

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2013-2014 PROPOSED BUDGET
IN BRIEF

DATE: May 9, 2013

Approved 

Date 5/9/13

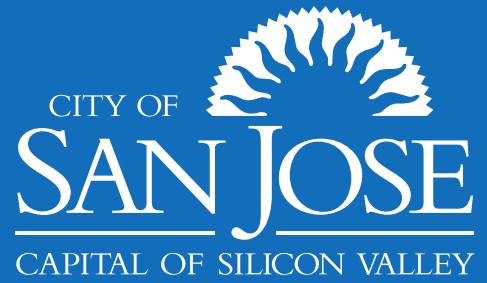
The Budget Office has prepared the attached 2013-2014 Proposed Budget in Brief that provides an overview of the 2013-2014 Proposed Budget. A total of 50 copies will be distributed to the Mayor and each City Council Office.

This document is available on-line on the Budget Office website:
<http://sanjoseca.gov/index.aspx?NID=2803>.



JENNIFER A. MAGUIRE
Budget Director

2013-2014 Proposed Budget in Brief



The mission of the City of San José is to provide quality public services, facilities, and opportunities that create, sustain, and enhance a safe, livable, and vibrant community for its diverse residents, businesses, and visitors.

The 2013-2014 Proposed Operating and Capital Budgets for the City of San José total \$2.6 billion and represent the City Manager’s proposed financial plan for the upcoming year. The Mayor and City Council, who are responsible for approving the City’s final budget, will be holding a series of City Council Budget Study Sessions during May to thoroughly analyze the many proposals set forth in this budget. In June, the Mayor and City Council will adopt the final budget, incorporating any changes resulting from that review.

As a result of the recently improved economic conditions combined with difficult budget decisions that were required over the past 11 years to resolve a net \$670 million in General Fund shortfalls, the City’s budget is expected to continue to somewhat stabilize over the next five years with very small variances between projected General Fund revenues and expenditures as shown in the table below.

2014-2018 General Fund Surplus/(Shortfall) (\$ in millions)

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
(\$2.6 M)*	(\$13.7 M)	\$2.0 M	(\$4.7 M)	(\$6.0 M)

* Includes the Development Fee Programs.

Consistent with the Mayor’s 2013-2014 March Budget Message as approved by the City Council and other City Council priorities, major actions recommended in the Proposed Budget will:

- Set aside \$13.7 million in one-time funds to address the projected 2014-2015 shortfall;
- Provide for limited service enhancements, including the opening of the South San José Police Substation;
- Address a small number of critical unmet/deferred infrastructure needs;
- Continue services funded on a one-time basis in 2012-2013;
- Add development fee program resources to meet service delivery needs;
- Set aside reserve funding for Budget Stabilization, SARA City Legal Obligations, Essential Services, and Fiscal Reform Implementation;
- Identify several service delivery efficiencies and cost reduction/revenue strategies; and
- Establish contingency plans to address the uncertainty related to the outcome of litigation related to various retirement reform efforts and the County’s withholding of Successor Agency tax increment revenue.

Community Budget Meetings

May 1 – May 28

Budget Decision Milestones

April 22

2013-2014 Proposed Capital Budget and 2014-2018 Capital Improvement Program Released

May 1

2013-2014 Proposed Operating Budget Released

May 3

2013-2014 Proposed Fees and Charges Released

May 8-16

City Council Study Sessions on 2013-2014 Proposed Budgets

May 14/June 10

Public Hearings on the 2013-2014 Proposed Budgets and Fees and Charges

May 31

2013-2014 Mayor’s June Budget Message Released

June 11

City Council Review and Approval of the 2013-2014 Mayor’s June Budget Message

June 18

Adoption of the 2013-2014 Capital and Operating Budgets, 2014-2018 Capital Improvement Program, and the 2013-2014 Fees and Charges

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San José at a Glance

Basic City Facts

FOUNDED: 1777; California's first civilian settlement
INCORPORATED: March 27, 1850; California's first incorporated City, and site of the first State capital

General Data

Population	971,372
Registered Voters	418,946
Median Household Income	\$76,593
Miles of Streets	2,400
Miles of Alleys	2
Area of City (square miles)	179.8

Major Employers

Santa Clara County	14,950
Cisco Systems	13,600
City of San José	5,651
Ebay/Paypal, Inc.	4,690
IBM	4,200
US Postal Service	3,920
San José State University	3,120
San José Unified School District	2,330
Western Digital/Hitachi	2,040

Airport*

Size	Approx. 1,050 Acres
Terminals	2
Runways	3
Hours of Operation	24
Number of Passengers	8.30 Million

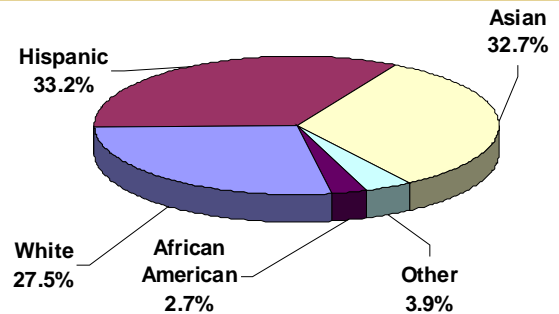
Environment and Utilities*

Miles of Municipal Sewer Mains	2,271
Tons of Recycled Materials	107,000
Tons of Yard Trimmings	133,000
Gallons of Used Motor Oil	95,000

