

Memorandum

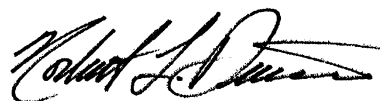
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Norberto Dueñas

SUBJECT: SALES TAX BALLOT MEASURE: DATE: May 27, 2016
2016-2017 PROVISIONAL BUDGET
AND ONGOING SPENDING
PRIORITIES PLAN

As directed in the City Council approved Mayor's March Budget Message for Fiscal Year 2016-2017, the Administration has developed a 2016-2017 provisional budget (Attachment A) that allocates the projected \$30 million in additional revenue that would be generated in 2016-2017 (October 2016 effective date) from a quarter cent sales tax measure if approved by the voters in June 2016. Per City Council direction, this provisional budget prioritizes public safety services and other critical services, such as pothole repair, pavement maintenance and rapid rehousing of the homeless.

While the provisional budget sets forth budget proposals for the use of the estimated additional sales tax of \$30 million to be received in 2016-2017, it is recommended that the annual 2017-2018 budget process be used to allocate the ongoing resources of \$40 million if the ballot measure is passed by the voters in June 2016. To provide maximum flexibility for the 2017-2018 process, the ongoing additions in the provisional budget are limited, accounting for approximately 38% of the total additional revenue. It is recommended that the ongoing Sales Tax Spending Priorities Plan focus on improving public safety (e.g., additional police officers to improve emergency response times, reduce violent and non-violent crimes, and increase neighborhood patrols, as well as additional fire resources to improve fire and emergency medical response times); maintaining and repairing major streets (e.g., increase pavement maintenance funding for major streets to significantly slow the incidence of pothole formation and general pavement deterioration); and neighborhood services (e.g., additional resources for reducing homelessness, increasing youth and senior services, and other high priority neighborhood services such as blight eradication and gang prevention).



NORBERTO DUENAS
City Manager

Sales Tax Ballot Measure: 2016-2017 Provisional Budget

The following 2016 Sales Tax Ballot Measure: 2016-2017 Provisional Budget outlines the proposed use of \$30 million in additional revenue that is estimated to be received in 2016-2017 if voters approve a one-quarter cent sales tax measure in June 2016. While the sales tax measure is projected to generate \$40 million annually, the first year figure of \$30 million reflects the October 1, 2016 sales tax effective date if it is passed by the voters.

Budget Proposals	Positions	2016-2017 Budget
<p>Maintain and Repair Major Streets</p> <p>This action adds one-time funding of \$17.7 million to increase pavement maintenance funding for major streets to significantly slow the incidence of pothole formation and general pavement deterioration. With this funding, the total amount allocated to pavement maintenance in 2016-2017 would be \$30.6 million, which is sufficient to fund the annual need for pothole repairs and all major streets in the City at the City Council goal of a pavement condition index of 70 (good).</p>		\$17,700,000
<p>Improve Response Times to Fire and Medical Emergencies</p> <p>This action restores ongoing overtime funding of \$2.4 million to maintain Fire Department sworn minimum staffing levels which will prevent the "browning out" (placing out of service) of any fire companies when there are staff absences. Currently, up to one fire company or two squad units may be browned out on a daily basis. With additional front-line resources, response times for fire and medical emergencies will improve and there will be more operational stability. <i>(This proposal assumes that recent sworn absence rates are maintained.)</i></p> <p>This action also adds ongoing funding of \$1.25 million to the Fire Department for 3.0 Fire Fighter/Paramedic and 3.0 Engineer positions to restore one squad unit, which is proposed to be eliminated in the 2016-2017 Proposed Operating Budget Document in order to help bring Fire Engine 30 back into service. With the combined approval of the overtime funding as described above, two critical squad units (located at Fire Stations 5 and 26) would no longer be placed out of service as recommended in the 2016-2017 Proposed Operating Budget. These two units will continue to provide additional emergency medical services resources to the community to improve response times for calls for service as well as provide Breathing Support Units to other fire companies for fire-related calls.</p> <p>Finally, this action adds one-time funding of \$1.2 million to provide emergency vehicle preemption service at all signalized intersections to also help improve response times to fire and medical emergencies. As a result of emerging sensor and communication technology advancements, rather than installing or upgrading emergency preemption devices on the City's traffic signals, the integration of the Transportation Department's traffic management control system and the automated vehicle location feature that exists in the Fire Department's Computer Aided Dispatch (CAD) System, combined with minor software upgrades, is now recommended for this service. This integration will allow the CAD system to communicate fire apparatus location information to the traffic management control system, which then would remotely activate emergency vehicle signal preemption service along a response route within a 4 second or less resolution (currently the existing CAD system is only able to poll vehicle location at the rate of 120 seconds which is not effective in mirroring the arrival of fire apparatus in response mode). The completion of this integration and future additional funding will allow for further response time improvements through the ability to add routing capability for fire apparatus (e.g., to avoid traffic congestion or road closures due to construction).</p>	6.0	\$4,850,000
<p>Improve Police Response – Add Sworn Police Officers</p> <p>To recognize the City's aggressive hiring and rehiring goals for police positions, this action, effective 2017-2018, adds ongoing funding of \$3.4 million to the Police Department for 41.0 sworn positions (1.0 Police Lieutenant, 7.0 Police Sergeants, 33.0 Police Officers), increasing the sworn staffing level from 1,109 to 1,150 positions. These additional sworn officers will augment the patrol and investigations functions, which will improve response times to calls for service, enhance proactive policing efforts, and improve clearance rates by investigating additional cases and increasing follow-up investigative efforts (e.g., burglary, gangs, and sexual assaults). The 2017-2018 costs assume a February 2018 Police Academy start date; the annualized costs total approximately \$6.9 million. *Because there will be a one year delay in position hiring as the Police Department works to fill sworn vacancies, 2016-2017 one-time savings of \$3.26 million are available and recommended to fund other one-time public safety</p>	41.0*	\$3,260,000*

