



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: 2009-2010 PROPOSED  
OPERATING BUDGET, 2009-2010  
PROPOSED CAPITAL BUDGET  
AND 2010-2014 CAPITAL  
IMPROVEMENT PROGRAM, AND  
2009-2010 PROPOSED FEES AND  
CHARGES REPLACEMENT PAGES**

**DATE:** May 11, 2009

Approved

*Christine J. Shippin*

Date

*5-11-09*

Attached are replacement pages to correct errors in the 2009-2010 Proposed Operating Budget, 2009-2010 Proposed Capital Budget and 2010-2014 Proposed Capital Improvement Program, and 2009-2010 Proposed Fees and Charges documents. The replacement pages include the following:

**Operating Budget**

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**HONORABLE MAYOR AND CITY COUNCIL**

May 11, 2009

**SUBJECT: 2009-2010 Proposed Operating Budget, 2009-2010 Proposed Capital Budget and 2010-2014 Capital Improvement Program, and 2009-2010 Proposed Fees and Charges Replacement Pages**

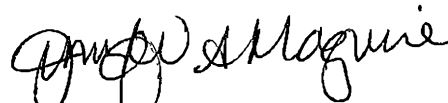
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JENNIFER A. MAGUIRE  
Budget Director

Attachments

**CITY OF SAN JOSE**  
**2009-2010 PROPOSED OPERATING BUDGET**

**SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>5-Year Total</u>
<b><u>Construction Projects</u></b>						
Airport	29,170,000	31,008,000	25,410,000	44,576,000	50,220,000	180,384,000
Communications	1,818,000	1,010,000	741,000	741,000	213,000	4,523,000
Developer Assisted Projects	1,700,000	1,000,000	1,000,000	1,000,000	1,000,000	5,700,000
Library	21,842,000	9,022,000	439,000	58,000		31,361,000
Municipal Improvements	2,025,301	750,000	750,000	750,000	750,000	5,025,301
Parking	1,037,000	988,000	1,340,000	1,290,000	1,715,000	6,370,000
Parks and Community Facilities Development	19,872,000					19,872,000
Public Safety	7,962,000	11,543,000	1,420,000	602,000	602,000	22,129,000
Sanitary Sewer System	21,273,000	21,579,000	28,322,000	13,983,000	14,346,000	99,503,000
Service Yards	459,000	459,000	459,000	459,000	459,000	2,295,000
Storm Sewer System	5,834,000	2,827,000	2,887,000	2,019,000	3,180,000	16,747,000
Traffic	43,024,000	24,052,000	15,541,000	14,820,000	16,168,000	113,605,000
Water Pollution Control	39,145,000	58,636,000	40,221,000	44,834,000	44,457,000	227,293,000
Water Utility System	2,103,000	2,151,000	2,278,000	2,611,000	2,540,000	11,683,000
<b>Total Construction Projects</b>	<b>197,264,301</b>	<b>165,025,000</b>	<b>120,808,000</b>	<b>127,743,000</b>	<b>135,650,000</b>	<b>746,490,301</b>
<b><u>Non-Construction</u></b>						
<b>Contributions, Loans and Transfers to Capital Funds</b>						
Airport	2,218,000					2,218,000
Library	706,000					706,000
Parks and Community Facilities Development	4,256,000	4,333,000	5,524,000	5,734,000	5,830,000	25,677,000
Public Safety	100,000	72,500				172,500
<b>Total Contributions, Loans and Transfers to Capital Funds</b>	<b>7,280,000</b>	<b>4,405,500</b>	<b>5,524,000</b>	<b>5,734,000</b>	<b>5,830,000</b>	<b>28,773,500</b>

