

CITY OF SAN JOSE

2009-2010 ADOPTED OPERATING BUDGET

OPERATING BUDGET GUIDE

The Operating Budget document includes the **City Manager's Budget Message**, outlining major policy issues and changes to City programs, including the General Fund Balancing Strategy Detail, status of Mayor and City Council referrals, and status of City Auditor recommendations with funding impact. The **Community Profile** section includes basic City information and data, the roster of elected officials, as well as a listing of State and local legislative highlights. The **Budget Guide** section provides a flow chart of the City of San José's annual budget process, City organization charts by City Service Area and function, this operating budget guide, fund descriptions, a glossary of terms, and an acronyms index. **Summary Information** of expected revenues and expenditures is then presented, along with comparative five-year **History and Trend** information on revenues, expenditures, and staffing. The **Budget Policies and Practices** section includes budgeting policies, a City Service Area policy framework, significant accounting practices, and information regarding debt service obligations. The **General Fund Revenue Estimates** section contains assumptions used in budget development as well as descriptions of major General Fund revenue sources. The remaining Operating Budget document is organized by the following sections as discussed below.

City Service Areas (CSAs) align services provided in individual departments into the City's six key lines of business as viewed from the community's perspective. A collection of core services from various partner departments, CSAs show the results of the collaboration among the departments at a higher organizational level:

- Community and Economic Development
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Transportation and Aviation Services
- Strategic Support

Strategic Support represents functions that provide organization-wide guidance and support to enable the delivery of the City's direct services.

As an introduction to the CSA section, an **Overview** of the CSA concept, structure, and role in strategic planning and cross-departmental management of service delivery is included. Also, **City Service Area Budget and Position Summary** charts, including information regarding total operations and staffing, and a **City Service Area/Core Service Map** are provided.

CSA Section

Individual sections on each of the six CSAs follow. Each individual CSA section begins with a **Cover Page** that lists the **CSA Mission Statement, Outcomes, and Primary Partners**. A **Budget Summary** follows, which includes the CSA's **Expected Service Delivery and Impacts of Budget Actions** for the next year, a chart dividing the CSA's **Total Operations by Core Service** (or **Total Operations by Outcome** for the Strategic Support CSA), and a detailed **City Service Area Budget Summary**.

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CSA Section (Cont'd.)

The CSA Budget Summary is followed by a **CSA Overview** that includes highlights of the CSA's **Service Delivery Accomplishments, Service Delivery Environment, and Priorities/Key Services**. The CSA Overview continues with the **Budget Dollars At Work: Performance Goals** section which focuses on strategic goals and performance measures by outcome. A chart is displayed under each outcome outlining the current year, subsequent year, and five-year Strategic Goals and associated performance measures. Below the charts, key highlights are discussed that help explain service delivery objectives related to current and planned performance (the "ends" toward which the plans, efforts, and resources of the CSA are directed); performance and budget changes in that outcome; the CSA's strategy to achieve strategic goals with available resources; and/or explanations of performance data variances or adjusted targets to reflect program changes. The **Budget Changes** section provides a listing of actions including position and budget changes to achieve CSA outcomes.

CSA Core Services Section

The individual CSA section is then presented by **Core Service** (major lines of businesses conducted by departments and delivered to customers). Core services were developed during 1999-2000 by engaging departmental staff at all levels, as well as the public, in discussion of the departments' major services and mission. The results of those discussions were reviewed by the City Council and used to align departmental services with related performance and resources for budgeting and management decision-making.

Each CSA's core service section begin with a **Service Delivery Framework** that maps the linkage between the CSA mission, outcomes, and core services. The CSA's individual core services follow, organized in alphabetical order by Department and core service title. Each core service begins with a **Core Service Purpose**, a brief statement of why the core service exists, such as "Promote and protect the health, safety, and welfare of animals and people in the City of San José" (Animal Care and Services), and followed by a list of Key Operational Services. The statement unifies the various operational services and activities performed, in this case by General Services.

The **Performance and Resource Overview** section discusses key operational services, explains performance results and expenditures for the current year, any changes for the next year, and the anticipated results of the changes, if any. The narrative may cover the following areas, as applicable:

- What does the performance information show? The narrative explains performance levels and what is being done to address any identified performance issues. This may include reasons for variances among targets and actuals/estimates or further explanation of targets and service levels. If performance changed, the narrative may explain the reason, including detail on which areas are driving the average up or down, and why, and any productivity efforts, technology or systems changes to be implemented towards improvements.
- What will be the result of investment changes? The anticipated impacts of budget changes will be translated into the performance or activity targets for the next year. The budget changes

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CSA Core Services Section (Cont'd.)

should be related to performance at some level, even if the overall performance measures will not be affected. For example, if a budget increase is recommended and/or approved to maintain current service levels, the narrative should note that demand or workload is increasing and that without such an increase performance could deteriorate.

- How will Core Service efforts contribute to City Service Area Outcomes, Strategic Goals, and Performance Targets as set forth in CSA Overviews? Where applicable, the connection should be made between CSA strategies and front-line service delivery.

Any other information that is of interest in the context of performance or resources also may be discussed in this section, including major issues faced by the core service in the next year.

The **Performance Summary** chart presents the measures and data used in evaluating core service results. Most core services include performance measures that describe expected results in four key measurement areas:



Quality – How well is the service doing what it is intended to do?



Cost – What resources are used to achieve results?



Cycle Time – Timeliness of service delivery.