Parking*

Parking Meters	2,582
Parking Lots (1,285 total spaces)	9
Parking Garages (6,175 total spaces)	8

Demographics



Public Safety*

Police Stations	1
Emergency Police Calls	467,000
Non-Emergency Police Calls	390,000
Fire Stations	33
Fire Companies	40
Emergency Medical Calls	51,000
Fire Safety Code Inspections	14,000
Hazardous Materials Incidents	800

Neighborhood Services*

Park Sites**	193
Park Amenities:	
Basketball Courts	95.5
Skate Parks	6
Softball/Baseball/T-Ball Fields	52
Swimming Pools	6
Tennis Courts	95
Soccer Fields	46
Park Acreage**	3,432
City Operated Community Centers	12
Partner Operated Re-Use Sites	42
Participation in Recreation Programs	258,000

Libraries*

Number of Outlets:	
Main Library	1
Branches**	22
Items Checked Out (Circulation)	10,650,000

* Current counts or 2012-2013 year-end estimates

** Data represents City services (excludes school data)

San José at a Glance

2013-2014 Proposed Budget

GENERAL FUND

Police	\$306,860,815
Fire	162,913,235
City-Wide Expenses	77,185,653
Parks, Recreation & Neighborhood Services	51,733,673
Transportation	26,867,623
Planning, Building & Code Enforcement	35,192,994
Library	25,897,723
City Management (Manager and City Council)	20,600,374
Finance and Human Resources	18,918,240
Information Technology	13,805,471
City Attorney	11,975,897
Public Works	34,789,387
Transfers to Other Funds	25,635,266
Capital Improvements	16,450,000
Other	9,357,299
Reserves	95,825,277
Total General Fund	\$934,008,927

SPECIAL FUNDS

Airport	\$504,351,616
Waste Water Treatment Plant & Sanitary Sewer	290,071,229
Waste Mgmt (Garbage Collection/Recycling)	140,223,729
Housing	83,538,695
Convention and Cultural Facilities	75,320,549
Storm Sewer Operations	57,235,340
Municipal Water	40,071,769
Parking	24,356,808
Transient Occupancy Tax	18,986,799
Community Development Block Grant	15,745,277
Library Parcel Tax	15,108,644
Workforce Investment Act	11,096,618
Other	237,984,334
Total Special Funds	\$1,514,091,407

CAPITAL IMPROVEMENT FUNDS

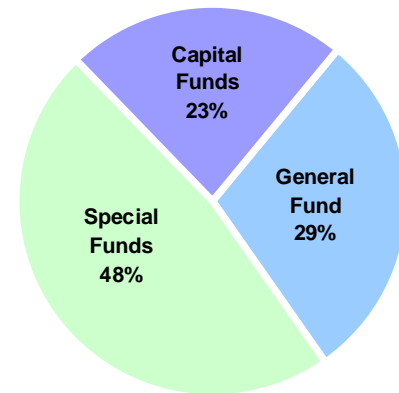
Airport	\$146,341,824
Parks and Community Facilities	142,799,144
Water Pollution Control	139,248,157
Traffic	118,361,774
Sanitary Sewer	87,904,125
Library	33,977,637
Public Safety	13,002,929
Other	66,609,512
Total Capital Funds	\$748,245,102

TOTAL ALL FUNDS \$3,196,345,436

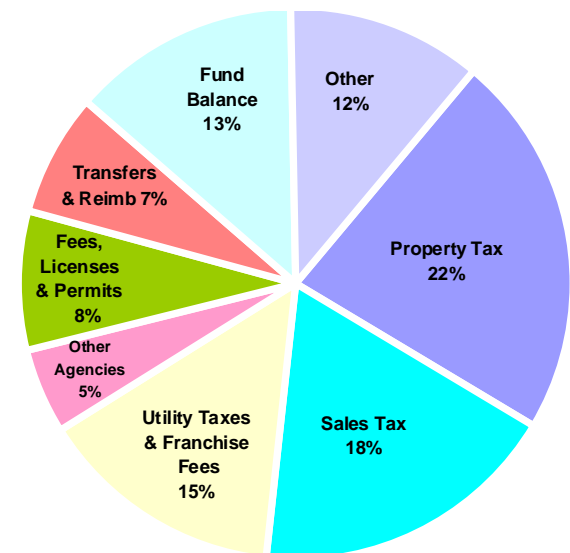
Less Transfers, Loans & Contributions (556,239,849)

NET CITY USE OF FUNDS \$2,640,105,587

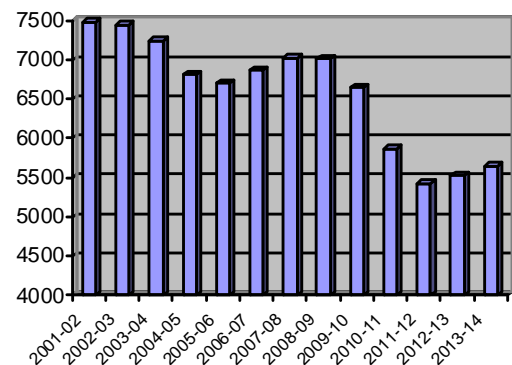
2013-2014 Proposed Budget



2013-2014 Sources of General Fund Revenues



Total City Positions



In the 2013-2014 Proposed Budget, the number of City positions totals 5,651, which is up 129 positions from the 2012-2013 Adopted Budget. Even with the 2% increase in staffing, the City's overall workforce remains well below the peak of almost 7,500 positions in 2001-2002.

