



2014-2015 CAPITAL BUDGET

2015-2019 CAPITAL IMPROVEMENT PROGRAM

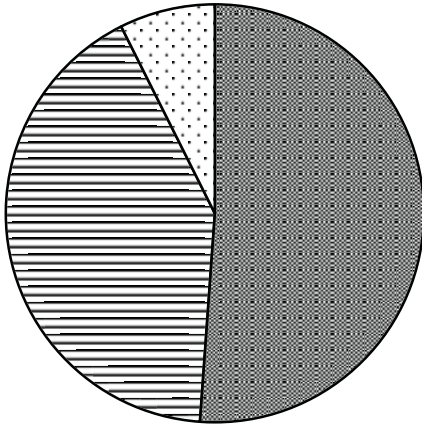


COMMUNICATIONS

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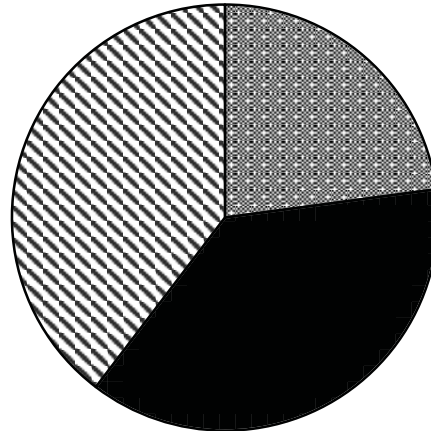
2015-2019 Capital Improvement Program

**2014-2015 Adopted
Source of Funds**



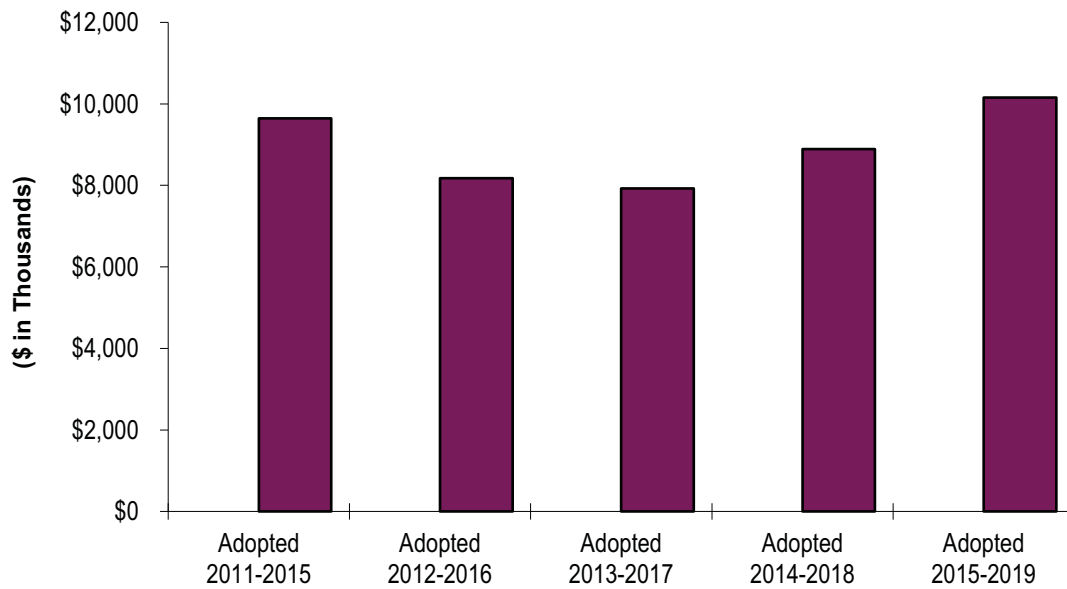
- Beginning Fund Balance
- Taxes, Fees and Charges
- Loans and Transfers

