



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

**SUBJECT: 2016-2017 PROPOSED
BUDGET IN BRIEF**

DATE: May 9, 2016

Approved

Date

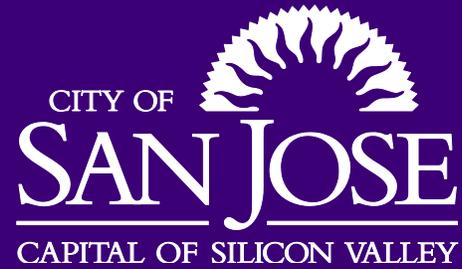
5/10/16

The Budget Office has prepared the 2016-2017 Proposed Budget in Brief that provides an overview of the 2016-2017 Proposed Budget. A total of 50 copies will be distributed to the Mayor and each City Council Office.

This document is available on-line on the Budget Office website:
<http://www.sanjoseca.gov/DocumentCenter/View/56484>

JENNIFER A. MAGUIRE
Senior Deputy City Manager/
Budget Director

2016-2017 Proposed Budget in Brief



The mission of the City of San José is to provide quality public services, facilities, and opportunities that create, sustain, and enhance a safe, livable, and vibrant community for its diverse residents, businesses, and visitors.

The 2016-2017 Proposed Operating and Capital Budgets for the City of San José total \$2.9 billion and represent the City Manager's proposed financial plan for the upcoming year. The Mayor and City Council, who are responsible for approving the City's budget, will be holding a series of City Council Budget Study Sessions during May to thoroughly analyze the many proposals set forth in this budget. In June, the Mayor and City Council will adopt the final budget, incorporating any changes resulting from that review.

Overall, the City's budget is in fairly stable position. As a starting point in the development of the 2016-2017 budget, a General Fund Five-Year Forecast was issued in February 2016. For the General Fund, revenues and expenditures are projected to remain in very close alignment over the next five years, with variances of less than 1% annually. This includes a small surplus in the first year followed by shortfalls in the remaining four years.

The Proposed Budget balances many competing community and organizational needs and maintains the City's strong commitment to budget stability. Consistent with the Mayor's March Budget Message for Fiscal Year 2016-2017, as approved by the City Council, as well as other City Council priorities, recent outreach and surveys, and other departmental and organizational priorities, major actions recommended in the Proposed Budget will focus on the following priority themes:

- ✓ **Save** (*setting aside resources to ensure fiscal stability*)
- ✓ **Invest and Innovate: Safety** (*investments that address public safety needs*)
- ✓ **Invest and Innovate: Economic Opportunity** (*investments that expand opportunities for our residents and businesses*)
- ✓ **Invest and Innovate: Our Future** (*investments that better position the City moving forward*)
- ✓ **Invest and Innovate: Our Community** (*investments that support a vibrant community*)
- ✓ **Invest in Making San José America's Most Innovative City:** (*investments that support innovation and strategic partnerships as well as increase transparency and community input*)

Community Budget Meetings

May 2 – May 26

Budget Decision Milestones

April 25

2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program Released

May 2

2016-2017 Proposed Operating Budget Released

May 6

2016-2017 Proposed Fees and Charges Report Released

May 11-16

City Council Study Sessions on 2016-2017 Proposed Budgets

May 17/June 13

Public Hearings on the 2016-2017 Proposed Budgets and Fees and Charges Report

June 3

2016-2017 Mayor's June Budget Message Released

June 14

City Council Review and Approval of the 2016-2017 Mayor's June Budget Message

June 21

Adoption of the 2016-2017 Capital and Operating Budgets, 2017-2021 Capital Improvement Program, and the 2016-2017 Fees and Charges

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San José at a Glance

Basic City Facts

FOUNDED: 1777; California's first civilian settlement
INCORPORATED: March 27, 1850; California's first incorporated City, and the site of the first State capitol

General Data

Population	1,016,479
Registered Voters	385,928
Median Household Income	\$83,787
Miles of Streets	2,432
Miles of Alleys	2
Area of City (square miles)	180.2

Major Employers

Santa Clara County	17,800
Cisco Systems	14,000
City of San José	5,945
San José State University	4,300
Western Digital/HGST	3,000
eBay	2,800
Paypal, Inc.	2,800
IBM Corporation	2,800
Adobe Systems Inc.	2,100

Airport*

Size	Approx. 1,050 Acres
Terminals	2
Runways	3
Hours of Operation	24
Number of Passengers	10.0 Million

Environment and Utilities*

Miles of Municipal Sewer Mains	2,308
Tons of Recycled Materials	85,239
Tons of Yard Trimmings	115,682
Tons of Used Motor Oil	229

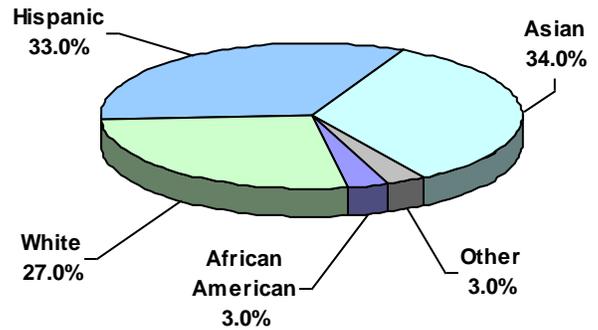
Parking*

Parking Meters	2,566
Parking Lots (967 total spaces)	6
Parking Garages (6,182 total spaces)	8

