of the streetlights. This effort is expected to take much of calendar year 2022. Staff will provide an update on this effort in a future Measure T status report.

3. **Lighting Controls for Streetlights** - The solicitation for lighting controllers for streetlights is currently on hold pending staff gaining a better understanding of the scope, costs and benefits of the grounding wire situation mentioned above. Staff will be evaluating whether to recommend utilizing the funding earmarked for the controllers for the grounding installation as mentioned in the section above. In the meantime, staff will use this opportunity to conduct further research on the lighting controller market and work with the industry in developing a solution that meets the needs of the streetlights network and takes advantage of the emerging IoT functionality. This will ensure that a balanced approach is taken to accommodate both the need to quickly convert the remaining streetlights to LED and to provide additional community-serving benefits by installing the highest quality and most functional smart controllers available. It is anticipated that the cost of installing smart controllers on all the lights as well as work necessary to get the streetlights up to current NEC code will be substantially more than what is currently available in the Measure T budget.

- 5) Clean Water and Green Stormwater Infrastructure (GSI) Projects** – The Measure T Program has dedicated \$25 million for this category of projects. Each of the projects is being developed in conjunction with the Green Stormwater Infrastructure (GSI) Plan that was approved by the City Council on September 10, 2019. Staff has advanced the design phase for the River Oaks Pump Station Stormwater Capture Project, one of the top priority projects identified in the GSI Plan, which is anticipated to cost roughly \$9.2 million, with \$3.2 million to be funded by a State grant. The project is anticipated to be completed by December 2023.

Additionally, staff have been working with a consultant to determine the feasibility of the short-term projects provided in Table 6 below which were identified in the last Measure T status report. Based on preliminary estimates for the regional projects identified in the table below, staff is reassessing the prior recommendation to provide the Story/Keyes Green Street project with funding from the Measure T program. Staff have been working on preparing a feasibility study of the five remaining potential sites. Using evaluation criteria that consider cost effectiveness, potential partnership, technical feasibility, social/community/equity benefits, and water supply/flood protection, staff will consider the top two to three priority locations to proceed further to the preliminary design, design, and construction utilizing the remaining Measure T funding.

Among these locations, it has been identified that the City Land South of Phelan (Regional) is the best candidate to be completed under Measure T and staff recommends proceeding with this as the next GSI project site for Measure T. Located on east side of Coyote Creek and south of Yerba Buena High School, the site collects runoff from a large portion of the East San José neighborhood, approximately 639 acres of primary residential land use, with a mix of commercial, agricultural, industrial, and institutional land uses. Treating up to 466 acres of impervious surface, the City Land South of Phelan offers a high degree of water quality benefit and is likely the most cost-effective project when measuring capital cost of implementation per treated impervious acre along with potential for community benefit if it were to become a more accessible open space.

At this time, it appears that Monterey Road may present a viable GSI project as well. However, further analysis is necessary to ensure that a project can be completed that would provide sufficient treatment capacity. The Sycamore Terrace and Kelley Park Gravel Parking lot sites are also potential future sites, but, currently, they present significant development challenges (property control and utility interfaces). The Sycamore Terrace site, an undeveloped and unpaved area at the northwest corner of the Coleman Road and Almaden Expressway intersection, would require additional lands from Valley Water. The Kelley Park Gravel lot, located adjacent to the stables site, has significant technical constraints related to constructability and utility conflicts. Because these locations are not as optimal candidates as the City Land South of Phelan, they are not being recommended for implementation at this time.

Staff anticipates utilizing the Measure T funding for the River Oaks Pump Station Project (approx. \$6 million) and City Land South of Phelan site (approx. \$16.8 million). After further scoping and refinement of the cost estimate for the City Land South of Phelan site, staff may need to evaluate reducing the scope or obtaining additional funding if estimates exceed the available budget for the Clean Water program. Staff will return to the City Council later to make a specific project and funding recommendation, if needed.

Table 6
List of Near Term Clean Water/GSI Projects

Recommended Measure T Funded Projects	Project Type
River Oaks Pump Station	Regional
City Land South of Phelan (new recommendation and it will be built to budget available)	Regional
Potential Projects (pending funding availability and other factors)	Project Type
Story / Keyes (only funding green street components)	Green Street
Sycamore Terrace	Regional
Monterey (from Umbarger Road to Lewis Road)	Greenstreet
Kelly Park Gravel Lot	Regional
Not-recommended Projects	Project Type
Hellyer Avenue Property (minimal water quality benefits along with technical constraints)	Regional

- 6) **Storm Drain Improvement Projects for the Charcot Area** – Planning has begun for the Storm Drain Improvement Projects for the Charcot area, which will provide flood protection in the area east of Zanker Road between Trimble Road and Brokaw Road. Originally envisioned as a new pump station, this project has been re-scoped to construct a new and less costly storm drain system that connects to the existing Rincon Pump Station II, which outfalls to the Guadalupe River. This revised project approach provides similar level of flood protection while saving the City significant costs for building, operating, and maintaining a new pump station. Funding of \$5.4 million has been shifted from the Storm Sewer infrastructure projects to public safety projects due to the acceleration and funding needs of critical projects. Efforts will be made to replenish the funds in this program as necessary.

Staff has informed Valley Water of the change in scope and the future use of the existing Rincon Pump Station II and continues to work with Valley Water in moving forward with the project. Staff has procured consultants and is evaluating constructing the project in two packages considering the large scope and complexity of the project. Staff anticipates completion of both packages to be in early 2025.

- 7) **Environmental and Flood Protection Projects** – On November 6, 2019 Council approved the purchase of approximately 672 acres of real property in Coyote Valley. Currently approximately \$3.2 million remains in the Measure T budget following the completion of this project. During the June 2, 2021 City Council meeting, Councilmember Sylvia Arenas recommended, and the City Council approved, that staff keep these savings in this project appropriation for additional water quality projects. Lake Cunningham Regional Park was specifically discussed as a potential project.

Additionally, during the June 15, 2021 City Council meeting, the direction provided by Council was for the City Manager to return to Council with the results of the above referenced study and analysis around potential paths forward for water quality improvements at Lake Cunningham and seek Council approval before allocating any funding for implementation of specific projects.

A study was funded to evaluate the water quality conditions at Lake Cunningham Regional Park and to determine alternatives and potential costs to expand recreational opportunities at the lake. The goals of the project are to study the existing conditions, including water quality and shoreline erosion, identify actions to address these issues and develop an adaptive management process.

- 8) **Community Center/Emergency Shelters** – The City’s Emergency Operations Plan includes the coordination of mass care and sheltering facilities. These facilities will be retrofitted to provide basic human needs, including food, water, shelter, and security. While the operation of an emergency shelter is considered an emergency protective measure under the Stafford Act, facilities identified for such a purpose are required to meet basic facility standards. These standards include per capita allowances for space, feeding, and personal hygiene.

Staff continues to move forward with the design for the community centers approved during the June 15, 2021 Measure T Status Report. The report also mentioned that the projects will be built to the budget focusing on priority groupings 1, 2 and 3 since the Southside and Cypress Community Centers have been identified to be part of a private public partnership redevelopment and will not likely need improvements using Measure T funding. The table below provides the projected schedules for each community center. Staff expects that there will be sufficient Measure T funding to complete groupings 1, 2, and 3.

