

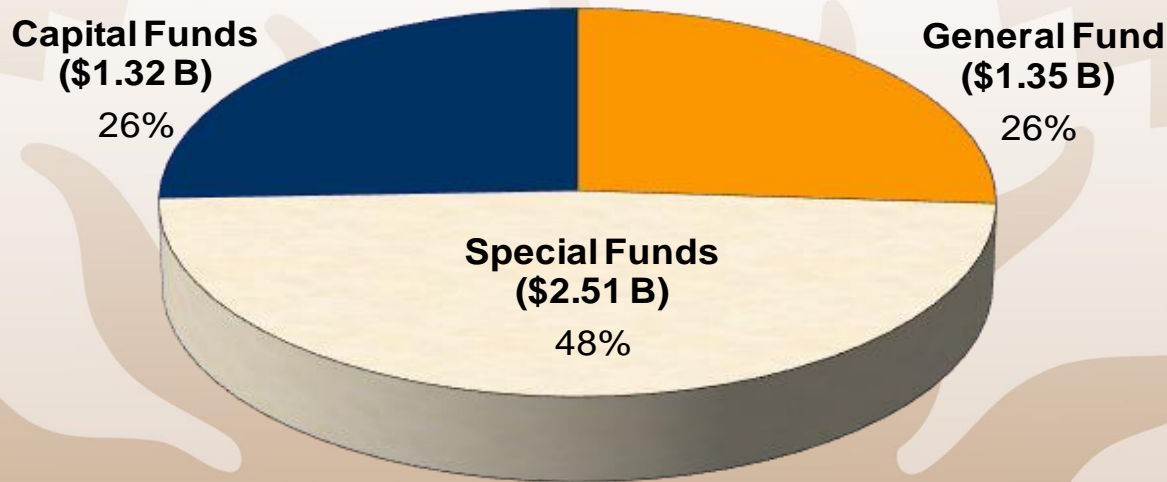
City of San José

2019-2020 Proposed Operating Budget Overview

December 9, 2019

City of San José Budget Overview

2019-2020 PROPOSED CITY BUDGET¹:	\$4.3 billion
TOTAL NUMBER OF FUNDS:	123
TOTAL NUMBER OF POSITIONS (FTE):	6,622



¹ An adjustment of \$879 million is necessary to arrive at the \$4.3 billion net 2019-2020 Proposed City Budget to avoid the double-counting of transfers, loans, and contributions between City funds.

2019-2020 Proposed Budget Overview

- Balanced all funds (General Fund, special and capital funds)
- General Fund projected surplus of \$5.1 million
- Ongoing surplus of \$4.7 million, plus one-time funding of \$10.9 million set aside to cover the projected 2020-2021 shortfall
- Investment priorities:
 - ✓ Saving
 - ✓ Public Safety
 - ✓ Confronting the High Cost of Housing and Living
 - ✓ Homelessness
 - ✓ Combatting Blight
 - ✓ Environment
- Positions are up 3.3%, from 6,413 to 6,622

2020-2024 General Fund Forecast

Revised Forecast with Proposed Actions

2020-2024 General Fund Forecast Incremental General Fund Surplus/(Shortfalls)

	2019-20	2020-21	2021-22	2022-23	2023-24
February 2019 Incremental Surplus/(Shortfalls)	\$3.5 M	(\$15.6 M)	(\$13.7 M)	\$11.4 M	(\$1.7 M)
Proposed Budget Incremental Surplus/(Shortfalls)	\$5.1 M	(\$10.9 M)	(\$13.7 M)	\$11.4 M	(\$1.7 M)
% of Annual Budget (Expenditure Budget)	0.4%	(0.9%)	(1.0%)	0.9%	(0.1%)

