

# Mayor/Council/Sr Staff

February 14, 2011

## Budget Priority Setting Study Session

# I. Introduction

# Agenda

- 1:30 Introduction
- 1:40 2011-2012 Budget Planning
- 2:45 Options to Address Projected City Retirement Contributions Through 2015-2016
- 4:00 Prioritization: Ordinance Changes and Major Referrals
- 4:45 Public Comment
- 5:00 Adjourn

## II. 2011-2012 Budget Planning

# Outcomes

- Shared understanding of the magnitude of required reductions to services/staffing levels, even with complete implementation of labor concessions.
- Feedback on “significant community impact” proposals and alternative budget balancing options.















<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
<b>Remaining Shortfall</b>	<b>\$ 31,475,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
<b>Remaining Shortfall</b>	<b>\$ 31,175,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
<b>Remaining Shortfall</b>	<b>\$ 29,375,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
<b>Remaining Shortfall</b>	<b>\$ 28,725,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
<b>Remaining Shortfall</b>	<b>\$ 28,425,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
<b>Remaining Shortfall</b>	<b>\$ 27,325,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
<b>Remaining Shortfall</b>	<b>\$ 25,825,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
<b>Remaining Shortfall</b>	<b>\$ 23,825,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
<b>Remaining Shortfall</b>	<b>\$ 22,625,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
Library Branch Hours Reduction (to 3 days/wk)	- \$ 3,075,000
<b>Remaining Shortfall</b>	<b>\$ 19,550,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
Library Branch Hours Reduction (to 3 days/wk)	- \$ 3,075,000
Police School Liaison Program Elimination (9 positions)	- \$ 1,075,000
<b>Remaining Shortfall</b>	<b>\$ 18,475,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
Library Branch Hours Reduction (to 3 days/wk)	- \$ 3,075,000
Police School Liaison Program Elimination (9 positions)	- \$ 1,075,000
Fire Engine Brownout (1 Engine / 5 months)	- \$ 600,000
<b>Remaining Shortfall</b>	<b>\$ 17,875,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
Library Branch Hours Reduction (to 3 days/wk)	- \$ 3,075,000
Police School Liaison Program Elimination (9 positions)	- \$ 1,075,000
Fire Engine Brownout (1 Engine / 5 months)	- \$ 600,000
Fire Engines/Trucks (1 Engine/2 Trucks – 48 positions)	- \$ 6,275,000
<b>Remaining Shortfall</b>	<b>\$ 11,600,000</b>

<b>2011-2012 Preliminary General Fund Shortfall</b>	<b>\$110,000,000</b>
Reserves, Transfers, Revenue, Overhead	- \$ 5,000,000
Concessions	- \$38,000,000
Reductions (Up to 635 positions)	- \$67,000,000
General Proposals	- \$30,000,000
<b>Significant Community Impact Proposals</b>	
HNVF Program Elimination	- \$ 5,525,000
Code Enforcement Reduction (3 of 5.25 positions)	- \$ 300,000
School Crossing Guard Program Elimination	- \$ 1,800,000
Pavement Maintenance Reduction (Remaining GF Dollars)	- \$ 650,000
Neighborhood Street Lights Shut-off – ½ nights (\$520K ongoing)	- \$ 300,000
Park Ranger Program Elimination	- \$ 1,100,000
Gang Prevention Programs Reduction (STAND, SSCI, BEST)	- \$ 1,500,000
Community Centers Reduction (2 of 10 Hubs, Grace, Hrs)	- \$ 2,000,000
Community Centers Reuse Elimination (42 sites)	- \$ 1,200,000
Library Branch Hours Reduction (to 3 days/wk)	- \$ 3,075,000
Police School Liaison Program Elimination (9 positions)	- \$ 1,075,000
Fire Engine Brownout (1 Engine / 5 months)	- \$ 600,000
Fire Engines/Trucks (1 Engine/2 Trucks – 48 positions)	- \$ 6,275,000
Police Patrol & Investigations (90 positions)	- \$11,600,000
<b>Remaining Shortfall</b>	<b>\$ 0</b>

# Discussion Questions

1. What questions do you have about the budget situation we're facing?
2. What reactions do you have to the "significant community impact" proposals?
3. What observations do you have about the importance of achieving 10% concessions and roll back of wages to 2009-2010 levels?
4. What "alternative budget balancing proposals" should be explored to mitigate some of the significant community impact proposals?