* Current counts or 2015-2016 year-end estimates

** Data represents City services (excludes school data)

Demographics



Public Safety*

Police Stations	1
Emergency Police Calls	563,000
Non-Emergency Police Calls	385,000
Fire Stations	33
Fire Companies/Squad Cars	40/5
Emergency Fire Department Calls	69,700
Non-Emergency Fire Department Calls	17,000
Emergency Medical Calls	54,000
Fires	1,950

Neighborhood Services*

Park Sites**	200
Park Amenities:	
Basketball Hoops	152
Exercise Courses	35
Multi-Use Fields	98
Skate Parks	7
Swimming Pools	6
Tennis Courts	92
Park Acreage**	3,487
City-Operated Community Centers	12
Partner-Operated Re-Use Sites	39
Participation in Recreation Programs at Community Centers	662,413

Libraries*

Number of Outlets:	
Main Library	1
Branches (including Village Square)**	23
Items Checked Out (Circulation)	9,705,777

San José at a Glance

2016-2017 Proposed Budget

GENERAL FUND

Police	\$341,723,041
Fire	197,726,359
City-Wide Expenses	96,995,754
Parks, Recreation & Neighborhood Services	65,363,490
Planning, Building & Code Enforcement	48,695,468
Public Works	41,952,215
Library	30,678,634
Transportation	29,288,980
Transfers to Other Funds	27,261,710
City Management (Manager and City Council)	24,915,418
Finance and Human Resources	23,434,380
Information Technology	18,651,093
Capital Improvements	14,350,000
City Attorney	14,029,522
Other	12,876,160
Reserves	102,241,109
Total General Fund	\$1,090,183,333

SPECIAL FUNDS

Airport	\$577,151,723
Waste Water Treatment Plant & Sanitary Sewer	332,979,892
Waste Mgmt (Garbage Collection/Recycling)	154,980,875
Housing	125,545,601
Convention and Cultural Facilities	67,617,693
Municipal Water	55,993,331
Storm Sewer Operations	49,533,591
Parking	33,650,282
Transient Occupancy Tax	31,867,074
Library Parcel Tax	20,522,137
Community Development Block Grant	13,068,821
Workforce Development	10,598,219
Other	233,499,725
Total Special Funds	\$1,707,008,964

CAPITAL IMPROVEMENT FUNDS

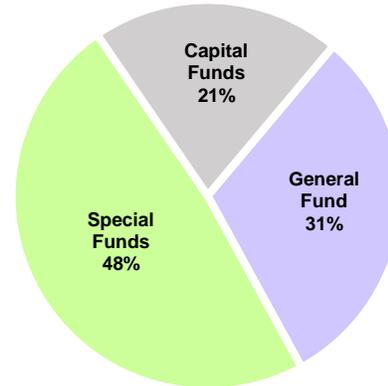
Parks and Community Facilities	\$157,910,119
Traffic	150,767,344
Water Pollution Control	122,613,493
Airport	83,063,143
Sanitary Sewer System	77,992,401
Municipal Improvements	23,844,000
Storm Sewer System	20,018,719
Library	17,024,875
Public Safety	14,452,993
Other	61,214,775
Total Capital Funds	\$728,901,862

TOTAL ALL FUNDS \$3,526,094,159

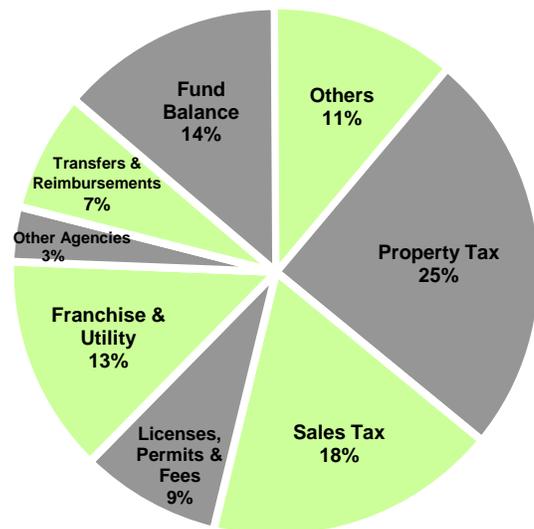
Less Transfers, Loans & Contributions (610,873,381)

NET CITY USE OF FUNDS \$2,915,220,778

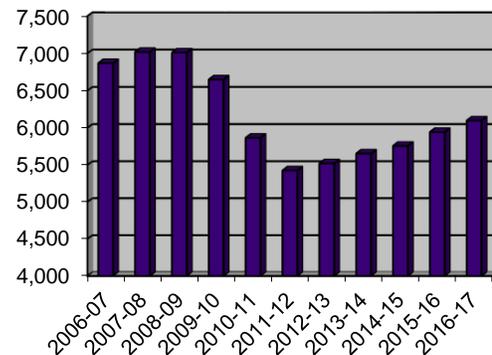
2016-2017 Proposed Budget



2016-2017 Sources of General Fund Revenues



Total City Positions



In the 2016-2017 Proposed Budget, the number of City positions totals 6,099, which is up 154 positions (2.6%) from the 2015-2016 Adopted Budget.

