CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

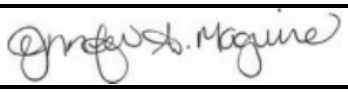
Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: **See Below**

DATE: April 8, 2026

Approved  Date: 4/9/26

SUBJECT: Deferred Maintenance and Infrastructure Backlog Study Session

PURPOSE

The City's significant and growing Deferred Maintenance and Infrastructure Backlog jeopardizes the delivery of day-to-day City services over the medium and long-term; this Study Session will provide the City Council with a solid understanding of the backlog to guide its future decision-making on strategies to reduce the backlog and the trade-off those decisions may require.

OUTCOME

The City Council's increased understanding of the City's Deferred Maintenance and Infrastructure Backlog will help inform future budgetary discussions and decisions regarding the implementation of strategies to minimize and ultimately reduce the backlog.

BACKGROUND

In October 2007, the first comprehensive report on the City's Deferred Maintenance and Infrastructure Backlog (DMIB) was presented to the City Council's Transportation and Environment Committee and then to the full City Council in a special Study Session. The report analyzed the unfunded infrastructure and ongoing maintenance needs over a five-year period for 14 discrete capital programs in the City. The report was updated annually since 2007 and then switched to bi-annual updates beginning in 2022. The last update was provided to the City Council in April 2024, which reported a one-time unfunded need of $1.7 billion, with an additional $129 million needed annually. The one-time unfunded need is the unfunded cost to restore a given asset to a satisfactory and serviceable condition rating. The annual ongoing need is the additional ongoing funding

needed to maintain the asset in a satisfactory or serviceable condition or to establish a sinking fund for strategic asset maintenance or rehabilitation.

ANALYSIS

Staff has updated the DMIB estimates last provided in 2024 to reflect more recent work and funding anticipated for inclusion in the 2026-2027 Proposed Mid-Biennial Capital Budget Update and the 2027-2031 Proposed Capital Improvement Program (CIP), which will be released in late April. The current backlog of deferred needs is estimated at $2.6 billion, with an additional $259.0 million needed annually.

Based on these updates, the following table summarizes the current state of the City's DMIB. The costs in the chart below represent staff's best estimate based upon available data. Further analysis and refinement of these estimates would be required before funding is requested to address specific unfunded needs.

Infrastructure Backlog ($ Millions)

Program	One-Time Backlog			Annual Ongoing Unfunded Needs		
	2024	2026	Change	2024	2026	Change
Airport	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
City Operated Buildings[1]	$293.80	$418.5	$124.7	$33.07	$90.87	$57.80
Cultural Facilities Operated by Others (OCA)	$38.74	$73.38	$34.64	$10.00	$10.00	$0.00
Sports Facilities Operated by Others	$26.87	$10.31	($16.56)	$7.90	TBD[6]	($7.9)
Convention Facilities (TeamSJ)	$75.00	$79.00	$4.00	TBD[6]	$12.60	$12.6
Fleet	$17.40	$13.80	($3.60)	$1.20	$7.70	$6.50
Parks, Pools and Open Space[2]	$339.80	$399.62	$59.82	$38.80	$41.12	$2.32
Sanitary Sewer	$65.00	$73.00	$8.00	$0.30	$27.00	$26.70
Service Yards	$14.10	$30.62	$16.52	$5.80	$5.35	($0.45)
Storm Sewer[3]	$180.00	$963.00	$783.00	$13.20	$42.50	$29.30
Information Technology[4]	$45.80	$44.00	($1.80)	$3.30	$3.13	($0.17)
Radio Communications[5]	$7.70	$2.50	($5.20)	$3.50	$0.00	($3.50)
Transportation Infrastructure[3]	$552.20	$516.86	($35.34)	$12.00	$18.70	$6.70
Regional Wastewater Facility	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Water Utility	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total	**$1,656.41**	**$2,624.50**	**$968.09**	**$129.07**	**$258.96**	**$129.89**

1. City Operated Buildings includes parks buildings and other facilities.
2. The one-time backlog number for parks and open space may significantly increase in future years as a result of the aging system, as described later in this report.
3. Measure T investments include over $54.1 million in Storm Sewer, $28.8 million in Transportation Infrastructure's streetlights and bridges, and $300 million in ongoing pavement annualized over eight years. This does not include ongoing maintenance costs (i.e., green infrastructure) required under the Municipal Regional Stormwater Permit.
4. Technology needs within departments not managed by the Information Technology Department may not be included. Those departments may present their technology needs within their program costs and plans.
5. The one-time backlog cost is to replace only the radios that will no longer be supported. The annual ongoing need is based on replacing all Silicon Valley Regional Communications System (SVRCS)radios in a long-term contract with Motorola to receive the highest discount.
6. No estimate available.

Attachment A summarizes each backlog category, including a description of assets, funding, status, and key changes from the prior reports, as appropriate. Included is information on the status of near-term actions that the City has taken or could take to reduce the DMIB, along with any discussion of future opportunities relating to the asset category.

As some assets receive dedicated funding through various Special and Capital Funds, Attachment B breaks out the DMIB according to the main funding source for each category: General Fund or Special/Capital Funds. However, when resources within Special/Capital Funds fall short to fully maintain the asset, General Fund resources may need to be prioritized to make the necessary investment. Several backlog categories are highlighted below.

Several categories also do not have a backlog. The Airport Department, as a fully-funded enterprise program, does not have a backlog, but continues to monitor and identify vertical and horizontal deferred maintenance and capital rehabilitation needs. Similar to the 2024 report, with funding collected from tributary agencies and revenue from rate payers, the Regional Wastewater Facility and Water Utility programs reported no unfunded needs.

City-operated buildings reported increases in one-time unfunded needs based on recently completed life cycle cost analysis reports and the costs related to the water intrusion affecting the below-grade levels of City Hall.

The Parks, Recreation, and Neighborhood Services Department (PRNS) continues to evaluate infrastructure backlog against baseline conditions established in 2013-2014

and recognizes the need to advance a new city-wide analysis to provide a new benchmark of cost data.

With the completion of the Storm Master Plan Phase II Report, identifying approximately $820 million in high-priority capacity improvement projects, storm sewers now have the largest unfunded need amongst all categories. The need to rehabilitate the existing storm sewer infrastructure has become more crucial as these systems are deteriorating, causing them to be inundated while dealing with the effects of climate change. Further, additional funding is necessary to stay in compliance with the 2016 Baykeeper Consent Decree and the latest Municipal Regional Permit 3.0. To partially address the investment need, the Environmental Services Department, in collaboration with Public Works and Transportation Departments, is working with a consultant firm to develop a sustainable funding mechanism to support capital, operational and maintenance, and regulatory improvements.

Transportation Infrastructure continues to have one of the largest unfunded needs, as in previous years. This category, focusing on the City's street network, roadway lighting, and right-of-way landscaping assets, has successfully leveraged federal, state, and regional funding to partially address the needs of the assets. Although the one-time backlog associated with street maintenance has stabilized and will continue to decrease in the coming years, conditions will likely start to deteriorate when Measure T bond funding is exhausted over the next two years.

The Study Session presentation, in addition to summarizing the backlog components, will provide additional context regarding why the DMIB has grown, its associated risks and impacts, discuss the most critical near-term capital rehabilitation projects, and strategies that the City will need to embark on over the next five years to address and ultimately reduce the DMIB.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the Departments of Airport, Environmental Services, Information Technology, Library, Parks, Recreation, and Neighborhood Services, and Transportation.

/s/
MATT LOESCH
Director of Public Works

For questions, please contact Norman Mascarinas, Principal Engineer, Department of Public Works, at (408) 535-8300.

ATTACHMENTS:
Attachment A – Program Details
Attachment B – General Fund vs. Capital Fund

PROGRAM DETAILS

AIRPORT

The Airport is an enterprise fund that is required to be self-sufficient. The Airport is able to maintain self-sufficiency by relying on a combination of funding sources that may either be used for capital improvements or repayment of debt service for capital improvements: Federal Grants (FAA), Passenger Facility Charges (PFC), Customer Facility Charges (CFC), and General Airport Revenue.

The Airport currently has no infrastructure backlog during this reporting period.

The Facilities and Engineering and Planning and Development Divisions of the Airport Department are responsible for maintaining buildings and pavement. These facilities include:

- 2 runways, 4 parallel taxiways, 14 cross taxiways, aprons and service roads (Airport Operations Area);
- 1 Fire Department building;
- 1 Police Department building (Police Department - Airport Division);
- 7 Terminal Area buildings (A-Plus, Terminals A and B, Interim Gates Facility, Federal Inspection Services, Terminal A Baggage Claim, Federal Inspection Services, Central Plant);
- Miscellaneous support buildings;
- Smaller support buildings for maintaining building structure only;
- 3 public parking garages;
- 4 surface parking lots; and
- Several miscellaneous buildings used to support the maintenance of Airport structures.

The Airport tracks physical assets, horizontal and vertical, utilizing two computer-based systems as well as specialized studies. For the pavement assets (horizontal), the Airport utilizes PAVER, which is a pavement management software system for condition assessment and prioritization, and an in-house interactive web application that tracks performance trends over time to help evaluate maintenance strategies. Hexagon EAM is utilized for building condition assessments (vertical) and to manage preventive maintenance work orders. Special studies and consultants are used to supplement these two programs.

The last major upgrade and improvement to the Airport campus was completed in June 2010, and six temporary gates were added in 2019, with these assets requiring additional maintenance to continue operating at the established efficiency levels. Maintenance items are categorized, prioritized, and addressed within the Airport's 5-year CIP as funding permits. The Airport currently has no infrastructure backlog.

Additional structures outside the terminal zone are primarily used in support of aviation functions, such as parts storage and tenant maintenance activities. The Airport Master Plan Amendment, including a new CEQA Environmental Impact Report (EIR), was approved by the City Council on April 28, 2020, and identified existing facilities requiring replacement to maximize the land use and allow the construction of modernized terminal facilities.

Critical pavement areas that are maintained by the Airport include taxiways, runways, and aircraft parking areas within the Air Operations Area and the public right-of-way surfaces. The Airport maintains a Pavement Maintenance and Management Program to prioritize, plan, and track maintenance activities for the Air Operations Area. This program is an industry-accepted, best management practice for identifying pavement life and cost estimates for planning purposes. Typically, airports that serve commercial aircraft traffic have used various “cut-off” points, a critical Pavement Condition Index (PCI) value at which a pavement section requires rehabilitation. Generally, a Critical PCI of 70 for runways, 60 for taxiways and aprons, and 55 for shoulders and roadways is accepted throughout the industry. Preventive maintenance activities, such as crack and joint sealing and patching, are recommended for pavements that have a PCI greater than the critical PCI identified. Overall, the airside pavement network at the Airport had an area weighted PCI value of 79 (on a scale of 0-100, with 100 indicating the pavement is in good condition with minimal maintenance requirements), meaning the pavement is in satisfactory condition based on a study conducted in 2025.

