

**2010-2014 FORECAST**  
**COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST**

As has been our practice, potential future year program additional expenses in the General Fund considered virtually assured have been included in a “committed” additions section of the General Fund Forecast.

**Committed** additions involve expense changes that are deemed relatively unavoidable. The majority of items included in this category are additional maintenance and operating expenses that will be required to operate and maintain funded capital projects that will be completed within the five-year horizon of this forecast. This includes the expenses related to the hiring of 25 additional police officers each year until 2011-2012; county pocket annexations expenses; maintenance and operations of new street improvements, new parks and library facilities, and new community and public safety facilities; and retiree healthcare costs. It should be noted, however, that the projected costs included in this category have been submitted by the various departments involved, but have not yet been fully analyzed by the Budget Office. It can be anticipated that refinements of these estimates would be performed prior to bringing them forward for consideration by the City Council.

A summary of capital projects included in this Forecast is provided below and detailed in Chart A at the end of this section. In addition, based on the City Council’s adoption of Budget Principle #8 during the 2008-2009 budget process, a **General Fund Capital Operating and Maintenance/Budget Principle** discussion is included in this section. Capital projects with operating and maintenance costs over \$100,000 and included in approved Capital Improvement Program or Redevelopment Agency Budgets are identified in Chart B. However, there are four potential projects where funding has not yet been approved through the City Capital Improvement Program or Redevelopment Agency Capital Budget. Certification for these projects and other identified projects that have not been approved by the City Council will be sought as part of the 2010-2014 Proposed Capital Improvement Program. If certified by the City Council, the operating and maintenance costs associated with these facilities would then be included in subsequent General Fund Five-Year Forecast documents.

Following is a summary of Committed Additions included in the General Fund Five-Year Forecast. Projections factor in an inflation escalator for the out years of the forecast and are cumulative, not incremental.

**COMMITTED ADDITIONS**

**Additional Police Officers (25 annually)** – This item, new to the forecast, reflects the projected costs that will be necessary to fund 25 new police officers annually through 2011-2012 to help meet identified priorities, such as addressing the rise in property crimes and improving community policy and traffic calming as directed by the City Council’s approval of the Mayor’s 2008-2009 June Budget Message.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
1,754,000	5,019,000	8,460,000	10,325,000	10,849,000

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**COMMITTED ADDITIONS** (CONT'D.)

**County Pocket Annexations (Transportation)** – This category provides funding necessary to maintain the properties that will be annexed into the City from unincorporated islands within the City of San José’s Urban Service Area. Approximately 40 miles of public streets and related infrastructure, such as streetlights, sidewalks, traffic signs, roadway markings, and trees will require ongoing maintenance, repair and rehabilitation work.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
298,000	478,000	478,000	478,000	478,000

**New Parks and Recreation Facilities Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional costs of maintaining and operating new parks and recreation facilities included in the City’s Five-Year Capital Improvement Program, including those that will be developed by other agencies such as the City’s Redevelopment Agency.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
130,000	1,048,000	1,619,000	1,925,000	2,107,000

**New Traffic Infrastructure Assets Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional costs that will be necessary to maintain new traffic signals, landscaping, and street lighting included in the City’s Five-Year Capital Improvement Program.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
204,000	397,000	550,000	649,000	749,000

**Measure O (Library) Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional maintenance and operations costs of new and expanded branch libraries that were approved in the November 2000 election. These include the East San José Carnegie, Seven Trees and the Santa Teresa branches in 2009-2010.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
773,000	4,088,000	5,164,000	5,529,000	5,557,000

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COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST**

**COMMITTED ADDITIONS** (CONT'D.)

**Measure P (Parks) Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional maintenance and operations costs of new and expanded parks and community facilities that were included as part of a bond measure approved in the November 2000 election. Some of the projects expected to be completed in 2009-2010 include the Happy Hollow Park and Zoo and Seven Trees Community Center.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
889,000	2,251,000	2,734,000	2,723,000	2,786,000

**Measure O (Public Safety) Maintenance and Operations: Fire** – As detailed in Chart A, this category reflects the projected additional maintenance and operations costs of new and expanded fire facilities that were included as part of a bond measure adopted by the voters in the March 2002 election. Included are the projected costs for new fire personnel that will be required. These include Fire Station 37 (South Willow Glen) in 2011-2012 and improvements to several other fire stations.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
9,000	507,000	2,610,000	2,693,000	2,763,000

**Measure O (Public Safety) Maintenance and Operations: Police** – As detailed in Chart A, this category reflects the projected additional maintenance and operations costs of new and expanded police facilities that were included as part of a bond measure adopted by the voters in the March 2002 election. Included are the projected costs for the South San José Substation and Emergency Communication (ECOMM) System Maintenance.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
749,000	1,808,000	1,865,000	1,895,000	1,928,000

