



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Peter Jensen  
Albert Balagso  
Jennifer A. Maguire

**SUBJECT: 2008-2009 PROPOSED FEES AND  
CHARGES REPORT REPLACEMENT  
PAGES AND INFORMATION  
REGARDING SENIOR ANIMAL  
ADOPTIONS**

**DATE:** May 16, 2008

Approved

Date 05/16/2008

## BACKGROUND

On May 12, 2008, during the Operating Budget Study Session, Councilmember Nora Campos requested that staff provide the rationale for the proposed increase for the adoption fees for senior dogs and cats, as well as information on the adoption rate of those animals. This memorandum is prepared in response to her question.

## ANALYSIS

The General Services Department section of the 2008-2009 Fees and Charges Report (pages 40 through 53) inadvertently did not include fee revisions that are recommended to be implemented in 2008-2009. The adjustments would include an increase of \$10 for *all* dog adoptions and a \$5 increase for *all* cat adoptions. These technical adjustments would not change the 88.7% cost recovery levels, consistent with the 2008-2009 Proposed Operating Budget. The following adoption fees are proposed to be revised and the replacement pages are attached:

Adoption fee for kittens	from \$95 to \$100
Adoption fee for puppies	from \$125 to \$135
Adoption fee for senior cats	from \$30 to \$35
Adoption fee for senior dogs	from \$55 to \$65
Standard adoption – cats	from \$75 to \$80
Standard adoption – dogs	from \$105 to \$115

Adoption fees for cats and dogs that would be applicable to senior citizens are not proposed for any changes. Overall, these proposed fee revisions are anticipated to bring an additional \$21,500 in revenue to the General Fund.

Senior dogs and cats are defined as animals that are more than six years old. There is not a high demand by the public to adopt these older pets. Overwhelmingly, the public seeks puppies, kittens, and to a much lesser degree, young adult animals (1-3 years old). It has been the strategy

May 16, 2008

**SUBJECT: 2008-2009 Proposed Fees and Charges Report Replacement Pages and Information Regarding Senior Animal Adoptions.**

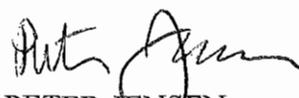
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**ANALYSIS (CONT'D.)**

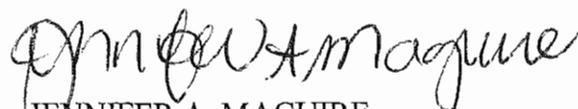
of Animal Care and Services to offer a significant discount to entice the public to consider adopting a senior dog or cat. The gap between a standard adoption and a senior animal adoption is \$45 (60% discount) for cats and \$50 for dogs (48% discount). For the 2008-2009 proposed fee revisions, the difference would remain the same.

Senior animals present a particularly difficult challenge for animal shelters. On average, a senior animal will remain in the shelter for 2-3 times the length of stay for a younger animal. Space is often at a premium in a shelter as busy as the San José Animal Care Center. The Center will handle approximately 17,000 domestic animals a year. The longer an animal occupies a specific cage space, the fewer opportunities there are for other animals to have a chance to be adopted. Determining the age of an animal can be difficult; however, of those animals whose age can be accurately identified, senior animals comprise a very small portion of the animal population. In 2006-2007 senior dogs were 4% of the total incoming population of which 40 senior dogs were adopted and senior cats were less than 1% of the total incoming population of which 20 senior cats were adopted. More than half of the total incoming senior dogs, and about a third of senior cats, were eventually sent to area rescue groups who can provide a lower stress environment than a busy animal shelter. The revenue derived from senior animal adoptions is about 1% (\$2,800) of the entire adoption program which brings in approximately \$240,000 each year. The proposed fee change for senior animals would increase the revenue to the senior category by \$500.

The most important factor in adopting a senior animal is age. An older animal is likely to have more veterinary costs in the near future and will have a shorter life with the adopting family. It is not anticipated that the fee change for senior animals will be a disincentive to the adoption of senior animals at the San José Animal Care Center. The adoption fee for a senior animal is intentionally set low (with or without the recommended change) to attract consideration. Even the price of the standard adoption fees are quite good when considering the market values of a spay/neuter surgery, all shots, flea and tick treatment, microchip implant, and the first year license, all procedures that animals go through prior to adoption at the shelter. Area veterinarians charge hundreds of dollars for these services.

  
PETER JENSEN  
Director of General Services

  
ALBERT BALAGSO  
Director of Parks, Recreation and  
Neighborhood Services

  
JENNIFER A. MAGUIRE  
Acting Budget Director

Attachments

**2008-2009 FEES AND CHARGES REPORT  
SUMMARY OF PROPOSED FEE CHANGES**

<b>Department - Fee</b>	<b>Date Of Last Revision</b>	<b>2007-2008 Adopted Fees</b>	<b>2008-2009 Proposed Fees</b>
<b><u>Fire</u></b>			
<b>Fire Safety Non-Renewable Permits</b>			
- Additional Permit Requiring a Plan Review and/or Inspection	2007-2008	\$196 each (in addition to highest permit fee)	\$216 each (in addition to highest permit fee)
- Permits Requiring BOTH a Plan Review AND an Inspection	2007-2008	\$499	\$549
- Permits Requiring Either a Plan Review OR an Inspection	2007-2008	\$348	\$383
- Permits Requiring No Plan Review or Inspection	2007-2008	\$196	\$216
<b>Hourly Rate</b>			
- Development Activity	2007-2008	\$97 per half hour or portion thereof	\$101 per half hour or portion thereof
- Non-Development Activity	2007-2008	\$75 per half hour or portion thereof	\$82.50 per half hour or portion thereof
<b>Late Charges</b>			
- Late Charges	Pre-2000-2001	25% of unpaid invoice if more than 60 days in arrears	10% of unpaid invoice if not paid by due date, additional 10% of outstanding balance if 30 days past due
- Late Charges	Pre-2000-2001	25% of unpaid invoice if more than 60 days in arrears	10% of unpaid invoice if not paid by due date, additional 10% of outstanding balance if 30 days past due
<b>Miscellaneous Fees</b>			
- Document Research Service Fee	2007-2008	\$72 per hour (clerical) with minimum of \$36; \$112 per hour (Permit Specialist) with minimum of \$56, depending on staff level required	\$75 per hour (clerical) with minimum of \$37.50; \$116 per hour (Permit Specialist) with minimum of \$58, depending on staff level required
<b><u>General Services</u></b>			
<b>Animal Control Services</b>			
- Adoption fee (standard) - cats	2003-2004	\$75	\$80
- Adoption fee (standard) - dogs	2003-2004	\$105	\$115
- Adoption fee for kittens	2006-2007	\$95	\$100
- Adoption fee for puppies	2006-2007	\$125	\$135
- Adoption fee for senior cats (animal over 6 years)	2003-2004	\$30	\$35
- Adoption fee for senior dogs (animal over 6 years)	2003-2004	\$55	\$65

**2008-2009 FEES AND CHARGES REPORT  
SUMMARY OF PROPOSED FEE CHANGES**

<b>Department - Fee</b>	<b>Date Of Last Revision</b>	<b>2007-2008 Adopted Fees</b>	<b>2008-2009 Proposed Fees</b>
<b><u>General Services</u></b>			
<b>Animal Control Services</b>			
- Cat license fee - late fee imposed for application received within 30 days after issuance of administrative citation for failing to license after expiration when the citation is not appealed. Note: Approved by the City Council October 2, 2007			\$45
- Dog license fee - late fee imposed for application received within 30 days after issuance of administrative citation for failing to license after expiration when the citation is not appealed. Note: Approved by the City Council October 2, 2007			\$45
<b>Indoor Meetings/Events (Non-Profit &amp; Government)</b>			
- % of Gross Admission Receipts	2006-2007	5%	No Charge
- Rotunda (per event)	2006-2007	\$800	Delete Fee
- Rotunda Mezzanine (per event)	2006-2007	\$325	Delete Fee
- Rotunda Mezzanine (per hour) weekends			\$150
<b>Indoor Meetings/Events (Other Users)</b>			
- Rotunda (per event)	2006-2007	\$1,500	Delete Fee
- Rotunda (per hour)	2006-2007	\$300	\$375
- Rotunda Mezzanine (per event)	2006-2007	\$650	Delete Fee
- Rotunda Mezzanine (per hour) weekends			\$175
<b>Other Fees and Charges</b>			
- Stage (4' x 8' sections/ up to 24' x 32')	2006-2007	\$16 per section	\$25 per section
<b>Outdoor Meetings/Events</b>			
- % of Gross Admission Receipts (Non-Profit)	2006-2007	5%	0%
- % of Gross Admission Receipts (Other Users)	2006-2007	10%	10% or rent cost, whichever is higher
- Outdoor Major Event - Bamboo Courtyard	2006-2007	\$500 per day	\$110 per hour
- Outdoor Major Event - Multiple Day	2006-2007	\$250 per each additional day	Delete Fee
- Outdoor Major Event - Plaza	2006-2007	\$500 per day	\$125 per hour
<b><u>Housing</u></b>			
<b>Rental Dispute Mediation</b>			

## DEPARTMENTAL FEES AND CHARGES

## GENERAL SERVICES

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>ANIMAL CARE AND SERVICES - CATEGORY I</b>								
<b>ANIMAL CARE AND SERVICES - CATEGORY II</b>								
Note: Previously displayed under Parks, Recreation and Neighborhood Services								
<b>1. Animal Control Services</b>								
1 Adoption fee (standard) - cats	\$75		\$80					
2 Adoption fee (standard) - chickens and ducks	\$20		No Change					
3 Adoption fee (standard) - dogs	\$105		\$115					
4 Adoption fee (standard) - guinea pigs	\$10		No Change					
5 Adoption fee (standard) - hamsters, rats and mice	\$5		No Change					
6 Adoption fee (standard) - rabbits	\$20		No Change					
7 Adoption fee for cats - second adoption	\$50		No Change					
8 Adoption fee for cats - senior citizen with an animal over 3 years	\$25		No Change					
9 Adoption fee for dogs - second adoption	\$75		No Change					
10 Adoption fee for dogs - senior citizen with an animal over 3 years	\$40		No Change					
11 Adoption fee for kittens	\$95		\$100					
12 Adoption fee for puppies	\$125		\$135					



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**FROM:** Richard Doyle  
City Attorney  
**SUBJECT:** CITY ATTORNEY'S OFFICE  
BUDGET REDUCTION PLAN  
**DATE:** May 20, 2008

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## RECOMMENDATION

Approve the City Attorney's Office 2008-09 Budget Reduction Plan outlined in this memorandum.

## BACKGROUND

The Mayor and City Council as part of the Mayor's March Budget Message directed the City Attorney's Office to reduce its 2008-09 general fund budget by 6%, the recommended average percentage reduction for non-public safety city service areas. The Office's initial proposed budget reduction plan, which focused on maintaining the current level of legal services, met the 6% reduction target but was not accepted because it did not meet the target with 83% ongoing reductions.

The Office subsequently submitted a revised budget reduction plan that was included in the 2008-2009 Proposed Operating Budget. The revised plan eliminates four positions (three filled attorney positions) and significantly reduces legal services for the Workers' Compensation Program.

As discussed at the Budget hearing, the City Attorney's Office is now proposing an alternate budget reduction plan that will meet the 6% reduction and, at the same time, allow the Office to maintain the present level of legal services provided to the entire organization through 2008-09.

## ANALYSIS

The City Attorney's Office cannot meet the 83% ongoing reduction target without reducing service delivery. This target requires the elimination of key attorney positions, leaving the Office without adequate resources to sustain the current level and quality of legal services.

Options for general fund budget reductions are extremely limited, as over 93% of the Office budget is appropriated to personal services, and the non-personal budget has already been reduced by 22% over the past two years.

### **ANALYSIS (CONT'D.)**

This is the seventh consecutive year that the City is faced with addressing a budget deficit. Each year, the City Attorney's Office has met the budget reduction target and attempted to absorb the ongoing workload, while implementing a series of cost-saving actions that have cumulatively reduced Office resources to minimum levels. The number of staff has decreased 10% since 2001-2002, dropping from 104.62 to 94.62 authorized positions in 2007-2008. As it is, the City Attorney's Office has the fewest number of attorneys per capita when compared to city attorney offices in all of the large California cities. In addition, the Office's outside counsel costs are significantly lower than the other large cities.

Preparing a reduction plan without impact on service delivery is impossible, as it is expected that the demand for legal services will not diminish next year. In fact, it has been the Office's experience during this prolonged economic downturn that the legal services demand has increased in many areas, particularly legal work related to Public Records Act requests, and Reed and Sunshine Reforms, including proposed reforms to campaign, election, lobbyist and conflict of interest ordinances. Currently, significant resources are dedicated to addressing the disruption in the bond market. Legal support for the Green Vision, Small Wonders, and economic development initiatives will further increase the Office workload in the upcoming year.

The litigation workload, which cannot be adjusted, has also risen considerably with an increased number of trials this year and the recent enactment of federal court rules on electronic discovery. Significant resources are dedicated to the identification, collection, processing, review, analysis and production of electronic data. Electronic discovery demands will continue to expand as the State courts are expected to soon adopt rules similar to the federal courts. The Office has had 18 cases set for trial thus far in 2008.

The City has a \$2.7 billion proposed budget for 2008-2009. Legal services are essential to assist the City to manage risks and protect assets. If the Office does not have the resources to provide comprehensive legal services to the entire organization, it will be necessary for the City to hire outside counsel for legal services no longer provided by the City Attorney's Office.

The reality is that hiring outside counsel will be more costly for the City than to keep legal work in-house. For example, the estimated annual cost to hire outside counsel for the Workers' Compensation Program is \$1.48 million, compared to the in-house personal services cost of \$805,073. In addition to the higher costs, outside counsel will not have the "big picture" perspective on citywide issues, policies, and procedures that are important for the City, and necessary to providing consistent and comprehensive legal services.

### **REDUCTION PLAN**

The following proposed reduction plan meets the 6% reduction target, but not the 83% ongoing target. The attorneys in the positions recommended for a hiring freeze carried full workloads up to the time of the incumbents' recent retirements. Attorneys have accepted additional

**REDUCTION PLAN (CONT'D)**

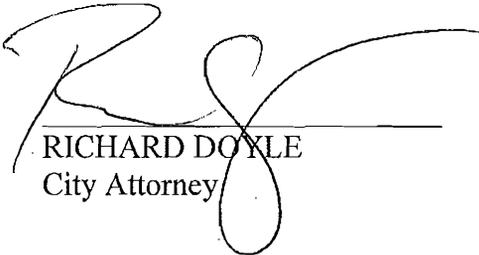
assignments to temporarily cover the workload; however, it is important to fill these critical positions as soon as possible.

<b>Title</b>	<b>2008-09 General Fund</b>	<b>Subtotals</b>
Eliminate Legal Admin Asst II, #15490 (vacant 1/07)	\$ 86,847	\$ 86,847
Eliminate Research Attorney, #7996 (vacant 1/18/08)	\$ 59,202	\$146,049
One-Time Freeze- Sr. Dep City Atty, #5669 (vacant 3/31/08)	\$232,777	\$378,826
One-Time Freeze – Chief Dep City Atty, #6675 (vacant 3/24/08)	\$257,209	\$635,035
One-Time Reduction to Non-Personal/Equipment	\$ 13,167	\$649,202

**CONCLUSION**

Approval of the reduction plan proposed in this memo meets the Mayor's 6% reduction target, enables the Office to continue to provide full support for the Workers' Compensation Program, avoids employee layoffs, and is more cost-effective for the City as it reduces the need to hire outside counsel.

During the next year, the Office will continue to work on streamlining processes and enhancing the use of technology to improve operational efficiencies. In addition, the Office will evaluate the workload to identify areas where legal services can be modified. The City Attorney's Office remains committed to providing excellent legal services in a timely manner, and looks forward to discussions with the Mayor, City Council and client departments to best serve the needs of the organization and the community.

  
RICHARD DOYLE  
City Attorney



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** MUNICIPAL WATER SYSTEM  
COST STUDY

**DATE:** May 20, 2008

Approved

Date

5/21/08

## RECOMMENDATION

Accept this cost study confirming that transfers from the Consolidated Water System to the General Fund have been consistent with requirements contained in the San Jose Municipal Code.

## BACKGROUND

On May 8, 2008, during the Operating Budget study session for the Environmental and Utility Services CSA, Councilmember Cortese requested information on the status of the cost study concerning transfers from the Municipal Water System to the General Fund, as directed by Council at the June 26, 2007 Council meeting.

## ANALYSIS

In June 2003, the City Council enacted Ordinance 26903, amending Chapter 4.08 of Title 4 of the San Jose Municipal Code (Code), to ensure reasonable rates for customers receiving potable water service from the San Jose Municipal Water System (SJMWS). This ordinance specifically limited the amount of monies that could be transferred from SJMWS to the General Fund.

In October 2004, The City Auditor completed a report entitled "A Report on San Jose Municipal Water System Compliance with City Council Ordinance No. 26903," which is provided as Attachment A. The Auditor found that:

*"SJMWS has limited Fund 515 transfers to the General Fund in accordance with the Code and*

*"The SJMWS has drafted policies and procedures and the City Auditor's Office has reviewed them for adequacy. We recommend that the SJMWS finalize its' procedures."*

Consistent with the Auditor's recommendation, SJMWS finalized the procedures, which are provided as Attachment B.

In April 2007, the City Auditor completed another audit of the SJMWS titled "An Audit of the Municipal Water System Consolidated Water Utility Transfers" (Report 07-02), which is provided as Attachment C. During this audit the Auditor found:

*"the San Jose Municipal Water System (SJMWS) transferred monies from the Consolidated Water Utility Fund (Fund 515) to the General Fund and maintained established reserve funds in accordance with the City of San Jose Municipal Code (Municipal Code). Specifically, during 2005-06 and 2006-07, the SJMWS adhered to Municipal Code requirements to limit fund transfers between Fund 515 and the General Fund and fully-fund two water system reserve funds."*

On June 26, 2007 Council approved the recommendations made by Mayor Reed in a memorandum dated June 22, 2007 relative to the Municipal Water System Rate increase for 2007-08. Included in that recommendation was direction to staff "to complete a cost study to validate transfers from the SJMWS to the General Fund."

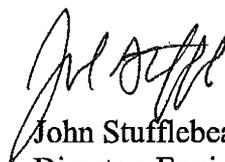
In response to the June 26, 2007 Council referral, staff has compiled the historical costs of the General Fund transfers, and compared these costs with the requirements and restrictions contained in the Municipal Code. This information has since been updated to reflect the transfers proposed in the FY 2008-09 Operating Budget, the last year these transfers are proposed to occur, and which is provided as Attachment D.

### **CONCLUSION**

Consistent with the Auditor's previous findings, staff has confirmed that the Municipal Water System costs related to the transfers were consistent with the Municipal Code requirements contained in section 4.08.

### **COORDINATION**

This MBA has been coordinated with the City Attorney's Office and the Budget Office.



John Stufflebean  
Director, Environmental Services

For questions, please contact Mansour Nasser, Deputy Director, at 277-4218.

# ATTACHMENT A

MGWB COMMITTEE: 10/21/04  
ITEM: F



## Memorandum

**TO:** Making Government Work Better  
Committee

**FROM:** Gerald A. Silva,  
City Auditor

**SUBJECT:** *A REPORT ON SAN JOSE  
MUNICIPAL WATER SYSTEM  
COMPLIANCE WITH CITY COUNCIL  
ORDINANCE NO. 26903*

**DATE:** October 4, 2004

### Introduction

In accordance with the City Auditor's 2004-05 Audit Workplan, we have completed an audit of the San Jose Municipal Water System (SJMWS). Specifically, we reviewed SJMWS compliance with City Council Ordinance No. 26903. This is the first in a series of reports on the Municipal Water System. Subsequent reports will deal with management efficiencies and overhead charges to the system. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

### Scope And Methodology

The objective of this audit was to determine whether the San Jose Municipal Water System (SJMWS) complied with City Council Ordinance No. 26903 directing that, beginning in 2004-05, Fund 515 transfers to the General Fund be limited and two water system reserve funds be established. To determine whether the SJMWS was in compliance with the ordinance we:

- Reviewed Municipal Code ordinances regarding Fund 515;
- Analyzed revenue status and appropriation balance reports for Fund 515 from 2000-01 through 2003-04;
- Obtained and reviewed Fund 515 budget information in the 2004-05 Proposed Operating and Capital Budgets;
- Interviewed SJMWS staff; and
- Reviewed SJMWS draft policies and procedures for complying with City Council Ordinance No. 26903.

### City Council Ordinance No. 26903

In June 2003, the City Council enacted Ordinance No. 26903, amending Chapter 4.80 of Title 4 of the San Jose Municipal Code (Code), to ensure reasonable rates for customers receiving potable water service from the San Jose Municipal Water System (SJMWS). Specifically, the ordinance states

“WHEREAS, in order to ensure that potable water service continues to be provided to customers served by the San Jose Municipal Water System at rates which are reasonable, the City Council of the City of San Jose desires to establish a goal and that Municipal Water System potable water rates remain below the average water rates paid by City residents served by other water suppliers, after taking into account differences in wholesale water supply costs and rate structures between water retailers; and WHEREAS, in order to achieve the above goals, **this Council desires to limit the transfer of revenue from the Municipal Water System to the City General Fund, and to provide for the establishment of certain reserve funds for the Municipal Water System.**” [emphasis added]

### Reserve Funds

City Council Ordinance No. 26903 amended Chapter 4.80 of Title 4 of the Code, to require the SJMWS, beginning in July 2004, to establish two reserve funds calculated as a percentage of operating revenue. Specifically, Section 4.80.630 of the Code requires the SJMWS to establish two reserve funds as follows:

- C. Monies in the Consolidated Potable Water Utility Operating Fund shall be appropriated as necessary for the establishment and maintenance of appropriate reserve funds within the Consolidated Potable Water Utility Operating Fund, including but not limited to the following:
  1. A capital rehabilitation reserve fund in an amount equal to seven percent (7%) of the revenue described in subsection A of Section 4.80.620; and
  2. A rate stabilization reserve fund in an amount equal to five percent (5%) of revenue described in subsection A of Section 4.80.620.

### SJMWS Has Established Reserve Funds In Accordance With The Code

We found that the SJMWS has established and fully-funded both reserve fund requirements in accordance with the Code. Specifically, during the 2004-2005 budget preparation process, the SJMWS established the System Rehabilitation/Replacement Reserve for future capital rehabilitation and repair needs and the Rate Stabilization Reserve to minimize the need for future rate increases. The SJMWS set aside the System Rehabilitation/Replacement Reserve earmarked

funds in the Water Utility Capital Fund (Fund 500). On June 22, 2004, the City Council approved and adopted the 2004-05 Operating and Capital Budget which included an appropriation of \$1,383,000 for the System Rehabilitation/Replacement Reserve. The Code mandates that the System Rehabilitation/Replacement Reserve be equal to 7 percent of operating revenue. Actual SJMWS revenue for 2003-04 was \$19,397,833, of which a 7 percent reserve would be \$1,357,848. Thus, we found that the SJMWS has funded the System Rehabilitation/Replacement Reserve slightly higher than the Code requires. (\$1,383,000 vs. \$1,357,848).

We also found that the SJMWS has adequately funded the Rate Stabilization Reserve. The SJMWS holds the Rate Stabilization Reserve in Fund 515 as part of the ending fund balance. Currently, the reserve amount is \$1,018,000. The Code mandates a rate stabilization reserve equal to 5 percent of operating revenue. The SJMWS revenue for 2003-04 was \$19,397,833, of which 5 percent is \$969,892. Thus, we found that the SJMWS has funded the Rate Stabilization Reserve slightly higher than the Code requires. (\$1,018,000 vs. \$969,892).

#### **Fund 515 Transfers To The General Fund**

The City Council enacted Ordinance No. 26903 with the intent to limit the transfer of monies from the Consolidated Water Utility Fund (Fund 515) to the General Fund. The Code states that after monies in Fund 515 are expended for (1) direct costs of water system operations, (2) a triennial operational and financial audit, (3) establishing and fully-funding two reserve funds, and (4) transfer of in-lieu fees to the General Fund, additional Fund 515 monies may be transferred to the General Fund to reimburse overhead costs and provide a reasonable rate of return to the City. With regard to monies transferred to cover overhead costs and provide a reasonable rate of return, the Code now states

“If adequate monies remain after the expenditures authorized by subsections A, B, C, and D.1 above, monies may be transferred to the General Fund on an annual basis to reimburse the City for indirect overhead costs and to provide a reasonable rate of return to the City, provided that the amount so transferred shall not exceed the following:

- a. Until June 30, 2004, such amounts as may be allowed in the Council approved budget.
- b. From July 1, 2004 through June 30, 2005, an amount not to exceed eleven percent (11%) of the revenue, as described in subsection A of Section 4.80.620, which was received in the immediately preceding fiscal year.
- c. From and after July 1, 2005, an amount not to exceed eight percent (8%) of the revenue, as described in subsection A of Section 4.80.620, which was received in the immediately preceding fiscal year.” [emphasis added].

**The SJMWS Transferred Monies To The General Fund In Accordance With The Code**

We found that the SJMWS has transferred monies to the General Fund in accordance with the Code. As noted earlier in this report, beginning July 1, 2004, the Code limits Fund 515 transfers to the General Fund to 11 percent of operating revenue received in the immediately preceding fiscal year. This percentage will decrease to 8 percent in 2005-06.

The SJMWS has established a process to limit its 2004-05 transfer to the General Fund to 11 percent of operating revenue. Specifically, the SJMWS estimated prior year's operating revenue based on a 2003-04 budgeted amount of \$19,240,000. The SJMWS multiplied the estimated revenue by 11 percent and transferred this amount, \$2,116,400, to the General Fund.

Although the initial transfer amount was based on an estimate, the SJMWS will transfer additional monies based on actual 2003-04 operating revenue. Specifically, the SJMWS 2003-04 actual operating revenue is \$19,397,833. Based on actual revenue, the SJMWS has adjusted the total General Fund transfer amount to \$2,133,762, or \$17,362 more than it has already transferred. The SJMWS will transfer the additional \$17,362 to the General Fund during the Fall Budget Cleanup process.

Exhibit 1 below shows the initial transfer based on the estimated revenue, the allowable transfer amount based on actual 2003-04 operating revenue, and the remaining monies to be transferred to the General Fund.

**Exhibit 1  
 SJMWS Adjustment Of Transfers From Fund 515 To The General Fund**

	2003-04 Estimated Operating Revenue	Initial Transfer To The General Fund For 2004-05	2003-04 Actual Operating Revenue*	Allowable Transfer Based On Actual Revenue	Remaining Monies To Be Transferred
Operating Revenue	\$19,240,000	\$2,116,400	\$19,397,833	\$2,133,762	\$17,362
<b>Budget Transfers To The General Fund:</b>					
Overhead		\$584,472		\$696,679	
Rate of Return		1,531,928		1,437,083	
<b>Total</b>		<b>\$2,116,400</b>		<b>\$2,133,762</b>	<b>\$17,362</b>

\*Based on FMS Period 14

Source: SJMWS.

Because the SJMWS transfers to the newly-established reserve funds and to the General Fund are based on estimates, we assessed the reasonableness of SJMWS estimates. SJMWS staff has annually estimated the amount of Fund 515 expected operating revenue for budgetary purposes. Based on a series of assumptions, each year SJMWS staff estimate expected operating revenue from water sales. Exhibit 2 below shows estimated and actual operating revenues for Fund 515 from 2000-01 through 2003-04.

**Exhibit 2**  
**SJMWS Estimated And Actual Operating Revenues**  
**From 2000-01 Through 2003-04**

OPERATING REVENUE			
Fiscal Year	Estimated	Actual	Estimated To Actual Revenue
2000-01	\$14,729,000	\$15,583,344	94.52%
2001-02	17,280,000	16,753,191	103.15%
2002-03	17,450,000	17,101,620	102.04%
2003-04	19,240,000	19,397,833	99.19%

Source: FMS.

As Exhibit 2 demonstrates, SJMWS staff has reasonably estimated operating revenues in prior years.

**The SJMWS Has Drafted Written Policies And Procedures Regarding Fund Transfers And The Establishment And Fully-Funding Of Reserve Funds**

During the course of our audit, the SJMWS drafted written policies and procedures for transferring funds from Fund 515 to the General Fund and for establishing and fully-funding the System Rehabilitation/Replacement and Rate Stabilization Reserves. The City Auditor's Office reviewed the SJMWS' draft policies and procedures and found them to be adequate. In our opinion, the SJMWS should finalize the draft policies and procedures to ensure Fund 515 transfers to the General Fund are correct and reserve levels are appropriately funded and maintained. By so doing, the SJMWS can ensure it transfers monies to the General Fund and maintains established reserves in accordance with the City Council's direction.

**Conclusion**

We found that the SJMWS is in compliance with City Council Ordinance No. 26903 regarding the establishment and fully-funding of System Rehabilitation/Replacement and Rate Stabilization reserve funds in Fund 500 and Fund 515, respectively, for 2004-05. In addition, the SJMWS has limited Fund 515 transfers to the General Fund in accordance with the Code. The

SJMWS has drafted policies and procedures and the City Auditor's Office has reviewed them for adequacy. We recommend that the SJMWS finalize its procedures for fund transfers and the establishment and maintenance of required fund reserves for future City Auditor review and comment.

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# **ATTACHMENT B**

Procedures for Maintaining Reserves  
And  
General Fund Transfers  
Per  
Part 12, Section 4.80.630  
Of  
San Jose Municipal Code

Environmental Services Department  
San Jose Municipal Water System

September 1, 2004

## Introduction

This procedure provides instructions and guidelines to implement the requirements of Section 4.80.630 of the San Jose Municipal Code. It addresses the following topics:

- Maintaining a Capital Rehabilitation/Replacement Reserve
- Maintaining a Rate Stabilization Reserve
- In-Lieu-Fee Transfers
- General Fund Transfers Including Indirect Overhead Costs and Rate of Return

The budget for these reserves and transfers is determined based on estimated annual water sales revenue. Following describes the procedures used to calculate each of these amounts:

### 1. Capital Rehabilitation/Replacement Reserve (CRRR)

The CRRR- was first established in FY 2003-04 with a balance of \$1 million. Pursuant to revisions to Section 4.80.630 of the San Jose Municipal Code, beginning in FY 2004-05, the CRRR began being calculated as a percentage of budgeted water sales revenue. The budget for water sales revenue for FY 2004-05 was estimated in accordance with the procedure shown in Attachment A. Pursuant to Section 4.80.630 of the San Jose Municipal Code, beginning with the FY 2004-05 budget, an amount equal to seven percent (7%) of the estimated annual water sales revenue will be budgeted as the CRRR.

### Budgeting Procedure

**Step 1** - Estimate the annual water sales revenue budget for the next fiscal year following the procedure shown in Attachment A.

**Step 2** - Multiply the value calculated in Step 1 by 7%.

**Step 3** - If the amount calculated in Step 2 above is higher than the amount budgeted for the CRRR in the current CIP budget, add the difference to the CRRR for the next budget year and increase the Capital transfer amount from Fund 515 to Fund 500.

**Step 4** - If the amount calculated in Step 2 is lower than the amount shown for the CRRR in the budget, then no action is required.

### 2. Rate Stabilization (RSR)

Pursuant to Section 4.80.630 of the San Jose Municipal Code, beginning with the FY 2004-05 budget, an amount equal to five percent (5%) of the estimated annual water sales revenue has been/will continue to be budgeted as the RSR. Water sales revenue for FY 2004-05 was estimated in accordance with the procedure shown in Attachment A.

Budgeting Procedure

**Step 1** - Estimate the annual water sales revenue budget for the next fiscal year following the procedure shown in Attachment A.

**Step 2** - Multiply the value calculated in Step 1 by 5%.

**Step 3** - Budget the amount calculated in Step 2 for the RSR in the next fiscal years budget.

**NOTE:** Use of the above reserve funds is governed by City policies and requires Council action.

3. In-Lieu Fee

The San Jose Municipal Code calls for the In-Lieu Fee to be calculated in a manner similar to the amount paid by potable water utilities that are not exempt from payment of franchise fees to the City. In this case the In-Lieu Fee payment should be comparable to that paid by Great Oaks Water Company, currently 2% of water sales revenue.

Budgeting Procedure

**Step 1** - Estimate the annual water sales revenue budget for the next fiscal year following the procedure shown in Attachment A

**Step 2** - Multiply the revenue calculated in Step 1 by 2% and budget this amount.

**NOTE:** During the fall cleanup for the fiscal year, adjustments to true-up actual transfer with maximum allowable transfer will need to be made. To determine the appropriate adjustment, follow the procedure as shown in Attachment B.

4. Overhead Cost (OHC) and Rate of Return (ROR) Transfers

Subsection D(2b) of Section 4.80.630 limits the transfers of OHC and ROR transfers to 11% of the operating revenue for FY 2004-05 and to 8% thereafter.

The amount of transfer is calculated by multiplying the appropriate percentage value by the operating revenue received in the immediately preceding fiscal year. Transfers for FY 2004-05 have already been made. The procedure followed was as shown below, but using 11% rate. Now that actual revenue numbers are in, adjustments to the transfers will be made during the fall cleanup as shown in Attachment C. The procedure below is for FY 2005-06 and beyond.

Budgeting Procedure

**Step 1** - Obtain the projected annual sales revenue for the current fiscal year.

**Step 2** - Multiply the revenue calculated in Step 1 by 8%. This is the maximum allowable total transfer of the combined OHC and ROR.

**Step 3** - Obtain the OHC from the Budget Office.

**Step 4** - Subtract the figure obtained in Step 3 from the amount calculated in Step 2. This is the maximum allowable ROR transfer. Budget this amount.

**NOTE:** During the fall cleanup for the fiscal year, adjustments to true-up actual transfer with maximum allowable transfer will need to be made. To determine the appropriate adjustment, follow the procedure as shown in Attachment B.

## Attachment A

### **Estimating Annual Water Sales Revenue**

Follow this procedure for estimating potable and recycled water revenues separately.

#### **Step 1 - Estimate Future Water Production**

1. Obtain previous fiscal year's actual water production volume (in acre-feet) from wholesale bills.
2. Analyze how current fiscal year's actual YTD production data is tracking with estimates and adjust as required.
3. Review previous 5 years production volumes, determine trend, and calculate 5-year average change.
4. Estimate next FY production volume taking into account:
  - a. Historical production trend
  - a. Current and projected customer growth and usage patterns in the service areas
  - b. Weather patterns
  - c. Any other know anomalies

#### **Step 2 - Calculate Historical Average Revenue per Volume Produced**

1. Obtain previous fiscal year's year-end water sales revenue data from City's FMS reports
2. Calculate historical average revenue per volume produced by dividing previous fiscal year's total revenue by previous fiscal years' total water production volume in acre-feet (see step 1.1).

#### **Step 3 - Calculate Projected Change in Wholesale Rates**

1. Obtain projected rate changes from wholesale water suppliers.
2. Calculate weighted average rate change in \$/AF based on projected production split. (Typically 75% SCVWD/25% SFPUC)

#### **Step 4 - Calculate Retail Revenue**

1. Assuming no retail rate increase:

Multiply historical average revenue per volume calculated under step 2 by water production volume estimate calculated under step 1.

2. Assuming Pass through of wholesale water rate increase:

Add the projected increase in wholesale rates calculated under step 3 to the Historical average revenue per volume calculated under step 2. Then, multiply the result by Water production volume estimate calculated under step 1.

3. Assuming Pass through of other cost increases:

Determine the total revenue needed to cover cost increases in other areas such as electricity, salary increases, other regulatory increases etc. Divide this total revenue by the estimated future water production calculated in step 1.

Add the other cost increases calculated above to the projected increase in wholesale rates calculated under step 3 to the Historical average revenue per volume calculated under step 2. Then, multiply the result by Water production volume estimate calculated under step 1.

## Attachment B

### **Procedure for Adjustment of Transfers from Consolidated Potable Water Utility Fund Fund (515) to General Fund (001)**

Pursuant to Ordinance No. 26903, the Rate of Return, Indirect Overhead and In-lieu fee transfers to the general fund must be based on actual revenue. This requires an annual clean-up action to true up the budget estimates with actual results.

#### **For Rate of Return and Indirect Overhead (beginning in FY 04-05):**

Step 1. Obtain actual total water sales revenue from previous fiscal year from the City's FMS reports.

Step 2. Calculate the total allowable transfer for rate of return and indirect overhead for the current fiscal year, by multiplying last fiscal year's actual water sales revenue by the approved percentage. (In FY 2004-05 the allowable transfer is 11%, and in FY 2005-06 and beyond, the allowable transfer is 8%.) This will set the maximum allowable transfer in these two categories.

Step 3. Sum the current year's budget for rate of return and indirect overhead. Note: Indirect Overhead amounts are found in two locations in the Fund 515 operating budget. First, it is shown as a separate line item in the operating budget and the second is rolled up in the ESD non-personal appropriation. Both overhead amounts must be included.

Step 4. Subtract the budgeted amount calculated in Step 3 from the maximum allowable transfer amount calculated in Step 2. If the result is 0, no further action is needed.

Step 5. If the result is positive, (the budgeted amount for the current fiscal year is less than the maximum allowable transfer) the resulting difference may be transferred from Fund 515 to the General Fund as an adjustment during the fall budget clean-up process. If the result is negative (the budgeted amount for the current fiscal year is more than the maximum allowable transfer), the resulting difference should be transferred from the General Fund to the Fund 515 as an adjustment during the fall budget clean-up process.

#### **For In-lieu Fee (beginning in FY 05-06)**

Step 1. Obtain actual total water sales revenue for previous fiscal year from the City's FMS reports.

Step 2. Obtain actual in-lieu fee transferred for previous fiscal year from City's FMS reports

Step 3. Multiply total sales revenue obtained in Step 1 by 2%. (This is the maximum in-lieu fee that could be transferred last fiscal year)

Step 4. Subtract the actual in-lieu fee transferred last fiscal year, obtained in Step 2, from the maximum allowable in-lieu fee calculated in Step 3. If the result is 0, no further action is needed.

Step 5. If the result is positive, (the actual amount transferred last fiscal year is less than the maximum allowable transfer) the resulting difference may be transferred from Fund 515 to the General Fund as an adjustment during the fall budget clean-up process. If the result is negative (the actual amount for last fiscal year is more than the maximum allowable transfer), the resulting difference should be transferred from the General Fund to the Fund 515 as an adjustment during the fall budget clean-up process.

Attachment C

**ADJUSTMENT OF TRANSFERS FROM FUND 515 TO 001 (GF):  
FALL CLEANUP - SEPTEMBER 2004**

	2003-04 Modified Budget	Original Transfer to GF for 04-05 (based on Est.)	2003-04 Actuals	Allowable Transfer to GF (11%) for FY 04-05	Net Incr/Decr to GF Transfer for FY 04-05	Adjusted GF Transfer Amounts
Revenue, Operating	19,240,000	2,116,400	19,395,964	2,133,556	17,156	
<b>Budgeted Transfers to GF:</b>						
Overhead, Direct (ESD)		580,871			110,210	691,081
Overhead, Indirect		3,601			1,997	5,598
Rate of Return		1,531,928			(95,051)	1,436,877
<b>Total</b>		<u>2,116,400</u>			<u>17,156</u>	<u>2,133,556</u>

# ATTACHMENT C



Office of the City Auditor

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Report to the City Council  
City of San José

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## AN AUDIT OF THE SAN JOSE MUNICIPAL WATER SYSTEM CONSOLIDATED WATER UTILITY FUND TRANSFERS

The San Jose Municipal Water System  
Complied With San Jose Municipal Code  
Requirements For Transferring Monies To  
The General Fund And For Maintaining  
Established Reserve Funds; However, The  
City Should Institute A Policy On The Use  
And Replenishment Of The Reserve Funds

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Report 07-02  
April 2007

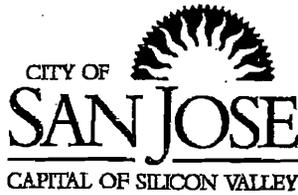
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**Office of the City Auditor**  
Gerald A. Silva, City Auditor

April 11, 2007

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Honorable Mayor and Members  
of the City Council  
200 East Santa Clara Street  
San Jose, CA 95113

**CITY OF SAN JOSE  
MUNICIPAL WATER SYSTEM**

Transmitted herewith is a report on *An Audit Of The San Jose Municipal Water System Consolidated Water Utility Fund Transfers*. This report is in accordance with City Charter Section 805. An Executive Summary is presented on the blue pages in the front of this report. The Environmental Services Department and the Municipal Water System Administration have reviewed the Report and concur with its contents and the recommendation contained therein.

I will present this report to the Public Safety, Finance and Strategic Support Committee at its April 19, 2007 meeting. If you need any additional information, please let me know. The City Auditor's staff members who participated in the preparation of this report are Mike Edmonds and Robin Opheim.

Respectfully submitted,

Gerald A. Silva  
City Auditor

finaltr  
GS:lg

cc: Les White                      Mansour Nasser  
     Kay Winer                      Rick Doyle  
     John Stufflebean              Mollie Dent



**Office of the City Auditor**

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**Report to the City Council  
City of San José**

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**AN AUDIT OF THE SAN JOSE  
MUNICIPAL WATER SYSTEM  
CONSOLIDATED WATER  
UTILITY FUND TRANSFERS**

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## Executive Summary

In accordance with the City Auditor's 2006-07 Audit Workplan, we audited the San Jose Municipal Water System (SJMWS) Consolidated Water Utility Fund (Fund 515) transfers. We audited the SJMWS to determine whether it transferred the proper amount to the General Fund in compliance with the San Jose Municipal Code (Municipal Code). We also audited the SJMWS to determine whether it maintained two water system reserve funds – the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve – in accordance with the Municipal Code. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Objectives, Scope, and Methodology section of this report.

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### Finding I

#### **The San Jose Municipal Water System Complied With San Jose Municipal Code Requirements For Transferring Monies To The General Fund And For Maintaining Established Reserve Funds; However, The City Should Institute A Policy On The Use And Replenishment Of The Reserve Funds**

We found that the San Jose Municipal Water System (SJMWS) transferred monies from the Consolidated Water Utility Fund (Fund 515) to the General Fund and maintained established reserve funds in accordance with the City of San Jose Municipal Code (Municipal Code). Specifically, during 2005-06 and 2006-07, the SJMWS adhered to Municipal Code requirements to limit fund transfers between Fund 515 and the General Fund and fully-fund two water system reserve funds. However, we also found that the City of San Jose (City) needs a policy regarding the use and replenishment of the reserve funds. Accordingly, in our opinion, the City Council should adopt a policy for the use and replenishment of the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Funds.

**RECOMMENDATION**

We recommend that the City Council:

**Recommendation #1**

**Adopt a policy regarding the use and replenishment of the System Rehabilitation/Replacement Reserve Fund and the Rate Stabilization Reserve Fund. (Priority 3)**

# Introduction

In accordance with the City Auditor's 2006-07 Audit Workplan, we audited the San Jose Municipal Water System (SJMWS) Consolidated Water Utility Fund (Fund 515) transfers. We audited the SJMWS to determine whether it transferred the proper amount to the General Fund in compliance with the San Jose Municipal Code (Municipal Code). We also audited the SJMWS to determine whether it maintained two water system reserve funds – the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve – in accordance with the Municipal Code. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Objectives, Scope, and Methodology section of this report.

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## Background

In June 2003, the City Council enacted Ordinance No. 26903, amending Chapter 4.80 of Title 4 of the Municipal Code. The Ordinance states:

*...WHEREAS, in order to achieve the above goals, this Council desires to limit the transfer of revenue from the Municipal Water System to the City General Fund, and to provide for the establishment of certain reserve funds for the Municipal Water System....*

The Ordinance also mandated that:

*...Monies in the Consolidated Water Utility Operating Fund shall be expended on at least a triennial basis for an operational and financial audit, which assesses the compliance of the potable water system within the Consolidated Potable Water Service Area with all applicable provisions of this Code.*

The Ordinance revised Section 4.80.630 of the Municipal Code to limit the amount of monies transferred from Fund 515 to the City's General Fund. The Municipal Code limited the transfers for a Rate of Return charge and Overhead charges. Specifically, the Municipal Code limited Fund 515 transfers to 11 percent of operating revenues received in 2004-05 and 8 percent of operating revenues beginning in 2005-06. In addition, the Municipal Code allows for an In-Lieu Fee transfer from Fund 515 to the General Fund that is equal to two percent

of operating revenue. Finally, the Ordinance also revised Section 4.80.630 to require the SJMWS to maintain a capital rehabilitation reserve fund equal to seven percent of the operating revenue and a rate stabilization reserve fund in an amount equal to five percent of operating revenue.