Table 7
Priority Sites in Order of Completion

Priority Grouping		Award Date	Construction Completion
Funded Projects			
1	Roosevelt, Mayfair, Bascom, Seven Trees	End of 2022	Beginning of 2024
2	Camden	Beginning of 2023	Fall 2024
3	Berryessa, Almaden, Evergreen	Spring 2023	Fall 2024
Unfunded Projects – Potential for Public/Private partnership (PPP)			
4*	Southside, Cypress	End of 2023	Beginning of 2025

*The June 15, 2021 Status Report identified a funding deficit of \$1.5M for this program. However, Cypress and Southside are placed lower based on the possibility of these sites being considered for PPP. If successful, PPP would result in using these sites for affordable housing with new community center space on the ground floor.

- 9) **Public Art** – The public art budget for each capital program is shown in Table 8 below and included in the 2022-2023 Proposed Capital Budget and 2023-2027 Proposed Capital Improvement Program. The allocation for public art may be refined as the scopes for the projects are completed. Working with Bay Area artist Sam Tubiolo, staff has designed, fabricated and installed the public art component to Fire Station 37. Staff is working on finalizing the design by Bay Area artist Johanna Poethig for the exterior at the Fire Training Center/EOC. A second phase of public art projects at the Fire Training Center/EOC will address the building interior and will seek to commission up to 30 local artists. Staff has also completed the public art for the Police Department Memorial with Bay Area artist Gordon Huether and is waiting for the construction of the landscaping component to the memorial in which the public art will be installed and displayed. Public art projects are in the planning phase for Fire Stations, 8, 32, 36 as well as a series of projects at the River Oaks Pump Station and at Parks and Community Facilities.

Table 8
Public Art Budget Allocation

Program	Total
Public Safety	\$ 1,661,000
Storm Sewer	\$ 533,000
Parks and Community Facilities	\$ 128,000
Total	\$ 2,322,000

CONCLUSION

The memorandum provides Council with updated information on the status of projects and programs related to the voter-approved Measure T – The Disaster Preparedness, Public Safety, and Infrastructure Bond. The recommendations provide staff the direction needed to continue to move the Measure T program forward with land acquisition, planning, design, and construction of multiple projects within the program.

EVALUATION AND FOLLOW-UP

Staff will provide City Council with an annual update and, therefore, will return to City Council in early to mid- 2023 with an update on the progress of the program. Staff will also return to City Council separately to solidify the Tuers and Capitol Expressway site for Fire Station 36 once negotiations to purchase the area owned by the County of Santa Clara have been finalized and award of construction contracts.

CLIMATE SMART SAN JOSE

The recommendations in this memorandum align with one or more Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 17, 2022, City Council meeting.

COORDINATION

This memorandum, workplan, and implementation schedules have been coordinated with the Airport Department, City Attorney's Office, City Manager's Office of Economic Development and Cultural Affairs, City Manager's Office of Emergency Management, Finance Department, Fire Department, Parks, Recreation and Neighborhood Services Department, Police Department, and t, Transportation Department.

COMMISSION RECOMMENDATION/INPUT

The COC will be holding the next meeting in June 2022 to review the 2022-2023 Proposed Capital Budget and the 2023-2027 Proposed Capital Improvement Program.

FISCAL/POLICY ALIGNMENT

The proposed project aligns with the adoption of the Greenprint 2009 Update by City Council, the City's General Plan and the Measure T Bond program.

COST SUMMARY/IMPLICATIONS

As shown in Attachment D, Measure T funding in the amount of \$213.9 million for 2022-2023 has been programmed into the 2022-2023 Proposed Capital Budget and a total of \$418.7 million programmed for the five-year 2023-2027 Capital Improvement Program. The next bond issuances are expected to occur in 2023-2024 and 2025-2026, for \$127.5 million and \$75.0 million, respectively, and these amounts will be programmed in future years. As the Measure T program is evolving, project budgets may be recommended for modification, as appropriate, in future years as they proceed through site selection, design, and construction. In order to maintain a tax-exempt status, per IRS rules, 85% of the bond proceeds issued for the Measure T projects must be expended within the three years of issuance. As such, staff is tracking Measure T expenditures on a monthly basis to ensure the bond proceeds are spent in accordance with the IRS tax-exempt guidelines for municipal bonds.

Council authorized the first issuance of \$239.9 million in General Obligation Bonds on June 25, 2019, for the purpose of providing funds for Measure T projects for the first two years of the program. On June 22, 2021, Council authorized the second issuance of General Obligation Bonds in the amount of \$200.5 million to provide funds for the continuation of projects. Attachment E shows the actual year-to-date Measure T expenditures through March 2022. As previously discussed, the Program Reserve for Public Safety may not be sufficient to complete the remaining public safety projects. Staff is asking City Council to make a policy decision on how to utilize the remaining Program Reserve for Public Safety, interest earnings, project savings, and funding for critical infrastructure.

Staff is also strategizing to place the shortfalls in the project scopes identified with Fire Station 32 and Police Training and Academy as bid alternatives and it will be determined at time of bid if funding is available to fund the additional scope. Staff will continue to monitor and provide more information in future updates.

As noted in the 2023-2027 Five-Year Forecast and Revenue Projections, several of the Measure T projects will incur significant operating and maintenance costs in the future, including the new fire stations, the Police Training Center and corresponding activation of the South San José Police Substation, the 911 Call Center upgrades, and the Emergency Operations Center. This would also include adding staff in the Fire, Police, Public Works, and Information Technology Departments to help support the additional facilities and expansions. Preliminary estimates for the operating and maintenance costs for the Measure T projects coming online during the forecast period ranges from approximately \$500,000 in 2022-2023 to \$15 million in 2026-2027 when the majority of the Measure T projects have been completed.

The preliminary annual operating and maintenance costs for Fire Station 32 and 36 (approximately \$5.0 million for each station), and the Police Training Center (\$1.6 million) and corresponding activation of the South San José Substation (\$2.1 million) will be brought forward for City Council certification prior to awarding a construction. In March 2008, the City Council approved Budget Principle #8 that states capital improvement projects “shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact.” Annual costs for other Measure T projects such as the upgrades at the Police Headquarters will be brought forward as part of future budget processes once their scope has been refined.

Aside from the operating and maintenance costs, future funding is required to outfit the new facilities with the necessary furnishings, fixtures, and equipment (FF&E) – including new fire apparatus – that are not eligible to be paid with Measure T General Obligation bonds. Based on preliminary information, the FF&E for the fire stations, Police Training Facility and Academy, Police Hangar, 911 Call Center, and Emergency Operations Center is estimated to cost over \$11 million within the next five years. It is anticipated that refinements of these estimates, as well as determining funding for FF&E will be completed prior to bringing them forward for consideration by the City Council in any given year.

Staff recommends increasing the 2021-2022 budget for the Police Headquarters Infrastructure Upgrades by \$250,000 (from \$100,000 to \$350,000) to fund the replacement of the target system at the existing gun range at the Police Administration Building, since the current target system will be going out of commission. The total funding currently allocated for the Police Headquarters Infrastructure Upgrades is \$100,000 for feasibility and preparation work for project No additional operations and maintenance costs are expected from the upgraded system.

BUDGET REFERENCE

The table below identifies the fund and appropriation adjustments as recommended as part of this memorandum.

Fund #	Appn #	Appn Name	Total Appn	Amount of Recommendation	2021-2022 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord./Reso No.)
498	417Q	Measure T – Police Headquarters Infrastructure Upgrades	\$63,000	\$250,000	Page 718	02/08/2022, Ord. No. 30717
498	8575	Measure T – Program Reserve (Public Safety)	\$4,950,000	(\$250,000)	Page 731	02/08/2022, Ord. No. 30717

HONORABLE MAYOR AND CITY COUNCIL

May 6, 2022

Subject: Status Report on the 2018 Ballot Measure T – The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond

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CEQA

Not a Project, File No. PP17 009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

MATT CANO

Director of Public Works



JIM SHANNON

Budget Director

For questions, please contact Katherine Brown, Deputy Director of Public Works, at (408) 795-1679.