# **III. Options to Address Projected City Retirement Contributions Through 2015-2016**

# Outcomes

- Shared understanding of escalating City retirement contributions required over the next five years- estimated at \$256 million for all funds in 2011-2012 and \$400 million for all funds in 2015-2016.
- Reactions to solutions that could keep the 2011-2012 City retirement contribution of \$256 million level for all years through 2015-2016.

# Discussion Questions

1. What questions do you have about this problem?
2. What is your reaction to the various options that could keep the City's retirement contribution steady at the \$256 million level each of the next five years?

# **IV. Prioritization: Ordinance Changes and Major Referrals**

# Outcome

Given limited current and future capacity to address Council referrals, solicit priorities for additional work beyond the “must do’s” that are already part of adopted workplans.

# Major Project Workplan by CSA (FY 10-11)

<p><b>TRANSPORTATION &amp; AVIATION SERVICES</b></p> <ul style="list-style-type: none"> <li>➤ Infrastructure Backlog (Pavement Maintenance Policy and Funding Strategy)</li> <li>➤ Green Mobility Strategy (100,000 new trees, zero emission streetlight retrofit, electric vehicle infrastructure, trails/bike plan)</li> <li>➤ Diridon Master Plan (Land Use Plan, High Speed Rail, BART, Station Expansion) [Also in CED CSA]</li> <li>➤ Car Share Deployment Strategy</li> <li>➤ Parking Incentive Program Expansion</li> <li>➤ Implementation of the Airport Living Wage Ordinance</li> <li>➤ Administration of the Curfew Program</li> <li>➤ Operating an Open Taxi System</li> <li>➤ Build a First Class Airport</li> <li>➤ Public Art</li> <li>➤ Airport Competitive Plan</li> <li>➤ Airport Bond Issue</li> <li>➤ Airline Lease Negotiations</li> </ul>	<p><b>COMMUNITY AND ECONOMIC DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>➤ Economic Development Strategy Implementation</li> <li>➤ San Pedro Urban Markets</li> <li>➤ Convention Center – Renovation, Expansion, Management</li> <li>➤ Development Services &amp; Business Model Improvement</li> <li>➤ Downtown Police Cost Sharing</li> <li>➤ Financial tool development to improve San Jose's competitiveness in attracting new business locations</li> <li>➤ Develop the Clean Tech Innovation Center</li> <li>➤ Aligning land use decisions with the Preservation of Employment Lands Framework</li> <li>➤ Envision 2040 General Plan</li> <li>➤ Streamlining Development Processes</li> <li>➤ Destination Home</li> <li>➤ Foreclosure Prevention</li> <li>➤ Housing Grant Management - HINVF Program strategies</li> <li>➤ Fund Development—In light of the recent SERAF payment to the State, seek additional funding sources</li> <li>➤ Stimulate Growth—Oversee development of both market and affordable housing construction</li> <li>➤ Aggressively Follow Legislation—Respond to legislation that responds to recent reports about redevelopment and the 20% Low and Moderate Income Housing Fund.</li> <li>➤ Several Planning Ordinance Updates</li> </ul>	<p><b>ENVIRONMENT &amp; UTILITY SERVICES</b></p> <ul style="list-style-type: none"> <li>➤ Master Planning – Sanitary Storm</li> <li>➤ Green Vision Implementation <ul style="list-style-type: none"> <li>• Recycled Water</li> <li>• Zero Waste</li> <li>• Energy Efficiency</li> <li>• Renewable Energy</li> </ul> </li> <li>➤ Enhanced Neighborhood Clean-ups</li> <li>➤ Single-Use Bags</li> <li>➤ Comprehensive Litter</li> <li>➤ RecyclePlus Evergreening</li> <li>➤ WPCP Master Plan</li> <li>➤ Wastewater Management</li> <li>➤ Waste Management</li> </ul>