**CITY OF SAN JOSE**  
**2009-2010 PROPOSED OPERATING BUDGET**




**SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>5-Year Total</u>
<b><u>Non-Construction</u></b>						
<b>Contributions, Loans and Transfers to General Fund</b>						
Parks and Community Facilities Development	2,282,000	2,282,000	2,542,000	2,778,000	2,478,000	12,362,000
Traffic	5,000,000	4,000,000	3,000,000	3,000,000	3,000,000	18,000,000
<b>Total Contributions, Loans and Transfers to General Fund</b>	<b>7,282,000</b>	<b>6,282,000</b>	<b>5,542,000</b>	<b>5,778,000</b>	<b>5,478,000</b>	<b>30,362,000</b>
<b>Contributions, Loans and Transfers to Special Funds</b>						
Airport	15,144,000	20,821,000	21,534,000	22,279,000	23,087,000	102,865,000
Communications	2,000	3,000	3,000	2,000	2,000	12,000
Developer Assisted Projects	23,000	27,000	28,000	23,000	23,000	124,000
Library	106,000	122,000	127,000	52,000		407,000
Parks and Community Facilities Development	554,000	519,000	540,000	441,000	452,000	2,506,000
Public Safety	88,000	102,000	106,000	86,000	89,000	471,000
Sanitary Sewer System	238,000	275,000	287,000	235,000	240,000	1,275,000
Service Yards	13,000	15,000	16,000	13,000	13,000	70,000
Storm Sewer System	53,000	61,000	64,000	52,000	53,000	283,000
Traffic	972,000	1,172,000	1,219,000	1,003,000	1,027,000	5,393,000
Water Pollution Control	12,000	13,000	14,000	11,000	12,000	62,000
Water Utility System	713,000	1,015,000	1,016,000	513,000	14,000	3,271,000
<b>Total Contributions, Loans and Transfers to Special Funds</b>	<b>17,918,000</b>	<b>24,145,000</b>	<b>24,954,000</b>	<b>24,710,000</b>	<b>25,012,000</b>	<b>116,739,000</b>
<b>Other Non-Construction Items</b>						
Airport	15,680,000	1,149,000	1,483,000	876,000	1,024,000	20,212,000
Communications	310,000	316,000	322,000	329,000	335,000	1,612,000

**Finance Department**  
**Strategic Support CSA**

**Core Service: Financial Reporting**

**Performance and Resource Overview (Cont'd.)**

<b>Financial Reporting Performance Summary</b>	<b>2007-2008 Actual</b>	<b>2008-2009 Target</b>	<b>2008-2009 Estimated</b>	<b>2009-2010 Target</b>
 % of financial reports that are produced accurately and timely	99%	98%	98%	95%
 Cost per report	\$871	\$966	\$957	\$942
 % of customers who rate financial reports as good or excellent on a 5-point scale based on accuracy, clarity, timeliness, usefulness and availability in desired format	79%	86%	83%	86%

*Changes to Performance Measures from 2008-2009 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2008-2009 Adopted Budget:

U “% of reports that are accurate and on-time” was revised to read, “% of financial reports that are produced accurately and timely” to provide language clarification.

<b>Activity &amp; Workload Highlights</b>	<b>2007-2008 Actual</b>	<b>2008-2009 Forecast</b>	<b>2008-2009 Estimated</b>	<b>2009-2010 Forecast</b>
Total cost for Financial Reporting services	\$1,714,747	\$1,907,105	\$1,905,319	\$1,859,806
Total number of financial reports provided	1,967	1,975	1,991	1,975

*Changes to Activity & Workload Highlights from 2008-2009 Adopted Budget: No*

**Finance Department**  
**Strategic Support CSA**

**Core Service: Purchasing and Materials Management**

**Performance and Resource Overview (Cont'd.)**

Activity & Workload Highlights	2007-2008 Actual	2008-2009 Forecast	2008-2009 Estimated	2009-2010 Forecast
Total cost for services				
- Purchasing Services	\$1.63M	\$1.55M	\$1.57M	\$1.26M
- Materials Management Services	\$1.24M	\$1.32M	\$1.06M	\$1.16M
Total dollars procured	\$123.8M	\$103.23M	\$108.42M	\$103.23M
Total cost savings	\$5.69M	\$5.8M	\$4.15M	\$4.35M
Total dollars recovered from surplus sales	\$176,295	\$175,000	\$176,295	\$175,000
Number of purchase orders (PO's) processed within:				
- 8 business days for PO's ≤ \$10K	464	508	170	170
- 26 business days for PO's > \$10K and ≤ \$100K	454	438	217	438
- 38 business days for PO's > \$100K and ≤ \$250K	55	59	34	59
- 83 business days for PO's > \$250K and ≤ \$1.0M	22	16	18	16
- 108 business days for PO's > \$1.0M	5	8	0	8
Number of record retention requests delivered within one day	7,799	8,083	6,440	8,083
Number of warehouse line items:				
- Picked-up within one day	29,850	24,597	21,921	24,597
- Delivered within one day	10,197	9,716	7,268	9,716

