

*Five-Year Economic Forecast
and
Revenue Projections*

2020-2024

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

As has been the practice, potential future-year program expenses in the General Fund have been included in a “**Committed Additions**” section of the General Fund Forecast.

Committed Additions involve future operating expenses for projects that have been previously approved by the City Council and deemed relatively unavoidable. The largest items in this category are Fire Station 37 and the Police Training Facility as part of the Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond program. The remaining items included in this category are expenses that will be required to operate and maintain other approved capital projects scheduled for completion or will open within the five-year horizon of this forecast. These expenses are related to the maintenance and operations of new parks and recreational facilities and new traffic infrastructure assets. It should be noted that the estimated 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 the committed additions 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 maintenance and operating costs over \$100,000 that have been previously certified by the City Council, or are recommended for certification in the future, are identified in Chart A of this section. Certification for potential new projects or modifications to existing projects identified after the release of this Forecast, that have not been previously approved by the City Council, may be recommended for certification as part of the 2020-2024 Proposed Capital Improvement Program. If certified by the City Council, the maintenance and operating 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 Summary

New Parks and Recreation Facilities Maintenance and Operations – This category reflects the projected additional costs of maintaining and operating new and expanded parks and recreation facilities included in the City’s Five-Year Capital Improvement Program. Several parks are scheduled to come online over the next five years include, but are not limited to, Communications Hill II – Hillsdale Fitness Staircase, Emma Prusch Security Improvements, Flea Market Park #1, iStar Turnkey Park, Martial Cottle Community Garden, Meadowfair Expansion, Mercado Park, Rincon South Park, and Capitol Turnkey Park. The forecast also includes operating cost estimates for trail sections along Coyote Creek trail, including Singleton, Phelan to Tully and Story to Phelan. The City currently has approximately 62 miles of trails.

<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
60,000	491,000	790,000	1,084,000	1,240,000

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

New Traffic Infrastructure Assets Maintenance and Operations – This category reflects the anticipated additional costs that are necessary to operate and maintain transportation-related projects included in the City’s Five-Year Capital Improvement Program. Funding to operate and maintain new traffic signals (including those installed by developers), landscaping, street lighting, and other traffic infrastructure is assumed in this category. Most of the included projects are related to traffic safety enhancements for pedestrians and bicyclists, such as the projects: Mount Pleasant Schools Area Bike/Pedestrian Safety Improvements, Renascent Place at Senter Bike/Pedestrian Improvements, Safety: Pedestrian Improvements, Senter Road Pedestrian Safety Improvements, St. James Station at Basset Bike/Pedestrian Improvements, McKee and Tully Road Safety Corridor Improvements, Vision Zero: City-wide Pedestrian Safety and Traffic Calming, and White Road Pedestrian Safety Improvements. Other projects with operations and maintenance elements are urban villages, traffic signals modifications and construction, and interchange improvements.

<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
26,000	75,000	117,000	148,000	170,000

Measure T Maintenance and Operations – This category reflects the projected maintenance and operations costs of new disaster preparedness, public safety facilities, and infrastructure improvements that were included as part of the Measure T bond approved by the voters in November 2018. The two projects included in this forecast are the Fire Station 37 and Police Training Facility. Fire Station 37 will be located on a portion of the parking lot at Lincoln Glen Park. The preliminary schedule anticipates a bid and award in early 2020, a construction start date in the first half of 2020, and opening in January 2022. This project has an annualized operating and maintenance cost of \$4.1 million (primarily driven by a new engine company).

A new Police Training Facility is in the initial stages of development and would relocate police recruit academies and all other trainings that are currently held at the South San José Substation. The costs included in this Forecast preliminarily assume the purchase of an existing building and the investment of significant tenant improvements to suit Police Department training requirements. Estimated annual operating and maintenance costs of \$2.4 million – with partial year funding of \$1.2 million in 2020-2021 – represent an early look at potential ongoing impacts of this facility. This estimate will be further refined once a site is selected and fully scoped, the results of which will be brought forward for City Council consideration. Additionally, activation of the South San José Police Substation is also assumed once the academies and trainings are relocated. As described in the Manager’s Budget Addendum #8, Police Substation, May 31, 2018, Substation activation would require additional annual operating costs of approximately \$3 million – with partial year funding of \$1.5 million in 2020-2021.

As the Measure T program becomes more fully developed in the coming year, the corresponding estimates for operations and maintenance costs will be updated accordingly. Future General Fund forecasts will also incorporate the two new fire stations and any incremental costs associated with the two relocated fire stations, the 911 Center, and the Emergency Operations Center.

<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
-	2,685,000	7,380,000	9,661,000	9,951,000

COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

General Fund Capital Operating and Maintenance/Budget Principle #8

In March 2008, the City Council adopted City of San José Budget Principles as part of the approval of the Mayor's 2008-2009 March Budget Message. Budget Principle #8 is as follows:

Capital Improvement Projects 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 maintenance and operations costs, will not require a decrease in existing basic neighborhood services.

Chart A details a list of all project maintenance and operations costs assumed in this Forecast. Funding for these projects has been included as part of the approved Capital Improvement Program, approved by the City Council in 2018-2019, or align with previous City Council direction. All capital projects that require certification by the City Council with annual maintenance and operating costs in the General Fund greater than \$100,000 have been denoted in the chart with an asterisk. By 2023-2024, the costs to maintain and operate all City Council approved projects expected to come online during the five-year period are estimated at approximately \$11.4 million annually, of which approximately \$10.0 million is related to the Fire Station 37 (\$4.3 million), Police Training Facility and South San José Police Substation Activation (\$5.7 million).