BUILDING FACILITIES

The Facility Management Division of the Public Works (PW) Department supports maintenance, operations, oversight, and capital improvements at over 400 City buildings and structures, comprising more than 5 million square feet. These buildings are broken up into four different categories in this report as follows:

- City Operated Buildings
  - 37 Fire Department Buildings
  - 3 Police Department Buildings
  - 23 Libraries
  - 47 Community Centers
  - 251 Park Facility Buildings
  - 3 City Hall Buildings
  - 2 Environmental Services Department Buildings
  - 1 Animal Care and Services Center

- Cultural Facilities Operated by Others
  - 6 Cultural Facilities

- Convention and Cultural Facilities Operated by Team San Jose
  - 6 Convention and Cultural Facilities

- Sports Facilities Operated by Others
  3 Sports Facilities

Buildings and their systems and equipment have an expected useful life. Building systems like the building envelope, HVAC, plumbing, electrical, and interior finishes have industry prescribed expected useful life. Some systems, such as HVAC and roofs, have a 20-25 year expected useful life, while others, such as plumbing and electrical, may serve a 30-50 year useful life. Many of the City's building systems are nearing the end of their useful life and some systems are already serving beyond their expected useful life.

There are a few factors worth noting that are impactful on the useful life of building systems. The high use of systems is one contributing factor. City-owned facilities usage is high, with many buildings operating seven days a week and some systems running 24/7, 365 days a year. Another significant contributing factor is the lack of a robust preventative maintenance program in place to proactively service systems and equipment to maximize their useful life. The City continues to have challenges in adequately funding a preventative maintenance program. With the technological advancements in building systems over the years, more components and items were added to the routine maintenance needs list, and those needs cannot always be met.

The higher demand for preventative maintenance has been challenging to meet due to previous budget deficits and shortfalls from sources generally used to fund capital maintenance activities. Budget reductions have left insufficient resources to meet the maintenance needs of the facilities. Even as a portion of this funding has been restored, the deferred work continues to increase. This, in turn, can lead to building system premature failures and not achieving industry prescribed expected useful life. Another strain on facilities maintenance is the bringing in of new building inventory, either through new construction or the acquisition of new building facilities. These combined factors, with continued staffing deficiencies and funding shortages, have added to the challenge of properly and promptly making needed corrective and preventative maintenance repairs and/or system replacements.

The Facilities Management Division of the PW Department, when resourced, continues to conduct facility condition assessments to determine the current status of building systems, projected end of life of systems, and cost estimates for repair and replacement. These assessments have historically been performed through consultants. Until such assessments can be further funded, resourced, scheduled, and analyzed, this report will use building assessments and estimates completed to date.

City Operated Buildings

The current backlog for deferred maintenance in building facilities is estimated at $418.5 million**,** which includes approximately $253 million for parks buildings, as shown in the table below. Additionally, many significant City-owned facilities are in need of reassessment due to the data being approximately a decade old. It is likely that the

current backlog is higher, but it will need to be further evaluated when resources are available. The remainder of the backlog needs is derived from a combination of consultant building assessment work and in-house staff estimates from existing reports and work orders data. City Hall, in particular, has been experiencing water intrusion into the basement.

In May 2024, a life-cycle analysis was completed for the City Hall Tower, the Wing, and the Rotunda. In addition, further investigation and cost analysis led by the PW Department's City Facilities Architectural Services Division were conducted to address water intrusion affecting the below-grade levels of City Hall, which is estimated at approximately $45 million. Looking ahead to 2027-2031, additional capital maintenance needs are estimated at $57 million.

The preventative maintenance program is very important and provides proper maintenance of building systems to prolong the useful life of building systems. The focus of the program has been: 1) the completion of work items that address life safety needs, and 2) the preservation of assets. However, recognizing the need for cost saving measures, the funding allocation for preventive maintenance activities in the Facilities Management Division has been reduced over the years. Although not an ideal situation, cost savings were achieved through the increase of cycle times for maintenance activities related to the preservation of assets. In the short term, these reductions will result in a slightly higher rate of building system failures needing corrective action. Over the long term, the result of these reductions will shorten building systems' useful life and accelerate the need for full equipment replacement, requiring capital funding.

Facilities Operated by the City	Backlog
Parks Buildings	$252,748,000
City Hall	$101,901,000
Police Stations	$24,230,000
Libraries	$24,000,000
Fire Stations	$9,000,000
Animal Care and Services	$6,654,000
Total Backlog	**$418,533,000**

Cultural Facilities Operated by Others

These facilities, totaling over 900,000 square feet, include those listed in the following table.

Cultural Facilities	Backlog
Tech Interactive Museum	$22,945,500
Hammer Theatre	$16,789,900
Museum of Art	$11,776,600
History San José Facilities	$9,074,000
Mexican Heritage Plaza	$7,146,000
Children's Discovery Museum	$5,645,000
Total Backlog	**$73,377,000**

The current estimated rehabilitation needs through FY 2030-2031 have been recently updated to approximately $73.4 million. Within this overall estimate, multiple facilities' funding needs have increased significantly. Hammer Theatre's aging equipment and building components and worn-out roof need replacement. The Tech Interactive Museum's escalators and elevators have had a long history of downtime and complaints and require replacement. The History San José Park has major rehabilitation work identified for the Firehouse building, as well as roofing, painting, electrical, and repairs needed on various buildings onsite.

The operators at the Mexican Heritage Plaza, the Tech Interactive Museum, Hammer Theatre, and the Children's Discovery Museum are participating in a capital maintenance funding program. This program shifts a portion of their annual City subsidy into a separate account to specifically address minor capital funding needs. Note that the Cultural Facilities Capital Maintenance Reserve of $1.25 million was liquidated in 2025-2026 due partially to address the General Fund and the availability of this reserve funding is still under evaluation.

Sports Facilities Operated by Others

There are three City-owned sports facilities that are operated by others: the SAP Center, which is the home of the National Hockey League San Jose Sharks; TechCU Arena/Sharks Ice, which is the home of the American Hockey League San Jose Barracuda; and Excite Ballpark, which is the home of the San Jose Giants. The operators of TechCU Arena/Sharks Ice and Excite Ballpark are responsible for capital rehabilitation improvements at the facilities, with project oversight provided by the City. An expansion at the TechCU Arena/Sharks Ice completed in 2022 added two ice rinks to the existing facility. A new 17,900 square foot auxiliary building is being added to Excite Ballpark and is currently under construction with an expected completion date of summer 2026.

The City and San Jose Arena Management entered into an agreement in August 2025 for a major renovation of the SAP Center with a total project cost of at least $425 million, with $350 million of project costs funded by the City and at least $75 million of project costs funded by San Jose Arena Management. San Jose Arena Management will pay $25 million towards the City's debt service necessary to finance project costs.

The table below shows the estimated unfunded five-year rehabilitation needs for these three sports facilities.

Sport Facilities	Backlog
TechCU Arena/Sharks Ice	$4,857,000
Excite Ballpark	$1,100,000
SAP Center	-
Total Backlog	**$5,957,000**

Convention and Cultural Facilities Operated by Team San Jose

The facilities in the table below are operated by Team San Jose on the City's behalf and total approximately 1.4 million square feet, including the new areas added with the recent expansion of the Convention Center.

Facilities Operated by Team San Jose	Backlog
Center for Performing Arts	$49,000,000
San Jose Convention Center	$20,000,000
Civic Auditorium	$4,100,000
South Hall	$2,500,000
California Theater	$1,900,000
Montgomery Theater	$1,500,000
Total Backlog	**$79,000,000**

The Center for the Performing Arts is in need of major rehabilitation throughout the entire building, including elevator upgrades, structural seismic retrofit, seating rearrangement, Americans with Disabilities Act (ADA) upgrades, etc. A $7.9 million chiller, cooling tower, and boiler replacement project for the Center for the Performing Arts is currently in construction, with substantial completion scheduled for July 2027. Major projects at the Convention Center include replacement of the fire alarm system that has reached its 30 years of service life, with funding of $3.9 million allocated to upgrade the system by 2027, $6.25 million for Convention Center ballroom and meeting rooms lighting upgrade by 2028, and $3.6 million for replacement of 65 air handler units by 2028. The costs for additional air handler replacements will be determined after evaluation.

FLEET

The City's Fleet Management Program provides preventive maintenance, repairs, statutory inspections, acquisition, disposal, and fueling services for a fleet inventory consisting of 2,757 vehicles and equipment that support public safety, public health, and general government operations citywide.

These vehicles and equipment are categorized in the table below.

Category	Quantity
General Fleet	1,526
Police Patrol	492
Other Equipment	347
Off Road Fleet	281
Fire Front Line	111
Total	**2,757**

This year's vehicle and equipment inventory decreased by six assets from last year's total of 2,763. The decreases occurred primarily in the other equipment category. The City's fleet assets inventory will continue to "right-size" as the organization's overall service delivery systems adjust to the current and future budget reality of the City.

As this "right-sizing" occurs, vehicles that are no longer needed for one program will be shifted to another to ensure the City is replacing the vehicles that are the oldest or no longer meet the City's current sustainability goals. This strategy helps extend the useful life of the entire vehicle and equipment inventory.

To assist in the overall management of the City's fleet asset inventory, PW Department utilizes an asset management software application called AssetWorks to monitor equipment utilization, maintenance and repair programs, and fuel management operations. AssetWorks provides the information and reporting to assist staff in maximizing the lifecycle of the City's investment in vehicle and equipment assets.

The current backlog for the entire Fleet Management Program is $13.8 million. Vehicles that provide support for General Funded activities have a current backlog of approximately $7.6 million. The current ongoing vehicle replacement funding in the General Fund for the General Fleet is $2.0 million, which leaves an additional ongoing need of $2.0 million each year to replace eligible vehicles if the annual funding is consistent. This has been a challenge for Fleet Management as the vehicle replacement funds are not consistent each fiscal year. In addition to the General Fund-only portion of the backlog, a backlog exists for vehicles that are not funded in the General Fund. This year's backlog includes a one-time need of $6.1 million and $5.6 million ongoing for vehicle replacements in Special and Capital funds. This includes equipment at the Regional Wastewater Facility, vehicles supporting fee programs, and vehicles supporting capital programs. Public Safety vehicle funding has remained fully funded to ensure service. The replacement projections are calculated with vehicles reaching both age and mileage thresholds. There is a significant number of vehicles reaching age only that are not included in the backlog.

It is important to consider that older vehicles cost significantly more to maintain. Replacing older vehicles regardless of miles results in lower operating costs, higher availability, cleaner emissions, greater safety features, and better fuel economy. In addition, there was a review of the eligibility age and mileage for vehicles to be

considered for replacement in order to expedite the conversion of the City's fleet to become more hybrid or battery electric only, thus requiring more replacement funding due to such earlier vehicle retirements. With the adoption of California Air Resource Board's Advanced Clean Fleet regulations, it accelerated the transition to full battery electric vehicles in the medium and heavy vehicle classifications, which further impacts the vehicle replacement backlog over the next several years. Another impact of the Advanced Clean Fleet regulation is the need for additional charging infrastructure throughout the City to address City fleet charging needs, including level 3 fast chargers for medium and heavy vehicles. For example, estimated costs to procure and install new chargers at the various corporation yards and City Hall Employee Garage are as follows: Mabury Yard ($1.0 million), South Yard ($1.25 million), West Yard ($1.25 million), Central Service Yard ($2.5 million), and City Hall Employee Garage ($2.0 million).