Attachments:

A – San Jose Community Oversight Committee (COC) 2018 Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program Annual Report FOR FISCAL YEAR 2020-2021

B – Project Implementation Schedules

C – City of San Jose 2020-2021 Local Streets Measure T Streets

D – 2023-2027 Proposed Capital Improvement Program – Measure T Fund

E – YTD Measure T Expenditures

Supplemental Memorandum, Director of Public Works Measure T, The
Disaster Preparedness, Public Safety, and Infrastructure Bond Status
Report, dated June 23, 2022



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Matt Cano
Jim Shannon

SUBJECT: SEE BELOW

DATE: June 23, 2022

Approved

Date

06/23/22

SUPPLEMENTAL

**SUBJECT: STATUS REPORT ON THE NOVEMBER 2018 BALLOT MEASURE T –
THE DISASTER PREPAREDNESS, PUBLIC SAFETY AND
INFRASTRUCTURE GENERAL OBLIGATION BOND**

REASON FOR SUPPLEMENTAL

This supplemental memorandum provides additional information to the status report on the November 2018 Ballot Measure T – The Disaster Preparedness, Public Safety, and Infrastructure General Obligation Bond (Measure T Status Report) and responds to questions that staff has received related to this item. This supplemental memorandum also requests to defer a portion of Recommendation “e” from the original memorandum regarding the policy decision of funding projects identified in Table 4 of the Public Safety Program Reserve.

RECOMMENDATION

- (a) Accept the status report on the workplan and implementation updates for projects included in approved 2018 Measure T Bond measure;
- (b) Accept the Measure T Community Oversight Committee’s annual report, as identified in Attachment A, on the Measure T -The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond Program proceeds and allocations for Fiscal Year 2020-21;
- (c) Approve the proposed site at the intersection of Capitol Expressway and Tuers Road for the construction of new Fire Station 36;
- (d) Adopt the following 2021-2022 Appropriation Ordinance amendments in the Public Safety and Infrastructure Bond Fund:
 - (1) Increase the Measure T - Police Headquarters Infrastructure Upgrades appropriation to the Public Works Department by \$250,000; and

- (2) Decrease the Measure T - Program Reserve (Public Safety) appropriation by \$250,000.
- (e) Accept the funding recommendation shown in Table 2, with the acknowledgement that Fire Station 32 overages based on the current one company scope of work will require using \$2,500,000 of the \$5,000,000 in the Public Safety Program Reserve recommended for Fire Station Rehabilitation and for potential Fire Station overages;
- (f) Defer the policy decision in regard to funding projects identified in Table 4 until February 2023; and
- (g) Approve the proposed City Land South of Phelan site as a project to be funded by the Clean Water Program.

BACKGROUND

The Measure T Status Report was initially on the agenda for the May 17, 2022 City Council meeting. Council voted to defer the memorandum in its entirety with the exception of Recommendation “d” which was approved by City Council on May 17, 2022. Staff will be presenting the Measure T Status Report during the June 28, 2022 City Council meeting along with this supplemental memorandum which provides additional information with respect to the status report and responses to questions that staff has received related to this item. This supplemental memorandum requests to defer a portion of Recommendation “e” from the original memorandum regarding the policy decision of funding projects identified in Table 4 of the Public Safety Program Reserve. Staff plans to return to City Council in February 2023 with more complete information on many of the public safety projects including updated cost estimates to assist City Council on providing staff direction on the policy decision.

In general, the following questions have been, or are anticipated to be, asked of staff:

1. Why was staff previously asking for this policy decision and why is staff now requesting to defer the decision?
2. Do we have sufficient funding to complete all of the public safety projects?
3. Do we need to make the decision now on the use of savings from the Environmental Protection fund category? If not, when does a decision need to be made?
4. Do we need to make a decision on funding the second company for Fire Station 32 now? Or can this decision wait?

Responses to these questions and updates on other projects is provided in the Analysis section below.

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ANALYSIS

Following are the staff responses to these questions:

Why was staff previously asking for this policy decision and why is staff now requesting to defer the decision?

Staff has identified funding gaps in the Public Safety program and has also identified a potential clean water project funding challenge as discussed later on in this memorandum. With the available funding of \$25,287,000 from sources such as the Public Safety Program Reserve, unallocated interest earnings, reallocation of funds from the Critical Infrastructure projects, and the savings identified from the Environmental Protection projects, staff requested the City Council provide direction on how to allocate the funding. It is important that the City Council give direction on this policy decision as the cost estimates for public safety projects continue to rise with inflation; as we reach the final projects, the remaining Public Safety Program Reserve will likely not be sufficient. Given this, it is important that the City Council weigh in on the use of savings from other Measure T project categories to either keep the savings in the original appropriation or reallocate them to the Public Safety program.

However, as part of this supplemental memorandum, staff is now asking to defer the decision on the allocation of funding for the projects identified in Table 4 of the Measure T Status Report until early 2023, since more detailed cost estimates for the majority of the public safety projects will be available by that time. Attachment A shows that five of the seven remaining public safety projects will have a 95% cost estimate completed by the end of this calendar year. The 95% cost estimates are based on construction documents that are nearly completed and include future escalation factors. Typically, during the 95% review period, staff will perform value engineering with the consultants to dissect the cost estimate and, if possible, reduce or remove certain items as appropriate. Therefore, the 95% cost estimates are as close to what the final estimate of the project is expected to be. With the availability of the 95% cost estimates by the end of this calendar year, staff will have a clearer understanding of any potential shortfall within the public safety program. As a result, staff now recommends deferring the policy discussion and decision related to Table 4 until February 2023, at which time staff will return to the City Council with more accurate cost estimates to assist in making the policy decision.

In order to continue with the timely construction of the needed Police Training and Academy Facility, Police Headquarters Infrastructure Upgrades, and Police Air Support Unit Hangar projects, staff strongly recommends that the Mayor and City Council accept staff's recommendation summarized in Table 2, identifying the use of funding available which will be appropriated at a later date when the cost estimates are finalized. By accepting staff's recommended use in Table 2, the three projects identified above can be designed and constructed with the minimum needs to develop a functional facility. It also increases the available funding for the base bid for the Police Training Center, which would, based on current estimates, facilitate the Southern Patrol Unit to occupy the Substation.

Do we have sufficient funding to complete all of the public safety projects?

In previous years, the Engineering News Record (ENR), Construction Cost Index (CCI) for San Francisco increased by 3.9% in 2020 and 4.7% in 2021. This year, the CCI for San Francisco has dramatically increased by 14.2% as of May 2022. Causes of this increase appear to be a combination of increases in inflation, interest rates, shortage in materials (e.g., steel and electrical supplies), a severe shortage of skilled workers and laborers, and market saturation. Staff is also starting to experience a lower number of bidders on projects with an average of 2.8 bidders for projects that have opened bids within 2022, so far, compared to the average of roughly 4.4 bidders for projects in 2021. If the trend continues and less contractors are bidding on projects, the bids become less competitive.

Currently there is \$5 million allocated to the Fire Station Rehabilitation project in the Public Safety Program Reserve. However, as noted below, this \$5 million will likely be fully utilized by overages and potential increased scope for the Fire Station 32 project. Therefore, any future cost escalations on public safety projects will need to be found from either the (1) General Fund; (2) Fire Construction and Conveyance (C&C) Tax Fund; (2) grants; or (3) de-scoping of other Measure T projects. Currently, staff is very concerned that costs will continue to escalate. It is important to note that City Council's approval of the Mayor's June Budget Message for Fiscal Year 2022-2023 included approval of a recommendation from Councilmembers Arenas and Carrasco directing the Administration to prioritize any additional General Fund Ending Fund Balance during the 2021-2022 Annual Report for possible cost overruns and for fixtures, furniture, and equipment for the Measure T Public Safety Program.