In October 2004, the City Auditor issued *A Report On San Jose Municipal Water System Compliance With City Council Ordinance No. 26903*, which found that the SJMWS complied with the Ordinance. Specifically, the SJMWS

- Developed policies and procedures documenting the process to limit revenue transfers from Fund 515 to the General Fund;
- Limited the amount transferred in 2004-05 from Fund 515 to the General Fund as the Ordinance required; and
- Established and fully-funded two water system reserve funds – the System Rehabilitation/Replacement Reserve Fund and the Rate Stabilization Reserve Fund.

In June 2006, a City Councilmember requested the triennial audit be accelerated due to proposed SJMWS water rate increases and specifically directed the City Auditor to determine if both the System Rehabilitation/Replacement Reserve Fund and Rate Stabilization Reserve Fund are being maintained as prescribed in the Municipal Code.

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**Objectives, Scope,  
And Methodology**

The objectives of this audit were to determine whether the SJMWS transferred money from Fund 515 to the General Fund in 2005-06 and 2006-07 in accordance with the Municipal Code and to assess whether the SJMWS maintained the System Rehabilitation/Replacement Reserve Fund and the Rate Stabilization Reserve Fund in accordance with the Municipal Code. To determine compliance we:

- Reviewed Municipal Code ordinances regarding Fund 515;
- Analyzed revenue status and appropriation balance reports for Fund 515 for 2004-05, 2005-06, and 2006-07;
- Obtained and reviewed Fund 515 and Fund 500 budget information in the 2004-05 and 2005-06 Adopted Operating and Capital Budgets;

- Reviewed other jurisdictions' reserve fund policies;
- Interviewed San Jose Municipal Water System staff;
- Obtained and reviewed San Jose Municipal Water System policies, procedures, and calculations regarding fund transfers; and
- Reviewed the City Manager's Office September 2005 and September 2006 Annual Reports.

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## Finding I

### **The San Jose Municipal Water System Complied With San Jose Municipal Code Requirements For Transferring Monies To The General Fund And For Maintaining Established Reserve Funds; However, The City Should Institute A Policy On The Use And Replenishment Of The Reserve Funds**

We found that the San Jose Municipal Water System (SJMWS) transferred monies from the Consolidated Water Utility Fund (Fund 515) to the General Fund and maintained established reserve funds in accordance with the City of San Jose Municipal Code (Municipal Code). Specifically, during 2005-06 and 2006-07, the SJMWS adhered to Municipal Code requirements to limit fund transfers between Fund 515 and the General Fund and fully-fund two water system reserve funds. However, we also found that the City of San Jose (City) needs a policy regarding the use and replenishment of the reserve funds. Accordingly, in our opinion, the City Council should adopt a policy for the use and replenishment of the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Funds.

From July 1, 2004 through June 30, 2005, the Municipal Code limited the transfer of monies for Rate of Return and Overhead charges from the Consolidated Potable Water Utility Operating Fund to the General Fund to 11 percent. After July 1, 2005, the Municipal Code further limited the Rate of Return and Overhead transfer amounts and states that *From and after July 1, 2005, an amount not to exceed eight percent of the revenue, as described in subsection A. of Section 4.80.620, which was received in the immediately preceding fiscal year.* (Emphasis added).

The Municipal Code also mandates that the annual In-Lieu Fee transfer amount from Fund 515 to the General Fund be two percent of actual operating revenues. Annual transfers to the General Fund from Fund 515 for the Rate of Return, Overhead, and In-Lieu Fees are based on estimated revenues. The actual amount available for the General Fund cannot be determined until the final revenue numbers from the immediately preceding

fiscal year are known – usually in September. Therefore, an adjustment is necessary each year during the Fall Budget Cleanup process to correct the actual amounts transferred. Depending on the actual revenues received, this may result in either an increase or a decrease in the General Fund transfers from Fund 515.

**The SJMWS Transferred Monies To The General Fund In Accordance With The Municipal Code**

We found that the SJMWS has transferred Fund 515 monies to the General Fund in accordance with the Municipal Code. Exhibit 1 below shows Fund 515 actual operating revenues for 2004-05 and 2005-06 and the allowable and actual amounts SJMWS staff transferred for 2005-06 and 2006-07.

**Exhibit 1 Comparison Of Allowable And Actual Rate Of Return, Overhead, And In-Lieu Fees Transferred From Fund 515 To The General Fund For 2005-06 And 2006-07**

	2004-05 Actual Revenue	Allowable General Fund Transfers For 2005-06	Actual General Fund Transfers For 2005-06
Operating Revenue	\$18,683,816		
Transfers to General Fund:			
Overhead, Direct <sup>1</sup>		\$424,817	\$424,817
Overhead, Indirect		7,084	7,084
Rate of Return		1,062,804	1,062,804
<b>Subtotal Transfers</b>		<b>\$1,494,705</b>	<b>\$1,494,705</b>
In-Lieu Fees		373,676	373,676
<b>Total Transfers</b>		<b>\$1,868,381</b>	<b>\$1,868,381</b>
	2005-06 Actual Revenue	Allowable General Fund Transfers For 2006-07	Actual General Fund Transfers For 2006-07
Operating Revenue	\$20,048,648		
Transfers to General Fund:			
Overhead, Direct		468,860	468,860
Overhead, Indirect <sup>1</sup>		7,350	7,350
Rate of Return		1,127,682	1,127,682
<b>Subtotal Transfers</b>		<b>\$1,603,892</b>	<b>\$1,603,892</b>
In-Lieu Fees		400,973	400,973
<b>Total Transfers</b>		<b>\$2,004,865</b>	<b>\$2,004,865</b>

Source: City's Financial Management System.

<sup>1</sup> Environmental Services Department.

As Exhibit 1 above shows, in both 2005-06 and 2006-07, the SJMWS transferred the proper amount from Fund 515 to the General Fund for Rate of Return, Overhead, and In-Lieu Fees in each year. Specifically, the SJMWS transferred \$1,494,705 and \$1,603,892 from Fund 515 to the General Fund in 2005-06 and 2006-07, respectively, for Rate of Return and Overhead charges. In addition, In-Lieu Fees totaling \$373,676 and \$400,973 transferred from Fund 515 to the General Fund in 2005-06 and 2006-07, respectively. All transfers were in accordance with the Municipal Code.

**San Jose Municipal  
Water System  
Reserve Funds  
Continue To Be  
Maintained In  
Accordance With  
The Municipal  
Code**

City Council Ordinance No. 26903 amended Chapter 4.80 of Title 4 of the Municipal Code, to require the SJMWS, beginning in July 2004, to establish reserve funds calculated as a percentage of operating revenue. Specifically, Section 4.80.630 of the Municipal Code required the SJMWS to establish two reserve funds as follows:

*C. Monies in the consolidated potable water utility operating fund shall be appropriated as necessary for the establishment and maintenance of appropriate reserve funds within the consolidated potable water utility operating fund, including but not limited to the following:*

- 1. A capital rehabilitation reserve fund in an amount equal to seven percent of the revenue described in subsection A. of Section 4.80.620; and*
- 2. A rate stabilization reserve fund in an amount equal to five percent of revenue described in subsection A. of Section 4.80.620.*

During the 2004-2005 budget preparation process, the SJMWS established the System Rehabilitation/Replacement Reserve Fund for future capital rehabilitation and repair needs and the Rate Stabilization Reserve to minimize the need for future water rate increases.

*System  
Rehabilitation/  
Replacement Reserve  
And Rate  
Stabilization Reserve  
Funds*

The SJMWS set aside the System Rehabilitation/Replacement Reserve Fund in the Water Utility Capital Fund (Fund 500). In addition, the SJMWS established the Rate Stabilization Reserve, which is held as part of Fund 515. On June 22, 2004, the City Council approved and adopted the 2004-05 Operating and Capital Budgets which included appropriations of

\$1,383,000 for the System Rehabilitation/Replacement Reserve and \$1,018,000 for the Rate Stabilization Reserve. As noted above, the Municipal Code mandates that the System Rehabilitation/Replacement Reserve and the Rate Stabilization Reserve be equal to seven percent and five percent, respectively, of Fund 515 operating revenue. Exhibit 2 compares the actual and allowable System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Fund levels in 2004-05 and 2005-06.

**Exhibit 2 Comparison Of 2004-05 And 2005-06 Actual And Allowable System Rehabilitation/Replacement Reserve And Rate Stabilization Reserve Fund Levels**

	<b>Actual Reserves Held In 2004-05</b>	<b>Allowable Minimum Reserves In 2004-05</b>	<b>Excess Actual Reserves Over Allowable Minimum Reserves</b>
System Rehabilitation/Replacement Reserve Fund	\$1,383,000	\$1,307,867	\$75,133
Rate Stabilization Reserve Fund	\$1,018,000	\$934,191	\$83,809
	<b>Actual Reserves Held In 2005-06</b>	<b>Allowable Minimum Reserves In 2005-06</b>	<b>Excess Actual Reserves Over Allowable Minimum Reserves</b>
System Rehabilitation/Replacement Reserve Fund	\$1,539,000	\$1,403,405	\$135,595
Rate Stabilization Reserve Fund	\$1,099,000	\$1,002,432	\$96,568

Source: 2004-05 and 2005-06 Adopted Capital Budgets and the City's Financial Management System.

As Exhibit 2 shows, the SJMWS has overfunded the System Rehabilitation/Replacement Reserve Fund and Rate Stabilization Reserve Fund by \$75,133 and \$83,809 and \$135,595 and \$96,568, respectively, in 2004-05 and 2005-06.

**The City Should  
Institute A Policy  
For The Use And  
Replenishment Of  
The System  
Rehabilitation/  
Replacement  
Reserve And Rate  
Stabilization  
Reserve Funds**

In May 2003, the City Council directed the City Attorney's Office to draft an ordinance that would limit revenue transfers from the Municipal Water System to the General Fund and provide for certain reserve funds to be established for the Municipal Water System. A June 6, 2003 City Attorney's Office memorandum to the City Council states:

*...The purpose of reserve funds is to have funds available in the event unanticipated costs arise. The rate stabilization reserve fund, which will always be at least 5% of revenue in a given year, will be available to postpone the need for a rate increase if, for example, wholesale water or power prices increase during the year. Similarly, the capital reserve fund, which will always be at least 7% of revenue in a given year, will be available for capital projects....*

Prior to adopting Ordinance No. 26903, revising the Municipal Code, the City Council requested the reserve fund purpose be clarified. In a supplemental memorandum, the City Attorney's Office responded:

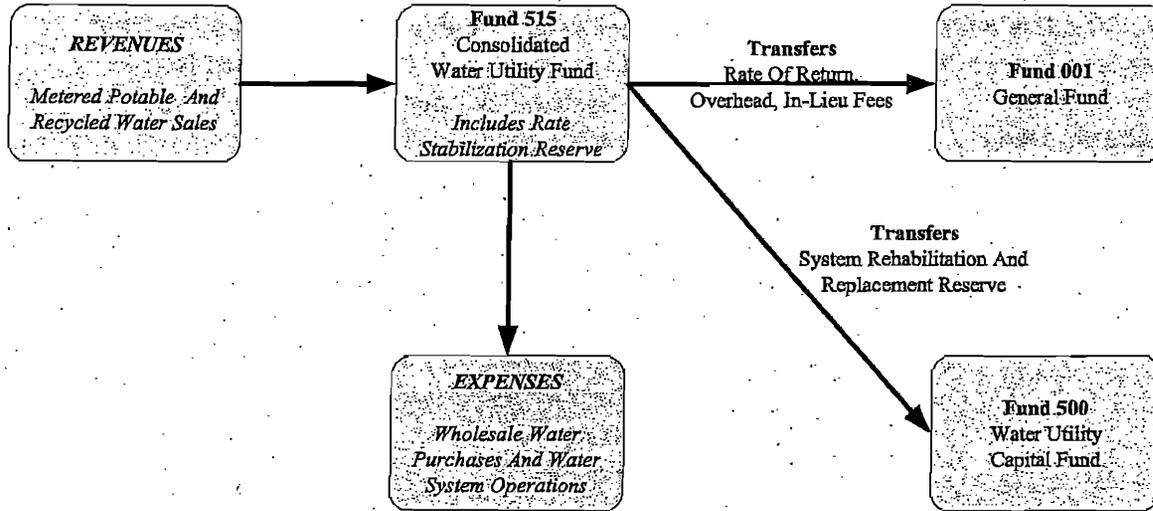
*...In addition, the reserve fund provision has been revised to clarify that the purpose is to appropriate sufficient monies to establish and maintain the reserve funds; once the funds are established, additional monies will only need to be appropriated, if the reserves fall below the specified levels...*

The final version of Ordinance No. 26903 stated:

*WHEREAS, in order to ensure that potable water service continues to be provided to customers served by the San Jose Municipal Water System at rates which are reasonable, the City Council of the City of San Jose desires to establish a goal and [sic] that Municipal Water System potable water rates remain below the average water rates paid by City residents served by other water suppliers, after taking into account differences in wholesale water supply costs and rate structures between water retailers;...*

Exhibit 3 below shows the flow of Fund 515 revenues to the other City funds for the Rate of Return, Overhead, and In-Lieu Fee transfers and for maintaining appropriate water system reserve fund levels.

**Exhibit 3 Consolidated Water Utility Fund Flow Of Fund Revenues**



While the Municipal Code is clear in defining the purpose and appropriate amounts of the reserve funds, the Municipal Code does not contain a policy describing a mechanism for the use or replenishment of the System Rehabilitation/Replacement Reserve or Rate Stabilization Reserve Funds. Moreover, the SJMWS Administration confirmed that it is uncertain how it should replenish the two reserve funds in the event it is necessary to use them. For example, if the SJMWS depleted the Rate Stabilization Reserve Fund below the mandated level to postpone a rate increase, the SJMWS would be out of compliance with the Municipal Code until it restored the fund to the mandated level. However, according to SJMWS Administration, immediate restoration of the Rate Stabilization Reserve Fund level could cause SJMWS customers' water rates to increase dramatically, which would defeat the purpose of the Fund.

**Rate Stabilization Reserve Fund Policies**

We found that other jurisdictions have established policies to manage and use their Rate Stabilization Reserve Funds. For example, the City of Santa Rosa resolved in June 2006 to establish various utility reserves. Resolution No. 26592 states:

*WHEREAS, the City of Santa Rosa maintains contingency reserves for all major operating funds and maintaining adequate reserves provides flexibility to respond to fluctuations in revenues and costs and to short term emergencies...this policy establishes the intended use of the various reserves...in order to:*

- *Fund unanticipated capital projects and infrastructure replacement and construction*
- *Offset lower than expected revenues due to water shortage emergency, low sales due to cool or wet weather, etc.*
- *Offset demand fee fluctuations due to development patterns, trends and issues*
- *Provide short term funding in case of local disaster or catastrophic event*
- *Meet bond covenants and loan requirements...*

The City of Santa Cruz has also established a Rate Stabilization Reserve Fund policy. The City of Santa Cruz Council Policy 34.4 "Water Rate Stabilization Fund – Management And Use" puts forth general rules for use and replenishment of the fund. Specifically, Santa Cruz' policy states:

*Use of the Water Rate Stabilization Fund shall be authorized by the City Council after consideration of a recommendation from the Water Commission and a written request from the City Manager based upon one, or a combination of, the following conditions:*

- *Increased Capital Improvement Program (CIP) or capital outlay expenditures due to an extraordinary non-recurring need or circumstance.*
- *A fluctuation in water consumption revenues creating an unanticipated shortfall.*
- *Catastrophic losses as the result of a natural disaster.*

In addition, the City of Santa Cruz created the "Water Rate Stabilization Surcharge" (\$0.10 per 100 cubic feet) to originally establish their Rate Stabilization Reserve Fund and opted to cap the amount the surcharge would accumulate in the Fund. According to the policy:

- *The accounting and record keeping of the Rate Stabilization Surcharge fund shall be in accordance with those procedures set forth for "restricted revenues" until such time as \$2.3 million has accumulated in the Rate Stabilization Reserve Fund.*
- *Once the Rate Stabilization Fund has reached \$2.3 million, the accounting and record keeping of the Rate Stabilization Surcharge fund shall be in accordance with those procedures set forth for unrestricted revenues and will be collected in the Water Fund.*

*Should it be necessary to deplete the Water Rate Stabilization Reserve Fund for any of the allowable reasons, the accounting and record keeping procedures will revert to those set forth for restricted revenues, and collected in the Water Rate Stabilization Reserve Fund until the fund has once again reached \$2.3 million.*

Furthermore, the City of Newport Beach established a policy for the administration of financial reserves and fund balances. The policy states:

*Prudent financial management dictates that some portion of the funds available to the City be reserved for future use. Future uses are categorized as either pre-planned projects or unforeseen financial emergencies.*

The Newport Beach policy also describes categories of reserves, including Stabilization Reserves, stating:

*Stabilization Reserves enhance the orderly management of the Operating Budget by stabilizing revenues and expenditures, which fluctuate beyond the ability of City staff to control or predict.*

Also, policy language specific to the Water Rate Stabilization Reserve reads:

*This reserve is used for water rate or fee stabilization to offset large expenditures changes such as water purchase, energy or treatment costs...thereby partially eliminating*

*the volatility in annual rate adjustments. It is not intended to offset ongoing, long-term pricing structure changes. (Emphasis added).*

Finally, the City of Westminster, Colorado passed Resolution No. 57 re Fiscal Policies – Utility Reserves stating:

*Typically, a Rate Stabilization Reserve is established and funded to meet a specific risk such as revenue loss related to a certain level of demand curtailment...*

Each policy for management and use described above mandates the use of Stabilization Reserves in emergency or unforeseen situations. According to SJMWS Administration, this is the appropriate way for the City to use its Rate Stabilization Reserve Fund as well.

---

**SJMWS' Wholesale  
Water Costs  
Increase Annually**

SJMWS Administration informed us that its cost for wholesale water increases each year. The SJMWS purchases water from two wholesale suppliers, the Santa Clara Valley Water District (SCVWD) and San Francisco Water District (SFWD). These suppliers project annual wholesale water rate increases necessary to fund system rehabilitation and/or replacement and major capital improvements to their systems. From 1993 until 2000, although wholesale water costs increased each year, the SJMWS did not increase SJMWS customers' water rates. According to SJMWS Administration, this was due to the high level of system growth during those years, which increased SJMWS' customer base and operating revenues, enabling the SJMWS to absorb its increased operating costs.

Since 2000, the SJMWS has increased water rates by "passing through" the increased cost of wholesale water to the SJMWS' commercial and residential customers. "Passing through" means increasing rates to exactly offset increased wholesale water costs. Thus, "passing through" is a budget-balancing measure, not a profit-making one. Nearly 60 percent of the SJMWS annual expenditures are for water and energy, costs which the SJMWS cannot control and must pass on to its customers. The SJMWS bases its water rates entirely on the cost for wholesale water and its costs to operate its facilities. The SJMWS estimates how many acre-feet it will purchase and divides the cost by the SJMWS customer base to arrive at the pricing structure to achieve the necessary level of operating revenues. The SJMWS must obtain City Council approval and notify its customers of any rate increases 45 days ahead of time.

The SJMWS sends out its notices in May. These notices present a “worst-case, highest-cost” scenario to the SJMWS customers as the actual cost of wholesale water is unknown until the end of the fiscal year.

In addition, the yearly wholesale water rate increases incrementally impact the amount of operating revenues needed to run the SJMWS. For example, if the SJMWS adjusted rates to cover a \$1.2 million increase in its wholesale water costs in 2007-08, then its 2008-09 rates would have to cover the \$1.2 million 2007-08 increase plus any 2008-09 cost of water increases. The SJMWS’ two wholesale water suppliers, the SCVWD and SFWD, project the per acre-foot cost of water over a ten-year period. The current projection for 2007 through 2016 is attached as Appendix B. SJMWS Administration uses this information to estimate its costs and the revenues they must generate to operate the SJMWS. According to SJMWS Administration, it can anticipate and budget for annual wholesale water cost increases similar to those shown in Appendix B. SJMWS staff also believe that the Rate Stabilization Reserve Fund should only used in the event of drought or other unanticipated emergencies. Finally, because the Rate Stabilization Reserve Fund is currently mandated at five percent of operating revenues, as revenues increase, the size of the Rate Stabilization Reserve Fund must increase proportionately. Consequently, the SJMWS passes the cost of increasing the size of the Rate Stabilization Reserve Fund on to its customers. The SJMWS could reduce the size of future water rate increases to its customers if the City set a funding level for the Rate Stabilization Reserve Fund rather than basing it upon a percentage of SJMWS operating revenue.

In our opinion, the City Council should adopt a policy for the use and replenishment of the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Funds.

We recommend that the City Council:

**Recommendation #1**

**Adopt a policy regarding the use and replenishment of the System Rehabilitation/Replacement Reserve Fund and the Rate Stabilization Reserve Fund. (Priority 3)**

---

**CONCLUSION**

We found that in 2005-06 and 2006-07, the San Jose Municipal Water System complied with the San Jose Municipal Code, which limits transfers from the Consolidated Water Utility Fund to the General Fund. In addition, we found that the San Jose Municipal Water System has funded the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Funds in accordance with the Municipal Code. However, we recommend that the City of San Jose institute a policy regarding the possible use and replenishment of the reserve funds. Accordingly, we recommend that the City Council adopt a policy regarding the use and replenishment of the System Rehabilitation/Replacement Reserve and Rate Stabilization Reserve Funds.

---

**RECOMMENDATION**

We recommend that the City Council:

**Recommendation #1**

**Adopt a policy regarding the use and replenishment of the System Rehabilitation/Replacement Reserve Fund and the Rate Stabilization Reserve Fund. (Priority 3)**

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## APPENDIX A

### DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class <sup>1</sup>	Description	Implementation Category	Implementation Action <sup>3</sup>
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring. <sup>2</sup>	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists. <sup>2</sup>	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

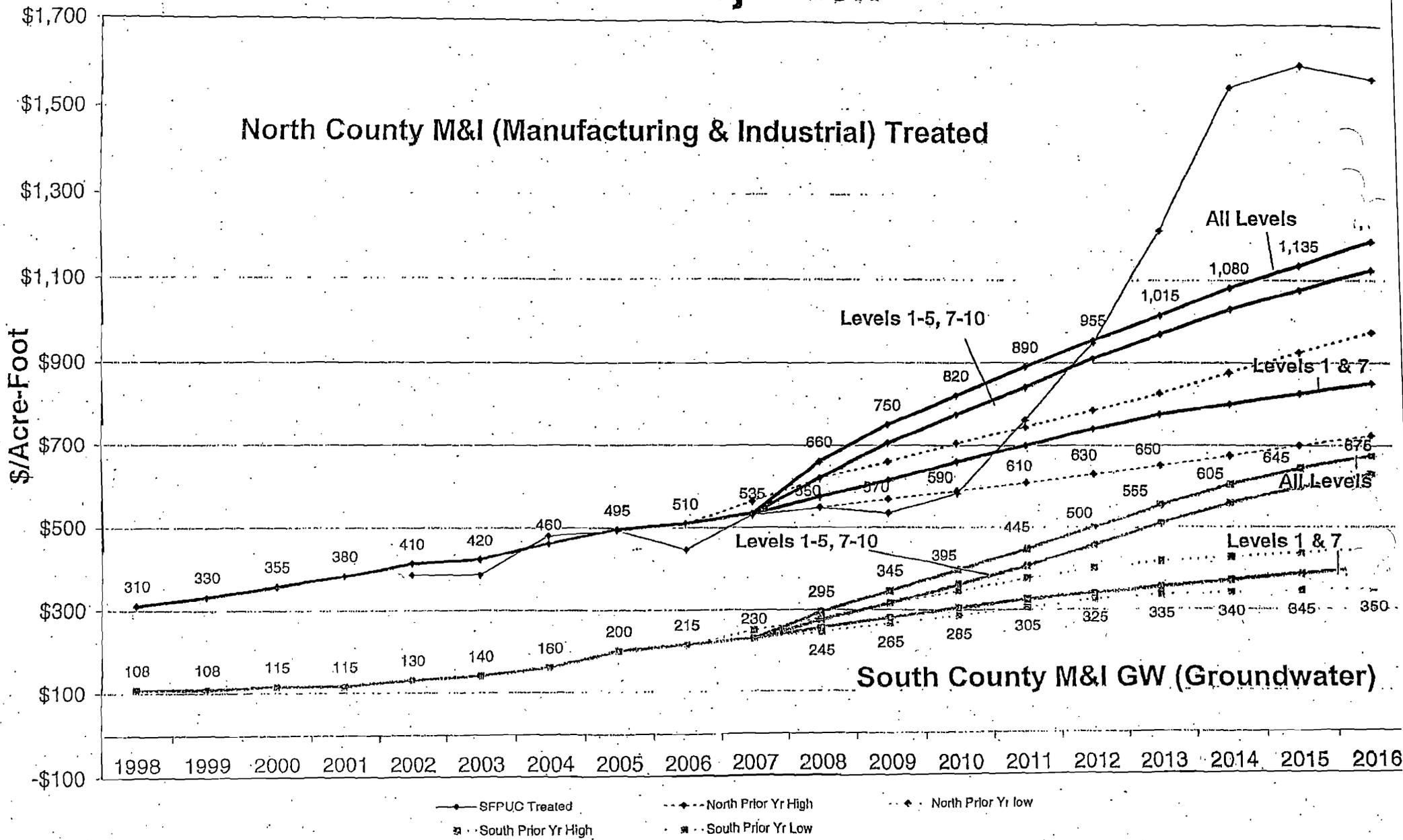
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<sup>1</sup> The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. (CAM 196.4)

<sup>2</sup> For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens. (CAM 196.4)

<sup>3</sup> The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration. (CAM 196.4)

# Rate Projection



# ATTACHMENT D

## SAN JOSE MUNICIPAL WATER SYSTEM TRANSFERS TO THE GENERAL FUND SINCE 1995-1996

<u>Fiscal Year</u>	<u>Rate of Return Transfer</u>	<u>In-Lieu Fee</u>	<u>Overhead Transfer</u>	<u>Other</u>	<u>Combined Transfer</u>
1995-1996	1,000,000	199,000	363,056		1,562,056
1996-1997	1,750,000	206,000	366,094		2,322,094
1997-1998	2,070,000	236,000	497,683		2,803,683
1998-1999	2,080,000	250,000	373,280		2,703,280
1999-2000	2,100,000	270,000	407,447		2,777,447
2000-2001	2,164,000	275,400	386,318		2,825,718
2001-2002	2,164,000	275,400	568,145	3,496 <sup>1</sup>	3,011,041
2002-2003	2,200,000	275,400	594,173		3,069,573
<b>Ord. 26903</b> 2003-2004	2,244,000	289,200	621,378		3,154,578
<b>In Effect</b> 2004-2005	1,437,083	404,200	696,679		2,537,962
2005-2006	1,184,899	439,600	431,901		2,056,400
2006-2007	1,282,190	452,800	476,210		2,211,200
2007-2008	567,509	511,000	759,343		1,837,852
2008-2009 <sup>3</sup>	444,825	269,700	576,166		1,290,691
2009-2010	0	0	TBD <sup>2</sup>		TBD
Total Revenue	<b>\$22,688,506</b>	<b>\$4,353,700</b>	<b>\$7,117,873</b>	<b>\$3,496</b>	<b>\$34,163,575</b>

<sup>1</sup> 2001-02 Transfer to General Fund for Call Center

<sup>2</sup> Overhead Transfer determined by Finance Dept. based on City-wide allocation formula

<sup>3</sup> Proposed in FY 2008-2009 Operating Budget



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Richard Doyle  
City Attorney

**SUBJECT: MUNICIPAL CODE PROVISIONS  
RELATED TO MUNICIPAL WATER  
SYSTEM RESERVE FUNDS**

**DATE:** May 22, 2008

## **RECOMMENDATION**

Accept this memorandum concerning the San Jose Municipal Code fund level requirements for the Municipal Water System Rate Stabilization and Capital Rehabilitation Reserve Funds.

## **BACKGROUND**

On May 8, 2008, during the Operating Budget study session for the Environmental and Utility Services CSA, Vice Mayor Cortese requested information concerning the fund levels that are required under the San Jose Municipal Code (SJMC) for the San Jose Municipal Water System (SJMWS) rate stabilization and capital rehabilitation reserve funds. Specifically, Vice Mayor Cortese asked if the fund levels set forth in SJMC Section 4.80.630 C.1 (capital rehabilitation reserve of 7% of revenue) and Section 4.80.630 C.2 (rate stabilization reserve of 5% of revenue) were the amounts that must be contributed to the reserve funds from operating revenues each year, or the amount that must be maintained in the reserve funds.

## **ANALYSIS**

Ordinance No. 26903, which was adopted by Council in June 2003, established expenditure requirements and limitations for revenue derived from the operation of the SJMWS. With respect to reserve funds, the Ordinance adopted SJMC §4.80.630 subsection C, which states as follows:

- "C. Monies in the Consolidated Potable Water Utility Operating Fund shall be appropriated as necessary for the establishment and maintenance of appropriate reserve funds within the Consolidated Potable Water Utility Operating Fund, including but not limited to the following:

May 22, 2008

Subject: **Municipal Code Provisions Related to Municipal Water System Reserve Funds**

Page 2

1. A capital rehabilitation reserve fund in an amount equal to seven percent (7%) of the revenue described in subsection A of Section 4.80.620; and
2. A rate stabilization reserve fund in an amount equal to five percent (5%) of revenue described in subsection A of Section 4.80.620."

Ordinance No. 26903 was submitted to Council for approval on May 27, 2003. Attached are the City Attorney's Office memoranda concerning the Ordinance, dated May 22, 2003 (Attachment A) and May 23, 2003 (Attachment B). As indicated in the May 27, 2003 memo, the Ordinance was revised prior to consideration by Council to "clarify that the purpose is to appropriate sufficient monies to establish and maintain the reserve funds; once the funds are established, additional monies will only need to be appropriated, if the reserves fall below the specified levels."

Council approved the ordinance for publication of title on May 27th, but directed that certain changes be made before the Ordinance was presented for final adoption. As indicated in the City Attorney's Office memorandum dated June 6, 2003 (see Attachment C) no changes were made to the Ordinance related to reserve fund provisions.

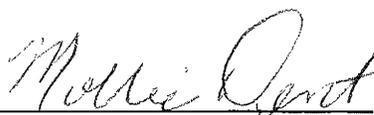
We note that the City Auditor's April 2007 report entitled, "An Audit of the San Jose Municipal Water System Consolidated Water Utility Fund Transfers" found that the Municipal Code is clear in defining the purpose and appropriate amounts of the reserve funds. In conducting the 2007 audit of the reserve funds, and consistent with the interpretation of the Ordinance that our Office provided to the City Council on May 27, 2003, the Auditor calculated the amounts that should have been in the reserve funds on the basis of the amounts that were in the funds themselves, not the amount that had been contributed to the reserve funds in a given year from operating revenues each year.

### **COORDINATION**

This MBA has been coordinated with the Environmental Services Department and the Budget Office.

RICHARD DOYLE  
City Attorney

By: \_\_\_\_\_

  
MOLLIE DENT

Sr. Deputy City Attorney



# Memorandum

3674

**TO:** HONORABLE MAYOR  
CITY COUNCIL

**FROM:** Richard Doyle  
City Attorney

**SUBJECT:** Ordinance Relating to Municipal  
Water System Potable Water  
Revenue, Expenditures, Rates  
and Charges

**DATE:** May 22, 2003

---

## RECOMMENDATION

Approval of an ordinance amending Chapter 4.80 of Title 4 of the San José Municipal Code by repealing Part 3 relating to the Alviso Water Service Area Extension and Improvement Fund and amending Part 12 relating to the Consolidated Water Utility Fund, and amending Chapter 15.08 of Title 15 of the of the San José Municipal Code to add a new Part 2.5 relating to rates and charges for potable water service.

## BACKGROUND

On May 6, 2003, this Office was directed by Council to draft an ordinance that would limit revenue transfers from the Municipal Water System to the General Fund, beginning in fiscal year 2004-05; provide for certain reserve funds to be established for the Municipal Water System; and establish a process for rate increases, including advance notification of rate increases.

## ANALYSIS

Chapter 4.80 of the San José Municipal Code creates and governs various City funds, including the Alviso Water Service Area Extension and Improvement Fund and the Consolidated Water Utility Fund. Because these two funds are no longer separately administered, the proposed ordinance creates one new Consolidated Potable Water Utility Fund.

Currently, subsection C of Section 4.80.620 of the Code expressly allows funds to be transferred from the Consolidated Utility Fund and imposes no restriction on such transfers. In accordance with Council direction, the proposed ordinance limits transfers to the general fund to 11% of system revenue, beginning FY 2004-05, and to 8% of system revenue beginning FY 2005-06.

Current Code Sections 4.80.170 and 4.80.630 govern expenditure of potable water system revenue. The Code does not currently expressly authorize the establishment of reserve funds. Per Council direction, the proposed ordinance directs the establishment of appropriate reserve funds, including a capital reserve equal to 7% of revenue and a rate stabilization fund equal to 5% of revenue. The revised Code also limits expenditures "costs" to direct costs; and insures that payment to the City for "overhead" is subject to above-referenced transfer limit.

Chapter 15.08 of the Code pertains to service provided by the Municipal Water System. The Code does not currently establish a process for rate increases. The proposed ordinance codifies the current process of having Council approve all rate increases by the adoption of a resolution. The proposed ordinance also mandates advance written notice of any rate increase, by the publication of notice in the newspaper, and by bill inserts if a bill is due to be mailed between the date the increase is proposed and the date for Council consideration of the increase. Because billing is currently bi-monthly, mandating notice by bill insert could mean waiting more than 60 days to impose a rate increase, even if costs were escalating more quickly. The published notice is proposed as a reasonable alternative where targeted notice is not feasible.

#### CONCLUSION

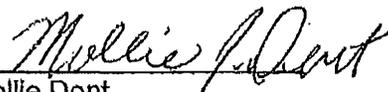
It is recommended that the Council approve the proposed ordinance amending Chapter 4.80 of Title 4 of the San José Municipal Code by repealing Part 3 relating to the Alviso Water Service Area Extension and Improvement Fund and amending Part 12 relating to the Consolidated Water Utility Fund, and amending Chapter 15.08 of Title 15 of the of the San José Municipal Code to add a new Part 2.5 relating to rates and charges for potable water service.

A copy of the proposed ordinance is attached hereto for convenient reference.

#### COORDINATION

This memorandum and the proposed ordinance were coordinated with the Department of Environmental Services and the Manager's Budget Office.

Richard Doyle  
City Attorney

By:   
Mollie Dent  
Sr. Deputy City Attorney

Attachment  
cc: Rabia Chaudhry, Council Assistant, District 8

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING CHAPTER 4.80 OF TITLE 4 OF THE SAN JOSE MUNICIPAL CODE BY REPEALING PART 3 RELATING TO THE ALVISO WATER SERVICE AREA EXTENSION AND IMPROVEMENT FUND AND AMENDING PART 12 RELATING TO THE CONSOLIDATED WATER UTILITY FUND, AND AMENDING CHAPTER 15.08 OF TITLE 15 OF THE SAN JOSE MUNICIPAL CODE TO ADD A NEW PART 2.5 RELATING TO RATES AND CHARGES FOR POTABLE WATER SERVICE

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Part 3 of Chapter 4.80 of Title 4 of the San José Municipal Code, which is entitled "Alviso Water Service Area Extension and Improvement Fund," is hereby repealed.

SECTION 2. Part 12 of Chapter 4.80 of Title 4 of the San José Municipal Code is hereby amended to read as follows:

**Part 12**

**Consolidated Potable Water Utility Fund**

**4.80.600 Consolidated Potable Water Service Area Defined**

The Consolidated Potable Water Service Area is that territory situated within the boundaries of those areas designated in Section 15.08.160 of the San José Municipal Code as the "Alviso Water Service Area"; in Section 15.08.265 of the San José Municipal Code as the "Edenvale Water Service Area"; in Section 15.08.270 as the "Evergreen Water Service Area"; in Section 15.08.275 as the Coyote Water Service Area; and in Section 15.08.280 as the "North San José Water Service Area."

**4.80.610 Fund Created**

The Consolidated Water Utility Fund established by Ordinance No. 22847, adopted on June 28, 1988, and the Alviso Water Service Area Extension and Improvement Fund, established by Ordinance No. 14715, adopted on June 9, 1969, shall be continued and maintained as the Consolidated Potable Water Utility Fund.

**4.80.620 Source and Transfer of Moneys**

- A. There shall be deposited in the Consolidated Potable Water Utility Fund all monies received for installation of service connections and water meters to provide water service within the consolidated potable water service area. The City Council may transfer monies to the Consolidated Potable Water Utility Fund from any other fund, which monies may be used for the purposes set forth in Section 4.80.630.
- B. In addition, all revenues derived from operation of potable water service within the Consolidated Potable Water Service Area, including revenues from sale of potable water or the provision of potable water for fire protection, shall be credited to and deposited in the Consolidated Potable Water Utility Fund. The City Council may transfer to the Consolidated Water Utility Fund monies from the General Fund or from any other funds which may be used for the purposes set forth in Section 4.80.630.
- C. There shall also be deposited in the Consolidated Potable Water Utility Fund engineering and inspection fees, paid to the City of San José for the extension and improvement of the potable water system within or to provide service to the Consolidated Potable Water Service Area.

- D. All interest earned on monies in the Consolidated Potable Water Utility Fund and grants and other funds received for the extension and improvement of the potable water system within or to provide service to the Consolidated Potable Water Service Area shall be credited to and deposited to said fund.
- E. There shall also be deposited in the Consolidated Potable Water Utility Fund all water main area and frontage charges received from applicants for water service within the Consolidated Potable Water Service Area. Such charges shall be accounted for separately as provided in Part 9 of Chapter 15.08 of Title 15 of this Code.

#### **4.80.630 Expenditures**

- A. Monies in the Consolidated Potable Water Utility Fund shall be expended for direct costs of water system operations, for repair and maintenance of the water system for the Consolidated Potable Water Service Area and for the purchase of supplies, materials, and equipment attributable to or necessary for the operation and maintenance of a water system in the Consolidated Water Service Area.
- B. Monies in the Consolidated Potable Water Utility Fund shall be expended for the acquisition, construction, and installation of water system capital improvements within or to provide service to the Consolidated Water Service Area, including acquisition of land, or interests in land, and for the preparation of environmental impact reports in connection with such capital improvements.
- C. Monies in the Consolidated Potable Water Utility Fund shall be expended for the establishment and maintenance of appropriate reserve funds within the Consolidated Potable Water Utility Fund, including but not limited to the following:

1. A capital improvement reserve fund in an amount equal to seven percent (7%) of the revenue described in subsections A., B. and C. of Section 4.80.620; and
  2. A rate stabilization reserve fund in an amount equal to five percent (5%) of revenue described in subsections A., B. and C. of Section 4.80.620.
- D. Monies in the Consolidated Potable Water Utility Fund may only be transferred to the General Fund of the City as follows:
1. In amounts calculated in the same manner as amounts paid to the General Fund by potable water utilities that are not exempt from the payment of franchise fees to the City and are operated under the authority of the California Public Utilities Commission; and
  2. If adequate monies remain after the expenditures authorized by subsections A., B., C. and D.1 above, monies may be transferred to the General Fund on an annual basis to reimburse the City for indirect overhead costs and to provide a reasonable rate of return to the City, provided that the amount so transferred shall not exceed the following:
    - a. Until June 30, 2004, such amounts as may be allowed in the Council approved budget.
    - b. From July 1, 2004 through June 30, 2005, an amount not to exceed eleven percent (11%) of the revenue, as described in subsections A., B. and C. of Section 4.80.620, which was received in the immediately preceding fiscal year.
    - c. From and after July 1, 2005, an amount not to exceed eight percent (8%) of the revenue, as described in subsections A., B.

and C. of Section 4.80.620, which was received in the immediately preceding fiscal year.

- E. Notwithstanding subsections A through D above, monies in the Consolidated Potable Water Utility Fund that are received as water main area and frontage charges from applicants for water service within the Consolidated Potable Water Service Area, shall only be expended for the purposes set forth in Part 9 of Chapter 15.08 of Title 15 of this Code.

SECTION 3. Chapter 15.08 of Title 15 of the San José Municipal Code is hereby amended by adding a Part to be numbered and entitled and to read as follows:

**Part 2.5**

**Rates and Charges for Potable Water Service**

**15.08.310 Purpose of Rates and Charges**

The purpose of the provisions of this Part 2.5, and the potable water rates and charges to be established pursuant to this Part 2.5, is to generate revenue sufficient to make the expenditures required under subsections A through C of Section 4.80.630 of this Code and to generate such additional revenue as may be required to fund the expenditures allowed under subsection D of Sections 4.80.630 of this Code.

**15.08.320 Establishment of Potable Rates and Charges**

- A. Rates and charges for potable water service, including meter charges and quantity rates, shall be established from time to time by resolution of the City Council.

- B. Rates and charges for potable water service may vary by water service area, and by zone within a water service area.
- C. Written notice of any proposed increase in rates and charges for potable water services shall be provided in advance of approval of any rate or charge increase, as follows:
1. Notice shall also be published in a newspaper of general circulation at least fifteen (15) days in advance of City Council consideration of such increase.
  2. Notice shall be sent directly to the customer with the customer's regular water bill if a bill is due to be sent to the customer between the time an increase is proposed and the increase is scheduled to be considered by the City Council.

PASSED FOR PUBLICATION of title this \_\_\_\_\_ day of \_\_\_\_\_, 2003; by the following vote:

AYES:

NOES:

ABSENT:

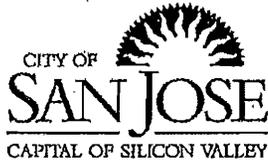
DISQUALIFIED:

\_\_\_\_\_  
RON GONZALES  
Mayor

ATTEST:

\_\_\_\_\_  
PATRICIA L. O' HEARN  
City Clerk

3674 ✓



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Richard Doyle  
City Attorney

**SUBJECT:** Ordinance Relating to Municipal  
Water System Potable Water  
Revenue, Expenditures, Rates  
and Charges

**DATE:** 5/23/2003

## REASON FOR SUPPLEMENTAL MEMORANDUM

Non-substantive errors in the proposed ordinance were discovered after the Council original Council memorandum was distributed. Specifically, the proposed ordinance carried over obsolete language in the existing Municipal Code indicating that some capital funds are deposited in the Consolidated Water Utility Fund. Since the Budget Office has already set up separate capital and operating funds for the Municipal Water System, the proposed ordinance has now been revised to correctly reflect that it relates only to operating revenue and expenditures.

In addition, the reserve fund provision has been revised to clarify that the purpose is to appropriate sufficient monies to establish and maintain the reserve funds; once the funds are established, additional monies will only need to be appropriated, if the reserves fall below the specified levels.

A red-lined version of revised proposed ordinance is attached to this memorandum.

RICHARD DOYLE  
City Attorney

By

*Mollie J. Dent*

Mollie J. Dent  
Sr. Deputy City Attorney

cc: Del D. Borgsdorf, City Manager  
Carl Mosher, Director ESD

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING CHAPTER 4.80 OF TITLE 4 OF THE SAN JOSE MUNICIPAL CODE BY REPEALING PART 3 RELATING TO THE ALVISO WATER SERVICE AREA EXTENSION AND IMPROVEMENT FUND AND AMENDING PART 12 RELATING TO THE CONSOLIDATED WATER UTILITY FUND, AND AMENDING CHAPTER 15.08 OF TITLE 15 OF THE SAN JOSE MUNICIPAL CODE TO ADD A NEW PART 2.5 RELATING TO RATES AND CHARGES FOR POTABLE WATER SERVICE

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Part 3 of Chapter 4.80 of Title 4 of the San José Municipal Code, which is entitled "Alviso Water Service Area Extension and Improvement Fund," is hereby repealed.

SECTION 2. Part 12 of Chapter 4.80 of Title 4 of the San José Municipal Code is hereby amended to read as follows:

**Part 12**

**Consolidated Potable Water Utility Operating Fund**

**4.80.600 Consolidated Potable Water Service Area Defined**

The Consolidated Potable Water Service Area is that territory situated within the boundaries of those areas designated in Section 15.08.160 of the San José Municipal Code as the "Alviso Water Service Area"; in Section 15.08.265 of the San José Municipal Code as the "Edenvale Water Service Area"; in Section 15.08.270 as the "Evergreen Water Service Area"; in Section 15.08.275 as the Coyote Water Service Area; and in Section 15.08.280 as the "North San José Water Service Area."