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

The Department of Parks, Recreation and Neighborhood Services (PRNS) manages parks, trails, community centers, and various properties throughout the city. The Capital Improvement Program (CIP) within PRNS is part of the Neighborhood Services City Service Area and is responsible for the development of new facilities and the renovation of existing facilities. The main funding sources for the program are generated from Construction and Conveyance Taxes and fees paid through residential developments under the Parkland Dedication Ordinance and Park Impact Ordinance, collectively called Park Trust Funds. Other episodic funding sources include grants, donations, partnerships, and bonds. The department is also exploring additional funding sources, such as a parcel tax or sugar-sweetened beverage tax, to fund daily operations and maintenance (O&M), including minor capital repairs. The 2026-2030 Adopted CIP for Parks and Community Facilities Development is $423.5 million.

The annual funding needs of the program fluctuate based on expiring life cycles of existing facilities and the funding required to develop new facilities to meet General Plan goals which aim to provide 3.5 acres of neighborhood parkland for every 1,000 residents, 7.5 acres of regional parkland per 1,000 residents, 500 square feet of community center space for every 1,000 residents, and a 100-mile trail network. In addition to these General Plan goals, the City also strives to provide a park to every resident within a 10-minute walk. Funding strategies focus on prioritizing spending on replacing aging infrastructure, reducing costs through efficient means of project delivery, and supplementing funds through external sources such as grants, state and federal earmarks, and partnerships.

Capital infrastructure data are currently used to prioritize limited resources for repairs and renovations and have been collected incrementally over several years. In recent years, the CIP Division has made significant progress in assessing a growing number of amenities, including playgrounds, sports courts, exercise equipment, parking lots, shade canopies, artificial turf, trails, and restrooms.

CIP assessments measure infrastructure disrepair, decay, and deterioration, using a standardized four-tier rating system with the following categories: Unacceptable, Poor, Fair, and Good. This data is essential for capital budget planning and staff work plans. This data-driven approach has helped advance major capital improvements in the park system, including the following projects completed since the last status report in 2024:

- 2 artificial turf sport field replacements
- 2 artificial turf dog park renovations
- 26 playgrounds replaced or rehabilitated
- 14 basketball courts renovated
- 23 tennis courts renovated
- 21 pickleball courts added or renovated
- 31 pieces of fitness equipment replaced or rehabilitated
- 2 miles of new trail development
- 5 parking lots resurfaced
- 2 park restroom facilities renovated

This past year, the CIP assessment program has expanded to include new amenities, such as shade canopies and park restrooms, and will continue to evolve to address more complex infrastructure, such as irrigation systems, park amphitheaters, and stages. Although this work is in its early stages, PRNS ultimately envisions using capital assessment data to inform a more comprehensive, transparent understanding of park needs, including refining the deferred maintenance infrastructure backlog for park grounds, trails, and facilities. Comprehensive CIP assessment data will help support clearer prioritization of investments and strengthen long-term planning.

While a main strategy is stewardship, PRNS also acknowledges the growing demands of the City and continues to fill gaps in the amenity inventory by installing new parks, trails, and adding new features to existing parks. As an example, in the last two years, 15 new pickleball courts have been added, 10 new parks have been constructed, eight new playgrounds have been constructed, and two miles of trail have been opened. While it is critical to construct new facilities to meet the demand of the growing population, it also increases the future funding needs for maintenance as new amenities age out and require replacements over time.

Project delivery methods also offer the opportunity to increase efficiency and reduce costs, thereby reducing the total infrastructure backlog costs. Purchase orders support small repairs and on-call contractors offer construction services for minor renovations. Park staff are also trained to perform minor park repairs and renovations, which offer low-cost solutions for maintaining existing infrastructure.

External funding sources have advanced a number of projects across the PRNS inventory, including trail development, all-inclusive playground construction, and new park construction. A few recent examples include the Outdoor Recreation Legacy Partnership Grants Program advancing the construction of Brickyard Park at the northeast corner of Keyes and South 3rd Streets, the Active Transportation Program

Grant, which supported trail development of Coyote Creek from Mabury Road to Empire Street, and the Almaden Lake all-inclusive playground that benefited from the Santa Clara County All-Inclusive Playground Grant Program. Staff continues to seek out new grant programs, inventory opportunities for future grants, and develop a system that provides grant fronting funds. The greatest limitation in seeking grants is the requirement to pay for all costs up front and receive the grant funds after work is completed through reimbursements. This requires all projects to have 100% of funding fully appropriated at the time of the contract award, which creates the largest obstacle in meeting equity goals.

Partnerships and earmarks provide an opportunity to secure funds that may not require fronting. While this type of funding is the most sought after, they are also hard to secure. In the past two years, Lake Cunningham was granted both a federal and a state earmark totaling $2.3 million for a pilot project to improve water quality with the support of elected officials. Other partnerships are found with non-profit organizations or conservancies such as the Happy Hollow Foundation and the Guadalupe River Park Conservancy. This past year, PRNS partnered with the San Jose Sharks to successfully demolish a blighted restroom, a concession building, and a dilapidated carousel at Arena Green West. These organizations offer strong partnership opportunities and aim to secure larger investments needed for major capital projects at City parks.

Bonds may offer the best solution to address immediate facility needs and reduce the infrastructure backlog. The last parks-specific bond (Measure P) was passed in 2000 and provided $228 million to build community centers, construct new playgrounds and restrooms, and expand the PRNS inventory. The system is now experiencing a wave of replacement needs that standard funding sources cannot cover. In the future, a more sustainable approach would be to implement a mechanism to repeat a bond at shorter, more regular intervals and identify a permanent and reliable source of funding for daily operations and maintenance.

As the City considers ways to address the PRNS deferred maintenance and infrastructure backlog, the Department is also exploring new funding mechanisms for ongoing maintenance of parks, trails, and recreational facilities. These mechanisms could include a parcel tax or a sugar-sweetened beverage tax. When routine maintenance is underfunded, it leads to greater deferred maintenance and strains existing resources for routine upkeep. For example, in Fiscal Year 2024-2025, staff spent 35% more time repairing irrigation systems than in the prior year. This is time that could have been spent on other care in parks if irrigation systems were not past their useful life. Over time, smaller, manageable issues escalate into more complex and costly projects, increasing the long-term cost of improving the park system. This is in addition to infrastructure that simply ages out. An important strategy to ensure the longevity of capital infrastructure is to fund maintenance at a higher level so there is capacity to perform annual preventative maintenance in addition to daily operations. For example, sealing and painting wooden shade structures can greatly increase the lifespan of the amenity, thereby reducing the frequency of replacement and reducing the long-term funding burden.

In coordination with PW, PRNS will refine the approach used to quantify the deferred maintenance and infrastructure backlog for park grounds and trails, with the goal of improving clarity around identified needs and associated costs. Current estimates are based on a 2014 study by Kitchell CEM, with numbers adjusted annually based on asset lifecycles and unfunded liabilities. While this provides a benchmark of data to measure against, it does not fully capture the granular data of current conditions. The current PRNS backlog is estimated at $652.4 million (see table below). The CIP assessment data mentioned above will be used to support an updated infrastructure backlog analysis. This updated data is specific to park grounds and trails and does not include community centers, park yards, other park buildings, or aquatic facilities. Data on these building assets will continue to be updated by PW as funding is available to develop specific studies. Rather than waiting to secure funding for a consultant, PRNS will complete the assessment of park grounds and trails with existing staff and resources. Staff aims to have an updated methodology and estimate for park grounds and trails within the next year.

PRNS Asset Backlog Estimates

Park Component	Estimated Backlog
Park Grounds[1]	$173,338,000
Park Yards	$10,997,000
Trails	$24,255,000
Regional Facilities	$191,025,000
Park Component SubTotal	*$399,615,000*
Community Buildings[2]	$111,201,000
Other Buildings [2]	$136,595,000
Restrooms[2]	$4,952,000
Building Component SubTotal	*$252,748,000*
Total 2026 PRNS Backlog	**$652,363,000**

1. Value is estimated from 2013-2014 data and extrapolated to reflect increases due to inflation and decreases due to work completed.
2. These figures are included in the Building Facilities backlog section of this report.

SERVICE YARDS

The four City service yards include 325,000 square feet of building space and over 1,800,000 square feet of property. The estimated backlog in each yard is included in the table below.

Service Yard Facilities	Backlog
Central Service Yard	$ 18,835,000
Mabury Yard	$ 3,087,000
South Yard	$ 6,400,000
West Yard	$ 2,300,000
Total Budget Need	**$30,622,000**

Improvements at the service yards are funded through the Construction and Conveyance taxes allocated to the Service Yards Capital Program, as well as transfers from the General Fund. The Service Yards program is currently underfunded. Capital improvement needs are warranted at these facilities on an annual basis, including paving, mechanical, plumbing, HVAC, roofing, and various modernization projects. The current funding levels will fall short in meeting the long-term deferred maintenance needs, even the lease revenue bonds issued in 2021 to fund major rehabilitation of existing infrastructure and addition of new equipment, including a new water main line, pavement replacement, HVAC system upgrade, new generator, perimeter security measures, and a fueling island for the facility.

SANITARY SEWER

The sanitary sewer collection system includes:

- 2,030 miles of Sanitary Sewer Mains (6 inches to 90 inches in diameter);
- 12 miles of Force Mains;
- 17 Pump Stations;
- 2 Filtration Stations;
- 1 Odor Control Dosing Station;
- 44,000 Manholes; and
- 198,000 Lateral Connections.

Approximately 85% of the City sewer collection system is roughly 50 years old. The PW Department is leading the implementation of a comprehensive Condition Assessment program with the Department of Transportation's (DOT) assistance to determine the infrastructure improvement needs of the aging system. Data gathered from the Condition Assessment program will be utilized by both departments to determine the capital projects necessary to maintain the service life of the system, as well as operations and maintenance programs to ensure uninterrupted conveyance of sewage to the treatment plant.

In order to meet the more stringent regulatory requirements of the State Sanitary Sewer Systems-Waste Discharge Requirements, DOT has made significant investments in additional equipment, personnel, and contractual resources to implement several critical Sanitary Sewer Overflow (SSO) reduction strategies for more than a decade. These strategies include increased sewer line cleaning productivity, proactive cleaning of problematic sewer lines, implementation of an SSO first responder program, chemical treatment or mechanical cleaning of sewer lines identified as having heavy root intrusion

and growth, and continued collaboration with the Environmental Services Department (ESD) to address commercial areas that have evidence of excessive fats, oils, and grease (FOG) in their sewer mains. DOT also distributes public FOG-management educational materials to residential areas, with a focus on neighborhoods that have higher concentrations of FOG discharge. In 2024-2025, DOT delivered more than 2,000 door hangers as part of this outreach effort.

Since beginning the implementation of the SSO reduction strategies in 2011, DOT has recorded a consistent reduction in SSO occurrences.

Fiscal Year	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025
Number of SSOs	97	55	58	22	42	31	35	35	40	29	33

The 33 SSOs in the FY 2024-2025 are equivalent to approximately 1.6 SSOs per 100 miles of sewer main per year. The significant reduction in SSOs since FY 2014-2015 is attributed to the improvements made by DOT in the maintenance of the existing sewer system in conjunction with the DPW repair and rehabilitation projects identified through the Condition Assessment program and Sanitary Sewer capital improvement projects. DOT continues to proactively enhance its maintenance program and will continue to evaluate the program's performance as it works towards keeping the SSO rate at fewer than 1.8 SSO events per 100 miles of sewer main annually.

