

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

STRATEGIC LOCATION

Situated between the Diablo and Santa Cruz mountain ranges, San José encompasses approximately 181 square miles at the southern tip of the San Francisco Bay. San José's central location between San Francisco to the north and Monterey/Carmel to the south makes the "Capital of Silicon Valley" a gateway to adventures throughout California.



With a population of one million, San José is the 10th largest city in the nation.¹ Over 1 million people reside in Santa Clara County, of which San José is the county seat.

HISTORY

In November 1777, El Pueblo San José de Guadalupe became the first civil settlement in California. The settlement was mostly occupied by the Ohlone Indians along the Guadalupe River and Spanish settlers. At that time, San José was a farming community cultivating a number of different crops, which served the military communities in San Francisco and Monterey. In 1850, San José became the first capital of California, but this honor remained for only two years due to flooding in downtown and the lack of hotel capacity. Furthering San José's difficulties, the city was plagued with floods, earthquakes, and fires in the early 1900s. However, over the next century, San José experienced one of the most significant economic changes in California history, transforming from an agricultural community to what is known today as the "Capital of Silicon Valley."

QUALITY OF LIFE

San José's quality of life is unsurpassed. With an average of 300 days of sunshine per year and temperature averages varying from 50 degrees in January to 70 degrees in July, those living and working in San José can enjoy the city's many attractions, cultural and performing arts, sports and recreation opportunities, and year-round festivals and celebrations. San José has received accolades from The Milken Institute, Forbes, The Atlantic, and other national media as the place to live and do business.

DIVERSITY

Diversity is a hallmark of San José; a city proud of the cultural and ethnic diversity of its population and workforce and the rich cultural identity of its many neighborhoods. City residents speak more than 50 different languages. A full 40% of San Jose residents were born in a country outside the US, including 52% of adult residents over the age of 25. Japantown is a popular tourist stop and a cornerstone neighborhood



¹ State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2017 and 2018. (Released May 2018)

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

DIVERSITY

full of tradition. Little Saigon is a haven of Vietnamese-owned and operated businesses where customers and tourists can experience unique shopping experiences and diverse restaurants. Biblioteca Latinoamericana, one of the City's innovative library branches, boasts one of the largest collections of Spanish language materials in northern California. The city hosts many cultural festivals and numerous ethnic chambers of commerce are active in the community. According to the 2016 American Community Survey, San José residents are 34% Asian, 33% Hispanic, 27% White, 3% African American, and 3% other.

EDUCATION

Sixteen public school districts and an estimated 300 private and parochial schools provide families with a range of educational choices. Innovative programs in local school districts include a nationally acclaimed performing arts magnet and concentrations in aerospace, international studies, math and science, and radio and television.



Higher education facilities in and around San José are distinguished. San José State University (SJSU) is California's oldest public university, founded in 1857. It offers strong programs in business, information technology, journalism, mass communications, and engineering, with SJSU graduating twice as many engineers annually as any nearby university. In addition, the collaboration between SJSU and the City of San José to construct and operate the Dr. Martin Luther King, Jr. Library (King Library), the first joint City/University library, earned the prestigious national title of

Gale/Library Journal 2004 Library of the Year. The King Library also received the National Medal for Museum and Library Service from the Institute of Museum and Library Services in 2011.

Area colleges include Santa Clara University, the State's oldest institution of higher private education, founded in 1851. Other excellent nearby universities include Stanford University, University of California at Berkeley, University of California at San Francisco, and University of California at Santa Cruz.

Seven community colleges serve the County of Santa Clara, offering a variety of two-year programs and work-ready certificate programs. Community-based programs like Metropolitan Education District and the Center for Employment Training fill the need for basic skills and job training.

ECONOMIC DIVERSITY

Perhaps more important than rankings and statistics, the term "Capital of Silicon Valley" describes not only a city and geographic region, but also a culture, an entrepreneurial energy, a spirit of innovation, and a symbol of opportunity. While San José and the greater Silicon Valley are largely associated with the technology industry, the city's business profile is diverse and healthy. San José is home to approximately 58,000 businesses employing a total of 402,000 workers in sectors ranging from advanced manufacturing to healthcare to software. Commercial, retail, industrial, professional, and service businesses all thrive in San José.