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COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST**

**COMMITTED ADDITIONS (CONT'D.)**

**Retiree Healthcare Benefits** – This item, new to the forecast, is the phase-in over five years of the City’s share of the General Fund annual required contribution for retiree healthcare benefits for non-POA employees. In 2009-2010, the costs are \$199,000 and grow to \$6.8 million by the fifth year of the forecast period. In addition to these amounts, additional costs for retiree healthcare benefits are displayed elsewhere in this document and include \$2.4 million (in the first year and by inflated amounts in all out years) in the Personal Services category consistent with the recently negotiated funding agreement for this liability with the POA. In total, an additional \$16.7 million is required over the next five-year period to phase-in retiree healthcare benefits to full funding.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
199,000	1,819,000	3,527,000	5,186,000	6,846,000

**GENERAL FUND CAPITAL OPERATING AND MAINTENANCE/BUDGET PRINCIPLE #8**

As part of the 2008-2009 budget process, the City Council adopted the Budget Principles recommended in the Mayor’s March 2008 Budget Message. Budget Principle #8 pertains to Capital Improvement Projects and directs that capital improvement projects with annual operating and maintenance costs “shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire project, including operations and maintenance costs, will not require a decrease in existing basic neighborhood services.”

Chart A details a list of all project operations and maintenance costs assumed in this Forecast. In addition, a detailed list of projects is included in Chart B for capital projects that are underway or were previously approved by the City Council with annual operating and maintenance costs in the General Fund greater than \$100,000. Funding for these projects have been included as part of approved Capital Improvement Programs or Redevelopment Agency Budgets. The majority of these costs are associated with the voter-approved General Obligation bonds for Park, Library, and Public Safety facilities. The operating and maintenance costs for these facilities are included in the figures presented in this Preliminary General Fund Forecast. It should be noted that, by 2013-2014, the annualized costs to operate and maintain the City Council/Agency Board approved facilities with annual operating and maintenance costs in the General Fund greater than \$100,000 are projected at \$14.4 million annually. In total, all operating and maintenance costs for capital projects are forecasted to be \$15.9 million annually by the end of the five-year period.

All operating and maintenance costs for these facilities, however, will be evaluated on an annual basis for inclusion in subsequent Five-Year General Fund Forecasts. As part of this evaluation,

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**GENERAL FUND CAPITAL OPERATING AND MAINTENANCE/BUDGET**  
**PRINCIPLE #8 (CONT'D.)**

the costs and staffing necessary to operate and maintain these facilities may change as further analysis on the operational needs of each facility are conducted. Notably, further analysis may be required to determine the actual staffing of Fire Station 37. For purposes of this document, the operating and maintenance costs for Fire Station 37 – Willow Glen reflect the assumption that no staff would be relocated from Fire Station 6, and that a new Fire Engine (four additional duty positions) would staff that facility. This assumption is consistent with the “*City-Wide Policy for the Relocation/Closure and/or Selling Fire Stations and Removal of Fire Station 6 from the Budget,*” approved by the City Council on September 9, 2008. The additional annual General Fund operating and maintenance costs projected for this facility alone represents \$2.5 million in 2011-2012, the first full year of operations.

Additional operating and maintenance costs are identified for other (non-General Obligation Bond) City Council-approved projects. The General Fund costs associated to operate and maintain these facilities are projected at \$1.6 million annually in 2013-2014. These facilities include projects such as the Edenvale Community Center approved by the City Council on September 23, 2008 and a planned Hoffman/Via Monte Neighborhood Center included as part of the approved Redevelopment Agency Capital Budget.

Lastly, four potential projects where funding has not yet been approved through the City Capital Improvement Program or Redevelopment Agency Capital Budget are identified. These projects are under very preliminary development and if approved, are anticipated to have an annualized operating and maintenance impact of at least \$2.3 million by 2013-2014. Consistent with the direction approved as part of Budget Principle #8, for purposes of this Forecast, these operating and maintenance costs are not included as part of the General Fund Five-Year Forecast “Committed Additions” category. Consistent with the budget principle, certification for these projects and other identified projects that have not been approved by the City Council will be sought as part of the 2010-2014 Proposed Capital Improvement Program. If certified by the City Council, the operating and maintenance costs associated with these facilities would then be included in subsequent General Fund Five-Year Forecast documents.