While staff will look at potential General Fund, Fire C&C Fund, and grant sources for escalations, funding from these sources is not guaranteed. Therefore, the only guaranteed funding source is the de-scoping of existing Measure T commitments. Since Fire Station 23 is the final public safety project to be built, it would be the most logical project to de-scope or de-fund in order to meet the remaining commitments if prices continue to escalate. While a decision on de-scoping Fire Station 23 does not need to be made today, this decision may be in front of Council in the near future if prices continue to escalate.

Do we need to make the decision now on the use of savings from the Environmental Protection fund category? If not, when does a decision need to be made?

Staff does not need a decision now on the use of the savings from the Environmental Protection fund category and recommends the deferral of the policy decision until February 2023. Staff is working with consultants and industry experts to continue updating project estimates for many of the Measure T projects to identify budget shortfalls, if any, due to the construction cost increases. The status report already identifies a need for additional funding based on current estimates specifically for public safety projects. As the updated estimates are provided, staff will have a better understanding of how the current environment is impacting project costs. Please see the attached document outlining the current schedules for the estimates and bid opening dates for the

June 23, 2022

Subject: Status Report on The November 2018 Ballot Measure T – The Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond

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remaining Fire Stations, Police Training and Academy Facility, Police Air Support Unit Hangar, and 911 Call Center Renovation.

As detailed in Attachment A, staff will be receiving updated estimates on a number of public safety projects over the next several months. In addition, five of the remaining seven projects will have 95% cost estimates available by the end of this calendar year. City Council does not need to make a decision now but as recommended above, can defer the item to February 2023 so staff can provide City Council the information needed to make a more informed decision on whether to fund improvements at Lake Cunningham or keep the funds in the Public Safety Program Reserve for future anticipated funding gaps within the Measure T Public Safety Program.

Do we need to make a decision on funding the second company for Fire Station 32 now? Or can this decision wait?

Since the May 6, 2022 status report has been posted, staff received updated cost estimates for Fire Station 32. For phase I (demolition, soil mitigation, and rough grading) costs have doubled due in large part to the additional removal of soil across the site as recommended by the geotechnical report after additional soil tests were collected. For phase II (construction of the fire station), the overall price has increased due to the escalation of steel prices and electrical cost increases in order to upgrade the electrical service to plan for future electrical rigs. Staff is requesting the City Council accept the recommended use of available funding in Table 2 and, additionally, approve using \$2.5 million in the Public Safety Program Reserve set aside for fire station rehabilitation and potential fire station overages to cover the shortfall needed to build the one company scope for Fire Station 32. If City Council requests staff to include the cost of building the second company, the project is estimated to have a \$3.8 million total shortfall of which staff would have to exhaust the majority of the \$5.0 million earmarked for the Fire Station Rehabilitation project, only leaving \$1.2 million for any future Fire Station overages. If City Council decides to hold off on making the decision to fund the second company, staff still plans to have the station designed for a second company utilizing a bid alternative and can either decide to fund the second company when staff returns to Council in February 2023 or when the project returns to Council for award of the construction contract.

As mentioned in the status report, staff is concerned that sufficient funding may not be available to complete the final public safety project, Fire Station 23, due to the likely depletion of the Public Safety Program Reserves and construction prices continuing to escalate.

Additional Project and Funding Updates

Staff also received updated estimates for the River Oaks Pump Station Stormwater Capture project. The Measure T Status report states that the estimate for this project is \$9.2 million. With the updated cost estimates, the project estimate is now \$11.2 million. Staff is currently working through value engineering to determine if there are avenues to reduce scope and build so that the project remains within the current budget. However, if the scope of the project cannot be

HONORABLE MAYOR AND CITY COUNCIL

June 23, 2022

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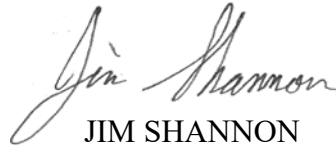
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reduced, staff will need to utilize the clean water funds to supplement the overages which will reduce scope for other Green Stormwater Infrastructure (GSI) project, including the proposed City Land South of Phelan project. Currently the City Land South of Phelan project is estimated to cost roughly \$17 million. With a total available budget of \$24 million within the Clean Water program, the combined cost of the revised River Oaks Pump Station Stormwater Capture Project (\$11.2 million) and the City Land Sound of Phelan project (roughly \$17 million) results in a preliminary program overage of approximately \$4 million. Staff will work to pursue grant opportunities to supplement this likely shortfall in the GSI program.

/s/

MATT CANO

Director of Public Works

A handwritten signature in black ink, appearing to read "Jim Shannon".

JIM SHANNON

Budget Director

For questions and more information, please contact Katherine Brown, Deputy Director of Public Works, at (408) 795-1679.

Attachment 2

FY 2021-2022 Independent Accountant's Report Statement of Revenues.
Expenditures, and Change in Fund Balance by Fiscal Year for the Period
from July 1, 2021 through June 30, 2022

**CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE
BOND PROJECTS FUND
(A Fund of the City of San José)**

Independent Auditor's Reports,
Financial Statements,
Other Supplementary Information and
Independent Accountant's Report

For the Year Ended June 30, 2022



Certified
Public
Accountants

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
For the Year Ended June 30, 2022

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Independent Auditor's Report

City Council and
Members of the Measure T Community Oversight Commission
City of San José, California

Opinion

We have audited the financial statements of the Public Safety and Infrastructure Bond Projects Fund (Fund), a fund of the City of San José (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the City of San José, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 2, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying statement of revenues, expenditures, and change in fund balance by fiscal year for the period from July 25, 2019 through June 30, 2022, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the year ended June 30, 2022 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information for the year ended June 30, 2022 is fairly stated, in all material respects, in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Fund's financial statements as of and for the period from July 25, 2019 through June 30, 2021, which are not presented with the accompanying financial statements. In our reports dated November 17, 2020 and November 3, 2021, we expressed unmodified opinions on the Fund's financial statements. The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information for the period from July 25, 2019 through June 30, 2021 has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the period from July 25, 2019 through June 30, 2021 is fairly stated, in all material respects, in relation to the financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022 on our consideration of the City's internal control over the Fund's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Fund's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Fund's financial reporting and compliance.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
October 18, 2022

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND

(A Fund of the City of San José)

Balance Sheet

June 30, 2022

Assets

Restricted assets:

Equity in pooled cash and investments held in the City Treasury	\$ 585,648
Cash and investments held with fiscal agents	266,288,679
Interest Receivables	<u>1,598</u>
Total assets	<u><u>\$ 266,875,925</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 5,251,734
Accrued salaries, wages and payroll taxes	188,992
Due to the City of San José	<u>10,922,847</u>
Total liabilities	16,363,573

Fund balance:

Restricted for Public Safety and Infrastructure Bond projects	<u>250,512,352</u>
Total liabilities and fund balance	<u><u>\$ 266,875,925</u></u>

See accompanying notes to the financial statements.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND

(A Fund of the City of San José)

Statement of Revenues, Expenditures, and Change in Fund Balance

For the Year Ended June 30, 2022

Revenues:

Investment income	\$ 460,961
Unrealized gain/loss on investment	(14,192)
Contributions from the City of San José	2,331,792
Contributions from Santa Clara Valley Transportation Authority	300,000
	<hr/>
Total revenues	3,078,561
	<hr/>

Expenditures:

Public safety	23,969,137
Traffic	44,768,893
Storm sewer	996,203
Municipal improvements	2,674,047
Park & community facilities	327,912
	<hr/>
Total expenditures	72,736,192
	<hr/>
Deficiency of revenues under expenditures	(69,657,631)

Other Financing Sources and Uses:

Bond proceeds	200,530,000
Proceeds from sale of property	2,500,000
	<hr/>
Total other financing sources and uses	203,030,000
	<hr/>

Change in fund balance	133,372,369
Fund balance, beginning of year	117,139,983
	<hr/>
Fund balance, end of year	\$ 250,512,352
	<hr/> <hr/>

See accompanying notes to the financial statements.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 1 – BACKGROUND

On November 6, 2018, registered voters of the City of San José (City) approved Measure T, the San José Public Safety and Infrastructure Bonds, authorizing the issuance and sale of general obligation bonds (PSI Bonds) not to exceed \$650,000,000 to be used to fund the cost of land or improvement of land of, without limitation, the following categories of projects.