**4.80.610 Fund Created**

The Consolidated Water Utility Fund established by Ordinance No. 22847, adopted on June 28, 1988, and the Alviso Water Service Area Extension and Improvement Fund, established by Ordinance No. 14715, adopted on June 9, 1969, shall be continued and maintained as the Consolidated Potable Water Utility Operating Fund.

**4.80.620 Source and Transfer of Moneys**

~~A. There shall be deposited in the Consolidated Potable Water Utility Fund all monies received for installation of service connections and water meters to provide water service within the consolidated potable water service area. The City Council may transfer monies to the Consolidated Potable Water Utility Fund from any other fund, which monies may be used for the purposes set forth in Section 4.80.630.~~

~~B.A. In addition, A~~ all revenues derived from operation of potable water service within the Consolidated Potable Water Service Area, including revenues from sale of potable water or the provision of potable water for fire protection, shall be credited to and deposited in the Consolidated Potable Water Utility Operating Fund. The City Council may transfer to the Consolidated Water Utility Fund monies from the General Fund or from any other funds which may be used for the purposes set forth in Section 4.80.630.

~~C. There shall also be deposited in the Consolidated Potable Water Utility Fund engineering and inspection fees, paid to the City of San José for the extension and improvement of the potable water system within or to provide service to the Consolidated Potable Water Service Area.~~

~~D.B. All interest earned on monies in the Consolidated Potable Water Utility Operating Fund and grants and other funds received for the for the extension and improvement of the potable water system within or to provide service to the Consolidated Potable Water Service Area shall be credited to and deposited to said fund.~~

~~E. There shall also be deposited in the Consolidated Potable Water Utility Fund all water main area and frontage charges received from applicants for water service within the Consolidated Potable Water Service Area. Such charges shall be accounted for separately as provided in Part 9 of Chapter 15.08 of Title 15 of this Code.~~

#### **4.80.630 Expenditures**

A. Monies in the Consolidated Potable Water Utility Operating Fund shall be expended for direct costs of water system operations, for repair and maintenance of the water system for the Consolidated Potable Water Service Area and for the purchase of supplies, materials, and equipment attributable to or necessary for the operation and maintenance of a water system in the Consolidated Potable Water Service Area.

~~B. Monies in the Consolidated Potable Water Utility Fund shall be expended for the acquisition, construction, and installation of water system capital improvements within or to provide service to the Consolidated Water Service Area, including acquisition of land, or interests in land, and for the preparation of environmental impact reports in connection with such capital improvements.~~

G.B. Monies in the Consolidated Potable Water Utility Fund shall be expended appropriated as necessary for the establishment and maintenance of appropriate reserve funds within the Consolidated Potable Water Utility Fund, including but not limited to the following:

1. A capital ~~rehabilitation~~ improvement reserve fund in an amount equal to seven percent (7%) of the revenue described in subsections A., B., and C. of Section 4.80.620; and
2. A rate stabilization reserve fund in an amount equal to five percent (5%) of revenue described in subsections A., B., and C. of Section 4.80.620.

~~D.C.~~ Monies in the Consolidated Potable Water Utility Fund may only be transferred to the General Fund of the City as follows:

1. In amounts calculated in the same manner as amounts paid to the General Fund by potable water utilities that are not exempt from the payment of franchise fees to the City, and are operated under the authority of the California Public Utilities Commission; and
2. If adequate monies remain after the expenditures authorized by subsections A., B., and C. and ~~D.1~~ above, monies may be transferred to the General Fund on an annual basis to reimburse the City for indirect overhead costs and to provide a reasonable rate of return to the City, provided that the amount so transferred shall not exceed the following:
  - a. Until June 30, 2004, such amounts as may be allowed in the Council approved budget.
  - b. From July 1, 2004 through June 30, 2005, an amount not to exceed eleven percent (11%) of the revenue, as described in subsections A., B., and C. of Section 4.80.620, which was received in the immediately preceding fiscal year.

- c. From and after July 1, 2005, an amount not to exceed eight percent (8%) of the revenue, as described in subsections A, B, and C. of Section 4.80.620, which was received in the immediately preceding fiscal year.

~~E. Notwithstanding subsections A through D above, monies in the Consolidated Potable Water Utility Fund that are received as water main area and frontage charges from applicants for water service within the Consolidated Potable Water Service Area, shall only be expended for the purposes set forth in Part 9 of Chapter 15.08 of Title 15 of this Code.~~

SECTION 3. Chapter 15.08 of Title 15 of the San José Municipal Code is hereby amended by adding a Part to be numbered and entitled and to read as follows:

**Part 2.5**

**Rates and Charges for Potable Water Service**

**15.08.310 Purpose of Rates and Charges**

The purpose of the provisions of this Part 2.5, and the potable water rates and charges to be established pursuant to this Part 2.5, is to generate revenue sufficient to make the expenditures required under subsections A and B through ~~C~~ of Section 4.80.630 of this Code and to generate such additional revenue as may be required to fund the expenditures allowed under subsection C~~D~~ of Sections 4.80.630 of this Code.

**15.08.320 Establishment of Potable Rates and Charges**

- A. Rates and charges for potable water service, including meter charges and quantity rates, shall be established from time to time by resolution of the City Council.
- B. Rates and charges for potable water service may vary by water service area, and by zone within a water service area.
- C. Written notice of any proposed increase in rates and charges for potable water services shall be provided in advance of approval of any rate or charge increase, as follows:
  - 1. Notice shall also be published in a newspaper of general circulation at least fifteen (15) days in advance of City Council consideration of such increase.
  - 2. Notice shall be sent directly to the customer with the customer's regular water bill if a bill is due to be sent to the customer between the time an increase is proposed and the increase is scheduled to be considered by the City Council.

PASSED FOR PUBLICATION of title this \_\_\_\_\_ day of \_\_\_\_\_, 2003, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

\_\_\_\_\_  
RON GONZALES  
Mayor

ATTEST:

\_\_\_\_\_  
PATRICIA L. O' HEARN  
City Clerk



## Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Richard Doyle  
City Attorney

**SUBJECT:** Ordinance Relating to Municipal  
Water System Potable Water  
Revenue, Expenditures, Rates  
and Charges

**DATE:** June 6, 2003

### RECOMMENDATION

Adoption of an ordinance amending Chapter 4.80 of Title 4 of the San José Municipal Code by repealing Part 3 relating to the Alviso Water Service Area Extension and Improvement Fund and amending Part 12 relating to the Consolidated Water Utility Fund, and amending Chapter 15.08 of Title 15 of the of the San José Municipal Code to add a new Part 2.5 relating to rates and charges for potable water service.

### BACKGROUND

On May 6, 2003, this Office was directed by Council to draft an ordinance that would limit revenue transfers from the Municipal Water System to the General Fund, beginning in fiscal year 2004-05; provide for certain reserve funds to be established for the Municipal Water System; and establish a process for rate increases, including advance notification of rate increases. On May 27, Council considered the City Attorney's draft of the proposed ordinance and moved adoption of the ordinance with the following amendments:

- Include requirement for operational and financial audit, as described in Mayor's May 2<sup>nd</sup> memo;
- Include requirement that debt service be paid prior to making general fund transfers;
- Include as goals that Municipal Water system rates remain below the average rates paid by City residents who are customers of other water systems and that staffing levels stay at historic levels.

The May 27<sup>th</sup> motion also asked the City Attorney to explain how the 7% capital reserve fund requirement related to the original Council direction.

### ANALYSIS

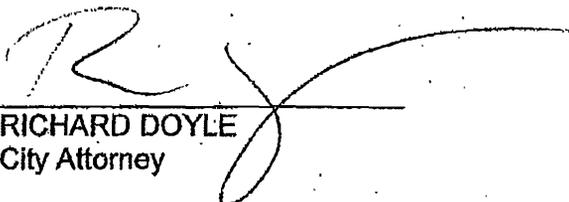
The ordinance has been revised consistent with the Council approval of the previous draft with the specific recommended changes to include audit and debt service requirements; and goals related to staffing ratios and average water system rates.

The capital reserve requirement has been left at 7%. The original Council memoranda directing this ordinance recommended a "guideline" of 6% for a capital reserve fund, 8% for capital "on-going" costs, and a "minimum allocation" of 7% of total revenue per year for "on-going capital improvements to preserve the asset." We used the 7% figure for the capital reserve fund because it was stated as "minimum" in the Council memoranda. Establishing two capital reserves funds would, in our review be redundant.

The purpose of reserve funds is to have funds available in the event unanticipated costs arise. The rate stabilization reserve fund, which will always be at least 5% of revenue in a given year, will be available to postpone the need for a rate increase if, for example, wholesale water or power prices increase during the year. Similarly, the capital reserve fund, which will always be at least 7% of revenue in a given year, will be available for capital projects, regardless of the amount budgeted for capital projects, which may be more or less than the 8% guideline.

### CONCLUSION

It is recommended that the Council adopt the revised ordinance. A copy of the revised ordinance is attached hereto for convenient reference.

By   
RICHARD DOYLE  
City Attorney

cc: Del Borgsdorf



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** Shell Gas Station Revenue

**DATE:** May 20, 2008

Approved

Date

5-22-08

## BACKGROUND

At the Neighborhood Services CSA Budget Study Session on May 14, 2008, Councilmember Campos requested confirmation that the revenues from the Shell gas station at the City-owned property on the corner of King and Story Roads are used for improvements at Emma Prusch Park.

## ANALYSIS

This memorandum confirms that the revenues received from the lease of the gas station on City property are deposited in the Emma Prusch Fund (Fund 131) and are used for improvements in the Park. Page V-503 of the 2009-2013 Proposed Capital Improvement Program shows this revenue from the station as "Lease Revenue" under the Emma Prusch Park Sources of Funds. These lease revenues, (approximately \$72,000 per year), together with interest earned (approximately \$8,000 per year), are used for improvements at the park. Improvements include, but are not limited to, painting, installation and repair of fencing, rodent abatement, picnic tables, roof repairs, barn repairs, and other emergency repairs, as needed.

Albert Balagso  
Director of Parks Recreation and  
Neighborhood Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT: AIRPORT EXPANSION-  
ECONOMIC IMPACT OF  
OPERATIONS**

**DATE:** May 20, 2008

Approved

Date

5/22/08

## BACKGROUND

At the Transportation and Aviation Service capital budget discussion with Council on May 15, 2008 Councilman Cortese requested additional information related to the economic impact generated by the operation of the Airport. In addition, it was noted that an Airport economic impact study was completed in 1998, and since current passenger activity is similar to 1998 levels, the results from this study may, or may not, be relevant today. It was requested that staff evaluate options for updating the 1998 study.

## ANALYSIS

The 1998 study, conducted by Martin Associates of Pennsylvania, which specializes in airport economic studies, was completed at a time when Airport activity was at 10.5 million annual passengers. Current year to date activity is trending toward a comparable 10.7 million annual passengers for 2008. The key findings of the 1998 study were:

- The Airport generated 74,930 jobs in the San Jose area
- The Airport generated \$4.2 billion in direct business revenue (1998 dollars)
- The Airport generated \$2.0 billion in personal income (1998 dollars)
- State and local government received an estimated \$471 million in tax revenue as a result of Airport activity (1998 dollars)

The 1998 report noted that air carrier activity is the dominant contributor to the Airport's economic impact, particularly from the expenditures of visiting air passengers. Air cargo and general aviation activity also contributed to the San Jose area's economy. Aviation industry conditions have evolved in the intervening 10 years since the study, and an update may reveal shifts in the magnitude of economic impacts.

HONORABLE MAYOR AND CITY COUNCIL

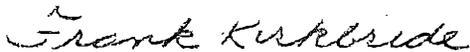
May 22, 2008

Subject: Airport Expansion-Economic Impact of Operations

Page 2

ANALYSIS (CONT'D.)

Staff estimates that the cost of an update will be in the range of \$100,000 to \$150,000, and would take 9-12 months to complete including a new consultant selection process. Airport staff plans to update the airport economic impact study upon completion of the Terminal Area Improvement Program in 2010-11, subject to available funding. Copies of the 1998 study can be made available on request.

*for*   
WILLIAM F. SHERRY, A.A.E.  
Director of Aviation  
Airport Department



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** 47,000 JOBS GAINED – SECTOR  
BREAKDOWN

**DATE:** May 21, 2008

Approved

*Christine J. Shippy*

Date

*5-22-08*

On May 7, 2008 at 2008-2009 Budget Study Session the Office of Economic Development shared with the City Council that from January 2004 to December 2007, a net 47,200 jobs were created in the San Jose area. Below is a breakdown of the net job growth by major industry sector.

#### 47,000 Jobs Gained-Sector Breakdown

Major Industry Sectors	Net Job Growth (Jan 04-Dec 07)
Trade, Transportation & Utilities	9,300
Professional & Business Services	9,300
Education & Health Services	8,300
Information	8,200
Leisure & Hospitality	6,600
Construction	4,100
Government	1,500
Financial Activities	1,400
Natural Resources & Other Services	300
Farm	(600)
Manufacturing	(1,200)
<b>Total</b>	<b>47,200</b>

A great deal of the job growth in the Trade, Transportation & Utilities sector came from merchant wholesalers and general merchandise retail stores. Within the Professional & Business Services category, the key drivers were computer system design and administrative and support services. Healthcare and Social Assistance is where the new job growth occurred in Education & Health Services. Finally in manufacturing the sectors of Industrial Machinery Manufacturing and Commercial and Service Industry Manufacturing were the most impacted by job loss.

*Paul Krutko*

Paul Krutko

Chief Development Officer



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** RETAIL SITES UNDER  
CONSIDERATION

**DATE:** May 21, 2008

Approved

*Christine J. Shipley*

Date

*5-22-08*

On May 7, 2008 at 2008-2009 Budget Study Session the Office of Economic Development updated the City Council on progress with the Retail Growth Strategy. In response to a request for additional information by Mayor Reed, the following discusses progress on potential retail expansion sites identified in the Council's Fall Priority Setting Session.

## Retail Sites Under Construction

Site Name	Cross Reference	Status Update
1. CarrAmerica Site	O'toole & Montague	No Retail. Developer moving forward with office development
3. Creekside	Brokaw & Hwy 880	Developer moving forward with retail development
5. Arcadia	14520 Almaden Expy (85)	Developer & City working together to facilitate retail on site
6. Cisco	Hwy 237 (NW) & N 1st	City Staff in discussion with Cisco exploring all opportunities
7. Zanker	237/N. First	City Staff in preliminary discussion with VTA
8. @ First (Palm)	237/N. First	Developer moving forward with retail & office development
9. America Center	Hwy 237 & Gold St.	Developer moving forward with specialized retail development
10. Fleamarket	1590 Berryessa Rd	Developer moving forward with retail development
11. Berryessa & Capitol	1155 N. Capitol Avenue	City Staff in discussion with developer
12. Moitozo	175 River Oaks Pkwy	Long-term project, Staff continue discussions with developer
13. Capitol Drive-In	3630 Hillcap Avenue	City Staff in discussion with developer
14. Fox & Markovits	Oakland Rd & Brokaw Rd	Project includes 50 K sq ft of neighborhood serving retail
15. Airport West	1125 Coleman Avenue	Development opportunity to be heard May 20th by City Council
16. Arcadia (Airport)	Coleman Avenue	Developer moving forward with retail development

HONORABLE MAYOR AND CITY COUNCIL

May 21, 2008

**Subject: Retail Sites Under Consideration**

Page 2

It had been previously suggested that one potential impediment to retail development at many of these sites is the Environmental Clearance and Environmental Impact Report process. Outreach to the development community has revealed that the key for successful retail development at these sites is to have a prompt, straightforward development process. The development community does not feel that either the Environmental Clearance or Environmental Impact Report process is an impediment to them developing the sites.

A handwritten signature in black ink, appearing to read "Paul Krutko", with a stylized flourish at the end.

Paul Krutko

Chief Development Officer



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT: DOWNTOWN PROACTIVE  
CODE ENFORCEMENT RESOURCES**

**DATE:** May 23, 2008

Approved

Date

5-23-08

## BACKGROUND

At the Neighborhood Services CSA Budget Study Session on May 9, 2008, Mayor Reed requested information on the costs associated with implementing a proactive approach effort by Code Enforcement, in coordination with the Police and Fire Departments, to ensure that nightclubs and bars are in compliance with existing Conditional Use Permit requirements and to respond to potential public nuisance complaints from businesses and nearby residents. The purpose of this memorandum is to provide the information requested.

There are currently in excess of 40 nightclubs and bars located in the downtown core. Conditional Use Permits, Entertainment Permits or other Zoning provisions govern how these businesses operate, i.e., hours of operation, customer capacity, entertainment, parking and other operational conditions that may impact surrounding neighborhoods and businesses. The Code Enforcement Division is generally viewed as the responsible enforcement agency for ensuring compliance with the permit conditions as defined and described in the Conditional Use Permit or by the Zoning Ordinance. The Police Department issues Entertainment Permits and has generally assumed primary enforcement responsibility for those permits. In addition, these efforts are supported by the Fire Department who conducts inspections to ensure compliance with occupancy loads.

The Code Enforcement Division's proactive efforts in the downtown are currently very limited. The Redevelopment Agency funds 1.0 FTE to provide proactive enforcement services in the downtown core and in the eight neighborhood business districts. This Code Enforcement Inspector proactively addresses predominately blight issues, such as graffiti, illegal signs and news racks.

## ANALYSIS

The Code Enforcement Division does not currently provide proactive enforcement resources in response to Conditional Use Permit violations involving downtown nightclubs and/or bars in the evening/early morning hours due to staffing limitations. This enhanced Code Enforcement service, funded by the Redevelopment Agency, would use existing staff on an overtime basis and, therefore, will not impact current Code Enforcement services Citywide.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

**Subject: Downtown Proactive Code Enforcement Resources**

Page 2 of 2

The estimated cost to expand Code Enforcement Division services on a proactive basis to review current Conditional Use Permit conditions for the nightclubs and bars located in the downtown, perform unannounced inspections and to enforce violations would be \$28,857 per year.

The Code Enforcement Division proposes to perform the following tasks:

- Research and obtain all relevant permits and licenses including but not limited to Conditional Use Permits, Entertainment Permits and Department of Alcoholic Beverage Control licenses;
- Quarterly proactive inspection of all nightclubs in the downtown area to ensure compliance with Conditional Use Permit conditions;
- Proactive education and outreach to the property owners and business owners;
- Respond to complaints from the Police Department or neighboring residents regarding suspected violations of the nightclub's Conditional Use Permit;
- Open cases and generate notices, warning letters, citations, etc;
- Coordinate efforts of the Code Enforcement Division with the Police Department, Fire Department, Redevelopment Agency, and the Department of Alcoholic Beverage Control.

Prior to the commencement of the code enforcement efforts, the Department of Planning, Building and Code Enforcement and Redevelopment Agency staff will implement an outreach and education program for property and business owners to educate them about the compliance requirements for the different permits.

#### **EFFECTIVE DATE**

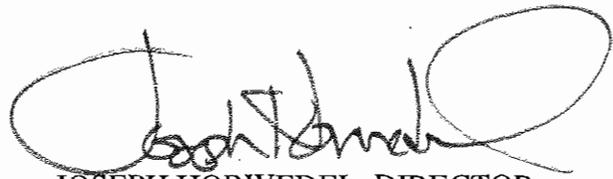
If the City Council chooses to fund this effort, Code Enforcement can begin implementation of the outlined tasks in September 2008.

#### **CONCLUSION**

The Code Enforcement Division, in partnership with the Redevelopment Agency, Police Department and Fire Department, is committed to ensuring that businesses thrive in the downtown without creating an adverse impact on neighboring properties or operate in such a manner that creates a public nuisance. Proactive enforcement in the downtown core will ensure compliance with existing permitting requirements and other regulatory requirements.

#### **COORDINATION**

This MBA has been coordinated with the Police Department, Fire Department and the Redevelopment Agency.



JOSEPH HORWEDEL, DIRECTOR  
Planning, Building and Code Enforcement



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL      **FROM:** Richard Doyle  
City Attorney

**SUBJECT:** WORKERS' COMPENSATION LITIGATED CLAIMS      **DATE:** May 23, 2008

## BACKGROUND

At the May 12, 2008 Strategic Support Budget Study Session, Councilmember Madison Nguyen requested information on whether the number of workers' compensation litigated claims in San Jose was a low or high number relative to the size of the organization.

## ANALYSIS

The Office contacted large California cities and selected counties for information on their workers' compensation program. The following chart provides information on the number of litigated claims, and whether legal services are provided by in-house lawyers or outside counsel.

Agency	Open Litigated Claims	Employees	Claims/ Employees	In-house or Outside Counsel	# In-house Attorneys
County of Los Angeles	16,000	105,000	15%	Both 5,600 In-house 10,400 Outside	14
City of San Jose	997	6,953	14%	In-house	4
City of Los Angeles	5,000	40,000	13%	Both 3,000 In-house 2,000 Outside*	11 (4 more positions will be added)
City of San Diego	1,078	11,000	10%	In-house	4
San Francisco (City and County)	2,697	28,000	10%	In-house	8
City of Oakland	320	4,414	7%	Outside Counsel	0
County of Santa Clara	874	15,000	6%	In-house	7
City of Long Beach	308	5,000	6%	In-house	3

\*Outside counsel handles all claims for sworn personnel and enterprise funded departments (Airport, Harbor, and Water & Power).

**ANALYSIS (CONT'D)**

During the course of our research, it was apparent that variations in the methodology used by each jurisdiction to account for litigated claims affected the data. For example, Long Beach reported 308 cases, with approximately 60 of the cases involving multiple claims. In comparison, San Jose accounts for each claim separately, even if it is related to the same employee, thus the total number of litigated claims using San Jose's methodology would be higher for Long Beach. In addition, the jurisdictions provided litigated claims data from available reports that did not consistently cover the same period of time.

Most of the jurisdictions have in-house lawyers provide workers' compensation legal services. Due to the high volume of claims, both the City and County of Los Angeles hire outside counsel to assist the in-house lawyers with managing the heavy workload. The Los Angeles City Council recently approved 4 additional attorney positions for their City Attorney's Office in an effort to reduce the number of cases sent to outside counsel.

San Jose's in-house legal cost per claim is lower than jurisdictions that hire outside counsel.

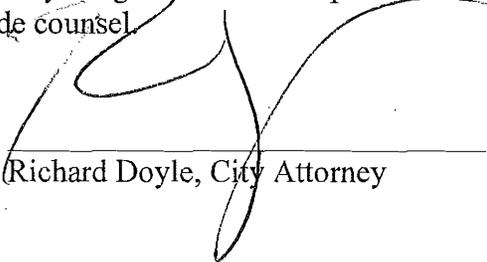
Agency	Year	Cost	Claims	Cost per Claim
Riverside County	2004-05	\$1,700,000	557	\$3,052
City of Oakland	2006-07	\$815,482	320	\$2,548
Los Angeles Metropolitan Transit Authority	2002-03	\$3,100,000	1,400	\$2,214
City of Los Angeles	2006-07	\$2,000,000	2,000	\$1,000
City of San Jose	2008-09	\$805,073*	997	\$807

\*Personal Services budget for 4 attorneys and 1 legal administrative assistant.

**CONCLUSION**

San Jose appears to have one of the highest percentages of litigated claims compared to other jurisdictions surveyed. However, as previously discussed, statistical variations may be attributed to differences in how each jurisdiction accounts for claims, and the period of time of the reported data.

The cities and counties are mainly using in-house lawyers due to the cost savings. The City Attorney's Office 2008-09 budget for in-house legal staff is \$805,073, whereas the estimated annual cost to hire outside counsel is \$1.48 million. The Office's attorneys also provide legal advice, facilitate training sessions, and handle subrogation matters, which has generated \$237,000 in plaintiff revenue this year. The City's legal services cost per claim is lower than the 4 other jurisdictions surveyed that hire outside counsel.



Richard Doyle, City Attorney



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** James R. Helmer  
Jennifer A. Maguire

**SUBJECT:** AMENDMENTS TO THE 2008-  
2009 PROPOSED FEES AND  
CHARGES REPORT

**DATE:** May 21, 2008

Approved

Date

5/23/08

## RECOMMENDATION

Amend the Proposed 2008-2009 Fees and Charges Report to add a Traffic Controller Fee of \$6,800 per controller.

## BACKGROUND

Most of the traffic signal controllers in the City are a "390" type controller and are 15 to 20 years old. The manufacturer no longer supports these units and there is a very long lead time to get replacement parts. The City is in the process of replacing all of these controllers to a "2070" type controller which provides for improved flow efficiency and meets current State and Federal Standards.

Development activity involving signalized intersections typically requires the installation of a new traffic signal controller. Currently, the developer will furnish a cabinet to house the traffic signal controller along with the signal controller itself. These units are delivered to the City for testing and programming and then returned to the developer for installation at the intersection. The City is changing this process and will now require that any signal controllers needed for development activity be furnished by the City and reimbursed by the developer through the proposed fee.

## ANALYSIS

On October 16, 2007 the City standardized a new 2070 controller firmware. Extensive software programming and testing were performed to integrate the new controller with the City's central traffic management system in order to ensure remote traffic management capability. To ensure that all new devices are compatible with the City's system, the "2070 LN" type controllers will be furnished by the City for all development traffic signal improvement projects, with the cost reimbursed through the proposed fee. The fee recovers the full cost of parts, materials, and the additional labor required for configuring and testing the controllers. This fee is not applicable if a new controller is not required or if a "2070 LN" type controller already exists at the

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

**Subject: Amendments to the 2008-2009 Proposed Fees and Charges Report**

Page 2

intersection. Because the activity level is uncertain, this fee currently is not programmed to receive any reimbursement.

In addition, the City has a current purchase order for "2070 LN" controllers that meet the City's specifications and the cost savings generated through having an economy of scale with one vendor has been passed along to the developers in the fee.

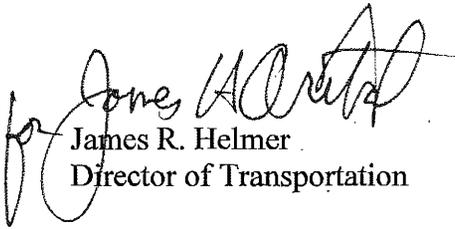
This strategy is also important for maintenance activities, as signal operations and maintenance response teams could more efficiently respond to malfunctions as a result of uniform signal controller deployment.

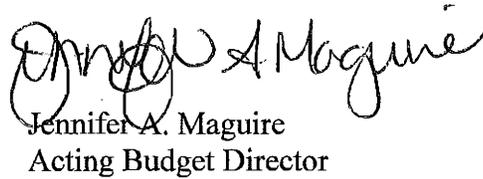
### **PUBLIC OUTREACH**

This fee was presented at the Developer's Industry Representative meeting held on February 7, 2008. No objections or concerns were received at the meeting. In addition, public input will be heard by the City Council during a public hearing which will be held on Monday, June 16, 2008 at 7:00 p.m. in the City Council Chambers.

### **COORDINATION**

This recommendation has been coordinated with the City Attorney's Office.

  
James R. Helmer  
Director of Transportation

  
Jennifer A. Maguire  
Acting Budget Director

Attachments

**DEPARTMENTAL FEES AND CHARGES**

**TRANSPORTATION**

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>TRANSPORTATION FEES - CATEGORY I</b>								
<b>12. Santa Clara County Traffic</b>								
<b>Maintenance Charges</b>								
1 Traffic Maintenance Charges	Full Cost Recovery		No Change					
<b>Sub-total Santa Clara County Traffic Maintenance Charges</b>		<b>100.0%</b>		<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>100.0%</b>	<b>100.0%</b>
<b>13. Sidewalk Repair-Inspection and Contract Administration</b>								
1 Sidewalk Repair-Inspection and Contract Administration	\$143 per job		\$145 per job					
<b>Sub-total Sidewalk Repair-Inspection and Contract Administration</b>		<b>100.0%</b>		<b>45,300</b>	<b>42,900</b>	<b>45,300</b>	<b>94.7%</b>	<b>100.0%</b>
<b>14. Signal Design/Review</b>								
1 Major Development Signal Design: Electronic base map	\$7,354 (not collected if provided)		\$6,825 (not collected if provided)					
2 Major Development Signal Design: Per LRT, County, and State locations	\$3,780		\$3,609					
3 Major Development Signal Design: Per signal design and activation	\$26,881		\$25,400					
4 Major Development Signal Design: Traffic Controller Fee			\$6,800 per controller (if applicable)					
5 Major Development Signal Review: Per re-review after 3rd submittal	\$701		\$666					
6 Major Development Signal Review: Per signal review and activation	\$21,770		\$20,562					
7 Major Development Signal Review: Traffic Controller Fee			\$6,800 per controller (if applicable)					

# DEPARTMENTAL FEES AND CHARGES

# TRANSPORTATION

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
<b>TRANSPORTATION FEES - CATEGORY I</b>									
<b>14. Signal Design/Review</b>									
8 Minor Development Signal Design: Electronic base map	\$7,354 (not collected if provided)		\$6,876 (not collected if provided)						
9 Minor Development Signal Design: Per LRT, County, and State locations	\$3,780		\$3,609						
10 Minor Development Signal Design: Per signal design and activation	\$16,541		\$15,117 per signal design						
11 Minor Development Signal Design: Traffic Controller Fee			\$6,800 per controller (if applicable)						
12 Minor Development Signal Review: Per re-review after 3rd submittal	\$701		\$666						
13 Minor Development Signal Review: Per signal review and activation	\$14,186		\$13,412						
14 Minor Development Signal Review: Traffic Controller Fee			\$6,800 per controller (if applicable)						
<b>Sub-total Signal Design/Review</b>		<b>100.0%</b>		<b>256,420</b>	<b>271,462</b>	<b>256,420</b>	<b>105.9%</b>	<b>100.0%</b>	
<b>15. Taxi Stand Rental</b>									
1 Taxi Stand Rental	\$65.11 per space per month		\$61.56 per space per month						
<b>Sub-total Taxi Stand Rental</b>		<b>100.0%</b>		<b>26,594</b>	<b>28,128</b>	<b>26,594</b>	<b>105.8%</b>	<b>100.0%</b>	
<b>16. Tree Service Administrative Fee</b>									
1 Tree Service Administrative Fee			\$100 per tree service						
<b>Sub-total Tree Service Administrative Fee</b>									
<b>SUB-TOTAL TRANSPORTATION FEES - CATEGORY I</b>		<b>100.0%</b>		<b>1,081,032</b>	<b>1,093,636</b>	<b>1,081,032</b>	<b>101.2%</b>	<b>100.0%</b>	

# DEPARTMENTAL FEES AND CHARGES

# TRANSPORTATION

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
<b>TRANSPORTATION FEES - CATEGORY II</b>									
<b>1. Sidewalk Repair Program</b>									
<b>Penalties</b>									
1 60 Day Late Payment Penalty	5% of the unpaid balance		No Change						
2 90 Day Late Payment Penalty	5% of the unpaid balance (excl. previous penalties)		No Change						
<b>Sub-total Sidewalk Repair Program Penalties</b>									
<b>2. Tree Planting and Young Tree Trimming in Subdivisions</b>									
1 Tree Planting and Young Tree Trimming in Subdivisions	\$208 per tree		No Change						
<b>Sub-total Tree Planting and Young Tree Trimming in Subdivisions</b>									
		100.0%		26,000	26,000	26,000	100.0%	100.0%	
<b>SUB-TOTAL TRANSPORTATION FEES - CATEGORY II</b>		100.0%		26,000	26,000	26,000	100.0%	100.0%	
<b>TOTAL DEPARTMENT - GENERAL FUND</b>				1,107,032	1,119,636	1,107,032	101.1%	100.0%	
<b>TOTAL DEPARTMENT - NON-GENERAL FUND</b>				35,600	32,216	35,600	90.5%	100.0%	
<b>TOTAL DEPARTMENT - Category I</b>				1,116,632	1,125,852	1,116,632	100.8%	100.0%	
<b>TOTAL DEPARTMENT - Category II</b>				26,000	26,000	26,000	100.0%	100.0%	
<b>TOTAL DEPARTMENT</b>				1,142,632	1,151,852	1,142,632	100.8%	100.0%	



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** JUVENILE OFFENDERS  
REFERRAL PROGRAM

**DATE:** 05-22-08

Approved

Date 05/22/2008

## **BACKGROUND**

In the Mayor's March Budget Message, staff was directed to reinstate the Juvenile Offenders Referral Program, explore alternative funding options, and partner with Council Offices to recruit volunteers for quarterly anti-graffiti cleanups. The purpose of this memorandum is to provide the City Council with an update on the status of the City's negotiations to restore the Juvenile Offender Program through the Mayor's Gang Prevention Task Force (MGPTF).

## **ANALYSIS**

The County of Santa Clara is in its 5<sup>th</sup> year of implementation of Juvenile Detention Reform (JDR). The goal of this Initiative is to demonstrate more effective and efficient juvenile justice operations that accomplish core purposes of juvenile detention. The specific objectives of Juvenile Detention Reform are:

- To reduce disproportionate confinement of minority youth
- To reduce the number of youth unnecessarily or inappropriately detained
- To minimize the number of youth who fail to appear in Court or who re-offend pending adjudication
- To redirect public funds toward successful reform strategies
- To improve conditions of confinement

While the overarching intentions of Juvenile Detention Reform (JDR) address a valid community issue (the disproportionate confinement of minority youth), the actual implementation of these reforms have resulted in the unintended consequences of juveniles caught for graffiti, truancy or other offenses cited and released.

In the past, many individuals were referred to the City's Anti-Graffiti program to complete up to sixty-six hours of community service as part of a Sentencing Alternative Program. Juveniles

**ANALYSIS (CONT'D.)**

who had been arrested and had become wards of the court were also referred to the City under a separate agreement with the County Department of Probation ("County"). Under the terms of the agreement, the City allocated funding to the County to provide the required staff to supervise the ward juveniles during their community service with the City.

For a variety of reasons, this practice had stopped. The County did not have sufficient staffing to continue the program and there were changes in the way juveniles were being referred as explained above. As a result, juvenile offenders were no longer being referred to the City.

**Solution**

The Mayor's Gang Prevention Task Force initiated a dialogue with Santa Clara County Officials with the goal of achieving a mutually agreeable solution between the City and the County. This solution was designed to advance the County's efforts of reducing minority confinement long-term, while at the same time addressing the City's need for immediate consequences for gang activity, graffiti, and related crimes in the short term. Two significant outcomes of that discussion were the reinstatement of the juvenile offender diversion program for graffiti and the formation of the working group with participants from both the City and Santa Clara County.

The City and County agreed to reinstate the diversion of juvenile offenders who commit graffiti to a minimum of twenty-four hours of community service and mandatory enrollment of the offender in a tag class. Because JDR results in only a 90-day window to complete sentencing, the sixty-six hours was deemed impractical by the County. It was agreed that a shorter term of twenty-four hours would suffice and the referral of truant juveniles has been restored. Each weekend, ten to twenty youth are being referred to the City's Anti-Graffiti program.

One operational hurdle identified was the requirement for wards of the Court to be supervised by the County Department of Probation staff while they participate in the City's program. In the past, the City paid the County for this expense. Due to staffing issues, the County had advised the City that it could not continue that program and the agreement was allowed to expire. However, following the inter-agency dialogue, the County re-examined its staffing and agreed to make the resources available provided that the supervisor costs could be supported. Funding for this agreement has been identified within the existing City budget and it is anticipated that a new agreement will be fully executed in the next several weeks.

One of the greatest challenges for the Anti-Graffiti program has been the restrictions associated with Community Development Block Grant Funding (CDBG). This year, staff was notified that the program would no longer be eligible for CDBG in 2008-2009 so an alternative funding source needed to be identified. As such, the 2008-2009 Proposed Operating Budget recommends shifting funding for the program to the General Fund. This shift will greatly expand the

flexibility in allocating staff resources city-wide and lower the administrative burden associated with CDBG documentation.

In addition, City staff has also partnered with all Council Offices to extend outreach efforts to recruit new volunteers for our quarterly Anti-Graffiti cleanups.

Next Steps

Significant progress has been made with the County in restoring the juvenile offender program. The Administration would like to acknowledge the openness and collaborative spirit demonstrated by the City and County staff. As a result of these efforts, there will be increased accountability and available resources to advance our efforts in effectively eradicating graffiti.

Additionally, an inter-agency sub-committee of the MGPTF has been created to enable continued collaborative problem solving that can solve implementation issues in the current system and advance the goals of JDR. Members of the group include:

Co-Chairs:

Blanca Alvarado, Santa Clara County Supervisor

Angel Rios, City of San Jose Deputy Director, Parks, Recreation & Neighborhood Services

Members:

Albert Balagso, City of San Jose Director, Parks, Recreation & Neighborhood Services

Dolores Carr, Santa Clara County District Attorney

Rob Davis, City of San Jose Police Chief

Mary Green, Santa Clara County Office of the Public Defender

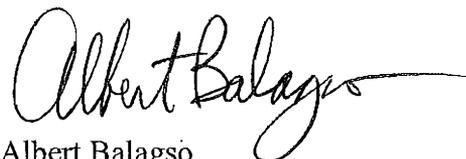
Melanie Jimenez, City of San Jose Office of the Mayor

Sheila Mitchell, Santa Clara County Probation Department Chief

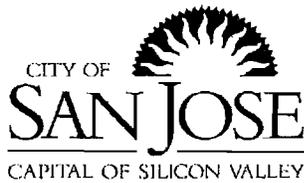
Bob Nunez, Eastside Union High School District Superintendent

Honorable Patrick Tondreau, Santa Clara County

Through the effort of the Mayor's Gang Prevention Task Force and this newly formed Inter-Agency sub-committee, we will continue to work on innovative approaches to keep the residents of our city safe.



Albert Balagso  
Director of Parks, Recreation and  
Neighborhood Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** 2008 GRAFFITI SURVEY  
REPORT

**DATE:** May 21, 2008

Approved

Date 05/21/2008

During the discussion of the Neighborhood Services CSA Operating Budget, it was requested that the Department of Parks, Recreation and Neighborhood Services re-issue the information memo on Graffiti that was provided earlier this year. Per that request, enclosed please find a copy of the original memo dated February 08, 2008 which transmits the results of the 2008 graffiti survey. Please note that since the report was originally issued, staff has been working collaboratively with its partners to develop new strategies to eradicate graffiti. The following is a short summary of those accomplishments:

- **Juvenile Offenders Referral Program Restored** - Each weekend 10-20 youth are being referred to the Anti-Graffiti program to perform 24 hours of community service. An agreement with the County Department of Probation to refer ward youth (under court order to be supervised by the County Department of Probation) has been drafted and is currently being processed for final execution.
- **Accountability Increased** - Juvenile offenders are now being required to attend a 90 minute tag class. The purpose of this class is to create greater awareness of the consequences associated with graffiti tagging. The first tag class was held on May 13, 2008.
- **Resources Augmented** - An agreement with the County Department of Correction (DOC) for the use of alternate work crews to perform pro-active graffiti eradication on a weekly basis is currently in process. These crews will focus on the 100 mile routes that have been identified as high traffic areas for graffiti. It is anticipated that the agreement will be fully executed over the next several weeks.
- **Improved Outreach** - As a result of a concerted public outreach effort, calls to the graffiti hotline have increased significantly. There were approximately 700 calls to the hotline in January 2008. Calls to the hotline increased to over 1,000 in the month of March.

May 21, 2008

Subject: 2008 Graffiti Survey Report

Page 2

- **Enhanced Use of Technology** - Students from San Jose State University's Management Information Systems (MIS) Honors Program are working with City staff to develop a new technology tool that will allow for real-time data collection using personal digital assistant devices (PDA). By optimizing routes between work orders, these devices will shorten travel time, allow field staff to remotely access and update the work order database and provide cameras to document the graffiti in the event that enforcement action is needed. These PDAs will be compatible with the database used by the Police Department and are currently being field tested. It is anticipated that these devices will greatly enhance operational efficiencies - allowing field staff to focus more of their time on actual eradication efforts.
- **Better Coordination** - City staff has coordinated with City Council offices' outreach efforts to recruit new volunteers for our quarterly Anti-Graffiti cleanups. Additionally, an inter-departmental team has continued to meet to address issues of coordination and improved tracking. These meetings provide an opportunity to review current processes as well as to develop pro-active, coordinated responses to emerging issues such as the incidents of graffiti on high-rise buildings.
- **Funding Shift** - One of the greatest challenges for the Anti-Graffiti program has been the restrictions associated with Community Development Block Grant Funding (CDBG). This year, staff was notified that the program would no longer be eligible for CDBG in 2008-2009. This challenge provided an opportunity to identify an alternative funding strategy. As such, the 2008-2009 Proposed Operating Budget recommends shifting funding for the program to the General Fund. This shift will greatly expand the flexibility in allocating staff resources city-wide and lower the administrative burden associated with CDBG documentation.

While we continue to experience a high level of tagging, we are confident that these efforts will begin to make a difference in the coming months. PRNS will continue to keep the Council informed of its anti-graffiti efforts through reports to the Neighborhood Services & Education Committee.



Albert Balagso  
Director  
Parks, Recreation and Neighborhood  
Services

SENT TO COUNCIL: Distributed on:

FEB 13 2008

by City Manager's Office



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** 2008 GRAFFITI SURVEY

**DATE:** February 8, 2008

Approved

Date 2/12/08

## INFORMATION

### BACKGROUND

The Department of Parks, Recreation and Neighborhood Services (PRNS) conducted its first annual City-wide survey of graffiti tags in January 1999. Since that time, a survey has been conducted each year in an effort to evaluate the level of activity relative to the baseline established in 1999.

The purpose of this memorandum is to transmit the results of the 2008 graffiti survey.

### ANALYSIS

The 1999 survey established a baseline of 71,541 tags<sup>1</sup>. Since that initial survey, the number of tags identified by PRNS' Anti-Graffiti and Litter Program (AGLP) has steadily declined. The following chart summarizes this activity:

Year	Total Tags	Year	Total Tags
1999	71,541	2004	3,913
2000	35,744	2005	2,035
2001	10,498	2006	129
2002	5,612	2007	2,594
2003	3,827		

The success of the program has been due, in large part, to the effective coordination between City departments, volunteers and external partners such as VTA, County Roads and Airport, Probation, Cal Trans and the Santa Clara Valley Water District.

<sup>1</sup> Only markings or "tags" that were visible from streets were counted. It is important to note that tags on school properties, inside buildings, public restrooms and behind shopping centers and tags in alleys were not counted.

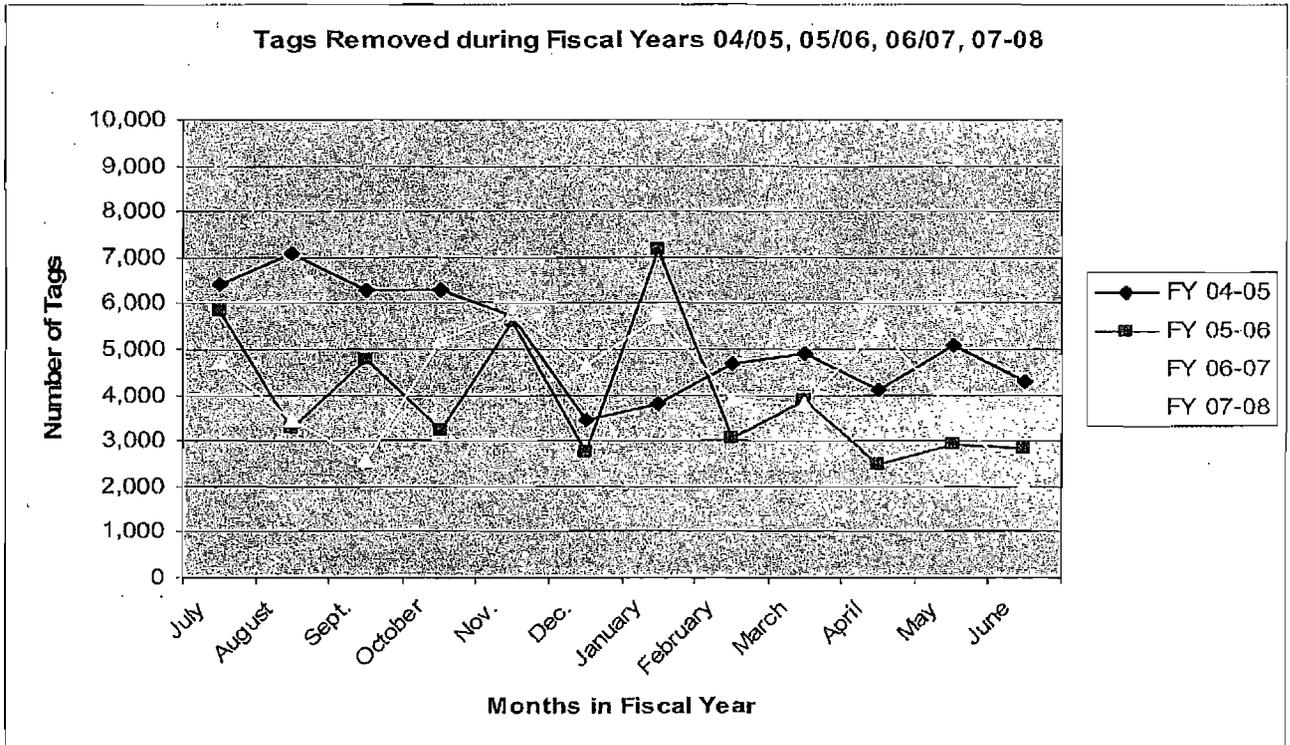
Over the years, this collaboration has enabled the City to ensure a broad continuum of services including community outreach, eradication and enforcement. City resources have been leveraged by the recruitment of over 3,000 community volunteers, the use of sentencing alternative programs and contract services in specific areas of the City (i.e., the downtown and Neighborhood Business Districts).