Balancing the Budget

The General Fund is used to provide many of the basic services provided by the City, including police, fire, libraries, parks, recreation and neighborhood services, planning, building and code enforcement. In 2016-2017, the Base Budget (estimated revenues and costs of providing existing services in 2016-2017) reflects a small surplus of \$6.9 million. The Proposed General Fund Budget Balancing Plan includes recommendations that allocate that surplus along with other one-time and ongoing funding sources projected as part of the Proposed Budget. The table below shows the matrix of balancing strategies and dollars associated with each action.

2016-2017 Proposed Operating Budget General Fund Budget Balancing Plan (in 000's)		
	2016-2017	Ongoing
2016-2017 Base Budget General Fund Surplus	\$ 6,935	\$ 6,935
Balancing Strategy		
Additional Source of Funds		
Beginning Fund Balance:		
Sales Tax – State Triple Flip Wind Down	\$ 12,100	\$ 0
2016-2017 Police Department Overtime Reserve	5,000	0
Police Department Vacancy Savings	5,000	0
Property Tax – Educational Revenue Augmentation Fund Excess	4,600	0
Development Fee Reserves	3,892	2,635
Cultural Facilities Capital Maintenance Reserve	3,708	0
Police Department Staffing/Operations Reserve	1,596	0
Employee Market Competitiveness Reserve	1,250	0
Staffing for Adequate Fire and Emerg. Resp. (SAFER) Grant Reserve	676	0
Other Revenue/expenditure Savings/Reserve Liquidations	910	0
Grants/Reimbursements/Fees:		
PRNS Fees (e.g., Comm. Ctr. Rentals and Programs, HHPZ, Leininger)	1,918	2,015
Medical Marijuana	533	792
Library Fines and Fees	(135)	0
Other Fee Programs/Reimbursements/Grants	1,065	494
Overhead/Transfers from Other Funds	1,138	698
Subtotal Source of Funds	\$ 43,251	\$ 6,634
Additional Use of Funds		
Service Level Enhancements	\$ 13,785	\$ 2,258
Unmet/Deferred Technology, Infrastructure, and Maintenance	10,948	195
2015-2016 One-Time Funded Services	9,104	88
Earmarked Reserves (e.g., Budget, Essential Services, Silicon Valley Regional Comm. Sys)	8,426	200
2017-2018 Future Deficit Reserve	4,131	6,935
Development Fee Programs	3,331	2,201
Other Fee Programs/Grants/Reimbursements	2,405	2,261
New Infrastructure/Equipment Operations and Maintenance	1,787	2,160
Use of Reserves (e.g., Cultural Facilities, Committed Add., Def. Maint.)	(2,664)	(2,154)
Cost Reductions/Service Delivery Efficiencies/Fund Shifts	(1,067)	(575)
Subtotal Use of Funds	\$ 50,186	\$ 13,569
Total Balancing Strategy	\$ (6,935)	\$ (6,935)
Remaining Balance	\$ 0	\$ 0

Service Delivery Highlights

Public Safety



Key Public Safety Services

Crime Prevention
Emergency Medical Services
Emergency Preparedness
Fire Prevention
Fire Suppression
Independent Police Oversight
Police Investigations
Police Patrol
Public Education



Expected Service Delivery

Police Services

- Respond to high priority calls for service and emergencies in a timely and effective manner
- Investigate crimes effectively and seek successful prosecution of criminals
- Continue efforts to deter gang violence
- Prompt review of police complaints by the Independent Police Auditor

Fire Services

- Respond to fires, medical calls, and other emergencies in a timely and effective manner
- Provide regulatory enforcement of fire and hazardous materials codes through inspection activities
- Investigate fire causes effectively
- Continue regional all-hazard emergency management and San José Prepared!

2016-2017 Proposed Budget Actions

- **Police Overtime:** adds \$5 million in one-time overtime funds to continue backfilling for patrol vacancies, maintain targeted enforcement of high crime activity through suppression cars, and backfill for civilian vacancies.
- **Body Worn Cameras:** adds ongoing funding of \$1.2 million to implement a Body Worn Camera program that will increase oversight for both Police Department members and members of the community who come in contact with officers wearing a body camera. This augmentation provides appropriate staffing as well as non-personal/equipment resources including an extensive video evidence management system.
- **Police Department Division of Medical Marijuana Control:** establishes a new division in the Police Department including the addition of 2.0 civilian positions that will coordinate regulatory efforts across multiple City departments and agencies.
- **Police Recruiting:** adds one-time funds of \$325,000 to recruit candidates for Police Officer Recruit and Dispatcher Academies.
- **Police Helicopter:** adds one-time funding of \$535,000 to repair the Police Department's helicopter, extending its service life.
- **Police Technology:** adds one-time funding for technology investments, including the replacement of the Police Department's Business Permit and Licensing software and new programs that increase efficiency in location-based social media intelligence gathering, and better connect the Police Department records management system and the State-wide shared gang database.
- **Police Civilian Management:** adds a civilian Deputy Director position for the Bureau of Technical Services to assist in implementing data analytics tools to help reduce high-frequency and geographically-focused crimes.
- **Anti-Human Trafficking and Domestic Violence Prevention:** adds ongoing funding to provide continued support to the South Bay Coalition to End Human Trafficking (\$50,000) and the Domestic Violence Prevention Program (\$15,000).
- **Crime Prevention Program Meeting Space:** adds \$10,000 one-time to help offset rental costs for City facilities in order to support neighborhoods that do not have or cannot afford a location to host Crime Prevention Neighborhood Watch Meetings.
- **Fire Engine/Squad Unit Staffing Realignment:** redeploys staffing resources from four squad units to provide the permanent staffing to restore Fire Engine 30 and Fire Engine 34, providing needed suppression and water supply capabilities.
- **Office of Emergency Services (OES):** adds permanent and one-time staffing resources (2.0 positions) and one-time non-personal/equipment funding of \$411,000 to support OES and the Emergency Operations Center.
- **Fire Department Administrative Staffing Realignment:** realigns staff resources to continue improvements in the Fire Department's information technology systems and to help support the employee relations activities.
- **Fire Department Strategic Diversity Recruitment:** adds \$20,000 to assist with increasing diversity in recruitment efforts.