Balancing the Budget

The General Fund is used to provide many of the basic services provided by the City, including police, fire, libraries, parks, recreation and neighborhood services, development services, code enforcement, and transportation.

How was the General Fund Budget Shortfall Calculated?

Each year, a Five-Year General Fund Forecast is prepared that compares the estimated revenues and expenditures over the next five years to determine if there is a projected surplus or deficit.

The expenditure figures, which reflect the cost of existing programs, are updated to reflect estimated salary and benefit costs and any changes in contractual obligations. In addition, expenditures to which the City is considered to be committed by prior City Council action are included, such as costs related to operating new facilities.

In 2013-2014, expenditures are projected to exceed revenues by \$2.6 million (including the Development Fee Program). In the February 2013 Forecast, small shortfalls and one surplus were projected in each of the five years of the Forecast.

2013-2014 Proposed Operating Budget General Fund Budget Balancing Plan (in 000's)		
	2013-2014	Ongoing
2013-2014 General Fund Shortfall	(\$ 3,844)	(\$ 3,844)
Development Fee Program Impact	1,222	1,222
Revised Base Budget Forecast	(\$ 2,622)	(\$ 2,622)
Balancing Strategy		
Source of Funds		
Available Fund Balance:		
2013-2014 Future Deficit Reserve Elimination	\$ 29,400	\$ 0
SARA City Subsidy (12-13/13-14 cash flow)	6,400	0
Police Department Overtime Reserve	4,000	0
Development Fee Reserves	2,569	2,268
Additional 2012-2013 Ending Fund Balance	8,650	0
Grants/Reimbursements/Fees	3,945	1,265
Other Revenue Changes	1,750	2,000
Transfers and Reimbursements	69	890
Subtotal Source of Funds	\$ 56,783	\$ 6,423
Use of Funds		
2014-2015 Future Deficit Reserve	\$ 13,700	\$ 0
Unmet/Deferred Infrastructure and Maintenance	15,160	0
Service Level Enhancements	10,317	5,717
Other Reserves	9,850	0
2012-2013 One-Time Funded Services	6,602	3,146
Development and Other Fee/Grant Programs	4,821	3,822
Service Delivery Efficiencies/Cost Reductions	(3,655)	(6,102)
Use of Reserves (Committed Additions/Deferred Infrastructure)	(2,634)	(2,782)
Subtotal Use of Funds	\$ 54,161	\$ 3,801
Total Balancing Strategy	\$ 2,622	\$ 2,622
Remaining Balance	\$ 0	\$ 0

Balanced Approach to Achieving Stability and Meeting Priority Service Delivery Needs

The 2013-2014 Proposed Budget closes a small \$2.6 million General Fund shortfall and, with the funding available, focuses on the following goals:

- *Achieve budget and service level stability;*
- *Target investments to meet priority needs of the community; and*
- *Continue service delivery efficiencies and cost reduction/revenue strategies.*

The Proposed Budget sets aside \$13.7 million to address the forecasted shortfall in 2014-2015 and establishes other reserves to better position the City to address potential funding needs. Targeted investments are focused on the most pressing service delivery and infrastructure needs. However, a large portion of those investments (\$33.5 million) is contingent on the outcome of pending litigation associated with elements of retirement reform as well as litigation with the County of Santa Clara related to the withholding of Successor Agency to the Redevelopment Agency (SARA) tax increment revenue. Two contingency plans are included in the Proposed Budget to address potential adverse decisions that could create a shortfall in 2013-2014. Under these contingency plans, the implementation of many of the budget proposals will be delayed.

Service Delivery Highlights

Public Safety



Key Public Safety Services

Crime Prevention
Emergency Medical Services
Emergency Preparedness
Fire Prevention
Fire Suppression
Independent Police Oversight
Police Investigations
Police Patrol
Public Education



Expected Service Delivery

Police Services

- Respond to high priority calls for service and emergencies in a timely and effective manner
- Investigate crimes effectively and seek successful prosecution of criminals
- Continue efforts to deter gang violence
- Prompt review of police complaints by the Independent Police Auditor

Fire Services

- Respond to fires, medical calls, and other emergencies in a timely and effective manner
- Provide regulatory enforcement of fire and hazardous materials codes through inspection activities
- Investigate fire causes effectively
- Continue regional all-hazard emergency management and San José Prepared!

