



2016-2017

OPERATING BUDGET

**ATTACHMENT B -
STATUS OF MAYOR
AND
CITY COUNCIL
REFERRALS**

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>Submit a proposed budget for fiscal year 2016-2017 that is balanced and guided by the policy direction and framework of priorities contained in the Mayor's March Budget Message.</p>	<p>The 2016-2017 Adopted Budget incorporates this direction.</p>
<p>Future Deficit Reserve – Establish a 2017-2018 Future Deficit Reserve, and allocate the fiscal year 2016-2017 ongoing surplus to that reserve, and allocate that one-time funding to eliminate the \$11.1 million deficit forecast for 2017-2018.</p>	<p>The 2016-2017 Adopted Budget establishes the 2017-2018 Future Deficit Reserve of \$4.13 million (and \$6.94 million ongoing). The 2017-2021 General Fund Forecast that was issued in February 2016 projected an ongoing \$11.1 million shortfall for 2017-2018. This reserve is recommended to be set aside to address this shortfall.</p>
<p>Budget Stabilization Reserve – After addressing the priorities identified in the Mayor's March Budget Message for Fiscal Year 2016-2017, allocate a portion of the one-time funding from State "Triple Flip" sales tax and ERAF property tax revenues available to the City in fiscal year 2016-2017 to the Budget Stabilization Reserve, to move San José toward a 10 percent reserve funding goal.</p>	<p>The 2016-2017 Adopted Budget increases the Budget Stabilization Reserve by \$6.3 million. This amount includes \$3.8 million that was set aside per direction in the Mayor's March Budget Messages for Fiscal Year 2016-2017, as approved by the City Council, and funding of \$2.5 million from additional property tax revenue that was identified after the release of the 2016-2017 Proposed Budget. These actions along with the rebudget of \$10.0 million from 2015-2016 bring the Budget Stabilization Reserve up to \$16.3 million in 2016-2017. Per City Council Policy 1-18, Operating Budget and Capital Improvement Program Policy, there is a goal of 10% of General Fund Operating Budget expenditures for the combination of the General Fund Contingency Reserve, Budget Stabilization Reserve, and Workers' Compensation/General Liability Catastrophic Reserve. With this change, these reserves will equate to approximately 5.8%. This Reserve provides budget stability should fluctuations result in lower than projected revenues and/or higher than projected expenditures that cannot be re-balanced within existing budget resources in any given year. It is intended to provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur.</p>

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2016-2017 Adopted Operating Budget

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<p>Future Savings in Pension and Retiree Healthcare Costs – Set aside funding for polling and the placement of the negotiated pension and retiree healthcare costs measure on the November ballot that prohibits retroactive increases to prohibit future Councils from increasing defined retirement benefits without voter approval, and prohibits retroactive increases in those benefits.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$55,000 for polling costs related to a November 2016 Ballot measure to implement the Alternative Pension Reform Settlement Framework Agreements recently negotiated with all bargaining units. Existing base budget funding is available in the City-Wide Expenses Elections and Ballot Measures appropriation for the placement of the measure on the November 2016 ballot.</p>
<p>Sales Tax Revenues – Prepare a provisional budget that would allocate the anticipated \$30 million in 2016-2017 revenue in the event that a quarter-cent sales tax measure on the June 7, 2016 ballot passes. The incremental additions should prioritize public safety services such as police, fire, and gang prevention, and include funding for other critical services, such as pothole repair, pavement maintenance, and rapid rehousing of the homeless.</p>	<p>A Manager’s Budget Addendum #14, Sales Tax Ballot Measure: 2016-2017 Provisional Budget and Ongoing Spending Priorities Plan, responded to this direction. With its incorporation into the Mayor’s June Budget Message for Fiscal Year 2016-2017, as approved by the City Council, the anticipated \$30 million is allocated as follows in the 2016-2017 Adopted Budget: Maintain and Repair Major Streets (\$17.7 million), Improve Response Times to Fire and Medical Emergencies (\$4.85 million), Improve Police Response – Add Sworn Police Officers (effective in 2017-2018, \$0 in 2016-2017 and \$6.9 million ongoing), Improve Fire Response – Fire 37 Construction (\$2.21 million), Reduce Homelessness (\$2.0 million), Improve Response to Burglary and Neighborhood Crimes (\$1.53 million), Expand Police Recruitment, Hiring, and Retention Efforts (\$1.5 million), and Working Smarter to Reduce and Solve Crimes (\$210,000).</p>
<p>Supporting Police Recruitment – Continue aggressive efforts to recruit police officers, utilizing carryover and one-time funds necessary to ensure that – upon announcement of an approved settlement between the City and San Jose’s Police Officers Association (POA) – we can bring as many high-quality officers in the door as quickly as possible. In addition, per Council direction (as discussed in the Council-</p>	<p>The 2016-2017 Adopted Budget continues one-time funding of \$325,000 for recruiting candidates for the upcoming Police Officer Recruit Academies as well as civilian candidates for non-sworn vacancies such as dispatchers. Recruitment funding will augment the 2016-2017 Base Budget allocation of \$125,000, bringing total funding to \$450,000. This funding will be used to attend job fairs and recruiting events; conduct targeted radio, print, and social media marketing;</p>