Service Delivery Highlights

Neighborhood Services



Key Neighborhood Services

After School Programs
Anti-Graffiti and Anti-Litter
Code Enforcement
Libraries
Senior Services

Animal Care Services
At-Risk Youth Services
Community Centers
Park Facilities



Expected Service Delivery

Parks and Community Services

- 12 City-operated community centers
- 39 re-use community centers
- Recreation programs and classes
- Summer Aquatics program
- Parks and trails
- Senior Nutrition and Wellness Program
- Anti-gang activities
- Anti-graffiti efforts

Code Enforcement

- Code Enforcement field inspection services for emergency and priority complaints within 24 – 72 hours
- Proactive enforcement of vacant buildings

Library Services

- Branch Libraries:**
 - 6 days/47 hours per week
 - First full year of new Village Square Branch Library
- Dr. Martin Luther King, Jr. Library:**
 - 7 days/77 hours per week during academic year
 - 7 days/63 hours per week when the University is not in session

Animal Care and Services

- Animal Care and Services to focus on health and safety related calls

2016-2017 Proposed Budget Actions

- **Library Programs:** adds 5.33 positions to support the new San José Public Library Works Center, increased and enhanced Early Education programming, continued Library educational partnerships, and new programming at the MLK Library Teen Center.
- **Library Fines and Fees:** adjusts library fines and fees as follows: reduce the Overdue Materials Fine from \$0.50 per day/\$20 maximum per item to \$0.25 per day/\$5 maximum per item; eliminate the Held Materials Fine of \$3; and reduce the handling fee from \$20 to \$10 for Damaged Materials and Lost Materials and Equipment. To offset the projected revenue loss of \$135,000, reduces personal services and non-personal/equipment funding by \$135,000 on a one-time basis.
- **Fundraising and Planning for a Community Center for the Vietnamese-American Community:** adds one-time funding of \$300,000 for planning efforts and to specifically help launch private fundraising for the development of a Vietnamese-American Community Center.
- **Placemaking: Viva CalleSJ and ¡VivaParks!** adds one-time personal services funding of \$150,000 for six temporary positions and one-time non-personal/equipment funding of \$140,000 to continue placemaking and activations efforts through October 2016 with Plaza de Cesar Chavez, Viva CalleSJ, and ¡Viva Parks!.
- **Parks Rehabilitation Strike Team:** creates a Parks Rehabilitation Strike Team (7.75 limit-dated positions), which will be funded by the Subdivision Park Trust Fund, as part of a three-year program that will address deferred maintenance and infrastructure backlog issues at parks and recreation facilities.
- **Regional Parks-Monday Opening:** adds a net 2.5 positions to open regional parks on Mondays, including Almaden Lake, Alum Rock, Emma Prusch Farm, and Overfelt Gardens Parks. As a budget balancing action in 2009-2010, those parks were closed on Mondays, which was traditionally the slowest day of the week.
- **Family Camp Experience for Low Income Families:** provides ongoing funding of \$25,000 towards the Family Camp Campership Program, which provides a discount to low-moderate income families. This funding enables qualifying low-income families to enjoy the Family Camp experience at no charge or at a reduced price.
- **Fee Activity Program:** adds new positions and reallocates existing resources to support fee activities, offset by fee revenue. This includes the allocation of \$500,000 for the city-wide Scholarship Program to promote affordable access to recreation programs and camps.
- **Animal Care and Services:** adds one-time funding of \$120,000 for one vehicle (\$80,000) for the Animal Care and Services Program for Animal Control Officers and one mail inserter (\$40,000) to manage licenses for cats and dogs. Also adds capital funding of \$340,000 to renovate the animal intake area, paint the main public adoption area, and replace landscaping.