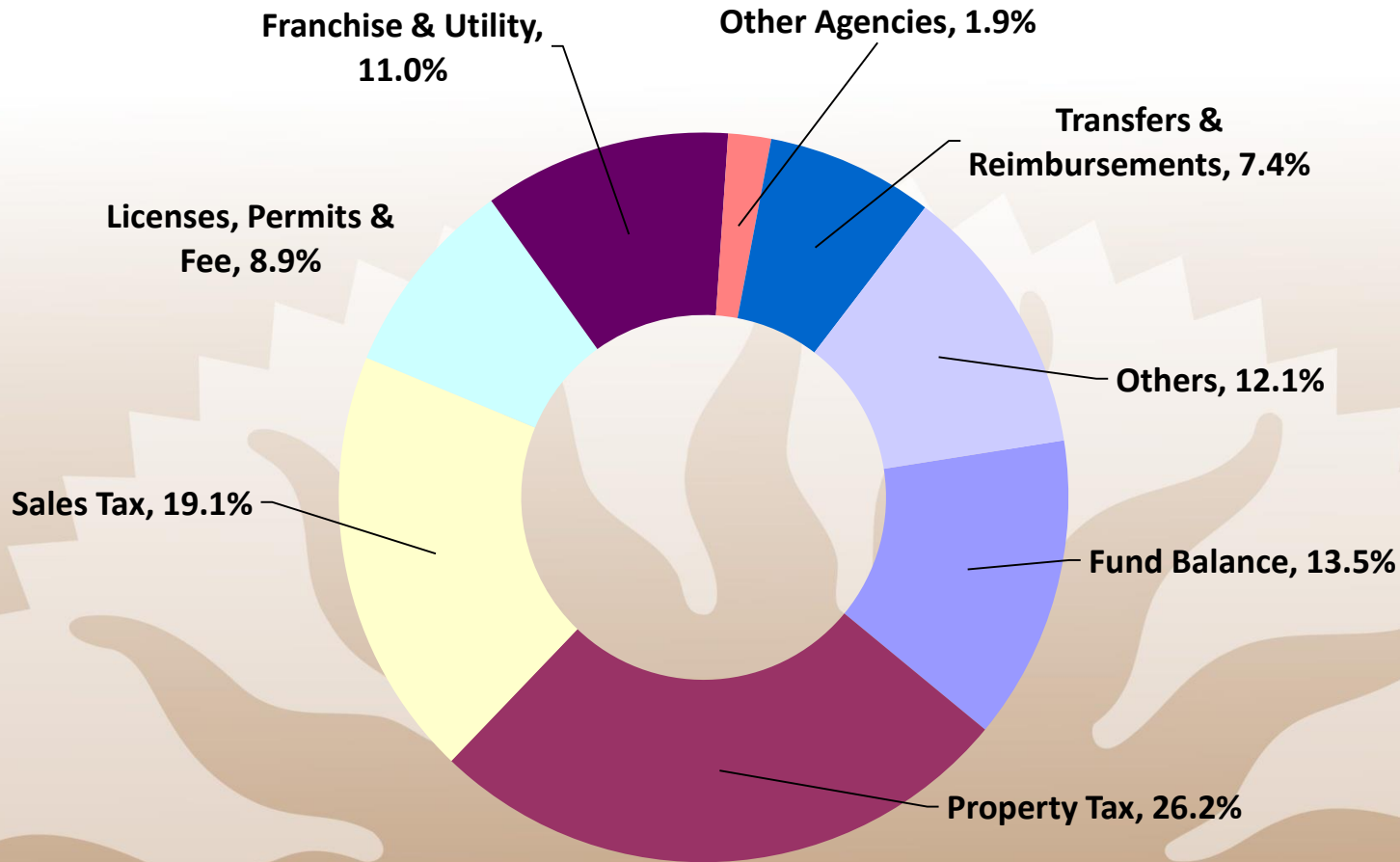
* 2019-2020 Forecast was revised from the \$3.5 million shortfall presented in the February 2019 Forecast based on continued analysis. No net impacts associated with the Development Fee Programs are included due to the cost-recovery nature of these programs.

Does not include:

- Costs associated with services funded on a one-time basis in 2018-2019
- Costs associated with unmet/deferred infrastructure and maintenance needs
- One-time revenues/expenses