**2014-2015 Adopted
Use of Funds**



- Construction
- Non-Construction
- Ending Fund Balance

CIP History



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Communications

2015-2019 Adopted Capital Improvement Program

Overview

INTRODUCTION

In October 1990, the City assumed the responsibility of providing its own emergency communications service for Police and Fire from the County of Santa Clara. The Communications Capital Improvement Program (CIP) was set up to address the replacement and upgrade of both the public safety and non-public safety radio equipment. In addition, this Program funds capital improvements related to communications facilities, including land and interests in land, buildings, structures, radio and other equipment, and streets and sidewalks adjacent to City communication facilities. The 2015-2019 Adopted CIP provides funding of \$10.2 million, of which \$3.2 million is allocated in 2014-2015.

COMMUNICATIONS INFRASTRUCTURE	
FIXED EQUIPMENT SITES	25
BASE STATIONS	100
MOBILE RADIOS	6,700

This program is part of the Strategic Support City Service Area (CSA) and supports the following outcomes from that CSA: *Safe and Functional Public Infrastructure, Facilities and Equipment*; and *Effective Use of State-of-the-Art Technology*.

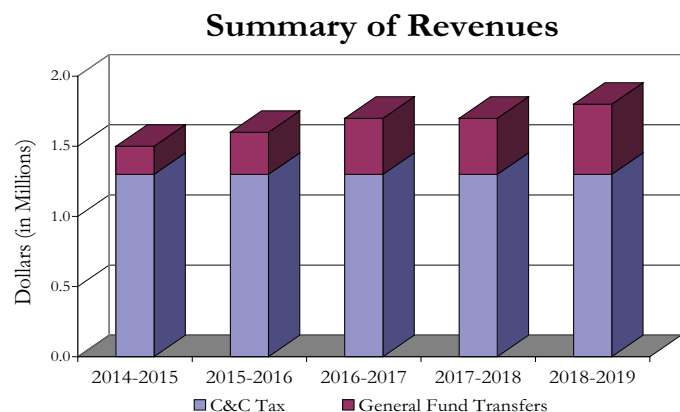
PROGRAM PRIORITIES AND OBJECTIVES

The Communications CIP's guiding objective is the provision of reliable, necessary public and non-public safety-related communications equipment for all City employees who need this equipment to perform their job duties. Based on the CSA outcomes supported by this program, the following list of priorities has been developed:

- Proactively replace public safety-related communications equipment and systems to ensure reliability, optimal performance, and compliance with rules of the Federal Communications Commission;
- Maintain existing radio equipment in a proactive manner to ensure optimal functionality and to extend the length of service; and
- Strategically plan for future major upgrades and technology changes.

SOURCES OF FUNDING

The 2014-2015 Capital Budget estimate for Construction and Conveyance (C&C) taxes is \$39.0 million, of which 3.4% is allocated to the Communications Capital Program. Approximately 99% of this tax is derived from a transfer tax imposed upon each transfer of real property with the remaining



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SOURCES OF FUNDING

1% generated from a construction tax levied on most types of construction. The 2015-2019 CIP assumes 2013-2014 C&C revenues would exceed 2012-2013 collections by 7.5%, grow another 5% in 2014-2015 to \$39 million, and then remain flat for each year of the CIP. Therefore, collections allocated to the Communications Capital Program will total \$1.3 million per year for each of the five years. For additional information regarding the C&C tax revenue, please refer to the Parks and Community Facilities Development section of the CIP.

At estimated C&C tax collection levels, the General Fund will be required to provide funding of \$1.8 million over the CIP for the Communications Capital Program in order to primarily fund contributions to the Silicon Valley Regional Interoperability Authority (SVRIA). To the extent that C&C tax revenues are received above or below projected levels, the General Fund transfer to this program will be reduced or increased accordingly.