The 2008 survey results indicate that, despite these efforts, the City has experienced a significant increase in the level of graffiti activity. The most recent survey, conducted the third week of January 2008, identified over 13,900 tags.

An initial review of tags abated during the first 6 months of this fiscal year compared to the same time period last year indicates that staff removed almost 61% more tags this year.

The following chart provides a historical overview of the tags abated by PRNS over the past four years.

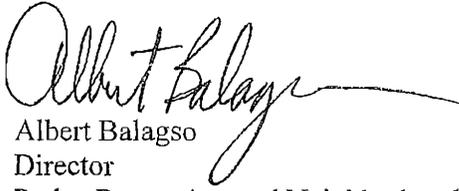
YEAR	TAGS ABATED (July – December)	ANNUAL TOTAL	SQUARE FT. REMOVED (July – December)	ANNUAL TOTAL
2007-08	43,159		244,380*	
2006-07	26,455	50,902	292,385	700,396
2005-06	25,489	47,863	173,915	400,268
2004-05	35,167	62,076	188,777	374,972



Due to the near doubling in the number of graffiti tags abated this year, it is clear that the overall volume of graffiti tags has increased so significantly that additional actions are necessary.

Staff is currently reviewing the statistics and meeting with stakeholders to identify factors that may have led to this increase. A new trend that has been identified is the tagging of high rise buildings in the downtown. This is problematic in that removal of this type of graffiti is the responsibility of the property owner. As a result, City staff must work with the Downtown Association and property owners to develop a more streamlined approach to graffiti removal. This effort is already underway and a community education plan will be implemented within the next 60 days.

A full report on the status of the graffiti program and actions that can be taken to address the recent increase in activity will be presented to the Neighborhood Services and Education Committee at its March 10, 2008 meeting. In the interim, staff is currently organizing a City-wide clean up effort that will take place the week of February 25, 2008. If there are particular areas of concern, please do not hesitate to call the 24-hour graffiti hotline at 408.277.2758.

  
Albert Balagso  
Director  
Parks, Recreation and Neighborhood  
Services



# Memorandum

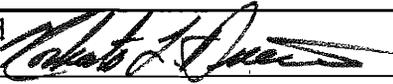
**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** ANTI-LITTER PROGRAM

**DATE:** May 22, 2008

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Approved  Date 5-23-08

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**BACKGROUND**

At the Neighborhood Services CSA Operating Budget Study Session on May 9, 2008, Councilmember Campos requested performance data for the Anti-Litter Program. The purpose of this memorandum is to provide the requested information.

**Performance Data**

The following table provides a summary of the litter bag collection totals for this year (as of April 30, 2008) and last year. In order to accurately compare the two years, none of the data in the chart includes statistics from any of the Santa Clara County programs (e.g. Santa Clara Valley Water District Adopt-A-Creek, Santa Clara County Roads & Airports, Santa Clara County Graffiti and Litter Abatement - GALA), Valley Transportation Authority, and CalTrans. The statistics from the County are provided on an annual basis and will be reported at the end of the fiscal year.

<b>Litter Bags Picked Up By:</b>	<b>2006-2007</b>	<b>2007-2008<sup>1</sup></b>
Juvenile Offenders Referral Program	2,451	1,391
One-day group events	956	1,759
Pick-Up San José organizations and volunteers	1,162	1,134
Total	4,569	4,284

**Performance Highlights**

*Juvenile Offenders Referral Program*

As the chart indicates, the number of bags collected through the Juvenile Offenders Referral Program is lower compared to the previous year. This is due to the gap in time when youth were not being referred to the City by the County. It should also be noted that a number of juveniles were diverted to graffiti abatement efforts in an effort to respond more effectively to the

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<sup>1</sup> Data for 2007-2008 is as of April 30, 2008

May 15, 2008

**Subject:** Manager's Budget Addendum #

Page 2

significant increase in tagging that the City has been experiencing. With the recent collaborations between the City of San Jose and the County of Santa Clara to reinstate the Juvenile Offenders Referral Program and the referral of wards of the Court, it is anticipated that these figures will improve and it is anticipated that the year-end results will be similar to 2006-2007.

One-Day Group Events

There has been an 84% increase in the total bags of litter picked up as part of one-day group pick-up special events. This significant increase is due, in part, to the following factors:

- Coordination, collaboration, and outreach by Council offices and their respective staff resulted in the participation of approximately 1,000 volunteers in the annual Great American Litter Pick-Up event that was held on April 12, 2008.
- Two special clean up events sponsored by the Litter Technical Advisory Committee (Alviso Shines! and Coyote Creek Clean-Up).
- Increased volunteer outreach creating greater awareness and volunteerism.

Pick-Up San José

Pick-Up San José is the City's on-going litter volunteer program. As of April 30, there were approximately 3,300 volunteers. In reviewing the statistics for this component, the numbers appear to be trending upward. With one quarter remaining, the number of bags picked up this year is already at 97% of last year's total.



ALBERT BALAGSO  
Director  
Department of Parks, Recreation  
and Neighborhood Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** SELF CLEANING RESTROOMS

**DATE:** May 22, 2008

Approved

Date

5-23-08

## BACKGROUND

At the Neighborhood Services CSA Budget Study Session on May 9, 2008, Councilmember Liccardo inquired about the cost per unit for self cleaning restrooms in parks. The purpose of this memorandum is to provide the requested information.

## ANALYSIS

PRNS is continually examining innovative ways to reduce maintenance and operations costs. One type of operational change that PRNS has examined is the use of self-cleaning restrooms within neighborhood and community parks, similar to those that currently exist in certain parks in the downtown core area. There is a lot of debate in cities across the country regarding the pros and cons of this type of restroom. Issues that have been identified include (1) these toilets are not free to the public; (2) rather than paying for the use of the restrooms, the user may go to the bathroom in the outlying areas; (3) most are single toilet units and so if a user occupies the restroom for 10 to 20 minutes, the restroom would be unavailable to other users for that period of time; (4) restrooms typically require a service contract; and (5) currently, there are no units for sale that are manufactured in the United States so replacement parts would be difficult to obtain in a timely manner.

Since there are no units for sale manufactured in the United States, the only option available is to lease the restroom. Quotes received from the vendor indicate that it would cost approximately \$67,000 per year to lease, maintain and operate a single unit restroom. By comparison, a typical restroom operated by the City would cost approximately \$15,000 to \$25,000 per year to operate and maintain. The cost to construct a two stall restroom is approximately \$600,000 and over the 30 to 50 year life cycle, it would be cheaper to build, operate and maintain a traditional stand alone restroom.

In summary, while the current cost of leasing or purchasing a self cleaning restroom does not lend itself to pursuing these types of facilities at this time, staff will continue to research this technology. For example, staff has been in contact with a company that has indicated plans to manufacture for sale units in the United States within the next 2 years and this could bring costs down significantly.

Albert Balagso  
Director of Parks, Recreation and  
Neighborhood Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean  
Jennifer A. Maguire

**SUBJECT: ELIMINATE THE PROPOSED  
LANDFILL – ALL OTHER NON-  
RECYCLED WASTE FEE FROM  
THE 2008-2009 PROPOSED  
OPERATING BUDGET**

**DATE:** May 23, 2008

Approved

Date

5/23/08

## RECOMMENDATION

1. Delete the proposed fee entitled “Landfill – All Other Non-Recycled Waste” from the 2008-2009 Proposed Fees and Charges Report.
2. Direct the City Attorney to continue to evaluate this fee.
3. Reduce the 2008-2009 Revenue Estimate for AB939 Fees in the Integrated Waste Management Fund by \$1,000,000.
4. Reduce the 2008-2009 Unrestricted Ending Fund Balance in the Integrated Waste Management Fund by \$1,000,000.

## BACKGROUND

The Proposed 2008-2009 Operating Budget includes instituting a fee on waste that is accepted by landfills in San Jose and; that is not recycled and removed from the site; and that is not subject to the current Landfill Waste Disposal Fee of \$3.55 per ton. The proposed fee, entitled “Landfill – All Other Non-Recycled Waste,” was estimated to generate \$1 million in revenue to the Integrated Waste Management Fund (Fund 423) in 2008-2009.

## ANALYSIS

More time is required for Staff to work with the Attorney’s Office to evaluate the feasibility of imposing the proposed fee. In addition, the outcome of current legislative and regulatory initiatives at the state level could clarify the City’s fee authority. Staff is actively participating in the statewide efforts.

Not implementing this fee for the entire 2008-2009 fiscal year will reduce the proposed Integrated Waste Management Fund revenue by \$1 million. To offset this loss in revenue, a

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

**Subject: Eliminate the Proposed Landfill-All Other Recycled Waste Fee from the 2008-2009 Proposed Operating Budget**

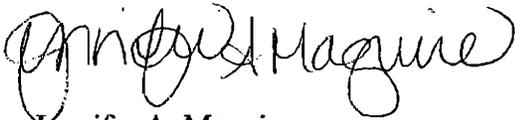
Page 2

\$1.0 million reduction to the Unrestricted Ending Fund Balance in the Integrated Waste Management Fund is proposed, reducing the Ending Fund Balance from \$6.3 million to \$5.3 million. However, it is anticipated that savings in the Recycle Plus contracts in 2007-2008 will be available to replenish the Ending Fund Balance after the close of the 2007-2008 fiscal year. These savings will be recognized as part of the 2007-2008 Annual Report.

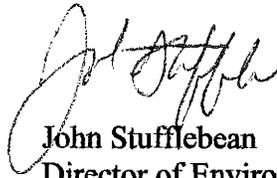
The Environmental Services Department plans to recommend this fee again during the 2008-2009 year if and when the outstanding issues are resolved.

**COORDINATION**

This MBA has been coordinated with the City Attorney's Office.



Jennifer A. Maguire  
Acting Budget Director



John Stufflebean  
Director of Environmental Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** Council District 5 Public Art

**DATE:** May 22, 2008

Approved

Date

5-23-08

## BACKGROUND

At the Neighborhood Services CSA Budget Study Session on May 14, 2008, Councilmember Campos requested clarification on the Public Art budget in Council District 5.

## ANALYSIS

This memorandum provides information on the level of public art funding associated with capital improvement projects within Council District 5.

The 2008-2012 Adopted Capital Improvement Program (CIP) includes a total of \$68,000 for Council District 5 Public Art projects (including the 2006-2007 estimated level) (Attachment A). The 2009-2013 Proposed CIP includes a total of \$74,000 allocated for Council District 5 Public Art projects (including the 2007-2008 estimated level) (Attachment B), which is an increase of \$6,000 from the 2008-2012 Adopted CIP level. It should be noted that since the 2007-2008 budget has not been expended, this funding (\$52,000) will be recommended to be rebudgeted into 2008-2009 and will be displayed accordingly in the 2009-2013 Adopted CIP.

Albert Balagso  
Director of Parks Recreation and  
Neighborhood Services

## Parks and Community Facilities Capital Program - Council District 5

### 2008-2012 Adopted Capital Improvement Program

#### Detail of Capital Projects

#### 1. Council District 5 Public Art

<b>CSA:</b>	Neighborhood Services	<b>Initial Start Date:</b>	Ongoing
<b>CSA Outcome:</b>	Vibrant Cultural, Learning and Leisure Opportunities	<b>Revised Start Date:</b>	
<b>Department:</b>	Economic Development	<b>Initial Completion Date:</b>	Ongoing
<b>Council District:</b>	5	<b>Revised Completion Date:</b>	
<b>Location:</b>	Various		

**Description:** This allocation funds the construction and administration of public art in the Parks and Community Facilities Development - Council District 5 Capital Program. In compliance with the Council adoption of the revised Public Art Master Plan on March 13, 2007, one percent of all construction project funding is required to be allocated to public art, excluding funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), projects that are primarily rehabilitation or maintenance of existing facilities, or affordable housing. Projects where public art allocations were previously programmed or appropriated are not subject to the revisions of the Public Art Master Plan. Expenditures in this allocation will be subject to the legal revenue restrictions for the use of this funding on public art.

**Justification:** This allocation is required to comply with the revisions to the Public Art Master Plan adopted by the City Council on March 13, 2007.

#### EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2006-07 Appn.	2006-07 Estimate	2007-08	2008-09	2009-10	2010-11	2011-12	5-Year Total	Beyond 5-Year	Project Total
Public Art		34	34	18	14	2			34		
<b>TOTAL</b>		<b>34</b>	<b>34</b>	<b>18</b>	<b>14</b>	<b>2</b>			<b>34</b>		

#### FUNDING SOURCE SCHEDULE (000'S)

District 5 Parks Construction & Conveyance Tax Fund	34	34	18	14	2				34		
<b>TOTAL</b>		<b>34</b>	<b>34</b>	<b>18</b>	<b>14</b>	<b>2</b>			<b>34</b>		

#### ANNUAL OPERATING BUDGET IMPACT (000'S)

None

#### Major Changes in Project Cost:

N/A

#### Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

<b>FY Initiated:</b>	Ongoing	<b>Redevelopment Area:</b>	N/A
<b>Initial Project Budget:</b>		<b>SNI Area:</b>	N/A
<b>Appn. #:</b>	6701	<b>USGBC LEED:</b>	N/A

## Parks and Community Facilities Capital Program - Council District 5

### 2009-2013 Proposed Capital Improvement Program

#### Detail of Capital Projects

#### 1. Council District 5 Public Art

<b>CSA:</b>	Neighborhood Services	<b>Initial Start Date:</b>	Ongoing
<b>CSA Outcome:</b>	Vibrant Cultural, Learning and Leisure Opportunities	<b>Revised Start Date:</b>	
<b>Department:</b>	Economic Development	<b>Initial Completion Date:</b>	Ongoing
<b>Council District:</b>	5	<b>Revised Completion Date:</b>	
<b>Location:</b>	Various		

**Description:** This allocation funds the construction and administration of public art in the Parks and Community Facilities Development - Council District 5 Capital Program. In compliance with the Council adoption of the revised Public Art Master Plan on March 13, 2007, one percent of all construction project funding is required to be allocated to public art, excluding funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), or affordable housing. Projects where public art allocations were previously programmed or appropriated are not subject to the revisions of the Public Art Master Plan. Expenditures in this allocation will be subject to the legal revenue restrictions for the use of this funding on public art.

**Justification:** This allocation is required to comply with the revisions to the Public Art Master Plan adopted by the City Council on March 13, 2007.

#### EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Public Art		52	52	20	2				22		
<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>20</b>	<b>2</b>				<b>22</b>		

#### FUNDING SOURCE SCHEDULE (000'S)

District 5 Parks Construction & Conveyance Tax Fund	52	52	20	2				22
<b>TOTAL</b>	<b>52</b>	<b>52</b>	<b>20</b>	<b>2</b>				<b>22</b>

#### ANNUAL OPERATING BUDGET IMPACT (000'S)

None

**Major Changes in Project Cost:**

N/A

**Notes:**

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

<b>FY Initiated:</b>	Ongoing	<b>Redevelopment Area:</b>	N/A
<b>Initial Project Budget:</b>		<b>SNI Area:</b>	N/A
<b>Appn. #:</b>	6701	<b>USGBC LEED:</b>	N/A



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko  
John Stufflebean

**SUBJECT: GREEN VISION  
IMPLEMENTATION BUDGET**

**DATE:** May 23, 2008

Approved

Date 5/23/08

## RECOMMENDATION

Accept workplan for Green Vision Implementation Budget for FY 2008-2009.

## BACKGROUND

The San Jose City Council unanimously adopted the Green Vision on October 30, 2007. On February 1, 2008 staff presented the preliminary implementation plan and provided recommendations for achieving the ten Green Vision goals. A portion of the workplan was dedicated to cross-cutting issues that affect all ten goals and the numerous departments engaged in implementation, one of which was the budget and how best to identifying a range of potential funding sources for achieving the goals.

Through the workplan development process, it was recognized that while significant opportunities exist to leverage existing resources and programs, achieving the goals of the Green Vision would not be possible without dedicated resources and the willingness to lay a foundation for future success. The work plan stated "Despite increased efforts at bringing in new revenues, tough choices between old priorities and new priorities may be necessary to ensure that the Green Vision becomes a reality. Staff will continue to refine the budget strategy and cost detail for implementation of the Green Vision and will prepare a Green Vision budget proposal that can be considered with other FY 2008-2009 budget priorities during the City Council's budget deliberations. Similar to the start-up of the Sunshine Reform Task Force, where the City Council appropriated seed funds to begin government initiatives that support transparency, the Administration will consider an additional request of seed funds that can be used to invest in implementation "start-up" as part of the FY2008-2009 budget process."

In his March 2008 Budget Message, Mayor Reed provided additional guidance for the FY 2008-2009 budget by specifically directing staff to include additional resources "for implementation in fiscal year 2008-2009 to accelerate achievement of the ten goals."

The Mayor's message also provided criteria for evaluating Green Vision investment proposals, specifically stating "priority should be given to investments that will:

- provide long-term cost savings from energy efficiency efforts and other green building practices;
- increase economic opportunities for local residents and businesses;
- raise awareness of sustainable practices and encourage participation of all residents and businesses in the Green Vision;
- produce measurable environmental benefits;
- test new clean technologies and green products that may have large-scale application; and
- create opportunities to leverage outside resources and form meaningful partnerships."

In his message, the Mayor also recommended that staff "enable the public to monitor our progress and achievements."

Based upon these criteria staff analyzed various potential investments and proposed a one-time allocation of \$1.4 million in the Manager's proposed FY 2008-2009 budget to fund key implementation projects and initiatives.

## **ANALYSIS**

Using the criteria proposed by the Mayor in his March message, the City Manager proposed one-time General Fund funding of \$1.4 million in the Proposed Budget to support Green Vision goals that require early investment for long-term success or are projected to have a significant return on investment. These investments primarily fall into four categories: investment producing cost-savings or leveraging outside resources, raising awareness/encouraging participation, testing technologies that are anticipated to produce cost-savings or substantial environmental benefit, or enabling the monitoring of progress and achievements.

### **Cost-savings / leverage outside resources:**

- **Energy efficiency projects for City Hall and City Facilities (\$275,000):** This proposal will fund multiple small investments in energy efficiency projects that are anticipated to have a 2-4 year payback and provide substantial long-term cost-savings. Initial projects include improvements to the City Hall HVAC system and controls to create efficiencies in equipment operation. This would result in net savings to the General Fund, in terms of equipment life cycle and energy savings. For example, in City Hall, an initial one-time investment of \$80,000 to improve the HVAC control system will purchase and install the necessary equipment to generate an on-going savings of more than \$20,000 per year. A second City Hall investment would implement a daylight-harvesting program, which would reduce the amount of electricity used for lighting City Hall. This proposal would result in net savings to the General Fund, in terms of both equipment life cycle costs and energy savings. An initial one-time investment of \$65,000 will purchase and install the equipment necessary to generate an on-going savings of more than \$25,000 per year.

Additional projects to reduce the energy usage of City facilities will include lighting, heating and cooling systems, and control systems. In addition to the ongoing cost-savings, this proposal will advance Goal #2: Reduce per capita energy use by 50%.

- **Department of Energy Solar America City Matching Grant (\$100,000):** This investment provides a local match to a direct financial and technical assistance award from the DOE to create a Solar City “Road Map” that would build upon the Green Vision. This would be a broader, community-scale implementation road map, necessary for effectively implementing Goal #3: Receiving 100% of our electrical power from clean renewable sources. This funding enables the City to use expertise and resources from the DOE to achieve outcomes not possible with current staff and resources. The matched funds will enable the City to work with stakeholders to determine “loading order” or “cost effectiveness” criteria for renewable energy implementation to better prioritize resources, and achieve other policy or economic objectives, which will inform development and implementation of San Jose’s Solar City Plan, including any pilot programs related to financing, incentives and educational outreach. The City match will leverage \$200,000 of support from the Department of Energy and technical assistance of substantial value.
- **CalFire’s urban forest tree planting program matching grant (\$150,000):** This proposal will provide part of the matching funds to accept two CalFire Grants. These grants will assist in the growth of the Urban Forest by developing Best Management Practices and furthering development of an inventory of City Street Trees. This Green Vision investment proposal will fund a staff position for 18 months to help coordinate the interdepartmental effort to inventory trees and identify Best Management Practices. Remaining funds will be used for the planting and establishment/maintenance of new trees by the City through the efforts of Our City Forest. The cost to plant and establish a new tree is \$700 per tree, and includes planting, staking, a portion of parkstrip concrete removal where necessary, watering, and pruning for a period of three years after planting. Our City Forest estimates that it can find stewards to take on the watering/pruning responsibility for nearly 90% of the trees it can plant with this funding. This investment will leverage \$219,000 of grant money from CalFire and advance Goals #9: Plant 100,000 new trees and replace 100% of our streetlights with smart, zero-emission lighting.

**Raise awareness and encourage participation of residents and businesses:**

- **Low-income rental units energy audits and upgrade incentive program (\$150,000):** This proposed pilot program would target low-income residents, who traditionally have not participated in energy efficiency programs, to upgrade to more efficient household appliances and other weatherization efforts. This program would expand the City’s existing similar programs, but would target rental properties, where energy costs are born by tenants and landlords have few incentives to upgrade for energy efficiency, despite the large potential benefit to the occupants. If this pilot program proves successful,

additional funding to continue and expand it may be available through Energy Watch Partnerships, or grants from state or federal agencies. The energy efficiency investments typically amortize in 2-3 years and can provide substantial savings to occupants. This proposal will advance Goal #2: Reduce per capita energy use by 50%.

- **Green Building Policy implementation/staff training (\$75,000):** This proposal is critical to the transformation of City operations to support the Green Vision Goal #4: Creating 50 million square feet of Green Buildings. Investments will be made within three key areas: Staff Education, Stakeholder Outreach, and Policy Development. This proposal will provide funds for the additional staff education and a portion of the outreach required to effectively approach this goal. This proposal includes \$50,000 for staff training to support private sector application of U.S. Green Building Council's Leadership in Energy and Environmental Design, and Build It Green's Green Point Rater/Green Building Professional training. The intent is not for City staff to provide green design services, but rather to ensure staff are familiar with the techniques, technologies, and goals of green building, so that the City of San Jose will be prepared to process permits promptly for, and otherwise encourage in its operations, green building projects. The proposal also includes \$25,000 for outreach, including a Guide to Building Green in San Jose (explaining the policy and supporting resources), portable displays, and minimal advertising to ensure the development community is well aware of the requirements and incentives available.
- **Community outreach and engagement (\$250,000):** Achieving the ten Green Vision goals will require the awareness and participation of the entire San Jose community, including residents, businesses, civic organizations, and schools. Engaging people from across the community and encouraging participation and behavior change presents the greatest challenge for the City staff, but also the greatest opportunity to advance the ten goals. Initial investment in outreach and community engagement will advance key priorities for the Green Vision including generating economic activity, reducing operating expenses, adopting sustainable practices, and improving the quality of life across the community. This proposal will provide funding for key outreach and collateral materials, public events, media outreach, marketing efforts, as well as additional staffing support.

**Test new clean technologies and green products:**

- **Green materials testing for trails and infrastructure (\$250,000):** This proposal includes a proactive/prospective analysis of "green" construction materials and products, such as pervious pavement, low-cement concrete, recycled asphalt, and LED streetlights, for use in the City's Capital Improvement Program (CIP). Funding is proposed for several demonstration projects, including a 2,000 foot segment of the Lower Guadalupe River Trail to evaluate the use of porous concrete. A master plan has already been prepared, so this proposal builds upon the City's existing investment along this alignment. This project will be developed as a partnership with a concrete supplier and contractor

that specialize in porous concrete. Costs will be shared amongst the participants. Other opportunities will be identified within existing (funded) capital projects to evaluate the use of "green" concrete for sidewalks, curb & gutter, wheelchair ramps, driveways, and pervious parkstrip paving. Funds will be used to establish a product performance evaluation methodology and the development of construction specifications supported by lab and field-testing. This proposal will advance Goal #9: Plant 100,000 new trees and replace 100% of our streetlights with smart, zero-emission lighting, as well as Goal #10: Create 100 miles of interconnected trails.

**Enable monitoring of progress and achievements:**

- **Implementation/Coordination of Green Vision across City operations (\$150,000):**  
While dozens of staff and numerous existing activities throughout the City are working towards achieving the Green Vision goals and projects, implementation will be expedited through greater staff coordination, project facilitation, progress monitoring, and tracking of accomplishments and achievements. Dedicating limited resources to coordination and implementation will accelerate the staff's ability to achieve early 'low hanging fruit' successes, lead by example, coordinate/collaborate more effectively, and advance all ten Green Vision goals. These staff resources could also assist "Champions" and "Goal Leads" implement the Green Vision, Clean Tech Strategy, Urban Accords, and other key policies, by coordinating key projects across departments and tracking progress centrally, which would also advance the Mayor's recommendation of implementing a way for the public to track the progress and accomplishments of the Green Vision.

In total, the \$1.4 M of preliminary investment is projected to leverage more than \$3M of impact for the City through a combination of fiscal savings, cost avoidance, attracted resources, and economic activity. In addition to the \$1.4 million of one-time funding, a combination of one-time and ongoing funding in all funds of \$7.6 million have been identified that advance the Green Vision through existing programs.

**CONCLUSION**

The Proposed Budget contains a recommendation that the City Council include one-time funding of \$1.4 million for Green Vision implementation in FY 2008-2009.

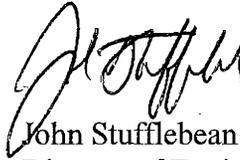
**COORDINATION**

This MBA has been coordinated with the Manager's Budget Office and the Departments of Transportation, Planning, Building, and Code Enforcement, Public Works, Parks, and General Services.

HONORABLE MAYOR AND CITY COUNCIL  
May 22, 2008  
**Subject: Green Vision Implementation Budget**  
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Paul Krutko  
Chief Development Officer



John Stufflebean  
Director of Environmental Services



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis  
Jennifer Maguire

**SUBJECT:** POLICE CIVILIANS-OPTIONS  
PURSUED AS ALTERNATIVE  
TO POLICE OFFICERS

**DATE:** May 23, 2008

Approved

*Christine J. Shipp*

Date

*5-23-08*

## BACKGROUND

The 2008-2009 Mayor's March Budget Message, approved by the City Council on March 18, 2008, directed the addition of 15 police officers to help meet identified priorities such as a rise in property crimes and to improve community policing and traffic calming. As included in the Proposed Budget, the 15 officers would be hired for the January 2009 academy, resulting in a cost of \$967,302 in 2008-2009 and \$1,722,215 ongoing. Payment from the San Jose Redevelopment Agency is proposed to support eligible capital projects in the 2008-2009 Proposed Budget that would free up \$357,768 in the General Fund in 2008-2009 and \$917,000 ongoing to support eight of the 15 officers. The remaining seven officers would be supported by the General Fund on an ongoing basis in the amount of \$805,000.

At the City Council budget study sessions for the 2008-2009 Proposed Budget, the Mayor requested information on how adding civilians instead of police officers may improve efficiencies and return sworn personnel to front-line duties. This memorandum outlines an alternative presented by the Police Department and analyzed by the City Manager's Office as to the number of civilians that could be added with the funding proposed for the seven officers in the General Fund (\$805,000), and how this alternative would relieve sworn staff who are currently performing civilian administrative duties and return them to front-line duties.

## ANALYSIS

The Police Department, in collaboration with the City Manager's Budget Office, explored using the ongoing funding of \$805,000 for the seven police officer positions proposed in the General Fund to pay for civilian positions. The goal was to reallocate sworn staff performing administrative work back to front-line police duties, such as patrol and investigations.

The Police Department and City Manager's Budget Office analyzed previous budget reductions and current backlogs to determine where civilian positions would have the greatest impact on service delivery, as well as maximize the number of sworn positions that could be returned to front-line police duties. The Police Department's proposal is as follows and would result in the restoration/addition of 11 civilian positions and return 4 sworn officers to front-line duties:

- Hire four Office Specialist II positions (\$260,000).
  - Restore one Office Specialist eliminated in 2003-2004 in Internal Affairs to handle administrative work;
  - Restore one Office Specialist eliminated in 2004-2005 in the Bureau of Investigations to work with the Homicide, Assaults, and Court Liaison Units; and
  - Add two Office Specialists to the Permits Unit to perform regulation of any permits that do not require sworn personnel.
- Add a Staff Technician position (\$85,000) to the Permits Unit.
- Restore four positions proposed as reductions in the 2008-2009 Proposed Budget:
  - Two Police Data Specialist positions (\$140,000) in the Records Unit to address data entry backlogs that impact sworn personnel;
  - One Police Property Specialist position (\$73,000) in the Evidence Warehouse to assist with the backlog of evidence processing; and
  - One Secretary position (\$80,000) in the Bureau of Administration. The restoration of the Secretary position would allow the Department to maintain administrative support for the Deputy Chief in the Bureau of Administration without pulling additional resources from other areas in the Department.
- Restore two Analyst I/II (\$202,000) positions to the Fiscal Unit and the Research and Development Unit that were eliminated in 2007-2008 and 2003-2004, respectively.

In summary, the proposals submitted by the Police Department would fund 11 civilian positions at a cost of \$840,000 and return four sworn positions to front-line police duties with the \$805,000 currently proposed to fund seven officers in the 2008-2009 Proposed Budget. The four sworn positions returning to front-line duties would be: 2 Officers to Investigations, 1 Officer to Patrol; and 1 Sergeant to Patrol. (The three additional civilian positions in the Permits Unit would allow for 3 officers to return to front-line duties. Restoration of the two Analysts would return one sergeant to Patrol.) Additionally, the Department would need to reduce overtime by \$35,000 to make this a net-zero cost impact, since the total cost of the proposal is \$840,000 and not \$805,000. Sworn positions performing administrative duties do not have a one-for-one trade off with the civilian positions that would be added. However, additional civilian support for the Department would likely improve service delivery and resources available for sworn personnel.

The City Manager's Budget Office and the Police Department carefully analyzed the proposal. The end result is that this proposal redeploys back to front-line duties 4 sworn positions versus adding the 7 additional positions proposed to be funded from the General Fund beginning in 2008-2009. Therefore, there would be a total of 11 new or restored civilian positions, 8

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

**Subject: POLICE CIVILIANS-OPTIONS PURSUED AS ALTERNATIVE TO POLICE OFFICERS**

Page 3

new sworn positions, and 4 sworn positions redeployed to address front-line duties, rather than the 15 proposed for front-line police duties.



JENNIFER A. MAGUIRE  
Acting Budget Director



ROBERT L. DAVIS  
Chief of Police

For any questions, please contact Lisa Perez, Chief Financial Officer (408) 277-4086



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis  
Jennifer Maguire

**SUBJECT:** PUBLIC SAFETY STUDY  
SESSION FOLLOW UP QUESTIONS

**DATE:** May 23, 2008

Approved

*Christine J. Shuppy*

Date

*5-23-08*

## BACKGROUND

During the budget study sessions for the 2008-2009 Proposed Budget, Councilmember Cortese requested clarification on recent Police Department statistics. This memorandum responds to this request for clarification and additional information requested by Councilmember Cortese as part of the Manager's Budget Addenda process, as outlined below.

## ANALYSIS

1. *Is it accurate that auto theft and property crimes are up, and graffiti has increased by 2,000 percent since 2006?*

No, auto theft and property crimes have decreased slightly. In comparing calendar year 2006 to calendar year 2007, auto theft was down by 10% (7,139 vs. 6,413 respectively) and property crimes were down by 1% (24,240 vs. 24,062 respectively).

No, the noted 1,911% increase in graffiti was based on unreliable survey data. The 2008 Graffiti Survey Memo prepared by the Parks, Recreation and Neighborhood Services Department (PRNS) Anti-Graffiti and Litter Program (AGLP) cites a 1,911% increase in graffiti from 2006 (129 graffiti tags) to 2007 (2,594 graffiti tags). However, as noted at the budget study session by PRNS, irregularities in the 2006 survey were identified. The actual low point cited by the Department is 2005, in which 2,035 graffiti tags were counted. Using this year as the low point, there was a 683% increase in graffiti tags comparing the lowest reliable survey count to the 2008 survey (13,902 graffiti tags).

2. *Is it accurate that there were only 45 qualified candidates for 53 open positions in the most recent recruitment?*

Yes, the Police Department had only 45 qualified candidates in the most recent academy although the Department was authorized and budgeted to hire 53 candidates. Even if the

Department brings a qualified candidate to the hiring board, the candidate must undergo a psychological exam, the results of which are presented at that time. Several of the candidates did not successfully pass the psychological exam; therefore, the Department was only able to hire 45 candidates. However, the Department recently hired five laterals to partially make up for the lower number of qualified candidates for the current academy.

3. *It is accurate that 27% of the city's operating budget goes to the Police Department and if yes, is it further accurate that this figure is lower than what similarly sized cities' police departments receive?*

In the 2008-2009 Proposed Budget, 30.42% of the General Fund budget is allocated to the Police Department. For the 2007-2008 Adopted Budget, however, the Police Department budget made up 27.25% of the City's General Fund. It should be noted that police costs that are budgeted outside of the Department's appropriations are not included in this calculation, such as City-Wide Expenses including workers' compensation claims and sick leave payments upon retirements.

A recent Mercury News op-ed column by San José Police Officers' Association President Bobby Lopez noted that the City of San José spends far less on public safety than similar sized California cities. The column cited that the 10 largest California cities spend 36 percent on average on safety and that Bay Area cities with populations over 100,000 spend 35 percent.

The Police Department contacted several cities to request information regarding the percentage of General Fund budget allocated to the Police Department. In response, the City of San Diego reported it spends approximately 36% of its General Fund on police services. The City of Oakland reported it currently spends approximately 39.9% of its General Fund on police services. The City of Los Angeles reported it currently spends approximately 36.6% of its General Fund on police services, and the City of Fresno reported it currently spends approximately 50.2% of its General Fund on police services.

It should be noted, however, that drawing conclusions from a comparison of cities' spending levels without a detailed review of operations and budgeting practices is not recommended. Without such a review, it is impossible to ensure that an "apples-to-apples" comparison has been drawn. While one city may provide jail services or a full forensics lab, another may not. Additionally, one city may budget according to full cost accounting principles while another may choose not to. Therefore, confirming at this time whether the City of San José Police Department receives proportionately less of the General Fund than similarly sized cities' police departments is not possible.

4. *Is it accurate that the size of the Police Department has remained relatively the same (around 1,400 officers) since 1994, despite the fact that our population has grown by 140,000?*

While police authorized staffing levels have not kept pace with the growth in population during this period, authorized staffing levels have increased since 1994-1995. The 2008-2009 Proposed

Budget authorized sworn staffing of 1,385 reflects a net increase of 108 since 1994-1995. In 1994-1995, authorized sworn staffing was 1,277. The biggest increase during this period was from 1,304 in 1997-1998 to 1,343 in 1998-1999. By 2001-2002, the Department authorized sworn staffing grew to 1379. However, sworn staffing dropped to 1353 by 2005-2006.

Using population estimates from 1995 of 825,547 compared to today's estimate of approximately 989,500 (California Department of Finance), the population of the City has grown by 163,953, or 19.9%, compared to growth of sworn police personnel during the same time period of 8.5%.

5. *Would it be accurate to say that if the population trend continues as such, and our force remains the same size, we will have difficulty responding to 911 calls and have difficulty investigating crimes?*

The question is a difficult one to answer since the size of the population is not the sole factor driving crime trends. Crime trends are driven by many factors, including the health of the economy, which impacts the health of our community and neighborhoods, the types of land uses that are allowed, the type of growth that is approved (i.e., land use decisions related to development), and the number and location of alcohol sales that are permitted.

Due to resourceful, professional management, the Police Department has been successful in applying limited resources toward a wide range of prevention, enforcement, and intervention issues, even as the population has increased and resources have diminished. The cumulative impact of staffing constraints, however, has made it difficult to keep pace with crime trends and patterns, as witnessed by the rise in property crimes. From 1998 to present, the City population increased by approximately 10%. This upward trend is expected to continue with a projected population exceeding one million residents this summer, not including population increases from County pocket annexations (approximately 18,000).

Without additional staffing, the trend of the Department's most serious calls for service increasing with officers' opportunities for self-initiated activities declining, may continue, resulting in a primarily reactive, calls-for-service Patrol Division. Further, the alignment of Bureau of Investigations' personnel with priority to crimes against persons investigations may continue to erode the Department's capabilities in dealing with property crimes.

In 2007-2008, the Department has seen a significant improvement for the average response time for priority one/two events. These improvements are a result of the Department utilizing new technology, such as the Automated Vehicle Location (AVL). However, even with advances in technology, the Department will need to continue to prioritize service needs to allocate limited resources toward increasing service demands.

## **COORDINATION**

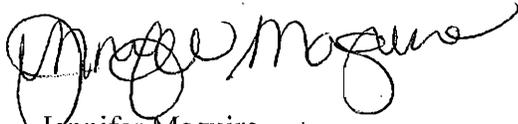
This MBA has been coordinated with the Parks, Recreation and Neighborhood Services Department.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

**Subject: Study Session Follow Up Questions**

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Jennifer Maguire  
Acting Budget Director



Robert L. Davis  
Chief of Police

RLD: LR: JM



# Memorandum

**TO:** HONORABLE MAYOR AND  
COUNCIL

**FROM:** Jennifer Maguire  
Robert L. Davis

**SUBJECT:** POLICE STAFFING PLAN  
AS PORTION OF GENERAL  
FUND BUDGET

**DATE:** May 23, 2008

Approved

*Christine J. Stupp*

Date

*5-23-08*

## BACKGROUND

During the City Council budget study sessions for the 2008-2009 Proposed Budget, Councilmember Cortese asked for a calculation of the impact of adding the Police Staffing Plan to the General Fund budget, and how this would change the percentage that the Police Department's budget represents in the General Fund. This memorandum outlines the impact of these additional expenditures, including increased General Fund shortfalls and an increase in the portion of the General Fund that the Police Department budget represents.

## ANALYSIS

The *2009-2013 Five-Year Forecast and Revenue Projections*, released February 2008, projects General Fund shortfalls through 2011-2012, requiring balancing solutions of approximately \$52.7 million from 2009-2010 through 2011-2012. This amount is in addition to the approximately \$23 million General Fund shortfall for 2008-2009. The *Police Proposed Five-Year Staffing Plan: 2007-2012* presented to the City Council in November 2007 outlines the Department's identified needs of an additional 597.5 staff (478 sworn and 119.5 civilian). The below chart displays the impact of staffing plan costs on the General Fund shortfalls projected for the out years of the 2009-2013 Five-Year Forecast. These additional expenditures would increase the City's General Fund projected shortfalls over the four out years of the forecast from \$50.2 million to \$173.4 million.

The calculation assumes full implementation of the staffing plan. This removes from the total the net 14 sworn staff included in the 2007-2008 Adopted Budget (15 officers added less one restored position) and the 15 sworn staff proposed for 2008-2009. The calculation brings the

Police Department up-to-date with the intended timeline of the original staffing plan in 2009-2010 by including the elements proposed in the staffing plan for 2007-2008 and 2008-2009 with the 2009-2010 staffing plan elements. For 2009-2010, this assumes 378.5 new staff (290 sworn and 88.5 civilian), which includes the 2007-2008, 2008-2009, and 2009-2010 staffing plan elements less the 29 net officers accounted for above. These staffing additions would increase projected expenditures by \$49.9 million in 2009-2010. The staffing plan is assumed to be fully implemented by 2011-2012, and with estimated cost of living adjustments, would cost \$123.2 million annually by 2012-2013.

**Police Proposed Staffing Plan Impact on  
General Fund Forecast**

(in millions)

	2009-2010	2010-2011	2011-2012	2012-2013	Total
February Forecast General Fund Incremental (Shortfall)/Surplus*	(\$42.5)	(\$5.5)	(\$4.7)	\$2.5	(\$50.2)
Police Staffing Plan Incremental Projected Cost**	(49.9) <i>378.5 FTE</i>	(23.4) <i>96 FTE</i>	(\$44.5) <i>94 FTE</i>	(\$5.4) <i>0 FTE</i>	(\$123.2) <i>568.5 FTE</i>
Adjusted Incremental (Shortfall)/Surplus with Staffing Plan Projected Cost	(\$92.4)	(\$28.9)	(\$49.2)	(\$2.9)	(\$173.4)

\* 2009-2013 Five-Year General Fund Forecast (February 2008), includes sunseting of the Emergency Communications System Support Fee (ECSS) in 2009-2010 (\$23.4 M)

\*\* 2009-2010 Police Staffing Plan Projected Cost also includes 2007-2008 and 2008-2009 proposed staffing as outlined in the original plan, minus \$3.4 M for net 29 officers (30 officers added less one restored position) included in 2007-2008 and as proposed in the 2008-2009 Proposed Budget.

\*\* 2012-2013 Police Staffing Plan Projected Cost reflects a cost-of-living increase on the total annual cost of the staffing plan as fully implemented in 2011-2012.

Implementation of the staffing plan would further impact General Fund shortfalls and the General Fund structural deficit, requiring even higher level balancing solutions consistent with the City Council goal of eliminating the structural budget deficit within three years. Such solutions would need to include a combination of additional revenue strategies, service delivery model changes, expenditure controls and shifts, and/or service reductions.

The Police Department's budget as a percentage of the General Fund with the addition of the staffing plan was also requested. The 2008-2009 Proposed Budget includes Police Department expenditures of \$277.9 million, or 30.4% of the General Fund total budget of \$913.8 million. With full implementation of the Staffing Plan and assuming cost of living adjustments, Police Department expenditures would grow to 39.9% of the General Fund by 2012-2013 assuming all other departmental spending remained consistent with forecast projections, as shown below.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2008

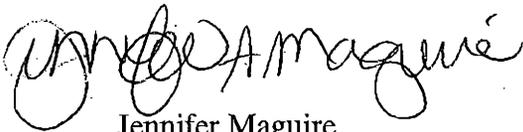
**Subject: Police Staffing Plan as Portion of General Fund Budget**

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**Police Proposed Staffing Plan Impact on Percentage of  
General Fund Forecast Expenditures**

	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
Police % of February Forecast General Fund (GF) Expenditures*	32.0%	32.4%	32.6%	32.9%
Police % of Adjusted February Forecast GF Expenditures* with Staffing Plan	35.4%	37.1%	39.6%	39.9%

\* Includes Reserve for Encumbrance at the 2008-2009 Proposed Budget level.



Jennifer Maguire  
Acting Budget Director



Robert L. Davis  
Chief of Police



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis

**SUBJECT:** COMMUNITY POLICING  
CENTER UTILIZATION ANALYSIS

**DATE:** May 23, 2008

Approved

*Christine J. Shippley*

Date

*5-23-08*

## BACKGROUND

At the City Council budget study sessions for the 2008-2009 Proposed Budget, the Mayor requested information regarding the operations of Community Policing Centers (CPC). This memorandum outlines the history and methodology behind creating the CPC's and provides data to demonstrate how the CPC's support the Department's community policing philosophy.

## ANALYSIS

The concept of Community Policing Centers (CPC) in San José was approved by the City Council in 1999, with the goal of establishing a Center in each of the City's four police divisions. The CPC's provide the public with a place where residents and officers can interact and allow community members to file reports and receive crime prevention information. The first CPC was opened on February 26, 2000, at the Oakridge Shopping Center.