2013-2014 Proposed Budget Actions

- **Police Field Patrol*:** adds 21 Community Service Officers as of January 2014 to respond to lower priority calls non-enforcement calls, thereby increasing capacity for existing Police Officers to respond to higher priority calls.
- **Police Field Patrol and Investigations:** adds \$4 million in one-time overtime funds to continue backfilling for patrol and investigation position vacancies, maintain targeted enforcement of high crime activity through suppression cars, and backfill for civilian vacancies.
- **South San José Police Substation*:** funds the January 2014 Phase I opening of the South San José Police Substation that will improve response times and service to the southern part of San José.
- **Police Automated Field Reporting/Records Management System (AFR/RMS) Maintenance and Operations:** adds funding to support this system, including the addition of 1 position.
- **Police Contractual Backgrounding and Sworn and Civilian Recruitment Activities:** adds one-time funding \$385,000 for contractual backgrounding services for hiring and \$325,000 for recruiting and hiring efforts.
- **Police Crime Prevention Staffing*:** adds 3 Crime Prevention Specialists to increase community outreach, disseminate crime prevention information, and respond to residents' concerns about crime.
- **Medical Marijuana Program**:** continues funding for 1 Police Sergeant to support the Medical Marijuana Program.
- **Police Crime Analysis Staffing*:** adds 1 Crime and Intelligence Analyst position to more effectively analyze crime data and better link crime analysis, community policing, and crime prevention programs.
- **La Raza Roundtable/Harvard Study Consensus Building Project:** continue \$50,000 to support efforts to create transformative, multi-system change aimed at eliminating disproportionate Latino representation in the criminal justice, juvenile justice, and child welfare systems serving San José.
- **Fire Cardiac Monitors/Defibrillators:** purchase seven cardiac monitors/defibrillator units for front-line fire apparatus.
- **Firefighter Recruit Testing:** adds one-time funding for outreach, recruitment, and testing to establish a new Firefighter Recruit eligibility list.
- **Fire Sworn Functional Movement Screening and Training:** adds one-time funding for Fire Department personnel to become peer trainers to help reduce the frequency of injuries caused by strains and sprains.

* Implementation of this proposal is contingent on the outcome of pending litigation

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation

Service Delivery Highlights

Neighborhood Services



Key Neighborhood Services

After School Programs
Anti-Graffiti and Anti-Litter
Code Enforcement
Libraries
Senior Services

Animal Care Services
At-Risk Youth Services
Community Centers
Park Facilities



Expected Service Delivery

Parks and Community Services

- Operate 12 community centers
- Continue anti-gang activities
- Continue anti-graffiti efforts
- Offer Family Camp Program
- Keep parks and trails open
- Deliver Senior Nutrition and Wellness Program

Code Enforcement

- Code Enforcement field inspection services for emergency and priority complaints within 24 – 72 hours
- Proactive enforcement of vacant buildings

Library Services

- Branch Hours:**
 - Open 4 days per week (33-34 hours per week)
- Dr. Martin Luther King, Jr. Library:**
 - Open 72 hours/week during the academic year
 - Open 58 hours/week when the University is not in session

Animal Care and Services

- Animal Care and Services to focus on health and safety related calls

2013-2014 Proposed Budget Actions

- **Annualize Cost of New Libraries:** adds ongoing funding of \$2.8 million to support the four libraries opened in 2012-2013.
- **San Jose BEST Program and Safe Summer Initiative**:** adds \$3 million (\$500,000 ongoing) for gang prevention and suppression efforts and the Safe Summer Initiative Program. In 2013-2014 and 2014-2015, a total of \$4.6 million will be available for these efforts.
- **Senior Services and Wellness Program:** continues on an ongoing basis funding of \$460,000, including 1 Mobility Manager, for senior wellness and transportation services.
- **Senior Nutrition Meal Enhancements*:** adds \$100,000 for meal enhancements at the 14 senior nutrition program sites.
- **Community Action and Pride Grants**:** adds \$200,000 to continue this neighborhood grant program through 2014-2015.
- **Parks, Recreation and Neighborhood Services Volunteer Engagement Program:** continues 1.25 positions to support this program, which leverages approximately 24,000 volunteer hours annually.
- **Evergreen Community Aquatics Program**:** adds \$25,000 for an ongoing summer swim program for the Evergreen Community.
- **Medical Marijuana Program**:** continues 1 Code Enforcement Inspector on an ongoing basis to enforce code compliance.
- **Anti-Graffiti Program*:** adds ongoing funding of \$75,000 to enhance the Anti-Graffiti Program.
- **Children's Health Initiative Funding Shift:** phases out City funding of \$2.1 million for the Children's Health Initiative. With the passage of the County's Measure A sales tax increase, it is assumed that the County will be able to assume these costs.
- **Parks, Recreation and Neighborhood Services Capital Support Staffing:** adds 4 positions to support the park dedication and park impact programs, maintain the newly constructed River Oaks Park, install and renovate playground equipment, and develop a long-term strategic plan to address deferred infrastructure and maintenance needs.
- **Park Picnic Rentals and Picnic Basket Catering:** adds 12 picnic sites that will be available for reservation, including nine at neighborhood parks and three at regional parks and expands the Happy Hollow Park and Zoo Picnic Basket catering service.
- **New Parks Facilities Maintenance and Operations Needs:** adds ongoing funding to support the operating and maintenance costs of new facilities coming on-line in 2013-2014.
- **Animal Care and Services:** adds 3 part-time staff to address the increased workload due to the expanded service delivery needs from the City's contract with the City of Milpitas. These costs will be reimbursed by the City of Milpitas.

* Implementation of this proposal is contingent on the outcome of pending litigation

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation

Service Delivery Highlights

Community & Economic Development



Key Community & Economic Development Services

Building Permits
Development Services
Economic Development
Housing Services
Land Use and Planning
Local & Small Business Technical Services
Public Art and Cultural Events
Workforce Investment Network



Expected Service Delivery

Economic Development

- Attract and retain companies, with focus on clean technology and emerging technology companies
- Provide a range of workforce programs and services for displaced workers
- Manage the City's real property assets

Planning and Building Services

- Provide excellent development review process customer service
- Provide expedited plan review services

Housing Services/Community Development Block Grant (CDBG)

- Continue to work with Destination: Home, a public-private partnership with the goal of ending chronic homelessness
- Continue to employ a place-based, neighborhood-focused strategy.