Sales Tax Ballot Measure: 2016-2017 Provisional Budget

Budget Proposals	Positions	2016-2017 Budget
proposals in this Provisional Budget (e.g., expand police recruitment, hiring, and retention efforts; improve response times to fire and medical emergencies; and improve fire response – fire station 37 construction).		
<p><i>Improve Fire Response - Fire Station 37 Construction</i></p> <p>This action sets aside one-time funding of \$2.21 million in an Earmarked Reserve as a down payment on the preliminary additional estimated total amount of \$5.5 million needed to supplement General Obligation Bond funding of \$4.5 million to construct Fire Station 37 in Willow Glen and to purchase the necessary furniture, fixtures, equipment, and fire engine for the new station. This is the remaining project to be funded by the Public Safety Bond Program (Measure O, 2002). With a design and construction period of approximately three years, the earliest this fire station would be operational is 2019-2020. Funding for the Fire Station's remaining one-time construction and equipment costs of at least \$3.29 million as well the ongoing operating and maintenance costs of approximately \$3.7 million will be required to be identified in future budgets.</p>		\$2,210,000
<p><i>Reduce Homelessness</i></p> <p>This action adds ongoing funding of \$2 million to double homeless rapid rehousing services. There is a significant demand for homeless services to address the needs of one of the City's most vulnerable populations. This proposal will bring total ongoing rapid rehousing funding to \$4 million annually.</p>		\$2,000,000
<p><i>Improve Response to Burglary and Neighborhood Crimes</i></p> <p>This action adds ongoing funding of \$1.53 million for 14.0 Community Service Officer (CSO) I/II, 4.0 Senior Community Service Officer, and 1.0 Supervising Community Service Officer positions, as well as for non-personal/equipment costs, with an academy start date of March 2017 and a street-ready date of June 2017. The CSO Program will increase from 54 positions to 73 positions to handle low-priority calls for service, freeing time for sworn officers to respond to higher-priority calls for service and conduct proactive police work such as for violent and non-violent crimes, including burglaries and other quality of life crimes. The CSOs perform non-hazardous and non-emergency police functions, including field report writing, interviewing witnesses, conducting follow-up investigations, collecting evidence, photographing and fingerprinting at crime scenes, and other various tasks in support of the Patrol Division. The 2016-2017 costs assume a March 1, 2017 start date; the annualized costs total \$1.95 million.</p>	19.0	\$1,530,000
<p><i>Expand Police Recruitment, Hiring, and Retention Efforts</i></p> <p>This action adds one-time funding of \$1.5 million to be used toward recruiting and hiring new and lateral police officers to the San Jose Police Department as well as for retention efforts of existing sworn staff.</p>		\$1,500,000
<p><i>Working Smarter to Reduce and Solve Crimes</i></p> <p>This action adds ongoing funding of \$210,000 for 5.0 Crime and Intelligence Analyst positions and non-personal/equipment costs to support the Field Patrol (4.0 positions at 1.0 per Patrol Division) and Special Operations (1.0 position) programs. The Analysts would support the associated five Police Captains in analyzing and reporting on real time divisional crime trends through the daily use of the Department's crime dashboard, crime mapping, and crime reporting software, allowing for consistency and continuity in this work even through command change. In concert with each Police Captain, the positions would also help develop comprehensive strategies and plans for issues such as violent crimes, gang incidents, quality of life, and property crimes, as well as liaison with other partners to promote crime reduction strategies. The 2016-2017 costs assume a January 1, 2017 start date; the annualized costs total \$420,000.</p>	5.0	\$210,000
TOTAL	30.0	\$30,000,000

**Sales Tax Ballot Measure:
2016-2017 Provisional Budget**

NOTE: While the Sales Tax Ballot Measure: 2016-2017 Provisional Budget sets forth budget proposals for the use of the estimated additional sales tax of \$30 million to be received in 2016-2017, it is recommended that the annual 2017-2018 budget process be used to allocate the ongoing resources of \$40 million if the ballot measure is passed by the voters in June 2016. The additions recommended in the 2016-2017 Provisional Budget commit approximately \$15 million of the funding on an ongoing basis, representing 38% of the \$40 million total allocation.

It is recommended that the ongoing Sales Tax Spending Priorities Plan focus on improving public safety (e.g., additional police officers to improve emergency response times, reduce violent and non-violent crimes, and increase neighborhood patrols, as well as additional fire resources to improve fire and emergency medical response times); maintaining and repairing major streets (e.g., increase pavement maintenance funding for major streets to significantly slow the incidence of pothole formation and general pavement deterioration); and neighborhood services (e.g., additional resources for reducing homelessness, increasing youth and senior services, and other high priority neighborhood services such as blight eradication and gang prevention).