*Changes to Activity & Workload Highlights from 2008-2009 Adopted Budget: No*






Purchasing and Materials Management Resource Summary	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Forecast 3	2009-2010 Proposed 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 2,645,954	\$ 2,539,981	\$ 2,620,648	\$ 2,134,001	(16.0%)
Non-Personal/Equipment	286,865	327,311	305,156	294,046	(10.2%)
<b>Total</b>	<b>\$ 2,932,819</b>	<b>\$ 2,867,292</b>	<b>\$ 2,925,804</b>	<b>\$ 2,428,047</b>	<b>(15.3%)</b>
<b>Authorized Positions</b>	<b>27.00</b>	<b>26.00</b>	<b>26.00</b>	<b>20.00</b>	<b>(23.1%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Finance Department**  
**Strategic Support CSA**

**Core Service: Treasury Management**

**Performance and Resource Overview (Cont'd.)**

Treasury Management Performance Summary	2007-2008 Actual	2008-2009 Target	2008-2009 Estimated	2009-2010 Target
 City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AAA	AA+	AAA	AAA
- Fitch	AA+	AA+	AA+	AA+
 Average return on investments	4.474%	3.910%	3.490%	2.560%
 Cost of Debt Management services as a percentage of the City's outstanding debt portfolio	0.019%	0.026%	0.018%	0.025%
 Cost of investment services as a percentage of the City's total investment portfolio	0.136%	0.170%	0.200%	0.170%
 % of customers who rate Treasury Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	82%	82%	82%	82%

*Changes to Performance Measures from 2008-2009 Adopted Budget: No*

Activity & Workload Highlights	2007-2008 Actual	2008-2009 Target	2008-2009 Estimated	2009-2010 Forecast
Total cost for Treasury Management services				
- Debt Management Services	\$1,055,418	\$1,470,586	\$1,030,819	\$884,398
- Investment Services	\$1,850,000	\$1,871,655	\$2,504,689	\$2,509,188
Total debt portfolio managed	\$5.621B	\$5.700B	\$5.800B	\$5.800B
Total of the City's investment portfolio	\$1.359B	\$1.100B	\$1.250B	\$1.100B

*Changes to Activity & Workload Highlights from 2008-2009 Adopted Budget: No*

# Integrated Waste Management Fund

## Fund Overview (Cont'd.)

preferable procurement programming staffing reduction, and an Integrated Billing System and financial reporting staffing shift each would have a small impact on the IWM Fund. The total net impact of these Finance proposals is an increase in costs to the IWM Fund of \$17,765. A proposal in the Office of Economic Development is recommended for non-profit oversight management staffing, at

a cost of \$6,532 to the IWM Fund. Finally, a proposal recommended in the Information Technology Department to reduce interdepartmental technology support saves the IWM Fund (\$1,559), and a proposal recommended in the Human Resources Department to decrease Risk Management staffing would save the IWM Fund (\$120).

## Fund Summary

	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Proposed 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 15,894,757	\$ 20,354,011	\$ 21,282,269	4.6%
Operating Revenues	107,606,947	109,301,881	111,549,719	2.1%
Interest and Other Revenues	1,583,366	820,303	730,924	(10.9%)
<b>Total</b>	<b>\$ 125,085,070</b>	<b>\$ 130,476,195</b>	<b>\$ 133,562,912</b>	<b>2.4%</b>
<b>Dollars by Uses</b>				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 87,938,189	\$ 103,638,482	\$ 102,170,311	(1.4%)
Accounting and Lien Collection	1,588,708	1,615,609	1,616,816	0.1%
City-Wide Disposal Contract Management	8,470,727	7,500,000	7,650,000	2.0%
Ending Fund Balance	27,087,446	17,722,104	22,125,785	24.8%
<b>Total</b>	<b>\$ 125,085,070</b>	<b>\$ 130,476,195</b>	<b>\$ 133,562,912</b>	<b>2.4%</b>