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2016-2017 Adopted Operating Budget

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<p>approved memorandum from December 1, 2015 from the Mayor, Vice Mayor and Councilmembers Jones, Peralez and M. Nguyen regarding the “Police Department Hiring Audit”), return to Council as soon as possible with a comprehensive recruitment plan, to be complied in partnership with the POA, that focuses on lateral officers, new recruits, and qualified veterans. Supporting Police Recruitment (Cont’d)</p>	<p>outreach in publications, community colleges, and military agencies.</p> <p>The 2016-2017 Adopted Budget also adds 5.0 Background Investigator positions to the Background Unit at a cost of \$514,000 to background sworn and non-sworn positions. The Police Department plans to hold three police academies, three dispatcher academies, and three records academies annually, along with various civilian recruitments throughout the year. This action also reduces the Police Department’s personal services budget for temporary staffing by \$600,000 that has been set aside to support the backgrounding function pending the determination of the final service delivery approach.</p> <p>A memorandum discussing the Police Department’s sworn staffing levels and options to address the unprecedented low sworn staffing levels in the patrol division was received by the City Council at its meeting on October 4, 2016.</p>
<p>San José Works – Allocate one-time funding of no more than \$1.5 million to continue the San José Works Initiative.</p>	<p>The 2016-2017 Adopted Budget adds one-time funding of \$1.5 million to continue the San José Works youth initiative focused on strengthening the City’s partnerships, such as those through the Mayor’s Gang Prevention Task Force, to identify, recruit, train, and place at-risk youth in jobs. This initiative targets youth in gang and crime hot spots and offers economic opportunity for the City’s young residents. The initiative started in 2015-2016 as directed in the Mayor’s March Budget Message for that year, as approved by City Council. The program is implemented by the work2future program in partnership with the Parks, Recreation and Neighborhood Services Department.</p>

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<p>Technology to Improve Emergency Response – Identify resources in the Public Safety Capital Budget to support the implementation of an upgraded crew alerting system to help improve emergency response times. Several agencies have moved to Internet-Protocol (IP)-based alerting with text-to-speech broadcasts that have significantly reduced response times to emergencies.</p>	<p>The 2016-2017 Adopted Capital Budget and 2017-2021 Capital Improvement Program includes \$1.3 million in the Public Safety Capital Program for an IP-based alert system. The IP system allows the broadcast of an event to happen immediately upon unit assignment (less than one second delay). This is due to the vocal alarm using an IP pathway that does not need to wait for the dispatch channel to be clear. Several agencies that moved to IP-based alerting with text-to-speech broadcasts have significantly reduced response times for emergency events. One agency, similar to the San José Fire Department in size and call volume, reduced their overall response time an average of over 30 seconds per call in the first year of implementation.</p>
<p>Police Department Civilian Leadership – Allocate ongoing funding from the Police Department to fund an executive position in the Bureau of Technical Services to manage that division.</p>	<p>The 2016-2017 Adopted Operating Budget adds 1.0 Deputy Director civilian position (\$194,000) to the Department’s Bureau of Technical Services to assist in implementing data analytics tools to advance predictive policing strategies in order to help reduce high-frequency and geographically-focused crimes, such as burglary and drug dealing. To provide more workload capacity for the Assistant Police Chief, the existing Deputy Police Chief position assigned to the Bureau of Technical Services will be relocated to the Office of the Chief to oversee various units such as: special investigations, gaming, medical marijuana control, internal affairs, and research and development. This proposal may be subject to meet and confer with the San José Police Officers’ Association.</p>

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2016-2017 Adopted Operating Budget