Customer Satisfaction – How customers view the City's service efforts.

Attempts were made to limit the total number of measures shown by combining similar types, such as Customer Satisfaction measures, for all operational services within the core service. If an operational service's performance needs to be discussed separately to explain the overall core service performance, this is described in the Performance and Resource Overview narrative.

Any performance measures that are new, revised or deleted from the prior year are highlighted in footnotes underneath the Performance Summary chart. The following footnote symbols delineate type of change, followed by a rationale and additional information where applicable: **+** New, **U** Revised, **X** Deleted.

The **Activity and Workload Highlights** section describes the scope and extent of the workload demand and the activities completed. For example, while the Performance Summary section focuses on percentages of workload accomplished successfully, the Activity and Workload Highlights section may provide a count of the total workload attempted/completed. As with performance measures, any activity and workload highlights that are new, revised, or deleted from the prior year are highlighted in footnotes with the same footnote symbols as described above.

The **Resource Summary** is the budget information section that displays all departmental operating funds that contribute to the performance of the core service. Costs and budget information for personal services and non-personal/equipment are illustrated for each core service. Additional resources from City-Wide Expenses, Special Funds and/or Capital Funds that also contribute to the

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CSA Core Services Section (Cont'd.)

performance of the core service and CSA are displayed elsewhere in the budget document. Authorized positions assigned to the core service, including full-time and part-time positions, are also displayed.

The **Budget Changes by Core Service** includes a title describing what is to be added or deleted and the associated position and budget changes. A full explanation of each department's budget changes is included in the **City Departments** section.

Strategic Support, the last segment in each department's CSA Core Services, is an overview of the various leadership and support functions engaged in by each of the CSA's departments to deliver one or more of the core services. The Strategic Support information is organized similar to the overall Core Services section, however, performance measures are not generally reported for Strategic Support functions.

CSA City-Wide Section

The individual CSA sections end with **City-Wide** budget information for **City-Wide Expenses** and **General Fund Capital, Transfers and Reserves** that contribute to the CSA's total performance. An **Overview, Budget Summary, and Budget Changes by Program** are provided for each section.

City Departments

Next, the **City Departments** section, organized alphabetically, reflects technical budget information for each department and provides a full description of budget changes. Each department section begins with a brief synopsis of the department, including the department's **Mission Statement**, listing of the **City Service Areas** supported by the department, and listing and description of the department's **Core Services**.

This synopsis is followed by a **Department Budget Summary**, which is a table that reflects funding by core service, category, and funding source for four separate points in time: 2007-2008 Actual Expenditures, 2008-2009 Adopted Budget, 2009-2010 Forecast (Base Budget), and the 2009-2010 Adopted Budget. Total Authorized Positions are also provided.

Next, the **Budget Reconciliation** is presented, providing significant Base Budget adjustments (such as negotiated salary and benefit changes and contractual obligations) from the prior year's Adopted Budget and a listing of Budget Proposals approved for 2009-2010.

The details of **Budget Changes by Department** are provided next. Included for each change is a budget action title; the action's impact on positions, all funds, and the General Fund; a list of the CSA and core services impacted; followed by a description of what is to be added or deleted, the need for the change, the amount and nature of the funding involved, and performance results expected to occur when the action is implemented. The **Performance Results** describe, in quantitative terms, wherever possible, the expected outcome if the change is approved. This

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City Departments (Cont'd.)

information is characterized by one or more of the four key measurement areas: Quality, Cost, Cycle Time, and/or Customer Satisfaction.

The department section ends with a **Departmental Position Detail** that provides the authorized positions for the department and a one-year history of changes.

City-Wide

The next major section of the budget includes technical budget information. **City-Wide Expenses** are General Fund allocations that relate to more than one department or are not directly associated with ongoing departmental operations. These expenses are categorized to align to the CSAs to which they primarily contribute. **General Fund Capital, Transfers, and Reserves** includes budget information regarding capital contributions, transfers to other funds, earmarked reserves, and the contingency reserve. Both the City-Wide Expenses and General Fund Capital, Transfers, and Reserves sections include a **Mission Statement**, listing of **City Service Areas** and **Programs** supported by these allocations, **Budget Summary**, **Budget Reconciliation**, **Budget Changes by Program**, and **Detail of Costs Description** (a listing of all allocations for each Program).

Selected Special Funds Summaries

The **Selected Special Funds Summaries** section provides budget summary information for certain special funds, including the Community Development Block Grant Fund, Healthy Neighborhoods Venture Fund, Integrated Waste Management Fund, Sewer Service and Use Charge Fund, Storm Sewer Operating Fund, and Transient Occupancy Tax Fund. These funds support activities in several CSAs and departments. Each summary provides the fund's **Mission Statement**, **Budget Summary**, **Budget Highlights**, a **Budget Byte** (a graph or chart that communicates key information for the fund such as growth in demand, progress toward multi-year goals, or benchmarking comparisons), a **Fund Overview** (an overview of the fund's status and performance and service delivery issues for the upcoming year), a **Fund Summary** (detail on the major areas of each fund's sources and uses), **Budget Category Overview** (providing a high-level description of the budget category), and **Budget Category Summary** (a listing of allocations for the next year).

Source and Use of Funds Statements

The **Source and Use of Funds Statements** detail projected revenues, expenditures, and fund balances and are included for all budgeted special funds.

Appendices

In the Adopted Budget, the Mayor's March and June Budget Message and the Gann Limit Compliance Memorandum are included.