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

INTERNATIONAL

On the international front, San José attracts significant foreign investment from throughout the globe, particularly in information technology industrial sectors. San José is also a leading city in exporting goods and services. To expand international economic ties, the City maintains Economic Partnership Agreements with key international cities and regions that complement San José's economic profile in technological innovation and entrepreneurship. The City's Office of Economic Development also administers the region's Foreign Trade Zone, which allows manufacturing companies like Tesla, Lam Research, and Space Systems Loral to import parts used in manufacturing advanced technologies with reduced or delayed tariff assessment.

TOURISM

Residents and visitors enjoy the city's many attractions year-round: museums, parks, sports, multicultural festivals, theme parks, shopping, and, of course, great hotels and restaurants. Attractions include the Tech Museum of Innovation, San José Museum of Art, Raging Waters, Happy Hollow Park & Zoo, Japanese Friendship Garden, Winchester Mystery House, and Children's Discovery Museum of San José.

SPORTS

Several professional sports teams call San José home: the Sharks, National Hockey League; the Earthquakes, Major League Soccer; the Barracuda, Minor League Hockey; and the Giants, Minor League Baseball. The city also has a state-of-the-art community ice center, golf courses, and parklands, including 60 miles of beautiful walking and biking trails.



TRANSPORTATION

San José/Silicon Valley has the following mass transportation options:

- The Norman Y. Mineta San José International Airport, located within minutes of downtown, serves an estimated 13.5 million passengers annually, with 16 major passenger airlines operating service to 42 domestic and ten international destinations.
- The Santa Clara Valley Transportation Authority (VTA) carried a total of 38.2 million passenger trips in 2017 on its bus and light rail system.
- Caltrain, a commuter rail service with 32 stations, runs from Gilroy through San José and north to San Francisco, with an average weekday ridership of 62,000 (2017). Caltrain operates 92 weekday trains, including 22 Baby Bullet express route trains that travel from San José to San Francisco in less than an hour. Electrification of the Caltrain system is under construction, with electric trains anticipated to be in service in 2022.
- Bay Area Rapid Transit (BART) and California High-Speed Rail both have planned routes to San José. In April 2012, construction began on phase one of the BART Silicon Valley Extension. Construction activities are complete. VTA and BART have begun the system testing phase which is expected to conclude by the end of 2018. Passenger service is expected to begin the first quarter of 2019.

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

BASIC CITY FACTS

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

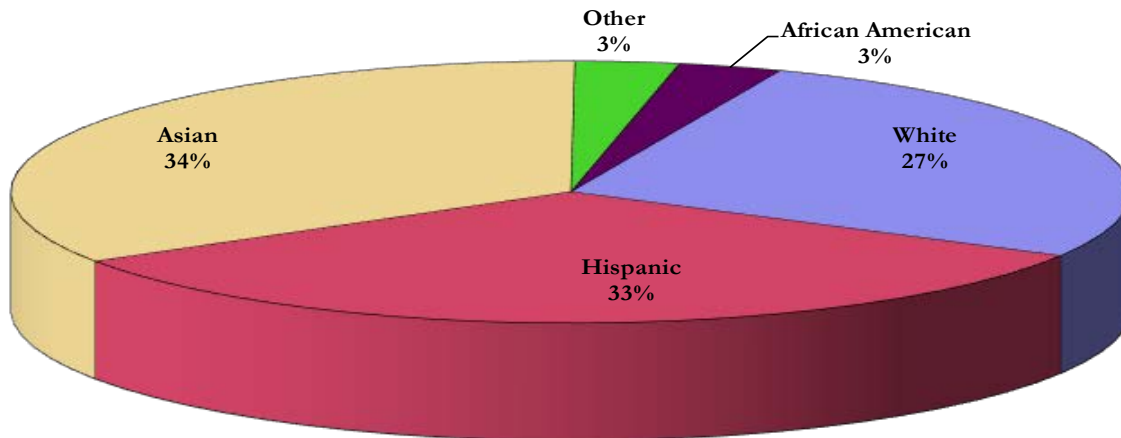
GENERAL DATA

Population ²	1,051,316
Registered Voters	436,047
Median Household Income	\$110,040
Miles of Streets	2,435
Miles of Alleys	2
Area of City (square miles)	180.6
Land Use:	
Single-Family	34%
Two-Family	2%
Multi-Family	4%
Mobile Home	1%
Commercial	4%
Industrial	10%
Public/Quasi-Public	0.75%
Airports	1%
Schools	3%
Parks/Open Space	17%
Roadways	16%
Downtown	0.25%
Other	7%