Service Delivery Highlights

Community & Economic Development



Key Community & Economic Development Services

Building Permits
Development Services
Economic Development
Housing Services
Land Use and Planning
Local & Small Business Technical Services
Public Art and Cultural Events
Real Estate Services
Workforce Investment Network



Expected Service Delivery

Economic Development

- Attract and retain companies, with focus on clean technology and emerging technology companies
- Provide a range of workforce programs and services for displaced workers
- Manage the City's real property assets

Planning and Building Services

- Provide excellent development review process customer service
- Provide expedited plan review services

Housing Services/Community Development Block Grant (CDBG)

- Continue efforts to end chronic homelessness
- Continue to use available funds to increase the affordable housing supply
- Continue to employ a place-based, neighborhood-focused strategy

Arts and Cultural Events

- Through arts and cultural development programs, maintain a culturally vibrant community

2016-2017 Proposed Budget Actions

- **Development Fee Programs:** adds resources, including approximately 18 positions, to support the development fee programs (Building, Planning, Public Works, Fire) with no general fee increases necessary to meet service delivery demands. Resources will be added to improve customer service and cycle times for the Permit Center, address plan review workload and peak staffing needs; improve development program webpages and education materials; and provide necessary equipment and technology, such as vehicles and Plan Grid software for inspectors.
- **Integrated Permit System Implementation:** adds resources to ensure the successful implementation of the new integrated permit system, including project management services and positions to lead the technical aspects of designing and testing the new system and backfill the subject-matter experts in Development Services to keep up with the ongoing workload.
- **Homelessness Program Support:** adds 1.0 Development Officer for two years to provide the capacity needed to address additional workload arising from new homelessness programs to support the more immediate crisis facing unsheltered individuals. The new programs include: safe parking, warming centers, temporary church shelters, mobile hygiene services, and other interim housing solutions.
- **Airport Attraction Program:** establishes an Airport Attraction Program Reserve of \$850,000 to promote San José as a travel destination in foreign markets. With recent growth in long-haul flights, these funds will be used to launch a concerted effort to promote San José in key markets that have international air service ties to Norman Y. Mineta San José International Airport.
- **Business and Jobs Support:** adds one-time funding for the following: \$1.47 million to continue the SJ Works youth jobs initiative, \$1.0 million to secure a permanent site for the San José Stage Company, \$352,000, partially offset by grant funds from the California High Speed Rail Authority, to continue the coordination of the Diridon Station Area Plan, \$200,000 to continue the Manufacturing Jobs Initiative, \$200,000 to support business outreach and development, \$200,000 for Pre-Development Activities, and \$100,000 to support small property and business owners in creating Business Improvement Districts. Additionally, adds 1.0 Staff Technician in the Workforce Development Division to provide administrative support and help pursue grant opportunities.
- **Arts and Culture:** makes permanent 1.0 Arts Programs Coordinator position and shifts 0.6 Senior Arts Programs Coordinator from capital funds to the Transient Occupancy Tax Fund to assist with: securing a permanent site for the San José Stage Company, the City Rotunda Lighting Program, the city-wide creative art place making initiative, San José Creates & Connects, and the City Hall Plaza.

Service Delivery Highlights

Transportation & Aviation Services



Key Transportation & Aviation Services

Airport Operations
Landscape & Tree Maintenance
Parking Services
Street Pavement Maintenance
Traffic Capital Improvements
Traffic Maintenance
Traffic Safety Education
Transportation Planning and Project Delivery



Expected Service Delivery

Airport Operations

- ❑ Operate the Norman Y. Mineta San José International Airport (SJC) in a safe and efficient manner
- ❑ Deliver positive, reliable and efficient air traveler services and amenities; compete for community air service destinations and frequencies
- ❑ Preserve Airport assets and facilities through cost effective maintenance and operations
- ❑ Provide mandatory security, safety, and regulatory compliance for air service operations

Transportation Operations

- ❑ Provide a safe transportation system for the traveling public through effective engineering, and enforcement
- ❑ Focus limited available funding for street infrastructure maintenance on facilities having the highest use and economic significance
- ❑ Build and encourage use of multi-modal transportation options supporting economic development and the Envision San José 2040 General Plan

2016-2017 Proposed Budget Actions

- **Airport Concession Plan Consultant:** adds one-time funding of \$100,000 for consultant services to provide recommendations on Airport concession models to optimize sales, revenues, facility use, and customer service.
- **Planning and Development Training:** adds one-time funding of \$25,000 for project management training for Airport Planning and Development staff and City partners to help staff implement well-defined, efficient processes for capital project delivery.
- **Special Assessment District Landscape Projects and Staffing:** adds one Arborist position to support special district stakeholder coordination along with funding of \$1.2 million for design and renovation of aging landscape.
- **Neighborhood Traffic Calming:** extends one position to support the completion of funded City-wide Pedestrian Safety and Traffic Calming projects, helping to address adverse neighborhood speeding conditions.
- **Walk n' Roll Staffing Alignment:** adds temporary staff to support Walk n' Roll traffic safety classes, events, and provide outreach to community groups and agencies.
- **Regional Rail Planning:** adds one position to support transportation and environmental planning and design coordination related to regional rail projects, such as Bay Area Rapid Transit (BART), and the California High Speed Rail to San José's Diridon Station.
- **Transportation Innovation Program Manager:** adds one position to support implementation of civic innovation programs requiring transportation resource input. The position will serve as the point person for the Transportation Innovation Zone and focus on the growing technical innovation opportunities within the transportation industry.
- **Enhanced Parking Meter Maintenance:** adds one position to provide additional support to address increased diagnostic, maintenance, programming, and revenue collection workload resulting from the 2014 parking meter upgrade to Smart Meter technology and pavement embedded parking sensors.
- **New Transportation Infrastructure Maintenance and Operations:** adds funding to support the maintenance and operational impacts associated with DOT Capital projects scheduled to come on-line in 2016-2017.