2019-2020 Proposed Budget

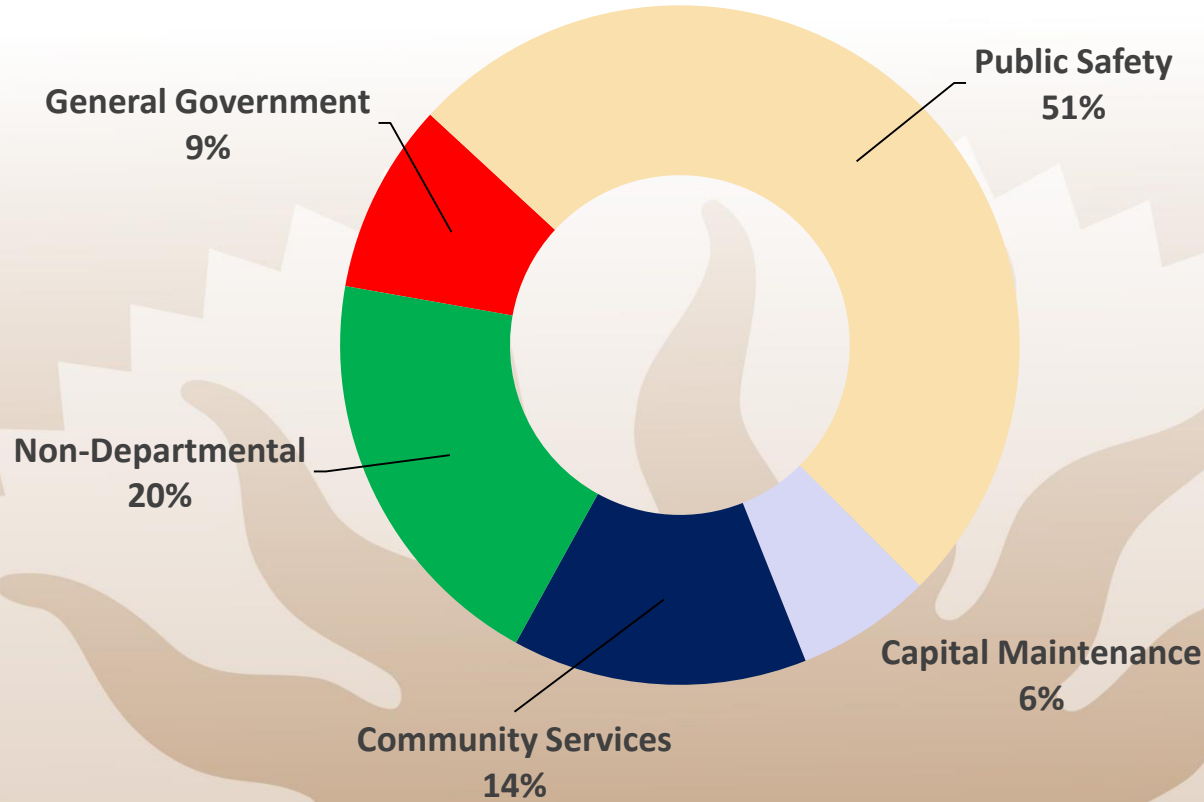
General Fund Sources



Total General Fund: \$1,352,457,998

2019-2020 Proposed Budget

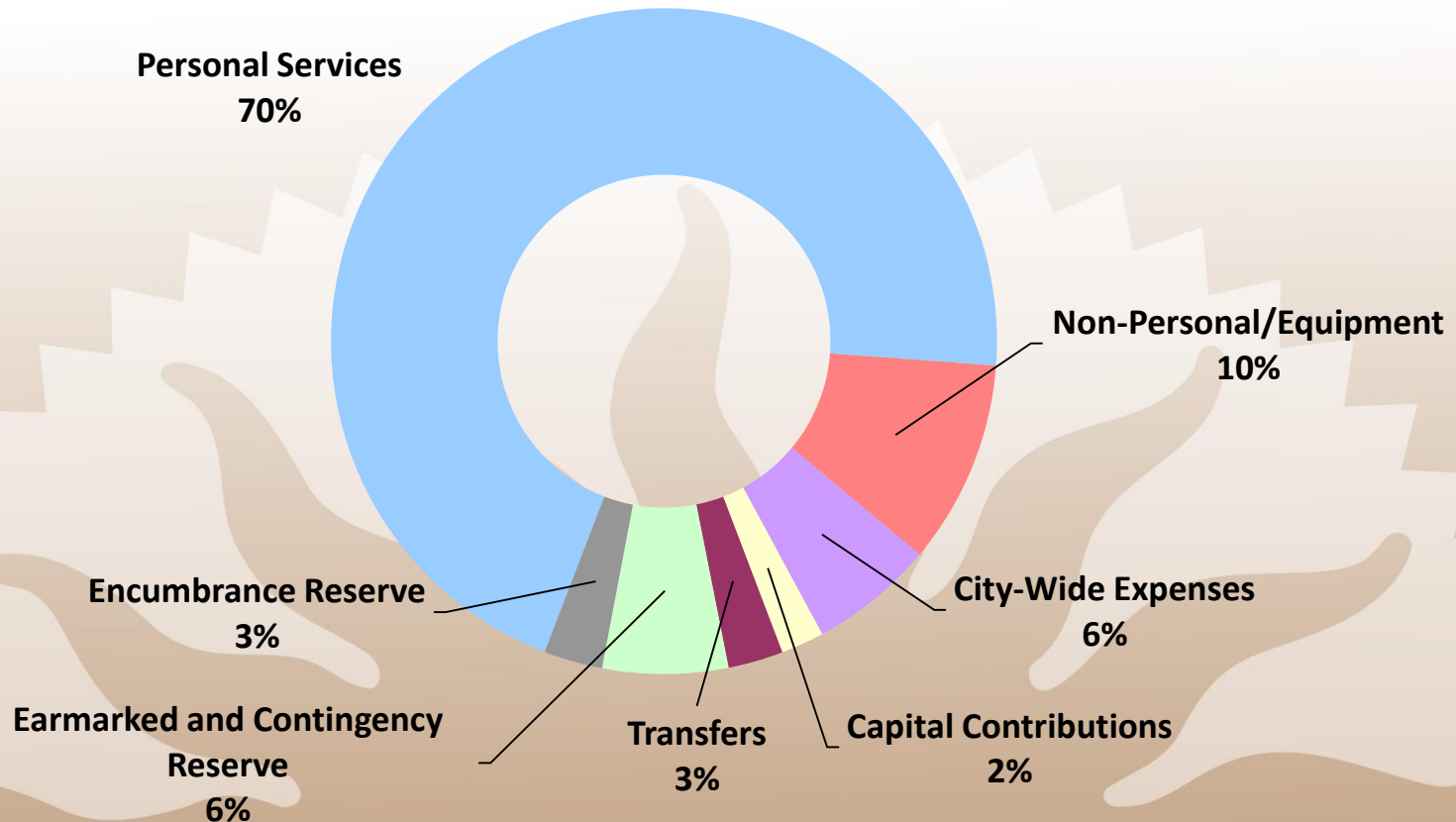
General Fund Uses



Total General Fund Uses: \$1,352,457,998

2019-2020 Proposed Budget

General Fund Uses by Category



Total General Fund Uses: \$1,352,457,998

2019-2020 Budget Balancing Strategy

General Fund

\$ in millions

	<u>2019-2020</u>	<u>Ongoing</u>
Total General Fund Surplus	\$ 5.1	\$ 5.1
Recommended Balancing Strategy		
– Changes in Sources	\$ 105.1	\$ 10.3
– Changes in Uses	(110.2)	(15.4)
Total Balancing Strategy	\$ (5.1)	\$ (5.1)

2019-2020 Budget Balancing Strategy

Changes in General Fund Sources

	\$ in millions	
	2019-2020	Ongoing
Beginning Fund Balance	78.8	0.2
2019-2020 Proposed Budget Planning/Future Deficit Reserves	50.0	0.0
2018-2019 Excess Revenue/Expenditure Savings	16.0	0.0
Hayes Mansion Property Sale	7.9	0.0
Development Fee Program Reserves	3.4	0.2
City Health Plan Restructuring Reserve	1.0	0.0
Other Revenue/Expenditure Savings/Reserve Liquidations	0.5	0.0
Grants/Reimbursements/Fees	8.5	7.5
Development Fee Program	3.6	3.7
Paramedic Program	1.2	1.2
UASI Grant – Office of Emergency Management	0.6	0.0
Other Fee Programs/Reimbursements/Grants	3.1	2.6
Other Revenue	14.6	0.1
SERAF Loan Repayment	10.2	0.0
Property Tax (\$4.0 M)/Other Revenues (\$0.4M)	4.4	0.1
Overhead from Other Funds	3.2	2.5
Total Change in Sources	105.1	10.3