DEMOGRAPHICS

Breakdown of Race/Ethnicities (U.S. Census Bureau, 2012 - 2016 American Community Survey 5-Year Estimates)



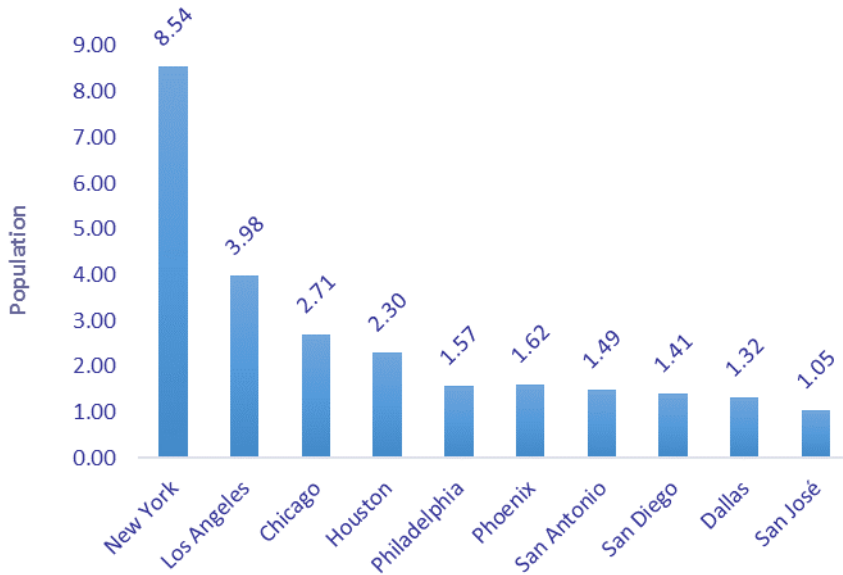
² State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2017 and 2018. (Released May 2018)

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

POPULATION OF 10 LARGEST U.S. CITIES



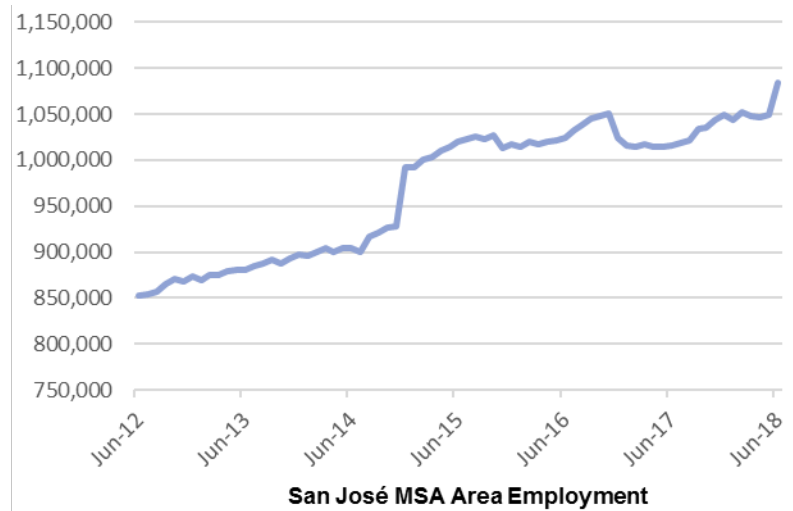
State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2017 and 2018. (Released May 2018)

MAJOR EMPLOYERS

<u>Company</u>	<u>Number of Employees</u>
Santa Clara County	18,000
Cisco Systems	9,800
City of San José*	6,412
Paypal, Inc.	3,300
eBay	3,280
Adobe Systems Inc.	2,750
Kaiser Permanente	2,175
Good Samaritan Health System	2,050
Western Digital	2,000
Super Micro	1,700
Brocade Communication	1,700
Regional Medical Center	1,650
Xilinx	1,600
IBM	1,325
Cupertino Electric	1,300

Source: City of San José, Office of Economic Development
 * 2018-2019 Adopted Operating Budget

SAN JOSE EMPLOYMENT—MSA



Source: U.S. Census Bureau, California Employment Development Department

CITY OF SAN JOSE
2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

AIRPORT*

Size	1,050	Approx. Acres
Terminals	2	
Runways	3	
Hours of Operation	24	
Flights in 2016-2017:		
Commercial Airline Operations	128,242	
Cargo Commercial Airlines Operations	1,596	
General Aviation	35,664	
Military Flights	249	
Landings per Day in 2017-2018:		
Commercial	176	
General Aviation	49	
Number of Passengers in 2017-2018:	13.5	Million
Public Parking Spaces:		
Hourly Parking	1,980	
Daily Parking	1,360	
Economy Parking	1,670	
Services:		
Passenger Airlines	16	
All-Cargo Airlines	2	
General Aviation Based Aircraft	137	