# INTEGRATED WASTE MANAGEMENT FUND (423)

## STATEMENT OF SOURCE AND USE OF FUNDS

	2007-2008 Actual	2008-2009 Adopted	2008-2009 Modified	2008-2009 Estimate	2009-2010 Proposed
<b>SOURCE OF FUNDS</b>					
Beginning Fund Balance					
Contingency Reserve	1,219,034	1,600,000	1,600,000	1,600,000	1,561,510
Reserve for Const Demo	0	5,450,000	6,459,683	6,459,683	5,928,694
Diversion Deposit (CDDD)					
Reserve for Encumbrances	4,778,079	4,778,079	4,549,050	4,549,050	4,549,050
Reserve for Integrated Billing System (IBS)	2,810,061	920,122	920,122	920,122	247,893
Retirement Pre-Payment Reserve	0	0	0	0	65,699
Unrestricted	7,087,583	7,605,810	13,558,591	13,558,591	8,929,423
<b>Total Beginning Fund Balance</b>	<b>15,894,757</b>	<b>20,354,011</b>	<b>27,087,446</b>	<b>27,087,446</b>	<b>21,282,269</b>
<b>Revenues</b>					
AB 939 Fees	3,934,934	5,214,302	4,214,302	3,640,753	3,640,753
CDDD Ineligible Refunds	7,209,683	800,000	800,000	1,662,578	800,000
Commercial Paper - IBS	1,076,873	0	0	0	0
Franchise Applications	195	390	390	390	390
Grant Revenue	0	0	250,000	250,000	0
HHW Revenue from County	490,781	200,000	343,005	343,005	200,000
Interest	1,583,366	820,303	820,303	1,089,301	730,924
Lien-Related Charges	5,260,786	6,122,500	6,122,500	5,868,541	7,184,832
Miscellaneous Solid Waste	187,834	143,797	143,797	156,762	156,762
Recycle Plus Collection Charges	89,192,404	96,567,435	96,567,435	95,472,027	99,311,554
SB 332 Revenue	253,457	253,457	255,428	255,428	255,428
<b>Total Revenues</b>	<b>109,190,313</b>	<b>110,122,184</b>	<b>109,517,160</b>	<b>108,738,785</b>	<b>112,280,643</b>
<b>Transfers</b>					
Emergency Reserve Fund	0	0	0	24,054	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,054</b>	<b>0</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>125,085,070</b>	<b>130,476,195</b>	<b>136,604,606</b>	<b>135,850,285</b>	<b>133,562,912</b>
<b>USE OF FUNDS</b>					
<b>Expenditures</b>					
City Attorney Personal Svcs	0	0	0	0	29,981
City Mgr Personal Services	0	8,796	8,796	8,796	9,803
DOT Non-Pers/Equip	109,352	139,800	139,800	139,800	91,000
DOT Personal Services	247,461	260,772	267,548	267,548	178,424
Delinquent Lien Releases	62,822	181,000	181,000	181,000	195,000
ESD MFD Recycle Plus	10,414,528	14,200,000	14,200,000	14,104,684	14,768,000
ESD Non-Pers/Equip	3,078,640	5,507,121	5,739,092	5,739,092	4,909,819
ESD Personal Services	4,948,372	5,781,342	5,931,139	5,931,139	5,965,958
ESD SFD Recycle Plus	42,514,158	47,264,600	47,134,600	46,232,763	47,264,600
ESD Yard Trimming/Street Sweeping	19,426,057	21,372,600	21,372,600	20,587,536	21,372,600