2019-2020 Budget Balancing Strategy

Changes in General Fund Uses

	\$ in millions	
	<u>2019-2020</u>	<u>Ongoing</u>
Service Level Enhancements	\$ 26.1	\$ 5.4
Earmarked Reserves (e.g. Budget Stabilization, Essential Services)	26.1	1.4
Unmet/Deferred Technology, Infrastructure, and Maintenance	25.0	0.8
2018-2019 One-Time Funded Services	11.6	0.8
2020-2021 Future Deficit Reserve	10.9	4.7
Development Fee Programs	6.2	2.3
Cost Reductions/Service Delivery Efficiencies/Fund Shifts	5.1	(0.9)
Other Fee Programs/Grants/Reimbursements	0.7	0.8
New Infrastructure/Equipment Operations and Maintenance	0.3	0.1
Use of Reserves (e.g., Cultural Facilities, Committed Add.)	(1.8)	0.0
Total Change in Uses	\$ 110.2	\$ 15.4

Recommended Budget Actions

Saving

- 2020-2021 Future Deficit Reserve (\$10.9 million)
- Budget Stabilization Reserve (\$10.0 million)
- Essential Services Reserve (\$4.0 million)
- Information Technology Sinking Fund (\$2.0 million)
- Transfer to the Municipal Golf Course Fund (net \$4.5 million or pay down \$5.0 million in debt and reduce General Fund subsidy)

Recommended Budget Actions

Public Safety

- Police Sworn Hire Ahead for 2019-2020 and 2020-2021 (\$14.2 million)
- Police Recruitment and Background (\$825,000)
- Downtown Foot Patrol Program (\$600,000)
- School Safety and Education Program (\$437,000)
- Police Public Records Request Staffing (\$658,000)
- Police Use of Force Incidents Data Dashboard (\$60,000)
- Police Data Crime Center Staffing (\$191,000)
- Northern California Regional Intelligence Center Grant Staffing (\$167,000)
- False Alarms Collections and Staffing (\$124,000)
- FirstNet Emergency Communications Network (\$1.0 million)

Recommended Budget Actions

Public Safety (Cont'd.)

- 9-1-1/3-1-1 Call Center (\$381,000)
- Safe City Data Integration (\$300,000)
- Fire Protection Systems Compliance Staffing (\$371,000)
- Fire Emergency Medical Services Technology Staff and Equipment (\$176,000)
- 2018 Measure T Staffing for Police and Fire Projects (\$558,000)
- Fire Response Time Data Analysis (\$170,000)
- Fire Public Information Office, Communications, and Facilities Reorganizations (\$228,000)
- Office of Emergency Management Emergency Plans, Training, and Staffing (\$1,576,000)

Recommended Budget Actions

Confronting High Cost of Housing and Living

- Child Care Workforce Development and Facilities Staffing (\$257,000)
- Expedited Housing Development Staffing and Consultant Funding (\$557,000)
- Affordable Housing Transactions Staffing (\$190,000)
- Parcel Mapping Demonstration Project – GIS-based map to provide parcel-level data about opportunity sites for housing development (\$190,000)
- Advance 11 affordable housing developments, totaling 1,144 new apartments, as part of the implementation of the \$100 million NOFA
- Begin construction on 754 affordable apartments
- Mixed-Income Housing – “The Missing Middle” (\$10 million)
- Implement the 2019-2020 Annual Action Plan

Recommended Budget Actions

Homelessness

- Two Bridge Housing Communities Construction
- Safe Parking Security (\$375,000)
- Time-Limited Subsidies and Supportive Services
- Ballot Measure Polling (\$150,000)
- Transitional Jobs Program (\$600,000)
- Cash for Trash (\$50,000)
- Bridge Housing Communities Staffing (\$332,000)
- Complete construction of 563 affordable apartments that will provide housing for 417 chronically homeless individuals