ENVIRONMENT AND UTILITIES*

Miles of Municipal Sewer Mains		2,315
Number of Water Pollution Control Plants ³		1
Number of Square Miles the Sanitary Sewer System Spans		180
Gallons of Wastewater the Plant has the Capacity to Treat Per Day		167 Million
Gallons of Wastewater Treated Per Day		104.7 Million
Number of Municipal Water Systems ⁴		1
Water Services in Municipal Water Service Area		26,894
Miles of Water Mains		345
Gallons of Potable Municipal Water Delivered		5.4 Billion
Gallons of Recycled Municipal Water Delivered		1.2 Billion
2017-2018 Recycled Materials:		
Tons of Paper	41,019	
Tons of Glass	17,778	
Tons of Cardboard	10,418	
Tons of Metals	3,489	
Tons of Plastics	5,189	
Tons of Other Materials	<u>713</u>	
Total Tons of Recyclables	78,606	



* Current Counts or 2017-2018 Year-End Estimates

³ Serving the San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno areas.

⁴ Serving the Evergreen, North San José, Alviso, Edenvale, and Coyote Valley areas. Other areas served by private water companies.

CITY OF SAN JOSE
2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

ENVIRONMENT AND UTILITIES*

2017-2018 Recycled Materials:	
Multi-Family Dwelling Tons Composted	61,191
Single-Family Dwelling Tons Composted	109,720
Tons of Yard Trimmings	122,375
Tons of Used Motor Oil	174
Tons of Used Oil Filters	18

FIRE*

Fire Stations	33
Companies	43
Squad Units	3
Equipment	
Engines:	
Front Line	33
Relief	12
Trucks:	
Front Line	9
Relief	5
Brush Patrol Apparatus:	
Front Line	7
Relief	6
Aircraft Rescue and Firefighting Apparatus:	
Front Line	2
Relief	1
Urban Search/Rescue and Hazmat Apparatus:	
Front Line	3
Auxiliary Apparatus	95
Emergency Medical Calls	57,715
Fire Safety Code Inspections	19,585
Fires	3,500



LIBRARIES*

Number of Outlets:	
Main Library	1
Branches	23
Items Checked Out (Circulation)	8,372,753
Electronic Resources Checked Out (Circulation)	703,288
Books (Inventory)	1,785,334
Audio Visual Materials (Inventory)	335,094



PARKING*

Parking Meters	2,566
Parking Lots (967 total spaces)	6
Parking Garages (6,162 total spaces)	8

* Current Counts or 2017-2018 Year-End Estimates

CITY OF SAN JOSE
2018-2019 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

PARKS, RECREATION AND NEIGHBORHOOD SERVICES*

Park Sites**	203
Basketball Hoops	163
Bocce Ball Courts	20
Exercise Courses	34
Handball Courts	10
Horseshoe Pits	53
Lawn Bowling Greens	1
Volleyball Courts	18
Skate Parks	7
Bike Parks	2
Multi-Use Fields	102
Swimming Pools	6
Tennis Courts	89.5
Park Acreage**	3,534
Playgrounds**	281
City-Operated Community Centers	11
Partner-Operated Re-Use Sites	39
Public Golf Courses	3
Gymnasiums	9
Fitness Rooms	6
Youth Centers	6
Walking and Biking Trails (miles)	60
Total Participation in Recreation Programs at Community Centers	785,581
Total Participation in Recreation Programs at Re-Use Centers	21,500



POLICE*

Police Stations	1
Police Marked Vehicles	303
Motorcycles	51
Horses	3
Dogs	12
Aircraft:	
Helicopter	1
Fixed Wing	1
Number of Emergency Calls Received	610,000
Number of Non-Emergency Calls Received	426,800
Cases Assigned Per Year	30,200



* Current Counts or 2017-2018 Year-End Estimates
 ** Data represents City services (excludes school data)