Arts and Cultural Events

- Through arts and cultural development programs, maintain a culturally vibrant community

2013-2014 Proposed Budget Actions

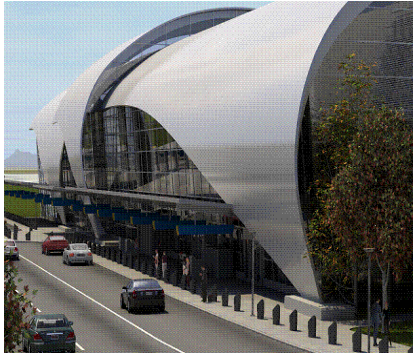
- **Development Fee Programs:** adds resources, including approximately 30 positions, to support the development fee programs (Building, Planning, Public Works, Fire) with no general fee increases necessary to meet service delivery demands. However, a new Technology Fee (2% fee on permits) is proposed to support technology initiatives for these programs.
- **Homeless Response Team*:** adds funding of \$3.3 million over a two-year period to address concerns about the growing and visible homeless encampments. Adds 4 Park Rangers, 1 Community Coordinator, and 1 Program Manager to provide enforcement of the encampments along Coyote Creek near Guadalupe River Park, facilitate encampment clean-ups, provide on-site assistance for waste disposal contractors, and connect encampment residents with services and housing. Also adds funds for property storage, security services, and encampment physical deterrents, such as fencing.
- **Economic Development/Incentive Fund*:** adds \$750,000 one-time for economic development support and incentives.
- **Housing Rehabilitation Loan and Grant Program:** eliminates 5 positions as a result of reduced funding due to the dissolution of the San Jose Redevelopment Agency and reduced CDBG funding due to federal sequestration.
- **Homeownership Downpayment Program:** eliminates this program and 2 positions that provided downpayment assistance to low-income first time homebuyers as a result of reduced federal and State grant funding and decreased program demand.
- **work2future - Service Delivery Model Change:** eliminates a net 24 positions and outsources direct client services to provide services to 5,000 – 10,000 unemployed workers in Santa Clara County annually in a more cost-effective manner.
- **Real Estate Services Document Imaging and Records Retention System*:** adds one-time funding of \$200,000 to develop a document imaging and records retention system to retain, retrieve, and research the City's real estate records.
- **Neighborhood Business Districts**:** continues funding of \$45,000 to provide support to nine Neighborhood Business Districts.
- **Center for Employment Training (CET):** adds one-time funding of \$250,000 for CET. In 2008, CET received a \$3 million federal grant to renovate its buildings that required a 40% local match. With the dissolution of the San Jose Redevelopment Agency, local funding of \$950,000 is no longer available. This action will help CET achieve the required local match.

* Implementation of this proposal is contingent on the outcome of pending litigation; for the Homeless Response Team, the funding reserved for 2014-2015 is subject to litigation

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation

Service Delivery Highlights

Transportation & Aviation Services



Key Transportation & Aviation Services

Airport Operations
Landscape & Tree Maintenance
Parking Services
Street Pavement Maintenance
Traffic Capital Improvements
Traffic Maintenance
Traffic Safety Education
Transportation Planning and Project Delivery



Expected Service Delivery

Airport Operations

- ❑ Operate the Norman Y. Mineta San José International Airport in a safe and efficient manner
- ❑ Deliver positive, reliable and efficient air traveler services and amenities; compete for community air service destinations and frequencies
- ❑ Preserve Airport assets and facilities through cost effective maintenance and operations
- ❑ Provide mandatory security, safety, and regulatory compliance for air service operations

Transportation Operations

- ❑ Provide safe and viable transportation choices consistent with the Envision San José 2040 General Plan
- ❑ Focus street infrastructure maintenance efforts on facilities with the highest use and economic significance
- ❑ Improve regional travel on major arterials, freeways, and transit corridors to address ongoing concerns with traffic congestion

2013-2014 Proposed Budget Actions

- **Airport Councils International Conference Funding:** adds Airport funding of \$75,000 for the 2013 Airports Council International – North America (ACI-NA) Annual Conference and Exhibition in September 2013. (Special Funds)
- **Radar Speed Display Signs*:** adds \$100,000 to install five new radar feedback speed limit signs to help reduce traffic speeds and improve safety, tentatively planned for the following locations: Blossom Hill Road (2 signs) west of Camden Avenue and east of Leigh Avenue; Taylor Street (2 signs) west of Route 87 and east of Coleman Avenue; and Hellyer Avenue (1 sign) west of Route 101 and east of Senter Road.
- **LED Streetlight Conversion Staffing:** adds 1 position to manage the LED Streetlight Conversion Program as well as pursue future grant opportunities and other potential financing strategies to accelerate the conversion of the City's streetlights. (Capital Funds)
- **Active Transportation Program and Pedestrian Safety:** adds resources to develop and implement pedestrian crossing improvements on major roads and manage the City's Active Transportation Program, which promotes safe walking and bicycle commuting. (Capital Funds)
- **Transportation Staffing:** adds resources to support pavement maintenance management and engineering, local transportation projects and policy oversight, transportation development program staffing, regional transportation projects staffing, and parking program/special events management staffing. (Capital/Special Funds)
- **Street Tree Maintenance*:** adds \$160,000 to remove dead or dying trees in several key locations, particularly palm trees, throughout the City.
- **Sidewalk Repair Program:** continues temporary investments in the Sidewalk Repair Program, offset by property owner reimbursements and fees, that will allow the City to maintain enhanced efforts to address a backlog of needed repairs identified through the street tree inventory and the more efficient consolidated inspection program.