A. STRATEGIC PLANNING

Three main components critical to the optimal performance of the sanitary sewer system include:

1. Adequate sewer conveyance and treatment capacity that would meet the needs of the City's Envision San José 2040 General Plan;
2. Replacement/Rehabilitation program that would extend the useful life of the City's sewer assets; and
3. Operations and Maintenance program that aligns with the City's core services while enhancing the SSO Reduction Program.

1. Capacity Needs

Since 2002, to manage sanitary pipe system capacity needs, PW staff has developed a comprehensive sanitary system Master Plan based on the InfoWorks ICM (Integrated Catchment Modeling) hydraulic model. Phase II of this Master Plan, which was completed in 2013, included sewers of 10 inches or larger in diameter. Phase III of the Master Plan, which was completed in 2023, includes all public sewer mains throughout the City to ensure a thorough picture and analysis of the capacity needs of the current system.

In development of the model, staff used a systematic process that incorporates population data, land use development and planning information, and water use and flow monitoring data to estimate sewer flows. The model is used to assess system performance for existing, near-term (5- to 10-year horizon) and long-term (through 2040) under dry and wet weather flow scenarios, identify system improvement needs, and recommend capacity improvement projects.

The Sanitary Sewer Master Plan Phase II project had identified a total of 105 sewer capacity improvement projects with an estimated $188 million in capital improvement costs (2013). At the completion of the Sanitary Sewer Master Plan Phase III, 12 projects from the Phase II project were re-scoped, and 64 newly identified and recommended capacity improvement projects were added. Of these, 45 projects were identified to have existing triggers, totaling $72.8 million (2021) in estimated capital costs, while the remaining 19 projects have future triggers, totaling $45.2 million (2021) in estimated capital costs. The Master Plan, less any previously completed projects, includes projects with existing capacity improvement needs that would cost approximately $73 million, which equates to $7.3 million annually over the next 10 years. Staff plans on continuing to use flow monitoring data collected through the ongoing flow monitoring program for master plan project validation, this includes projects with future triggers, with initiation of Phase IV Sanitary Sewer Master Plan, which includes groundwater model updates and climate change analyses to comply with the new requirements in the California State Water Resources Control Board Water Discharge Requirements General Order, staff will continue to update the list of capacity improvement projects re-evaluating the system needs based on changing conditions.

2. Rehabilitation and Condition Assessment Needs

PW staff currently manages sewer video inspection data and coding standards, utilizing InfoMaster to analyze and prioritize repair and/or rehabilitation work. PW staff is currently managing several contracts to perform pipeline inspection utilizing closed circuit television (CCTV). Likewise, DOT had made investments for additional equipment and personnel in conjunction with its operations and maintenance program to assist the condition assessment program. Coupled with defect coding analysis and sewer repairs, almost 100% of the City's neighborhood sewer collection system (6 to 10 inches diameter sewer pipes) has been inspected. The program has also started video inspection and condition assessment of the medium sized diameter sewer pipes (12 to 30 inches diameter) and will continue to video inspect the condition of larger pipes (32 inches and larger). This progress is in alignment with the recommendations from the Pilot Sanitary Sewer Condition Assessment Program (SSCA) completed in 2011.

Utilizing a risk-based analysis of statistical samples of the sewer system revealed the need to invest in frequent monitoring of the high-risk pipelines. On an annual basis, $4.0 million should be spent on condition assessments to ensure a sufficient amount of infrastructure is evaluated.

The SSCA recommended an annual investment of $28 million (approximately $31 million in 2026 costs) for system rehabilitations in order to prevent the system from further deterioration. The SSCA had completed the recommended 10-year video inspection and analysis program for the collection system, which equates to 10% annually. As the SSCA program continues, it is anticipated that additional funding may be needed to design and construct sewer infrastructure repair and rehabilitation projects identified in the SSCA program. Completion of these projects reduces the potential risk of SSOs due to structural deficiencies in the system and may augment the Operations and Maintenance program. Approximately 79 miles of sewer mains have been identified for repair and rehabilitation, with the cost estimated to be $80.0 million as of 2024-2025, with over 100% of the condition assessment completed in the ten-year period. As more information is collected through the CCTV program, the number of defective pipes and repair needs may increase, and the recommended annual investment will be re-evaluated and reported in future years.

In 2016, an Exfiltration Abatement Program was developed and implemented by PW staff to identify sewer mains with high-risk of sewage exfiltration (leaking out), potentially causing contamination of the storm drain system. DPW aims to repair/rehabilitate these sewer mains at a rate of 6.5 miles annually. Staff has revised its work plan to integrate the Exfiltration Abatement Program into the SSCA program to identify high-risk pipes in the system using video inspection. Staff anticipates completing the 10-year condition assessment program in October 2026 and submitting the last Exfiltration Abatement report to Baykeeper, which will end the Consent Decree and resolve any potential Clean Water Act claims.

A new Sanitary Sewer Interceptor Management Program was developed in FY 2021-2022 for the interceptor system. The interceptor system consists of a series of parallel, large diameter pipelines that extend from 7th and Empire Street, north along 7th, 5th, and 4th Streets to Highway 101, and across Highway 101 along Zanker Road to the Regional Wastewater Facility located north of Highway 237. The Interceptor Management Program includes a condition assessment program, which evaluates the structural integrity of the interceptors, including junction structures, removes accumulated debris, and identifies and prioritizes the portions of pipe that may require rehabilitation and/or repair. A Master Consultant Agreement was used to bring a consultant on board in 2024 to help develop the Interceptor Management Program. Staff recently issued the first service order that will kick off the condition assessment of one of the interceptor segments. The plan is to have staff eventually take over the condition assessment program and run capital projects to complete the interceptor condition assessment. Once the condition assessment is completed, the information obtained will be used to prioritize and develop capital projects to repair and/or rehabilitate the interceptor system.

Lastly, the program will also include the evaluation and rehabilitation of the City's soil bed filters that assist with removing odors and corrosive sewer gases from the interceptors. The soil bed filters are located at Canoas Garden and at Structure B on Zanker Road. Currently, the facilities are outdated, inoperable, and in need of

replacement or upgrading utilizing newer filter technology. The total cost related to the repair or rehabilitation of the interceptors and pertinent facilities is under development.

3. Operations and Maintenance

DOT staff has been implementing several elements of their SSO Reduction Program outlined in the Sewer System Management Plan that was developed to address the requirements of the Statewide Sanitary Sewer Systems General Order 2022-0103-DWQ issued in December 2022. DOT staff has transitioned from an in-house developed, GIS-capable CMMS software to a new GIS-capable Salesforce-based Unity system, which tracks maintenance history, work orders, inspections, and work performance efficiency. Recommendations after extensive analysis of available data have been incorporated into the planning and scheduling of operations and maintenance activities. This effort, in conjunction with the procurement of additional operations and maintenance vehicles and equipment, has resulted in the steady decline in the repair backlog and in the number of SSOs. Last fiscal year, DOT staff cleaned over 833 miles of sewer lines. In order to continue the implementation of the strategies, it is anticipated that additional funding may be necessary to further reduce the number of SSOs within the City.

B. FUNDING – EXPENDITURE VS NEEDS

The Sanitary Sewer CIP is primarily funded by a transfer from the Sewer Service and Use Charge Fund and Joint Participation revenues from other jurisdictions served by this system, Connection Fee revenues, and interest revenues.

The Sanitary Sewer Capital Program annual funding need is calculated based upon the results of the 2011 Sewer Condition Assessment Pilot, the projected cost of performing the condition assessment and system improvements, and an analysis of capacity improvement projects needed to address existing capacity improvement needs in the system.

The implementation of the Exfiltration Abatement Program has been carefully crafted into the CIP and 2026 will be the last year the City will be under the Baykeeper Consent Decree; however, a new River Watch settlement agreement, which went to City Council in December 2024, requires that the City to perform numerous remedial measures for a period of four years following the effective date of the agreement. More specifically, the City shall repair, rehabilitate, or replace 6.5 miles of high-risk pipes for the next two years. The City will be able to meet this requirement with the current Exfiltration Abatement program. Additionally, the River Watch settlement agreement requires the City to perform a condition assessment of its force mains and lift stations by 2028. This new settlement agreement, along with construction escalation, has stretched the current budget that was allocated to this program. Staff will continue to monitor all expenditures for this program and adjustments will be brought forward in a future budget process, as needed.

The annual operating and maintenance costs (managed by DOT, currently at $34.7

million) will likely also require future increases to enable DOT to continue implementing various strategies aimed at decreasing SSOs and response times. The cost to purchase replacement vehicles has greatly increased and the purchase of additional equipment and resources to implement technology solutions that will enable better system monitoring and more efficient maintenance operations are some of the future investments under consideration. As the pavement maintenance program increased production in recent years, the number of sanitary sewer miles investigated via CCTV has increased to proactively identify sewer defects with the goal of repairing them prior to paving. Current CCTV and sewer repair capacity has been increased temporarily to meet this expansion. PW and DOT are working together to evaluate existing capabilities and determine if more resources need to be considered through a future budget process.

An idealized annual investment for both the capital improvement needs (for rehabilitation and capacity expansion) and operations and maintenance of the system would total approximately $77.0 million per year for the next 10 to 20 years, as shown in the following table.

Annual Need for Maintenance and Infrastructure	
Rehabilitation	$31,000,000
Capacity Projects (existing users)	$7,300,000
Condition Assessment	$4,000,000
Total Capital Need	**$42,300,000**
Operations and Maintenance (DOT)	$34,700,000
Total Capital and Operating Need	**$77,000,000**
2025-2026 Adopted Budget Funding	$50,000,000
Total Annual Unfunded Need	**$27,000,000**

After taking into account DOT operating costs ($34.7 million) programmed in the 2025-2026 Adopted Operating Budget, the transfer from the Sewer Service and Use Charge Fund ($15.0 million), and the Sanitary Sewer Joint Participation revenues ($70,000) in the 2025-2026 Adopted Capital Budget, the remaining annual unfunded need is approximately $ 27.0 million. This need will be evaluated on an annual basis to determine if any funding increases are needed. Any future funding modifications will be the result of a collaboration between ESD, DOT, and PW that considers the needs at both the Regional Wastewater Facility and the sanitary sewer collection system, as well as long-term rate payer impacts.

ESD, DOT, and PW are currently working together to identify the annual funding needs of all the programs that are funded from the Sewer Service and Use Charge Fund (Wastewater Treatment Plant Operating and Capital, Collection System Capital, and Operating and Maintenance). The final result of this interdepartmental collaboration will be a 10-year rate strategy to advance all three programs.