PROGRAM HIGHLIGHTS

City-wide Trunking Radio System

The City-wide Trunking Radio System uses a set of existing frequencies in a more efficient manner. The City has used trunking technology as it migrates toward the use of the 700/800MHz spectrum for its radio communications. The radio infrastructure currently in service was originally designed at a time when mobile radios (radios installed in vehicles) were the primary source of communication and, in most cases, the only radios in use. In recent years, there have been increased requirements placed on existing radio infrastructure systems due to increased reliance on portable coverage. Portable radios (handheld radios), although beneficial operationally, require enhanced radio infrastructure compared to mobile radios, resulting in coverage issues. Increased building density within the City has contributed to the need for enhanced radio infrastructure as well. Trunking radio systems also allow for prioritization of police and fire emergency communications; therefore, trunking is seen as a key to the success of future public safety communications and regional interoperability for emergency response in a mutual-aid scenario by adding capacity for specialized channels. The system also features the ability to record radio transmissions for training purposes.



**Caldwallder Reservoir
Radio Tower**

Not included in this Adopted CIP, the build-out of the City-wide Trunking Radio System for San José is estimated to cost approximately \$13.9 million and will take several years to complete. The City is currently working with SVRIA on various funding solutions in order to complete the build-out county-wide, which may include possible grant funding and/or a parcel tax or sales tax measure. The passage of such measures would require two-thirds voter approval.

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PROGRAM HIGHLIGHTS

Communications Equipment Replacement and Upgrade

As the City-wide Trunking Radio System is built over several years, the existing radio system must be maintained and improved. The ongoing funding for the Communications Equipment Replacement and Upgrade project maintains the functionality of the City's communications sites, base stations, and approximately 3,300 mobile and portable radios, and allows for infrastructure repair, replacement, and upgrades as needed.

In addition, efforts are continuously undertaken to improve coverage (especially in and around dense building structures); implement simulcasting (made possible by the Emergency Communications Microwave (ECOMM) system discussed below), which improves coverage and channel efficiency; and narrow-banding, which is a Federal mandate aimed at optimizing the use of available radio spectrum. As part of the 2015-2019 CIP, the funding for this project was increased by approximately \$155,000 annually in order to accelerate the necessary radio upgrades for the trunking system. Not included in this Adopted CIP is the estimated \$13.0 million costs to replace all of the City's radios in conjunction with or shortly after the completion of the City-wide trunking build-out discussed previously. While a portion of this cost may be offset by grants (e.g. \$2.0 million from the 2013 Assistance to the Firefighters federal grant described in the Public Safety CIP), additional funding will need to be identified in the coming years to transition all City departments to the new radios.

Silicon Valley Regional Interoperability Authority

The City, along with 14 other municipalities, constitutes the SVRIA, a joint-powers authority. The purpose of the SVRIA is to identify, coordinate, and implement communications interoperability solutions to its member agencies. One solution that the City implemented in recent years was the ECOMM system. The ECOMM system will serve as the backbone infrastructure to operate the future city-wide and county-wide Silicon Valley Regional Communications System (SVRCS) Trunking Radio System. The SVRCS will enable interoperability with other radio communications systems currently deployed throughout the greater Bay Area.



ECOMM Antennae at Eagle Rock

The Communications Program funds the City of San José's proportionate share of the SVRIA costs for maintenance of regional communications systems and reserves for equipment replacement and upgrade. The 2015-2019 CIP includes transfers totaling \$1.8 million from the General Fund to help offset the cost to the Communications C&C Tax Fund. The SVRIA and its member agencies

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PROGRAM HIGHLIGHTS

Silicon Valley Regional Interoperability Authority (Cont'd.)

continue to pursue grant funding to augment the SVRCS. Homeland security grants were awarded to the County of Santa Clara for the second stage of the SVRCS trunking project; however, considerable funding, approximately \$35.1 million, is still needed for the entire South Bay area (approximately \$13.9 million for San José). The City will continue to make strategic investments in mobile and portable radios that will provide full functionality with the future system, as well as minor infrastructure investments to pilot-test the future trunking coverage and operations.