**CHART A - 2010-2014 GENERAL FUND FORECAST**  
**Operating Impact of Capital Programs**

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>					
Aborn Park Playground Improvements	0	5,000	5,000	5,000	6,000
Almaden Apartments Area Park	0	20,000	20,000	20,000	20,000
Carolyn Norris Turnkey Park	0	9,000	18,000	18,000	18,000
Chelmers Park Development	0	18,000	35,000	35,000	35,000
Kirk Community Center Renovation	53,000	84,000	83,000	84,000	84,000
Martial-Cottle Community Garden	0	0	20,000	41,000	41,000
Martin Park Expansion	0	61,000	74,000	75,000	76,000
Newhall Neighborhood Park	0	20,000	20,000	20,000	20,000
Nisich Park Development	0	8,000	15,000	15,000	15,000
Tamien Specific Plan Area Park	0	0	18,000	35,000	35,000
TRAIL: Albertson Parkway	33,000	34,000	35,000	35,000	36,000
Vietnamese Heritage Garden	19,000	0	0	0	127,000
Edenvale Community Center (RDA)	0	482,000	733,000	737,000	742,000
Hoffman/Via Monte Neighborhood Center (RDA)	0	0	0	199,000	200,000
Mabury Park/Commodore Children's Park	0	0	112,000	114,000	117,000
Mayfair Park (RDA)	0	0	0	20,000	21,000
TRAIL: Los Gatos Creek Reach 5a	19,000	19,000	20,000	20,000	21,000
TRAIL: Lower Silver Creek	0	17,000	24,000	32,000	41,000
TRAIL: Penitencia Creek Reach I	0	20,000	20,000	21,000	21,000
TRAIL: Penitencia Creek Reach VI	0	5,000	5,000	5,000	5,000
TRAIL: Willow Glen Spur Acquisition	0	0	66,000	67,000	69,000
TRAIL: Willow Glen Spur Reach V (Developer)	6,000	6,000	6,000	6,000	6,000
Scottish Rite Parksite (Venetian Terrace)	0	18,000	18,000	18,000	18,000
Watson Park Remediation	0	32,000	32,000	33,000	34,000
Baypointe Turnkey Park	0	24,000	24,000	24,000	24,000
Cadance Turnkey Park	0	5,000	5,000	5,000	5,000
Eden Court Housing	0	0	15,000	15,000	15,000
Goble Lane Turnkey Park and Tot Lot	0	25,000	25,000	25,000	25,000
Japantown Turnkey Park and Tot Lot	0	15,000	15,000	15,000	15,000
King/Dobbin Site Turnkey Park and Tot Lot	0	15,000	15,000	15,000	15,000
Legacy Turnkey Park	0	2,000	2,000	2,000	2,000
North San Pedro Turnkey Park and Tot Lot	0	15,000	15,000	15,000	15,000
Piercy/Tennant Site Tot Lot	0	8,000	15,000	15,000	15,000
River Oaks Turnkey Park	0	0	28,000	58,000	60,000
Riverview Turnkey Park	0	0	0	0	27,000
Vista Montana Turnkey Park and Tot Lot	0	81,000	81,000	81,000	81,000
<b>TOTAL NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>	<b>130,000</b>	<b>1,048,000</b>	<b>1,619,000</b>	<b>1,925,000</b>	<b>2,107,000</b>
<b>NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS</b>					
Traffic Projects - Forecast	63,000	66,000	90,000	93,000	97,000
Traffic Light Synchronization Project	33,000	67,000	100,000	100,000	100,000
Landscape Maint - New Infra Assets and Op Costs	108,000	264,000	360,000	456,000	552,000
<b>TOTAL NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS</b>	<b>204,000</b>	<b>397,000</b>	<b>550,000</b>	<b>649,000</b>	<b>749,000</b>
<b>MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>					
Bascom Branch	0	1,308,000	1,396,000	1,401,000	1,405,000
Calabazas Branch	(28,000)	327,000	782,000	783,000	786,000
East San José Carnegie	153,000	157,000	160,000	162,000	165,000
Educational Park Branch	(34,000)	914,000	993,000	997,000	1,002,000
Santa Teresa Branch	288,000	315,000	318,000	322,000	327,000
Seven Trees Branch	394,000	1,067,000	1,072,000	1,074,000	1,079,000
Southeast	0	0	443,000	790,000	793,000
<b>TOTAL MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>	<b>773,000</b>	<b>4,088,000</b>	<b>5,164,000</b>	<b>5,529,000</b>	<b>5,557,000</b>
<b>MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>					
Bascom Community Center	53,000	735,000	744,000	746,000	747,000
Happy Hollow Park & Zoo	545,000	84,000	36,000	0	0
Soccer Complex	0	295,000	521,000	529,000	550,000
Softball Complex	0	380,000	670,000	679,000	713,000
Seven Trees Community Center	291,000	757,000	763,000	769,000	776,000
<b>TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>	<b>889,000</b>	<b>2,251,000</b>	<b>2,734,000</b>	<b>2,723,000</b>	<b>2,786,000</b>