STORM SEWER

The storm sewer collection system includes:

- 1,146 miles of storm sewer pipe
- 35,768 storm drain inlets
- 4,500 miles of curb and gutter
- 1,712 storm outfalls
- 31 pump stations
- 40 large trash capture devices
- 593 small trash capture devices

The preliminary citywide storm drain system's dynamic hydrologic and hydraulic (H&H) model was developed and prepared prior to the February 2017 flood event. The InfoWorks ICM computer model included pipes of 24 inches and larger in diameter using the City's GIS datasets, as-built plans, and survey data, and incorporated boundary information from Valley Water's HEC-RAS model files and was calibrated using 2013-2014 and 2015-2016 flow data of the storm drain and creek/river channel systems. At the end of the Storm Sewer Master Plan Phase II in 2024, a list of 17 high-priority capacity improvement projects was identified, which estimated approximately $818 million in total capital cost for over 154,000 linear feet of new storm mains plus four detention basins. These high-priority projects include the Charcot area improvement project, which is funded by a Measure T allocation of over $28 million. The capital cost for the remaining high-priority projects for flood protection purposes is estimated to be $793 million or $27.3 million annually over a 30-year period.

In January 2025, the next phase of the Storm Sewer Master Plan was initiated. The Storm Sewer Master Plan Phase III project will include model expansion to all storm main pipes, a land-use update, incorporation of recent Valley Water projects at outfalls to creeks, incorporation of recent CIP improvements by the City, and calibration of the model. The updated modeling analysis is expected to yield a revised list of high-priority projects.

The 2026-2030 Adopted CIP provided improvements to the storm sewer collection system in the Charcot area of North San Jose and other critical areas, and outfall rehabilitation, and minor storm sewer improvement projects, as well as installation of additional trash capture devices in compliance with the Municipal Regional Stormwater Permit.

Over 407 outfalls have deteriorated and require rehabilitation. The estimated cost to fix the 407 outfalls is approximately $170 million. In addition, many improvements within the riparian corridor of City-owned creeks require mandatory environmental mitigation, monitoring and reporting to the regulatory agencies for a minimum of 10 years. In 2025-2026 Adopted Capital Budget, there is $6.0 million for outfall improvements and beyond that, there is no annual funding to rehabilitate these outfalls. Approximately $8.5 million is needed annually to rehabilitate or replace these deteriorated outfalls.

The flood event in February 2017 also shed light on the maintenance of waterways within City-owned properties representing approximately 22 miles of rivers and creeks. Maintaining the City owned properties and assets requires both capital and maintenance activities such as vegetation management, removal of trash/debris and invasive species, pest management, outfall, bridge or culvert repair. These City assets require both capital improvements and routine maintenance work within sensitive protected areas of the waterways which require federal, state and regional regulatory permits outside of the City's authority. In addition to the maintenance of City owned properties along waterways, further evaluation of the City's storm sewer system will need to be coordinated with Valley Water to address additional flood control improvements. Valley Water is currently constructing the Coyote Creek Flood Protection Project which will increase capacity within the creek.

During notable storms and other major storm events, DOT staff also observed severe flooding/ponding along the Taylor Street, Stockton Avenue, Cinnabar Street, and West Santa Clara Street storm systems, particularly at the Pershing Avenue, and Taylor Street underpass and West Santa Clara Street underpass. PW staff has identified approximately 13,900 feet of pipeline projects to improve the capacity of these systems, and the costs are estimated at roughly $14 million. Storm Sewer capital staff have prioritized the Capacity Improvement Program projects as a result of the completion of the Storm Master Plans Phase 2 and are working on a funding strategy for project implementation.

Impacts of Measure T

Over $29 million was allocated for the Storm System Conveyance & Flood Prevention Project. This funding will be utilized for high-priority projects identified in the Deferred Maintenance and Infrastructure Backlog. The highest priority project is the design and construction of the Charcot Storm Drain Improvements Package I, which will improve the drainage in the Charcot area north of San Jose. Currently in construction, the project scope includes the diversion of storm runoff from Coyote Creek into Guadalupe River and upsizing multiple storm sewers on Charcot Avenue.

A total of $25 million was allocated by Measure T to install multi-benefit green stormwater infrastructure (GSI) projects. ESD, PRNS, DOT, and PW continued to collaborate and identify several potential regional GSI and green street locations. The River Oaks Detention Basin, one of the six identified locations in the GSI Plan, has recently been constructed as one of the first regional projects in the City of San José.

Other regional stormwater capture projects were identified in multiple feasibility reports. Based on the result of the first feasibility study, one of these sites – City Land South of Phelan (Kelley Park Horse Stables) – was selected for a more in-depth preliminary design before proceeding with the final design. After the preliminary design was completed, the project proved to have significant issues, including additional costs for a new pump facility and related long-term operations and maintenance costs. Instead, City staff recommended implementing a regional stormwater capture facility north of the

Vietnamese Heritage Gardens, identified as the Kelley Regional Stormwater Capture Project, which is a gravity-based solution with lower long-term operations and maintenance costs that will be constructed with a smaller portion of the remaining Measure T – Clean Water Projects funds.

With the amount of Measure T funds remaining, staff began design of a smaller regional stormwater capture facility identified in the previous feasibility studies. This project, identified as the Venetian Terrace Regional Stormwater Capture Project, will develop a 1.2-acre site into a multifunctional community park. The project will capture runoff from a 29.0-acre drainage area, improving water quality, providing recreational space, increasing habitat quantity and quality, and providing educational elements.

Additionally, ESD and PW staff worked collaboratively and applied for Proposition 1 Integrated Regional Water Management Grant Program funding for the design and construction of the River Oaks Stormwater Capture Project. The application was approved, and the City has negotiated and executed a Local Project Sponsor Agreement with the Association of Bay Area Governments to effectuate a $3,203,550 grant with City matching funds of 65% for the total project cost relating to the River Oaks Stormwater Capture Project. The 65% matching funds come from the Measure T – Clean Water Projects allocation. The City has received the full amount of the grant as of January 2026.

Funding

Funding for the Storm Sewer CIP is primarily derived from a transfer of funds from the Storm Sewer Operating Fund, which is funded through Storm Sewer Service Charge fees. These charges are assessed annually on properties and collected with real property taxes. The transfer level in the 2026-2030 Adopted CIP is $1.5 million annually.

The Storm Sewer CIP annual funding and revenue analysis is currently being managed by ESD with the assistance of SCI Consulting Group through a Master Agreement. The consultant was brought on in late 2025 and tasked to assess the near and long-term funding needs to operate the City's storm sewer system, assess the range and viability of revenue alternatives, and develop an implementation strategy to more sustainably align the revenue with stormwater program costs.

The Storm Sewer Operating and Maintenance Program, managed by DOT, will also require future increases to enable DOT to continue implementing various strategies aimed at maintaining regional stormwater capture facilities and the now more significant number of large and small full trash capture devices. This is reflected in the Master Consultant agreement with SCI Consulting Group.

Additionally, the purchase of replacement vehicles and equipment, and resources to implement technology solutions that will enable better system monitoring and more efficient maintenance operations are some of the anticipated future investments under consideration. To align with the pavement maintenance program, a program will need

to be developed to begin investigating storm sewer miles via CCTV to proactively identify sewer defects with the goal of repairing them prior to paving to reduce the potential for sinkholes and structural failures appearing in new pavement. Current CCTV and sewer repair capacity has been dedicated to Sanitary Sewer condition assessment and will need to increase to meet this expansion into condition assessment of Storm Sewers. DPW and DOT have been working together to evaluate existing capabilities and determine if more resources need to be considered through the budget process.

Previously, the idealized annual investment for both the capital improvement needs (for rehabilitation and capacity expansion) and operations and maintenance of the system would total approximately $59.8 million per year for the next 10 to 20 years, as shown in the following table. This is expected to change with the anticipated work between partner departments and SCI Consulting Group.

Annual Need for Maintenance and Infrastructure	
Capacity Projects (existing users)	$27,300,000
Regulatory Compliance	$9,000,000
Rehabilitation	$8,500,000
Total Capital Need	**$44,800,000**
Operations and Maintenance (DOT)	$15,000,000
Total Capital and Operating Need	**$59,800,000**
2025-2026 Adopted Budget Funding	$17,300,000
Total Annual Unfunded Need	**$42,500,000**

INFORMATION TECHNOLOGY

The Information Technology Department (ITD) provides, maintains, and upgrades Citywide information and communications technologies that support municipal services. ITD is responsible for the City's technology infrastructure, business applications, cybersecurity, customer support, data administration, data/voice/video communications, and productivity and collaboration systems. This includes the City's budget, financial management, human resources management, payroll, talent management, and land and permitting management systems, as well as other critical technology solutions.

ITD maintains a central technology asset data to catalog and prioritize unfunded server, storage, software, cybersecurity/resilience, and other liabilities presented in this report. Funding requests are submitted via the annual budget process.

Since FY 2017-2018, the City invested in its foundational enterprise information and communications technologies to address technology deficits. These initiatives resolved major deferred items for cybersecurity, business systems used by departments, server and storage infrastructure, employee computers, and Enterprise Resource Management applications and programs. Over the past nine budget cycles, the City has allocated

more than $11 million to the Information Technology Sinking Fund to begin addressing an estimated $48.0 million in needs for information technology upgrades and improvement projects. The reserve is intended to accrue the funding necessary to replace the City's aging infrastructure as well as its multi-decade-old financial, human resources, and payroll systems. Between 2024 and 2026, approximately $3 million from the Information Technology Sinking Fund was used to refresh the City's IT infrastructure, reducing the available balance to $8.5 million as of the 2025-2026 Adopted Operating Budget. The reserve will be further depleted in the 2026-2027 budget as ITD has identified urgent funding needs for city-wide information technology equipment replacements.

Citywide Technology Portfolio

ITD organizes the City's Deferred Maintenance Infrastructure Backlog along service portfolios:

- **Business Resilience**: Cybersecurity risk detection/prevention, policies and compliance, perimeter defense systems, deskside and endpoint protection, incident response/management, data equity and privacy, and education/training resources.
- **Business Solutions:** Budget, financial management, human resources management, payroll, talent management, utility billing, treasury, revenue, enterprise content management, land and permitting management systems, and other enterprise software systems and platforms.
- **Data/Voice/Video Communications**—Core Municipal Area Network@, internal wireless network for major City facilities, telephony, internet connectivity, load balancing, remote access, network segmentation, and monitoring/alerting.
- **Public Wi-Fi Network:** Private and public wireless network connecting San José International Airport, and the Downtown core for City operations, special events, and downtown activation.
- **Technology Infrastructure and Operations:** Server compute, data storage, virtualization, asset and image management, and Customer Support/Help Desk the services supporting ~7,200 users and over 500 enterprise servers.
- **User Computing Environment:** Approximately 6,325 computers, 744 network telephones, and 3,356 City mobile and FirstNet endpoint devices.

Since the last deferred maintenance infrastructure backlog report in 2024, the City invested $4.1 million to replace the City's Business Tax System with a new Cloud solution, $350,000 to refresh four of the City's six Oracle Database Appliances (ODA), $2.7 million to upgrade 2,521 City legacy computing devices to Windows 11, $680,00 to replace 2,444 City desk phones with a Cloud-based Unified Communications solution, and $195,000 to upgrade the human resources and payroll system to a current release. Of special note, the City invested approximately $2.3 million for the Hyperconverged Infrastructure hardware upgrades and network infrastructure equipment replacements to incorporate a hybrid cloud-based solution to increase system resilience. The City's overall technology-related deferred maintenance infrastructure backlog decreased from

a $45.8 million infrastructure backlog in 2024 to $42.4 million in 2026. The $3.4 million decrease is attributed to recognition of investments in infrastructure and software replacement costs since 2024.