- The upgrade of 911 communications, police, fire and paramedic facilities to improve emergency and disaster response;
- Repair deteriorating bridges vulnerable to being damaged in an earthquake;
- Repaving local and neighborhood streets and potholes in the worst condition;
- Preventing flooding and water quality contamination; and
- Repair or replace critical infrastructure that is likely to reduce long-term spending on operations or maintenance.

The table below sets forth the amount of PSI Bonds authorized and issued pursuant to Measure T:

	<u>Amount</u>	<u>Date</u>
Voter authorization	\$ 650,000,000	November 6, 2018
Bonds issued:		
Series 2019 Bonds	239,900,000	July 25, 2019
Series 2021 Bonds	<u>200,530,000</u>	July 29, 2021
Total bonds issued	<u>440,430,000</u>	
Authorized but unissued	<u><u>\$ 209,570,000</u></u>	

As of June 30, 2022, outstanding projects approved by the City Council to be funded by the bond proceeds include the emergency operations center relocation, Fire Station Nos. 8 and 20 relocations, new Fire Station Nos. 32, 36 and 37, police air support unit hangar, police training center relocation, public art – public safety, 911 call center upgrade, bridges, pavement maintenance, Charcot storm drainage, clean water projects, public art – storm sewer, city facilities LED lighting, and community centers/emergency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present only the financial position and the changes in financial position of the Public Safety and Infrastructure Bond Projects Fund (Fund) and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2022, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A capital projects fund (governmental fund) is used to account for the City's Public Safety and Infrastructure Bond Projects activities. Capital projects funds are used to account for financial resources (e.g., bond proceeds and investment income) that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of land or acquisition and construction of major governmental facilities.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Fund's activity is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Fund considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to vacation, sick leave, claims and judgments are recorded only when payment is due.

Restricted Cash and Investments

Cash and investments that are restricted for specified uses by bond covenants or other requirements are classified as restricted. The Fund's restricted cash and investments are held in the City Treasury and in fiscal agent accounts to be spent only on authorized capital projects. The Fund's restricted cash and investments are subject to the requirements of the City's adopted investment policy and bond indentures. The fair value of investments is based on quoted market information obtained from fiscal agents or other sources.

Intergovernmental Revenues

During the year ended June 30, 2022, the City contributed \$2,331,792, of which \$2,300,000 was contributed from the City's General Fund to reimburse the Fund for the Fire Station No. 20 relocation.

Fund Balance

Under Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the balance sheets of governmental funds classify fund balances based primarily on the extent to which the Fund is bound to honor constraints on the specific purposes for which those funds can be spent. The Fund only has restricted fund balance at June 30, 2022. Restricted fund balance represents amounts when constraints placed on use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

NOTE 3 – RESTRICTED INVESTMENTS

A summary of the Fund's restricted and investments at June 30, 2022 are as follows:

Type of investment	Fair Value	Moody's Credit Risk Rating	Weighted Average Maturity
City of San José cash and investment pool	\$ 585,648	Unrated	533 days
State of California Local Agency Investment Fund	255,492,419	Unrated	311 days
Wilmington Trust Money Market Mutual Fund	10,796,260	Aaa-mf	24 days
Total investments	<u>\$ 266,874,327</u>		

The Fund has investments subject to provisions of the bond indentures of its various bond issues. According to the bond indentures, the Fund is permitted to invest in the City's cash and investment pool, the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other investments.

The Fund maintains its investments in the City's cash and investment pool. The amounts held in the City's investment pool can be withdrawn upon demand. Income and losses arising from the investment activity of pooled cash are allocated to the participating funds on a monthly basis, based on their proportionate shares of the average weekly cash balance. As of June 30, 2022, there was a restricted pooled balance of \$585,648, and a negative unrestricted pooled balance of \$10,922,847 in the City's cash and investment pool, of which the negative unrestricted pooled balance is included as a payable to the City of San José on the accompanying financial statements.

Information regarding the characteristics of the entire investment pool can be found in the City's basic financial statements for the year ended June 30, 2022. A copy of that report may be obtained by contacting the City's Finance Department, 200 East Santa Clara Street, 13th Floor, San José, CA, 95113 or can be found at the City's Finance Department Website at <http://www.sanjoseca.gov>.

Government Code Section 16429.1 authorizes each local government agency to invest funds in the LAIF administered by the California State Treasurer. The total amount recorded by all public agencies in LAIF at June 30, 2022 was approximately \$35.8 billion. LAIF is part of the State's Pooled Money Investment Account (PMIA). The total amount recorded by all public agencies in PMIA at June 30, 2022 was approximately \$234.5 billion and of that amount, 98.12% was invested in non-derivative financial products and 1.88% in structured notes and asset backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Fund's position in the pool.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by nationally recognized statistical rating organizations. The City's investment policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio, and by establishing monitoring procedures.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

NOTE 3 – RESTRICTED CASH AND INVESTMENTS (Continued)

Concentration Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the Fund. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. The City's investment policy has mitigated interest rate risk by establishing policies over liquidity, including maturity limits by investment classification. These limits, for investments other than external investment pools and money market mutual funds, range from 10 days to 5 years depending on the investment classification.

Fair Value Measurement Categorization

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities. The City's investment in Wilmington Trust Money Market Mutual Funds is measured at level 1 inputs, while investments in the City's cash and investment pool and LAIF are not subject to fair value hierarchy.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

NOTE 4 – COMMITMENTS

At June 30, 2022, the Fund has related outstanding project construction encumbrances as follows:

Project	Amount
Public safety	
Emergency operations center relocation	\$ 9,419,248
Fire station No. 8 relocation	426,063
Fire station No. 20 relocation	106,153
New fire station No. 32	529,558
New fire station No. 37	147,703
Police air support unit hangar	1,050,451
Police training center relocation	2,113,265
Public art - public safety	54,394
911 call center upgrade	325,220
Traffic	
Bridges	378,605
Pavement maintenance	15,358,003
Storm sewer	
Charcot storm drainage	1,146,278
Clean water projects	227,961
Public art - storm sewer	10,000
Municipal improvements	
City facilities LED lighting	1
Park & Community Facilities	
Community centers/emergency	164,736
Total project encumbrances	<u>\$ 31,457,639</u>