Service Delivery Highlights

Environmental & Utility Services



Key Environmental & Utility Services

Energy Conservation Efforts
Garbage Collection & Recycling
“Green” Building Program
Municipal Water System
Neighborhood Cleanups
Sanitary Sewer Maintenance
Storm Sewer Maintenance
Water Pollution Control Plant
Water Recycling



Expected Service Delivery

- ❑ Build, operate, and maintain the City’s wastewater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety
- ❑ Support sustainable infrastructure, equipment, and behaviors throughout the community through education, public-private partnerships, and leadership of the City’s Green Vision
- ❑ Consolidate the City’s illegal dumping response and prevention efforts to increase efficiency and effectiveness of city-wide clean-up efforts and protect environmental health
- ❑ Collect, process, recycle, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment
- ❑ Promote the health of the environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff
- ❑ Lead implementation on four Green Vision goals: Goal 2: Reduce per capita energy use by 50 percent; Goal 3: Receive 100 percent of our electrical power from clean renewable sources; Goal 5: Divert 100 percent of the waste from our landfill; and Goal 6: Recycle or reuse 100 percent of our wastewater

2016-2017 Proposed Budget Actions

- **Illegal Dumping Response and Prevention:** to provide an enhanced and more concerted response to illegal dumping, City resources will be added and realigned under the Environmental Services Department, including the addition of a Supervising Environmental Services Specialist to be the City’s main point of contact for the expanded program. Additional funding will expand illegal dumping hot spot routes throughout the City for at least three years.
- **Neighborhood-Led Beautification Days:** expands neighborhood clean-ups by providing funding for approximately six neighborhood-led beautification days for each of the City’s ten Council Districts, which will bolster the current city-wide program.
- **Large Item Collections:** continues and expands the City’s single-family dwelling large item collection program to allow for up to two three-item pickups annually for each dwelling, and also enhances the current multi-family dwelling program.
- **Single Family Dwelling Waste Materials Processing – Phase III:** adds a net \$2.6 million to sort and process all waste materials collected from an additional 30% of single-family residences (in the east and north portions of San José) prior to being sent to the landfill, with the goal of increasing the amount of materials recycled and diverting waste sent to the landfill.
- **Water Pollution Control Plant (Plant) Staffing:** adds five positions at the Plant in order to provide adequate support and oversight of upcoming Plant Capital Improvement Program projects. The Plant Master Plan identifies approximately \$1.4 billion in improvements over the next ten years.
- **Infrastructure Improvements at the Plant:** adds funding to replace outdated equipment with current technology that will help improve operational efficiency at the Plant and help mitigate greater repair costs in the future.
- **Sanitary Sewer Maintenance Staffing:** adds four positions in the Transportation Department to create one additional sewer repair crew that will provide adequate staffing to address sanitary and storm sewer repair requests in a timely manner and help eliminate the repair backlog.
- **Rate Changes:** overall, Sewer Service and Use Charge rates are proposed to increase 5.5% with varying rates for commercial and industrial customers based on their corresponding sewer flow characterization parameters. Recycle Plus rates are proposed to increase by 2.5% for multi-family dwelling units, while no rate increase is proposed for single-family dwelling units. Municipal Water System rates are proposed to increase by 2.0%, though this is anticipated to be further adjusted in 2016-2017 based on a pending analysis of water sources and usage. The Storm Sewer Service Charge rate will not change in 2016-2017.

Service Delivery Highlights

Strategic Support



Key Strategic Support Services

*Facility Maintenance
Financial Management
Fleet Maintenance
Human Resources
Information Technology
Mayor, City Council and Appointees
Public Works*



Expected Service Delivery

- Attract and retain qualified employees
- Ensure that the City's finance and technology resources are protected and available to address the short and long-term needs of the community
- Maintain a safe and healthy work environment
- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities
- Manage space usage at City-owned facilities
- Maintain City facilities, equipment, and vehicles
- Provide legal representation and legal transactions
- Provide audit services
- Facilitate the City's legislative process
- Provide strategic leadership and manage city-wide service delivery
- Provide quality retirement services and maintain financially sound pension plans