The CPC is a place where residents can drop in at their convenience to make reports or obtain information on police matters or other City services. By locating a CPC in each Division, community members have quick access to police services in their neighborhood, eliminating long travel time and parking problems at the Police Administration Building (PAB). More specifically, CPC's also provide the public with essential police services such as:

- Filing of police reports
- Providing information and referrals available to other service agencies
- Facilitating traffic citation sign-offs
- Providing a neutral ground for court-ordered custody exchanges
- Accepting evidence and found property
- Providing maps and directions
- Facilitating warrant walk-ins, self-surrenders
- Fingerprinting of children and the elderly
- Facilitating voluntary surrender of weapons and ammunition
- Providing information on crime prevention
- Affording a meeting place for residents and representatives of other City services
- Affording a meeting place for neighborhood association and non-profit groups

The CPC's also provide officers with a location to write reports, obtain supplies, gain access to various police-specific databases, and serve as rest stop facilities. CPC's give officers the ability to remain in their Division rather than return to the current PAB location for these activities.

The CPC's also provide a location to hold meetings for members of the Police Department; community and business leaders; and other City departments such as Code Enforcement and Parks, Recreation and Neighborhood Services.

Staffing is provided by on-duty personnel and Volunteer Opportunities and Leadership Training (VOLT) volunteers, when available. On-duty personnel are assigned within the district and may rotate throughout the day to staff at least one officer during business hours. However, these hours are subject to change if staff is unavailable. The current CPC schedule for each CPC is:

Monday, Wednesday, Friday:	10:00 a.m. – 3:00 p.m.
Tuesday, Thursday:	4:00 p.m. – 9:00 p.m.
Saturday:	10:00 a.m. – 6:00 p.m.

Staff are available to the public to address their concerns, questions, and to respond to request for services or information. The CPC's are located in the Central Division, Western Division, and Southern Division. Foothill Division does not currently have a CPC; however, a location was recently identified at Eastridge Mall and discussions with the property owner continue. Cost implications are being evaluated for this site, as the facility would need building upgrades prior to opening as a CPC. The Department is looking for similar model as the Southern CPC, which is located in Oakridge Mall and has minimal operating costs. Funding is not currently budgeted for site improvements.

The following information represents a snapshot of activities for January though April of 2008. Information from the previous year was not readily available for comparison.

Central Division CPC

Citation Sign-offs	6
Vehicle Identification Number (VIN) checks	3
Reports Taken	11
General Information	25
Reporting Crimes	<u>8</u>
<b>Sub-Total Services</b>	<b>53</b>

Southern Division CPC

Citation Sign-offs	41
Reports Taken	25
General Information	<u>65</u>
<b>Sub-Total Services</b>	<b>131</b>

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Western Division CPC

Community Meetings	48
Ticket Sign-offs	10
Reports Taken	7
General Information	<u>21</u>
<b>Sub-Total Services</b>	<b>86</b>

**TOTAL SERVICES 270**

COORDINATION

This MBA has been coordinated with the City Manager's Budget Office

If you have any further questions regarding these issues, please feel free to contact Lt. Laurence Ryan #2802, Commander of the Research and Development Unit, Office of the Chief of Police, at 408-277-5200, or via email at [Laurence.Ryan@sanjoseca.gov](mailto:Laurence.Ryan@sanjoseca.gov).



ROBERT L. DAVIS  
Chief of Police

RLD:LR:CE





# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis

**SUBJECT:** FALSE ALARM FINES

**DATE:** May 23, 2008

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Approved

*Christine J. Shippy*

Date 5-23-08

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## BACKGROUND

At the City Council budget study sessions for the 2008-2009 Proposed Budget, the Mayor asked for clarification regarding false alarm fines and why they are not listed in the City's Fees and Charges document. Additionally, the Mayor asked for the cost recovery level for the Department's responses to false alarms. This memorandum provides information on the City's false alarm fines and preliminary analysis of current cost recovery levels.

## ANALYSIS

Regulatory fees are charged for providing regulatory activities or services. A regulatory fee is limited to the reasonable cost of the services necessary for the activity for which the fee is charged and for carrying out the purpose of the regulation. On the other hand, a fine or penalty does not have to be limited to recovery of the cost of the governmental regulatory activity or service. A civil fine or penalty can be set in order to achieve punitive or deterrent purposes in keeping with the underlying law.

The City Council enacted the current False Alarm Ordinance in 1995 in response to a report from the Santa Clara County Grand Jury, which recommended the City 1) decriminalize false alarm violations and 2) fine violators only for the third and subsequent false alarm response within a given reporting period. The City Council directed the City Attorney to prepare an ordinance amendment to decriminalize false alarm violations. On January 24, 1995, the City Council amended SJMC Chapter 10.42 to decriminalize enforcement and rely on administrative citations to enforce the prohibition against third and subsequent false alarms within a static 60 day period. At the end of the 60 day period the same responsible party can get two new warnings before being subject to an administrative citation.

Administrative citations result in the imposition of an administrative fine, which is set out in the Council Resolution No. 74033 establishing the administrative citation schedule of fines. The administrative citation fine for the third false alarm within a static 60 day period is \$50 and \$100

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**Subject: False Alarm Fines**

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for the fourth false alarm within the 60 day period. The administrative citation fine for the fifth and every subsequent false alarm within the 60 day period is \$250.

Preliminary analysis of calendar year 2007 shows the average response time for false alarms was 20.47 minutes for an average cost of \$74.21 per call. The average time is based on initial dispatch to the responding officer closing the call and does not include queuing time. The cost per call assumes two officers respond to the call. From July 1, 2007, through March 31, 2008, the Department received approximately 21,500 alarm calls. Of those alarm calls, approximately 8,500 were considered for administrative citation under the false alarm program. Of these false alarms considered for administrative citation, only 927 citations were issued for a total of \$56,352. Based on the average cost per call above, the total cost for police to respond to the 8,500 false alarms is approximately \$631,000.

It has been the Department's experience that the False Alarm Ordinance as currently written does not appear to deter false alarms, nor recover the average cost of police responses to burglary and robbery false alarms. The level of administrative citation fines is low in comparison with other provisions of the Municipal Code, especially given the cost of the police response.

Moreover, the 60 day reporting period results in few fines being charged, which does not encourage repeat violators to fix their alarm systems and/or business practices to prevent the recurrence of false alarms. The False Alarm Ordinance gives responsible parties two "free" false alarms every 60 days and then allows the violator a new pair of free false alarms every succeeding 60 day period.

If the City Council wished to increase the cost recovery levels for responding to false alarms, and better align with most adjoining municipalities, as well as the City's own practice with respect to other violations of mandatory provisions of the Municipal Code, the Council might consider revisions to the false alarm fines. Possible revisions that could be considered include: imposing an administrative citation for the first violation or at most after one warning; repealing the two free false alarms each 60 day period; and/or distinguishing between false alarms at residential versus nonresidential uses in terms of the amount of the administrative citation fine. These changes would require amending the ordinance, SJMC Chapter 10.42, and the Council resolution establishing the administrative citation schedule of fines, Resolution No. 74033.

## **COORDINATION**

This MBA has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

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If you have any further questions regarding these issues, please feel free to contact Lt. Laurence Ryan #2802, Commander of the Research and Development Unit, Office of the Chief of Police, at 408-277-5200, or via email at [Laurence.Ryan@sanjoseca.gov](mailto:Laurence.Ryan@sanjoseca.gov).

A handwritten signature in black ink, appearing to read "R. Davis". The signature is stylized with a large, looped initial "R" and a cursive "Davis".

ROBERT L. DAVIS  
Chief of Police



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis  
Albert Balagso

**SUBJECT:** SEE BELOW

**DATE:** May 23, 2008

Approved

Date

5-23-08

**SUBJECT: Police Department and Parks, Recreation and Neighborhood Services Crime Prevention Program List and Source of Funds**

## BACKGROUND

At the City Council budget study sessions for the 2008-2009 Proposed Budget, the Mayor requested a list of crime prevention programs administered by the Police Department and the Parks, Recreation and Neighborhood Services (PRNS) Department and the funding sources for these programs

## ANALYSIS

The Police Department's Crime Prevention Unit provides crime prevention education, programs, and services to the San José community and its visitors. Staff acts as liaisons between the San José Police Department and the community, providing information and referral services pertaining to crime prevention and other law enforcement related questions.

The Crime Prevention Unit provides four core programs as part of its community outreach service; Neighborhood Watch, Challenges and Choices, Safe Alternatives Violence Education (SAVE), and Community Outreach. Neighborhood Watch is a program designed to organize neighbors and provide information on how to target-harden their homes, vehicles, and families, while promoting police community partnerships. Challenges and Choices is a violence awareness and life-skills program for elementary and middle school students. SAVE is a non-punitive violence prevention awareness curriculum directed towards low-level weapons offences that occur on school campuses. The final core program, Community Outreach, deals with community information/outreach covering such topics as; business safety, child safety, Internet safety, identity theft, personal safety, senior security, home security, work place safety, gang awareness/prevention education, and other crime prevention topics, as requested. In addition to public presentations, the outreach component includes the Child Passenger Safety Seat program, National Night Out, Crime Stoppers, and attendance at safety fairs and other community events.

The Department of Parks, Recreation and Neighborhood Services provides three programs

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**Subject: Crime Prevention Programs**

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through the Mayor's Gang Prevention Task Force: Safe School Campus Initiative (SSCI), Clean Slate, and the Striving Towards Achievement with New Direction (STAND). In addition, the Bringing Everyone's Strength Together (BEST) program, the funding arm of the Mayor's Gang Prevention Task Force (MGPTF), contracts with 23 community-based organizations to provide gang intervention and prevention programs throughout the City of San José. These intervention programs support the efforts of the MGPTF and the goal of keeping San José youth out of gangs, connected to their families, school and Community, and on the path to a productive future.

Attached are listings of the Crime Prevention Programs offered by the Police Department (Attachment A) and the PRNS(Attachment B).

Crime Prevention programs offered through the Police Department are mostly funded through the General Fund. There are limited Gift Trust Funds available for specific purposes in the following areas: Cyber Cadets, School Safety, Scholastic Crime Stoppers, SAVE, Police/School Partnerships, Police Educational Robot, Crime Prevention, Community Services, Child Safety Seats, Drug Education, and Anti-theft.

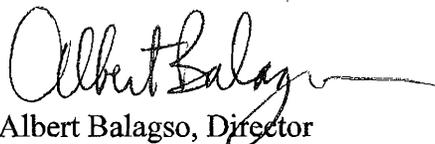
For programs offered through PRNS, STAND and the Clean Slate programs are currently funded through the General Fund, while the Safe School Campus Initiative program is funded through both the General Fund and San José BEST. Funding for all community-based organizations is through San José BEST. Included in the 2008-2009 Proposed Operating Budget is a recommendation to shift the Clean Slate Program from the General Fund to San José BEST.

### **COORDINATION**

This MBA has been coordinated with the Police Department, the City Manager's Budget Office, and the Parks, Recreation and Neighborhood Services Department.



Robert L. Davis  
Chief of Police



Albert Balagso, Director  
Parks Recreation and Neighborhood Services

Attachments: Police Crime Prevention Program List  
Parks, Recreation and Neighborhood Services Crime Prevention Program List

# **Police Crime Prevention Program List**

## **Neighborhood Watch**

Neighborhood Watch is a program designed to organize neighbors and give them information on how to target harden their homes, vehicles and families. Crime Prevention Specialists work with individual residents, neighborhood associations, and property management companies to coordinate meetings throughout San José. Meetings are held in neighborhoods and may also include neighborhood parks, businesses, schools, and places of worship.

The Neighborhood Watch model allows neighbors an opportunity to meet one another and discuss issues impacting their neighborhood. Crime Prevention Specialists act as Police/Community Liaisons, answer questions pertaining to neighborhood climate, Police Department procedures, and various crime prevention topics, such as, statistics, including CrimeReports.com and other available public cadmine data; 9-1-1, 3-1-1, anonymous tips lines, and business lines; suspicious activity; vehicle crimes and residential burglary; vacation security and personal safety; and other neighborhood issues.

Crime Prevention staff will notify Patrol so appropriate patrol staff are available for the neighborhood meetings. The City Council is also notified so they may attend meetings in their districts.

All Neighborhood Watch participants receive printed materials covering the above topics for further study as well as Neighborhood Watch window placards to show participation. Qualifying neighborhoods (70% participation) will also have the option of having metal Neighborhood Watch signs placed strategically on their block's light standards designating it as a Neighborhood Watch Neighborhood. For the first three quarters of FY 07-08 the Crime Prevention Unit has made 105 Neighborhood Watch presentations to 2,835 people.

## **Challenges and Choices**

Challenges and Choices (C2) is a violence/gang awareness and life skills curriculum for elementary and middle school students. The C2 program teaches violence prevention/life-skills to 3<sup>rd</sup>, 5<sup>th</sup>, and 7<sup>th</sup> grade students. The eleven-week curriculum teaches students valuable lessons on topics such as drug and gang awareness. This program requires students and their parents to work together on personalized (homework) assignments.

The San José Police Department created C2 to educate and promote responsible attitudes and behaviors. The C2 program serves to reduce youth violence through education and application of life skills. The program objective is to teach skills to students while aiding parents and schools in combating violence in our young people's lives.

Challenges and Choices (C2) was expanded and improved in 1995, from a gang awareness program, (Gang Education Alternative Resources GEAR.) When the Challenges and Choices

Program was created, the Crime Prevention Specialists studied several programs and researched the essential elements needed for a successful life skills program. The University of Michigan Institute for Social Research evaluated 47 programs and graded six programs with an "A" rating. The winning programs all employed role-playing and interactive teaching techniques and parent involvement in the student's homework.

This program is taught by four Crime Prevention Specialists and supervised by an officer and sergeant. For the past 12 months, 3,292 students have received the C2 curriculum.

### **S.A.V.E**

SAVE stands for Safe Alternatives and Violence Education. The SAVE program, established in 1993, is an award-winning violence prevention, education and awareness program. SAVE is designed for first-time offender and is not appropriate for students with significant previous contact with the juvenile system or youth with known gang affiliation

In collaboration with the Juvenile Probation Department, Juvenile Court, School Districts and police, it provides classes to troubled youths and their parents. SAVE is available to Santa Clara County youth between the ages of 10-18 who make a verbal, written or email threat, and/or possesses any weapon (including undefined "injurious objects") on or near a school campus. The SAVE program is facilitated by police officers and crime prevention specialists. The program is coordinated by a Crime Prevention Specialist.

The SAVE program is a six-hour class that discusses the issues of weapons and violence. The purpose of the program is to provide a "consequence" as well as an educational opportunity for young people engaged in threats or weapon. The program identifies personal anger styles and covers choice making, refusal skills, self-esteem, goal setting, and parenting skills. Some classes are offered entirely in Spanish or Vietnamese translators may be available. Attendance by a parent or guardian is mandatory.

Youth are referred to the SAVE program either through the school, the Probation Department, or the local law enforcement agency. Public and private schools throughout Santa Clara County can use this program at no charge, whether or not a criminal violation (citation or arrest) is involved. School officials are invited to make participation in a SAVE class part of an administrative consequence imposed following the incident. Attendance may be required by the school as a condition of suspension or expulsion, a prerequisite to transferring to a new school or a stand-alone consequence when no other discipline is available.

The Juvenile Court with the Probation Department mandates youth and their parents to attend SAVE in order to complete the requirements of their probation. In a meeting on May 19, 1995, between probation, the D.A.'s office and SJPD, it was agreed that Probation would refer the juvenile to the SAVE program while the petition review is pending, thus shortening the delay between the violation and class attendance. When a student is detained on or near a campus in a weapon involved situation and a citation is not justified, an "information only" report should be generated. If the juvenile and parent would likely benefit from the SAVE class, either in conjunction with another diversion program or standing alone, the local agency may directly sign

the family up for a class. For the first three quarters of FY 07-08, the SAVE program has been taught to 139 students plus their parents.

### **Truancy Abatement Burglary Suppression (TABS)**

The TABS program started in Fiscal Year 1981-1982 to address the increasing rates of daytime burglaries. Originally a burglary suppression program, TABS has expanded into a comprehensive service model. Other factors related to truancy, such as drug use and family discord, are addressed through counseling and referrals. There are two TABS centers, one located in Willow Glen and the other in East San José. The East San José TABS center has a new location at the Police Athletic League (PAL) stadium. When truant students are located, they are transported to their school or a TABS center for assessment and appropriate referral. The Police Department works collaboratively with Juvenile Probation Department, California Youth Outreach, Catholic Charities, Social Advocates for Youth, and the Cross-cultural Community Services Center, which are a part of the Truancy Intervention Program (TIP) overseen by the Department of Parks, Recreation, and Neighborhood Services. Both the East Side Union High School and San José Unified School Districts also participate in this program. For the first three quarters of FY 07-08, 1,160 students have contacted by police as truants.

### **Police Activities League (PAL)**

The San José Police Activities League (PAL) was founded in 1967 with a specific and primary mission of promoting a constructive relationship between San José Police Officers, young people, and citizens of the community. PAL programs are designed to develop activities that act as deterrents to delinquent behavior among young people, and to keep them occupied with constructive, organized activity. PAL offers amateur athletic and non-athletic programs to youth for constructive and satisfying use of leisure time and to provide an opportunity for youth and law enforcement personnel to develop a mutually satisfying non-adversarial relationship. San José PAL reaches 10,000 youth each year through its programs. Activities include: baseball; football; soccer; tae kwon do; cheerleading; Jr. Giants; Senior Giants; boxing; girls softball; and Law Enforcement Unit / Cadets.

In February, the San José Earthquakes played the Houston Dynamo at PAL Stadium as a charity fundraiser to help support PAL. The event drew 3,000 soccer fans to PAL stadium. The event was extremely successful for both PAL and for the San José Earthquakes. Earlier this year, San José PAL hosted its inaugural Coaches banquet at the San José Double Tree Hotel. The event drew 500 people in which all coaches were honored for their volunteer work. San José PAL is currently preparing for the August 2008 Pony Baseball Palomino World Series, which will host teams from four major regions: The United States, Mexico, the Far East, and the Caribbean. Elite teams will earn the right to represent their country and demonstrate their skills. San José PAL will be participating as the host team.

### **Volunteer Opportunities and Leadership Training (VOLT)**

VOLT was introduced in 1996 as a community-based volunteer program. Volunteers attend the VOLT Academy, where they learn Department policies and procedures. Training also includes a

visit to the shooting range, driving course, and other law-enforcement settings. Volunteers are given opportunities to work certain assignments that free up officers and administrative personnel.

There are currently thirty VOLT members and ten interns. Volunteers agree to a three year assignment, with a minimum of twelve hours donated each month. Current assignments for VOLT members assist in the following units and programs: Photo lab; CPC Centers; child finger printing; Recruiting; Personnel; PAB tours; radar trailer; oral boards; Fraud/Burglary; GIU; Court Liaison; Historical Museum; academy role playing; and the Video Unit. Additionally, interns are assigned to the TABS centers on the West and East side. These assignments are for 90 hour duration and meet college requirements for Internship. They assist officers in data entry, processing, and notification duties. The VOLT program also facilitates and organizes the department's Ride-A-Long program.

### **School Safety/Safe School Campus Initiative**

The School Safety Program works to develop partnerships between schools and police. The Program provides a variety of services and presentations to schools, youth, and parents. School Safety staff work in collaborative efforts with JPD, PRNS, various community-based organizations, and the District Attorney's Office.

The Safe School Campus Initiative (SSCI) was implemented in 1997 in the East Side Union High School District (ESUHSD). A core team established a response protocol to prevent violence/criminal gang activity in all ESUHSD schools. Two years later, the SSCI expanded to all of San José's high school districts. This program serves students, teachers, school administrators, and parents by creating partnerships between schools, law enforcement, probation officers, and recreation specialists who provide crime prevention assistance to schools.

### **Child Passenger Safety Car Seats**

This program offers child restraint/installation education by providing parents and caregivers with instruction and demonstrations on the correct installation of child restraint systems. On average, over 100 calls are received each week from parents and caregivers with questions regarding proper installation of restraint systems. In 2007, a total of 386 child/safety seat installations and inspections were provided to San Jose residents. Each one-hour session included a demonstration, installation, and/or inspection of child safety seats. During this process, if the person(s) met certain criteria and a need was identified, a free car seat and associated equipment was provided. This program, supported by the Silicon Valley Auto Dealership Association, through a private grant, provided 60 families with new child restraint safety seats and equipment in 2007.

This program is in high-demand by the public and supports the Department's commitment to vehicle occupant safety. The Department recently received a \$5000 donation from Babies-R-US. Funds are being used to replace emergency use child passenger car seats in the Police Department Area Resource Centers (ARC) and at Fire Stations.

The three Crime Prevention Specialists initially received forty hours of training to become Certified Technicians. One of the three Crime Prevention Specialists is a Certified

Instructor and is one of only seven Certified Instructors nationwide certified as a Bi-Lingual Spanish Instructor/Technician. Each week, the three technicians average nine installations/inspections of child passenger safety seats or approximately 400 installations/inspections annually. Each installation/inspection takes about an hour. The installation includes how to correctly install the individual car seat for the individual child. The age, condition and recall status (if applicable) of the seat is reviewed with the parent, a review of the car and car seat safety manuals, the proper position of the car seat and safety belt, and crash safety dynamics. The parent is also given training on future expectations as the child grows. In addition to the installations/inspections, the Crime Prevention Specialists also provide safety tips and information at community events, safety fairs and crime prevention presentations.

### **Crime Stoppers**

San José/Silicon Valley Crime Stoppers is a non-profit organization that joins residents, Police, and local news media in the fight against crime by providing cash rewards for anonymous tips. Anonymous Tips are called into the tip line where information is taken and routed to the appropriate investigative agency. Following the arrest and conviction of subjects reported in tips, callers are eligible for rewards of up to \$1,000. Campus Crime Stoppers is part of this program and originated in the East Side Union School District in collaboration with the SJPD and various outside sponsors, who donated money to promote safer schools and provide an anonymous "tip line" for students and school officials to call to report criminal activity. For the first three quarters of FY 07-08, Crime Stoppers has received 931 tips. As a result of the tips, 54 cases were solved and 52 people were arrested.

### **National Night Out**

National Night Out is a nationwide program sponsored by the National Association of Town Watch. Each year on the first Tuesday in August, neighbors across the country are invited to turn on their porch light and spend an evening getting to know one another while building police/community partnerships. Annually, over 34 million neighbors participate nationwide.

National Night Out is designed to:

- Heighten crime and drug prevention awareness
- Generate support for, and participation in, local crime prevention efforts
- Strengthen neighborhood spirit and police/community partnership
- Send a message to criminals that neighborhoods are organized and fighting back

The Crime Prevention Unit works with neighborhood groups and city agencies to coordinate events throughout San Jose. Event rosters are compiled by the Crime Prevention Unit and distributed to BFO, PRNS and City Council. The Community Services Division deploys teams of Officers and Crime Prevention Specialist to the events to meet with neighbors, answer questions, and thank groups for their support and dedication to crime prevention efforts throughout the year.

## **Community Outreach**

Community Outreach provides information and outreach to the community in a variety of presentations and programs dealing with various issues. These programs include:

### **Vietnamese Liaison**

The Vietnamese Liaison educates and encourages Vietnamese residents to work closely with the Department in reporting crime. This is a sworn officer position assigned as the contact with the Vietnamese community to provide training presentations, educational booths at festivals and events, understanding of police services, and dissemination of safety tips.

### **At-Risk Youth Intervention**

This program is geared toward youth heading down the wrong path in life. Crime Prevention Unit members will meet with the youth and their family to intervene in at risk behavior issues. Referrals are made either directly from family members calling Community Services and asking for help or indirectly as a referral from a school administrator, school counselor, or community member. In many cases, this intervention is the last positive contact before the youth faces arrest or negative contacts with police.

### **Business Watch**

Business Watch is designed to bring business owners, community members, and the members of the Police Department together to deter crime in and around a business complex. The Crime Prevention Specialist assigned to the Division in which the business operates will coordinate with property management and neighboring business owners/managers to conduct the initial Business Watch meeting. Modeled after the Neighborhood Watch program, neighboring businesses meet and discuss working together and partnering with SJPd, suspicious activity, reporting emergency and non-emergency activity, trespassing, and crime prevention (i.e.: shoplifting, robbery, vandalism, etc.). Crime Prevention Specialists will also include issues pertaining to the businesses specific location, business type, or current crime trend. Specialists will also make contact with the Patrol staff in the area so they may attend meetings to meet participants and answer beat related questions. Participants are given printed materials, including STOP applications, information for further study, and Business Watch window stickers to show participation. A shorter Business Watch Overview presentation is also available to groups upon request.

### **Parent Workshops**

This program covers internet safety, gangs, drug awareness, and promoting self-esteem in children. Crime Prevention Specialists offer workshops to Parent-Teacher Associations, Teachers, Community-based Organizations and the community at large. If group size

permits, participants are encouraged to share problems, concerns, and discuss possible solutions. Crime Prevention Specialists also offer the presentation in Spanish.

Presentations on “Building Your Child’s Self-Esteem” give parent’s ways to improve their child’s self-esteem by explaining what self-esteem is and how self-esteem affects their child’s attitude and behavior. It provides parents tips on the do’s and don’t on how to influence their child’s self-esteem and to use positive communication.

“Violence in the Media-Internet Safety” focuses on internet safety, media, and its effects on society, especially youth. The presentation provides an opportunity for parents to learn the affects of media and how to stay safe on the internet. It provides an opportunity for parents to discuss their family’s viewing habits, and plan alternative activities.

### **Child Safety**

Child Safety Presentations are taught by Crime Prevention Specialists and can be geared toward adults and various ages of children. Both presentations focus on the hazards children face while at home, school, and play. Presentations for adults includes, but is not limited to, safety at home/school/play, strangers, child abduction, internet safety, child care, molest/abuse, child passenger safety seats, pedestrian safety, gangs, drugs, and child protection skills.

Presentations for children are age specific in both content and length of discussion. Topics include, but are not limited to, safety at home/school/play, internet, pedestrian safety, bicycle/skateboard/rollerblades, strangers, Police Officers and community helpers, and 9-1-1. Presentations on a specific topics or crime trends are available upon request.

### **Drug Awareness**

Drug awareness presentations give parents information on drug definitions, as well as possible symptoms, paraphernalia, and consequences. If group size permits, participants are encouraged to share problems, concerns, and discuss possible solutions. Discussions also include recent news events. Officers and Crime Prevention Specialist can offer these presentations in Spanish and in Vietnamese. For the first three quarters of FY 07-08, the Crime Prevention Unit made 20 Drug Awareness presentations to 532 people.

### **Gang Awareness**

Gang awareness presentations give parents information on the California Penal Code Gang definition, as well as a general description of gangs in San José. Presentations also provide parents/teachers tips on how to keep youth away from gangs and discuss consequences. If group size permits, participants are encouraged to share problems, concerns, and discuss possible solutions. Officers and Crime Prevention Specialists also offer theses presentation in Spanish and in Vietnamese. For the first three quarters of FY 07-08, the Crime Prevention Unit made 22 Gang Awareness presentations to 1,031 people.

### **Fraud and Identity Theft Prevention**

Fraud prevention presentations, which include information on the most common scams and how the public can avoid becoming a victim.

### **Junior Crime Busters**

School presentations are provided by Patrol Officers for preschool through third grade. Students become familiar with the officer's uniform, equipment, and duties. For the first three quarters of FY 07-08, the Crime Prevention Unit has made 38 Junior Crime Buster presentations to 996 children.

### **Mock 211/Robbery Prevention**

This program includes a lecture, video and mock robbery to familiarize employees with appropriate security procedure before, during and after an event.

### **Personal Safety**

Personal Safety presentations are designed to educate the public on safety in the home, public places, the workplace, in vehicles, and on public transportation.

### **Senior Security**

Senior Security presentations are geared toward the elderly. The program focuses on home security, robbery prevention, fraud prevention, and identity theft.

### **Workplace Safety**

The Workplace Safety Presentation is designed to give business employees personal and workplace safety tips. Topics include, but are not limited to, safety when first opening a business, access points, personal property, dealing with difficult people, and working late.

### **Internet Safety**

The Internet Safety presentation has components for both adults and children. The adult component covers safeguarding your children and tools to enhance a child's safety on the internet. The child component teaches kids to "surf safe" as well as danger signs that require parental involvement.

### **Cybercop**

The Cybercop program is a public email contact program designed to give citizens email contact to the department regarding questions and concerns with referrals made to

appropriate police units or public agencies. For the first three quarters of FY 07-08 Cybercop received 1,843 emails.

### **Driver Education/DUI Awareness**

Presentations are made to high-school-age youth regarding safe driving skills and practices. The presentations also include DUI awareness and consequences of driving while under the influence. The Traffic Enforcement Unit (TEU) staff also conducts DUI presentations at area high schools, which address the dangers, impacts, and harsh consequences of driving under the influence. This one-hour program has received very positive feedback from students, faculty and parents. Presentations begin with students viewing an actual crashed vehicle – a very sobering and visual impact. After viewing the crashed vehicle and reading the traffic collision report, which vividly describes the collision and resulting fatalities and injuries, the students attend a TEU presentation. Students are also allowed the opportunity to perform field sobriety tests on other students. The event closes with a question and answer period. During just the first six months of 2007, this program was brought to 17 high schools, impacting over 29,100 students

The “Every 15 Minutes” program, a multi-agency effort, is sponsored by the County of Santa Clara, which presents a two-day stage production or play that targets high-school youth. The “drama” provides a graphic visual reenactment of a DUI crash and the events that follow. TEU officers provide one presentation per year to an identified high-risk high school. A mock fatal DUI crash is staged on the school’s football field, with a mock arrest of the DUI driver. Injured parties are removed from the crashed vehicle and transported away by ambulance. The two-day presentation follows the various stages that result from a DUI fatality collision, including death notifications to the parents of the involved victims. The presentation closes with a reenactment of the arrest, prosecution, and sentencing of the DUI student-driver, and dramatically culminates with a funeral for the deceased students. In 2007, over 3300 students at two area high schools attended.

## **Parks, Recreation and Neighborhood Services Crime Prevention Program List**

**Youth Centers** - Fifteen Youth Centers throughout the City of San Jose attract approximately 5000 youth annually offering a variety of quality recreational, educational and cultural programs. These programs and activities include sports, games, arts and crafts, special events, dances, low cost field trips, and workshops for youth ages 11-17. These safe environments enhance the quality of their life and help support their experiences with family, school, employment and the community. Additionally, programs and activities also assist youth in reducing delinquent behavior, prevent potential gang involvement and foster academic achievement. Two examples of these are the Washington United Youth Center and the Mexican American Services Youth Center programs that are collaborations between the City and a community based organization operator (Catholic Charities and Mexican American Community Services Agency respectively). These centers serve approximately 1000 youth per year. These programs provide safe evening opportunities for youth focused around health, fitness, teamwork, sportsmanship, leadership, cultural awareness, and family support services. These programs are funded through the General Fund.

**Clean Slate Program** removes tattoos from ex-gang involved and at-risk youth who have found tattoos to be a barrier in furthering themselves through education and/or employment. Removal of these tattoos provides youth with the opportunity of growth in areas such as educational goals and career choices. The area focused on removing these tattoos applies only to visible areas: hands, wrists, forearms, neck and face. The Clean Slate Program assists youth in accessing educational opportunities, developing job and life skills, and accessing available community resources. Services provided include Needs assessment, case management, bi-weekly workshops, six-month follow-up, and support upon completion and referral services. After each six-month session, participants celebrate their successful completion of the program with a pizza party as part of their graduation ceremonies. So far in FY 2007-08, this program has served 69 unduplicated participants in the life skills program, 404 unduplicated participants in clinic appointments, and has had 704 total laser removal clinic appointments.

**Safe School Campus Initiative (SSCI)** represents partnerships between school districts, the Police Department, County Probation, Non-Profit Community Based Organizations and City Intervention Teams. This multidisciplinary team (MDT) works collaboratively to create safer school campuses by ensuring that violence-related issues are addressed in a proactive and timely manner. SSCI also provides mediation to volatile situations and outreach to youth that are gang involved.

The Department of Parks, Recreation, and Neighborhood Services, in coordination with the San Jose Police Department, established the Safe School Campus Initiative (SSCI) community safety protocol to assist school administrators in proactively dealing with youth and gang violence on school campuses and its overspill into surrounding neighborhoods. The community safety protocol is a collaborative effort of the local municipality, law enforcement, schools, churches, and community-based organizations.

The community safety protocol categorizes crisis responses by threat probability as follows:

- ✓ Level 1: An emergency is in progress that requires immediate police response. There is a clear safety concern and interference with school operations. San José Police are the first responders and assume incident command.
- ✓ Level 2: A potential exists for an incident to occur that will cause interference with school operations. Both San José Police and SSCI Teams respond.
- ✓ Level 3: Although rumors of future threats exist, there is not an immediate safety concern or interference with school operations. The SSCI Teams are the primary responders.

Safe School Campus Initiative Intervention Teams also provide follow-up home-visit referral services for families and youth, mediation between rival gangs both on and off school campuses, and gang assessment resources to enable gang-involved youth to disassociate from the gang lifestyle. The SSCI program serves 72 schools in 18 school districts throughout San José. School administrators embraced the community safety protocol this past year, and this acceptance contributed to higher intervention team responses.

Five hundred sixty-one (561) Level 1, 2, and 3 critical incident responses were reported during the first three quarters of FY 2007-08. (By comparison, 592 incidents were reported for all of FY 2006-07.) This represents a 13.6% increase over last year's third quarter results, and an 89% increase over FY 2005-06. The trendline clearly shows increasing activity and utilization of the protocol over the previous three years.

The SSCI staff focuses its efforts on quickly resolving Level 2 and Level 3 incidents, and continues to meet its 30-minute response performance goal 100% of the time. Staff's success in resolving Level 2 incidents resulted in a decrease of approximately 2%, year-over-year, in Level 1 incidents.

The **Striving towards Achievement with New Direction (STAND)** program provides a structured environment for youth in need of services such as, building self-esteem, dealing with choices and consequences, cultural awareness, mentoring and other prevention/intervention services. This program has served approximately 248 youth so far in FY 2007-08. S.T.A.N.D. program assists youth in the following:

- Increasing skills to improve academic achievement
- Reduction of delinquent behavior
- Prevention of further gang involvement.

The S.T.A.N.D. program provides the following:

- Youth Development Groups (nine weeks) at the following schools:
- Yerba Buena High School
- Peter Burnett Academy
- Pala Middle school
- Parent Awareness Group (refreshments provided)

- One month follow up services
- Resources provided to youth and family (one on ones w/students)
- Field Trips (after completion of 9-week group, refreshments provided)
- Diversion Trips such as trips to Chowchilla Prison for the females and Folsom Prison for the males.
- Gang and Choices and Consequences presentations to School Staff, Students and Community
- Handball leagues and Tournaments.

After each nine-week session, a pizza party is held for youth who have successfully completed the program. Some accomplishments of the program have been:

- Graduated 170 students from Youth Development Group at San Jose Academy, San Jose Community High School, Yerba Buena High School, Pala Middle School and Camden Community Day School
- Provided 11 diversion activities for participants, which included prison trips and college visits
- Provided a six-week Family Wellness Parenting Group for 30 parents and students at Yerba High School (May-June, 2007)
- Hosted a Handball Tournament and Resource Fair, in collaboration with MACSA and California Youth Outreach, at Backesto Park
- Starting Intervention Group at Yerba Buena High School, in addition to regular Youth Development Group
- Hosted Third Annual Handball League at various youth centers – June through August
- Provided presentations to youth from various agencies (Victory Outreach, Gateway Program, California Youth Outreach)
- Girls and Gangs Conference, San Jose (Camden Community Center)

**San José Bringing Everyone's Strength Together (BEST) programs:**

San José B.E.S.T. (Bringing Everyone's Strengths Together) Program was established in 1991 as the funding arm of the Mayor's Gang Prevention Task Force. The program funds public and non-profit agencies to implement programs for youth exhibiting high-risk behaviors and their families. In addition to funding the community-based organization listed below, funds are also allocated to provide late-night recreational programming through community centers to youth that are involved in a gang lifestyle. This year, six youth from a gang impacted neighborhood were recruited to participate in an innovative approach to redirect kids to be involved in positive activities, and develop life and employment skills. Two of these youth have entered into Lifeguard certification training with the remainder in a program where they will be taught swimming techniques and endurance building throughout the summer in order to participate in the next certification program. As of March 2008, BEST agencies have served approximately 3,129 youth of which 47% have been Gang Impacted, 28% High Risk and 24% At-Risk.

<b>Community-based Organizations</b>	<b>Services Delivered</b>
Alum Rock Counseling Center, Inc.	Services to Adjudicated Youth; Truancy Intervention
Asian American Recovery Services, Inc.	Outpatient Substance Abuse
Bill Wilson Center	Personal Development and Youth Groups Support; Parent/Family Support Services
California Youth Outreach*	Personal Development and Youth Groups Support; Gang Mediation/Intervention Response; Services to Adjudicated Youth Community Gang Awareness Trainings and Capacity Building and After-care services
California Community Partners for Youth	Personal Development and Youth Groups Support; Community Gang Awareness Trainings/Capacity Building
Catholic Charities of Santa Clara County	Personal Development and Youth Groups Support; Gang Mediation/Intervention Response; Truancy Intervention; Community Gang Awareness Trainings/Capacity Building
Center For Training and Careers*	Day Education, Youth Employment
Cross Cultural Community Services Center	Truancy Intervention
Eastfield Ming Quong, Inc.	Outpatient Substance Abuse; Community Gang Awareness Trainings/Capacity Building
Family and Children Services	Parent/Family Support Services
Filipino Youth Coalition	Personal Development and Youth Groups Support; Truancy Intervention; Parent/Family Support Services
Firehouse Community Development Corporation	Personal Development and Youth Groups Support; Gang Mediation/Intervention Response; Parent/Family Support Services

Community-based Organizations	Services Delivered
Fresh Lifelines for Youth, Inc.	Services to Adjudicated Youth; Community Gang Awareness Trainings/Capacity Building
Friends Outside in Santa Clara County	Personal Development and Youth Groups Support; Services to Adjudicated Youth; Community Gang Awareness Trainings and Capacity Building
George Mayne Elementary School	Personal Development and Youth Groups Support; Gang Mediation/Intervention Response; Parent/Family Support Services; Community Gang Awareness Trainings and Capacity Building
Girl Scouts of Santa Clara County	Services to Adjudicated Youth
Mexican American Community Services Agency, Inc.	Personal Development and Youth Groups Support; Gang Mediation/Intervention Response; Community Gang Awareness Trainings and Capacity Building
Next Door Solutions to Domestic Violence	Domestic Violence
Pathway Society, Inc.	Outpatient Substance Abuse
ROHI Alternative Community Outreach*	Personal Development/Youth Support Groups; Services to Adjudicated Youth
SCCOE/Foundry Community Day School	Personal Development and Youth Support Groups
Ujima Adult and Family Services, Inc.	Personal Development and Youth Support Groups
Volunteer Center of Silicon Valley	Truancy Intervention; Community Gang Awareness Training for Parents

\* These organizations receive additional funds through the General Fund to provide Aftercare services to youth released from the California Youth Authority and Youth Employment services.

**San Jose After-School Programs**, provide safe, affordable and accessible activities for school-age youth. The programs are led and supervised by well-trained staffs who serve as positive adult role models.

- Level I Programs provide homework assistance and tutorial programs at more than 200 locations in San Jose. The program goal is to have participants complete 80% of their homework assignments daily. These programs are funded through the Healthy Neighborhood Venture Fund.
- Level II Programs are offered at 28 schools, teen centers, community centers and park shelter buildings. These programs provide opportunities for participants to play sports and games, complete arts and crafts projects and work on homework assignments. These programs operate with General Fund dollars.
- Level III Programs provide comprehensive after school activities including homework assistance, sports and games, a healthy snack and enrichment workshops at 9 schools. These programs operate until 6:00 PM every day that school is in session and are funded by the California State Department of Education.
- Sports Leagues provide competitive and non-competitive leagues which offer opportunities for youth to learn a variety of sport skills increase their fitness levels and learn how to be a successful team member. These programs are funded through the General Fund.
- Summer Day Camps and Drop-in Recreation Programs provide an extended and enhanced level of summertime activities including trips, movies, swimming, hikes and a variety of theme-based projects and games. These programs are funded through the General Fund.
- Teen Centers offer both drop-in and structured activities including guest speakers, clubs, weight training, game rooms, dances, counseling, trips, sports activities, computer labs, homework assistance and more. These programs are funded through the General Fund.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis  
Jennifer Maguire

**SUBJECT:** 2008-2009 PROPOSED PUBLIC  
SAFETY FEE CHANGES

**DATE:** May 23, 2008

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Approved Paul Kautz Date 5/23/08

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**RECOMMENDATION**

Amend the fee ordinance and resolution to increase the Public Entertainment Business Permit from the proposed \$252 per two years to an adjusted proposal of \$986 per two years; and the Public Entertainment Ownership / Management License from the proposed \$278 per two years to an adjusted proposal of \$986 per two years.

The expenditures for the Public Entertainment Business Permit and Ownership / Management License are already included in the 2008-2009 Proposed Budget. These proposed fee changes will align the Public Entertainment Business Permit and Ownership / Management License fees with the full cost of issuing the related permits and licenses, increasing proposed cost recovery from 38.3% to 100%. However, as a result of this action, additional resources of \$81,441 are available for City Council allocation as part of the final stage of the 2008-2009 budget process.

**BACKGROUND**

Consistent with City Council direction, the Department's goal is to set fees and charges based on recovering full cost. A recent review of the fees and charges indicated the current fees for the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License are not recovering the full cost for staff time. In reviewing the practices employed by the Police Department to issue Entertainment Business Permits and Licenses it was determined significant amount of staff and supervisory time is necessary to ensure when a permit or license is issued, a full and complete background has been conducted. This includes identification of any criminal record. The proposed changes in the fees will allow full cost recovery for issuing the related permits and licenses. This proposal is being recommended at this time due to public outreach that was just completed on Wednesday, May 21, 2008.

**ANALYSIS**

The time included in the allocation of cost for the fees for the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License includes accepting the

application; reviewing the application; interviewing the applicant; conducting a background investigation; contacting references; and the review, approval, and issuance of the permit or license.

An officer assigned to the Permits Unit spends approximately four hours to accept and review the application, interview the applicant, conduct a background investigation of the applicant, contact business references, contact venues that the applicant has been associated with, contact other cities where the applicant has performed similar work or owns similar businesses, confer with other city departments such as: code enforcement, risk management, planning and the Fire Department. The officer meets with their immediate supervisor to review the application.

A sergeant assigned to the Permits Unit spends approximately 1.5 hours reviewing the application with the Permits Officer to ensure all of the above listed issues have been properly addressed and all of the issues that could result in denial, suspension, or revocation as spelled out in Chapter 6.02 (Permit And License Procedures Ordinance) of the San Jose Municipal Code have been investigated.

Clerical staff devotes approximately two hours inputting the information into a tracking system, preparing identification cards, referring the applicant to the proper state fingerprinting location, and various other tasks.

Finally, a Vice officer and a Vice sergeant spend approximately one hour meeting with the applicant to explain the rules and regulations of Chapter 6.60 (Public Entertainment Permit Ordinance) of the San José Municipal Code, the terms of the Public Entertainment Business Permit or the Public Entertainment Ownership / Management License, the best business practices, what the expectations of the Police Department are, how administrative citations are issued and common pitfalls by persons providing entertainment to the public.

It should be noted the fee increase recommended by this MBA does not include any of the police staff time in regulatory on-site activities over the term of the permit. That staff time is absorbed in the on-duty costs of the police officers assigned that duty.

#### *Public Outreach*

The proposed fee increases were presented to stakeholders at an outreach meeting on May 21, 2008. Attendees were advised that the San Jose Police Department's Fiscal Unit has reviewed the cost of Police staff time it takes to process applications for a Public Entertainment Business Permit and a Public Entertainment Ownership / Management License and that the "cost recovery" analysis revealed that it costs the Police Department at least \$986 in staff time to complete the application process for each application submitted. Attendees were further advised that the 9.5 hours includes reviewing the application and any necessary or associated documentation, conducting site inspections, interviewing applicants, and conducting background investigations. Stakeholders were further advised that that this cost recovery fee does not include any of the regulatory on-site activities of the Police Department during the term of the permit. These stakeholders included entertainment business owners/operators/managers, the San José Downtown Association, promoters, musicians, members of the public, and other attendees.