NOTE 5 – GENERAL OBLIGATION BONDS

On July 25, 2019, the City issued Series 2019 General Obligation Bonds (2019 Bonds) pursuant to the fiscal agent agreement with Wilmington Trust. The 2019 Bonds were the first tranche of bonds issued under Measure T, as disclosed in Note 1. Proceeds from the 2019 Bonds in the amount of \$239,900,000 and a bond premium at issuance in the amount of \$34,158,933 were issued for Measure T purposes. The premium was used to pay debt service on the Series 2019 A-2 taxable Measure T Bonds in the amount of \$33,114,340, to pay cost of issuance, and to fund the debt service accounts. The proceeds related to the premium in excess of the amounts necessary to pay debt service on the 2019 A-2 Bonds, cost of issuance, and debt service fund deposits amounted to \$95,698, and was deposited into the Public Safety and Infrastructure Bond Projects Fund for Measure T purposes.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

On July 29, 2021, the City issued \$200,530,000 of General Obligation Bonds, consisting of Series 2021A (in the principal amount of \$151,210,000), Series 2021B (federally taxable, in the principal amount of \$8,450,000) and Series 2021C (federally taxable, in the principal amount of \$40,870,000) (collectively, the “2021 GO Bonds”). The 2021 GO Bonds constitute the second round of general obligation bonds issued under the Measure T authorization of \$650,000,000 for Disaster Preparedness, Public Safety, and Infrastructure, approved by the voters in November 2018. The 2021 GO Bonds are secured by a pledge of the City to levy ad valorem property taxes without limitation of rate or amount (except certain personal property which is taxable at limited rates). The ad valorem property tax levy is calculated for each fiscal year to generate sufficient revenue to pay 100% of annual debt service net of other available funding sources.

The 2019 and 2021 Bonds related to Measure T are reported in capital projects and debt service funds of the City, and further details can be located in the City’s annual comprehensive financial report.

NOTE 6 – FIRE STATION 8 RELOCATION PROJECT

The City purchased 575 E. Santa Clara Street in August 2020 to be utilized for the Fire Station 8 relocation project. In June 2022, the site was sold to VTA for \$2,800,000 to accommodate critical BART infrastructure that cannot be located elsewhere and the City subsequently purchased 601 E. Santa Clara St from the Santa Clara Housing Authority for \$2,199,200 to be utilized as the new site for this relocation project. The sales price of \$2,800,000 consisted of \$2,500,000 for the value of the property and \$300,000 for the cost of environmental remediation and cleanup. The difference of \$600,800 from the purchase and sale of the properties is restricted for the Fire Station 8 relocation project. At June 30, 2022, the unspent restricted cash is \$585,648, which includes the difference from the purchase and sale of the properties, June 2022 interest earnings, amortization costs, and unrealized losses.

CITY OF SAN JOSE
PUBLIC SAFETY AND INFRASTRUCTURE BOND PROJECTS FUND
(A Fund of the City of San José)
Statement of Revenues, Expenditures, and Change in Fund Balance by Fiscal Year
For the Period from July 25, 2019 through June 30, 2022

	2020	2021	2022	Total
Revenues:				
Investment income	\$ 3,201,017	\$ 1,616,937	\$ 460,961	\$ 5,278,915
Unrealized gain/loss on investment	-	-	(14,192)	(14,192)
Intergovernmental	-	-	2,331,792	2,331,792
Other	-	-	300,000	300,000
Total revenues	3,201,017	1,616,937	3,078,561	7,896,515
Expenditures:				
Public safety				
Emergency operations center relocation	82,346	3,665,164	8,089,855	11,837,365
Fire station No. 8 relocation	63,503	2,472,973	3,025,552	5,562,028
Fire station No. 20 relocation	-	3,774,693	1,145,605	4,920,298
Fire station No. 23 relocation	9,202	25,855	39,550	74,607
New fire station No. 32	40,316	138,401	4,125,604	4,304,321
New fire station No. 36	7,986	78,384	44,949	131,319
New fire station No. 37	34,056	1,823,256	5,825,002	7,682,314
Police air support unit hangar	63,843	138,608	280,338	482,789
Police training center relocation	271,570	18,620,490	576,197	19,468,257
Public art - public safety	50,860	225,060	170,734	446,654
911 call center upgrade	17,877	37,016	347,578	402,471
PD headquarters upgrade	8,232	19,431	40,623	68,286
Admin - public safety	307,365	370,912	257,550	935,827
Traffic				
Bridges	823,581	679,065	1,733,451	3,236,097
Pavement maintenance	1,481,453	38,809,769	42,767,059	83,058,281
LED streetlight conversion	520,608	873,614	256,526	1,650,748
Admin - traffic	105,007	20,958	11,857	137,822
Storm sewer				
Charcot storm drainage	322,422	154,206	152,034	628,662
Clean water projects	455,552	425,697	626,567	1,507,816
Public art - storm sewer	962	4,896	65,480	71,338
Admin - storm sewer	30,452	28,168	152,122	210,742
Municipal improvements				
Environment Protection ¹	46,077,538	451,094	261,727	46,790,359
City facilities LED lighting	1,385,703	2,564,706	2,386,732	6,337,141
Admin - municipal improvements	30,918	20,512	25,588	77,018
Park & community facilities				
Community centers/emergency	6,407	45,064	316,437	367,908
Admin - parks	3,013	4,905	11,475	19,393
Total expenditures	52,200,772	75,472,897	72,736,192	200,409,861
Deficiency of revenues under expenditures	(48,999,755)	(73,855,960)	(69,657,631)	(192,513,346)
Other Financing Sources and Uses:				
Bond proceeds	239,900,000	-	200,530,000	440,430,000
Excess bond premium	50,789	44,909	-	95,698
Proceeds from the sale of property	-	-	2,500,000	2,500,000
Total other financing sources and uses	239,950,789	44,909	203,030,000	443,025,698
Change in fund balance	190,951,034	(73,811,051)	133,372,369	250,512,352
Fund balance, beginning of period	-	190,951,034	117,139,983	-
Fund balance, end of period	\$ 190,951,034	\$ 117,139,983	\$ 250,512,352	\$ 250,512,352

¹ Environmental Protection – FY 2019-2020 transactions include the acquisition of real property located in the Coyote Valley for \$38.3 million and the payoff of the Community Facilities District No. 9 (Bailey/Highway 101) outstanding bonds for \$7.59 million.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

City Council and
Members of the Measure T Community Oversight Commission
City of San José, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Public Safety and Infrastructure Bond Projects Fund (Fund), a fund of the City of San José (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over the Fund's financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Walnut Creek, California
October 18, 2022



Independent Accountant's Report on Compliance with Measure T

City Council and
Members of the Measure T Committee Oversight Commission
City of San José, California

We have examined the City of San José's (City) compliance with certain provisions of Measure T for the year ended June 30, 2022 as follows:

- Bond proceeds were used to pay for the cost of land or improvement of land of, without limitation, the following categories of projects.
 - The upgrade of 911 communications, police, fire and paramedic facilities to improve emergency and disaster response;
 - Repair deteriorating bridges vulnerable to being damaged in an earthquake;
 - Repaving local and neighborhood streets and potholes in the worst condition;
 - Preventing flooding and water quality contamination; and
 - Repair or replace critical infrastructure that is likely to reduce long-term spending on operations or maintenance.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance whether the City complied with the specified requirements, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the City's compliance with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