Recommended Budget Actions

Combatting Blight

- BeautifySJ Streets Landscape Maintenance Program (\$1.4 million)
- Anti-Graffiti and Anti-Litter Programs (\$857,000)
- Public Litter Can Expansion (\$764,000)
- Illegal Dumping Rapid Response (\$470,000)
- Proactive Legal Enforcement of Blighted and Nuisance Properties (\$447,000)
- City-Wide Retail Attraction Program (\$375,000)
- Downtown Pedestrian Quality of Life (\$250,000)
- City-Wide Storefronts Activation Grants Program (\$200,000)
- BeautifySJ Grants (\$200,000)
- BeautifySJ Gap Analysis (\$165,000)
- San José Streets Team Litter and Trash Removal (\$135,000)
- Dumpster and Beautification Days (\$36,000)

Recommended Budget Actions

Environment

- Climate Smart San José Plan Implementation (\$700,000)
- Zero Waste Strategic Plan Revision and Climate Smart Addition (\$500,000)
- Energy Team Staffing (\$167,000)
- Community Energy Fuse Fellow (\$150,000)
- Community Energy Data Analytics Stanford Fellows (\$92,000)
- Community Energy Climate Corps Fellow (\$50,000)
- Energy and Water Building Performance Ordinance Implementation (\$167,000)