HONORABLE MAYOR AND CITY COUNCIL

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**Subject: 2008-2009 PROPOSED PUBLIC SAFETY FEE CHANGES**

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Also present were representatives from the Police Department, San José Redevelopment Agency, Council Districts 3 and 6, and the Mayor's Office.

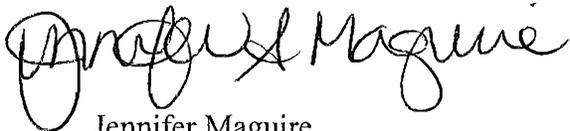
### **CONCLUSION**

The proposed fees will align the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License with the full cost of issuing the related permits and licenses.

### **COORDINATION**

This MBA has been coordinated with the City Attorney's Office and the Office of Economic Development.

If you have any further questions regarding these issues, please feel free to contact Lt. Dave Hober at 408-277-4041.



Jennifer Maguire  
Acting Budget Director



Robert L. Davis  
Chief of Police

Attachments

RLD: LP

# DEPARTMENTAL FEES AND CHARGES

# POLICE

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>PUBLIC SAFETY PERMITS - CATEGORY I</b>								
<b>19. Public Dance Hall</b>								
2 New/Renewal - Class B	\$265 per permit		\$164 per permit					
3 Renewal - Class A & C	\$337 annual renewal		\$340 annual renewal					
<b>Sub-total Public Dance Hall</b>		<b>100.0%</b>		<b>4,699</b>	<b>5,000</b>	<b>4,699</b>	<b>106.4%</b>	<b>100.0%</b>
<b>20. Public Entertainment</b>								
1 Business Permit	\$252 per 2 years		\$986 per 2 years					
2 Ownership/Management License	\$278 per 2 years		\$986 per 2 years					
<b>Sub-total Public Entertainment</b>		<b>100.0%</b>		<b>112,990</b>	<b>30,000</b>	<b>112,990</b>	<b>26.6%</b>	<b>100.0%</b>
<b>21. Sales</b>								
1 Closing-Out Business Sales Permit (Bankruptcy, Fire, etc.) - 30-Day Renewal	\$98 per 30-day renewal		\$96 per 30-day renewal					
2 Closing-Out Business Sales Permit (Bankruptcy, Fire, etc.) - 60 Day Permit	\$98 per 60-day permit		\$96 per 60-day permit					
<b>Sub-total Sales</b>								
<b>22. Secondary Employment</b>								
1 New Permit	\$420 per year		\$423 per year					
2 Permit - Events Lasting 5 Days or Less	\$189 per event		\$191 per event					
3 Renewal Fee	\$420 per year		\$423 per year					
4 Schools/Public Entity	\$35 per year		No Change					
<b>Sub-total Secondary Employment</b>		<b>100.0%</b>		<b>64,479</b>	<b>64,000</b>	<b>64,479</b>	<b>99.3%</b>	<b>100.0%</b>
<b>23. Street Closing</b>								



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis

**SUBJECT: AMENDMENTS TO THE 2008-  
2009 PROPOSED FEES AND  
CHARGES REPORT**

**DATE:** May 23, 2008

Approved

*Christine J. Shappley*

Date

*5-23-08*

## RECOMMENDATION

- (a) Increase the Police Department's 2008-2009 General Fund Personal Services appropriation by \$232,728
- (b) Increase the Police Department's 2008-2009 General Fund Non-Personal/Equipment appropriation by \$15,022
- (c) Increase the revenue estimate in the General Fund for the Licenses and Permits category by \$247,750
- (d) Authorize the addition of 2.0 Senior Auditor positions in the Police Department Division of Gaming Control
- (e) Amend the Proposed 2008-2009 Fees and Charges Report to increase the Cardrooms Card Table Fee from the proposed \$26,681 per table to an adjusted proposal of \$31,027 per table.

## BACKGROUND

The Gaming Control ordinance (Title 16 of the San José Municipal Code) contains 24 Chapters. The primary purpose of the ordinance is to maintain public confidence in the integrity of the cardroom operations by requiring strict regulatory controls and enforcement practices to carefully monitor gambling activities at the San José cardrooms. In the past, financial reviews were limited to tax related revenue and were narrow in scope. The new Title 16, the Minimum Internal Control Standards and Accounting Regulations, and the Responsible Gaming Program Regulation currently in the rule-making process mandate broader regulatory commitment in providing oversight over every aspect of the cardroom operations and those individuals licensed to own and/or to manage these establishments.

The Division of Gaming Control has the responsibility to ensure comprehensive safeguards for control of gambling in the City of San José. The safeguards are in place in order to protect the public interest in San José. The major functions of the Division include: criminal background investigations on applicants for work permits in order to work in cardrooms; detailed financial background investigations on persons applying for cardroom licenses; compliance reviews and

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Subject: Amendments to the 2008-2009 Proposed Fees and Charges Report

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auditing to assure compliance with Title 16, the Cardroom Tax Ordinance, and the Minimum Internal Control Procedures and Accounting Regulations; investigating and prosecuting violations of Title 16 of the Municipal Code and related violations of state gambling laws, prosecuting Regulatory Action [disciplinary] cases against licensees, and drafting the annual Cardroom Report for the City Council, which evaluates the impact of cardroom gambling on crime in the San José metropolitan area and regulatory issues that the Chief wishes to bring to the attention of the Council.

An increase in personnel would help ensure that the Division's responsibilities under Title 16 and the Minimum Internal Control Standards Regulations are met. The workload has grown exponentially while the number of personnel has remained constant for the past several years. The cardrooms have raised concerns about the time that it has taken for the Division to process license applications and this increase in personnel would assist the Division in addressing these concerns. An increase in personnel would permit additional compliance testing as well as speed up the processing of licensing investigations.

#### ANALYSIS

The Department requests to add two Senior Auditor positions in the Division of Gaming Control to meet its objectives of safeguarding the public, maintaining public confidence in the integrity of the cardroom operations, preserve the reputation of the City of San José, and to ensure the cardroom operations are conducted freely, honestly and free of corruptive and/or unsavory elements. Funding for this Division is recovered from table fees. As such, the recommendation includes an increase in the 2008-2009 proposed cardrooms Card Table Fee from \$26,682 to an adjusted proposal of \$31,027 to include the cost of these additional positions. The 2007-2008 Adopted Fee for the Cardrooms Card Table Fee was \$24,482 per table.

The addition of two Senior Auditor positions is critical to the success of the Division of Gaming Control. With the additional personnel, the Division will be better positioned to complete financial background investigations in a more expeditious manner; ensure that gaming licenses are granted only to those who are found suitable; accomplish its compliance review and audit objectives and requirements as outlined under Title 16 by performing on-site audits and reviews of each cardroom; and conduct adequate compliance testing of the Division's newly adopted Minimum Internal Control Standards and Accounting Regulations.

#### COORDINATION

This recommendation has been coordinated with the City Attorney's Office.



Jennifer Maguire  
Acting Budget Director



Robert L. Davis  
Chief of Police

# DEPARTMENTAL FEES AND CHARGES

# POLICE

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>PUBLIC SAFETY PERMITS - CATEGORY I</b>								
<b>4. Cardrooms</b>								
2 Card Table Fee	\$24,482 per table		\$31,027 per table					
3 Cardroom License Application Fee Deposit Note: The amounts will be specified in a guideline Schedule of Costs and Charges that will be published, maintained, and updated by the Administer of Gaming Control.	Cost of application processing, investigation, and holding the licensing hearing before the Police Chief, billed at top salary step, including benefits and overhead plus any actual costs such as, but not limited to, transportation, travel, and lodging for any City employees		No Change					
4 Cardroom Permit	\$1,000 per year		No Change					
5 Cardroom Permit Amendment Fee	\$5,000 per amendment		No Change					
6 Work Permit Fees - Employee Transfer Fee	See License/Permit Transfer Fee (Under Other Miscellaneous Permits/Fees)		No Change					
7 Work Permit Fees - Renewal	\$311 per renewal + fingerprint fees		\$307 per renewal + fingerprint fees					
8 Work Permit Fees - Work Permit	\$311 per initial issue + fingerprint fees		\$307 per initial issue + fingerprint fees					
<b>Sub-total Cardrooms</b>		<b>100.0%</b>		<b>2,468,362</b>	<b>2,045,746</b>	<b>2,468,362</b>	<b>82.9%</b>	<b>100.0%</b>
<b>5. Concealable Firearms</b>								
1 Concealable Firearms - Carrying Concealed Weapon	See-fee structure per State law		No Change					
2 Concealable Firearms - Dealer Annual Renewal/Change of Location	\$400 per permit + any fee charged by the State Department of Justice		\$440 per permit + any fee charged by the State Department of Justice					



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Ed Shikada  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** May 22, 2008

Approved

*Christine F. Shuppey*

Date

*5-23-08*

**SUBJECT: UNMET/DEFERRED MAINTENANCE AND INFRASTRUCTURE  
BACKLOG RESERVE RECOMMENDATIONS**

## RECOMMENDATION

It is recommended that the City Council:

1. Accept staff's recommendation to fund various unmet/deferred infrastructure and maintenance projects.
2. Adopt the following amendments to the 2008-2009 Proposed Operating Budget in the General Fund (001):
  - a. Increase the estimate for Transfers and Reimbursements in the amount of \$920,000;
  - b. Establish a Building Facilities Maintenance Backlog: 9-1-1 UPS System, PAB Chiller, Police Special Operations Unit Motors appropriation to the General Services Department in the amount of \$2,717,000;
  - c. Establish a City-wide appropriation for Technology Maintenance Backlog: Desktop Computer and Server Replacements to the Information Technology Department in the amount of \$653,000;
  - d. Establish a Transportation Maintenance Backlog: Street Surface Resurfacing (Story Road and Leigh Avenue) appropriation to the Transportation Department in the amount of \$2,300,000;
  - e. Establish a Transportation Maintenance Backlog: Transportation Infrastructure appropriation to the Transportation Department in the amount of \$250,000;
  - f. Decrease the Earmarked Reserve for Unmet/Deferred Infrastructure and Maintenance in the amount of \$5,000,000.
3. Adopt the following amendments to the 2008-2009 Proposed Operating Budget in the Emergency Communication System Support Fee Fund (154):
  - a. Increase the Transfer to the General Fund in the amount of \$920,000; and
  - b. Decrease the Ending Fund Balance in the amount of \$920,000.

## **BACKGROUND**

As presented to the Council in October 2007, the City's deferred maintenance and infrastructure backlog is at \$915 million with an additional annual ongoing need of \$45 million once the one-time needs are addressed. Over half (\$507 million) of the one-time need and almost all of the annual need (\$40.2 million) is a General Fund obligation.

The Mayor's March 2008 Budget Message, as approved by the City Council, reiterated the reduction of the deferred maintenance and infrastructure backlog as one of the City's top five priorities. This was based on input received from the community at a Neighborhood Association priority setting session held in January 2008, a community survey as well as the Council priority setting session held in February 2008, in which the Mayor, Council and Senior Staff not only validated reduction of the backlog as one of the City's top priorities but also identified three sub-priorities within the infrastructure backlog:

1. Transportation infrastructure
2. Technology infrastructure/software
3. Building Facilities

The 2008-2009 Proposed Operating Budget includes an Earmarked Reserve for unmet and deferred maintenance infrastructure in the amount of \$5 million. This funding serves as a small down payment toward the deferred maintenance and infrastructure backlog. Several City departments provided input on the most critical needs and recommendations are included in this memorandum to fund critical projects.

## **ANALYSIS**

Staff focused on the three sub-priority areas within the deferred maintenance and infrastructure backlog to develop a plan for funding projects with the earmarked reserve. The criteria used for selection of projects to be funded through this reserve is as follows:

1. Projects would typically need to be funded by General Fund dollars
2. Projects have been identified as critical through condition assessments and operational considerations
3. Proposed improvements or lack thereof would directly impact health and safety and/or operational efficiencies

Based on the above criteria, the following projects are recommended:

### **Building Facilities (\$2,717,000)**

1. **9-1-1 Uninterruptible Power Supply (UPS) System Replacement (\$2,300,000)** – This project replaces the primary battery backup system for the 911 Communications Center in the event of a power failure. The current system located at the Police Administration Building (PAB) is past the manufacturer's useful life and was identified as critical to ensuring power is provided to the 9-1-1 bridge during a power failure. In conjunction with the Attorney's Office, eligible Emergency Communications System Support Fee funds (\$920,000) are also available and eligible to reimburse the General Fund for a portion of the

project costs. It should be noted that this project was recently identified and not included as part of the original \$500 million General Fund funded unmet/deferred maintenance infrastructure backlog figure, however, given the critical nature of this project with regards to emergency communications, staff is recommending funding this project.

2. **Police Administration Building (PAB) Chiller Replacement (\$352,000)** – This project replaces the reciprocating chiller which serves the Police Administration Building and Annex, and has reached the end of its useful life.
3. **Police Special Operations Unit – Motor Replacements (old EOC) (\$65,000)** – This project includes the replacement of the motor control center (\$63,000) and centrifugal pump motor at the Police Special Operations unit located in the old EOC at 171 W. Mission Street.

Police Administration Building (PAB) is a building in operation 24/7. This facility maintains a cold room that serves as a backup for Police homicide investigation organic evidence storage. In addition, the PAB has a critical data center that must be cooled 24/7. The old EOC houses the Police Special Operations and Bomb Squad personnel. The Police also utilize this space for training sessions on various Police related disciplines.

Both PAB and Police Special Operations facilities have unreliable and in-efficient air conditioning components due in part that the equipment has exceeded its expected lifecycle. The HVAC mechanical equipment at PAB and Police Special Operations are the original components from the construction dating back to the 1950's and 60's and has experienced rapid deterioration and frequent failures. In addition, replacement parts are increasingly difficult to acquire.

Due to the inherent critical nature of the operations conducted at the PAB and the Police Special Operations facilities, staff recommends that the Chiller at PAB and Motor controls and pump at the Police Special Operations facilities be replaced with new high efficiency equipment. The new equipment will not only be more efficient to operate but will consume much less energy than the original equipment. New equipment will also align to the City's Green Vision because the refrigerant used will be environmentally friendly and the higher efficiency motors will also reduce overall green house gases as the electrical usage for continuous operation is reduced.

#### **Technology (\$653,000)**

4. **Desktop Computer and Software Replacements (\$553,000)** – This allocation would fund the replacement of desktop computers and basic software upgrades for obsolete units that use operating systems older than Windows XP, within departments including Police, Fire, Parks, Recreation and Neighborhood Services. Since providers such as Microsoft no longer provide technical support or security updates for discontinued operating systems and other software, continued use of these antiquated systems frequently constitutes security risks (viruses and other types of vulnerabilities) to the City's network. In addition to these exposures, the older hardware frequently only supports software versions that present compatibility issues with newer versions, preventing employees from performing required tasks. Implementations of new systems such as Recreation and E-Commerce (RECS) and Computer Aided Dispatch

(CAD) require client computers that meet current hardware and software standards. Older computers may slow down and even halt the process of introducing system-wide software and improvements that provide great benefit to the City. Further, many of these older systems have recurring, chronic problems which represent an excessive amount of down time for users and the demand for substantial resources from technical support staff.

- 5. Server Replacements (\$100,000)** – This project replaces older legacy servers with hardware for increased server virtualization; this funding level will address less than 5% of the infrastructure backlog in this area. The replacement of aging servers will provide an opportunity to consolidate many physical servers to a single hardware platform. This platform will consume less energy and more efficiently use the hardware resources the City is investing in. It is the City's goal to only purchase physical servers on an exception basis and this funding will help achieve this goal by providing a foundation to quickly provision virtual servers without expending additional funds on hardware.

**Transportation (\$2,550,000)**

- 6. Street Surface Resurfacing (\$2,300,000)** – This project would fund the street resurfacing of Leigh Avenue (\$1,200,000) from Blossom Hill Road to Branham Lane and Story Road (\$1,100,000) from McLaughlin Avenue to King Road. These streets were chosen based on the amount of identified deficiencies, the length of time overdue for treatment, number of complaints received and information regarding future project conflicts.
- 7. Raised Pavement Markers (\$100,000)** – This project includes the removal and replacement of 25,000 damaged and missing raised pavement markers on City-maintained streets. Currently, there is no existing maintenance program or funding for this work. Raised pavement markers are effective devices that improve roadway safety. Funding would support a two-person crew who would work on an overtime basis (\$32,000) and non-personal/equipment costs (\$68,000).

As determined by the Transportation and Maintenance Master Plan completed in 2007 and reported to Council in the October 2007 Deferred Maintenance and Infrastructure Backlog report, the Transportation Infrastructure backlog is at \$455 million with an additional annual need of \$29 million, once the one-time needs are addressed. Most of this backlog (\$268 million) is for pavement maintenance on over 2,300 miles of paved streets. Funding the above resurfacing projects would reduce this backlog by \$2.3 million. In addition, the \$100,000 proposed for raised pavement markers would start to address the \$2.1 million backlog on the City's 5.2 million square feet of roadway markings.

- 8. Tree Permit System Integration (\$150,000)** – This project will integrate and upgrade systems for tree permit issuance, inventory, and contractual services, enabling the Department of Transportation Arborist Office to effectively handle private property tree permits while ensuring coordination with Planning, Building, and Code Enforcement development applications and other cases. This project funds two consultant contracts to design and execute the integration and upgrade of the tree permit issuance, inventory mapping, and contractual services invoices database applications.

HONORABLE MAYOR AND CITY COUNCIL

May 22, 2008

**Subject: Unmet/Deferred Maintenance and Infrastructure Reserve Recommendations**

Page 5

One of the key components of the City's Green Vision is promoting the growth and health of the Urban Forest. Integration of tree-related systems supports a simplified permit process for residents, as well as the Green Vision and recommendations of the City's Tree Preservation Strategy by ensuring that the location and condition of the City's existing trees can be documented and tracked. This critical software also provides a mechanism through which to track the City's progress towards replacing the 60,000 missing street trees identified as part of the deferred maintenance backlog in the Transportation Maintenance Master Plan, as well as the planting of an additional 40,000 trees to achieve the Green Vision goal of 100,000 new trees in 15 years.

### COORDINATION

The information in this memorandum regarding specific projects has been coordinated with the Information Technology, Transportation, General Services, and Public Works Departments and the Attorney's Office.



ED SHIKADA  
Deputy City Manager



JENNIFER A. MAGUIRE  
Acting Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: UPDATED INFORMATION  
REGARDING THE 2008-2009  
GENERAL FUND PROPERTY  
TAX REVENUE ESTIMATE**

**DATE:** May 27, 2008

Approved

*Christine F. Shipley*

Date 05/27/08

## RECOMMENDATION

The following amendments to the 2008-2009 General Fund Proposed Budget are recommended:

1. Increase the revenue estimate for Property Tax by \$875,000; and
2. Allocate any or all of the \$875,000 additional revenue as part of the 2008-2009 Budget process, with any unused balance distributed to the Contingency Reserve.

## BACKGROUND

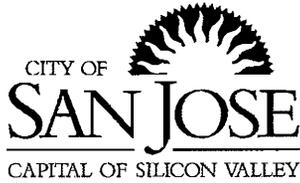
Since the release of the Proposed 2008-2009 Operating Budget on May 1, 2008, additional information has become available regarding the status of General Fund Property Tax revenues projected for 2008-2009. This information results in the availability of \$875,000 in additional funding for City Council allocation in 2008-2009.

## ANALYSIS

An increase of \$875,000 to the Property Tax revenue estimate is recommended to reflect higher Secured Property Tax receipts for 2007-2008 that will serve as the starting point for the 2008-2009 collections. The County of Santa Clara provided updated estimates for 2007-2008 at its quarterly meeting held on May 21, 2008. The Secured Property Tax estimate was adjusted upwards based on revised estimates that lowered the projected impact of property reassessments during the year. It is now anticipated that Secured Property Tax receipts will total \$183.8 million in 2007-2008, up from \$183.0 million assumed when the 2008-2009 Proposed Operating Budget was released. From this revised starting point of \$183.8 million, the 2008-2009 budgeted growth rate of 4.5% for Secured Property Taxes would remain in place. This would result in an increase in the 2008-2009 Secured Property Tax budget estimate from \$191.2 million to \$192.1 million.

*Jennifer A. Maguire*

Jennifer A. Maguire  
Acting Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL      **FROM:** Richard Doyle  
City Attorney

**SUBJECT:** CITY ATTORNEY'S OFFICE BUDGET REDUCTION PLAN      **DATE:** May 27, 2008

## RECOMMENDATION

Approve the City Attorney's Office 2008-09 Budget Reduction Plan proposed in this memorandum.

## BACKGROUND

The City Attorney's Office submits this Manager's Budget Addendum (MBA) to revise the budget reduction plan outlined in MBA #8 dated May 20, 2008.

## ANALYSIS

The City Attorney's Office has been working together with the Mayor's Office to develop a budget plan that meets the reduction target and, at the same time, provides the Office with adequate resources to maintain the present level of legal services provided to the entire organization through 2008-09. Achieving these goals has been especially difficult this year as reduction actions implemented over the past six years have decreased Office resources to minimum levels.

The information provided in the Analysis section of MBA #8 remains unchanged. The Office can meet the 6% reduction target, but cannot achieve the 83% ongoing target without eliminating key attorney positions and reducing service delivery. Meeting the 83% ongoing reduction target would result in the need to hire outside counsel for legal services no longer provided by the City Attorney's Office, which would be more costly for the City than to keep legal work in-house.

After further consultation with the Mayor's Office, the ongoing reduction target has been adjusted, and this change, combined with a recently announced upcoming retirement, gives the Office an opportunity to implement a budget reduction plan that minimizes the impact on service delivery, reduces the need to hire outside counsel, and avoids employee layoffs.

## REDUCTION PLAN

The following proposed reduction plan meets the 6% reduction target, with 52% in ongoing savings. Consistent with past practice throughout the prolonged economic downturn, the Office

**REDUCTION PLAN (CONT'D.)**

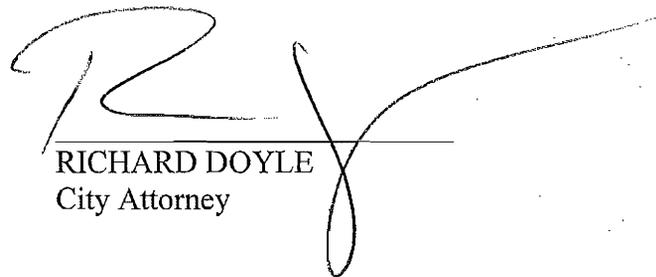
will attempt to absorb the workload; however, it is important to fill critical vacant positions as soon as possible.

<b>Title</b>	<b>2008-09 General Fund</b>	<b>Subtotals</b>
Eliminate Legal Admin Asst II, #15490 (vacant 1/07)	\$ 78,282	\$ 78,282
Reallocate 0.10 Legal Admin Asst II, #7395 to Airport Fund	\$ 8,698	\$ 86,980
Eliminate Chief Dep City Atty, #6416 (vacant 6/29/08)	\$249,794	\$336,774
One-Time Freeze- Sr. Dep City Atty, #5669 (vacant 3/31/08)	\$186,222	\$522,996
Reallocate 0.20 Dep City Atty #6475 to SSUC Fund (incl overhead change)	\$ 23,438	\$546,434
One-Time Freeze - Research Atty, #7996 (vacant 1/18/08)	\$ 59,202	\$605,636
One-Time Reduction to Non-Personal/Equipment	\$ 43,566	\$649,202

**CONCLUSION**

Approval of the reduction plan proposed in this memo meets the Mayor's 6% reduction target, enables the Office to maintain the present level of legal services provided to the entire organization through 2008-09, avoids employee layoffs, and is more cost-effective for the City as it reduces the need to hire outside counsel.

During the next year, the Office will continue to work on streamlining processes and enhancing the use of technology to improve operational efficiencies. In addition, the Office will evaluate the workload to identify areas where legal services can be modified. The City Attorney's Office remains committed to providing excellent legal services in a timely manner, and looks forward to discussions with the Mayor, City Council and client departments to best serve the needs of the organization and the community.



RICHARD DOYLE  
City Attorney



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Norberto Duenas

**SUBJECT:** COMMUNITY ACTION AND  
PRIDE GRANT PROGRAM  
HISTORY AND UPDATE

**DATE:** 05-28-08

Approved

*Christine J. Shippin*

Date

*5-28-08*

## BACKGROUND

At the Neighborhood Services and Education Committee on May 8, 2008, Council Member Nguyen requested a Community Action and Pride (CAP) grant history and information update. The purpose of this memorandum is to provide the requested information.

The CAP grant program's mission is to promote the development of new and/or healthy and self-reliant neighborhoods by supporting residents to: unify for action; actualize their collective power; and create community based solutions to meet long term neighborhood challenges. The CAP program provides financial support to help resident-based groups conduct activities that build or strengthen the neighborhood organization, organize neighborhood projects to improve neighborhood conditions, and organize and conduct activities that address issues important to neighborhood quality of life.

In July 2003, the Office of the City Auditor performed an audit of the Neighborhood Development Center (NDC) and CAP grant program of the Parks, Recreation and Neighborhood Services Department (PRNS). At the time of the audit, about \$500,000 from the General Fund was allocated for the CAP Grant, of which approximately \$400,000 was for grant awards and \$100,000 for administrative expenses.

The audit included a review of CAP grant awards from 2000 – 2002. During this time, awards ranged from \$100 to \$50,000, with an average grant amount close to \$10,000. Currently, the minimum grant request is \$500 and the maximum request is \$15,000. As requests for grant funding total more than funding available each cycle, a maximum grant request has been established to increase the number of grants that can be awarded each year.

Following the 2006 Citywide Grants Audit and the January 2006 Civil Grand Jury CAP program review, PRNS developed policies and procedures aimed at improving oversight

and increasing monitoring of CAP grant funds. As part of the changes, neighborhood groups with outstanding or incomplete CAP grants from previous cycles were not eligible to apply for CAP funding until the previous CAP cycle's projects were closed. This resulted in \$183,000 being returned to the City during a five-month period in which neighborhood groups closed out their grants and returned unspent funds. At this time, there are 36 outstanding CAP grants from previous funding cycles 14 – 19.

In 2006-2007, the Mayor and City Council approved the transfer of the NDC from PRNS to the Strong Neighborhoods Team under the direction of the City Manager's Office. CAP program oversight was officially transferred to the Strong Neighborhoods Team in May 2007. Strong Neighborhoods staff issued its first CAP grant cycle, Cycle 22, in April 2008. 72 neighborhood groups submitted Cycle 22 applications, totaling \$735,173 in funding requested. The CAP Grant Committee is in the process of reviewing applications and is likely to make funding decisions in late June 2008. In addition to administering new grants, Strong Neighborhoods staff continue to work with neighborhood groups to reconcile outstanding grants.

### **ANALYSIS**

The Proposed 2008-2009 Operating Budget includes an action to eliminate ongoing funding for the CAP grant program. At the end of 2007-2008, approximately \$700,000 in program funding is estimated to remain unspent after the Cycle 22 awards and a portion of funding is potentially used for a grants database project. Those remaining funds will be used to fund grants over the next three years. In year 4, a revised ongoing funding level will be considered and brought forward for City Council approval, as appropriate.

The City has granted an average of less than \$200,000 per grant cycle for the last three cycles. Funding requests are consistently higher than funding available and have ranged from \$746,000 in 2004-2005 to \$271,000 in 2007-2008 for Cycle 21. Currently, the CAP grant program is administered by existing NDC staff, with a budget of approximately \$50,000 annually for administrative expenses.

### **CONCLUSION**

The CAP program provides assistance to neighborhood groups interested in improving the quality of life in their neighborhoods through collective action. As the ongoing funding for this program is recommended to be eliminated in the 2008-2009 Proposed Operating budget, the program is expected to continue for approximately three more cycles with carry-over funding. Staff will continue to carefully manage the program and work with neighborhood groups to reconcile outstanding grants. In addition, staff will provide the Neighborhood Services and Education Committee with periodic reports.

HONORABLE MAYOR AND CITY COUNCIL

05-28-08

**Subject: Community Action and Pride Grant Program History and Update**

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**COORDINATION**

The information in this memorandum has been coordinated with PRNS.



NORBERTO DUENAS

Deputy City Manager



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** Revolving Loan Fund

**DATE:** May 28, 2008

Approved

*Christine J. Sheppley*

Date

*5-28-08*

## RECOMMENDATION

Approve Staff recommendation to modify the budget proposal and transfer the loan servicing function of the Revolving Loan Fund to the City's Housing Department and to direct staff to explore options for contracting with an organization specializing in micro- and small-business lending during the upcoming year.

## BACKGROUND

Since the Revolving Loan Fund Program (RLF) was established over 25 years ago, almost 170 loans have been made for approximately \$4,000,000. Currently, there are 42 active loans with outstanding balances of \$765,000.

The main objective of the RLF program centers upon community revitalization. The RLF supports the start-up and expansion of small businesses, which contributes to the creation and retention of jobs for San Jose residents, increased investment in blighted areas, and fewer vacant facilities.

Although there are a variety of conventional loan programs that exist for small businesses, RLF clients are traditionally not served by the private sector banks. Conventional financial tools are not available to businesses seeking loans under \$50,000 that have been operating less than three years, or who are considered "high risk" because of other factors often outside the entrepreneur's control (e.g. economic downturns, high cost of borrowing). The RLF program requires personal guarantees from all the borrowers, regardless of whether the business is a sole proprietorship or a corporation. Businesses assets are pledged as collateral for all loans in the form of a Uniform Commercial Code (UCC-1) filing with the State of California. When appropriate, the Loan Administration Board (LAB) will also require a deed of trust against the borrower's home.

Staff with the City of San Jose Office of Economic Development (OED) took over the direct administration, loan underwriting and loan servicing of the RLF program in December 2006.

Prior to that the City had contracted with an outside entity for loan packaging administrative services.

### **ANALYSIS**

The City Manager's Proposed Budget recommends transferring the RLF program and three OED staff to the Redevelopment Agency (RDA) in Fiscal Year 2008-2009. The salary and benefit costs of all three staff members are currently being supported by non-General Fund resources. Two of the staff support the RLF program. The third is responsible for the Enterprise Zone program. Subsequent discussions with the RDA have resulted in RDA being willing to accept the transfer of the three staff members to manage the Agency's Small Business Loan Program (RDA funded) and the Enterprise Zone Program. The Agency cannot accept responsibility for the RLF Program.

An alternative approach is one proposed by the City's Housing Department. Housing will now assume responsibility for the servicing of the 42 RLF loans currently outstanding. In addition, OED staff will explore options to contract the loan underwriting and servicing of new loans to organizations that have a strong track record in micro and small business lending and related loan servicing. Such an approach may have the benefit of leveraging non-City funds for small business lending. By example, Lenders for Community Development has a strong track record in lending to micro and small businesses within our local community.

Staff will coordinate with the LAB members to seek their input as to alternative delivery mechanisms. The recommended RLF delivery strategy will be brought forward as a City Council action.

### **COORDINATION**

This MBA has been coordinated with the Manager's Budget Office, the City's Housing Department, and the City of San Jose's Redevelopment Agency.

  
PAUL KRUTKO  
Chief Development Officer

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Darryl Von Raesfeld

**SUBJECT: FIRE STATION 6 LAND SALE AND DATE: May 28, 2008**  
**FIRE STATION 37/6 OPERATIONS**

Approved



Date 5/29/08

## INFORMATION ONLY

### INTRODUCTION

This Manager's Budget Addendum provides information on the consolidation strategy for Fire Station Nos. 6 and 37 and also responds to questions from District 6 regarding performance impacts associated with the proposed closure and sale of Fire Station 6.

### BACKGROUND

At the City's general election held on March 5, 2002, voters approved Measure O (2002), San José 911, Fire, Police, Paramedic and Neighborhood Security Act, authorizing the City to issue general obligation bonds up to \$159,000,000 to fund public safety projects for the Police and Fire Departments. One of these projects is a new fire station in the Willow Glen/Cambrian area.

Strategically located fire station sites are central to improving response time performance and capability, thus improving fire suppression and emergency medical service (EMS) delivery. Currently, the Fire Department's service to the south Willow Glen/north Cambrian area is not meeting the performance measurement goal of an eight-minute response time. The Fire Department conducted an exhaustive analysis of the Willow Glen/north Cambrian area using its Deccan geographical information system (GIS) deployment software tools to identify a fire station location to improve service levels within the area bounded by Curtner Avenue to the north, Highway 87 to the east, Hillsdale Avenue to the south, and Booksin Avenue to the west.

Based on the results of the analysis, the Fire Department has identified the parking area immediately south of the Willows Senior Center located on 2175 Lincoln Avenue in the Lincoln Glen Park campus as the optimum location for the fire station. This site is optimum not only due to the fact that it is in the preferred service area, but also because it is City owned land and a real estate transaction can involve a non-monetary transfer of properties between the Fire and PRNS departments. The Public Safety bond program has undergone several strategic changes in order to respond to unprecedented market escalation and use of this property would allow us to most cost effectively deliver the project. However, the parking area on the Lincoln Glen Park campus proposed for this project is considered City park land and requires voter approval prior to conversion of the long-term use of the land. The fire station construction ballot measure is

currently scheduled for the November 4, 2008 election and voter approval is required prior to the start of design activities.

As discussed in the 2008-2012 Adopted Capital Improvement Program (CIP), project cost escalations had significantly impacted the Public Safety Bond Program in its ability to deliver projects within the bond budget. In order to bridge the budget shortfall for Fire Station 37 as well as simultaneously realize operating and maintenance savings, a strategy to consolidate Fire Station Nos. 6 and 37 was presented to and approved by Council in the 2008-2012 Adopted CIP. The Proposed 2009-2013 CIP continues to recommend this same strategy. The anticipated sale of the Fire Station 6 property (estimated at \$800,000) will augment the funding for the Public Safety Bond projects, including the construction of Fire Station 37.

The service delivery analysis predicts an overall service level improvement of five percent within Fire Station 6's first due district through the redeployment of resources from Station 6 to Station 37. While overall performance in Station 6's district will improve, some areas closer to existing Station 6 will experience a reduction in performance. The planned implementation of traffic signal pre-emption and the deployment of a Supplemental Transport Ambulance Resource (STAR) are anticipated to mitigate these impacts and result in service levels consistent with Council-adopted objectives in these areas.

## ANALYSIS

The following are the responses to Council District 6's questions related to Fire Station 6 and 37:

**Q1 Was the proposed sale of the Fire House Six (land) included in the Fire Department's Strategic Plan that was presented to the City Council before the City moved forward with the Bond request that was proposed to the voters?**

**A1** The 2000 Strategic Plan recommended the construction of a new fire station in the Willow Glen/Cambrian area. Furthermore, published voter information pertaining to "Measure O" listed the Willow Glen/Cambrian area as one of 10 potential new fire station locations. Neither document recommended the closure or relocation of Station 6. The sale of Fire Station 6 was chosen as a budget balancing strategy and included in the C&C revenue forecast as part of the 2008-2012 Adopted CIP to help augment funding for the Public Safety Bond projects, including the construction of Fire Station 37.

**Q2 Please provide the current data from the Fire Department regarding Fire House 6 response time to the current area that the Fire House responds to.**

**A2** Overall, response time performance within Fire Station 6 current first due area achieved the 8:00 minute objective 75.2 percent of the time for FY 2006 – 2007. The district's performance is 4.8 points below the Council-adopted goal of 80 percent. The City-wide performance for this same time period was 79 percent. At the 80<sup>th</sup> percentile, Station 6's first due district performance is 8:17 minutes or exceeds the performance objective of 8:00 minutes by 17 seconds.

May 27, 2008

**Subject: Fire Station 6 and Fire Station 37/6 Operations**

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The poorest performing areas within Fire Station 6's first due districts are within the southern portions of the district or the Cambrian area. This area is between Curtner Avenue to the north, Highway 87 to the east, Hillsdale Avenue to the south and Booksin Avenue to the west. The poorer performance within this region reduces the overall performance of the district and was the basis for the 2000 Strategic Plan's Willow Glen/Cambrian fire station construction recommendation.

**2a. According to this specific data only (not including the Fire Departments request to purchase technology or any other changes/additions) would the area currently being responded to by Fire House 6 be compromised if Fire House Six was closed?**

Performance modeling, using the Fire Department's deployment software, predicts response time performance declines within Station 6's current district if Fire Station 6 were to be closed.

**2b. Would the response time to the current area that Fire House Six responds to be compromised and/or change if Fire House Six was closed and Fire House 37 opened? (not including the Fire Departments request to purchase technology or any other changes/additions)**

Performance modeling, using the Fire Department's deployment software, predicts an overall service level improvement of five percent within Fire Station 6's first due district through the redeployment of resources from Station 6 to Station 37, with especially dramatic improvements in the southern regions of Station 6's current district. While overall performance in Station 6's district is anticipated to improve, some areas adjacent to existing Station 6 will experience a reduction in performance to and below Council-adopted objectives. The planned implementation of traffic signal pre-emption and the deployment of a Supplemental Transport Ambulance Resource (STAR) are anticipated to mitigate these impacts and result in service levels consistent with Council-adopted objectives in these areas.

The Fire Department is currently collaborating with the Department of Transportation on plans to install new traffic signal pre-emption systems along Lincoln, Leigh, Fruitdale and Meridian Avenues that are anticipated to improve fire engine response time performance by controlling traffic signals along their travel routes. The evaluation of the effectiveness of traffic signal pre-emption would begin after voter approval of the alternative use of land at Willows Senior Center for Fire Station 37 in November 2008. Evaluation of the effectiveness of the independent response of Department STAR units to selected EMS incident types will begin with the demolition and reconstruction of Fire Station 2, scheduled for this summer.

Coverage efficiency (e.g., square miles per station district covered within response time performance objectives) of Stations 4 and 30 improve with the absorption of a portion of current Station 6's first due area. The construction of Station 37 results in a

first due coverage area that is more symmetrical in shape, further improving coverage efficiency in the area.

Thus, the projected performance improvements associated with the relocation of Station 6's resources would also improve the coverage efficiency of Station 4, northwest of current Station 6 and Station 30, northeast of current Station 6, while contributing to the overall five percent (5%) improvement within Station 6's current district.

**Q3 When was the decision to sell — not reconsolidate the fire stations — but the actual selling of Fire House 6 made? Did meetings between city departments take place? Outreach to community? etc?**

**A3** During the development of the 2008-2012 Proposed CIP in spring 2007, the Fire Department met with the Public Works Department and City Manager's Office staff to discuss an identified shortfall between the engineer's estimates of Public Safety Bond projects, including Fire Station 37 construction. In the absence of alternative funding sources, a strategy was reached to consolidate Fire Station 6 and the proposed new Fire Station 37 at the Willows Senior Center, subject to voter approval. This included the sale of Fire Station 6, estimated at \$800,000 to create a source of funding to bridge the identified funding gap. This strategy was chosen to balance the projected construction cost escalation while maintaining the maximum scope possible in the overall Public Safety Bond Program and was incorporated into the 2008-2012 Adopted CIP. The consolidation strategy was briefly discussed in the September 25, 2007 and May 6, 2008 Citywide Capital Improvement Program and Strong Neighborhoods Initiative Reports.

Community outreach and potential project timeline:

Spring 2007:	Budget development for the 2008-2012 CIP
March 27, 2008:	Community meeting regarding new Fire Station 37 and the consolidation with Fire Station 6
April 10, 2008:	Community meeting regarding Fire Station 37/6.
May 7, 2008:	Parks and Recreation Commission meeting – informational item regarding the use of Willows Senior Center for Fire Station 37
May 21, 2008:	Parks and Recreation Commission meeting – approved staff's recommendation for the use of Willows Senior Center for Fire Station 37
May 21, 2008:	Public Safety Bond Citizen Oversight Committee - approved staff's recommendation for the use of Willows Senior Center for Fire Station 37 with the caveat that the closure or reconfiguration of Fire Station 6 be considered by the committee at a future time.
June 19, 2008:	Council hearing to approve the fire station construction on Lincoln Glen Park ballot measure to be included in the November 4, 2008 election

The final determination regarding the sale of Fire Station 6 will be dependent on the outcome of an analysis regarding the effectiveness of STAR units and the traffic signal pre-emption systems in enabling Fire Department resources to achieve service level objectives within affected areas.

If Fire Station 6 were to remain operational, the operation and maintenance costs are projected to be approximately \$28,000 annually and consist of the following:

- **Utility costs – Approximately \$11,400/yr**

This includes gas and electric at \$8,900/yr, water at \$1,430/yr, and garbage at \$1,050/yr

- **Annual Maintenance Costs - \$17,000**

Fire Station 6 is a 5,700 square foot building that was built in 1963. Based on the last condition assessment, the overall condition of the building is at 2.8, slightly less than average, on a scale of 1 to 5, with 1 being the poorest condition. Staff is currently in the process of doing an updated assessment, however, at this time, an annual cost of about \$17,000 a year for corrective and preventive maintenance is projected for this building.

The costs identified above are not assumed as part of the 2009-2013 General Fund Forecast. It should also be noted that the 2009-2013 General Fund Forecast includes additional resources for a secondary paramedic response apparatus (one line position [3.5 FTEs]) under the assumption that the fire engine at Fire Station 6 would be redeployed to Fire Station 37. The fiscal impact of additional staffing (approximately \$2.0 million to convert the secondary paramedic response apparatus to a Fire Engine [three line positions or 10.5 FTEs]), if required based on further analysis and testing of this strategy, is not assumed in the 2009-2013 General Fund Forecast.

**Q4 [Provide] an itemize list (detailed description) of what the 5 million currently being proposed for Fire House 37 will be used on — all proposed costs etc (as specifically as possible) of how the current proposal of five million + is intended on being used on Fire House 37. Please include the funding sources — bond money, etc.**

**A4** Fire Station 37 is proposed to be an approximately 7,000 square-foot single company station with augmented staffing (STAR unit) and includes improvements on a ¾ acre site. To accommodate the additional crew, this facility would be approximately 600 square-foot larger than a single company station. The construction cost of the station is estimated at \$4.7 million with delivery costs estimated at \$1.9 million. The building and site improvements will be constructed to meet the 2007 California Building Code (CBC) requirements for an Essential Facility. The facility will also be designed to the same Fire Department's 2004 master Fire Facility Program criteria for operations, privacy, safety and durability that has been employed in the design and construction of other new and relocated fire stations in the bond program. These same program criteria governing the size, features, quality of new fire stations were re-validated in January 2007 by a third party consultant who had been tasked with identifying opportunities for value engineering and scope reductions to address regional construction cost increases.

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**Subject: Fire Station 6 and Fire Station 37/6 Operations**

Page 6

In the Proposed 2009-2013 CIP, Fire Station 37 is proposed to be funded with \$5.4 million from Neighborhood Security Act Bond Fund and \$1.1 million from Fire Construction and Conveyance (C&C) Tax Fund for a total of \$6.5 million. The current funding strategy relies on Fire C&C to fund \$800,000 for the construction of the project. Upon completion of Fire Station 37 and the determination that service level supporting measures were successful, the closure and sale of Fire Station 6 would produce \$800,000 of revenue to the Fire C&C Tax Fund. In the event the sale of Station 6 does not occur, supplemental funding of \$800,000 would need to be identified to bridge the shortfall that would result in the Fire C&C Tax Fund for the other Public Safety Fire-related bond projects.

**Q5 [Provide] an itemized list of city money or (other funding) that provided the “upgrades” “re-models,” etc. for Fire House 6 since 1998: the amount and what was done.**

**A5** While various maintenance and facility improvement projects have been completed on Fire Station 6 since 1998, the lack of Fire Department records automation prevented the retrieval and accounting of all but the most recent improvements to the station. However, additional data may be made available given additional time and staff resources to research this item.

Based on currently available data, it is estimated that approximately \$130,000 have been spent to:

• Remodel the station kitchen	\$100,000
• Retrofit the station with copper plumbing	\$20,000
• <u>Misc. repairs (1998 – 2008)</u>	<u>\$10,000</u>
<b>Total</b>	<b>\$130,000</b>

**Q6 Is there a city policy that states that when the city wants to sell land that is home to a fire house that it needs to go to a vote of the public? Do we know why or “why not” a policy does or does not exist? For example, currently, when park land is going to be used for another use besides a park, the proposed use needs to go to a vote of the people for approval; like with the use of park land for Fire House 37.**

**A6** City Charter Section 1700 requires a vote of the people to approve the conversion of the long-term use of park land. There is no City policy that requires a voter referendum to sell a City-owned fire station; however, the City Charter does require public noticing regarding significant changes in service levels of City services.