Walnut Creek, California
October 18, 2022

Attachment 3

FY 2021-2022 COC Oversight Project Item Comparison Matrix

Measure T Public Safety and Infrastructure Bond Fund Planned and Audited Use of Funds FY2021-FY2022												
Projects ⁰		Project Location by Council Districts ¹	Carryover Encumbrance Balance ²	2021-2022 Planned Use of Funds ³	Total Carryover + FY 2021/2022 Funding ⁴	2021-2022 Audited Use of Funds ⁵	Total Audited Use of Funds as of June 30, 2022 ⁶	Results of Expenditures ⁷	Initial Life of Project Total Estimated Expenditure ⁸	Revised Life of Project Total Estimated Expenditure as of December 2022	Potential Delta - expected (overrun) / underrun ¹⁰	Notes
1. Traffic												
1.1 Bridges		CW	\$305,203	\$8,179,000	\$8,484,203	\$1,733,451	\$3,236,097	Completed a project consisting of rehabilitating 15 bridges in December 2021. Started design on a project consisting of deck treatment and repairs on 3 bridges	\$ 20,000,000	\$ 19,977,000	\$ 23,000	
1.2 Pavement Maintenance		CW	\$3,876,185	\$68,333,000	\$72,209,185	\$42,767,059	\$83,058,281	Completed maintenance on 191 miles of local and neighborhood streets. Started design on the 134 miles of local streets Staff plans on rehabilitating in the 2023 construction season	\$ 300,000,000	\$ 300,000,000	\$ -	Staff has identified 388 miles of streets dispersed throughout the City to be resurfaced or reconstructed with the Measure T funding, with a spending plan of \$37.5M per year. City is on track to meet original goal of 388 miles of local and neighborhood streets.
1.3 LED Streetlight Conversion		CW	-	\$1,895,000	\$1,895,000	\$256,526	\$1,650,748	Completed the conversion of 8,500 lights to LED and started the design and research of identifying the right fixtures for the 5,000 ornamental fixtures	\$ 13,000,000	\$ 10,920,000	\$ 2,080,000	\$1.762M of this funding has been transferred to City Facilities LED (Line item 4.1) to cover expenses that were spent benefitting both programs
1.4 Admin – Traffic		N/A	-	\$13,000	\$13,000	\$11,857	\$137,822	Administration costs		\$ 231,000	\$ (231,000)	Funds only the Senior Analyst and Accountant positions – all other positions are direct charge to the capital project. General obligation bonds have a 5% cap on the total bond. The total Measure T admin costs are less than 1% of the entire bond.
1.5 Admin Reserve – Traffic		N/A	-	\$124,000	\$124,000	-	-	Administration costs				
Total Traffic			\$ 4,181,388	\$ 78,544,000	\$ 82,725,388	\$ 44,768,894	\$ 88,082,948		\$ 333,000,000	\$ 331,128,000	\$ 1,872,000	
2. Public Safety											\$ -	
2.1 Fire Station 37		6	\$5,167,023	\$1,485,000	\$6,652,023	\$5,825,002	\$7,682,314	Completed the construction of Fire Station 37 and Staff is still finalizing payout of the additional expenditures for construction in FY 22/23.	\$ 6,680,000	\$ 8,509,000	\$ (1,829,000)	Allocation from Public Safety Reserve
2.2 Fire Station 8 Relocation		3	\$966,090	\$5,590,000	\$6,556,090	\$3,025,552	\$5,562,028	Staff purchased 601 E. Santa Clara Street and the design contract to the Consultant was awarded. Project also had staff charges to coordinate with Consultant on design plans.	\$ 16,500,000	\$ 15,810,000	\$ 690,000	
2.3 Fire Station 23 Relocation		4	-	\$4,899,000	\$4,899,000	\$39,550	\$74,607	Staff planned to spend funding to find the ideal location to meet Fire's response time. Due to the limited real estate available that meet the necessary criteria, Staff spent less than needed in their research.	\$ 16,500,000	\$ 18,897,000	\$ (2,397,000)	Difference in costs are associated with projected inflation rates to potentially begin construction in 2025
2.4 New Fire Station 32		7	\$1,189,713	\$5,063,000	\$6,252,713	\$4,125,604	\$4,304,321	Staff purchased 1138 Olinder Court and the design contract to the Consultant was awarded. Project also had staff charges to coordinate with Consultant on design plans.	\$ 17,000,000	\$ 18,808,000	\$ (1,808,000)	Difference in costs are associated with projected inflation rates as well as the expanded scope to include the dual company per Council direction from June 2022.
2.5 New Fire Station 36		7	\$8,353	\$1,808,000	\$1,816,353	\$44,949	\$131,319	Staff planned to purchase a part of the property from the County of Santa Clara. That transaction was not performed. The project has not been awarded to a design Consultant yet.	\$ 17,000,000	\$ 18,050,000	\$ (1,050,000)	Difference in costs are associated with projected inflation rates to potentially begin construction in 2024
2.6 Fire Station 20		CW	\$1,132,378	\$764,000	\$1,896,378	\$1,145,605	\$4,920,298	Completed the construction and Staff is still finalizing payout of the additional expenditures for construction in FY 22/23.	\$ -	\$ -	\$ -	Landside serving fire station located at the San Jose Airport
2.7 Emergency Ops Ctr. Relocation (EOC)		CW	\$7,192,979	\$13,846,000	\$21,038,979	\$8,089,855	\$11,837,365	Project under construction. Completion anticipated for Spring 2023 with beneficial occupancy 2-3 months thereafter.	\$ 11,500,000	\$ 25,085,000	\$ (13,585,000)	Allocation from Public Safety Reserve
2.8 Police Training Ctr. Relocation		CW	\$1,500	\$4,672,000	\$4,673,500	\$576,197	\$19,468,257	Staff progressed the design for both the academy and training spaces. Expenditures account for staff time and consultant services for project design.	\$ 45,000,000	\$ 68,516,000	\$ (23,516,000)	A portion of this overrun has been reimbursed from the savings obtained from Storm Sewer program. The Total Estimated Expenditures is for full build out of the Police Training & Academy, but PW had structured the project to incorporate bid alternates to accommodate the shortfall.
2.9 Police Air Support Unit Hangar		CW	\$106,184	\$1,330,000	\$1,436,184	\$280,338	\$482,789	Staff time and consultant services for the design of this project.	\$ 8,400,000	\$ 16,628,000	\$ (8,228,000)	