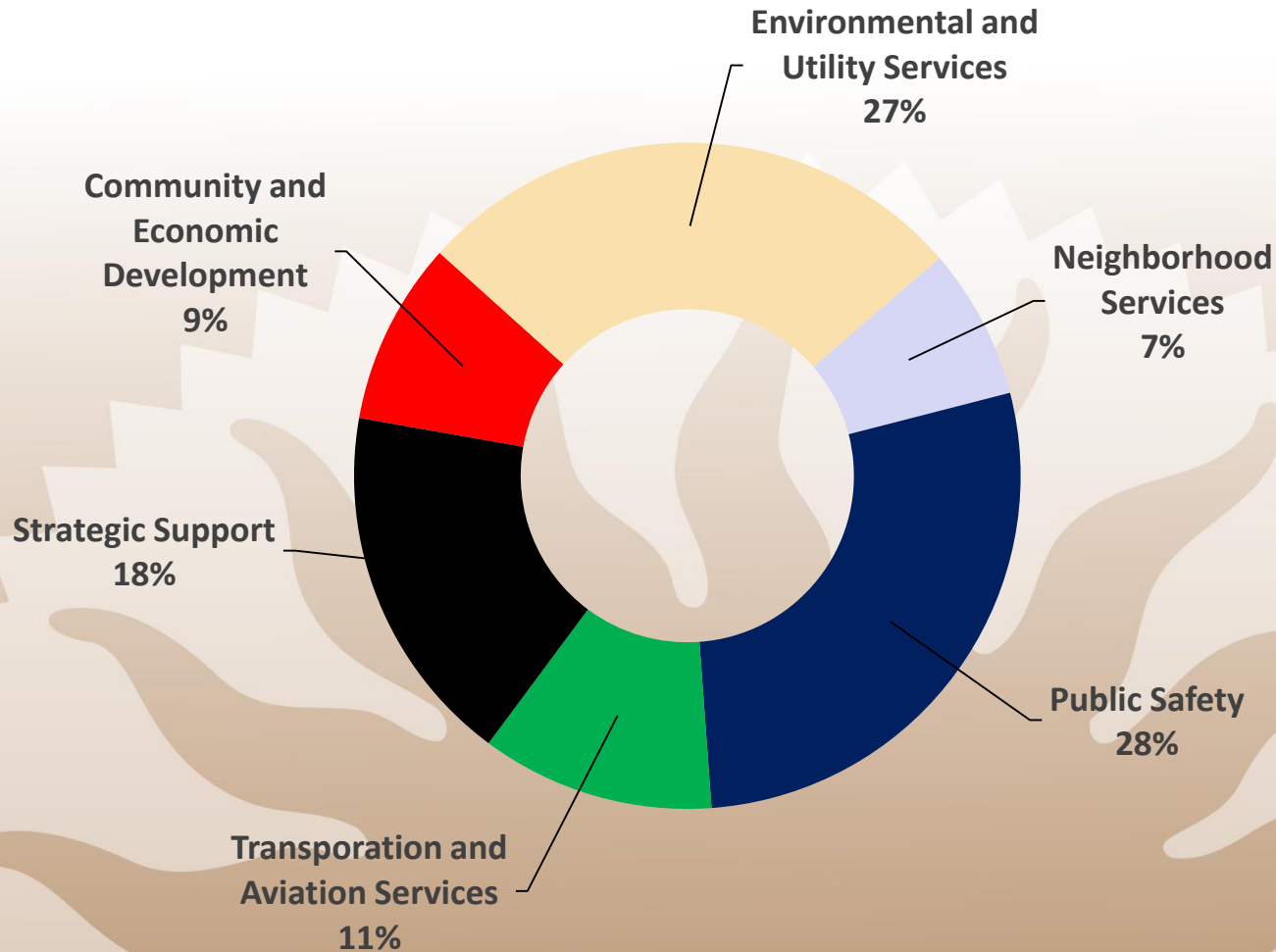
Recommended Budget Actions

Other Budget Actions

- Diridon Station Area Development Planning (\$1.1 million)
- Census 2020 Staffing (\$625,000)
- Sanitary Sewer Repairs (\$1.2 million)
- Recycle Plus Community Outreach and Public Education (\$766,000)
- Pest Management in Parks (\$1.5 million)
- Public Life and Parks Activation – Viva CalleSJ and Viva Parks (\$1.0 million)
- Project Hope Expansion (\$519,000)
- Airport Terminal and Airfield Facilities Support (\$1.3 million)
- Residential Streets Pavement Maintenance Staffing (\$2 million)
- PCs and Operating Systems License Costs (\$2.2 million)
- Cybersecurity Roadmap (\$1.1 million)
- Public Works Development Staffing Plan – Measure T (\$1.7 million)

2019-2020 Proposed Budget

Operating Budget by City Service Areas (All Funds)