CITY OF SAN JOSE 2018-2019 ADOPTED OPERATING BUDGET

ROSTER OF ELECTED OFFICIALS

CITY COUNCIL	DISTRICT	TELEPHONE	E-MAIL
Sam Liccardo	Mayor	535-4800	<u>mayoremail@sanjoseca.gov</u>
Chappie Jones	1	535-4901	<u>district1@sanjoseca.gov</u>
Sergio Jimenez	2	535-4902	<u>district2@sanjoseca.gov</u>
Raul Peralez	3	535-4903	<u>district3@sanjoseca.gov</u>
Lan Diep	4	535-4904	<u>district4@sanjoseca.gov</u>
Magdalena Carrasco	5	535-4905	<u>district5@sanjoseca.gov</u>
Dev Davis	6	535-4906	<u>district6@sanjoseca.gov</u>
Tam Nguyen	7	535-4907	<u>district7@sanjoseca.gov</u>
Sylvia Arenas	8	535-4908	<u>district8@sanjoseca.gov</u>
Donald Rocha	9	535-4909	<u>district9@sanjoseca.gov</u>
Johnny Khamis	10	535-4910	<u>district10@sanjoseca.gov</u>



CITY COUNCIL MEETINGS

- Every Tuesday at 1:30 p.m. in the Council Chambers.
- Evening meetings at 6:00 p.m. in addition to the afternoon meeting twice a month, as listed in the approved City Council Meeting Schedule, in the Council Chambers.
- Closed sessions every Tuesday at 9:30 a.m. in the Council Chambers conference rooms.
- No meetings are held in July when the City Council is in recess.

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

Following is a list of significant State and local voter-approved initiatives.

2010s Initiatives

Proposition 64 legalized recreational marijuana for persons aged 21 years or older under state law. Effective January 1, 2018, Proposition 64 allowed for the sale and taxation of recreational marijuana. Proposition 64 was approved by the voters in 2016.

Measure E, Opportunity to Work, a citizen initiative measure, amended the San José Municipal Code to require employers to offer additional work hours to existing qualified part-time employees before hiring new employees, including sub-contractors and use of temporary staffing services. The requirement to offer additional work hours does not apply where the existing qualified part-time employees would be paid overtime or other premium rate under any law or collective bargaining agreement. Measure E was approved by the voters in November 2016.

Measure F, Alternative Pension Reform Act, was placed on the ballot by the City Council. It amended the San José City Charter to change employee retirement contributions and benefits and retiree healthcare benefits. This measure superseded the Measure B modifications approved by the voters in 2012 and included the following components: retirement benefits for Tier 2 members were improved to levels similar to other Bay Area agencies and the costs of the benefit will be shared 50/50 between the City and employees; the defined benefit retiree healthcare plan was closed to new members; Tier 1 employees who return after leaving the City will be Tier 1 employees; the pre-Measure B definition of disability was reinstated; an independent medical panel will be created to determine eligibility for disability retirements; the elimination of the Supplemental Retiree Benefit

Reserve will continue and it will be replaced with a Guaranteed Purchasing Power benefit to protect retirees against inflation; both the City and employees will be required to make the full annual required plan contributions calculated by the applicable retirement board; voter approval is required for any future enhancements to defined retirement benefits; and retroactive benefit enhancements are prohibited. Measure F was passed by the voters in November 2016.

Measure G, Business Tax Modernization, was placed on the ballot by the City Council. It enacted an ordinance to revise San José's 1986 Business Tax. Effective July 1, 2017, the revised ordinance 1) increases the minimum base tax; 2) requires payment of the minimum base tax by all businesses; 3) sets graduated rates for businesses with more employees paying higher rates and residential and commercial landlords paying more per unit, lot, and square feet of leased space; 4) requires water companies to pay an amount per San José meter connection; and 5) raises the annual caps on the maximum amount of tax payable. Where a business owes the tax based on both its number of employees and leased number of units, lots, or square feet, the business is required to pay the higher of the two calculations. The revised ordinance also provides for an annual adjustment for inflation based on a consumer price index beginning on July 1, 2018, subject to specified limits. Measure G was approved by the voters in November 2016.

Measure B, Local Sales Tax, enacted a ¼ percent sales tax in San José beginning October 1, 2016 for 15 years to fund essential City services, such as: improving public safety (e.g., additional police officers to improve emergency response times, reduce violent and non-violent crimes, increase neighborhood patrols, and increase fire resources to improve fire and emergency medical response times); maintaining and repairing major streets (e.g., increase pavement maintenance funding for major streets

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

to significantly slow the incidence of pothole formation and general pavement deterioration); and increasing 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). Measure B was passed by the voters in June 2016.

