

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. It should be noted that 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. Overall, this category includes the expenses related to the hiring of 25 additional police officers in 2010-2011 and 2011-2012 per previous City Council direction; 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 will be performed prior to bringing them forward for consideration by the City Council in any given year.

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 #8** discussion is included in this section. Capital projects with operating and maintenance costs over \$100,000 and previously certified and included in approved Capital Improvement Program or Redevelopment Agency Budgets are identified in Chart B. As identified in this document, there is only one potential project where operating and maintenance funding has not yet been certified. Certification for this project and other identified projects that have not been approved by the City Council may be sought as part of the 2011-2015 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 displayed in a cumulative, not incremental cost method.

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

Committed Additions

Additional Police Officers (25 annually) – This category reflects the projected costs that will be necessary to fund 25 new police officers annually in 2010-2011 and 2011-2012 (50 total) to help meet identified priorities, such as addressing 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. The cost of these positions is projected at \$1.6 million in 2010-2011 based on a January 2011 start date in the police academy (\$3.7 million full year cost) and is expected to increase to \$9.5 million by 2014-2015 for the 50 officers.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
1,647,000	5,419,000	8,050,000	8,862,000	9,533,000

County Pocket Annexations (Transportation) – This category provides funding in 2010-2011 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>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
180,000	180,000	180,000	180,000	180,000

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. For 2010-2011, the majority of the funding is to support the Edenvale Community Center (\$776,000).

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
828,000	1,356,000	2,207,000	2,904,000	3,234,000

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>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
111,000	274,000	380,000	479,000	577,000

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

Committed Additions (Cont'd.)

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 additional expenditures include the opening of the Bascom and Santa Teresa branches (\$2,493,000) in 2010-2011 slightly offset by the temporary reduction in costs due to the closure and renovation of the Calabazas and Educational Park branches.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
2,420,000	4,629,000	5,621,000	6,186,000	6,255,000

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. The two projects expected to be completed in 2010-2011 include the Bascom and Seven Trees Community Centers with projected expenditures of \$693,000 and \$135,000, respectively.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
828,000	1,281,000	2,211,000	2,259,000	2,307,000

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 2012-2013 at an annual cost of \$3,074,000, and improvements to several other fire stations.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
40,000	815,000	3,186,000	3,488,000	3,737,000

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

Committed Additions (Cont'd.)

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 is the projected cost for the South San José Substation. For 2010-2011, the costs assume a Substation opening in March 2011 at a cost of \$1.46 million that annualizes to \$2.5 million in 2011-2012.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
1,464,000	2,522,000	2,601,000	2,690,000	2,761,000

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 2008-2009 March 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 were previously approved for certification 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 2014-2015, 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 \$17.7 million annually, of which \$14.9 million are related to the voter-approved bond measures. In total, all operating and maintenance costs for capital projects are forecasted to be \$18.9 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, 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 will be required to determine the actual staffing of Fire Station 37. For purposes of this document, however, pending further analysis, the operating and maintenance costs for Fire Station 37 –

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

General Fund Capital Operating and Maintenance/Budget Principle #8 (Cont'd.)

Willow Glen reflect the Council-directed 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 drawn from 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, if this policy were to be implemented represents \$3.0 million in 2012-2013, 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 \$2.8 million annually by 2014-2015. 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.

Finally, one additional potential project (Vietnamese Heritage Gardens) where operating and maintenance funding has not yet been certified has been identified. This project is undergoing preliminary development and if approved, is anticipated to have an annualized operating and maintenance impact of at least \$198,000 by 2014-2015. 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 this project and other identified projects that have not been approved by the City Council may be sought as part of the 2011-2015 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.

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CHART A - 2011-2015 GENERAL FUND FORECAST
Operating Impact of Capital Programs