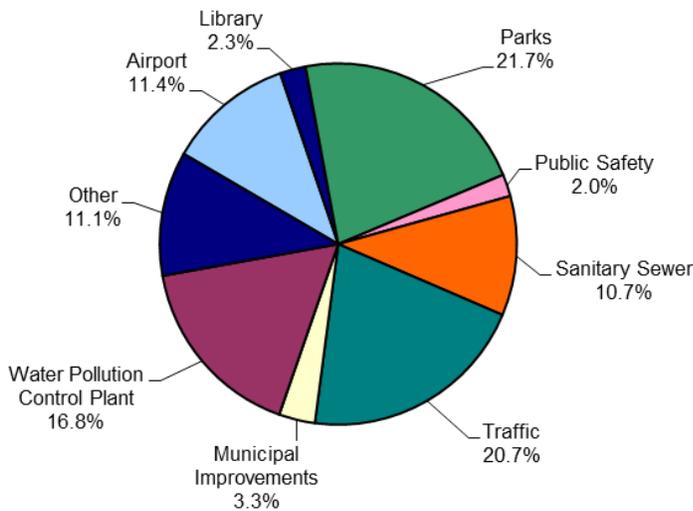
2016-2017 Proposed Budget Actions

- **Office of Innovation and Digital Strategy:** adds 1.0 Deputy City Manager and 1.0 Senior Executive Analyst in the City Manager's Office and reassigns the Data Analytics Team to this new Office to implement the new Smart Cities Vision, including facilitation of the Administration's Civic Innovation Cabinet.
- **Facilities Maintenance:** adds one-time funding for the replacement of four portable generators that are out of compliance with emission standards and are more than 15 years old; adds one-time funding for materials and contractual services to address wire theft; adds supplemental security coverage on the City Hall Plaza during late evening, early morning, and weekend hours.
- **Master Address Database:** adds funding for 1.0 Geographic Information Systems Analyst position through June 30, 2018 in the Public Works Department to compile a Master Address Database, which may help improve Fire and Police emergency response times and enable better use of data analytics for service delivery and efficiency improvements.
- **Technology Investments:** adds 2.0 Supervising Applications Analysts, one to restore critical capacity to the Network Team and one to manage the Enterprise Business Systems Team; adds one-time funding of \$250,000 to complete the secondary data center; adds one-time funding of \$150,000 to support direct fiber connection to Microsoft and Amazon cloud services; realigns staff classifications and adds one-time funding of \$500,000 to implement virtual desktop infrastructure (VDI) to meet the audit recommendation of centralization of software deployment.
- **General Liability Claims Self-Insurance Study:** provides one-time consultant services funding of \$80,000 for an actuarial study to evaluate whether the City should continue its self-insurance program for general liability claims by appropriating funds to cover losses or obtain insurance through a third party insurer.
- **Human Resources:** adds 1.0 Assistant Director position to provide support in the planning, organization, and overall direction of the department; adds 1.0 Senior Analyst position for extended absence management for protected leaves (e.g., Family Medical Leave Act) and unprotected leaves; increases funding for the Workers' Compensation Claims third party administrator contract for claims administration services and continues an Adjuster to address the backlog of claims processing; adds funding for a number of limit-dated positions to assist in the recruitment process, coordinate and administer Requests For Proposals (RFPs) for benefits, including an RFP for new medical plans, and facilitate the revision of critical job class specifications; adds one-time funding of \$25,000 for a career fair.
- **City Attorney's Office:** adds one-time funding for 1.0 Legal Analyst II position and temporary staff through June 30, 2017 to assist transactional attorneys supporting the Planning, Building and Code Enforcement and Environmental Services Departments; also shifts on a one-time basis staff from the General Fund to the Water Utility Fund for City Attorney staff work that will support the Municipal Water System; adds one-time funding of \$60,000 to upgrade the City Attorney's case management software.

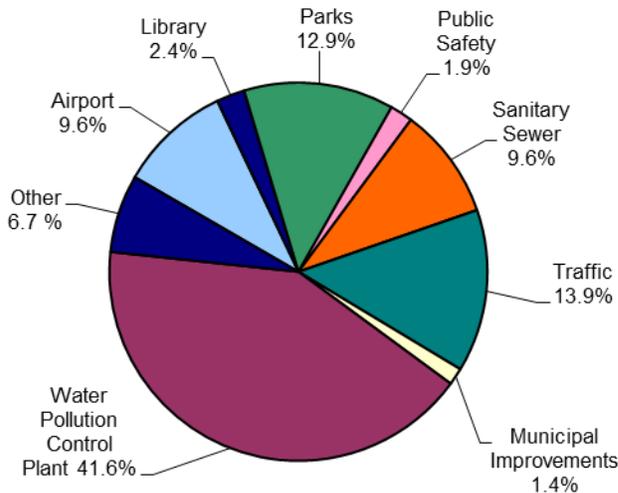
Capital Budget Highlights

The CIP consists of 14 capital programs. The following pie charts depict the funding uses by capital programs and percentage of funding for the 2016-2017 Capital Budget and the 2017-2021 Capital Improvement Program. Major projects to be completed over the next five years are highlighted in the sidebar.

**2016-2017 Proposed Capital Budget
Use of Funds (\$728.9 million)**



**2017-2021 Capital Improvement Program
Use of Funds (\$2.3 billion)**



Major Projects to be Completed Over the Next Five Years

2016-2017 Projects

Alviso Storm Pump Station
 Almaden/Vine Downtown Couplet (OBAG)
 Autumn Street Extension
 Cadwallader Reservoir Rehabilitation
 Chynoweth Avenue Green Street
 Iris Chang Park Development
 Lake Cunningham Bike Park
 Large Trash Capture Devices
 LED Garage Lighting Upgrade
 Martial-Cottle Community Garden
 Monterey – Riverside Relief Sanitary Sewer Improvements
 Overfelt Garden Improvements
 Park Avenue Multimodal Improvements
 Plata Arroyo Park Improvements
 Silver Leaf Park Renovation
 Water Meter Replacements
 San José Civic Auditorium HVAC Rehabilitation
 TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)
 TRAIL: Thompsen Creek (Tully Road to Quimby Road)
 TRAIL: Three Creeks (Lonus Street to Guadalupe River)
 Trimble Road and Capewood Lane Sanitary Sewer Improvements