# INTEGRATED WASTE MANAGEMENT FUND (423)

## STATEMENT OF SOURCE AND USE OF FUNDS

	2007-2008 Actual	2008-2009 Adopted	2008-2009 Modified	2008-2009 Estimate	2009-2010 Proposed
<b>USE OF FUNDS (CONT'D.)</b>					
Expenditures					
Finance Non-Pers/Equip	144,070	217,250	217,250	217,250	210,250
Finance Personal Services	1,339,332	1,398,359	1,437,757	1,437,757	1,406,566
HR Personal Services	22,204	24,008	24,823	24,823	27,311
Household Hazardous Waste	0	1,795,487	4,188,492	4,188,492	0
Las Plumas Facility					
IBS Commercial Paper	704,161	667,908	667,908	667,908	666,986
Payment					
IBS Project	105,306	0	0	0	0
IDC Disposal Agreement	8,470,727	7,500,000	7,500,000	7,500,000	7,650,000
IT Non-Pers/Equip	225,693	292,027	292,027	292,027	253,611
IT Personal Services	3,212,134	3,273,079	3,361,768	3,361,768	3,250,580
Non-Profit Platform	0	0	0	0	6,532
Overhead	2,139,155	1,734,954	1,795,910	1,795,910	1,761,045
PBCE Neighborhood	27,021	57,450	57,450	57,450	57,450
Cleanups					
PBCE Personal Services	18,218	16,838	17,330	17,330	17,383
PRNS Non-Pers/Equip	0	17,624	17,624	17,624	17,624
PRNS Personal Services	0	43,711	44,834	44,834	45,659
Public Works PS	0	0	0	0	28,916
Retiree Healthcare	0	0	0	0	30,220
Workers' Comp Claims	27,124	146,795	146,795	146,795	153,000
<b>Total Expenditures</b>	<b>97,236,535</b>	<b>111,901,521</b>	<b>114,744,543</b>	<b>112,962,326</b>	<b>110,368,318</b>
Transfers					
City Hall Debt Service Fund	739,854	826,004	1,027,933	1,027,933	918,028
General Fund (GASB43/45)	21,235	26,566	26,566	26,566	0
General Fund (Police Creek	0	0	0	0	150,781
Encampments)					
General Fund (Public	0	0	551,191	551,191	0
Schools)					
<b>Total Transfers</b>	<b>761,089</b>	<b>852,570</b>	<b>1,605,690</b>	<b>1,605,690</b>	<b>1,068,809</b>
Ending Fund Balance					
Contingency Reserve	1,600,000	1,600,000	1,561,510	1,561,510	1,600,000
Reserve for Encumbrances	4,549,050	4,778,079	4,549,050	4,549,050	4,549,050
Reserve for IBS	920,122	247,893	247,893	247,893	0
Reserves for CDDD	6,459,683	4,919,011	5,928,694	5,928,694	6,834,344
Retirement Pre-Payment	0	0	65,699	65,699	65,699
Reserve					
Unrestricted	13,558,591	6,177,121	7,901,527	8,929,423	9,076,692
<b>Total Ending Fund Balance</b>	<b>27,087,446</b>	<b>17,722,104</b>	<b>20,254,373</b>	<b>21,282,269</b>	<b>22,125,785</b>
<b>TOTAL USE OF FUNDS</b>	<b>125,085,070</b>	<b>130,476,195</b>	<b>136,604,606</b>	<b>135,850,285</b>	<b>133,562,912</b>

**2009-2010 PROPOSED CAPITAL BUDGET  
2010-2014 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)**

**ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)**

**Sanitary Sewer System Capital Program (Cont'd.)**

In this CIP, for planning purposes, a 15% rate increase in the Sewer Service and Use Charge (bringing the fee from \$325.08/year to \$372.00/year) is proposed for 2009-2010 to ensure adequate funding for sanitary sewer and water pollution control operations and capital infrastructure projects. This increase is consistent with public rate notices sent in April 2007. Following is a brief summary of the major projects in this CIP:

- ❑ **60-Inch Brick Interceptor:** \$22.2 million is programmed in the CIP.
- ❑ **Edenvale Sanitary Sewer Supplement:** \$11.4 million is programmed in the CIP.
- ❑ **30-Inch Old Bayshore Supplement:** \$4.6 million is programmed in the CIP.
- ❑ **Cropley Avenue Sanitary Sewer:** \$4.5 million is programmed in the CIP.
- ❑ **Fourth Major Interceptor, Phase IIB:** \$3.0 million is programmed in the CIP.
- ❑ **Neighborhood Sewer Projects:** The following smaller sanitary sewer projects are programmed to improve conditions in specific neighborhoods:
  - Foxworthy Avenue (\$2.5 million in CIP)
  - Husted Avenue (\$4.3 million in CIP)
  - Jacob Avenue (\$3.3 million in CIP)
  - Minnesota Avenue (\$1.5 million in CIP)
  - Morrill Avenue/Sierra Road (\$2.4 million in CIP)
  - Parkmoor/Meridian (\$2.3 million in CIP)
  - Spreckles (\$3.1 million in CIP)
  - University Avenue (\$2.5 million in CIP)

**Storm Sewer System Capital Program**

In accordance with the City's General Plan, the goal of the Storm Sewer System CIP is to reduce the risk of drainage-related surface damage and protect the quality of storm water runoff. The City is responsible for the design and construction of facilities for the conveyance of surface runoff in the City's Urban Service Area to adjacent stream channels. However, the City is not responsible for the design and construction of flood control facilities and the modification and maintenance of stream channels, which are under the purview of the Santa Clara Valley Water District and the U.S. Army Corps of Engineers.

In this CIP, for planning purposes, a 30% rate increase in the Storm Sewer Service Charge (bringing the fee from \$70.56/year to \$91.73/year) is proposed for 2009-2010 to ensure adequate funding for projects that preserve the quality of storm water runoff and necessary capital improvements in the City's storm water system. This increase is consistent with public rate notices sent in April 2007.

# Water Pollution Control

## 2010-2014 Proposed Capital Improvement Program

### Overview

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#### Sources of Funding (Cont'd.)

Earnings (\$6.3 million); Calpine Metcalf Energy Center Facilities Repayments (\$1.9 million); and federal grants from the US Bureau of Reclamation (\$500,000). In addition, \$34.4 million in available fund balance is programmed to support projects identified in this five-year program.

Contributions from the City of Santa Clara and other agencies are determined by agreements with the participating agencies, financing plans, anticipated expenditures for the Plant, and the amount and characteristics of flows to the treatment plant. These contributions reimburse the City for actual project expenditures. In this Proposed CIP, these contributions from the City of Santa Clara and the other agencies total \$86.6 million, which represents a \$17.1 million (24.6%) increase compared to the 2009-2013 Adopted CIP. This increase results from the revised capital investment plan proposed, including additional funding for the Plant Electrical Reliability project, the Plant Infrastructure Improvements project, and the Equipment Replacement Program.

The Sewer Service and Use Charge Fund is an operating fund that derives its revenues from fees imposed on San José's residential, commercial, and industrial users of the sanitary sewer system and represents the largest source of funding for this capital program. Transfers from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Improvement Program reflect a \$55.8 million (36.2%) increase compared to the 2009-2013 Adopted CIP. The increased transfer assumes a 15% rate increase in Sewer Service and Use Charge fees in 2009-2010, as noticed to the public in May 2007. For the average household, this amounts to an

increase of \$46.92 a year, from \$325.08 to \$372.00.

An annual transfer of \$3.08 million is anticipated from San José's Sewage Treatment Plant Connection Fee Fund and is programmed as part of the 2010-2014 Proposed CIP.

#### Program Highlights

##### Plant Electrical Reliability Project

This is an \$80 million, multi-phase construction project to enhance the overall safety and reliability of the Plant electrical systems. Several elements of this project have been implemented and construction is underway to add a new switchgear and new cables to create an interim ring buss distribution system. Design is in progress to prepare several more projects for construction to start in late 2009 to replace additional switchgears and motor control centers.

##### Plant Master Plan Project

The Plant recently initiated a Plant Master Planning project and hired a consultant to develop the Plan in 2007. The Plant Master Plan will be the blueprint for the Plant's development over the next 30 years, covering expected wastewater flows and loads to the Plant, rates, staffing, Plant infrastructure, use of the buffer lands, bio-solids processing, and many other items. Once the future needs have been identified in the Master Plan, City staff will work with the consultant to develop a financing plan.