Measure B, Library Parcel Tax, authorized the collection of a parcel tax to enhance the City's library services and facilities. The tax is collected twice per year on each parcel of real property and deposited into the Library Parcel Tax Fund. All proceeds, including interest, must be expended for Library purposes. Measure B was approved by voters in 2014 and will sunset in 2039. This measure follows two prior voter approved measures to support library services. In November 1994, voters approved Measure E (sunset in 2005), and in November 2004 voters approved Measure S (sunset in 2015).

Measure D requires the payment of minimum wages in San José at \$10 per hour with an annual increase, if any, based on the Consumer Price Index beginning January 1, 2014; City enforcement through fines, penalties, civil actions, or revocation or suspension of permits or licenses; voter approval of substantive changes to the ordinance; and allows private enforcement through civil actions. Measure D was passed by the voters in 2012.

Measure B allowed the City Charter to be amended to modify retirement benefits of City employees and retirees by increasing employees' contributions, establishing a voluntary reduced pension plan for current employees, establishing pension cost and benefit limitations for new employees, modifying disability retirement procedures, temporarily suspending retiree Cost of Living Adjustments during emergencies, and requiring voter approval for increases in future pension benefits. This Measure was superseded

by Measure F in November 2016. Measure B was passed by the voters in 2012.

Measure K increased the Cardroom Tax rate on gross revenues from 13% to 15%, allowed each cardroom to seek City approval to increase the number of tables from 40 to 49, removed the limit on the number of permissible card games to allow any card game permissible under State law consistent with City regulations, and increased the betting limit from \$200 to that allowed under State law. Measure K was passed by the voters in 2010.

Measure U allowed the City Council to impose a business tax on marijuana businesses in San José at a rate of up to 10% of gross receipts. The revenues from the marijuana business tax are subject to an annual audit. Measure U was passed by the voters in 2010.

Measure V changed the mandatory arbitration process regarding the selection of the Chair of the Board and required all hearings and documents submitted in arbitration to be accessible to the public. Further, it requires that the Arbitration Board consider the City's financial condition and ability to pay; provide consideration to the rate of increase or decrease of compensation approved by the City Council for other bargaining units; be precluded from rendering a decision or issuing an award that increases the projected cost of compensation at a rate that exceeds the rate of increase in certain revenues, retroactively increases or decreases compensation, creates a new or additional unfunded liability, or interferes with the discretion of the Police or Fire Department to make managerial, operational, or staffing decisions. Measure V was passed by the voters in 2010.

Measure W allowed the City Council to adopt an ordinance to exclude future City officers and employees from any existing retirement plans or

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

benefits and establish retirement plans for future employees that do not provide for the current minimum requirements set forth in the San José City Charter. Measure W was passed by the voters in 2010.

Proposition 22 reduces or eliminates the State's authority to delay or redirect the distribution of tax revenues for transportation, redevelopment, or local government projects and services, even during periods of severe fiscal hardship. The proposition requires the State Controller to reimburse local governments or accounts if a court rules that the State violated a provision of Proposition 22. Proposition 22 was passed by the voters in 2010.

Proposition 26 requires that certain State fees be approved by a two-thirds vote of the State legislature and certain local fees be approved by two-thirds of voters. The proposition broadened the definition of a State or local tax to include some fees and charges that governments previously could impose with a majority vote. Proposition 26 was passed by the voters in 2010.

2000s Initiatives

Measure J replaced the Emergency Communication System Support Fee of \$1.75 per telephone line per month with a tax of \$1.57 per telephone line per month. The City ceased collecting the fee and began collecting the tax on April 1, 2009. The tax is collected from telephone users on their phone bills. Exemptions to the tax include low-income seniors and disabled persons who receive lifeline telephone service. Measure J was passed by the voters in 2008.

Measure K reduced the telephone utility rate from 5.0% to 4.5% (10% reduction) in San José. This measure broadened the base for the utility tax and the definition of technologies covered by the tax. The utility company collects the tax

from consumers on a monthly basis and is required to remit the tax to the City by the 25th of the following month. The tax is not applicable to State, County, or City agencies. Measure K was passed by the voters in 2008.