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<p>Police Department Intelligence Technology Enhancements – Allocate no more than \$25,000 in analytic software to more effectively integrate social media into Police Department intelligence-gathering.</p>	<p>The 2016-2017 Adopted Operating Budget provides ongoing non-personal/equipment funding in the Police Department of \$25,000 for the Department’s Special Investigations Unit to invest in technology that will increase efficiency in location-based social media intelligence gathering in order to deter criminal activity. New technologies that include web-based social media discovery and analytics can allow the Department to understand what is happening at a given location in real time. In 2016-2017, this project is supported by existing funds in the Police Department Staffing/Operations Reserve from 2015-2016 that will remain unspent in 2015-2016 and carried over as 2016-2017 Beginning Fund Balance as described in the General Fund Revenue Estimates section of this document.</p>
<p>Master Address Database – Allocate a modest amount of one-time funding for the oversight, planning, and implementation of a Master Address Database to: a) improve fire and police response times, b) enable better use of data analytics to assess and improve service delivery, and c) save money by substantially reducing wasteful City staff work time.</p>	<p>The 2016-2017 Adopted Operating Budget adds 1.0 Information Systems Analyst limit-dated through June 30, 2018 (\$257,000) and provides non-personal/equipment funding for contractual services (\$350,000) to augment Public Works Department Technology Services Section Geographic Information System team. Currently, addressing is performed by separate groups in the City – generally for the singular addressing needs of each department. This two-year project will first consolidate existing addresses and create the Master Address Database in the first year. In year two, the Master Address Database will be implemented by the various departments that will use it. The Information Systems Analyst position will provide oversight, planning, and implementation of the Master Address Database. Successful implementation can improve fire and police response times, enable better use of data analytics to assess and improve service delivery, streamline staff time, and improve the City’s ability to become more innovative as address information is a major backbone for these efforts.</p>

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<p>Gang Investigations Technology Enhancements – Allocate up to \$25,000 in one-time funding for technology enhancements to improve the Gang Investigations Unit’s capacity to investigate and prevent gang-related crimes.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time non-personal/equipment funding of \$21,000 for a bridge software program, creating efficiencies within the Police Department’s Gang Investigations Unit by significantly reducing the current manual review process. This bridge software will electronically connect between the Police Department’s records management system and the statewide-shared gang database to help identify possible gang related entries. This project is supported by existing funds in the Police Department Staffing/Operations Reserve from 2015-2016 that will remain unspent in 2015-2016 and carried over as 2016-2017 Beginning Fund Balance as described in the General Fund Revenue Estimates section of this document.</p>
<p>Crime Prevention Support – Allocate \$10,000 in one-time funding to expand Neighborhood Watch programs and meetings by offsetting meeting space rental costs.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time non-personal/equipment funding of \$10,000 to offset rental costs for City and non-City facilities in order to support neighborhoods that do not have or cannot afford a location to host neighborhood watch meetings. This action will help expand the Neighborhood Watch program in lower income neighborhoods. This project is supported by existing funds in the Police Department Staffing/Operations Reserve from 2015-2016 that will remain unspent in 2015-2016 and carried over as 2016-2017 Beginning Fund Balance as described in the General Fund Revenue Estimates section of this document.</p>
<p>Saving for Fire Station 37 – Return to Council with a multi-year funding strategy to fund the construction of Fire Station 37 by 2019 if voters approve a one-quarter cent general sales tax on June 7, 2016 and an alternative emergency medical services delivery model emerges that has improved cost-recovery.</p>	<p>A Manager’s Budget Addendum #14, Sales Tax Ballot Measure: 2016-2017 Provisional Budget and Ongoing Spending Priorities Plan, responded to this direction. With its incorporation into the Mayor’s June Budget Message for Fiscal Year 2016-2017, as approved by the City Council, \$2.21 million of one-time funding is set aside in an Earmarked Reserve as a down payment on the preliminary additional estimated total amount of \$5.5 million to construct Fire Station 37 in</p>

Status of Mayor and City Council Referrals 2016-2017 Adopted Operating Budget

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<p>Saving for Fire Station 37 (Cont'd.)</p>	<p>Willow Glen and to purchase the necessary furniture, fixtures, equipment, and fire engine for the new station. This is the remaining project to be funded by the Public Safety Bond Program (Measure 0, 2002). Funding for the Fire Station's remaining one-time construction and equipment costs of at least \$3.29 million as well the ongoing operating and maintenance costs of approximately \$3.7 million will be required to be identified in future budgets.</p>
<p>Community Service Officers – Subsequent to its release, analyze a pending Stanford University report on the nationwide use of Community Service Officers (CSO) and come forward in fall 2016 to the Public Safety, Finance and Strategic Support Committee with analysis and options for maximizing the current CSO program, including an assessment of how the CSO program can further assist making San José safer, and what possible changes and additional training will be needed, as the City begins to fill and add police officer positions. The report to the Committee is to be developed in part through the engagement of the San José Police Officers' Association (POA) and Municipal Employees' Federation (MEF).</p>	<p>The Administration reported to the Public Safety, Finance and Strategic Support Committee as directed on September 15, 2016.</p>
<p>Neighborhood Clean-Ups – Allocate one-time funding to help expand clean-ups and make future funding for expanding clean-up programs a priority during upcoming negotiations with the City's garbage haulers, as residents have repeatedly expressed a willingness to pay for this important service.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$180,000 to expand neighborhood clean-ups by providing for up to six neighborhood-led beautification days for each of the City's ten Council Districts in 2016-2017. For each beautification event, it is assumed that six 40-cubic yard bins, one CRT/e-waste bin, and one metal-only bin would be provided. The events will be staffed by Council District staff and neighborhood groups, rather than City departmental staff. Such beautification days enable San José residents to dispose of unwanted items, but also have a broader impact in</p>