As always, maintenance and operating costs for new capital facilities will continue to be closely scrutinized to ensure that costs for any newly built or expanded infrastructure are supported on an ongoing basis without a decrease in existing basic neighborhood services. All project maintenance and operating costs will be evaluated on an annual basis for inclusion in subsequent Five-Year General Fund Forecasts. A careful evaluation of the project schedules and/or staffing necessary to maintain and operate these facilities will be performed prior to bringing them forward for consideration by the City Council in any given year.

CHART A - 2020-2024 GENERAL FUND FORECAST Net Operating Impact of Committed Additions

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS					
All Inclusive Almaden Lake	-	9,000	35,000	41,000	49,000
All Inclusive Emma Prusch	-	9,000	35,000	41,000	49,000
All Inclusive Lincoln Glen Playground	-	9,000	35,000	41,000	49,000
All Inclusive Rotary Playgarden Extension	-	12,000	49,000	56,000	64,000
Bassett Park	-	12,000	48,000	49,000	50,000
Commodore Children's Park (Mabury Park)	-	-	-	-	79,000
Communications Hill II - Hillsdale Fitness Staircase	-	82,000	84,000	86,000	88,000
Emma Prusch Security Improvements	5,000	6,000	6,000	6,000	7,000
Flea Market Park #1	-	80,000	81,000	82,000	84,000
iStar Turnkey Park	-	34,000	47,000	48,000	49,000
Lake Cunningham Park Light Improvements	3,000	3,000	3,000	3,000	3,000
Martial Cottle Community Garden	8,000	12,000	12,000	13,000	13,000
Meadowfair Expansion	2,000	2,000	2,000	2,000	2,000
Mercado Park	-	79,000	80,000	82,000	83,000
Monkton Court	6,000	9,000	9,000	9,000	9,000
Newbury Park	1,000	1,000	1,000	1,000	1,000
Newbury Park Development	-	-	-	-	8,000
North San Pedro Park	-	20,000	83,000	85,000	86,000
Pellier Park	-	10,000	41,000	41,000	42,000
Penitencia Creek Dog Park	-	22,000	45,000	46,000	47,000
Rincon South Park	26,000	59,000	60,000	61,000	62,000
River Oak Park*	-	-	-	229,000	243,000
Sycamore Terrace	3,000	3,000	3,000	4,000	4,000
The Capitol Turnkey Park	5,000	15,000	15,000	16,000	16,000
TRAIL: Bay Reach 9	1,000	3,000	3,000	3,000	3,000
TRAIL: Coyote Creek - Phelan to Tully	-	-	-	21,000	29,000
TRAIL: Coyote Creek - Singleton	-	-	-	-	3,000
TRAIL: Coyote Creek - Story to Phelan	-	-	13,000	18,000	18,000
TOTAL NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS	60,000	491,000	790,000	1,084,000	1,240,000
NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS					
Development Installations - Traffic Signals	-	24,000	25,000	26,000	27,000
McKee Road Safety Corridor Improvements (OBAG)	-	-	4,000	8,000	8,000
Mount Pleasant Schools Area Bike/Ped Safety Improvements	-	1,000	2,000	2,000	2,000
Renascent Place at Senter Bike/Ped Improvements (AHSC)	-	6,000	6,000	6,000	7,000
Route 101/Blossom Hill Road Interchange	-	-	5,000	6,000	7,000
Safety: Pedestrian Improvements 2019	20,000	21,000	22,000	22,000	23,000
Safety: Pedestrian Improvements 2020	-	10,000	10,000	10,000	10,000
Safety: Pedestrian Improvements (future projects)	-	-	15,000	30,000	45,000
Safety: Traffic Signal Modifications/Construction 2019	4,000	9,000	10,000	10,000	10,000
Senter Road Pedestrian Safety Improvements (HSIP)	-	-	6,000	7,000	7,000
St. James Station at Basset Bike/Ped Improvements (AHSC)	-	2,000	2,000	2,000	2,000
Tully Road Safety Corridor Improvements (OBAG)	-	-	7,000	11,000	12,000
Vision Zero: City-wide Pedestrian Safety and Traffic Calming	2,000	2,000	2,000	2,000	2,000
W. San Carlos Urban Villages (OBAG)	-	-	-	5,000	7,000
White Road Pedestrian Safety Improvements (HSIP)	-	-	1,000	1,000	1,000
TOTAL NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS	26,000	75,000	117,000	148,000	170,000
MEASURE T MAINTENANCE AND OPERATIONS					
Fire Station 37**	-	-	2,010,000	4,130,000	4,254,000
Police Training Facility** & Police Substation Activation	-	2,685,000	5,370,000	5,531,000	5,697,000
TOTAL MEASURE T MAINTENANCE AND OPERATIONS	-	2,685,000	7,380,000	9,661,000	9,951,000
TOTAL OPERATING IMPACT OF COMMITTED ADDITIONS	86,000	3,251,000	8,287,000	10,893,000	11,361,000

*River Oak Park was built, and is currently being maintained, by a developer. City responsibility for maintenance and operations begin in 2022-2023.

**Capital projects authorized as part of the ballot Measure T - The Disaster Preparedness, Public Safety and Infrastructure Bond. Future certification of operating and maintenance costs will be required prior to authorizing construction.