In the Mayor's June Budget Message for Fiscal Year 2014-2015, the Silicon Valley Regional Communications System was identified as a funding priority. To help address this need, any unbudgeted fund balance that remains after the close of the fiscal year is to be allocated for this purpose, after any necessary corrections, clean-ups, and/or rebudgets, until the system is funded.

MAJOR CHANGES FROM THE 2014-2018 ADOPTED CIP

- Silicon Valley Regional Interoperability project costs increased \$541,000 due to the approved 2014-2015 budget from the SVRIA Board.
- Additional funding of approximately \$155,000 annually is allocated to the Communications Equipment Replacement and Upgrade project to allow a slight acceleration of the necessary radio upgrades for the trunking system.
- Increased C&C revenue of \$1.5 million will help provide funding for the overall CIP program, mitigating some of the required General Fund support for Communications projects.

OPERATING BUDGET IMPACT

It is anticipated that there will be no additional operating and maintenance costs associated with projects included in the 2015-2019 Adopted CIP.

COUNCIL-APPROVED REVISIONS TO THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

The City Council approved the rebudgeting of unexpended funds for the Communications Equipment Replacement and Upgrade (\$100,000) and Public Art (\$10,000) projects.

2014-2015 CAPITAL BUDGET

2015-2019 CAPITAL IMPROVEMENT PROGRAM

COMMUNICATIONS

SOURCE OF FUNDS

USE OF FUNDS

The Source of Funds displays the capital revenues by funding source for each year of the Five-Year Capital Improvement Program. The Use of Funds displays the capital expenditures by line-item for each year of the five-year period.

Communications
2015-2019 Adopted Capital Improvement Program
Source of Funds (Combined)

SOURCE OF FUNDS	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
<u>Communications Construction & Conveyance Tax Fund (397)</u>							
Beginning Fund Balance	1,618,954	1,642,658	1,273,158	1,041,158	773,158	468,158	1,642,658 *
Taxes, Fees and Charges:							
Construction and Conveyance Tax	1,258,000	1,326,000	1,326,000	1,326,000	1,326,000	1,326,000	6,630,000
Contributions, Loans and Transfers from:							
General Fund							
- Civic Center Video Equipment Repayment	37,500	37,500					37,500
- Communications Projects	225,000	200,000	325,000	375,000	425,000	475,000	1,800,000
Interest Income	7,000	6,000	7,000	9,000	9,000	12,000	43,000
Reserve for Encumbrances	399,204						
Total Communications Construction & Conveyance Tax Fund	3,545,658	3,212,158	2,931,158	2,751,158	2,533,158	2,281,158	10,153,158 *
TOTAL SOURCE OF FUNDS	3,545,658	3,212,158	2,931,158	2,751,158	2,533,158	2,281,158	10,153,158 *

* The 2015-2016 through 2018-2019 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Communications
2015-2019 Adopted Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Construction Projects							
City-wide Trunking Radio System	598,000						
Civic Center Broadcast Equipment Maintenance and Replacement	1,000						
Communications Fault Management and Alerting System	100,000						
Public Art	28,000	10,000					10,000
1. Communications Equipment Replacement and Upgrade	152,000	725,000	600,000	600,000	600,000	575,000	3,100,000
Total Construction Projects	879,000	735,000	600,000	600,000	600,000	575,000	3,110,000
Non-Construction							
General Non-Construction							
2. Communications Maintenance	535,000	455,000	469,000	483,000	497,000	512,000	2,416,000
3. Silicon Valley Regional Interoperability	481,000	743,000	814,000	886,000	959,000	1,022,000	4,424,000
Total General Non-Construction	1,016,000	1,198,000	1,283,000	1,369,000	1,456,000	1,534,000	6,840,000
Contributions, Loans and Transfers to General Fund							
Transfer to the General Fund: Interest Income	7,000	6,000	7,000	9,000	9,000	12,000	43,000
Total Contributions, Loans and Transfers to General Fund	7,000	6,000	7,000	9,000	9,000	12,000	43,000