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Neighborhood Clean-Ups (Cont'd.)	providing an important tool to deter illegal dumping, reduce criminal activity, and otherwise enhance the quality of life for many struggling neighborhoods. This enhancement will bolster the current city-wide Neighborhood Clean-Up program that rotates through all neighborhoods once every three years. The Administration will make funding for expanding clean-up programs a priority during future negotiations with the City's garbage haulers (contract ends in 2021; RFP process anticipated to begin in 2018).
Fireworks: Enforcement and Safer Alternatives – Improve enforcement of illegal firework activity prior to this year's July 4 th celebrations through the use of increased administrative citations rather than criminal actions, use one-time funding from the Transient Occupancy Tax (TOT) Cultural Facilities Reserve to continue the Independence Day Celebration Grant Program, and inform producers of the Rotary International Fourth of July Fireworks and Independence Day Celebration at Almaden Lake that they must conform to the Office of Cultural Affairs' grant application process if they expect to receive any future City support.	<p>At its meeting on April 12, 2016, the City Council amended its Fireworks ordinance to, in part, authorize the City Manager to designate City employees who can issue administrative citations and directed the Administration to return to Council within 30 days with a detailed enforcement plan that utilizes the full scope of the ordinance changes. The Administration will follow this direction.</p> <p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$65,000 to continue the Rotary International Fourth of July Fireworks and Independence Day Celebration at Almaden Lake. For future City support, the Administration will work with the producers of these events to inform them of the potential for Transient Occupancy Tax Fund Cultural Development funds and the grant application process required for funding consideration.</p>

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<p>Opportunity Court – Allocate \$250,000 in one-time housing funding for an additional year of the Opportunity Court program, contingent on funding and/or staffing commitments from partners at the County and Superior Court. Further, work with the offices of the Mayor and Councilmember Peralez to convene stakeholders to scale the program with other public and private sources.</p>	<p>The 2016-2017 Adopted Operating Budget includes the allocation of \$250,000 within the “Homeless Case Management and Homeless Management Information System” appropriation in the Housing Trust Fund for an additional year of the Opportunity Court program, contingent on funding and/or staffing commitments from partners at the County and Superior Court. The Administration will also work with offices of the Mayor and Councilmember Peralez to convene stakeholders to scale the program with other public and private sources.</p>
<p>Inclusionary and Impact Fees – Allocate ongoing funding from the Multi-Source Housing Fund to support the immediate implementation and oversight of the Affordable Housing Impact Fee and Inclusionary Housing Fee to facilitate construction of affordable development on a scale of roughly \$20 million annually by 2020.</p>	<p>The 2016-2017 Adopted Operating Budget adds 1.0 Development Officer position in the Low and Moderate Income Housing Asset Fund to support the multi-family Affordable Housing Impact Fee Program. This position will work with a Senior Development Officer to prepare loan documentation for underwritten projects and coordinate the Loan Management System. This addition will also enable the Department to increase the production of loans and grants, thereby allowing more affordable housing projects to proceed with necessary oversight.</p>
	<p>The 2016-2017 Adopted Operating Budget also shifts funding for 1.0 Development Officer position from the Low and Moderate Income Housing Asset Fund to the Multi-Source Housing Fund to support the Affordable Housing Impact Fee Program. On November 18, 2014, the City Council adopted a resolution that established an Affordable Housing Impact Fee on new market-rate rental housing development of three or more units, which was recently upheld by the Supreme Court. This program is expected to grow to approximately \$20 million annually by 2020. Fee revenue of approximately \$135,000 will be realized in the Multi-Source Housing Fund to offset this position cost.</p>

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<p>Teacher Housing on School District Land – Prepare an estimate of inclusionary and impact fee revenue for the next two to three years, to enable Council and staff to assess whether this source might suffice to support a pilot project or two with local school districts who have demonstrated interest in partnerships that would enable the creation of affordable workforce housing for teachers and staff on school district land.</p>	<p>Manager’s Budget Addendum #21, Teacher Housing on School Land, was issued to respond to this direction, which preliminarily estimated that \$29.8 million could be available for affordable housing for teachers and school district staff.</p>
<p>Business Improvement District Creation & Support – Set aside a modest amount of one-time funding to either provide grants, or waive administrative and engineering study fees to support business improvement district (BID) formation.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$100,000 to provide grants or waive administrative and engineering study fees to support Business Improvement District (BID) formation. A BID provides a vehicle for small property and business owners to make collective contributions to the maintenance, development, and promotion of their commercial areas. Recently, various business associations and commercial areas, such as along Alum Rock Avenue, have expressed interest in creating a BID, yet are concerned regarding the expense of the administrative process. This funding will provide assistance to entities interested in creating a BID in their areas.</p>
<p>Manufacturing Jobs Initiative – Extend and fund the Manufacturing Jobs Initiative for another year, and allow any industrial building being retrofitted for manufacturing purposes, regardless of age, to be eligible to receive this incentive.</p>	<p>The 2016-2017 Adopted Operating Budget continues one-time funding of \$200,000 to continue the Manufacturing Jobs Initiative to incentivize the retrofit of older, vacant industrial buildings by covering the cost of permit approvals. This will provide funds to offset the City’s permitting costs and taxes associated with manufacturing production facilities on a first-come, first-served basis for tenant improvement projects of 25,000 square feet or more. This initiative began in 2015-2016, and the funding was able to support four businesses (Space Systems Loral, Hansen Medical, Bentek, and Four In One Co.). It is anticipated that the continued funding will be able to support two to five</p>