* Implementation of this proposal is contingent on the outcome of pending litigation

Service Delivery Highlights

Environmental & Utility Services



Key Environmental & Utility Services

Energy Conservation Efforts
Garbage Collection & Recycling
“Green” Building Program
Municipal Water System
Neighborhood Cleanups
Sanitary Sewer Maintenance
Storm Sewer Maintenance
Water Pollution Control Plant
Water Recycling



Expected Service Delivery

- ❑ Build, operate, and maintain the City’s wastewater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety
- ❑ Promote the health of the environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff
- ❑ Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment
- ❑ Support the community in implementing sustainable infrastructure, equipment, and behaviors through education, public-private partnerships
- ❑ Reduce the City’s environmental footprint through energy efficiency and conservation, water conservation, waste reduction, and environmentally preferable purchases
- ❑ Lead implementation on four Green Vision goals (Goal 2: Reduce per capita energy use by 50%; Goal 3: Receive 100% of our electrical power from clean renewable sources; Goal 5: Divert 100% of the waste from our landfill; and Goal 6: Recycle or beneficially reuse 100% of our wastewater); and coordinate city-wide efforts on the overall Green Vision

2013-2014 Proposed Budget Actions

- **Vehicles to Support the Sanitary Sewer and Storm Sewer Programs and the Municipal Water System:** adds \$1.5 million for four combination cleaning vehicles and 1.0 mechanic position to ensure adequate equipment is available to clean the sanitary sewers; adds \$1.2 million to replace outdated vehicles that support the sanitary sewer and storm sewer programs; and adds \$140,000 to replace three vehicles and a trailer to support the Municipal Water System. (Special Funds)
- **Sewer Maintenance Technology and Analytics to Reduce Sanitary Sewer Overflows:** makes permanent 4.0 technical and analytical positions to complete the development of a new Computerized Maintenance Management System (CMMS) and begin utilizing the system to more efficiently and effectively maintain the sanitary sewer collection system. (Special Funds)
- **Water Pollution Control Plant (WPCP) – Plant Attendant Staffing:** adds 7.0 Plant Attendant positions to create additional points of entry into the WPCP Mechanic classification series and help obtain a qualified candidate pool for existing Plant Operator Trainee, Apprentice Plant Mechanic, Electrician, and Heavy Equipment Operator positions. (Special Funds)
- **ESD Administrative Services Division Oversight:** adds 1.0 Division Manager position that will manage the Department’s Fiscal, Budget, MIS and new Workforce Planning Section. In addition, 1.0 Senior Analyst position will be added on an ongoing basis to assist with workforce planning efforts including recruitments and training and development. (Special Funds)
- **Solid Waste Code and Contract Compliance Staffing:** adds 1.0 Environmental Inspector position to perform code and contract compliance work to monitor multi-family and single-family compliance with Recycle Plus Program requirements. (Special Funds)
- **Recycle Plus Billing Transition Project Staffing and Engineering Support:** adds 1.0 Analyst for a three-year period to support the Recycle Plus Billing transition. The addition of 2.0 Associate Engineer positions will provide engineering expertise and oversight to ongoing operation needs at the WPCP and Municipal Water. (Special Funds)
- **Rate Changes:** No rate increases are proposed for the Sewer Service and Use Charge Fee, Storm Sewer Service Fee, and Recycle Plus Programs. Municipal Water System rates are estimated to increase by 8% due primarily to the higher cost for wholesale water and increased operating costs.

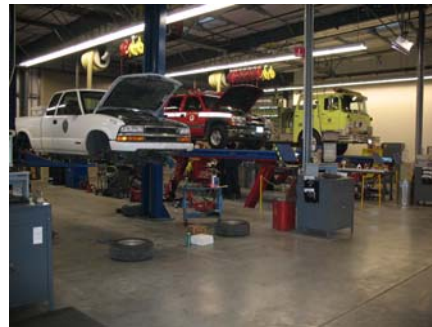
Service Delivery Highlights

Strategic Support



Key Strategic Support Services

Facility Maintenance
Financial Management
Fleet Maintenance
Human Resources
Information Technology
Mayor, City Council and Appointees
Public Works
Retirement Services



Expected Service Delivery

- Attract and retain qualified employees
- Ensure that the City's finance and technology resources are protected and available to address the short and long-term needs of the community
- Maintain a safe and healthy work environment
- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities that meet both customer and City staff needs
- Manage space usage at City-owned facilities
- Maintain City facilities, equipment, and vehicles
- Provide legal representation and legal transactions
- Provide audit services
- Facilitate the City's legislative process
- Provide strategic leadership and manage city-wide service delivery