Measure T Public Safety and Infrastructure Bond Fund Planned and Audited Use of Funds FY2021-FY2022												
Projects ⁰		Project Location by Council Districts ¹	Carryover Encumbrance Balance ²	2021-2022 Planned Use of Funds ³	Total Carryover + FY 2021/2022 Funding ⁴	2021-2022 Audited Use of Funds ⁵	Total Audited Use of Funds as of June 30, 2022 ⁶	Results of Expenditures ⁷	Initial Life of Project Total Estimated Expenditure ⁸	Revised Life of Project Total Estimated Expenditure as of December 2022	Potential Delta - expected (overrun) / underrun ¹⁰	Notes
2.10 Public Safety Reserve		N/A	-	\$4,700,000	\$4,700,000	-	-	Reserve funds carried over from previous issuance. No planned use for this past fiscal year.	\$ 36,420,000	\$ -	\$ 36,420,000	
2.11 Future 911 Call Center Upgrade		CW	-	\$675,000	\$675,000	\$347,578	\$402,471	Staff time and consultant services for the design of this project.	\$ -	\$ 6,215,000	\$ (6,215,000)	Initial estimates were not established at the time of the bond passing. This project was planned to be funded from Public Safety Reserve
2.12 Future PD Headquarters Upgrade		CW	-	\$313,000	\$313,000	\$40,623	\$68,286	Staff planned to continue progressing the scoping and prioritization of project elements. Project did not progress as fast as anticipated.	\$ -	\$ 6,250,000	\$ (6,250,000)	Initial estimates were not established at the time of the bond passing. This project was planned to be funded from Public Safety Reserve
2.13 Public Art – Public Safety		N/A	\$78,926	\$656,000	\$734,926	\$170,734	\$446,654	Funding to cover the public art requirement for this bond	\$ -	\$ 1,661,000	\$ (1,661,000)	Required funding for public artwork no less than 1% of the total amount budgeted for the City’s capital improvement project. Exceptions are non-construction or maintenance/rehabilitation projects.
2.14 Admin – Public Safety		N/A	-	\$258,000	\$258,000	\$257,550	\$935,827	Administration costs	\$ -	\$ 2,788,000	\$ (2,788,000)	See note for item 1.4 & 1.5
2.15 Admin Reserve – Public Safety		N/A	-	\$1,438,000	\$1,438,000	-	-	Administration costs				
Future 2.16 Fire Rehab		CW	-	-	-	-	-	Funding is planned to be utilized for any increases in construction costs on future fire stations.	\$ -	\$ 5,000,000	\$ (5,000,000)	Not identified yet in the Auditor's Report - these funds are accounted for in the overall public Safety reserve in line item 2.10. This negative is to ensure we are not double counting funds. A separate appropriation was not set up.
Total Public Safety			\$ 15,843,147	\$ 47,497,000	\$ 63,340,147	\$ 23,969,137	\$ 56,316,536		\$ 175,000,000	\$ 212,217,000	\$ (37,217,000)	A portion of this delta has been reimbursed from the delta savings obtained from Storm Sewer program. Staff will seek Council policy decision approval at the next Measure T update to council once strategy has been finalized.
3. Storm Sewer												
3.1 Charcot Pump Station		4	\$1,281	\$25,800,000	\$25,801,281	\$152,034	\$628,662	Staff continued to progress the design of the rescoped project (from a pump station to a storm drain system). Expenditures account for staff time and consultant services for project design.	\$ 35,000,000	\$ 28,262,000	\$ 6,738,000	Project was re-scoped to construct less costly storm drain system rather than a pump station
3.2 Clean Water Projects		CW	\$110,456	\$6,482,000	\$6,592,456	\$626,567	\$1,507,816	Staff continued to progress the scoping, community outreach, and design for the two planned for future Green Stormwater Infrastructure Projects. Expenditures account for staff time and consultant time	\$ 25,000,000	\$ 24,362,000	\$ 638,000	Two projects currently in planning/scoping phases are the River Oaks Regional Stormwater Capture Project & the City Land South of Phelan. To supplement bond funds the City continues to pursue federal and state grants for Green Stormwater Improvements.
3.3 Public Art – Storm Sewer		N/A	-	\$341,000	\$341,000	\$65,480	\$71,338	Funding to cover the public art requirement for this bond	\$ -	\$ 534,000	\$ (534,000)	See Note for item 2.3
3.4 Admin – Storm Sewer		N/A	-	\$207,000	\$207,000	\$152,122	\$210,742	Administration costs	\$ -	\$ 942,000	\$ (942,000)	See note for item 1.4 & 1.5
3.5 Admin Reserve – Storm Sewer		N/A	-	22,000	\$22,000	-	-	Administration costs				
Total Storm Sewer			\$ 111,736	\$ 32,852,000	\$ 32,963,736	\$ 996,203	\$ 2,418,558		\$ 60,000,000	\$ 54,100,000	\$ 5,900,000	Transferred to Public Safety Program to help shortfall
											\$ -	
4. Municipal Improvements											\$ -	
4.1 City Facilities LED Lighting		CW	\$1	\$4,811,000	\$4,811,001	\$2,386,732	\$6,337,141	Completed the conversion of Park & Trail lights to LED and continued to progress on the conversion of Community Centers & Libraries.	\$ 7,000,000	\$ 8,762,000	\$ (1,762,000)	Shortfall covered by Streetlight LED item 1.3 budget adjustment
4.2 Critical Infrastructure		N/A	-	-	-	-	-	Funding is planned to be utilized for any increases in construction pending policy decision.	\$ 5,000,000	\$ -	\$ 5,000,000	Assuming policy decision is approved, this funding will be reallocated to the Public Safety Program
4.3 Admin – Muni Improvements		N/A	-	\$35,000	\$35,000	\$25,588	\$77,018	Administration costs	\$ -	\$ 188,000	\$ (188,000)	See note for item 1.4 & 1.5
Admin Reserve – Muni Improvements		N/A	-	\$57,000	\$57,000	-	-	Administration costs				
4.4 Environment Protection		2	-	\$571,000	\$571,000	\$261,727	\$46,790,359	Planned expenses due to the purchase of the Coyote Valley Property and for the relocation of the tenants.	\$ 50,000,000	\$ 50,000,000	\$ -	Revised Life of Project Total Expenditures may change pending Council policy decision approval on May 17th.
Total Municipal Improvements			\$ 1	\$ 5,474,000	\$ 5,474,001	\$ 2,674,047	\$ 53,204,518		\$ 62,000,000	\$ 58,950,000	\$ 3,050,000	

Measure T Public Safety and Infrastructure Bond Fund Planned and Audited Use of Funds FY2021-FY2022												
Projects ⁰		Project Location by Council Districts ¹	Carryover Encumbrance Balance ²	2021-2022 Planned Use of Funds ³	Total Carryover + FY 2021/2022 Funding ⁴	2021-2022 Audited Use of Funds ⁵	Total Audited Use of Funds as of June 30, 2022 ⁶	Results of Expenditures ⁷	Initial Life of Project Total Estimated Expenditure ⁸	Revised Life of Project Total Estimated Expenditure as of December 2022	Potential Delta - expected (overrun) / underrun ¹⁰	Notes
5. Parks & Community Facilities												
5.1 Community Centers/Emergency Shelters		CW	-	\$1,396,000	\$1,396,000	\$316,437	\$367,908	Staff continued to progress the design of the projects at each of the community centers. Expenditures account for staff time and consultant services for project design.	\$ 12,950,000	\$ 12,631,000	\$ 319,000	
5.2 Public Art – Parks		N/A	-	\$14,000	\$14,000	-	-	Funding to cover the public art requirement for this bond	\$ -	\$ 128,000	\$ (128,000)	See Note for item 2.3
5.3 Admin – Parks		N/A	-	\$15,000	\$15,000	\$11,475	\$19,393	Administration costs	\$ -	\$ 191,000	\$ (191,000)	See note for item 1.4 & 1.5
Admin Reserve Parks		N/A	-	-	-	-	-	Administration costs				
Total Parks & Community Facilities			-	\$ 1,425,000	\$ 1,425,000	\$ 327,912	\$ 387,301		\$ 12,950,000	\$ 12,950,000	\$ -	
Total Planned Expenditures			\$ 20,136,272	\$ 165,792,000	\$ 185,928,272	\$ 72,736,192			\$ 642,950,000	\$ 669,345,000	\$ (26,395,000)	
Total Audited Use of Funds						\$ 72,736,192	\$ 200,409,861					
Ending Fund Balance												

Sources
⁰ Project name / description
¹ Within the project dashboard located in the Construction Projects and Record Search on the City's website
² Carryover encumbrance balance from prior year.
³ Located in the Adopted Capital Budget under the Measure T 5-year Source and Use
⁴ Carryover encumbrance balance plus the FY 21/22 Source & Use Amount equals the total funding available for the fiscal year.
⁵ Auditor's Report ending June 30, 2022
⁶ Total expenditures from 2020, 2021, 2022 from the Auditor's Report
⁷ Information from the Measure T Status Report to Council dated June 28, 2022
⁸ Original budget identified for the project
⁹ Revised budgets and estimates to complete the project
¹⁰ Expected (overrun) / underrun (difference between item# 6 and item# 7)