

*Five-Year Economic Forecast
and
Revenue Projections*

2018-2022

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 expense changes for projects that have been previously approved by the City Council and deemed relatively unavoidable. The largest item included in this category is the Arcadia Softball Complex as part of the Measure P (Parks) Bond funds. The remaining items included in this category are additional maintenance and operating expenses that will be required to operate and maintain 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 2018-2022 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, Alum Rock Avenue and 31st Street Park, Cannery Park, Communications Hill II – Hillside Fitness Staircase and Turnkey Park, Elaine Richardson Park, iStar Turnkey Park, Japantown Square Turnkey Park, Pellier Park, Pueblo De Dios, Rincon South Park, Tramien Park Phase II, and Vista Montana Park. The forecast also includes operating cost estimates for the Agnews Property Development (storm pump), trail sections for Lower Silver Creek Trail and the Five Wounds Trail. Funding continues to be set aside for Future Trail Projects to help meet the City’s goal to expand the City’s trail system to 100 miles by the year 2022. The City currently has approximately 57 miles of trails.

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
257,000	493,000	676,000	875,000	997,000

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New Traffic Infrastructure Assets Maintenance and Operations – This category reflects the anticipated additional costs that will be 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, landscaping, street lighting, pavement markings, and other traffic infrastructure is assumed in this category. Many projects are related to traffic safety enhancements for pedestrians and bicyclists, such as the Autumn Street Expansion and St. John Bike/Pedestrian Improvements. This category also includes funding for the maintenance of streetscape improvements related to BART’s extension to the Berryessa Station.

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
55,000	59,000	61,000	81,000	87,000

Measure P (Parks) Maintenance and Operations – This category reflects the projected maintenance and operations costs of new and expanded parks and community facilities that were included as part of a bond measure approved by the voters in November 2000. The only project included in this forecast is the Arcadia Softball Complex scheduled to open in the spring of 2018 with an annualized net operating expenditure of \$782,000 beginning in 2018-2019. It should be noted that the maintenance costs for the Arcadia Softball Complex are fairly aligned with prior reported Forecasts, adjusted for the revised completion date.

The Soccer Complex, which is the other Measure P project that has not yet been completed, is not reflected in the forecast because the operating and maintenance costs associated with that facility were factored into the budget in a prior year based on a previous project schedule. Those costs have since been removed and are currently being evaluated for inclusion in a future budget based on the status of the project.

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
121,000	782,000	827,000	873,000	913,000

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 2016-2017, or align with previous City Council direction. All capital projects that were previously approved for 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. As denoted by a double asterisk in the chart, the maintenance and operations costs for the Arcadia Softball Complex (previously titled Softball Complex) were established prior to the adoption of Budget Principle #8 and did not need to be certified by City Council. By 2021-2022, the costs to maintain and operate all City Council approved projects expected to come online during the five-year period are estimated at approximately \$2.0 million annually, of which approximately \$913,000 is related to the Arcadia Softball Complex.

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 - 2018-2022 GENERAL FUND FORECAST Net Operating Impact of Committed Additions

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS					
Future Trail Projects*	0	66,000	132,000	198,000	264,000
Agnews Property Development (Storm Pump)	36,000	37,000	38,000	39,000	40,000
Alum Rock Avenue and 31st Street Park Phase I	48,000	48,000	49,000	50,000	51,000
Alum Rock Avenue and 31st Street Park Phase II	0	8,000	33,000	33,000	34,000
Branham Park Courts (Branham Park Improvements)	0	4,000	7,000	7,000	8,000
Cannery Park	0	0	23,000	35,000	36,000
Communications Hill II - Hillsdale Fitness Staircase	0	0	0	58,000	78,000
Communications Hill II - Turnkey Park	0	33,000	50,000	51,000	52,000
Elaine Richardson Park	67,000	71,000	73,000	75,000	77,000
Happy Hollow Park and Zoo Animals	11,000	11,000	11,000	11,000	11,000
iStar Turnkey Park	0	0	0	39,000	54,000
Japantown Square Turnkey Park	0	29,000	30,000	32,000	33,000
Pellier Park	0	20,000	20,000	21,000	21,000
Pueblo De Dios (Council District 1 Land Acquisition)	37,000	38,000	38,000	39,000	40,000
Rincon South Park	0	13,000	31,000	32,000	33,000
Santana Park	0	0	0	9,000	16,000
Tamien Park Phase II	0	33,000	58,000	60,000	62,000
TRAIL: Blossom River Ramp (Guadalupe River Trail)	1,000	1,000	1,000	1,000	1,000
TRAIL: Lower Silver Creek (Alum Rock Ave to Highway 680)	19,000	39,000	39,000	41,000	41,000
TRAIL: Five Wounds (William Ave to Whitton Rd)	10,000	14,000	14,000	15,000	15,000
Vista Montana Park (1.0 acre park not maintained by developo	28,000	28,000	29,000	29,000	30,000
TOTAL NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS	257,000	493,000	676,000	875,000	997,000
NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS					
Autumn Street Expansion Phase I	10,000	10,000	11,000	11,000	11,000
BART Design and Construction	32,000	33,000	34,000	35,000	36,000
Radar Speed Display Signs	5,000	5,000	5,000	6,000	6,000
Renasant Place at Senter Bike/Ped Improvements (AHSC)	0	0	0	6,000	6,000
Senter Road Pedestrian Safety Improvements (HSIP)	0	0	0	2,000	2,000
St. James Station at Basset Bike/Ped Improvements (AHSC)	0	0	0	9,000	11,000
St. John Bike/Pedestrian Improvements (OBAG)	5,000	7,000	7,000	7,000	7,000
St. John Multimodal Improvements Phase I	3,000	4,000	4,000	4,000	4,000
White Road Pedestrian Safety Improvements	0	0	0	1,000	1,000
W. San Carlos Urban Villages (OBAG)	0	0	0	0	3,000
TOTAL NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS	55,000	59,000	61,000	81,000	87,000
MEASURE P (PARKS) MAINTENANCE AND OPERATIONS					
Arcadia Softball Complex**	121,000	782,000	827,000	873,000	913,000
TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS	121,000	782,000	827,000	873,000	913,000
TOTAL OPERATING IMPACT OF COMMITTED ADDITIONS	433,000	1,334,000	1,564,000	1,829,000	1,997,000

*Capital Projects with operating and maintenance costs in the General Fund greater than \$100,000 annually that have been previously certified by the City Council.

**These projects were established prior to the adoption of Budget Principle #8 and did not need to be certified by City Council.