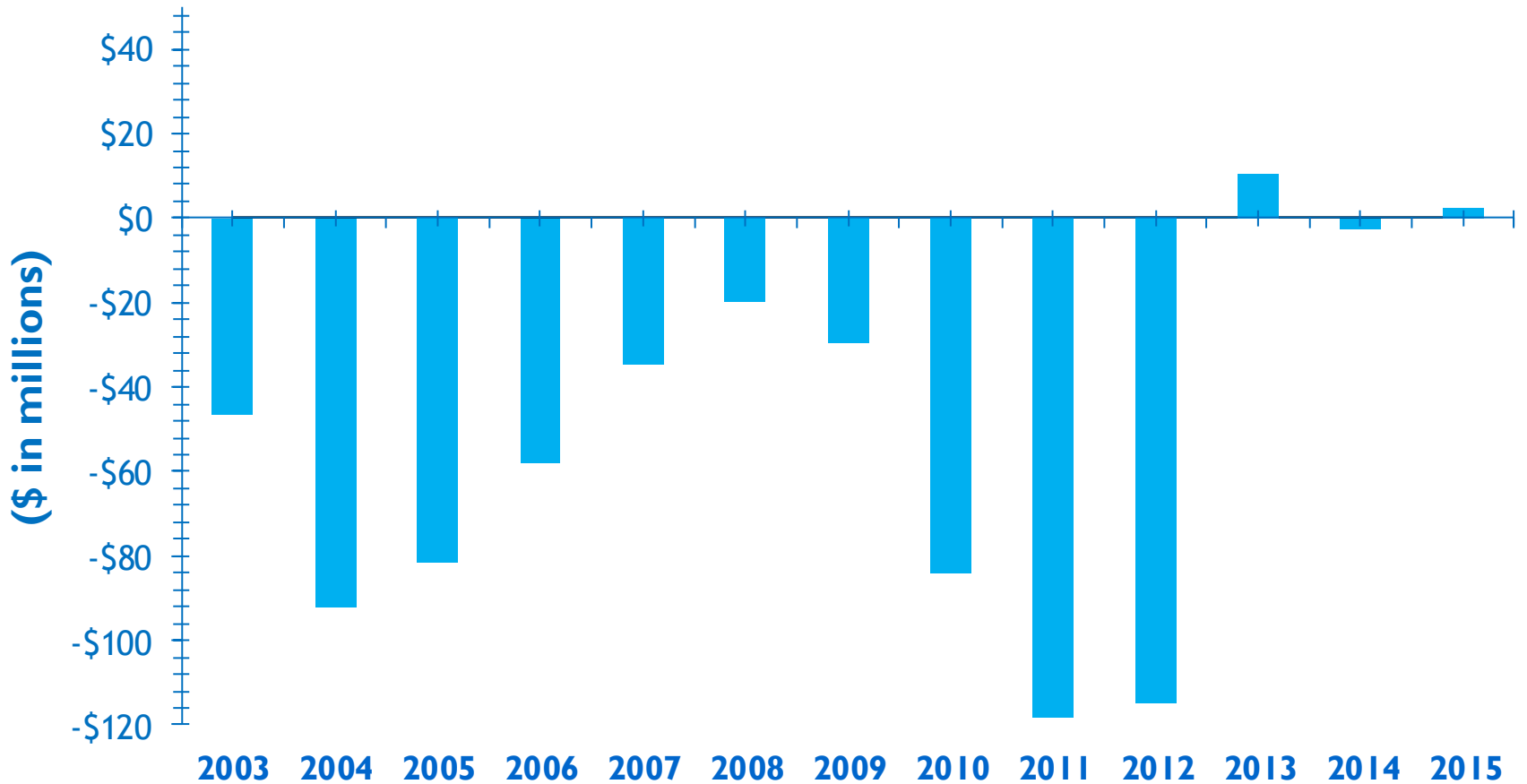

Mayor's March Budget

March 24, 2015

3.3

\$670M in Cumulative Shortfalls Balanced



Budget Stabilized but Fragile

Most recent five-year forecast (February 2015) continues to show General Fund revenues and expenditures in close alignment