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS					
10th Street/Mission Street Turnkey Park	0	0	0	0	16,000
Aborn Park Playground Improvements	5,000	5,000	5,000	5,000	5,000
Almaden Apartments Area Park	0	0	0	21,000	22,000
Baypointe Turnkey Park (Land)	0	5,000	5,000	5,000	5,000
Buena Vista Park Expansion	2,000	3,000	3,000	3,000	3,000
Burbank/Del Monte SNI Area Park (Land) (RDA)	0	0	0	4,000	4,000
Cadance Turnkey Park (Land)	0	5,000	5,000	5,000	5,000
Carolyn Norris Turnkey Park	18,000	18,000	18,000	19,000	19,000
Chelmers Park	0	0	0	0	38,000
Commodore Children's Park	0	0	56,000	114,000	117,000
Del Monte Park	0	0	0	76,000	78,000
Del Monte Park (Land)	4,000	4,000	5,000	0	0
Eden Court Housing	0	0	16,000	16,000	16,000
Edenvale Community Center (RDA)	776,000	838,000	856,000	878,000	886,000
Emma Prusch - Back Acreage	0	0	406,000	415,000	420,000
Future Trails Projects	0	35,000	75,000	126,000	179,000
Goble Lane Turnkey Park and Tot Lot	0	0	26,000	27,000	27,000
Guadalupe River Dog Park/District 3 Dog Park	0	0	0	0	78,000
Hitachi Turnkey Parks	0	336,000	343,000	352,000	355,000
Hoffman/Via Monte Neighborhood Center (RDA)	0	0	0	219,000	222,000
King/Dobbin Site Turnkey Park and Tot Lot	0	0	0	16,000	16,000
Martial-Cottle Community Garden	0	0	23,000	48,000	49,000
Martin Park	0	0	75,000	76,000	77,000
Mayfair Park (RDA)	0	0	0	0	21,000
Mayfair Park SNI Area Park (Land) (RDA)	0	0	0	1,000	1,000
McLaughlin Neighborhood Park (Land) (RDA)	0	0	0	4,000	4,000
Newhall Neighborhood Park	0	0	21,000	21,000	22,000
Nisich Park	0	8,000	15,000	15,000	16,000
North San Pedro Turnkey Park and Tot Lot	0	0	26,000	27,000	27,000
River Oaks Turnkey Park	0	0	0	28,000	58,000
Riverview Turnkey Park	0	0	0	37,000	77,000
Rock and Oakland Park (Land)	4,000	4,000	4,000	4,000	4,000
Scottish Rite Parksite (Venetian Terrace)	0	0	0	0	19,000
Shady Oaks Sports Park	0	0	22,000	21,000	20,000
South Rincon Area Park (Land)	0	1,000	1,000	1,000	1,000
Spartan/Keyes Park Phase I (Land)	0	1,000	1,000	1,000	2,000
Spartan/Keyes SNI Area Park Phase II (Land) (RDA)	0	0	0	3,000	3,000
Tamien Specific Plan Area Park	0	0	36,000	37,000	38,000
TRAIL: Lower Guadalupe River	0	41,000	42,000	43,000	44,000
TRAIL: Lower Silver Creek	0	9,000	9,000	10,000	10,000
TRAIL: Penitencia Creek Reach I	0	20,000	20,000	21,000	21,000
TRAIL: Penitencia Creek Reach VI	5,000	5,000	5,000	5,000	5,000
TRAIL: Thompson Creek (Turturci Way to 700' South)	3,000	3,000	3,000	3,000	3,000
TRAIL: Willow Glen Spur Acquisition	0	0	71,000	72,000	74,000
Vista Montana Turnkey Park and Tot Lot	0	0	0	90,000	92,000
Watson Park Remediation Phase I	11,000	15,000	14,000	15,000	15,000
West Evergreen Park	0	0	0	16,000	16,000
Winchester SNI Area Park (Land) (RDA)	0	0	0	4,000	4,000
TOTAL NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS	828,000	1,356,000	2,207,000	2,904,000	3,234,000
NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS					
Traffic Projects - Forecast	29,000	42,000	51,000	53,000	55,000
Traffic Incident Management Center	0	21,000	22,000	23,000	23,000
Traffic Light Synchronization Project	34,000	67,000	67,000	67,000	67,000
Landscape Maint - New Infra Assets and Op Costs	48,000	144,000	240,000	336,000	432,000
TOTAL NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS	111,000	274,000	380,000	479,000	577,000