Communications
2015-2019 Adopted Capital Improvement Program
Use of Funds (Combined)

USE OF FUNDS (CONT'D.)	Estimated 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5-Year Total
Contributions, Loans and Transfers to Special Funds							
Transfer to the City Hall Debt Service Fund	1,000						
Total Contributions, Loans and Transfers to Special Funds	1,000						
Total Non-Construction Ending Fund Balance	1,024,000 1,642,658	1,204,000 1,273,158	1,290,000 1,041,158	1,378,000 773,158	1,465,000 468,158	1,546,000 160,158	6,883,000 160,158*
TOTAL USE OF FUNDS	3,545,658	3,212,158	2,931,158	2,751,158	2,533,158	2,281,158	10,153,158*

* The 2014-2015 through 2017-2018 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

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DETAIL OF CONSTRUCTION PROJECTS

DETAIL OF NON-CONSTRUCTION PROJECTS

The Detail of Construction Projects section provides information on the individual construction projects with funding in 2014-2015. The Detail of Non-Construction Projects section is abbreviated and provides information on the individual non-construction project, with funding in 2014-2015. On the Use of Funds statement, these projects are numbered.

Communications

2015-2019 Adopted Capital Improvement Program Detail of Construction Projects

1. Communications Equipment Replacement and Upgrade

CSA:	Strategic Support	Initial Start Date:	Ongoing
CSA Outcome:	Effective Use of State-of-the-Art Technology	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	City-wide		

Description: This allocation funds the replacement of communications equipment based upon useful life expectancy.

Justification: This allocation funds essential communications equipment for Police, Fire, and non-public safety City operations.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Equipment		252	152	725	600	600	600	575	3,100		
TOTAL		252	152	725	600	600	600	575	3,100		

FUNDING SOURCE SCHEDULE (000'S)

Communications Construction & Conveyance Tax Fund	252	152	725	600	600	600	575	3,100
TOTAL	252	152	725	600	600	600	575	3,100

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project. In the 2015-2019 CIP, an increase of approximately \$155,000 annually will address additional maintenance, replacement, and upgrade needs of communications equipment for Police, Fire, and non-public safety City operations.

FY Initiated:	Ongoing	Appn. #:	4056
Initial Project Budget:		USGBC LEED:	N/A

Communications

2015-2019 Adopted Capital Improvement Program Detail of Non-Construction Projects

2. Communications Maintenance

CSA: Strategic Support
CSA Outcome: Effective Use of State-of-the-Art Technology
Department: Public Works
Description: This allocation funds staffing costs associated with the replacement and maintenance of communications equipment.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Maintenance		535	535	455	469	483	497	512	2,416		
TOTAL		535	535	455	469	483	497	512	2,416		
FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		535	535	455	469	483	497	512	2,416		
TOTAL		535	535	455	469	483	497	512	2,416		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 7116

3. Silicon Valley Regional Interoperability

CSA: Strategic Support
CSA Outcome: Safe and Functional Public Infrastructure, Facilities, and Equipment
Department: City Manager
Description: This allocation funds contractual services to perform maintenance, monitoring, and service support in order to enhance the inter-agency communication between 14 separate jurisdictions' public safety agencies as part of the Silicon Valley Regional Interoperability Project.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2013-14 Appn.	2013-14 Estimate	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year Total	Beyond 5-Year	Project Total
Maintenance		481	481	743	814	886	959	1,022	4,424		
TOTAL		481	481	743	814	886	959	1,022	4,424		
FUNDING SOURCE SCHEDULE (000'S)											
Communications Construction & Conveyance Tax Fund		481	481	743	814	886	959	1,022	4,424		
TOTAL		481	481	743	814	886	959	1,022	4,424		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 7333