2015-2019 General Fund Forecast Incremental General Fund Surplus/(Shortfall)

| | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Incremental Surplus (Shortfall) | \$8.6 | \$5.2 | \$0.3 | (\$1.4) | \$5.8 |
| % of Total Budget | 0.5% | 0.3% | 0.02% | -0.1% | 0.3% |

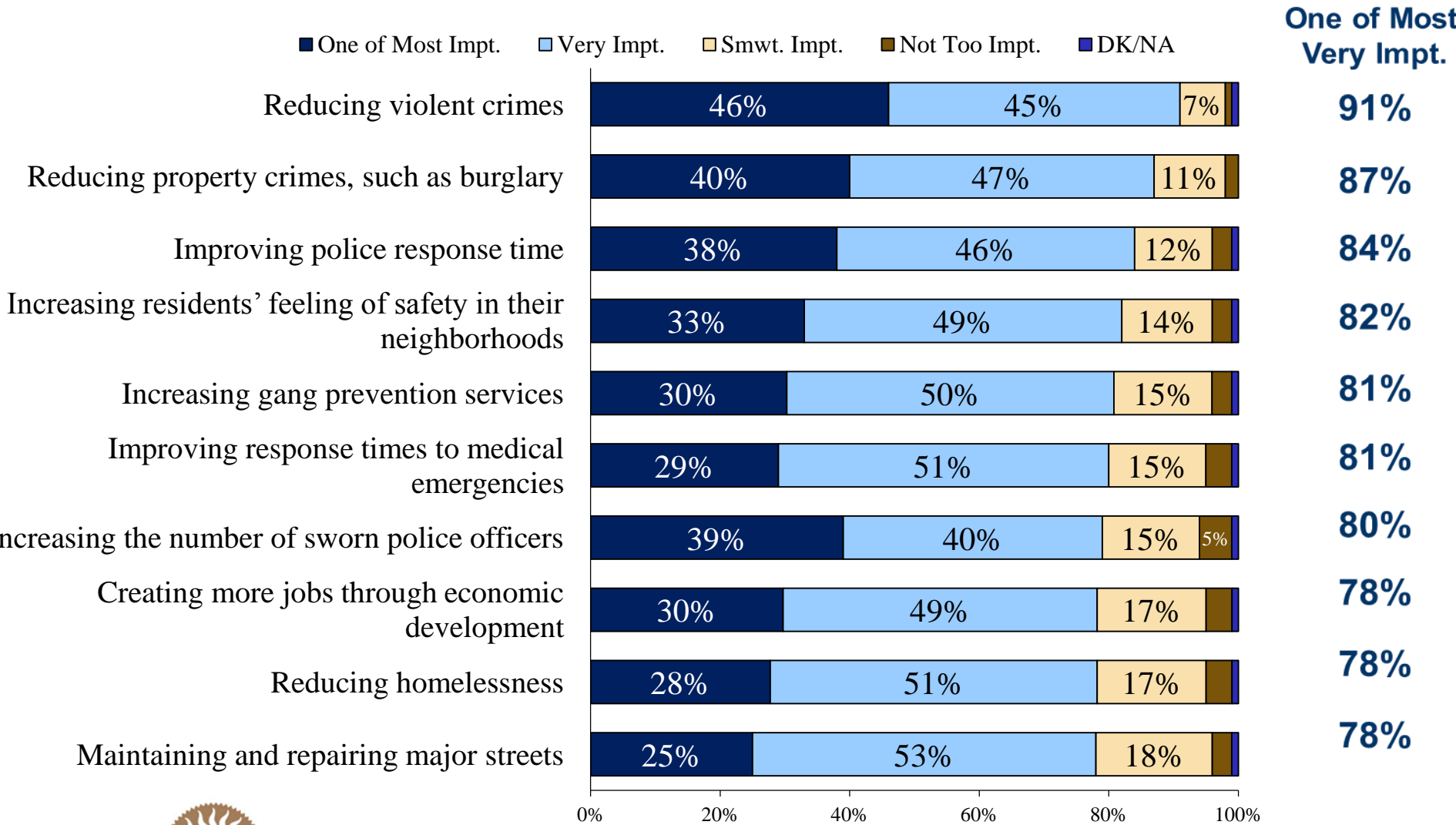
Budget “Surplus” is Anything But...

| | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Incremental Surplus (Shortfall) | \$8.6 | \$5.2 | \$0.3 | (\$1.4) | \$5.8 |
| % of Total Budget | 0.5% | 0.3% | 0.02% | -0.1% | 0.3% |

Projections Do Not Include:

- “One-time” services last year’s budget -- no on-going funding presumed
- Fully funding the annual required contributions for retiree healthcare
- Restoring key services to January 1, 2011 levels
- Police Staffing Restoration Strategy (increase to 1,250 sworn officers)
- Unmet/deferred infrastructure and maintenance needs (ca. \$100 million)
- One-time revenue sources or expenditure needs

What Our Residents' Think



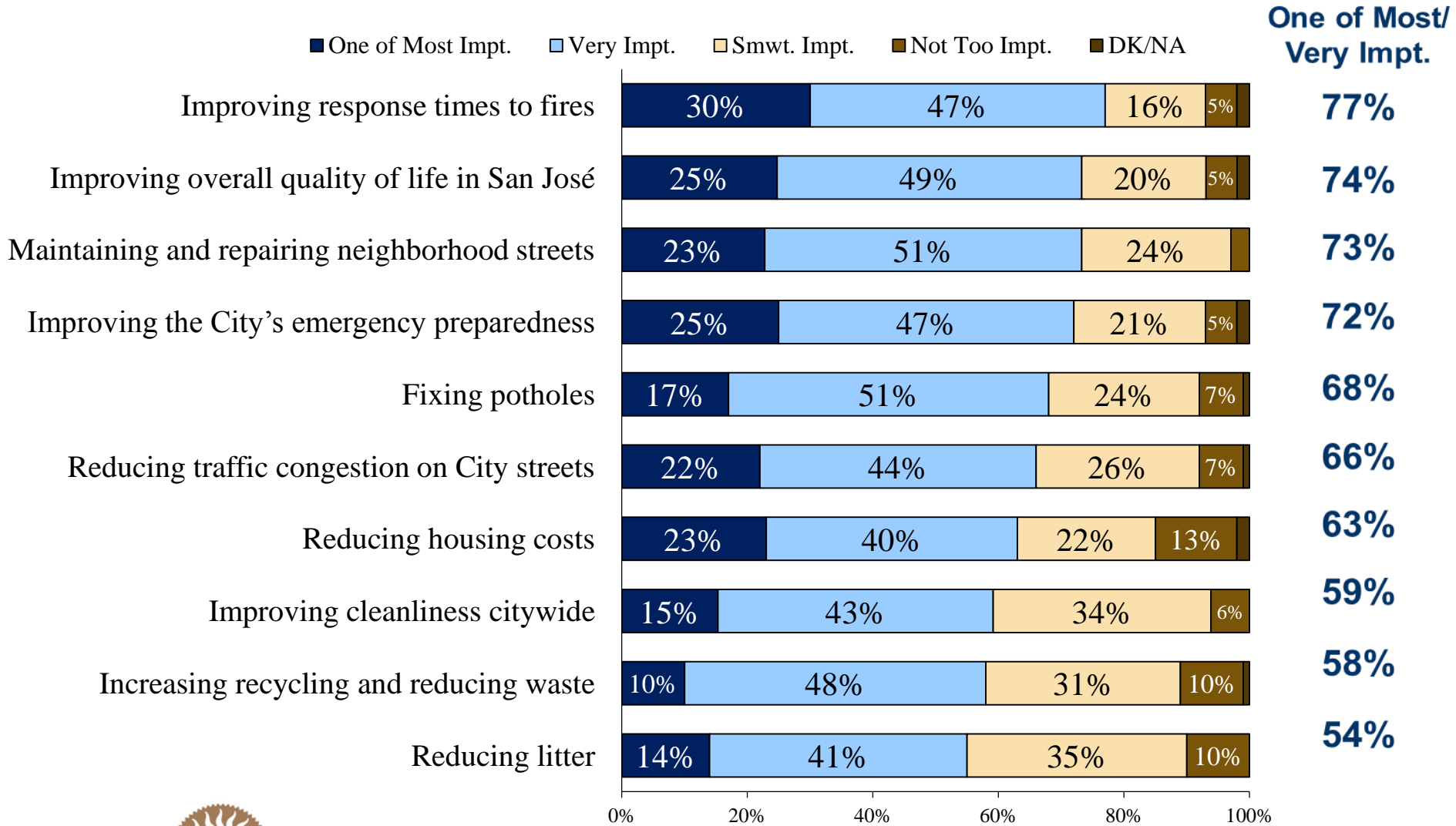
Office of Mayor Sam Liccardo



@sliccardo

#WeAreSanJose

What Our Residents' Think



What Our Residents' Think

| | Funding Option | Amount | Participants |
|-----|---|----------|--------------|
| 1. | Expand Incentives for Employers to Move and Grow in San José | \$480.20 | 35 |
| 2. | Increase Job Opportunities for Teens & Young Adults in High Crime Areas | \$417.00 | 47 |
| 3. | Gang Prevention Programs and Services | \$412.00 | 46 |
| 4. | Provide Affordable Housing for Homeless | \$411.25 | 37 |
| 5. | Expand Afterschool Programs for Youth | \$400.20 | 41 |
| 6. | Repave, Repair and Fill Potholes on Neighborhood Streets | \$392.50 | 37 |
| 7. | Repave, Repair and Fill Potholes on Major Streets | \$365.50 | 39 |
| 8. | Add Community Service Officers to the Police Department | \$333.00 | 30 |
| 9. | Increase Branch Library Hours | \$313.50 | 43 |
| 10. | Improve Support for Small Business | \$231.20 | 31 |

This Budget Message Focuses On...

1. Improving Safety
2. Investing in Our Future

Safety

- Setting Aside Funding for Police Hiring & Overtime
- Gang Prevention and Intervention
- Doubling Community Service Officers
- Boosting Firefighter Staffing
- Police & Fire Technology Improvements
- Protecting Officer Safety