Proposition 1A prohibits the State from reducing local governments' property tax revenue. The provisions may be suspended only if the governor declares a fiscal necessity and two-thirds of the State legislature approves the suspension. Suspended funds must be repaid within three years. Proposition 1A also requires local sales tax revenues to remain with local governments and for the State to fund legislative mandates. Proposition 1A was passed by the voters in 2004 and became effective in 2006.

Measure A, the Airport Security and Traffic Relief Act, authorized the City to implement infrastructure improvements at the Airport to meet federally mandated security requirements, improve passenger facilities, and add nine new gates once the Airport street system is within three years of completion and funding has been identified for the implementation of the Airport People Mover transit connection. Measure A was passed by the voters in 2003.

Measure O authorized the issuance of a \$159 million general obligation bond (Neighborhood Security Act Bond Measure) to improve San José's fire, police, and paramedic response times by adding and improving fire stations, police stations, and training facilities and creating state-of-the-art 9-1-1 communications facilities. Measure O was passed by the voters in 2002.

Measure K approved an update to San José's General Plan to modify greenline/urban boundaries. Measure K was passed by the voters in 2000.

Measure O authorized the issuance of \$212 million in bonds over 10 years for the

CITY OF SAN JOSE

2018-2019 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

establishment of six new and 14 expanded branch libraries in San José. Measure O was passed by the voters in 2000.

Measure P authorized the issuance of \$228 million in general obligation bonds for the establishment of new and improved existing public parks and facilities in San José. Measure P was passed by the voters in 2000.

1990s Initiatives

Measure I authorized the construction of a new City Hall, located in downtown San José. Measure I was passed by the voters in 1996.

Proposition 218 extended the two-thirds majority vote requirement for any new user fees or new taxes to be levied at the local level. Assessments, fees, and charges must be submitted to property owners for approval or rejection after notice and public hearing. Proposition 218 was passed by the voters in 1996.

Proposition 172 enacted a half-cent sales tax increase. Monies derived from this tax must be utilized solely for public safety services. Revenue is distributed to cities and counties for purposes such as police, sheriffs, fire, district attorneys, and corrections. Proposition 172 was passed by the voters in 1993.

Measure I established term limits for the City. City Council members and the mayor can only serve for two successive four-year terms in office. Measure I was passed by the voters in 1990.

Proposition 8 allowed a property owner to file an assessment appeal when the market value of the property is less than the current assessed value. If the appeal is successful, the assessed valuation is lowered to reflect current market conditions. Proposition 8 also provided that the

value of reassessed properties may be increased to previous levels when market values increase. Proposition 8 was passed by the voters in 1990.

Proposition 111 enacted a state-wide traffic congestion relief program and changed the procedures for calculating the Gann Limit by updating the spending limit on state and local government to better reflect the needs of a growing California population. It provided new revenues to reduce traffic congestion by building state highways, local streets and roads, and public mass transit facilities. Proposition 111 was passed by the voters in 1990.

1980s Initiatives

Measure C authorized the City to use public funds to build low-rent housing. Measure C was passed by the voters in 1988.

Measure H authorized the City to build a sports arena, currently known as the SAP Center at San José. Measure H was passed by the voters in 1988.

1970s Initiatives

Proposition 4, otherwise known as the “Gann Limit,” stipulated that the City must compute an annual appropriations limit, which places a ceiling on the total amount of tax revenues the City can appropriate annually. The limit is adjusted each year using the following criteria: (1) the percentage change in California Per Capita Income or the change in the City’s Assessed Valuation due to new non-residential construction, whichever is greater and (2) the percentage change in the city-wide population, whichever is greater. Proposition 4 was passed by the voters in 1979.

Proposition 13 placed a substantial limitation on the ability of local governments to collect sufficient property taxes commensurate with the

CITY OF SAN JOSE
2018-2019 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

historical role this revenue source has played in funding both municipal operations and new public facilities. Proposition 13 specified that an assessed value may increase at the rate of the Consumer Price Index, not to exceed two percent per year based on the 1979 value, unless the property is improved or sold aligning the newly assessed value to the market value. Proposition 13 was passed by the voters in 1979.

1890 – 1970 Initiatives

1965 – Passed by the voters in 1965, the City Charter reaffirms the Council-Manager form of government in San José. The City consists of 10 council members elected by district and a mayor elected at large.

1897 – The City Charter was adopted in 1897. The Charter generally establishes the organization and structure of City government. The Charter also empowers the City Council to make and enforce all ordinances and regulations with respect to municipal affairs, subject only to the limitations specified in the Charter.