CHART A - 2011-2015 GENERAL FUND FORECAST
Operating Impact of Capital Programs

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS					
Bascom Branch	1,214,000	1,497,000	1,530,000	1,564,000	1,582,000
Calabazas Branch	(44,000)	800,000	1,090,000	1,119,000	1,129,000
Educational Park Branch	(29,000)	1,014,000	1,232,000	1,263,000	1,276,000
Seven Trees Branch	1,279,000	1,318,000	1,348,000	1,381,000	1,397,000
Southeast Branch	0	0	421,000	859,000	871,000
TOTAL MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS	2,420,000	4,629,000	5,621,000	6,186,000	6,255,000
MEASURE P (PARKS) MAINTENANCE AND OPERATIONS					
Bascom Community Center	693,000	832,000	852,000	873,000	878,000
Soccer Complex	0	298,000	527,000	538,000	553,000
Softball Complex	0	0	677,000	689,000	717,000
Seven Trees Community Center	135,000	151,000	155,000	159,000	159,000
TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS	828,000	1,281,000	2,211,000	2,259,000	2,307,000
MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE					
Fire Station 36 - Silver Creek/Yerba Buena - Maint/Util	6,000	67,000	69,000	70,000	72,000
Fire Station 21 - Maintenance and Utilities	0	0	7,000	22,000	22,000
Fire Station 37 - South Willow Glen - Staffing/NP	0	713,000	3,032,000	3,316,000	3,562,000
Fire Station 37 - South Willow Glen - Maint/Util	0	0	42,000	43,000	44,000
Fire Station 2 - Rebuild - Maintenance and Utilities	34,000	35,000	36,000	37,000	37,000
TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE	40,000	815,000	3,186,000	3,488,000	3,737,000
MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE					
South San Jose Substation - Maint/Oper	937,000	1,958,000	2,018,000	2,086,000	2,140,000
South San Jose Substation - Fleet	313,000	393,000	407,000	422,000	434,000
South San José Substation - Parks Maintenance	214,000	171,000	176,000	182,000	187,000
TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE	1,464,000	2,522,000	2,601,000	2,690,000	2,761,000
TOTAL OPERATING IMPACT OF CAPITAL PROGRAMS	5,691,000	10,877,000	16,206,000	18,006,000	18,871,000

CHART B - 2011-2015 GENERAL FUND FORECAST
Capital Projects - Operating and Maintenance Costs Greater than \$100,000 Annually

CITY COUNCIL-CERTIFIED GENERAL OBLIGATION BOND CAPITAL PROJECTS

PUBLIC SAFETY	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Fire Station 37 - Willow Glen	0	713,000	3,074,000	3,359,000	3,606,000
South San José Police Substation	1,464,000	2,522,000	2,601,000	2,690,000	2,761,000
LIBRARY					
Bascom Branch	1,214,000	1,497,000	1,530,000	1,564,000	1,582,000
Calabazas Branch	(44,000)	800,000	1,090,000	1,119,000	1,129,000
Educational Park Branch	(29,000)	1,014,000	1,232,000	1,263,000	1,276,000
Seven Trees Branch	1,279,000	1,318,000	1,348,000	1,381,000	1,397,000
Southeast Branch	0	0	421,000	859,000	871,000
PARKS					
Bascom Community Center	693,000	832,000	852,000	873,000	878,000
Soccer Complex	0	298,000	527,000	538,000	553,000
Softball Complex	0	0	677,000	689,000	717,000
Seven Trees Community Center	135,000	151,000	155,000	159,000	159,000
Total O&M - City-Council Approved GO Bond Capital Projects	4,712,000	9,145,000	13,507,000	14,494,000	14,929,000

OTHER CITY COUNCIL-CERTIFIED CAPITAL PROJECTS

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Edenvale Community Center (RDA)	776,000	838,000	856,000	878,000	886,000
Emma Prusch - Back Acreage	0	0	406,000	415,000	420,000
Future Trail Projects	0	35,000	75,000	126,000	179,000
Commodore Children's Park	0	0	56,000	114,000	117,000
Transportation Infrastructure - New Assets	111,000	274,000	380,000	479,000	577,000
Hitachi Turnkey Parks	0	336,000	343,000	352,000	355,000
Hoffman/Via Monte Neighborhood Center (RDA)	0	0	0	219,000	222,000
Total O&M - Other City-Council Approved Capital Projects	887,000	1,483,000	2,116,000	2,583,000	2,756,000

TOTAL - CERTIFIED CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY

	5,599,000	10,628,000	15,623,000	17,077,000	17,685,000
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OTHER POTENTIAL FUTURE CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY (NOT INCLUDED IN FORECAST)

Vietnamese Heritage Garden	0	0	0	0	198,000
Total O&M - Other Potential Future Capital Projects with Operating and Maintenance Costs Greater than \$100,000 Annually (Not Included in Forecast)	0	0	0	0	198,000