New Priorities are Reshaping Deferred Infrastructure Costs

Below are examples of technology priorities:

- The Financial Management System is 30+ years old and reached the end of its lifecycle long ago, with a deferred maintenance one-time cost of approximately $18 million as of January 2026.
- The Human Capital Management system, which provides human resources, benefits, and payroll, has been utilized for the past 25+ years and is due for a refresh. This item carries a one-time replacement cost of approximately $15 million as of January 2026.
- ODAs are used to provide high-availability database services for City applications. The ODAs carry a five-year engineered life cycle. There are two ODAs which will reach their replacement age in 2026-2027 with a deferred maintenance cost of $212,000. Funding has been allocated to replace these devices.
- The Sales Tax application is used to review and audit sales tax data received from businesses reported to the State of California. This application has reached the end of its life cycle with a deferred maintenance of $200,000 in one-time cost as of January 2026.
- The City's Perimeter Security Firewalls manages the interface of the City network with the Internet. It has a replacement cost of approximately $1.2 million over a five year period. Funding has been allocated in 2026-2027 to replace the aging equipment.
- The City's virtual desktop infrastructure, which provides software-based desktops for remote and hybrid workers, reached its five-year lifecycle in October 2024. The hardware providing the service are already end of life. This replacement cost is approximately $276,000. ITD is pursuing cloud-based solutions as a replacement strategy.
- The City's computers and mobile devices have a lifecycle of either five years or seven years. The total cost of $4.2 million to replace 2,481 computer or laptops ($3.9 million) and 114 mobile devices ($93,000) that have reached end-of-life. Funding has been allocated in the 2026-2027 to replace the aging devices.
- The City FirstNet phones have a five-year lifecycle and the phones purchased in 2021 or earlier have fully depreciated. The cost to replace 1,280 phones and tablets is about $209,000. Funding has been allocated 2026-2027 to replace the aging equipment.
- 96 enterprise network switches reached end of life in 2025. The remaining network devices are also beyond their recommended replacement lifecycle and continue to be supported under lifetime warranty. In addition, 256 enterprise wireless access points located at City facilities will reach end of life in 2026. The total cost for replacement of this end-of-life network equipment is estimated at

$3.0 million. Funding has been allocated 2026-2027 to replace the aging equipment.

- ITD maintains standalone Uninterruptible Power Supply appliances at Fire Stations and city facilities that do not have built in Uninterruptible Power Supply systems. These devices have reached their five-year end of life, requiring a one-time replacement cost of approximately $96,000.

Technology Deferred Maintenance Infrastructure Backlog Summary Status

Technology Infrastructure Backlog		
Service Area	**One-Time**	**Annual Replacement Accrual**
Servers/Storage	$200,000	$1,200,000
Data and Voice Communications	$2,980,000	$100,000
Deskside and Mobile Technologies	$4,300,000	$1,230,000
Business Software Applications/ Platforms	$33,492,000	$100,000
Cybersecurity	$1,200,000	$200,000
Emergency Communications (FirstNet)	$209,000	$100,000
Total	**$42,381,000**	**$2,930,000**

The total deferred maintenance and infrastructure backlog for ITD is $42.4 million in one-time costs with additional accrued deferral of $2.9 million per year. The $2.9 million annual replacement accrual represents the annual funding that should be set aside in a sinking fund to replace the technology in the future.

The City continues to make considerable progress resolving the oldest and most at-risk technology assets. Deferred maintenance exists in two categories:

1. Critical enterprise legacy systems that continue to age, and
2. Investments in newer enterprise or large technology without maintenance and replacement funds (allocated according to engineered life cycle principles).

Addressing the City's deferred technology infrastructure needs, including upgrading equipment and systems to current industry standards, is essential for fulfilling projects and activities associated with Council's Focus Areas and other critical priorities—and is especially important to minimize cybersecurity threats the City constantly faces.

ITD will be pursuing cloud-based solutions as its infrastructure and systems replacement strategy.

RADIO COMMUNICATIONS PROGRAM

The City's infrastructure assets under this category include:

- 29 Citywide Public Safety and Non-Public Safety Radio Channels
- 11 Citywide Public Safety and Non-Public Safety Conventional Simulcast Radio Channels
- 27 Radio Sites – 18 City Owned and 9 Non-City Owned
- Enterprise Radio Systems – Regional Wastewater Facility, Airport, and Convention Center
- Fixed equipment distributed at the above sites to operate the various radio systems:
    - Voting Receivers – 154
    - Base Station Transceivers – 90
    - Voting Comparators – 38
- Public Safety Answering Point (PSAP) – 39 Radio Consoles at Main Dispatch PSAP and 14 Radio Consoles at Alternate PSAP
- Airport Operations Center - three Radio Consoles
- Emergency Operations Center – two Radio Consoles
- Subscriber Units (Mobile and Portable Radio Devices) – Approximately 5,025 Units (3,560 are already configured to use with SVRCS)
- Inventory for Support and Maintenance – Approximately 1,000 Units
- Test Equipment – 52 Units

The Silicon Valley Regional Interoperability Authority is a joint powers authority consisting of 16 voting (including the City) and seven non-voting member agencies whose mission is to identify, coordinate, and implement communication interoperability solutions to its member agencies by integrating voice and data communications between law enforcement, fire and rescue services, emergency medical services, and emergency management for routine operations, critical incidents and disaster response and recovery. The SVRCS, a multistage project coordinated by the Silicon Valley Regional Interoperability Authority, replaced the existing public safety radio systems currently in use in Santa Clara County with a system that uses the 700/800MHz spectrum, which allows for enhanced data transmissions, additional capacity for mutual aid scenarios, and the ability to record transmissions for training purposes.

The 2026-2030 Adopted CIP allocated $10.7 million to the Silicon Valley Regional Communications System in order to initiate the radio replacement project. In the past, radio purchases from the CIP have been replacing the previous models of Very High Frequency and Ultra High Frequency single-band radios. The replacement of all the old models was completed in FY 2019-2020. The City's radio vendor, Motorola, announced all APX 7000 and APX 7500 models were out-of-support as of May 2023. The City entered into a 10-year contract with Motorola totaling $11.5 million, which ends in FY 2030-2031. In November 2021, 809 radios were purchased with the one-time funding of $5.25 million solely allocated to replace the unsupported models. The agreement schedule planned to ship approximately 89 radios every year starting in August 2022

until the contract ends in FY 2030-2031.

In FY 2022-2023, another one-time funding of $3.4 million was allocated to this program and used to purchase 386 radios along with the scheduled 89 units for a total of 475 radios. The Radio Shop has been working closely with Motorola to formulate the radio replacement schedule. The table below represents the 10-year contract the City entered with Motorola and includes the 386 radios that were purchased with the one-time funding of $3.4 million based on the number of radios in 2021.

10 Year Contract Agreement with Motorola				
	2021 Radio Count	Purchased	Remaining	No. Radios Needed
PD Portables	866	676	0	0
Fire Portables	392	202	0	0
PD Mobiles	606	260	350	0
Fire Mobiles	166	71	95	0
*OOS: Out of Support	Total Radio Count:	Total radios purchased in contract:		OOS* radios remain:
	2,030	**1,654**		**0**

The table below shows the annual ongoing need to complete the current 10-year contract with Motorola which is to only replace the radios that have been unsupported as of December 2022 and is based on the number of radios in 2021.

Out of Support SVRCS Radios		**Average 38% discount**	
Year to Replace	# of Radios	Average cost per radio	Average Cost to replace
2021-22	809	$6,740	$5,250,840
2022-23	475	$6,740	$3,456,060
2023-24	88	$6,740	$1,700,000
2024-25	88	$6,740	$1,700,000
2025-26	95	$6,740	$1,700,000
2026-27	95	$6,740	$1,700,000
2027-28	95	$6,740	$1,700,000
2028-29	95	$6,740	$1,700,000
2029-30	95	$6,740	$1,700,000
2030-31	95	$6,740	$1,700,000
10-year Motorola contract	**2,030**	**10-year Total**	**$22,306,900**

For the upcoming 5-year CIP period, an annual allocation of $1.7 million is allocated for FY 2026-2027 through 2028-2029, and $1.5 million for FY 2029-2030 through 2030-2031, totaling $8.1 million over five years. Of this amount, $1.1 million will be allocated for the purchase of a conventional/trunking system, and $600,000 will be designated for

the procurement of new radios. If this level of funding is sustained, it is anticipated to be sufficient to address the $22.3 million backlog of radio replacements.

It is important to note that before the 10-year contract with Motorola ends in FY 2030-2031, a separate new radio replacement cycle will be needed to ensure technical support availability for the APX 8000, APX 8500, and APX 900 public safety radios, which will start aging out in 2026. For FY 2026-2027, there will be 3,000 active radios on the SVRCS that would fit into a new 10-year radio replacement contract to accommodate the growth of radio volume since FY 2020-2021. With the average current pricing of $9,000 per radio, and as the City does not have price protection for the next cycle, a total of $27 million would be required to accommodate inflation over the next 10-year period from FY 2030-2031 through 2040-2041.

There are approximately 1,000 radios on the legacy radio system used by all non-public safety departments in the City that are out of support and need to be replaced. At the average cost of $2,500 each, $2.5 million is needed to replace the radios over a three-year period.

TRANSPORTATION INFRASTRUCTURE

The City's infrastructure assets under this category include:

- Street Pavement – 2,519 miles
- Traffic Signals – 972 signalized intersections
- Roadway Signs – 95,912 traffic control signs; 3,398 intersection street name signs; 27,747 residential street name signs
- Roadway Markings – 6,900,000 square feet of markings; 533,619 raised pavement markers
- Streetlights – 65,600 streetlights and poles
- Landscaping – 12,371,040 square feet of landscaped properties for general benefit
- Stormwater Treatment Control Measures – 34 total sites: 404 biotreatment cells, 2 detention basins, 5 bioretention basins, 18,000 square foot (SF) riparian mitigation landscaping, 134,000 SF landscaping, 229,000 SF of subsurface infiltration systems, and 26 tree well filters
- Street Trees – 250,087 street trees (19,732 City-maintained) and 77,373 vacant street tree sites (2,478 on City parcels)
- ADA Compliant Curb Ramps – 29,657 locations (1,639 locations with no ramps; 8,924 locations with ramps that are not fully compliant and need modification or replacement; 19,094 locations currently in compliance)
- Bridges –142 National Bridge Inventory (NBI) vehicular bridges (20 feet or greater in length); 76 vehicular bridges less than 20 feet in length; 5 pedestrian bridges

Street Pavement

The City's most significant transportation asset is the street network consisting of 2,519 miles of pavement. The condition of San José streets has sustained an overall "Good" rating for the fourth consecutive year, and the current average PCI is 73 on a 100-point scale. The one-time deferred maintenance backlog has slightly increased to $370 million in 2026, from the $369 million in 2024. Based on current data, $66.3 million is needed annually over a 10-year period to improve overall pavement conditions to a rating of "Good" (PCI 70 or higher). Reliable funding levels in future years will continue to reduce the maintenance backlog and improve street conditions citywide.