In general, Council policy dictates that proceeds from the sale of surplus property are deposited in the General Fund Economic Uncertainty Reserve (unless specifically approved by Council – eg. Corta De Rosa property for the Substation award). However, the City Council approved with Manager’s Budget Addendum #8 (dated May 17, 2004) a strategy that directed proceeds from surplus fire station properties to support Public Safety Bond projects and Furniture, Fixtures, and Equipment and Apparatus for Fire

Stations. A copy of that memo can be found at:  
<http://www.sanjoseca.gov/budget/FY0405/mba/mba08.pdf>

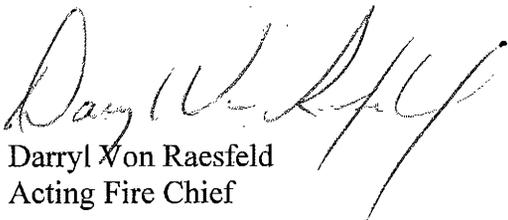
### **EVALUATION AND FOLLOW UP**

As discussed above, the augmentation and relocation of Fire Station 6's resources to new Fire Station 37 was proposed to improve the overall effectiveness and efficiency of emergency response resources within the Willow Glen/Cambrian area based on evaluation of available data and projected outcomes through the modeling analysis. Further evaluation will be undertaken to ensure that the outcome of this strategy will be to improve service delivery as intended, prior to the sale of Fire Station 6.

Listed below are some milestones that would need to be completed in order to successfully implement the consolidation strategy:

<b>Action</b>	<b>Timeline</b>
Voter approval for use of parkland for Fire Station 37	November 2008
Complete data collection and analysis from the proposed traffic signal pre-emption	August 2009
Complete STAR car evaluation	August 2009
Evaluation to be presented to Council	FY 2010-2014 Budget Process
Completion of Fire Station 37	August 2011
Possible sale of Fire Station 6	2012

Questions may be addressed to the Geoff Cady, Acting Deputy Director, Fire Department, at 277-8783.

  
Darryl Von Raesfeld  
Acting Fire Chief



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 05-27-08

Approved

Date

5-29-08

**SUBJECT: INTEGRATED BILLING SYSTEM – DISTRIBUTION OF COSTS  
AND ALLOCATION OF REVENUE**

## BACKGROUND

On May 8, 2008, during the Operating Budget study session for the Environmental and Utility Services CSA, Vice Mayor Cortese asked for additional information concerning the cost and revenue allocations of the Integrated Billing System (IBS) and customer service operations.

## ANALYSIS

The Integrated Billing System was developed to replace the legacy billing systems for Recycle Plus, the Municipal Water System, and the Storm Sewer and Sanitary Sewer billing systems. In addition to providing billing services for these utilities, IBS also provides hauler support and interfaces with the Customer Call Center. IBS also enhanced customer service by providing online account management capability that was not available under the old systems. The legacy systems that were in use were old, unreliable, and in urgent need of being replaced. Failure of these legacy systems put the City at risk of losing or improperly billing for and accounting for the utility revenues. For 2008-09, the annual utility revenue generated by this system is projected to be \$248 million. The cost of operating the system is \$12.1 million in 2008-09, which means that system costs are 4.9% of the revenue it generates.

The costs of implementing and operating this system are shared by the four utility funds that use this system (Integrated Waste Management, Storm Sewer Operating, Water Utility, and Sewer Service and Use) and the General Fund.

The allocation of IBS costs between the various funds supported by these operations is detailed on Table 1 below. This allocation is based on each fund paying its appropriate share of the total system cost. It should be noted that the allocation for costs that are shared between the four utilities were previously approved by Council. These allocations distribute shared costs for positions and activities that are dedicated to system-wide IBS functions. Other IBS costs, such as positions that are fully dedicated to supporting IBS system functions for a particular fund, are budgeted solely in that fund. Also, these allocations do not include the costs for the Customer Service Call Center budgeted in the General Fund and all for utility funds which are allocated using a different methodology developed specifically for these operations. The budgeted costs (both direct and shared) reflected in the table below for IBS costs paid by the Municipal Water System was 10% in both 2007-08 and 2008-09.

Although system operating cost are higher than previously projected; additional revenue, efficiencies, service enhancements and management monitoring capabilities have been realized by the implementation of IBS to varying degrees. A separate information memo will be issued by the Finance Director that identifies these benefits.

Prior to the implementation of IBS, the Municipal Water System used a small stand-alone legacy billing system and largely relied on a consultant services contract to provide services for nearly all billing system application and reporting changes. The previous billing application was 17 years old with a database customized for the Municipal Water System. This system had an old backup tape drive that served as the sole backup for disaster recovery. In FY 2005-06, the actual cost to provide all billing and customer services utilizing this system totaled \$487,216.

The Municipal Water System customers benefit from the new IBS system as it provides a modern next generation billings system, including complete redundancy built throughout the hardware, operating system, and billing and customer service application. In addition, the City now has a technical team of City employees that can fully support IBS hardware and application with an enterprise-class backup system. Other customer benefits include allowing on-line access to customer accounts and bill paying, pay by check over the phone and interactive voice response where customers can check their balance by phone. The system also provides the ability to cancel a bill and re-bill with correct information, and for City water accounts, it interfaces with the City's Financial Management System (FMS) directly adding to system efficiency. It should be noted that the Municipal Water System has not yet realized additional revenue due to the IBS implementation.

The share of IBS costs charged to each fund will be reviewed regularly, and adjusted when necessary, to ensure the cost allocation remains appropriate.

**TABLE 1 – IBS Revenue and Cost Distribution**

	<b>% of Total IBS Costs</b>	<b>IBS Cost (\$ million)</b>	<b>IBS Revenue (\$ million)</b>
<b>2007-08 Adopted</b>			
General Fund	6%	\$0.8	N/A
Integrated Waste Management	67%	\$8.5	\$95.6
Storm Sewer Service	5%	\$0.7	\$17.3
<b>Municipal Water System</b>	<b>10%</b>	<b>\$1.3</b>	<b>\$24.6</b>
Sewer Service and Use	12%	\$1.5	\$81.4
	100%	\$12.8	\$218.9
<b>2008-09 Proposed</b>			
General Fund	5%	\$0.6	N/A
Integrated Waste Management	66%	\$8.1	\$102.7
Storm Sewer Service	6%	\$0.7	\$22.6
<b>Municipal Water System</b>	<b>10%</b>	<b>\$1.2</b>	<b>\$25.8</b>
Sewer Service and Use	13%	\$1.5	\$96.3
	100%	\$12.1	\$247.4

**COORDINATION**

This memorandum has been coordinated with the Finance and Information Technology Departments, the City Attorney’s Office, and the City Manager’s Budget Office.

  
 John Stufflebean, Director  
 Environmental Services Department

For questions, please contact Jo Zientek, Deputy Director, Integrated Waste Management Division, Environmental Services, at (408) 535-8557.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: HISTORICAL INFORMATION  
ON POLICE DEPARTMENT  
BUDGET AS A PERCENTAGE  
OF GENERAL FUND BUDGET**

**DATE:** May 30, 2008

Approved

Date 05/30/08

## BACKGROUND

In the 2008-2009 budget development process, there continues to be interest in the size of the Police Department budget relative to the entire General Fund budget. In response to those inquiries, an e-mail to the Mayor and City Council was released on May 14, 2008 that clarified that the Police Department represents 30.4% of the 2008-2009 Proposed General Fund Budget. On May 23, 2008, Manager's Budget Addendum (MBA) #26 was issued that responded to various Public Safety CSA Study Session follow-up questions, including a clarification that the Police Department budget represents 27.25% of the 2007-2008 Adopted Budget and 30.42% of the 2008-2009 Proposed Budget (Question #3). This memorandum provides historical context on the size of the Police Department's budget relative to the entire General Fund budget and the overall difficulties associated with comparing year-to-year percentage figures.

## ANALYSIS

The General Fund budget for the Police Department has ranged from approximately 26% to 30% of the total General Fund budget over the last several years as shown in the chart below.

**Comparison of Police Department General Fund Budget and Total City General Fund Budget  
(\$ in millions)**

	2003-04 Adopted	2004-05 Adopted	2005-06 Adopted	2006-07 Adopted	2007-08 Adopted	2008-09 Proposed
<b>Police Dept. General Fund Budget</b>	217.78	237.63	237.77	256.13	281.14	277.95
<b>Total General Fund Budget</b>	834.88	812.53	841.69	956.83	1,031.78	913.81
<b>% Police Budget of Total Budget</b>	26.08%	29.25%	28.25%	26.77%	27.25%	30.42%

May 30, 2008

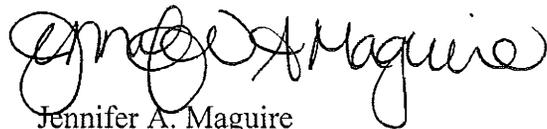
**Subject: Historical Information on Police Department Budget as a Percentage of General Fund Budget**

Page 2

It should be noted that the Police Department General Fund Budget figures do not include City-Wide Expenditures, such as workers' compensation claims payments and sick leave payments upon retirement expenditures associated with Police Department employees. The 2008-2009 Proposed Budget for the Police Department also does not include cost-of-living adjustments for employees represented by the Police Officers' Association (POA) and other employee bargaining units in the Police Department that are currently in negotiations (accounting for over 99% of their employees). Salary increases associated with those contracts are included elsewhere in the budget.

It should also be noted that the 2008-2009 General Fund total budget will likely increase before the budget is approved by the Mayor and City Council due to inclusion of proposed carryover of funding for department-specific projects (including for the Police Department), city-wide expenses and capital projects, as well as reserves that are anticipated to be unspent by the end of 2007-2008, but recommended to be retained for 2008-2009. These rebudget amounts for both the Police Department and the General Fund as a whole will ultimately change, in the Adopted Budget, the 30.42% Police Department total cited for the Proposed Budget. Salary increases will not be included in the Police Department's budget until negotiations are completed and, therefore, will not be reflected in the Police Department percentage until the next year's budget.

Overall, year-to-year comparisons of the relative size of the Police Department budget to the entire General Fund budget are difficult given the variances that occur each year during budget development. These variances result from factors not only affecting the Police Department budget, but the General Fund budget as a whole. These include such items as carryover projects that are rebudgeted to the next fiscal year as discussed above, one-time budget allocations, annualization of costs for ongoing budget augmentations or reductions, the status of negotiations, changes in retirement rates, and size of reserves (including Earmarked Reserves, the Contingency Reserve and the Encumbrance Reserve).



Jennifer A. Maguire  
Acting Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: RECOMMENDED AMENDMENTS  
TO THE 2008-2009 PROPOSED  
OPERATING AND CAPITAL BUDGETS -  
SUPPLEMENTAL ADJUSTMENTS**

**DATE:** June 16, 2008

Approved

*Christine J. Shippy*

Date

*6/16/08*

## SUPPLEMENTAL

### REASON FOR SUPPLEMENTAL

This supplemental memorandum is necessary to implement corrections to Manager's Budget Addendum #41 and to propose an adjustment to the 2008-2009 Proposed Fees and Charges Report.

### RECOMMENDATION

1. Accept the attached replacement pages to Attachment A (page 6), Attachment B (page 9), and Attachment C (pages 2 and 5) of Manager's Budget Addendum #41 that document changes to the 2008-2009 Proposed Operating and Capital Budgets.
2. Approve the following additional technical corrections to the Proposed 2008-2009 Fees and Charges Report as shown in Attachment F to eliminate the reference to the Commercial Solid Waste Fee paid by City facilities:
  - A. On page 8 of the Impact Analysis Report, delete the following sentence: "The equivalent weight-based AB939 Fee for collection from City facilities remains at \$14.83 per ton to stay in parallel with the volumetric (cubic yard based) fee."
  - B. On page 10 of the Environmental Services Departmental Fees and Charges matrix, the 2008-2009 Proposed Fee for Item 1 –Commercial Solid Waste is modified to show "No Change" and the 2008-2009 Proposed Fee for Item 2 - Commercial Solid Waste – City Facilities is modified to show "Delete Fee".

June 16, 2008

**Subject: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND CAPITAL BUDGETS – SUPPLEMENTAL ADJUSTMENTS**

Page 2

## **BACKGROUND**

Manager's Budget Addendum #41 was released on June 5, 2008 and recommended a number of amendments to the 2008-2009 Proposed Operating and Capital Budgets and the 2008-2009 Proposed Fees and Charges. This supplemental memorandum recommends corrections to MBA #41 as well as proposes an additional amendment to the 2008-2009 Proposed Fees and Charges. The changes proposed in this supplemental memorandum include an adjustment to the Finance Department Non-Personal/Equipment rebudget amount in the General Fund (Attachment A adjustment); an adjustment to the Second Mortgage Loan Program rebudget in the Low and Moderate Income Housing Fund (Attachment B), a revised description of the amendments included in the Airport capital funds (Attachment C); and the elimination of an Environmental Services fee from the Fees and Charges document (Attachment F).

## **ANALYSIS**

This supplemental memorandum recommends three corrections to Attachments A, B, and C of MBA #41 as well as proposes an additional amendment to the 2008-2009 Proposed Fees and Charges as described below:

- Attachment A – Page 6: In MBA #41, the Finance Department Non-Personal/Equipment rebudget was shown as \$168,000 for the City's Investment Program in error. The revised page 6 shows the rebudget amount of \$268,000 for the City's Investment Program and Audit Statement Manuals. The higher rebudget amount was assumed in the total rebudget figure for the General Fund. Attached is a revised page 6 of Attachment A that reflects the correct rebudget amount.
- Attachment B – Page 9: In MBA #41, the rebudget of \$8,000,000 for the Second-Mortgage Loan Program in the Low and Moderate Income Housing Fund (Fund 443) contained an error. The rebudget total for this program should have totaled \$5,000,000, which is consistent with estimates used in the development of the 2008-2009 Proposed Operating Budget. Attached is a revised page 9 of Attachment B that reflects the correct rebudget amount.
- Attachment C – Pages 2 and 5: In MBA #41, the Beginning Fund Balance adjustment narrative descriptions in the Airport capital funds for the Airport Revenue Bond Improvement Fund (Fund 526) and Airport Passenger Facility Charge Fund (Fund 529) erroneously described the reallocation of resources for the North Concourse Building appropriation from Fund 526 to Fund 529. Attached are revised pages 2 and 5 of Attachment C that correct the narrative to describe the reallocation of resources from Fund 529 to Fund 526.
- Attachment F: A new attachment F is included to reflect a change in the 2008-2009 Proposed Fees and Charges to eliminate the reference to the Commercial Solid Waste Fee paid by City Facilities. The Fees and Charges Report is intended to cover revenue coming

HONORABLE MAYOR AND COUNCIL

June 16, 2008

**Subject: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND CAPITAL BUDGETS – SUPPLEMENTAL ADJUSTMENTS**

Page 3

from third party rate payers. Therefore, fees paid by City Facilities should not be included in the Fees and Charges Report. The fees paid by the City for City facilities are established in the City's contract with Green Team of San Jose. Approval of this recommendation to remove this fee from this Report (as shown in Attachment F) will make the appropriate technical corrections to the Proposed Fees and Charges Report.



JENNIFER A. MAGUIRE

Acting Budget Director

Attachments

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets. (Cont'd.)</b>			
Finance	Non-Personal/Equipment: City's Investment Program and Audit Statement Manuals	268,000	
Fire	Personal Services: Fire Fighter Recruit Academy	301,000	
Human Resources	Personal Services: City-Wide Employment Testing	20,000	
"	Non-Personal/Equipment: Workforce Planning	73,207	
Independent Police Auditor	Non-Personal/Equipment: Student Guide Printing	7,500	
Information Technology	Non-Personal/Equipment: Increased Data Storage Required for the New Retention and Retrieval Rules Resulting from Sunshine Reforms	325,000	
"	Non-Personal/Equipment: Web Audit due to Sunshine Reforms Technology Requirements	250,000	
"	Non-Personal/Equipment: Contractual Assistance for Electronic Content Management	42,500	
"	Non-Personal/Equipment: Storage Area Network maintenance	221,283	
Library	Non-Personal/Equipment: Early Care Program	425,000	
"	Non-Personal/Equipment: Summer Reading Program	25,000	
"	Library Grants: Let's Talk About It and How I See It: My Place	3,000	
Parks, Rec & Neighborhood Svcs	Personal Services: 2008 Summer Work Experience Program	188,000	
Planning, Building & Code Enforcement	Non-Personal/Equipment: Development Services (Address Database Update, FileNet Upgrade, Website Development, and Contractual Plan Check Services)	250,000	
"	Non-Personal/Equipment: Signing Code Update, Neighborhood Revitalization, and Code Enforcement Fee Funded Vehicles	315,000	
Police	Personal Services: Recruit Academy	600,000	
"	Personal Services: Police Records Management Task Force Temporary Staffing	300,000	
"	Non-Personal/Equipment: Police Administration Building Improvements	400,000	
"	Non-Personal/Equipment: Child Interview Center	64,763	

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Low and Moderate Income Housing Fund (443)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		5,220,000
Housing	San José State Teacher Program	220,000	
"	Second-Mortgage Loan Program	5,000,000	
<b>Rebudgets Subtotal</b>		<b>5,220,000</b>	<b>5,220,000</b>
<b>Low and Moderate Income Housing Fund Total</b>		<b>5,220,000</b>	<b>5,220,000</b>
<b>Maintenance District #1 (Los Paseos) Fund (352)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		300,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	300,000	
<b>Rebudgets Subtotal</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #1 (Los Paseos) Fund Total</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund (357)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		100,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	100,000	
<b>Rebudgets Subtotal</b>		<b>100,000</b>	<b>100,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund Total</b>		<b>100,000</b>	<b>100,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Capital Improvement Fund (520) (Cont'd.)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		15,003,000
	Compressed Natural Gas Fueling Station Upgrades	515,000	
	Noise Attenuation Treatment - Category IB	224,000	
	North Concourse Building	14,016,000	
	Runway Guard Light Replacement	248,000	
<b>Rebudgets Subtotal</b>		<b>15,003,000</b>	<b>15,003,000</b>
<b>Airport Capital Improvement Fund Total</b>		<b>18,003,000</b>	<b>18,003,000</b>
<b>Airport Revenue Bond Improvement Fund (526)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation to the Airport Revenue Bond Improvement Fund from the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		38,696,000
	<b>Ending Fund Balance:</b> Increases the Ending Fund Balance to offset the recommended change above.	38,696,000	
<b>Clean-Ups Subtotal</b>		<b>38,696,000</b>	<b>38,696,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Renewal and Replacement Fund (527) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Public Art	529,000	
	Reid Hillview Noise Treatment Program	392,000	497,000
	Runway Guard Light Replacement	52,000	
	Taxiway W, Phase I/II	58,000	
	Terminal Area Improvement, Phase I	709,000	
	Terminal Elevator Repair	93,000	
	Warehouse Building Maintenance	20,000	
<b>Rebudgets Subtotal</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Renewal and Replacement Fund Total</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Passenger Facility Charge Fund (529)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Decreases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation to the Airport Revenue Bond Improvement Fund from the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		(38,696,000)
	<b>Noise Attenuation Treatment - Category IB:</b> Reallocates funding from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund in order to maximize resources available for the Noise Attenuation Treatment - Category IB project. There is a corresponding increase in this project's budget in the Airport Capital Improvement Fund.	(3,676,000)	

## ENVIRONMENTAL SERVICES DEPARTMENT

### Impact Analysis Report

#### **OVERVIEW**

The Environmental Services Department administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees (AB939 Fees, which are described further in Exhibit A), and Franchise Application Fees.

Projected fee revenue for 2008-2009 totals \$5.20 million. This represents an increase of \$1.05 million from 2007-2008, reflecting revenue projections based on the latest activity levels in the Commercial Solid Waste AB939 Fee, Landfill AB939 Fee (Waste Disposal) and a new Landfill AB939 Fee (All Other Non-Recycled Waste).

#### **SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS**

**Commercial Solid Waste AB939 Fee** – For 2008-2009, no changes are proposed for the Commercial Solid Waste AB939 Fees. Fees remain at \$0.89 per cubic yard for loose commercial solid waste and \$2.67 for compacted commercial solid waste. The Commercial Solid Waste Franchise Fees (to be adopted through a separate resolution outside this document) remain unchanged at \$3.67 per cubic yard for loose commercial solid waste and \$11.01 per cubic yard for compacted commercial solid waste. The total Commercial Solid Waste fee load (AB939 and Franchise Fees), remains at \$4.56 per cubic yard (for loose waste) and \$13.68 per cubic yard for compacted waste. It should be noted that the current commercial solid waste fees continue to remain among the lowest in the area and

the recycling/diversion rate is one of the highest in the nation. In addition, this fee is not charged for waste collected from a public school district providing education in grades K-12 (or any grades within K-12) and adult education institutions supported by public funds who have entered into Waste Reduction Agreements with the City.

**Landfill AB939 Fee (Waste Disposal)** – The County AB939 Fee charged at landfills and transfer/processing will decrease from \$3.72 to \$3.55 per ton of disposed waste due to a decrease in the County portion of the fee from \$2.22 to \$2.05. The San José portion of this fee of \$1.50 will remain the same. Pursuant to agreements between San José and Santa Clara County, \$1.50 per ton of this fee is distributed to the cities for activities related to recycling and \$2.05 is used by the County and participating cities for Household Hazardous Waste programs. The City does not collect a separate fee as long as the County-wide fee is in effect at this level.

#### **NEW FEES**

**Landfill AB939 Fee (All Other Non-Recycled Waste)** – This new fee of \$1.00 per ton will be charged for all waste received by San José solid waste facilities (landfills) that is not recycled and removed from the sites and is not already subject to the Landfill Waste Disposal Fee of \$3.55 per ton. This would include cover material, inert construction material, alternate daily cover, and materials used for beneficial purposes, whether at the reporting facility or any solid waste facility to which the waste is delivered. It is

## DEPARTMENTAL FEES AND CHARGES

## ENVIRONMENTAL SERVICES

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
<b>ENVIRONMENTAL SERVICES FEES - CATEGORY I</b>									
<b>1. Franchise Application Fees</b>									
1 Commercial Solid Waste Application Fee	\$195 per application		No Change						
<b>Sub-total Franchise Application Fees</b>		<b>100.0%</b>							
<b>SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I</b>		<b>100.0%</b>							
<b>ENVIRONMENTAL SERVICES FEES - CATEGORY II</b>									
<b>1. Source Reduction and Recycling</b>									
1 Commercial Solid Waste	\$0.89/uncompacted cubic yard collected; \$2.67/compacted cubic yard collected (paid by generators) effective August 1, 2006	64.0%	No Change	4,547,488	3,204,302	3,204,302	70.5%	70.5%	
2 Commercial Solid Waste - City Facilities	\$14.83 per ton collected from City facilities in rolloff boxes		Delete Fee						
3 Landfill - Waste Disposal Note: San José receives only a portion of these fees collected by the County based on surplus available from the County after administration of the Household Hazardous Waste program.	\$3.72 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.22 per ton - fee collected by the County for Household Hazardous Waste Programs)		\$3.55 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.05 per ton - fee collected by the County for Household Hazardous Waste Programs)		1,000,000	1,000,000			
4 Landfill - All Other Non-Recycled Waste			\$1.00 per ton on waste accepted by San José solid waste facilities that is not already subject to the Landfill - Waste Disposal fee and is not recycled	1,278,019		1,000,000		78.2%	
<b>Sub-total Source Reduction and Recycling</b>		<b>87.9%</b>		<b>5,825,507</b>	<b>4,204,302</b>	<b>5,204,302</b>	<b>72.2%</b>	<b>89.3%</b>	
<b>SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY II</b>		<b>87.9%</b>		<b>5,825,507</b>	<b>4,204,302</b>	<b>5,204,302</b>	<b>72.2%</b>	<b>89.3%</b>	

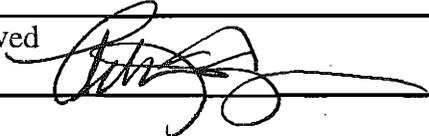


# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A Maguire

**SUBJECT: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND CAPITAL BUDGETS**      **DATE:** June 4, 2008

Approved  Date 6/5/08

**RECOMMENDATION**

1. It is recommended that the City Council:
  - a. Approve amendments to the 2008-2009 Proposed Operating and Capital Budgets (Attachments A, B, and C) incorporating adjustments recommended for a number of City Operating and Capital Funds as follows:

001	General Fund	\$ 131,043,011
441	Community Development Block Grant Fund	1,904,827
474	Edward Byrne Memorial Justice Assistance Grant Trust Fund	227,177
533	General Purpose Parking Fund	6,632,000
139	Gift Trust Fund	191,682
445	Home Investment Partnership Fund	135,000
440	Housing Trust Fund	1,020,000
423	Integrated Waste Management Fund	1,892,487
418	Library Parcel Tax Fund	150,000
443	Low and Moderate Income Housing Fund	8,220,000
352	Maintenance District #1 Fund	300,000
357	Maintenance District #5 Fund	100,000
362	Maintenance District #9 Fund	100,000
448	Multiple Sources Housing Fund	8,780,853
301	San José Arena Enhancement Fund	669,855
541	Sewer Service & Use Charge Fund	115,000
417	State Drug Forfeiture Fund	150,860
414	Supplemental Law Enforcement Services Fund	1,809,914
461	Transient Occupancy Tax Fund	1,740,000
290	Workforce Investment Act Fund	40,000
520	Airport Capital Improvement Fund	18,003,000
526	Airport Revenue Bond Improvement Fund	239,129,000

**RECOMMENDATION (CONT'D.)**

527	Airport Renewal & Replacement Fund	4,945,000
397	Const Tax & Property Conveyance Tax Fund: Communications	211,000
472	Branch Libraries Bond Projects Fund	20,849,000
393	Construction Tax & Property Conveyance Tax Fund: Library	655,000
425	Civic Center Construction Fund	3,306,000
460	Interim City Facilities Improvement Fund	1,338,159
473	Civic Center Improvement Fund	4,275,000
556	Parking Capital Development Fund	5,100,000
377	Const Tax & Property Conveyance Tax Fund: Council District 1	351,000
378	Const Tax & Property Conveyance Tax Fund: Council District 2	585,000
380	Const Tax & Property Conveyance Tax Fund: Council District 3	2,070,000
381	Const Tax & Property Conveyance Tax Fund: Council District 4	367,000
382	Const Tax & Property Conveyance Tax Fund: Council District 5	632,000
384	Const Tax & Property Conveyance Tax Fund: Council District 6	2,068,000
385	Const Tax & Property Conveyance Tax Fund: Council District 7	3,118,000
386	Const Tax & Property Conveyance Tax Fund: Council District 8	465,000
388	Const Tax & Property Conveyance Tax Fund: Council District 9	275,000
389	Const Tax & Property Conveyance Tax Fund: Council District 10	81,000
390	Const Tax & Property Conveyance Tax Fund: Central Fund	921,000
391	Const Tax & Property Conveyance Tax Fund: City-Wide	3,841,000
131	Emma Prusch Fund	136,000
462	Lake Cunningham Fund	368,000
375	Subdivision Park Trust Fund	14,187,000
398	Const Tax & Property Conveyance Tax Fund: Parks Maint. Yards	30,000
471	Parks and Recreation Bond Projects Fund	28,939,000
392	Const Tax & Property Conveyance Tax Fund: Fire	1,612,000
475	Neighborhood Security Act Bond Fund	7,919,000
450	Services for Redevelopment Capital Projects Fund	3,339,658
540	Sanitary Sewer Connection Fee Fund	10,536,000
545	Sewer Service & Use Charge Capital Improvement Fund	14,194,000
395	Const Tax & Property Conveyance Tax Fund: Service Yards	474,000
469	Storm Sewer Capital Fund	872,000
429	Building & Structure Construction Tax Fund	2,984,000
465	Construction Excise Tax Fund	20,369,000
512	San José-Santa Clara Treatment Capital Fund	16,382,000
500	Water Utility Capital Fund	371,000
	<b>TOTAL</b>	<b>\$ 600,520,486</b>

For each fund, the funding source recommended for the items is either an increase in the estimate for the fund's beginning fund balance or an increase in the estimate for revenue.

- b. Adopt a resolution making certain determinations regarding the related expenditure of Redevelopment Agency funds as included in Attachment C on certain public improvements in connection with:

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**Subject: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND CAPITAL BUDGETS**

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**RECOMMENDATION** (CONT'D.)

- the CDBG Funded Streetlights SNI project as more specifically described in the memorandum from the Redevelopment Agency, dated March 20, 2008, attached hereto;
  - the Coyote Creek Trail – Railway Trestle Plat Map and Description project as more specifically described in the memorandum from the Redevelopment Agency, dated May 9, 2008, attached hereto;
  - the Phase I Circle of Palms Plaza Lighting Enhancement project as more specifically described in the memorandum from the Redevelopment Agency, dated May 13, 2008, attached hereto.
2. Approve a total of 3.59 net positions to be added to reflect: funding recommendations included in the Healthy Neighborhoods Venture for the Books for Little Hands Program and Community Development Block Grant Funding programs for the Library Department (4.59 positions) for the Smart Start Family Child Care Program as included in Attachment B; and in the General Fund for the elimination of 1.0 position in the Parks, Recreation and Neighborhood Services Department for parks maintenance as included in Attachment A.
3. Adopt a resolution to amend the 2008-2009 Schedule of Fees and Charges for the below Police Department fees as included in Attachment D:
- a. Amend the 2008-2009 Schedule of Fees and Charges to rename the new fee for regulating nonprofit casino night fundraiser events from Non-Profit Organization Fundraiser Registration to Gaming Permit Registration – Non-Profit Fundraisers;
  - b. Amend the 2008-2009 Schedule of Fees and Charges to include a new fee, Event Promoter Permit, at a rate of \$986 per two years, as adopted by City Council on June 2, 2008.

**BACKGROUND**

All appropriations automatically lapse at the end of each fiscal year, and all unspent funds become part of the following year's beginning fund balance. Therefore, without Council action to rebudget appropriations, funds budgeted in 2007-2008 for various programs and projects would be unavailable to complete those projects during 2008-2009. Rebudget actions are also included for actions that will be considered by City Council at its June 24, 2008 meeting.

In addition, since the release of the 2008-2009 Proposed Operating and Capital Budgets on May 1, 2008 and April 21, 2008, respectively, additional information has become available regarding various capital and operating programs that necessitate revisions to the amounts or timing of a number of operating and capital programs.

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### **BACKGROUND** (CONT'D.)

Funding for all actions in Attachments A (General Fund), B (Special Funds) and C (Capital Funds) are either available from Beginning Fund Balance or recognizing new revenue. The attachments detail the source of funding for each activity/project to either include the revenues under the 2008-2009 Source column if the revenues have yet to be received or Beginning Fund Balance. In the case of the recognition of Beginning Fund Balance, no revenues appear in the 2008-2009 Source column.

### **ANALYSIS**

The amendments recommended for approval in this report primarily result from the following factors:

#### **Clean-Up Adjustments**

- Appropriation adjustments needed for projects and activities that have been identified after the 2008-2009 Proposed Operating and Capital Budgets were released. Some examples include recent grant awards (State and federal grants to Police, Emergency Services and Environmental Services for public safety and energy conservation activities); augmentations to several projects (including New City Hall Parking Garage, Nisich and Evergreen parks, Transportation Needs Master Plan for a Lighting and Landscape District Study, and Traffic Capital Program Public Art) as well as the conversion of reserves in the Park Trust Fund into several project appropriations for 2008-2009.
- Changes to project appropriations to reflect revised schedules, cost estimates, or Council priorities.

#### **Rebudget Adjustments**

- Rebudget adjustments to allocate funding in the year the project expenditures are expected to occur. In these cases, funds are carried over from 2007-2008 to 2008-2009 to complete or continue projects. Project/activities have been delayed for a variety of reasons. Examples of circumstances producing such delays include: vacant positions (including various information technology and emergency response and preparedness projects); projects planned as multi-year efforts (including Watson Park, transportation and economic development activities); and inter-agency efforts that are more complex than originally envisioned (including public safety grants). In addition, in the General Fund, all Earmarked Reserves that are projected to remain unspent through June 30, 2008 and were not used as a part of the 2008-2009 Budget Balancing strategy have been recommended to be rebudgeted.

The specific revisions recommended in this memorandum are listed and discussed in more detail in Attachment A (General Fund), Attachment B (Special Funds) and Attachment C (Capital Funds) by two categories: Clean-Ups and Rebudgets.

HONORABLE MAYOR AND COUNCIL

June 4, 2008

**Subject: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND  
CAPITAL BUDGETS**

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**ANALYSIS** (CONT'D.)

**Fees and Charges Adjustments**

Fee adjustments are included in Attachment D and are needed for Police Fees and Charges that were identified after the 2008-2009 Proposed Schedule of Fees and Charges were released.



JENNIFER A. MAGUIRE  
Acting Budget Director

Attachments

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Clean-Ups</b>			
Earmarked Reserves	<b>Salary and Benefits Reserve:</b> A decrease to the Salary and Benefits Earmarked Reserve is recommended to offset the Mayor and Council Districts increase described below.	(7,500)	
Mayor's Office	<b>Mayor's Office:</b> Technical adjustment to increase the Mayor's Office appropriation to correct an error. The 6% reduction target calculated for the 2008-2009 Proposed Budget incorrectly included Constituent Outreach funds. Funding is available from the Salaries and Benefits Earmarked Reserve to offset this adjustment.	1,500	
Council Districts	<b>Council Districts:</b> Technical adjustment to increase the Council District appropriations to correct an error. The 6% reduction target calculated for the 2008-2009 Proposed Budget incorrectly included Constituent Outreach funds. Funding is available from the Salaries and Benefits Earmarked Reserve to offset this adjustment.	6,000	
Economic Development	<b>Non-Personal/Equipment:</b> Technical adjustment to reallocate funding from the Office of Economic Development's Non-Personal/Equipment appropriation to a City-Wide Expenses appropriation for the Small Business Chambers.	(19,000)	
City-Wide Expenses	<b>Small Business Chambers:</b> Reallocates funding from the Office of Economic Development's Non-Personal/Equipment to the Small Business Chambers appropriation for expenditures related to the San José Silicon Valley Chamber of Commerce.	19,000	
Environmental Services	<b>Personal Services/Other Revenue:</b> The City was awarded a grant from PG&E for an Energy Watch program. The recommended budget actions recognize the third year of this three-year PG&E grant. The funds will be used to support the continuation of a temporary Environmental Services Specialist position to provide targeted energy education and outreach services within the South Bay/Silicon Valley.	120,444	120,444

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>GENERAL FUND</b>			
<b>Clean-Ups (Cont'd)</b>			
Environmental Services	<b>Non-Personal/Equipment/Other Revenue:</b> The City was awarded a grant from PG&E for an Energy Watch program. The recommended budget actions recognize the third year of this three-year PG&E grant. The funds will be used to develop outreach to increase energy efficiency program participation, based on the unique needs of the South Bay/Silicon Valley.	68,116	68,116
Human Resources	<b>Non-Personal/Equipment:</b> An increase to the Human Resources Department's Non-Personal Equipment appropriation is recommended to provide full funding for a two-year pilot Employee Wellness Program. Funding was provided in the 2008-2009 Proposed Operating Budget to establish this program, however, the funding required for first-year implementation was incorrectly calculated. This adjustment will augment the Wellness Program in order to fully fund programs, such as individualized care management, health risk assessments, wellness events, and health and wellness classes. This increase is recommended to be offset by a reduction to the Wellness Program Earmarked Reserve, which will be established in 2007-2008 from contributions from healthcare providers.	84,576	
Earmarked Reserves	<b>Wellness Program Reserve:</b> A decrease to the Wellness Program Earmarked Reserve is recommended to offset the increase in the Human Resources Department's Non-Personal/Equipment appropriation for the Wellness Program.	(84,576)	
Police	<b>Personal Services:</b> An increase to the Police Department's Personal Services appropriation is recommended to reflect recently approved City contribution rates for the Police/Fire Retirement Plan. Subsequent to the release of the 2008-2009 Proposed Operating Budget on May 1, the Police/Fire Retirement Board approved retirement rates for the retiree health that were higher than what was assumed in the development of the operating budget. Funding is available from the Salaries and Benefits Earmarked Reserve and the Parks, Recreation and Neighborhood Services Department as described below to offset this adjustment.	368,602	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>GENERAL FUND</b>			
<b>Clean-Ups (Cont'd)</b>			
Fire	<p><b>Personal Services:</b> An increase to the Fire Department's Personal Services appropriation is recommended to reflect recently approved City contribution rates for the Police/Fire Retirement Plan. Subsequent to the release of the 2008-2009 Proposed Operating Budget on May 1, the Police/Fire Retirement Board approved retirement rates for the retiree health that were higher than what was assumed in the development of the operating budget. Funding is available from the Salaries and Benefits Earmarked Reserve and the Parks, Recreation and Neighborhood Services Department as described below to offset this adjustment.</p>	219,638	
Parks, Rec & Neighborhood Svcs	<p><b>Personal Services:</b> A decrease to the Parks, Recreations and Neighborhood Services Department's Personal Services appropriation is recommended to reflect a recently approved agreement with Hitachi Global Storage Technologies, Inc. to maintain specific facilities in southeast San José called Santa Teresa Transit Village. The 2008-2009 Proposed Operating Budget included funding to maintain and operate one of the new parks in this agreement. As a result, the elimination of a 1.0 Groundworker position is also recommended. These funds are available to offset a portion of the increased retirement costs in the Police and Fire Departments as described above.</p>	(68,145)	
Parks, Rec & Neighborhood Svcs	<p><b>Non-Personal/Equipment:</b> A decrease to the Parks, Recreations and Neighborhood Services Department's Non-Personal/Equipment appropriation is recommended to reflect a recently approved agreement with Hitachi to maintain and operate one of the new parks in this agreement. As a result, the elimination of a 1.0 Groundworker position is also recommended. These funds are available to offset a portion of the increased retirement costs in the Police and Fire Departments as described above.</p>	(84,855)	
Earmarked Reserves	<p><b>Salaries and Benefits:</b> A decrease to the Salaries and Benefits Earmarked Reserve is recommended to offset a portion of the increased retirement costs in the Police and Fire Departments as described above.</p>	(435,240)	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Clean-Ups (Cont'd)</b>			
Fire	<b>Personal Services/Revenue from the Federal Government:</b> Appropriates Federal Weed and Seed funding processed through the County of Santa Clara, Office of the District Attorney to support sworn overtime expenses for Weed and Seed activities in the Burbank neighborhood. This action recognizes Revenue from the Federal Government for this activity.	21,875	21,875
Police	<b>Personal Services/Revenue from the Federal Government:</b> Appropriates FBI funding for overtime for sworn personnel to support the Department's participation in the Silicon Valley Regional Computer Forensic Laboratory. This action recognizes Revenue from the Federal Government for this activity.	15,854	15,854
Police	<b>Non-Personal/Equipment/Revenue from Local Agencies:</b> Appropriates SUASI funding from the County of Santa Clara for supplies and materials to provide a Large Vehicle-Borne Countermeasures course for bomb technicians throughout the Bay Area Super Urban Area Security Initiative (SUASI) region in October 2008. This action recognizes Revenue from Local Agencies for this activity.	22,000	22,000
Transportation	<b>Non-Personal/Equipment/Revenue from Local Agencies:</b> As agreed to by the San José Redevelopment Agency, the 2008-2009 Proposed Operating Budget included a proposal to transfer the responsibility of providing the necessary on-site or off-site parking spaces to accommodate Arena employees from the City to the Redevelopment Agency. This technical adjustment is recommended to correctly implement the proposal which will now decrease the Transportation Department's Non-Personal/Equipment appropriation and reduce the reimbursement from the Redevelopment Agency in order for the payment to be made directly by the Agency.	(150,000)	(150,000)
City-Wide Expenses	<b>Comprehensive General Plan Update:</b> Reallocates funding from the Comprehensive General Plan Update Earmarked Reserve to a City-Wide Expenses appropriation for expenditures related to the Update.	200,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Clean-Ups (Cont'd)</b>			
Earmarked Reserves	<b>Comprehensive General Plan Update:</b> Technical adjustment to reallocate funding from the Comprehensive General Plan Update Earmarked Reserve to a City-Wide Expenses Comprehensive General Plan Update appropriation as described above.	(200,000)	
City-Wide Expenses	<b>SUASI TEWG/Revenue from Local Agencies:</b> Appropriates funding from the Bay Area Super Urban Area Security Initiative (SUASI) for San José Police Department participation in the South Bay Terrorism Early Warning Group (TEWG). This action recognizes Revenue from Local Agencies for this activity.	196,073	196,073
<b>Clean-Ups Subtotal</b>		<b>294,362</b>	<b>294,362</b>
<b>Rebudgets</b>			
City Attorney	Non-Personal/Equipment: Legal Services for Pension Obligation Bonds	200,000	
City Auditor	Non-Personal/Equipment: Financial Audits Contractual Services	65,200	
City Clerk	Non-Personal/Equipment: Elections (Ballot Measures delayed until November)	1,155,000	
"	Non-Personal/Equipment: Sunshine Reforms and Electronic Content Management System	55,000	
City Manager	Non-Personal/Equipment: Employee and Labor Relations Consulting	150,000	
Economic Development	Non-Personal/Equipment: Festival Grant Program	29,669	
Environmental Services	Personal Services: Energy Watch Grant/Revenue from Local Agencies	10,000	10,000
"	Non-Personal/Equipment: Energy Watch Grant/Revenue from Local Agencies	152,900	10,000
"	Non-Personal/Equipment: AAA Greenlight Initiative Grant	9,200	
"	Non-Personal/Equipment: Clean Cities Coalition Grant	9,942	
"	Non-Personal/Equipment: Silicon Valley Energy Partnership Grant/Revenue from Local Agencies	22,000	22,000
Finance	Personal Services: Staffing for the City's Debt Management Program for Financing Strategies That Generate City-Wide Savings	184,000	
"	Non-Personal/Equipment: Financial Advisor for Pension Obligation Bonds	50,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
Finance	Non-Personal/Equipment: City's Investment Program	168,000	
Fire	Personal Services: Fire Fighter Recruit Academy	301,000	
Human Resources	Personal Services: City-Wide Employment Testing	20,000	
"	Non-Personal/Equipment: Workforce Planning	73,207	
Independent Police Auditor	Non-Personal/Equipment: Student Guide Printing	7,500	
Information Technology	Non-Personal/Equipment: Increased Data Storage Required for the New Retention and Retrieval Rules Resulting from Sunshine Reforms	325,000	
"	Non-Personal/Equipment: Web Audit due to Sunshine Reforms Technology Requirements	250,000	
"	Non-Personal/Equipment: Contractual Assistance for Electronic Content Management	42,500	
"	Non-Personal/Equipment: Storage Area Network maintenance	221,283	
Library	Non-Personal/Equipment: Early Care Program	425,000	
"	Non-Personal/Equipment: Summer Reading Program	25,000	
"	Library Grants: Let's Talk About It and How I See It: My Place	3,000	
Parks, Rec & Neighborhood Svcs	Personal Services: 2008 Summer Work Experience Program	188,000	
Planning, Building & Code Enforcement	Non-Personal/Equipment: Development Services (Address Database Update, FileNet Upgrade, Website Development, and Contractual Plan Check Services)	250,000	
"	Non-Personal/Equipment: Signing Code Update, Neighborhood Revitalization, and Code Enforcement Fee Funded Vehicles	315,000	
Police	Personal Services: Recruit Academy	600,000	
"	Personal Services: Police Records Management Task Force Temporary Staffing	300,000	
"	Non-Personal/Equipment: Police Administration Building Improvements	400,000	
"	Non-Personal/Equipment: Child Interview Center	64,763	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