**CHART A - 2010-2014 GENERAL FUND FORECAST  
Operating Impact of Capital Programs**

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>					
Fire Station 36 - Silver Creek/Yerba Buena - Maint/Util	0	44,000	69,000	70,000	71,000
Fire Station 19 - Maintenance and Utilities	9,000	21,000	22,000	22,000	23,000
Fire Station 21 - Maintenance and Utilities	0	0	14,000	21,000	22,000
Fire Station 37 - South Willow Glen - Staffing/NP	0	418,000	2,443,000	2,513,000	2,578,000
Fire Station 37 - South Willow Glen - Maint/Util	0	0	33,000	37,000	38,000
Fire Station 2 - Rebuild - Maintenance and Utilities	0	24,000	29,000	30,000	31,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>	<b>9,000</b>	<b>507,000</b>	<b>2,610,000</b>	<b>2,693,000</b>	<b>2,763,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>					
South San José Police Substation	627,000	1,564,000	1,582,000	1,600,000	1,619,000
E-COMM Public Safety System Maintenance	122,000	223,000	231,000	241,000	252,000
Driver Training Facility	0	21,000	52,000	54,000	57,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>	<b>749,000</b>	<b>1,808,000</b>	<b>1,865,000</b>	<b>1,895,000</b>	<b>1,928,000</b>
<b>TOTAL OPERATING IMPACT OF CAPITAL PROGRAMS</b>	<b>2,754,000</b>	<b>10,099,000</b>	<b>14,542,000</b>	<b>15,414,000</b>	<b>15,890,000</b>

**CHART B - 2010-2014 GENERAL FUND FORECAST**  
**Capital Projects - Operating and Maintenance Costs Greater than \$100,000 Annually**

**CITY COUNCIL-APPROVED GENERAL OBLIGATION BOND CAPITAL PROJECTS**

<b>PUBLIC SAFETY</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
E-COMM Public Safety System Maintenance	122,000	223,000	231,000	241,000	252,000
Fire Station 37 - Willow Glen	0	418,000	2,476,000	2,550,000	2,616,000
South San José Police Substation	627,000	1,564,000	1,582,000	1,600,000	1,619,000
<b>LIBRARY</b>					
Bascom Branch	0	1,308,000	1,396,000	1,401,000	1,405,000
Calabazas Branch	(28,000)	327,000	782,000	783,000	786,000
East San José Carnegie Branch	153,000	157,000	160,000	162,000	165,000
Educational Park Branch	(34,000)	914,000	993,000	997,000	1,002,000
Santa Teresa Branch	288,000	315,000	318,000	322,000	327,000
Seven Trees Branch	394,000	1,067,000	1,072,000	1,074,000	1,079,000
Southeast Branch	0	0	443,000	790,000	793,000
<b>PARKS</b>					
Bascom Community Center	53,000	735,000	744,000	746,000	747,000
Happy Hollow Park and Zoo	545,000	84,000	36,000	0	0
Soccer Complex	0	295,000	521,000	529,000	550,000
Softball Complex	0	380,000	670,000	679,000	713,000
Seven Trees Community Center	291,000	757,000	763,000	769,000	776,000
<b>Total O&amp;M - City-Council Approved GO Bond Capital Projects</b>	<b>2,411,000</b>	<b>8,544,000</b>	<b>12,187,000</b>	<b>12,643,000</b>	<b>12,830,000</b>

**OTHER CITY COUNCIL-APPROVED CAPITAL PROJECTS**

	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
Edenvale Community Center	0	482,000	733,000	737,000	742,000
Mabury Park/Commodore Children's Park	0	0	112,000	114,000	117,000
Transporation Infrastructure - New Assets	108,000	264,000	360,000	456,000	552,000
Hoffman/Via Monte Neighborhood Center (RDA)	0	0	0	199,000	200,000
<b>Total O&amp;M - Other City-Council Approved Capital Projects</b>	<b>108,000</b>	<b>746,000</b>	<b>1,205,000</b>	<b>1,506,000</b>	<b>1,611,000</b>

<b>TOTAL - CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY</b>	<b>2,519,000</b>	<b>9,290,000</b>	<b>13,392,000</b>	<b>14,149,000</b>	<b>14,441,000</b>
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**OTHER POTENTIAL FUTURE CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY (NOT INCLUDED IN FORECAST)**

Emma Prusch Park - Back Acreage Development			395,000	398,000	402,000
Festival Site (RDA)	TBD				
Future Trail Projects		55,000	175,000	297,000	421,000
Meadowfair Community Center (RDA)					1,484,000
<b>Total O&amp;M - Other Potential Future Capital Projects with Operating and Maintenance Costs Greater than \$100,000 Annually (Not Included in Forecast)</b>	<b>-</b>	<b>55,000</b>	<b>570,000</b>	<b>695,000</b>	<b>2,307,000</b>