- Traffic and Pedestrian Safety Improvements
- LED Streetlights
- Illegal Dumping Clean-Up
- “Rapid Re-Housing” of Homeless

Our Future

- Libraries Open 6 Days a Week
- **SJ Works:** Employing At-Risk Teens
- **SJ Learns:** Extended Learning for Children
- Digital Divide & East Side UHSD
- Gang Prevention and Intervention Efforts
- BART & Street Infrastructure: 2016 ballot measures
- Potable Reuse of Recycled Water
- “Lifting the Hood” on the City Budget

Community and Employee Engagement

- Office of Immigrant Affairs
- Neighborhood Dashboard
- Participatory Budgeting
- Program-Based Budgeting
- Rewarding Great Ideas from Our Employees

Upcoming Key Dates

April 2015

- 2015-2016 Proposed Capital/Operating Budgets/2016-2020 Proposed CIP/2015-2016 Fees and Charges Released

May 2015

- 2015-2016 Community Budget Meetings in each City Council District
- City Council Budget Study Sessions and Initial Budget Public Hearing

June 2015

- Final Budget Public Hearing
- City Council Reviews Mayor's June Budget Message and Final Review of Budgets
- City Council Approves 2015-2016 Capital/Operating Budgets and Fees & Charges

What \$83 M Service Restoration Doesn't Cover

- Neighborhood Traffic Calming
- School Crossing Guards
- Graffiti Abatement
- Affordable Housing Funding
- Homework Centers
- Code Enforcement
- Long-Term Planning
- Park Rangers
- Public Pools & Swim Instructions
- Streetlight Repair
- Animal Services
- Small Business Assistance
- Maintenance & Cleaning of City
- IT Infrastructure & Maintenance
- Healthy Neighborhood Venture Fund
- Parks Maintenance
- Senior and Youth Programming
- Homeless Assistance from Federal and State Sources
- Strong Neighborhoods Initiative funding (RDA)
- Neighborhood Business Districts Support (RDA)
- Median Island and Roadside Maintenance
- Subsidizing Tree Trimming
- Full Funding of City Reserves
- All Police, Fire, and other Core Services