The combined revenues from Senate Bill 1 and VTA 2016 Measure B will account for an average of $40.2 million annually for street pavement maintenance over the next 10 years. Measure T will provide an additional $37.5 million each year through 2026-2027. These funding sources bring the average annual funding level for pavement maintenance over the next 10 years to approximately $66.1 million, $5.8 million lower than reported in 2024, and an increase of $16 million from the 2018 report, in which the 10-year funding estimate was $50.1 million. This number has decreased due to the depletion of Measure T pavement allocation in 2026-2027. There is a $200,000 maintenance shortfall during this period. However, it is important to note that Measure T funds will be exhausted in 2026-2027 and the annual paving budget will decrease to $54.6 million at that time and through 2034-2035.

Bridges

DOT is responsible for the maintenance of 142 NBI bridges throughout the City, each of which exceeds 20 feet in length. There are an additional 76 vehicular/railroad bridges that are less than 20 feet in length, including 5 pedestrian bridges for which DOT receives periodic service requests to repair. NBI bridges are regularly inspected by Caltrans, and DOT utilizes the reports generated from those inspections to determine the costs associated with maintaining and rehabilitating these bridges.

Currently, there is a one-time backlog of approximately $36 million to potentially replace or rehabilitate two bridges that have been identified by Caltrans to be structurally deficient, and to provide needed but not urgent, corrective, and preventive maintenance to 142 NBI and 76 non-NBI bridges. Additionally, the City's consultant identified two non-NBI bridges for potential rehabilitation or replacement as part of the one-time backlog. This overall backlog will benefit from the receipt of $20 million in Measure T funds, which can be further leveraged to receive grant funding at the state and federal level. Bridge conditions and work recommendations will continue to vary based on provided Caltrans inspection reports, and the Federal Highway Administration Highway Bridge Program's grant application priority determination continues to be re-evaluated due to the high influx of applications.

If all rehabilitation and replacement work were completed, the DOT estimates an annual cost of about $2.8 million for routine inspections, preventative maintenance, and

condition-based repairs on both NBI and non-NBI bridges, based on a 10-year maintenance analysis. Currently, the City allocates $150,000 for bridge maintenance.

Aside from City dollars, the Federal Highway Bridge Preventative Maintenance Program has served as a potential funding source for grant applicable projects. DOT staff will continue to pursue grant funds to address the current backlog of bridge preventative maintenance and rehabilitation projects.

In 2023, DOT completed maintenance on three bridges. In 2024, DOT completed maintenance on 24 bridges and established a five-year, $14.8 million plan to maintain 39 NBI structures. In 2025, DOT completed maintenance on two bridges and is scheduled to deliver maintenance on eight additional bridges in 2026. A consultant is currently evaluating the City's bridge network to develop a long-term maintenance strategy for both NBI and non-NBI bridges, including a plan for grant-eligible bridge replacement and rehabilitation.

Americans with Disabilities Act Ramps

The City's current ADA Sidewalk Transition Plan includes a collection of programs, administrative procedures, and design standards that support the implementation of accessible public sidewalks for people with disabilities. In recent years, the City has spent an average of $13 million annually to construct ADA compliant curb ramps especially along corridors where paving projects occur, as required by the ADA.

In 2017 and 2018, DOT worked with a consultant to provide a detailed analysis of the City's ADA ramp inventory to determine where ramps were missing or not in full compliance with the most recent ADA standards. The collected data provided DOT with the most comprehensive ADA ramp inventory to date, identifying 29,657 locations where ADA curb ramps should exist. Since 2018, the City has built more than 2,000 ADA ramps per year. Of the 29,657 locations and accounting for recent construction, 19,094 currently have compliant ADA ramps. Of the remaining 10,563 locations, 1,639 ramps are missing, 5,960 ramps exist but have significant barriers to mobility as defined by the ADA and must be replaced and 2,994 require retrofit or replacement but are a lower priority because they provide fewer barriers to mobility. It is estimated that a total of $71.8 million is required to install missing ramps and to bring existing ramps to current standards, a reduction of $26.4 million from the prior report. The City's ADA Transition Plan will bring all ADA ramps up to the most recent standards by 2038 through existing and newly acquired funding streams. The backlog will decrease as work is performed each year and there is no expected annual shortfall.

Sidewalks/Curb and Gutter

The City Council's approval of the Mayor's March Budget Message for Fiscal Year 2023-2024 included direction to staff to outline the cost of assuming the responsibility for maintenance of sidewalks and street trees in a Manager's Budget Addendum[1]. The

[1] https://www.sanjoseca.gov/home/showpublisheddocument/98088/638203563344300000

DOT pavement maintenance team utilizes consultants to assess the condition of street pavement every year, resulting in an updated Pavement Condition Index score. Prior to the Manager's Budget Addendum, DOT requested that the consultant provide a high-level condition estimate of sidewalks throughout the City, including gaps or areas that should have sidewalks but do not. Conditions were determined by analyzing the right-of-way images captured by the consultant's automatic road analyzer vehicle and utilizing their in-house developed surveyor software. The data shows that there are approximately 3,400 miles of sidewalk in various widths from 5 feet to 13.5 feet. Based on assumptions and criteria for varying sidewalk conditions (good, fair, poor, missing), approximately 1,405 miles of sidewalk are in good condition, 1,405 miles are in fair condition, and 0.0025 miles (69,960 sq ft) are in poor condition, and initial analysis reveals repairing the fair and poor condition sidewalks including curb and gutter could cost approximately $377 million when factoring condition variability. Although most of these costs are currently the responsibility of the respective property owners, the DOT engineering and sidewalk inspection teams are collaborating to determine potential costs and options for a partial or fully scaled maintenance program to offset resident expenses.

Data also reveals that approximately 278 miles of sidewalk/curb and gutter, are missing throughout the City, though this number is being refined due to specific and unique site conditions that could prevent the installation of a sidewalk. Typical improvements that would accompany the installation of new sidewalk include storm sewers, street lighting, curb and gutter, water meter valve boxes, sewer cleanouts, and street trees. Additionally, some sidewalk installations would require land acquisition, which adds significant costs to any estimate.

Street Trees

In February 2022, the City Council unanimously approved the City's first Community Forest Management Plan, which helped raise awareness regarding the benefits of trees as well as many of the challenges leading to the loss of tree canopy. The Community Forest Management Plan identified an estimated cost of $20-$24 million annually for the City to take maintenance responsibility for street trees. Although the City, with strategic General Fund investments, has been able to get all City-owned trees on a 12-year maintenance cycle, an ongoing shortfall of $600,000 exists to improve that to a more optimal 7-year cycle. This would also result in the planting of an additional 1,000 trees per year.

In FY 2023-2024, DOT applied for and received a $5.6 million grant from the United States Forest Service to perform needed tree assessment and inventory work, identified and prescribed maintenance, and replace missing and unhealthy trees in San José's most disadvantaged communities. Staff anticipates completing the tree assessment and inventory work in FY 2026-2027 and will use the data and collection methods to scale out a more refined estimate than was presented in the Community Forest Management Plan and provide options to partner with residents to help offset the costs of tree planting and maintenance. To plant street trees across the entire City, Tree Mitigation

funds will be added to the grant funds.

Traffic Safety Devices

Traffic Signals

The traffic signal maintenance team maintains 972 signals at intersections containing a variety of complex equipment such as traffic signal controllers and cabinets, video detection systems, flashing safety beacons, sophisticated communications systems, traffic conflict monitors, cameras, 207 miles of fiber, and 109 miles of interconnect cable throughout the City. DOT also maintains speed radar feedback signs (187) and Dynamic Message Signs (9). Due to past budget reductions that reduced preventive maintenance activities for much of this equipment below recommended levels and continued hiring challenges, which resulted in increased vacancy rates for electricians, currently only the most critical components that monitor the operation of the intersections are proactively maintained. Remaining resources are focused on responding to service requests in a timely manner.

There is an ongoing annual shortfall of $3.7 million, which includes amortized replacement costs and maintenance costs for new equipment, as well as the cost to provide all preventive maintenance activities for all existing signalized intersections and anticipated system expansion. Additional staff and equipment are needed at an annual cost of $2.4 million to make improvements to the traffic signal maintenance program, resulting in a total annual shortfall of $6.2 million.

Roadway Markings

The roadway markings inventory includes roadway striping, crosswalks, stop bars and messages on street surfaces, and Raised Pavement Markers. The purpose of these markings is to regulate and guide motorists, pedestrians, and cyclists to increase roadway safety, particularly during low-visibility conditions. Currently, there are 6.9 million square feet of roadway markings throughout the City. For 100% of markings to be in good condition, major roadway striping should be repainted every three years if thermoplastic has been applied; arterial legends and curb painting should be repainted on a two-year cycle; and residential areas should be repainted on a three-year cycle. As a result of the deferred maintenance, approximately 5.5 million square feet (79%) are currently in good condition, which leaves 1.4 million square feet (21%) that need to be painted to achieve having 100% of markings in good condition.

To achieve having 100% of the total roadway markings inventory (6.9 million square feet of paint and all raised pavement markers) in good or better condition, one-time funding of $18 million is needed to complete roadway markings using paint and install 533,619 raised pavement markers, refresh lane messages/legends, and repair bollards. If all citywide markings and devices are upgraded, there is an ongoing maintenance need of $5.7 million to maintain assets within required parameters. With a current funding level of $450,000, the ongoing funding shortfall is $5.3 million.

Right-of-Way Street Lighting

The City of San José owns and maintains 65,600 streetlights based on an inventory that was completed as part of the LED streetlight conversion project. The streetlight network includes 32,050 painted octa-flute poles and 32,350 remaining lights are either on galvanized poles, decorative poles, or are decorative up lights.

The combination of Measure T and the PG&E conversion program has eliminated any one-time backlog associated with the conversion of Low-Pressure Sodium lamps to LED lighting. 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. These LED conversions were completed in 2022.

Beginning in late 2023, the city began experiencing a sharp increase in copper wire theft. As of the end of January 2026, the backlog of streetlights impacted is around 900. One-time funding of approximately $3.7 million would be required to fully eliminate the backlog if the pace of theft continues. Further, an additional $2.4 million is needed to address the backlog of repairs associated with knocked down lights, controllers, or systematic issues, which is inclusive of all staffing and vehicle costs.

Streetscapes

Right-of-Way Street Landscaping

There are 12.4 million square feet of street landscape, including roadside and median islands. In 2001, staff prepared an assessment of the median island landscape throughout the City, which identified several locations where a median island landscape would be appropriate. Those locations total approximately 2.2 million square feet of new landscaping. To date, approximately 1.3 million square feet have been installed, leaving 900,000 square feet still to be completed. Some of the median islands are constructed but do not have landscaping; others require the island to be constructed. There is no current funding identified for installing the remaining landscaping projects, which are estimated to total approximately $15 million.

DOT has determined 326,700 square feet per worker as the desired baseline staffing needed to maintain Type 1 landscape in good condition, and 218,000 square feet per worker for Type 2 landscape. This represents an ongoing annual staffing shortfall of approximately $2.9 million. The other components of the ongoing shortfall in the Landscape Maintenance Program include an estimated annual need of $587,000 to renovate 326,700 square feet per year of landscape (replacing dead or damaged trees and shrubs and irrigation systems), and $100,000 for weed abatement spraying for concrete islands. These needs represent a $3.6 million ongoing annual shortfall.