2013-2014 Proposed Budget Actions

- **Deferred Infrastructure and Maintenance Needs at Police Facilities***: upgrades the fire protection system and three electrical systems, replaces the chiller, perform exterior waterproofing, and design a redundant electrical power system at the Police Communications Building (\$6.6 million); replaces the chiller, two elevator controllers, HVAC controls, and lighting at the firing range, and performs exterior waterproofing at the Police Administration Building (\$2.0 million).
- **City Hall Waterproofing**: adds one-time funding of \$1.6 million to address water infiltration issues at City Hall.
- **Preventative Maintenance at City Facilities***: adds one-time funding of \$1.3 million to maintain critical preventative maintenance at City facilities at 80% for HVAC, plumbing, lighting, roofing, generators, and emergency fire alert systems.
- **Technology Investments***: adds funding to replace the City's operating and capital budget systems (\$2.9 million), to upgrade the City's Microsoft Office 2003 Suite to an Office 365 subscription model (\$812,000 in 2012-2013 and \$262,000 ongoing), and to fund computer service replacements and network upgrades (\$250,000).
- **Workers' Compensation Service Delivery Pilot Program**: eliminates 8 vacant positions and shift funding to a third party administrator that will provide Workers' Compensation claims administration for approximately 40-50% of the cases during this two-year pilot. With \$19.5 million budgeted for workers' compensation claims, the goal of this pilot will be to determine if the overall cost of the program can be reduced.
- **Employment Services Staffing***: adds 1 position to address the increased demand for employment and classification services and provide workforce planning and human resources analytics.
- **Capital Project Staffing**: adds 5.75 capital-funded staff in the Public Works Department to support the delivery of the City's 2013-2014 Capital Program.
- **Minimum Wage Ordinance**: adds 2.5 positions to address the workload associated with this new program.
- **Medical Marijuana Program****: continue staffing in the Finance Department, the City Attorney's Office, and the City Manager's Office to support this program.
- **Council Appointees****: continues 4 positions in the City Attorney's Office (2 ongoing) to provide legal support to the Successor Agency to the San Jose Redevelopment Agency, City departments, and the Capital Program; continues 2 positions in the City Manager's Office to support employee relations; and continues 2 positions in the City Clerk's Office.

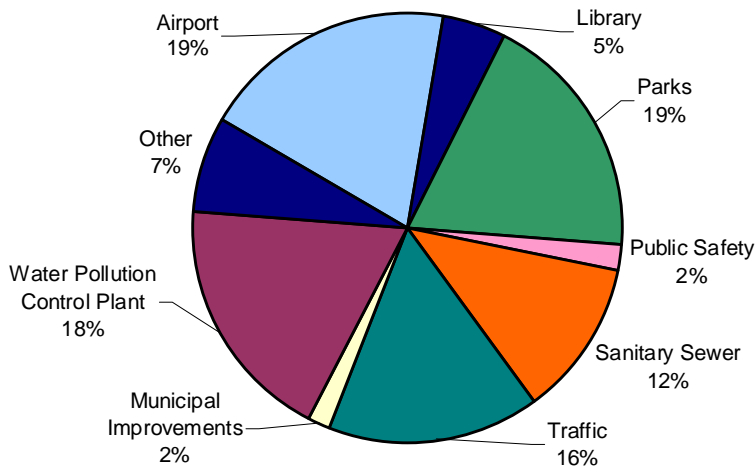
* Implementation of this proposal is contingent on the outcome of pending litigation; however, some components of the deferred infrastructure and maintenance at Police facilities and preventative maintenance at City facilities would not be delayed

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation

Capital Budget Highlights

The 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program is composed of 14 capital programs. The following is a breakdown of the major programs.

**2013-2014 Proposed Capital Budget
Use of Funds (\$748 million)**



In this budget, capital program investments fund infrastructure improvements throughout the City including: airport, community centers, libraries, municipal water systems, public safety facilities, parks, sanitary and storm sewer systems, transportation systems, and the Water Pollution Control Plant. Limited resources are focused on the sustainability of City facilities by addressing the most immediate infrastructure needs and prioritizing funding for upgrades, expansions, and renovations with positive operation and maintenance impacts. Where possible, grants and funding from other agencies will be leveraged to stretch City funds. Alternative funding sources will also be pursued to address the increasingly critical backlog of unmet/deferred infrastructure needs, particularly in the local street infrastructure.

While still the largest component of this year's budget, the Airport Capital Program (\$146 million) continues to shift focus from terminal area expansion, largely completed, to maintenance and preservation of existing infrastructure. The Parks and Community Facilities Development Capital Program is the next largest capital program (\$143 million), with a focus on sports fields and parks development (ideally through joint-use agreements), as well as the rehabilitation and renewal of existing recreational facilities. The Water Pollution Control Program (\$139 million) is beginning to ramp up to address future regulatory requirements, capacity needs, and the institution of new technologies for wastewater treatment.