<p><b>PUBLIC SAFETY</b></p> <ul style="list-style-type: none"> <li>➤ Civilianization and Restructuring Opportunities</li> <li>➤ Police Automated Field Reporting &amp; Records Management System Procurement</li> <li>➤ Use of Force Policy revisions</li> <li>➤ Gang Prevention, Intervention &amp; Suppression Services</li> <li>➤ Early Intervention System</li> <li>➤ Crossing Guard – cost-effective program &amp; Crossing Guard Site Hotspots</li> <li>➤ Fire Department Strategic Plan</li> <li>➤ Dynamic Deployment and Broadband implementation</li> <li>➤ Implement a Labor/Management collaborative process within Fire Department</li> <li>➤ Staffing: Senior Staff appointments and staff development</li> <li>➤ EMS Contract and Ambulance Provider transition</li> <li>➤ Streamline review, inspection and construction initiatives with the development partners.</li> <li>➤ Medical Marijuana Regulations</li> <li>➤ Cardroom Regulations</li> <li>➤ SVRIP</li> <li>➤ Fire Station/Emergency Deployment System evaluation</li> <li>➤ Fire Department succession planning</li> </ul>	<p><b>STRATEGIC SUPPORT SERVICES</b></p> <ul style="list-style-type: none"> <li>➤ Fleet Services – Business Model Evaluation</li> <li>➤ Asset Management – Facility</li> <li>➤ Asset Management – Old City Hall</li> <li>➤ Hayes Mansion and Convention Center</li> <li>➤ Rancho Del Pueblo Golf Course</li> <li>➤ Employee Suggestion Program</li> <li>➤ IT Business Systems</li> <li>➤ Workers Compensation Cost Containment</li> <li>➤ Modernize Tax Structure/Revenue Opportunities</li> <li>➤ Organizational Development – New ways of doing business</li> <li>➤ American Recovery &amp; Reinvestment Act Implementation and Monitoring</li> <li>➤ City-County Relationship Building</li> <li>➤ Fiscal/Budget Management</li> <li>➤ Labor Relations/Negotiations</li> <li>➤ Retirement Board Governance</li> <li>➤ Pension Reform Efforts</li> <li>➤ Redistricting Efforts (Clerk)</li> <li>➤ Mexican Heritage Plaza Transition</li> <li>➤ Green Vision Implementation – City Fleet</li> </ul>	<p><b>NEIGHBORHOOD SERVICES</b></p> <ul style="list-style-type: none"> <li>➤ Library Parcel Tax renewal</li> <li>➤ Evaluate options for opening Seven Trees, Bascom, and Calabazas, and Educational Park Branch Libraries</li> <li>➤ Evaluate options for opening Bascom Community Center</li> <li>➤ Senior Nutrition Task Force to develop a plan for continued services beyond</li> <li>➤ Long-term financial sustainability plan for San Jose Family Camp, and open Family Camp under a temporary lease</li> <li>➤ Expand Community Center Reuse</li> <li>➤ Create a financially sustainable fiscal approach to providing parks and recreation services and facilities</li> <li>➤ Identify alternative operating and maintenance funding strategies for new park development</li> <li>➤ Alternative Service Delivery Methods for Aquatics Sites</li> <li>➤ Green Vision Implementation <ul style="list-style-type: none"> <li>• 100 mile trail network</li> </ul> </li> </ul>

2/14/11

# Potential Principles for Prioritization

1. Increases revenue or reduces costs
2. Is a federal, state, or regional mandate
3. Has a significant, positive impact on multiple City goals (i.e., Safe City, Prosperous Economy, Reliable Well-Maintained Infrastructure, Green Sustainable City' Vibrant Attractive Community)
4. Other?

# IV. Discussion Questions

1. What factors would you use to prioritize?
2. Which items do you think must be in the “Top 10”?

# V. Public Comment