Four key conditions drive the need for the Master Plan: new regulations, community growth community values, and infrastructure rehabilitation. The goals for the Plant Master

**CITY OF SAN JOSE**  
**2010-2014 PROPOSED CAPITAL IMPROVEMENT PROGRAM**

**SUMMARY OF CAPITAL PROGRAM USE OF FUNDS**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>5-Year Total</u>
<b><u>Construction Projects</u></b>						
Airport	29,170,000	31,008,000	25,410,000	44,576,000	50,220,000	180,384,000
Communications	1,818,000	1,010,000	741,000	741,000	213,000	4,523,000
Developer Assisted Projects	1,700,000	1,000,000	1,000,000	1,000,000	1,000,000	5,700,000
Library	21,842,000	9,022,000	439,000	58,000		31,361,000
Municipal Improvements	2,025,301	750,000	750,000	750,000	750,000	5,025,301
Parking	1,037,000	988,000	1,340,000	1,290,000	1,715,000	6,370,000
Parks and Community Facilities Development	19,872,000					19,872,000
Public Safety	7,962,000	11,543,000	1,420,000	602,000	602,000	22,129,000
Sanitary Sewer System	21,273,000	21,579,000	28,322,000	13,983,000	14,346,000	99,503,000
Service Yards	459,000	459,000	459,000	459,000	459,000	2,295,000
Storm Sewer System	5,834,000	2,827,000	2,887,000	2,019,000	3,180,000	16,747,000
Traffic	43,024,000	24,052,000	15,541,000	14,820,000	16,168,000	113,605,000
Water Pollution Control	39,145,000	58,636,000	40,221,000	44,834,000	44,457,000	227,293,000
Water Utility System	2,103,000	2,151,000	2,278,000	2,611,000	2,540,000	11,683,000
<b>Total Construction Projects</b>	<b>197,264,301</b>	<b>165,025,000</b>	<b>120,808,000</b>	<b>127,743,000</b>	<b>135,650,000</b>	<b>746,490,301</b>
<b><u>Non-Construction</u></b>						
<b>Contributions, Loans and Transfers to Capital Funds</b>						
Airport	2,218,000					2,218,000
Library	706,000					706,000
Parks and Community Facilities Development	4,256,000	4,333,000	5,524,000	5,734,000	5,830,000	25,677,000
Public Safety	100,000	72,500				172,500
<b>Total Contributions, Loans and Transfers to Capital Funds</b>	<b>7,280,000</b>	<b>4,405,500</b>	<b>5,524,000</b>	<b>5,734,000</b>	<b>5,830,000</b>	<b>28,773,500</b>

**CITY OF SAN JOSE**  
**2010-2014 PROPOSED CAPITAL IMPROVEMENT PROGRAM**

**SUMMARY OF CAPITAL PROGRAM USE OF FUNDS**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>5-Year Total</u>
<b><u>Non-Construction</u></b>						
<b>Contributions, Loans and Transfers to General Fund</b>						
Parks and Community Facilities Development	2,282,000	2,282,000	2,542,000	2,778,000	2,478,000	12,362,000
Traffic	5,000,000	4,000,000	3,000,000	3,000,000	3,000,000	18,000,000
<b>Total Contributions, Loans and Transfers to General Fund</b>	<b>7,282,000</b>	<b>6,282,000</b>	<b>5,542,000</b>	<b>5,778,000</b>	<b>5,478,000</b>	<b>30,362,000</b>
<b>Contributions, Loans and Transfers to Special Funds</b>						
Airport	15,144,000	20,821,000	21,534,000	22,279,000	23,087,000	102,865,000
Communications	2,000	3,000	3,000	2,000	2,000	12,000
Developer Assisted Projects	23,000	27,000	28,000	23,000	23,000	124,000
Library	106,000	122,000	127,000	52,000		407,000
Parks and Community Facilities Development	554,000	519,000	540,000	441,000	452,000	2,506,000
Public Safety	88,000	102,000	106,000	86,000	89,000	471,000
Sanitary Sewer System	238,000	275,000	287,000	235,000	240,000	1,275,000
Service Yards	13,000	15,000	16,000	13,000	13,000	70,000
Storm Sewer System	53,000	61,000	64,000	52,000	53,000	283,000
Traffic	972,000	1,172,000	1,219,000	1,003,000	1,027,000	5,393,000
Water Pollution Control	12,000	13,000	14,000	11,000	12,000	62,000
Water Utility System	713,000	1,015,000	1,016,000	513,000	14,000	3,271,000
<b>Total Contributions, Loans and Transfers to Special Funds</b>	<b>17,918,000</b>	<b>24,145,000</b>	<b>24,954,000</b>	<b>24,710,000</b>	<b>25,012,000</b>	<b>116,739,000</b>
<b>Other Non-Construction Items</b>						
Airport	15,680,000	1,149,000	1,483,000	876,000	1,024,000	20,212,000
Communications	310,000	316,000	322,000	329,000	335,000	1,612,000
Developer Assisted Projects	1,719,000	744,000	558,000	492,000	495,000	4,008,000