Status of Mayor and City Council Referrals 2016-2017 Adopted Operating Budget

Referral	Resolution
<p>Manufacturing Jobs Initiative (Cont'd.)</p> <p>Airport Attraction Program – Since our growth in air service has aided in the City’s strong growth in hotel tax revenues, return to Council with a plan for air service marketing and sales, in consultation with Team San José, and to set aside one-time funding from the TOT Cultural Facilities Reserve. Upon Council review and approval of that plan, the City Manager may release the funds.</p> <p>Self-Certification for Inspection and Permits – Assist the San José/Silicon Valley Chamber of Commerce and establish a task force to study self-certification programs, develop recommendations for implementing a similar program, and report to the Community and Economic Development Committee in fall 2016. The task force will be chaired by San José/Silicon Valley Chamber of Commerce CEE, Matt Mahood, and will be supported by the Mayor’s Office.</p>	<p>projects in 2016-2017. The initiative seeks to expand middle-income job opportunities for residents lacking a college or other advanced degree.</p> <p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$425,000 to establish an International Air Service Destination Marketing Program. In order for Norman Y. Mineta San José International Airport (SJC) to sustain its growth; the City and Team San Jose will be partnering to launch a two-year program to promote San José in key foreign markets and to build brand awareness with the intent to gain a larger share of the global travel market. The funding for the second year of the program is set aside in the 2017-2018 Airport Attraction Program Reserve. This program is supported by existing funds in the Cultural Facilities Capital Maintenance Reserve from 2015-2016 that was funded by the growth in the General Fund portion of the Transient Occupancy Tax revenue above the 2013-2014 base year that has been set aside for cultural and arts facilities capital replacement maintenance, per City Council direction.</p> <p>The Administration will report back to the Community and Economic Development Committee as directed in fall 2016.</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>Combatting Blight Citywide –Develop a pilot program focused on expanding the innovative model of positively engaging homeless community to combat blight and allocate one-time funding for one year. The Administration is further directed to report to the Neighborhood Services and Education Committee in spring 2017 on the initial results of the program.</p>	<p>The 2016-2017 Proposed Operating Budget adds one-time funding of \$430,000 for a pilot program to provide work experience opportunities for homeless individuals by addressing litter and illegal dumping in highly affected neighborhoods. This action stems from a successful City and Downtown Streets Team partnership that positively engaged the homeless community in combatting blight in both the Downtown and Monterey Highway areas. The funding will support a team of 15 workers, two supervisors, vouchers, supplies and administrative costs and will provide clean-up five days per week. This pilot will fully fund the placed-based neighborhoods (Mayfair, Santee, and Five - Wounds/Brookwood Terrace), continue the work on Monterey Highway, and expand the program into the Canoas Garden/Evans Lane area, and potentially other priority areas.</p> <p>The Administration will report back to the Neighborhood Services and Education Committee as directed in spring 2017.</p>
<p>San José Sports Authority (SJSA) – Allocate one-time funding to the SJSA’s base funding for 2016-2017 and engage SJSA in developing future years’ base budgets. Further, allocate \$100,000 as a final payment in support of the USA Gymnastics Olympic Trials, held in Downtown San José starting July 8th.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$350,000 to the annual funding for the San José Sports Authority, increasing funding from \$348,200 to \$698,200. To drive additional economic opportunities, the majority of the funding (\$250,000) will go toward attracting an increased number of major sporting events, such as the Major League Soccer All-Star Game, College Football Championship, Figure Skating Championship, WWE/WrestleMania Bid, Amgen Tour of California Bid, and Rugby World Cup. The Office of Economic Development, in conjunction with the Authority, will seek possible private fundraising opportunities to augment the Authority’s Base Budget in future years. The remaining funds (\$100,000) provide the third and final payment for the Women’s Gymnastics Olympic Trials that the Sports Authority</p>