2017-2018 Projects

Airfield Geometric Implementation
 Branham and Snell Street Improvements
 Del Monte Park Expansion Phase II
 Fowler Creek Park Improvements
 Hathaway Park Renovation
 Iron Salt Feed Station
 Rincon South Park Development
 The Alameda “Beautiful Way” Phase 2 (OBAG)
 TRAIL: Coyote Creek (Story Road to Selma Olinder Park)
 TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)
 Watson Park Improvements

2018-2019 Projects

60” Brick Interceptor, Phase VIA and VIB
 Butcher Park Playlot Renovation
 Energy Generation Improvements
 Southeast Ramp Reconstruction
 Terminal A Baggage Claim Escalators

2019-2020 Projects

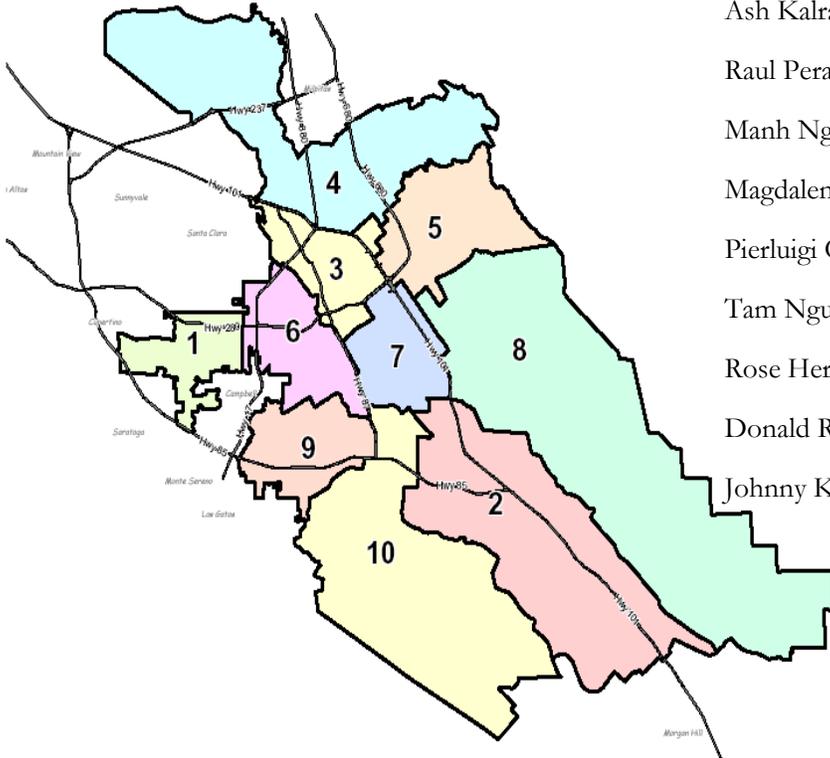
Airport Rescue and Fire Fighting Facility
 Fourth Major Interceptor, Phase VIIA
 Treatment Plant Distributed Control System

2020-2021 Projects

Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements
 Headworks Improvements
 Perimeter Fence Line Upgrades (Airport)

Roster of City Officials

City Council Districts



Roster of Elected Officials

<i>CITY COUNCIL</i>	<i>DISTRICT</i>	<i>TELEPHONE/ E-MAIL</i>
Sam Liccardo	Mayor	535-4800 mayoremail@sanjoseca.gov
Chappie Jones	1	535-4901 District1@sanjoseca.gov
Ash Kalra	2	535-4902 District2@sanjoseca.gov
Raul Peralez	3	535-4903 District3@sanjoseca.gov
Manh Nguyen	4	535-4904 District4@sanjoseca.gov
Magdalena Carrasco	5	535-4905 District5@sanjoseca.gov
Pierluigi Oliverio	6	535-4906 pierluigi.oliverio@sanjoseca.gov
Tam Nguyen	7	535-4907 District7@sanjoseca.gov
Rose Herrera	8	535-4908 rose.herrera@sanjoseca.gov
Donald Rocha	9	535-4909 District9@sanjoseca.gov
Johnny Khamis	10	535-4910 District10@sanjoseca.gov

City Manager

Norberto Dueñas
 Phone: (408) 535-8100
Webmaster.manager@sanjoseca.gov

Managing Our Finances

The City's current general credit is rated Aa1/AA+/AA+ from Moody's, Standards and Poor's, and Fitch, respectively. Considering the City's fiscal challenges in recent years, the ratings by the three rating agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City of San José remains one of the highest rated large cities in California and the country. The City's strong credit ratings have saved taxpayers money due to lower financing costs for debt issuance including the three general obligation bond measures passed for park, library, and public safety improvements and other debt obligations. The City's Operating and Capital Budgets and the Comprehensive Annual Financial Report (CAFR) have received awards from the Government Finance Officers Association and the California Society of Municipal Finance Officers.

Accessing the Budget

On-line versions of the City of San José's 2016-2017 Proposed Operating and Capital budgets are posted on the City's website under the Budget Office at <http://sanjoseca.gov/index.aspx?nid=5054>.

These documents are also available at your public library. For more information about the City of San José Budget, please contact the City Manager's Budget Office at budgetoffice@sanjoseca.gov or at (408) 535-8144.