**Public Safety**

**2010-2014 Proposed Capital Improvement Program**

**Use of Funds**

<b>USE OF FUNDS (CONT'D.)</b>	<b>Estimated 2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>5-Year Total</b>
<b>Contributions, Loans and Transfers to Capital Funds</b>							
32. Transfer to Council District 8 C&C Tax Fund: Fire Station 36 Land Acquisition		100,000	72,500				172,500
<b>Total Contributions, Loans and Transfers to Capital Funds</b>		<b>100,000</b>	<b>72,500</b>				<b>172,500</b>
<b>Contributions, Loans and Transfers to Special Funds</b>							
City Hall Debt Service Fund	190,000	88,000	102,000	106,000	86,000	89,000	471,000
<b>Total Contributions, Loans and Transfers to Special Funds</b>	<b>190,000</b>	<b>88,000</b>	<b>102,000</b>	<b>106,000</b>	<b>86,000</b>	<b>89,000</b>	<b>471,000</b>
<b>Reserves</b>							
33. Contingency Reserve		389,841					389,841
34. Reserve: East San José Community Policing Center		590,000					590,000
<b>Total Reserves</b>		<b>979,841</b>					<b>979,841</b>
<b>Total Non-Construction Ending Fund Balance</b>	<b>8,606,000</b> 16,357,527	<b>4,436,841</b> 12,121,686	<b>3,822,500</b> 1,209,186	<b>3,739,000</b> 312,186	<b>4,303,000</b> 455,186	<b>4,320,000</b> 581,186	<b>20,621,341</b> 581,186*
<b>TOTAL USE OF FUNDS</b>	<b>109,351,527</b>	<b>24,520,527</b>	<b>16,574,686</b>	<b>5,471,186</b>	<b>5,360,186</b>	<b>5,503,186</b>	<b>43,331,527*</b>

\* The 2009-2010 through 2012-2013 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

## PRNS 2009-2010 Cost Recovery Goals

**Public Services:** Provide all users the same level of benefit and can be accessed by the widest cross section of the population

**Merit Services:** Provide both a community and individual benefit.

**Private Services:** Provide an individual benefit with minimal to no community benefit.

Program	Level of Benefit	2009-2010 Cost Recovery Goal
After School Recreation Programs	Merit - Private	75%
Anti- Graffiti (Public Property)	Public	20%
Aquatics	Merit	38%
Camps	Private	100%
Family Camp	Private	90%
Fee Classes/Activities	Merit - Private	100%
Surcharges /Admin Fees	Merit - Private	100%
Fitness and Drop in Programs	Merit - Private	50%
Happy Hollow Park and Zoo	Merit - Private	100%
Lake Cunningham Skate Park	Private	70%
Parking	Private	125%
Park Permits	Merit - Private	100%
Rentals and Reservations	Private	100%
Special Events (PRNS Sponsored)	Merit	15%
Sports		
Adult Sports	Private	100%
Youth Recreational Sport Leagues	Merit	50%

Fees for the following services are not included in the Fees and Charges report but are included in the PRNS goals for 2009-2010

Program	Level of Benefit	2009-2010 Cost Recovery Goal
Concessions	Private	110%
Golf Programs	Private	100%
Senior Nutrition	Merit	40%
Therapeutic Services	Merit	25%
Youth Intervention Services	Merit	25%