Status of Mayor and City Council Referrals 2016-2017 Adopted Operating Budget

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<p>San José Sports Authority (Cont'd.)</p> <p>Diridon Station Area Planning – The City has worked with the California High-Speed Rail Authority (HSRA) to fund a project manager to develop a Financing Strategy, Governance Structure, Parking Strategy, and select a Master Developer for the Diridon Station Area. Leveraging funds from HSRA, allocate \$140,000 in one-time Parking Fund funds and leverage additional support from HSRA and other agencies to support these efforts.</p>	<p>committed to the U.S. Olympic Gymnastics Federation to bring the 2016 Women's Gymnastics Olympic Trials to San José (that were held July 8-10, 2016).</p> <p>Given their important influence on the local economy, the Administration will continue to be engaged with SJSA as they develop their budget for 2017-2018 and beyond.</p> <p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$351,500 to continue the coordination and development of the Diridon Station Area Plan (DSAP), as approved by the City Council on June 17, 2014. Of this amount, \$140,000 is funded by the General Purpose Parking Fund for project management as directed in the City Council approved Mayor's March Budget Message for Fiscal Year 2016-2017, and \$211,500 is funded by remaining California High Speed Rail Authority (HSRA) grant funds in the General Fund. A total grant award of \$103,500 was issued to the City from the HSRA in 2015-2016 and is expected to be spent over two years. In 2016-2017, the HSRA grant will fund a part-time project manager (\$104,000) and consultant services (\$108,000) to develop a financing strategy, governance structure, parking strategy, and process to select a master developer for the Diridon area. In order to advance the DSAP and fully use the grant funds, a full-time project manager is needed. City funds of \$140,000 from the General Purpose Parking Fund will augment the grant funds to ensure sufficient resources are available for project management and a full-time project manager.</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