Stormwater Treatment Control Measures

To comply with the Municipal Regional Permit (MRP) issued by the State Water

Resources Control Board, the City requires the design and construction of stormwater treatment control measures on every new development and redevelopment project that creates or replaces 5,000 square feet or more of impervious surface. Treatment Control Measures generally can include bioretention basins, proprietary and tree well filters, subsurface infiltration systems, detention basins, and pervious pavement.

To date, DOT has accepted 33 public stormwater assets located throughout the City. These assets include a total of 389 biotreatment cells (105,000 square feet); two detention basins, encompassing pre-treatment and treatment (approximately 13,350 square feet); 5 bioretention basins (17,466 square feet) also known as rain gardens; 46,000 square feet of riparian mitigation landscaping; several pump stations, 134,000 square feet of general landscaping; 229,000 square feet of subsurface infiltration systems; and 26 tree-well filters. DOT initially received funds in FY 2017-2018 and in subsequent years, base budget adjustments were used to account for increased maintenance costs, repairs, and ongoing maintenance of new facilities, and as a result the program is currently fully funded and there is no deferred maintenance or ongoing shortfall to report, but as more infrastructure of this nature is installed funding will be needed, and staff will define and properly resource ongoing maintenance needs.

Transportation Infrastructure Summary

A one-time investment is needed in every major transportation asset category in order to bring the assets into good condition; most have ongoing shortfalls, creating further backlogs and declining asset conditions. However, timely and substantial investments have delivered results by improving infrastructure conditions and lowering the one-time backlog.

The table below summarizes the various assets that comprise the total estimated one-time deferred maintenance and ongoing infrastructure backlog for Transportation Infrastructure elements that are the City's responsibility to maintain.

Transportation Infrastructure Needs (in Millions)		
Transportation Asset	**One-Time Funding Need**	**Annual On-Going Shortfall**
Pavement	$370.0	$0.2[(1)]
Traffic Signals	$0.0	$6.2
Roadway Markings	$18.0	$5.3
Streetlights	$6.1 [(1)]	$0.0
ADA Curb Ramps	$71.8	$0.0
Trees	$0.0	$0.6
Landscaping	$15.0	$3.6
Bridges	$36.0[(1)]	$2.8
Total	**$516.9**	**$18.7**

1. Include Measure T investments of $300 million for pavement over 10 years and $20 million for bridges and streetlight conversions through Measure T and PG&E program.

SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY

Facility Description

The San José-Santa Clara Regional Wastewater Facility (RWF) is a regional wastewater treatment plant RWF serving eight South Bay cities (some as members of a district) and two unincorporated districts:

- City of San José
- City of Santa Clara
- City of Milpitas
- Cupertino Sanitary District
- County Sanitation District 2-3 (unincorporated)
- Burbank Sanitary District (unincorporated)
- West Valley Sanitation District (Campbell, Los Gatos, Monte Sereno, and Saratoga)

The RWF is jointly owned by the cities of San José and Santa Clara pursuant to an agreement executed in 1959, and is administered and operated by San José, through the ESD. ESD is also responsible for planning, designing, and constructing capital improvements at the RWF. The service area includes a population of about 1.4 million, including a diverse commercial and business sector with more than 17,000 sewer main connections.

The RWF was originally constructed in 1956 and continued to be expanded over several decades in response to a growing population/service area and to comply with increased state and federal regulations requiring higher treatment standards. The current wastewater treatment processes include screening and grit removal, primary sedimentation, secondary treatment by the activated sludge process, secondary clarification, filtration, disinfection, and dechlorination.

The RWF has an average dry weather flow design capacity of 167 million gallons per

day (mgd), and a peak wet weather flow design capacity of 271 mgd. For 2022, the Average Dry Weather Influent Flow (ADWIF) and Average Dry Weather Effluent Flow (ADWEF) were 92 mgd and 61 mgd, respectively.

In addition to the original construction and subsequent treatment process expansions, several significant infrastructure investments have been made at the RWF over the past decade. These include: Digester Gas Storage Replacement (2016); Digester Gas Compressor Upgrades (2017); Emergency Diesel Generators (2017), Iron Salt Feed Station (2018), Cogeneration Facility (2020), Digester and Thickener Facilities Upgrade (2022), and Headworks (2023). However, these improvements do not fully represent the comprehensive rehabilitation needs at the RWF based on its current age and condition.

RWF 10-Year Capital Improvement Program

Most of the RWF's infrastructure is now more than 50 years old and in need of significant rehabilitation and/or replacement. A 2007 Infrastructure Condition Assessment report (ICA) identified nearly $1 billion in recommended improvements to address aging electrical, mechanical, and structural assets after decades of deferred maintenance and minimal capital reinvestments. As a follow-up to the ICA, a comprehensive master planning process was completed between 2007 and 2010, resulting in the RWF Plant Master Plan (PMP) Preferred Alternative that recommended comprehensive technical improvements and a land use plan for the RWF. The technical component of the PMP recommended over 100 capital improvement projects to be implemented at an estimated cost of $2.2 billion dollars over a 30-year planning period.

The PMP Preferred Alternative was adopted, and the environmental impact report was approved by the San José and Santa Clara City Councils in November and December 2013, respectively. In February 2014, the City of San José completed a project validation process to update and prioritize the recommended projects into 33 construction packages, which in turn served as the basis for the RWF Ten-Year Capital Improvement Program (CIP) estimated at $1.4 billion. The Adopted 2026-2030 CIP included $526.2 million in construction projects at the RWF. Currently, there are 10 projects in feasibility or design and four projects under construction.

Funding Strategy for Capital Improvements at the RWF

Historically, the transfer from the Sewer Service and Use Charge) Fund and contributions from the City of Santa Clara and Tributary Agencies have served as the primary revenue sources for the RWF capital improvement program. In addition, long-term bonds and State Revolving Fund (SRF) loans have also been used to finance various capital improvements at the treatment plant in the past. The San José-Santa Clara Clean Water Financing Authority 2009A Bonds were fully paid off in November of 2020.

With adoption of the PMP and completion of the project validation process in 2013-2014, it was recognized that a long-term funding strategy would be needed to provide sustained funding for the ten-year, $1.4 billion CIP. In June 2015, the City Council approved a 10-Year Funding Strategy for the RWF CIP, which included a combination of cash and debt financing, along with seeking low-cost SRF) loans to the maximum extent possible. In July 2017, staff was informed by the State Water Resources Control Board that SRF funding would not be available for several RWF CIP projects due to higher-than-expected demand for SRF loans across the state. Significant changes would also have to be made to the loan agreement terms currently proposed by the State Water Resources Control Board to allow the City to enter into any SRF agreements.

Going forward, the funding strategy for the City-only portion of the 10-year CIP primarily includes: (1) funding from the Sewer Service and Use Charge revenues, and (2) proceeds from debt issuance. Staff will also continue to monitor SRF loan opportunities but is not actively seeking SRF loans at this time.

In October 2017, staff obtained City Council approval of an Interim Financing Program to finance capital improvements at the RWF. The interim financing program contemplates the use of a bank line of credit and issuance of long-term bonds in the future to supplement and/or refinance notes issued under the line of credit program. Council approved establishment of an interim financing program (Wastewater Revenue Notes) under a three-year contract to enable borrowing of up to a maximum of $300 million (outstanding at any one time) to fund San José's portion of the RWF CIP. Council approved an extension to the interim financing program in October 2020. In November 2022, City Council approved the issuance and sale of up to $300 million in Wastewater Revenue Bonds to refund the outstanding Wastewater Revenue Notes, which allowed the City to establish a second interim financing facility for San José's portion of RWF capital costs.

Currently, there are no unfunded needs for the RWF CIP. Staff will continue to develop and refine project scopes, schedules, and budgets on an annual basis to continually inform and update both near-term and long-term funding needs. In addition, certain factors may impact estimated project and program delivery costs such as cost escalation, bidding climate, external regulatory requirements/permitting approvals, unknown site conditions, operational/construction constraints, staffing availability, etc. Staff will continue to monitor and implement mitigation measures to the extent possible to minimize cost impacts to the projects and program.

WATER UTILITY SYSTEM

The San José Municipal Water System includes:

- 344 miles of water mains ranging from 6-inches to 24-inches in diameter;
- 17 reservoirs;
- 15 pump stations;

- 14 wells; and
- Other appurtenances, including meters, laterals, hydrants, air release valves, and sample stations.

Currently, there are no unfunded capital needs at the San José Municipal Water System. The annual reinvestment into the system (approximately $8.8 million) funds water well rehabilitation and construction projects, replacement of aging steel water mains, and other infrastructure improvements. Per the San José Municipal Code, the water utility maintains a Reserve for System Rehabilitation and Replacement ($4.8 million) for any unanticipated capital needs. Overall, the assets are well maintained in good to excellent condition.

ATTACHMENT B
GENERAL FUND VS SPECIAL/CAPITAL FUND

GENERAL FUND

		Current Backlog of Deferred Needs		Annual Ongoing Unfunded Needs
BUILDING FACILITIES (Police, City Hall, Animal Care and Services)	$	132,785,000	$	34,870,000
TECHNOLOGY (Infrastructure and Software Upgrades)	$	42,381,000	$	2,930,000
FLEET REPLACEMENT	$	7,600,000	$	2,048,000
SPORTS FACILITIES OPERATED BY OTHERS	$	$5,957,000	$	-
TRANSPORTATION INFRASTRUCTURE	$	33,000,000	$	18,420,000
TOTAL GENERAL FUND UNMET/DEFERRED INFRASTRUCTURE AND MAINTENANCE NEEDS	**$**	**221,723,000**	**$**	**58,268,000**

SPECIAL FUNDS/CAPITAL FUNDS

		Current Backlog of Deferred Needs		Annual Ongoing Unfunded Needs
AIRPORT	$	-	$	-
BUILDING FACILITIES (Fire, Library, PRNS)	$	285,748,000	$	56,000,000
SPORTS FACILITIES OPERATED BY OTHERS	$	4,357,000	$	-
CONVENTION FACILITIES (TeamSJ) and CULTURAL FACILITIES OPERATED BY OTHERS	$	152,377,000	$	22,600,000
FLEET REPLACEMENT	$	6,100,000	$	5,648,000
PARKS, POOLS & OPEN SPACE	$	399,615,000	$	41,115,000
SANITARY SEWER SYSTEM	$	73,000,000	$	27,000,000
SERVICE YARDS	$	30,622,000	$	5,350,000
STORM SEWER SYSTEM	$	963,000,000	$	42,500,000
RADIO COMMUNICATIONS	$	2,500,000	$	-
TECHNOLOGY (Infrastructure & Software Upgrades)	$	1,600,000	$	200,000
TRANSPORTATION INFRASTRUCTURE	$	483,860,000	$	280,000
WATER POLLUTION CONTROL PLANT	$	-	$	-
WATER UTILITY SYSTEM	$	-	$	-
TOTAL POTENTIAL OTHER FUND UNMET/DEFERRED INFRASTRUCTURE AND MAINTENANCE NEEDS	**$**	**2,402,779,000**	**$**	**200,693,000**
TOTAL UNMET/DEFERRED INFRASTRUCTURE AND MAINTENANCE NEEDS	**$**	**2,624,502,000**	**$**	**258,961,000**