2020-2024 Traffic Capital Program

Key Safety Improvement Projects

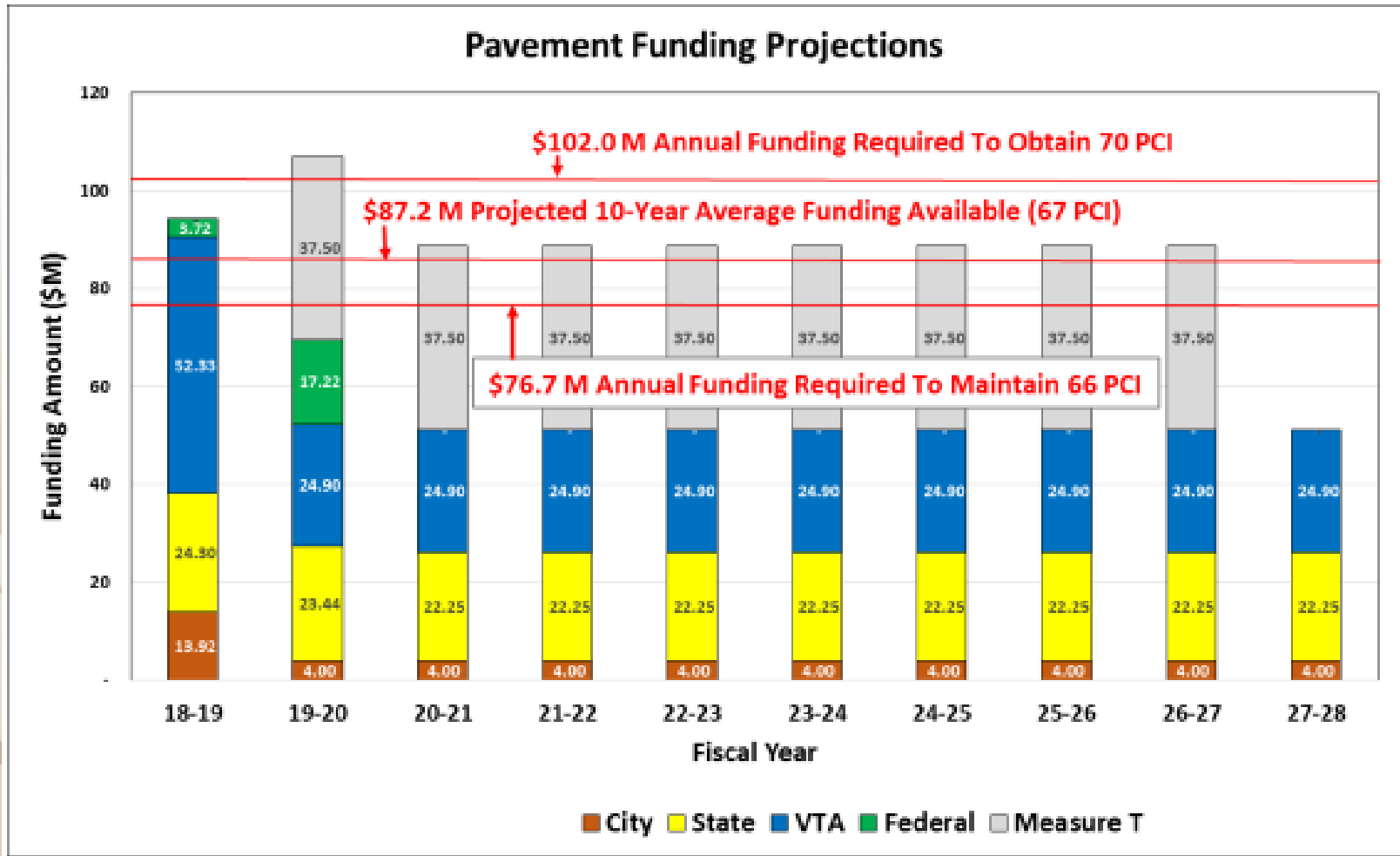
Key Safety Improvement Projects - Five Year Horizon (Total \$89.9 million)			
\$ Project Name (in Millions)		\$ Project Name (in Millions)	
<u>Complete Street/Pedestrian/Bicycle Facilities</u>		<u>Traffic Signal</u>	
Safety - Pedestrian Improvements	\$11.2	Safety - Traffic Signal Modifications/Construction**	\$5.1
McKee Road Corridor Safety Improvements	11.0	Safety - Traffic Signal Rehabilitation	3.4
Tully Road Corridor Safety Improvements	11.0	Subtotal Traffic Signal	\$8.5
W San Carlos Corridor Safety Improvements	11.0	<u>Neighborhood/Traffic Calming</u>	
ADA Sidewalk Accessibility Program (Curb Accessibility)	5.0	Safety - Neighborhood Traffic Engineering	\$5.2
McLaughlin Ave Pedestrian/Bike Safety Enhancements	4.5	Traffic Safety Data Collection	1.6
Senter Road Pedestrian Safety Improvements	4.4	Subtotal Neighborhood/Traffic Calming	\$6.8
Bicycle and Pedestrian Facilities*	3.1	<u>Education</u>	
St. James Station at Basset Bike/Ped Improvements	2.0	Walk n' Roll - VTA Measure B 2016	\$2.3
Branham and Snell Street Improvements	1.8	Safety - Traffic Education	2.0
Mount Pleasant Schools Area Bike/Ped Safety Improvements	1.4	Walk n' Roll San José Phase 2	0.1
Better Bikeways**	1.4	Subtotal Education	\$4.4
White Road Pedestrian Safety Improvements	1.3		
Safety - Signs & Markings	1.0		
Renascent Place at Senter Bike/Ped Improvements	0.1		
Subtotal Complete Street/Pedestrian/Bicycle Facilities	\$70.2		

*Partially funds the Better Bikeways.

**As part of the Better Bikeways funding strategy, additional funding will be allocated from other Traffic CIP grants and the Parking CIP Greater Downtown's Meter District Multimodal/Streetscape Improvement fund.

2020-2024 Traffic Capital Program

Pavement Funding



Measure T Bond Program

- **Street Repair - \$300 million**
- **Police/Fire/Emergency Operations Center - \$175 million**
- **Environmental Protection Projects - \$50 million**
- **Storm System & Flood Prevention Projects - \$35 million**
- **Clean Water Projects - \$25 million**
- **Bridges - \$20 million**
- **LED Lighting - \$20 million**
- **Public Safety Parks/Community Center Improvements - \$13 million**
- **Other Priority Critical Infrastructure - \$5 million**

Next Steps

- May 8th through 13th City Council Budget Study Sessions
- May 9th through 21st Community Budget Meetings
- May 14th/June 10th Public Budget Hearings
- May 31st Mayor's June Budget Message Released
- June 11th Council Review/Approval of Mayor's June Budget Message and Budget
- June 18th Adoption of the 2019-2020 Budget and Fees and Charges