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<p>Children’s Health – To assist the Health Trust in securing an additional \$4 million from the State of California for a successful launch of the public-private fundraising effort to advance fluoridation in East San José in cooperation with the water retailer, allocate \$250,000 in one-time funding to the Health Trust.</p>	<p>The 2016-2017 Adopted Operating Budget provides one-time funding of \$250,000 to the Health Trust to assist with securing an additional \$4 million from the State of California for fluoridation efforts in East San José. The Health Trust has spearheaded a public-private fundraising effort, securing \$6 million in funding from Santa Clara County, FIRST 5 Santa Clara County, and its own funds to advance fluoridation in East San José in cooperation with the water retailer. Although the United States Center for Disease Control ranks fluoridation as one of the ten most impactful public health achievements in the last century, San José remains the largest U.S. city not completely served with fluoridated water, potentially impacting the dental health of children.</p>
<p>San José Sustainability Plan – Begin the procurement process to develop a sustainability action plan that focuses on energy, water, and transportation. Existing funding from the Silicon Valley Energy Watch can be used to support this effort, and if the City succeeds in securing the \$1 million in funding from the PG&E commercial energy efficiency utility challenge, these dollars should also support this effort.</p>	<p>In 2016-2017, the Administration will begin the procurement process to develop a sustainability action plan that focuses on energy, water, and transportation. As much of the Silicon Valley Energy Watch is pledged to other sustainability efforts, securing the \$1 million in funding from the PG&E commercial energy efficiency utility challenge will be critical to support the development of a sustainability plan. Upon receipt of confirmation that the PG&E funding will be realized, likely in winter 2017, the Administration will initiate the procurement process.</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>Community Choice Aggregation Technical Study – Allocate \$300,000 in one-time funding to conduct a technical study to determine the feasibility for launching Community Choice Aggregation (CCA) in San José, and to return to Council with recommendations, modifying the March 1, 2016 Council direction on this item.</p>	<p>The 2016-2017 Adopted Operating Budget provides funding of \$300,000 for a technical study to determine the feasibility of launching a Community Choice Aggregation (CCA) in San José, in an effort to achieve the City’s renewable energy goals under the Green Vision. A Community Choice Aggregation is a State-adopted policy that allows local governments to aggregate electricity in order to offer alternative energy supplies. This study will include information regarding economic viability, an analysis of energy load data and customer base, whether the CCA could provide electricity rates that are competitive with the incumbent utility, governance models, renewable energy scenarios, and employment impact analysis, among other areas of analysis. This study is anticipated to be completed by winter 2017 and at that time, the Administration will return to the City Council with recommendations on this item.</p>
<p>Family College Success Center – Allocate \$75,000 in one-time funding to the Hispanic Foundation of Silicon Valley for the expansion and success of the Family College Success Center, with direction that future funding should be sought through the Community Development Block Grant, Mayor’s Gang Prevention Task Force or other grant processes.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time funding of \$75,000 in the form of a matching grant to the Hispanic Foundation of Silicon Valley to implement the Family College Success Center. This program is designed to boost high school graduation rates and improve college readiness among low-income students. The Administration will also advise the organization to seek future funding from the other sources identified.</p>
<p>TOT Cultural Facilities Reserve – Continue to fully fund this reserve to address capital needs – such as roof repair – before neglect causes them to become much more expensive burdens and redirect any supplemental dollars for specific cultural priorities that TOT dollars would typically fund, but only where those dollars can be leveraged with substantial contributions from private or other public sources, as described in greater detail below:</p>	<p>The 2016-2017 Adopted Operating Budget follows this direction, using the Cultural Facilities Capital Maintenance Reserve as a source to fund the following work efforts: securing a permanent, publicly-owned site for San José Stage Company (\$1.0 million); leveraging private fundraising for planning and development of a Vietnamese-American Community Center (\$300,000); and continuation of the momentum for Viva Calle and Viva Parks (\$250,000).</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>1) securing a permanent, publicly-owned site for San José Stage Company; 2) seed funding for evaluation, planning and development of an additional parking garage to serve the cultural facilities in the greater Downtown, with a priority given to the Diridon Station Area; 3) continuation of the momentum of Viva Calle and Viva Parks; and 4) a community center serving the Vietnamese-American community. (Cont'd.)</p>	<p>As the City was not the winning bidder to acquire the 88 Central Place Parking Garage from the Successor Agency to the Redevelopment Agency, sufficient resources are available for the General Purpose Parking Fund to supply \$2.0 million in seed funding for evaluation, planning and development of an additional parking garage to serve the cultural facilities in the greater Downtown.</p>
	<p>Additional investments funded by the reserve that are described in more detail in the 2016-2017 Adopted Budget include: Airport Attraction Program and Reserve (\$850,000), City Hall Rotunda Lighting (\$350,000), Sports Authority (\$350,000), History San José – Pacific Hotel - Fire and Intrusion Alarm (\$250,000), The Tech Museum Controls Module Improvements (\$250,000), Hammer Theatre Miscellaneous HVAC and Electrical Upgrades (\$200,000), Downtown Ice Rink Improvements (\$100,000) Family Friendly City Facilities (\$110,000), History San José – Fallon House Elevator and Ramp Replacement (\$100,000), Independence Day Celebrations (\$65,000), Arena Authority (\$48,000), Mexican Heritage Plaza Roof Repairs (\$25,000), and Children’s Discovery Museum Skylight Replacement (\$20,000). Taking the above investments into account, the amount remaining in the Cultural Facilities Capital Maintenance Reserve is \$740,000 million. After including the additional TOT revenue anticipated for 2016-2017, the Reserve will grow by an additional \$5.1 million for a new total of \$5.8 million.</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>San José Stage Company – Set TOT funding aside for necessary appraisals, planning and potential purchase of a publicly-owned theater site for the San José Stage Company.</p>	<p>The 2016-2017 Adopted Operating Budget provides funding of \$1.0 million to help secure a permanent, publicly-owned site for the San José Stage Company. The site, formerly owned by the Redevelopment Agency faces the threat of sale, under the requirements of the Successor Agency to the Redevelopment Agency (SARA) and the California Department of Finance. San José Stage Company plans to potentially partner with the City to finance the acquisition and redevelopment of the parcel in order to keep this arts facility in the community. This proposal will provide funding for necessary appraisals, planning, and potential purchase of the site.</p>
<p>Community Center for the Vietnamese-American Community – Allocate \$300,000 to assist with fundraising, planning, and preliminary design, and to specifically help launch private fundraising for the development of a community center. Further, explore the use of an existing community center provisionally for this purpose, given the multi-year process required for construction of a permanent center.</p>	<p>The 2016-2017 Adopted Operating Budget provides funding of \$300,000 for fundraising, planning, and preliminary design, and to specifically help launch private fundraising for the development of a Vietnamese-American Community Center. The goal of the community center is to serve as a public gathering space for events, civic dialogue, and for provision of services and information in the Vietnamese language. Use of an existing community center provisionally for this purpose is also being explored, given the multi-year process required for construction of a permanent center.</p>
<p>Viva Calle & Viva Parks – Allocate one-time funding from the TOT Cultural Facilities Reserve to continue the Viva Parks program, contingent on the City leveraging no-City grants and philanthropy.</p>	<p>The 2016-2017 Adopted Operating Budget adds one-time personal services funding of \$150,000 for six temporary positions (2.0 Recreation Leader, 2.0 Recreation Program Specialist, 1.0 Recreation Superintendent, and 1.0 Senior Recreation Leader) and one-time non-personal/equipment funding of \$140,000 to continue activation efforts with Viva Calle, Viva Parks, and Plaza de Cesar Chavez events through October 2016. Additionally, as directed in the Mayor’s June Budget Message for 2016-2017, as approved by the City Council, this action provides one-time personal services (\$28,000) and</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
<p>Viva Calle & Viva Parks (Cont'd.)</p>	<p>non-personal/equipment (\$12,000) funding of \$40,000 to expand ¡Viva Parks! to encourage activation of Chris Hotts Park.</p> <p>Viva CalleSJ is a free recreational program that closes approximately six miles of San José streets and brings people and the community together to walk, bike, skate, play, and explore the City. Viva CalleSJ will occur on September 18, 2016 and the route will include the Japantown, Willow Glen, Burbank/West San Carlos, and Downtown San José areas. ¡Viva Parks! events are safe and fun for the community and approximately 24 will be held throughout the summer at various parks in East San José. The Chris Hotts Park activation is an expansion of ¡Viva Parks! to be held in Spring 2017. ¡Viva Parks! events vary but may include healthy food demonstrations, zumba and martial arts demonstrations, bounce houses, cultural dance performances, large group games, skate jams and climbing wall, and movie nights. PRNS will also coordinate daily activation at Plaza de Cesar Chavez that will draw participants during early morning, lunch, and dinner times. Activation activities include, but are not limited to, yoga, games, food trucks, a beer garden, and music. A portion of these costs will be offset by booth rental revenues (\$40,000), as described in the General Fund Revenues section of this document. It is also anticipated that the department will receive grant revenues to support these programs.</p>
<p>Leading Smart City Initiatives – Establish an Office of Innovation and Digital Strategy in the City Manager’s Office, aimed at implementation of the Smart City Vision, and allocate ongoing funding for this effort. Further, develop a two-year work plan and report to the Smart City and Service Improvement Committee in fall 2016, after the establishment of the office.</p>	<p>The 2016-2017 Adopted Operating Budget establishes the Office of Innovation and Digital Strategy through the addition of 1.0 Deputy City Manager position and 1.0 Sr. Executive Analyst (SEA) positions (\$402,000), and reassigns the existing Budget Office Data Analytics Team consisting of 1.0 SEA and 1.0 Executive Analyst to this new office. The Office will provide oversight, coordination and implementation</p>