Major Projects to be Completed Over the Next Five Years

2013-2014 Projects

60" Brick Interceptor Phase VIA and VIB
Autumn Street Extension
Coleman Soccer Complex
Commodore Children's Park
Headworks No. 1 Repair and Rehabilitation
Lake Cunningham Bike Park
Nortech and Trimble Reservoir Rehabilitation
PAB/Police Com. Center Chiller Replacement
Police Communications Center Electrical System Upgrade
Taxiway W Improvements
Pavement Maintenance – State Route
Relinquishment (State Routes 82 and 130)
San Fernando Street Enhanced Bikeway and Pedestrian Access

2014-2015 Projects

Allen at Steinbeck School Soccer Field
Bollinger Road – Blaney Avenue Sanitary Sewer Improvement
Del Monte Park
Digester Rehabilitation
Energy Generation Improvements (Plant)
Fire Station 21 – Relocation (White Road)
Police Communications Center Fire Protection System Upgrade
Rincon Avenue – Virginia Avenue Sanitary Sewer Improvement
Roberto Antonio Balermينو Park
Southeast Branch Library
St John Multimodal Improvements Phase I
Transportation Incident Management Center
West Evergreen Park
Willow Glen-Guadalupe Storm Sewer System, Phase III

2015-2016 Projects

Digester Rehabilitation – Water Pollution Control Plant
Park Avenue Multimodal Improvements
Penitencia Creek Park Playground Renov.
Penitencia Creek Trail Reach IB (Noble Avenue to Dorel Drive)
SBWR System Reliability and Infrastructure Replacement
Storm Sewer Master Plan – City-wide
Taxiway H and K Extension

2016-2017 Projects

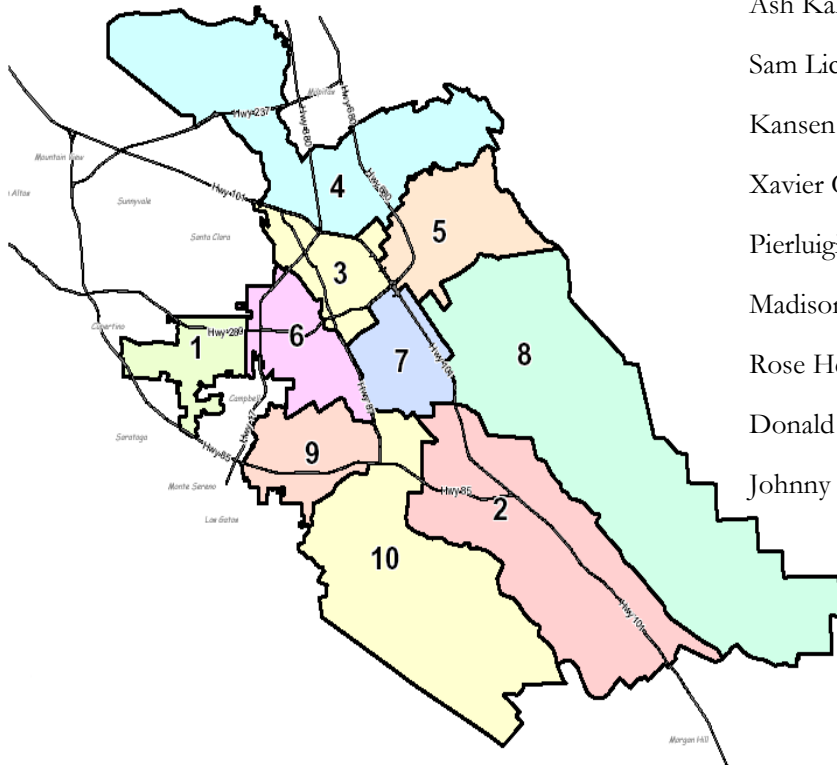
BART Extension Support
Coyote Creek Trail (Story Road to Selma Olinde Park)
Taxiway E and F Extension

2017-2018 Projects

Airport Rescue and Fire Fighting Facility
New Biosolids Facility
Route 101/Mabury Rd. Project Development

Roster of City Officials

City Council Districts



Roster of Elected Officials

CITY COUNCIL	DISTRICT	TELEPHONE/ E-MAIL
Chuck Reed	Mayor	535-4800 mayoremail@sanjoseca.gov
Pete Constant	1	535-4901 District1@sanjoseca.gov
Ash Kalra	2	535-4902 District2@sanjoseca.gov
Sam Liccardo	3	535-4903 District3@sanjoseca.gov
Kansen Chu	4	535-4904 District4@sanjoseca.gov
Xavier Campos	5	535-4905 District5@sanjoseca.gov
Pierluigi Oliverio	6	535-4906 pierluigi.oliverio@sanjoseca.gov
Madison P. Nguyen	7	535-4907 District7@sanjoseca.gov
Rose Herrera	8	535-4908 rose.herrera@sanjoseca.gov
Donald Rocha	9	535-4909 District9@sanjoseca.gov
Johnny Khamis	10	535-4910 District10@sanjoseca.gov

City Manager

Debra Figone
 Phone: (408) 535-8100
Webmaster.manager@sanjoseca.gov

Managing Our Finances

The City's current general credit is rated Aa1/AA+/AA+ from Moody's, Standards and Poor's, and Fitch, respectively. Considering the City's fiscal challenges in recent years, the ratings by the three rating agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City still remains one of the highest rated large cities in California and the country. The City's strong credit ratings have saved taxpayers money due to lower financing costs for debt issuance including the three general obligation bond measures passed for park, library, and public safety improvements and other debt obligations. The City's Operating and Capital Budgets and the Comprehensive Annual Financial Report (CAFR) have received awards from the Government Finance Officers Association and the California Society of Municipal Finance Officers.

Accessing the Budget

On-line versions of the City of San José's 2013-2014 Proposed Operating and Capital budgets are posted on the City's website under the Budget Office at <http://www.sanjoseca.gov/index.aspx?nid=1980>.

These documents are also available at your public library. For more information about the City of San José Budget, please contact the City Manager's Budget Office at (408) 535-8144.