Status of Mayor and City Council Referrals 2016-2017 Adopted Operating Budget

Referral	Resolution
Leading Smart City Initiatives (Cont'd.)	<p>support for City innovation projects and programs and lead the Administration's effort to support the Mayor and City Council in implementing the Smart Cities Vision. The team will work with various Departments to develop ideas and partnerships to solve service delivery problems, as well as keep pace with developing public and private innovations that might enhance City services. The team will also serve as a primary point of contact for new ideas with corporate partners, facilitate the Administration's Civic Innovation Cabinet and assist staff in preparing and vetting concepts to meet both operational and innovation goals. As San José aims to lead as a smart city and ensure future-ready digital infrastructure for the entire community, this action also includes one-time funding of \$250,000 to begin the process of developing an Information and Communications Technology Masterplan for the City government organization, as well as for the broader San José community. This will be a significant, strategic, multi-year, effort that will involve the CMO, Information Technology Department, other key Departments, as well as technical consulting expertise. These funds allow the project to get started in 2016-2017 with assessment and documentation of assets in digital form (e.g. conduit location and condition), identification of gaps in our network, articulation of priority needs and opportunities, and analysis of potential public-private partnership models, including a potential Request for Proposals to test private interest in investing in our municipal fiber network.</p> <p>The Administration will develop a two-year work plan and report to the Smart City and Service Improvement Committee in fall 2016.</p>

Status of Mayor and City Council Referrals

2016-2017 Adopted Operating Budget

Referral	Resolution
I.T. Position Assessment – Assess how to fill current vacancies and to ensure staffing and training in the Information Technology Department (IT) to meet current and future needs.	As recently reported as part of the Information Technology Projects Status and Future Technology Investment Strategies Semi-Annual Report that was heard at the April 21, 2016 Public Safety, Finance and Strategic Support Committee, the Administration is actively working on a multi-pronged approach to fill current vacancies and to ensure appropriate staffing and training needs are met in the Information Technology Department to meet current and future needs. Several recommendations for Information Technology staffing realignments are also contained in the 2016-2017 Adopted Operating Budget.
Budget Balancing Strategy Guidelines – Use the 2016-2017 Budget Balancing Strategy Guidelines as detailed in Attachment A.	The 2016-2017 Adopted Budget incorporates this direction.
Essential Services Reserve – Set aside \$2.0 million in one-time funds that may be used for the purpose of supporting services that are of essential importance to our residents. Services deemed essential by the City Council may be funded with the use of these one-time funds, as well as a Participatory Budgeting Pilot Program.	The 2016-2017 Adopted Budget establishes an Essential Services Reserve totaling \$2.5 million to fund one-time services that are not yet contained in the budget, but are of essential importance to the community and/or to establish a Participatory Budget Pilot Program for those City Council Districts that wish to opt-in to this program. These funds were allocated later during the 2016-2017 budget process as part of the Mayor’s June Budget Message for City Council consideration and eventual approval. The Administration increased the reserve amount from the original \$2.0 million direction level by \$500,000 in order to provide additional flexibility during the City Council budget deliberation process.