Dept/Project	Appropriation	GENERAL FUND	
		2008-2009 Use	2008-2009 Source
City-Wide Expenses	2000-2001 California Law Enforcement Equipment Program Grant	83,643	
"	2001-2002 California Law Enforcement Equipment Program Grant	80,685	
"	2002-2003 California Law Enforcement Equipment Program Grant	2,068	
"	2005-2008 Human Trafficking Prevention Grt/Rev from Federal Government	39,102	39,102
"	2006 Bureau of Justice Grant/Revenue from Federal Government	264,796	264,796
"	2006 Emergency Management Performance Grant	129,292	
"	2006 Super UASI-OES/Revenue from Federal Government		652,487
"	2007 Emergency Management Performance Grant/Rev from Fed Government	130,731	130,731
"	2007 SUASI-Police/Revenue from Federal Government (Combines savings from 2007 SUASI Grant and 2007 SUASI-Police Interoperable Communications)	1,199,665	1,199,665
"	2007 Super UASI-OES/Revenue from Federal Government	833,229	833,229
"	Airport West Property Development	21,000	
"	Animal Care and Services Program Infrastructure Needs	508,547	
"	Annual Audit	200,000	
"	Annual City of San José Volunteer Recognition Celebration	10,000	
"	Arena Community Fund	202,813	
"	Arts Stabilization Flexible Fund	200,000	
"	Arts Stabilization Loan Fund	1,707,412	
"	Arts Venture Fund	100,000	
"	Assistant City Clerk Recruitment	8,449	
"	Automated Fingerprint Identification System Phase II	489,577	
"	Automated Fingerprint Identification System Phase III	161,140	
"	City Hall Exhibits Program	12,310	
"	City Hall Lighting Plan (Savings in ZeroOne San José Festival Support)	100,000	
"	City Hall Retail Space Build-Out	800,000	
"	City Manager Special Projects	400,000	
"	City Outreach and Education Efforts	175,600	
"	City-Wide Broadband Network	50,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
City-Wide Expenses	Civil Service Commission	4,507	
"	Community Action and Pride Grant Program	1,296,495	
"	Comprehensive Approaches to Sex Offender Management/Revenue from Federal Government	152,928	152,928
"	Comprehensive General Plan Update	1,310,000	
"	Computer Systems Master Plan	119,144	
"	Council Member Transition Funds	37,877	
"	Crimestoppers	30,000	
"	Day Laborers Program	300,000	
"	Domestic Violence Prevention Program	682,000	
"	Economic Development Pre-Development Activities	83,415	
"	Economic Incentive Fund	1,000,000	
"	Elections Commission	15,113	
"	Elections Commission Audit	20,000	
"	Emergency Response and Preparedness	447,795	
"	Employee Recognition Program	46,000	
"	Employee Suggestion Awards	50,000	
"	Energy Efficiency Program	234,632	
"	Enterprise Content Management System	422,730	
"	Evergreen-East Hills Development Policy Update	150,000	
"	Female Gang Intervention Program	3,024	
"	Fingerprinting (Combined savings from City Volunteer Background Checks)	205,800	
"	General Liability Claims Payments	8,050,000	
"	Government Access-Capital Expenditures	179,000	
"	Hazardous Materials Consent Judgment/Other Revenue	133,050	71,000
"	Historic Preservation	236,147	
"	Hoffman/Via Monte Neighborhood Youth Center	575,118	
"	Information Security/Network Architecture Audits	250,240	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
City-Wide Expenses	Information Technology Business Applications Support	650,000	
"	Information Technology Electronic Content Management System	1,100,000	
"	Information Technology Test Lab and Inventory Management	501,508	
"	Innovation Program	100,000	
"	Internet Crimes Against Children Grant/Revenue from Federal Government	8,597	8,597
"	Internet Crimes Against Children Task Force Grant/Revenue from State of California	250,000	250,000
"	Joint Planning - South Campus District	315,000	
"	Juvenile Justice and Delinquency Prevention Grt/Rev from Federal Government	30,617	30,617
"	Los Lagos Golf Course Infrastructure	31,092	
"	Low Income Energy Assistance	68,000	
"	Management Training	25,700	
"	Mayor and City Council Travel	8,816	
"	Metropolitan Medical Task Force Grant	124,575	
"	Neighborhood Revitalization Strategy	192,203	
"	Neighborhood Strip Retail Revitalization	143,597	
"	Networking of Remote Parks and Recreation Sites	13,551	
"	Old City Hall Remaining System Migration Study	53,748	
"	OTS Safety Checkpoint Mini-Grant/Revenue from State of California	43,310	43,310
"	Pandemic Flu Planning	143,000	
"	Parks Maintenance - Non-Personal/Equipment Purchases	728,000	
"	Payroll/Human Resources Project (Savings combined with Human Resources PeopleSoft Hiring Module)	170,913	
"	Planning Area Studies (Campbell-Newhall Masterplan)	18,750	
"	Public Art in Private Development Fund/Other Revenue	272,973	136,000
"	Public, Educational, and Government (PEG) Access Facilities - Capital	1,398,000	
"	Public, Educational, and Government (PEG) Access Facilities - Operations	1,749,750	
"	Public Works Standard Plans and Specifications Update	60,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
City-Wide Expenses	Relocation of Stockton Warehouse Artifacts	25,000	
"	Retiree Healthcare (GASB) Team	100,000	
"	San José After School Dist Contracts Year 2/Revenue from State of California	65,000	65,000
"	San José BEST	570,000	
"	San José Future Teachers Loan Program	13,594	
"	San José Grand Prix Close-Out	130,000	
"	Science Program for Alum Rock Youth Center	1,861	
"	Senior Staff Home Loan Assistance	2,000,000	
"	Shopping Center Improvements Program	300,000	
"	Sick Leave Payments Upon Retirement	4,572,000	
"	Smart Start Neighborhood Centers	20,000	
"	Soccer Stadium Process Costs	66,000	
"	Sports Opportunity Fund	83,000	
"	Stevens Creek Auto Row Strategy	135,000	
"	State Homeland Security Grant Program/Revenue from Local Agencies	47,401	47,401
"	Strong Neighborhoods Initiative (Expanded)	100,800	
"	Sunshine Reforms Task Force Support	50,250	
"	Therapeutic Svcs, San Andreas Regional Ctr Grant/Rev from Local Agencies	13,709	13,709
"	Weed and Seed Grant/Revenue from Federal Government	55,794	55,794
"	Weed and Seed-East San José/Revenue from Federal Government	105,658	105,658
"	Workers' Compensation Gain Sharing Program (Savings combined with Workers' Compensation Claims Payments)	736,394	
Capital/Communications	COPS 2003-2004 Interoperable Commun Grant/Revenue from Federal Govt	41,749	41,749
Capital/Muni Improv	Animal Shelter Facility Improvements	284,000	
"	Arena Repairs	547,000	
"	Closed Landfill Compliance	25,000	
"	Employee Parking Garage Build-Out	175,000	
"	Fuel Tank Monitoring	40,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
Capital/Muni Improv	Martin Park Landfill Methan Gas Mitigation Efforts	1,445,000	
"	Watson Park	200,000	
"	Watson Site Planning and Remediation Contingency	586,000	
Capital/Parks	Kirk Community Center Renovations (Savings in Kirk Community Center Earmarked Reserve)	250,000	
"	Parks and Recreation Bond Projects	588,000	
"	Police Athletic League (PAL) Stadium Improvements	35,000	
"	Senior Friendly Park Elements	4,000	
"	Tamien Station Skateboard Park Development	622,000	
"	Watson Site Clean-up and Restoration	8,400,000	
Capital/Public Safety	Fire Apparatus Replacement	817,000	
"	South San José Police Substation	96,000	
"	South San José Police Substation Interior Public Art	55,000	
Capital/Traffic	Annexation Infrastructure Needs	88,000	
"	City-Wide Sidewalk Repairs	47,000	
"	Hedding Street Lighting Improvements	40,000	
"	Transportation Maintenance Backlog -Neighborhood Appearance	1,821,000	
"	Transportation Maintenance Backlog -Roadway Striping and Repainting	415,000	
"	Transportation Maintenance Backlog - Safety Enhancements	200,000	
"	Transportation Maintenance Backlog -Traffic Sign Replacement	336,000	
"	Pavement Maintenance Repair	6,398,000	
Earmarked Reserves	Airport Police and Fire Costs Reconciliation Reserve	353,129	
"	Economic Uncertainty Reserve	10,000,000	
"	Enhanced Park Maintenance Reserve	3,118,467	
"	Enhanced Park Maintenance Reserve (Savings in Innovative Public-Private Partnerships in City-Wide)	322,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment A

GENERAL FUND		2008-2009	2008-2009
Dept/Project	Appropriation	Use	Source
<b>Rebudgets (Cont'd.)</b>			
Earmarked Reserves	Enhanced Park Maintenance Reserve (Savings in Parks Maintenance Enhancement Strategy in City-Wide)	288,000	
"	Enhanced Park Maintenance Reserve (Savings in Parks Maintenance Non-Personal/Equipment Purchases)	131,000	
"	Annexations 2009-2010 Reserve	56,720	
"	Environmental Mitigation Reserve	174,273	
"	Fee Supported Reserve - Building	2,993,660	
"	Fee Supported Reserve - Fire	3,571,642	
"	Fee Supported Reserve - Planning	700,000	
"	Fuel Usage Reserve	350,000	
"	Future Capital Projects (FF&E) Reserve	5,107,080	
"	GASB 43/45 Liability (Retiree Healthcare) Reserve	2,000,000	
"	Hayes Mansion Line of Credit Reserve	5,000,000	
"	Neighborhood Investment Fund Reserve	4,014,871	
"	Neighborhood Capital Improvements Reserve	4,341,659	
"	Salary & Benefits Reserve	4,970,000	
"	Wellness Reserve	390,000	
Earmarked Reserves	Workers' Compensation/General Liability Reserve	10,000,000	
Contingency Reserve	Contingency Reserve	1,800,000	
Fund Balance	Beginning Fund Balance Adjustment: Rebudgets		126,564,876
<b>Rebudgets Subtotal</b>		<b>130,748,649</b>	<b>130,748,649</b>
<b>General Fund Total</b>		<b>131,043,011</b>	<b>131,043,011</b>

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Anti-Tobacco Master Settlement Agreement Revenue Fund (426)</b>			
<b>Clean-Ups</b>			
Library	Technical adjustment to authorize continuation of 1.0 Library Assistant, 0.5 Literacy Program Specialist PT and 0.14 Library Clerk PT positions to reflect the 2008-2009 grant award for the Books for Little Hands program. The costs for these positions were already included in the 2008-2009 Proposed Operating Budget.		
Parks, Rec & Neighborhood Svcs	Homework Centers: Technical adjustment to reallocate funding from Homework Centers appropriation (Level 1) to Level 2 After School Programming and Administration appropriation. The Level 1 and Level 2 funding was inadvertently combined in the 2008-2009 Proposed Operating Budget.	(629,174)	
"	Level 2 After School Programming and Administration: Technical adjustment to reallocate funding from Homework Centers appropriation (Level 1) to Level 2 After School Programming and Administration appropriation as described above.	629,174	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Anti-Tobacco Master Settlement Agreement Revenue Fund Total</b>		<b>0</b>	<b>0</b>
<b>City Hall Debt Service Fund (210)</b>			
<b>Clean-Ups</b>			
Finance	Transfers from Capital Funds: The anticipated transfer into this fund from Capital Funds is lower due to fund clean-up actions proposed and described in Attachment C in the Civic Center Parking Fund.		(100,000)

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>City Hall Debt Service Fund (210) (Cont'd.)</b>			
<b>Clean-Ups</b>			
Finance	Repayment of Series 2002C Bonds: A corresponding decrease to the Repayment of Series 2002C Bonds is recommended to offset the action as described above.	(100,000)	
<b>Clean-Ups Subtotal</b>		<b>(100,000)</b>	<b>(100,000)</b>
<b>City Hall Debt Service Fund Total</b>		<b>(100,000)</b>	<b>(100,000)</b>
<b>Community Development Block Grant Fund (441)</b>			
<b>Clean-Ups</b>			
Library	Technical adjustment to continue 2.0 Literacy Program Specialist, 0.75 Library Clerk and 0.20 Library Page PT positions to reflect the 2008-2009 Community Development Block Grant award for the San José Smart Start Family Child Care Program. These positions train and assist prospective home childcare operators as well as provide retention services to new home childcare operators. The funding for these positions were already included in the 2008-2009 Proposed Operating Budget.		
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		1,904,827
Economic Development	Shopping Center Improvements	400,000	
Housing	ADA Compliance Improvements	262,727	
"	Housing Emergency and Minor Repair Program	270,000	
Planning, Building & Code Enforcement	Code Enforcement: Low-Moderate Area (Vehicle Replacements)	416,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>Community Development Block Grant Fund (441) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
Transportation	Street Light Installation for Burbank/Del Monte	150,000	
"	Traffic Signal Installation for Burbank/Del Monte	406,100	
<b>Rebudgets Subtotal</b>		<b>1,904,827</b>	<b>1,904,827</b>
<b>Community Development Block Grant Fund Total</b>		<b>1,904,827</b>	<b>1,904,827</b>
<b>Downtown Property and Business Improvement District Fund (302)</b>			
<b>Clean-Ups</b>			
Public Works	Public Works Personal Services: This action establishes a Personal Services appropriation to provide administrative support for the Downtown Property and Business Improvement District. The agreement between the City and the San José Downtown Property Owners' Association allows for \$10,000 in charges related to support of the District.	10,000	
"	Downtown Property Business Improvement District: A decrease to the Downtown Property and Business Improvement District appropriation is recommended to offset the action as described above.	(10,000)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Downtown Property and Business Improvement District Fund Total</b>		<b>0</b>	<b>0</b>
<b>Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)</b>			
<b>Clean-Ups</b>			
Police	JAG 2005-2007: Allocates 2007-2008 interest from the JAG 2005-2007 Grant for the Council approved spending plan in the following categories: workstation upgrades, software licensing and upgrades, infrastructure upgrades, and digital cameras. The interest revenue was assumed in the development of the 2008-2009 Proposed Budget but had not been allocated to the project.	850	

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Edward Byrne Memorial Justice Assistance Grant Trust Fund (474) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
Police	JAG 2006-2008: Allocates 2007-2008 interest from the JAG 2006-2008 Grant for the Council approved spending plan in the following categories: radio headsets, tasers, and Records Management System consultant fees. The interest revenue was assumed in the development of the 2008-2009 Proposed Budget but had not been allocated to the project.	1,147	
Police	JAG 2007-2009: Allocates 2007-2008 interest from the JAG 2007-2009 Grant for the Council approved spending plan in the following categories: handpack radios, handguns, and network storage for digital evidence. The interest revenue was assumed in the development of the 2008-2009 Proposed Budget but had not been allocated to the project.	4,600	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the actions as described above.	(6,597)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		227,177
Police	JAG 2005-2007	10,207	
"	JAG 2006-2008	8,095	
"	JAG 2007-2009	208,875	
<b>Rebudgets Subtotal</b>		<b>227,177</b>	<b>227,177</b>
<b>Edward Byrne Memorial Justice Assistance Grant Trust Fund Total</b>		<b>227,177</b>	<b>227,177</b>

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>General Purpose Parking Fund (533)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance:</b> Increases the Beginning Fund Balance to reflect an anticipated increase in 2007-2008 to the Public Works Capital Management Costs appropriation that is no longer necessary.		36,000
Transportation	<b>Minor Parking Facility Improvements:</b> Increases the Minor Parking Facility Improvements project to support the implementation of the Third Street Garage Staircase Replacement project. Initially, this project was divided into two phases, but the projects will be combined in an effort to reduce overall construction and project delivery costs.	190,000	
"	<b>Revenue Control Upgrades:</b> Increases the Revenue Control Upgrades project to provide system-wide upgrades to the credit card processing equipment at all the garages and at the central server to meet the credit card industry's requirements.	39,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to reflect the effect of the recommended changes as described above.	(193,000)	
<b>Clean-Ups Subtotal</b>		<b>36,000</b>	<b>36,000</b>
<b>Rebudgets</b>			
	Beginning Fund Balance: Rebudgets		6,596,000
Transportation	Facility Improvements and Maintenance	57,000	
"	Parking Guidance System Phase II	600,000	
Economic Development	Public Art	14,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>General Purpose Parking Fund (533) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
Transportation	Security Improvements	150,000	
"	Revenue Control Upgrades	675,000	
"	Transfer to the Parking Capital Development Fund	5,100,000	
<b>Rebudgets Subtotal</b>		<b>6,596,000</b>	<b>6,596,000</b>
<b>General Purpose Parking Fund Total</b>		<b>6,632,000</b>	<b>6,632,000</b>
<b>Gift Trust Fund (139)</b>			
<b>Clean-Ups</b>			
Finance	Earned Revenue: This action recognizes donations received for the Library Department.		122,971
Library	Library General Gifts	122,471	
"	Library Literacy Project	500	
<b>Clean-Ups Subtotal</b>		<b>122,971</b>	<b>122,971</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		68,711
City Clerk	Annual District 1 Festival in the Park	1,500	
Economic Development	Sponsorship Gifts	67,211	
<b>Rebudgets Subtotal</b>		<b>68,711</b>	<b>68,711</b>
<b>Gift Trust Fund Total</b>		<b>191,682</b>	<b>191,682</b>

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Home Investment Partnership Fund (445)</b>			
<b>Clean-Ups</b>			
Housing	Second-Mortgage Loan: Establishes a new appropriation for the Second-Mortgage Loan Commitment Program. These funds will be tracked separately from the Home Loans and Grants appropriation and will be used to assist homebuyers in purchasing homes in new construction developments.	2,000,000	
"	Home Loans and Grants: A decrease to the Home Loans and Grants appropriation is recommended to offset the action as described above.	(2,000,000)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
Housing	Beginning Fund Balance Adjustment: Rebudgets Housing Rehabilitation Program	135,000	135,000
<b>Rebudgets Subtotal</b>		<b>135,000</b>	<b>135,000</b>
<b>Home Investment Partnership Fund Total</b>		<b>135,000</b>	<b>135,000</b>
<b>Housing Trust Fund (440)</b>			
<b>Rebudgets</b>			
Housing	Beginning Fund Balance Adjustment: Rebudgets Housing and Homeless Projects	700,000	1,020,000
"	Job Training Program	320,000	
<b>Rebudgets Subtotal</b>		<b>1,020,000</b>	<b>1,020,000</b>
<b>Housing Trust Fund Total</b>		<b>1,020,000</b>	<b>1,020,000</b>

2008-2009 Clean-Up and Rebudget Proposals

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SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Integrated Waste Management Fund (423)</b>			
<b>Clean-Ups</b>			
Finance	Overhead: Increases funding for overhead as a result of inadvertently omitting expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget.	96,397	
"	IBS Commercial Paper Payment: An increase in the IBS Commercial Paper Payment appropriation is recommended to reflect a more accurate debt management projection of the commercial paper debt service payment.	9,901	
	Ending Fund Balance Adjustment: This action funds the adjustments recommended above.	(106,298)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		1,892,487
Environmental Services	Household Hazardous Waste Las Plumas Facility (Savings from Environmental Services Department's Non-Personal/Equipment appropriation)	1,795,487	
Finance	Delinquent Lien Releases	97,000	
<b>Rebudgets Subtotal</b>		<b>1,892,487</b>	<b>1,892,487</b>
<b>Integrated Waste Management Fund Total</b>		<b>1,892,487</b>	<b>1,892,487</b>
<b>Library Parcel Tax Fund (418)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		150,000
Library	Automation Projects and System Maintenance	100,000	
"	Non-Personal/Equipment (Staff Training and Marketing Materials)	50,000	
<b>Rebudgets Subtotal</b>		<b>150,000</b>	<b>150,000</b>
<b>Library Parcel Tax Fund Total</b>		<b>150,000</b>	<b>150,000</b>

2008-2009 Clean-Up and Rebudget Proposals

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SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Low and Moderate Income Housing Fund (443)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		8,220,000
Housing	San José State Teacher Program	220,000	
"	Second-Mortgage Loan Program	8,000,000	
<b>Rebudgets Subtotal</b>		<b>8,220,000</b>	<b>8,220,000</b>
<b>Low and Moderate Income Housing Fund Total</b>		<b>8,220,000</b>	<b>8,220,000</b>
<b>Maintenance District #1 (Los Paseos) Fund (352)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		300,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	300,000	
<b>Rebudgets Subtotal</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #1 (Los Paseos) Fund Total</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund (357)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		100,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	100,000	
<b>Rebudgets Subtotal</b>		<b>100,000</b>	<b>100,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund Total</b>		<b>100,000</b>	<b>100,000</b>

2008-2009 Clean-Up and Rebudget Proposals

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SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Maintenance District #9 (Santa Teresa-Great Oaks) Fund (362)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		100,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	100,000	
<b>Rebudgets Subtotal</b>		<b>100,000</b>	<b>100,000</b>
<b>Maintenance District #9 (Santa Teresa-Great Oaks) Fund Total</b>		<b>100,000</b>	<b>100,000</b>
<b>Multiple Sources Housing Fund (448)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		8,780,853
Housing	CalHome Homebuyers Program (Savings from CalHome Program)	500,000	
"	CalHome Rehabilitation Program (Formerly Known as CalHome Program)	750,291	
"	Family Shelter Project	4,000,000	
"	Greater Gardner Rehabilitation Project	125,000	
"	Hoffman Properties	49,133	
"	SJSU Teacher Home Program	700,000	
"	SNI Rehabilitation Program	90,000	
"	Teacher Mobile Home Program	90,000	
"	Workforce Housing Program	2,476,429	
<b>Rebudgets Subtotal</b>		<b>8,780,853</b>	<b>8,780,853</b>
<b>Multiple Sources Housing Fund Total</b>		<b>8,780,853</b>	<b>8,780,853</b>

2008-2009 Clean-Up and Rebudget Proposals

Attachment B

SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>San José-Santa Clara Treatment Plant Operating Fund (513)</b>			
<b>Clean-Ups</b>			
Finance	Overhead: Increases funding for overhead as a result of inadvertently omitting expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget.	10,534	
	Ending Fund Balance Adjustment: This action funds the adjustment recommended above.	(10,534)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>San José-Santa Clara Treatment Plant Operating Fund</b>			
		<b>0</b>	<b>0</b>
<b>San José Arena Enhancement Fund (301)</b>			
<b>Rebudgets</b>			
Economic Development	Capital Enhancements/Commercial Paper Proceeds	669,855	669,855
<b>Rebudgets Subtotal</b>		<b>669,855</b>	<b>669,855</b>
<b>San José Arena Enhancement Fund Total</b>		<b>669,855</b>	<b>669,855</b>
<b>Sewer Service and Use Charge Fund (541)</b>			
<b>Clean-Ups</b>			
Finance	Overhead: Decreases funding for overhead as a result of inadvertently including expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget.	(80,789)	
"	IBS Commercial Paper Repayment: An increase in the IBS Commercial Paper Repayment appropriation is recommended to reflect a more accurate debt management projection of the commercial paper debt service payment.	4,236	
	Ending Fund Balance Adjustment: Increases the Ending Fund Balance to reflect the actions as described above.	76,553	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>

**SPECIAL FUNDS**

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>Sewer Service and Use Charge Fund (541) (Cont'd.)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		115,000
Public Works	Non-Personal/Equipment (Geographical Information System/Sewer Management System)	115,000	
<b>Rebudgets Total</b>		<b>115,000</b>	<b>115,000</b>
<b>Sewer Service and Use Charge Fund Total</b>		<b>115,000</b>	<b>115,000</b>
<b>State Drug Forfeiture Fund (417)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		150,860
Police	Non-Personal/Equipment: Officer Safety Equipment and Vehicle Build-Up	150,860	
<b>Rebudgets Subtotal</b>		<b>150,860</b>	<b>150,860</b>
<b>State Drug Forfeiture Fund Total</b>		<b>150,860</b>	<b>150,860</b>
<b>Storm Sewer Operating Fund (446)</b>			
<b>Clean-Ups</b>			
Finance	Overhead: Increases funding for overhead as a result of inadvertently omitting expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget (\$30,484) and due to the shifting of positions from Capital Funds to the Storm Sewer Operating Fund as described below (\$11,988).	42,472	
"	IBS Commercial Paper Repayment: An increase in the IBS Commercial Paper Repayment appropriation is recommended to reflect a more accurate projection of the commercial paper debt service payment.	2,878	

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SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Storm Sewer Operating Fund (446) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
Transportation	Personal Services: Shifts 0.60 Maintenance Worker I and 0.40 Maintenance Worker II positions from Capital Funds to the Storm Sewer Operating Fund. These positions, which were included in the 2008-2009 Proposed Operating Budget, were inadvertently shifted to Capital Funds when they should have remained in the Storm Sewer Operating Fund.	76,222	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the actions as described above.	(121,572)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Storm Sewer Operating Fund Total</b>		<b>0</b>	<b>0</b>
<b>Supplemental Law Enforcement Services Fund (414)</b>			
<b>Clean-Ups</b>			
Police	SLES 2007-2009: Recognizes 2007-2008 interest earnings and allocates funding for the Council approved spending plan in the following categories: furniture, equipment, recruiting, technology, and training. The interest revenue was assumed in the development of the 2008-2009 Proposed Budget but had not been allocated to the project.	29,126	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the action as described above.	(29,126)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		1,809,914
Police	SLES 2007-2009	1,809,914	
<b>Rebudgets Subtotal</b>		<b>1,809,914</b>	<b>1,809,914</b>
<b>Supplemental Law Enforcement Services Fund Total</b>		<b>1,809,914</b>	<b>1,809,914</b>

2008-2009 Clean-Up and Rebudget Proposals

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SPECIAL FUNDS

Dept/Project	Appropriation	2008-2009 Use	2008-2009 Source
<b>Transient Occupancy Tax Fund (461)</b>			
<b>Clean-Ups</b>			
Economic Development	Cultural Grants: Reduces the Cultural Grants appropriation in order to more clearly account for Cultural Grants administration costs. Economic Development staff, which were previously funded out of the Cultural Grants appropriation, will now be budgeted in a separate appropriation.	(453,876)	
"	Cultural Grants Administration: Establishes an appropriation to account for administrative costs related to Cultural Grants. A corresponding reduction to the Cultural Grants appropriation is also recommended.	453,876	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
Economic Development	Beginning Fund Balance Adjustment: Rebudgets Cultural Grants	1,740,000	1,740,000
<b>Rebudgets Subtotal</b>		<b>1,740,000</b>	<b>1,740,000</b>
<b>Transient Occupancy Tax Fund Total</b>		<b>1,740,000</b>	<b>1,740,000</b>
<b>Water Utility Fund (515)</b>			
<b>Clean-Ups</b>			
Environmental Services	Non-Personal/Equipment: Increases funding for overhead as a result of inadvertently omitting expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget.	1,664	
Finance	Overhead: Increases funding for overhead as a result of inadvertently omitting expenditures from the overhead calculation in the 2008-2009 Proposed Operating Budget.	402	
"	IBS Commercial Paper Repayment: An increase in the IBS Commercial Paper Repayment appropriation is recommended to reflect a more accurate projection of the commercial paper debt service payment.	2,355	

**SPECIAL FUNDS**

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>Water Utility Fund (515) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
	Ending Fund Balance Adjustment: This action funds the adjustments recommended above.	(4,421)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Water Utility Fund</b>		<b>0</b>	<b>0</b>
<b>Workforce Investment Act Fund (290)</b>			
<b>Clean-Ups</b>			
Economic Development	Celebracion del Campo/Grants: Recognizes a grant and establishes an appropriation for Celebracion del Campo. This event increases awareness for migrant farm workers and other individuals with barriers to employment of the various workforce and other supportive services available to them.	5,000	5,000
<b>Clean-Ups Subtotal</b>		<b>5,000</b>	<b>5,000</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		10,000
Economic Development	BusinessOwnerSpace.com Network/Grants	35,000	25,000
<b>Rebudgets Subtotal</b>		<b>35,000</b>	<b>35,000</b>
<b>Workforce Investment Act Fund Total</b>		<b>40,000</b>	<b>40,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM</b>			
<b>Airport Capital Improvement Fund (520)</b>			
<b>Clean-Ups</b>			
	<b>Revenue from Federal Government:</b> Increases the estimate for grant revenue in 2008-2009 to recognize the anticipated receipt of grant funding for the Noise Attenuation Treatment - Category IB project.		3,000,000
	<b>Noise Attenuation Treatment - Category IB:</b> Increases the Noise Attenuation Treatment - Category IB appropriation to reflect the receipt of grant revenue available to fund this project. This additional funding would enable the Airport to award the construction contract in August 2008 to complete work on the homes that fall within this project's category. There is a related adjustment in the Airport Passenger Facility Charge Fund that reallocates this project from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund as the result of the new grant funding source.	3,676,000	
	<b>Runway Guard Light Replacement:</b> Increases the Runway Guard Light Replacement project to reflect the receipt of grant funding received in 2007-2008. This additional funding would enable the Airport to maximize resources and make use of a Federal Aviation Administration grant to complete the Runway Guard Light Replacement project. A corresponding action in the Airport Renewal and Replacement Fund adds funding for the City's local share match of this grant.	154,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to offset the recommended changes above.	(830,000)	
<b>Clean-Ups Subtotal</b>		<b>3,000,000</b>	<b>3,000,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Capital Improvement Fund (520) (Cont'd.)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		15,003,000
	Compressed Natural Gas Fueling Station Upgrades	515,000	
	Noise Attenuation Treatment - Category IB	224,000	
	North Concourse Building	14,016,000	
	Runway Guard Light Replacement	248,000	
<b>Rebudgets Subtotal</b>		<b>15,003,000</b>	<b>15,003,000</b>
<b>Airport Capital Improvement Fund Total</b>		<b>18,003,000</b>	<b>18,003,000</b>
<b>Airport Revenue Bond Improvement Fund (526)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation from the Airport Revenue Bond Improvement Fund to the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		38,696,000
	<b>Ending Fund Balance:</b> Increases the Ending Fund Balance to offset the recommended change above.	38,696,000	
<b>Clean-Ups Subtotal</b>		<b>38,696,000</b>	<b>38,696,000</b>

2008-2009 Clean-Up and Rebudget Proposals

Attachment C

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Revenue Bond Improvement Fund (526) (Cont'd.)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		187,933,000
	Airfield Lighting Control and Taxiway V Lighting System	200,000	
	Belly-Freight Facility	1,404,000	
	Central Plant Expansion	492,000	
	Clean-Up of Existing Fuel Farm	741,000	
	Consolidated Rental Car Facility	38,460,000	
	Electrical Distribution System	154,000	
	FMC Site Reuse Preparation	12,243,000	12,500,000
	North Concourse Building	12,212,000	
	Public Art	832,000	
	Public Parking Garage	1,755,000	
	South Apron Replacement	197,000	
	Taxiway W, Phase I/II	1,883,000	
	Terminal Area Improvement, Phase I	106,812,000	
	Terminal Area Improvement, Phase II	21,696,000	
	Utility Infrastructure	283,000	
	Warehouse Building Maintenance	1,069,000	
<b>Rebudgets Subtotal</b>		<b>200,433,000</b>	<b>200,433,000</b>
<b>Airport Revenue Bond Improvement Fund Total</b>		<b>239,129,000</b>	<b>239,129,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Renewal and Replacement Fund (527)</b>			
<b>Clean-Ups</b>			
	<b>Runway Guard Light Replacement:</b> Establishes a 2008-2009 Runway Guard Light Replacement project in the Airport Renewal and Replacement Fund. This project represents the City's match for the grant discussed previously in the Airport Capital Improvement Fund and would enable the Airport to maximize resources and make use of a Federal Aviation Administration grant to complete this project.	37,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to offset the recommended change above.	(37,000)	
<b>Clean-Ups Subtotal</b>		<u>0</u>	<u>0</u>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		4,448,000
	Advanced Planning	200,000	
	Airfield Improvements	164,000	
	Airfield Lighting Control and Taxiway V Lighting System	183,000	
	Airport Technology Services	17,000	
	AVI System Replacement	788,000	
	Compressed Natural Gas Fueling Station Upgrades	200,000	
	Computerized Maintenance Management System	696,000	
	Environmental Audit and Plans	300,000	
	Equipment, Operating	171,000	
	Facilities Maintenance Equipment	46,000	
	Fuel Farm Improvement and Clean-Up	4,000	
	HVAC Repairs and Monitoring	18,000	
	New Fuel Storage Facility	265,000	
	North Concourse Building	40,000	

2008-2009 Clean-Up and Rebudget Proposals

Attachment C

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Renewal and Replacement Fund (527) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Public Art	529,000	
	Reid Hillview Noise Treatment Program	392,000	497,000
	Runway Guard Light Replacement	52,000	
	Taxiway W, Phase I/II	58,000	
	Terminal Area Improvement, Phase I	709,000	
	Terminal Elevator Repair	93,000	
	Warehouse Building Maintenance	20,000	
<b>Rebudgets Subtotal</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Renewal and Replacement Fund Total</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Passenger Facility Charge Fund (529)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Decreases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation from the Airport Revenue Bond Improvement Fund to the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		(38,696,000)
	<b>Noise Attenuation Treatment - Category IB:</b> Reallocates funding from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund in order to maximize resources available for the Noise Attenuation Treatment - Category IB project. There is a corresponding increase in this project's budget in the Airport Capital Improvement Fund.	(3,676,000)	

2008-2009 Clean-Up and Rebudget Proposals

Attachment C

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Passenger Facility Charge Fund (529) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to offset the recommended changes above.	(35,020,000)	
<b>Clean-Ups Subtotal</b>		<b>(38,696,000)</b>	<b>(38,696,000)</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		32,117,000
	Noise Attenuation Treatment - Category IB	7,700,000	
	Terminal Area Improvement, Phase I	24,417,000	
<b>Rebudgets Subtotal</b>		<b>32,117,000</b>	<b>32,117,000</b>
<b>Airport Passenger Facility Charge Fund Total</b>		<b>(6,579,000)</b>	<b>(6,579,000)</b>
<b>AIRPORT CAPITAL PROGRAM TOTAL</b>		<b>255,498,000</b>	<b>255,498,000</b>
<b>COMMUNICATIONS CAPITAL PROGRAM</b>			
<b>Communications Construction and Conveyance Tax Fund (397)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		211,000
	COPS 2003-2004 Interoperable Communications Grant	202,000	
	Public Art	9,000	
<b>Rebudgets Subtotal</b>		<b>211,000</b>	<b>211,000</b>
<b>Communications Construction and Conveyance Tax Fund Total</b>		<b>211,000</b>	<b>211,000</b>
<b>COMMUNICATIONS CAPITAL PROGRAM TOTAL</b>		<b>211,000</b>	<b>211,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>LIBRARY CAPITAL PROGRAM</b>			
<b>Library Parcel Tax Fund (418)</b>	Please refer to the Special Funds section (Attachment B) for capital-related items for the Library Parcel Tax Fund.		
<b>Library Bond Projects Fund (472)</b>			
<b>Clean-Ups</b>	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance to reflect the effect of a 2007-2008 action that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. The actual bond sale for the Library Bond program is \$35,000 more than originally estimated in 2007-2008, which results in a larger 2007-2008 Ending Fund Balance and a 2008-2009 Beginning Fund Balance.		35,000
	<b>Sale of Bonds:</b> Decreases the sale of bonds estimate in 2008-2009, due to the 2007-2008 bond sale being higher than anticipated.		(35,000)
<b>Clean-Ups Subtotal</b>		<u>0</u>	<u>0</u>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		20,849,000
	Almaden Branch	75,000	
	Bascom Branch	11,758,000	
	Calabazas Branch	100,000	
	Dr. Roberto Cruz Alum Rock Branch	25,000	
	East San José Carnegie Branch	205,000	
	Edenvale Branch	643,000	
	Educational Park Branch	300,000	
	Joyce Ellington Branch	109,000	
	Land Acquisition	66,000	

## CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>LIBRARY CAPITAL PROGRAM (CONT'D.)</b>			
<b>Library Bond Projects Fund (472) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Pearl Avenue Branch	939,000	
	Santa Teresa Branch	3,174,000	
	Seven Trees Branch	3,300,000	
	Willow Glen Branch	155,000	
<b>Rebudgets Subtotal</b>		<b>20,849,000</b>	<b>20,849,000</b>
<b>Library Bond Projects Fund Total</b>		<b>20,849,000</b>	<b>20,849,000</b>
<b>Library Construction and Conveyance Tax Fund (393)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		655,000
	Branch Libraries Fixtures, Furnishings and Equipment	600,000	
	Branch Library Bond Projects	(25,000)	
	Facilities Improvements	30,000	
	General Equipment and Furnishings	50,000	
<b>Rebudgets Subtotal</b>		<b>655,000</b>	<b>655,000</b>
<b>Library Construction and Conveyance Tax Fund Total</b>		<b>655,000</b>	<b>655,000</b>
<b>LIBRARY CAPITAL PROGRAM TOTAL</b>		<b>21,504,000</b>	<b>21,504,000</b>

## MUNICIPAL IMPROVEMENTS CAPITAL PROGRAM

## Integrated Waste Management Fund (423)

Please refer to the Special Funds section (Attachment B) for capital-related items for the Integrated Waste Management Fund.

CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>MUNICIPAL IMPROVEMENTS CAPITAL PROGRAM (CONT'D.)</b>			
<b>Civic Center Construction Fund (425)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		3,306,000
	City Hall Capital Enhancements	193,000	
	City Hall Network Operations Center Secondary Cooling System	1,154,000	
	Police Administration Voice and Data Network Enhancements	1,676,000	
	Watson Park Site Clean-up and Restoration	283,000	
<b>Rebudgets Subtotal</b>		<b>3,306,000</b>	<b>3,306,000</b>
<b>Civic Center Construction Fund Total</b>		<b>3,306,000</b>	<b>3,306,000</b>
<b>Civic Center Parking Fund (433)</b>			
<b>Clean-Ups</b>			
	<b>New City Hall Parking Garage:</b> Increases the New City Hall Parking Garage appropriation by \$100,000 to cover remaining costs for this project. The Fire Department requires the painting of fire sprinkler pipe in the City Hall Employee Parking Garage.	100,000	
	<b>Transfer to the City Hall Debt Service Fund:</b> Decreases the Transfer to the City Hall Debt Service Fund by \$100,000 to offset the action described above.	(100,000)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Civic Center Parking Fund Total</b>		<b>0</b>	<b>0</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>MUNICIPAL IMPROVEMENTS CAPITAL PROGRAM (CONT'D.)</b>			
<b>Interim City Facilities Improvement Fund (460)</b>			
<b>Rebudgets</b>			
	Commercial Paper Proceeds: Rebudget		1,338,159
	Interim City Facility Improvements	1,338,159	
<b>Rebudgets Subtotal</b>		<u>1,338,159</u>	<u>1,338,159</u>
<b>Interim City Facilities Improvement Fund Total</b>		<b>1,338,159</b>	<b>1,338,159</b>
<b>Civic Center Improvement Fund (473)</b>			
<b>Rebudgets</b>			
	Commercial Paper Proceeds: Rebudget		4,275,000
	City Hall Technology, Furniture, and Equipment	4,275,000	
<b>Rebudgets Subtotal</b>		<u>4,275,000</u>	<u>4,275,000</u>
<b>Civic Center Improvement Fund Total</b>		<b>4,275,000</b>	<b>4,275,000</b>
<b>MUNICIPAL IMPROVEMENTS CAPITAL PROGRAM TOTAL</b>		<b>8,919,159</b>	<b>8,919,159</b>
<b>PARKING CAPITAL PROGRAM</b>			
<b>General Purpose Parking Fund (533)</b>			
Please refer to the Special Funds section (Attachment B) for capital-related items for the General Purpose Parking Fund.			
<b>Parking Capital Development Fund (556)</b>			
<b>Rebudgets</b>			
	Transfer from the General Purpose Parking Fund		5,100,000
	Parking Capital Development	5,100,000	
<b>Rebudgets Subtotal</b>		<u>5,100,000</u>	<u>5,100,000</u>
<b>Parking Capital Development Fund Total</b>		<b>5,100,000</b>	<b>5,100,000</b>
<b>PARKING CAPITAL PROGRAM TOTAL</b>		<b>5,100,000</b>	<b>5,100,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM</b>			
<b>Council District 1 Construction and Conveyance Tax Fund (377)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		351,000
	Community Sports Fields Feasibility Study	12,000	
	Council District 1 Public Art	17,000	
	School Improvement Grants	150,000	
	Starbird Youth Center Fixtures, Furnishings and Equipment	36,000	
	West San José Community Center Fixtures, Furnishings and Equipment	7,000	
	West San José Community Center Landscaping and Monument Sign	3,000	
	TRAIL: Saratoga/San Tomas Aquino Creek Reach VI	126,000	
	<b>Rebudgets Subtotal</b>	<b>351,000</b>	<b>351,000</b>
	<b>Council District 1 Construction and Conveyance Tax Fund Total</b>	<b>351,000</b>	<b>351,000</b>
<b>Council District 2 Construction and Conveyance Tax Fund (378)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance by \$400,000 to reflect the effect of a 2007-2008 action that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. On May 13, 2008 the City Council recognized the receipt of \$400,000 from the Open Space Authority for the TRAIL: Albertson Parkway project. However, due to the timing of the City Council memorandum, this funding was not recognized in the 2008-2009 Proposed Budget.		400,000

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 2 Construction and Conveyance Tax Fund (378) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
	<b>TRAIL: Albertson Parkway:</b> Increases the TRAIL: Albertson Parkway project by \$319,000. On May 13, 2008, the City Council approved a \$319,000 increase to this project budget, however, due to the timing of the City Council memorandum, this funding was not included in the Proposed Budget. This technical adjustment would enable the funding to be available for the project in 2008-2009.	319,000	
	<b>Ending Fund Balance:</b> Increases the Ending Fund Balance to reflect the net effect of the changes above.	81,000	
<b>Clean-Ups Subtotal</b>		<b>400,000</b>	<b>400,000</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		185,000
	Council District 2 Public Art	3,000	
	Discovery Community Garden	36,000	
	TRAIL: Albertson Parkway	146,000	
<b>Rebudgets Subtotal</b>		<b>185,000</b>	<b>185,000</b>
<b>Council District 2 Construction and Conveyance Tax Fund Total</b>		<b>585,000</b>	<b>585,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 3 Construction and Conveyance Tax Fund (380)</b>			
<b>Clean-Ups</b>			
	<b>Reserve: Roosevelt Hockey Rink Cover:</b> Increases the Roosevelt Hockey Rink Cover reserve by \$60,000. The 2008-2009 Proposed Capital Improvement Program included a recommendation to reallocate \$600,000 from the Roosevelt Hockey Rink Cover project to a corresponding reserve. An additional \$60,000 was mistakenly removed from the Roosevelt Hockey Rink Cover project and allocated to the Ending Fund Balance. This action will reallocate the \$60,000 from the Ending Fund Balance back into the reserve, therefore restoring the funding to \$660,000.	60,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to reflect the net effect of the change above.	(60,000)	
<b>Clean-Ups Subtotal</b>		<u>0</u>	<u>0</u>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		2,070,000
	Capital Maintenance Projects	105,000	
	Community Sports Fields Feasibility Study	15,000	
	Council District 3 Public Art	7,000	
	O'Donnell's Garden Park (previously titled Sixth and William Parksite and Development)	117,000	
	Parks and Recreation Bond Projects	83,000	
	Roosevelt Community Center Fixtures, Furnishings and Equipment	498,000	
	Roosevelt Community Center - Multi-Service	967,000	
	Roosevelt Park Skate Park	170,000	

## CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 3 Construction and Conveyance Tax Fund (380) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Roosevelt Park Skate Park Fixtures, Furnishings and Equipment	19,000	
	Ryland Park Renovation	42,000	
	TRAIL: Airport Parkway Under-Crossing	31,000	
	Yu Ai-Kai Roof Improvements	16,000	
<b>Rebudgets Subtotal</b>		<b>2,070,000</b>	<b>2,070,000</b>
<b>Council District 3 Construction and Conveyance Tax Fund Total</b>		<b>2,070,000</b>	<b>2,070,000</b>
<b>Council District 4 Construction and Conveyance Tax Fund (381)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		367,000
	Aquatics Master Plan Implementation	20,000	
	Capital Maintenance Projects	5,000	
	Community Sports Fields Feasibility Study	5,000	
	Council District 4 Public Art	20,000	
	Flickinger Park Fixtures, Furnishings and Equipment	12,000	
	North San José Master Plan	100,000	
	TRAIL: Coyote Creek (Highway 237 to Story Road)	90,000	
	TRAIL: Lower Guadalupe River (Gold Street to Highway 880)	86,000	
	TRAIL: Lower Guadalupe River Interim Improvements	29,000	
<b>Rebudgets Subtotal</b>		<b>367,000</b>	<b>367,000</b>
<b>Council District 4 Construction and Conveyance Tax Fund Total</b>		<b>367,000</b>	<b>367,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 5 Construction and Conveyance Tax Fund (382)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		632,000
	Capital Maintenance Projects	250,000	
	Capitol Park Neighborhood Center	3,000	
	Community Sports Fields Feasibility Study	15,000	
	Council District 5 Public Art	52,000	
	Overfelt Amphitheatre Minor Improvements	15,000	
	Pool Repairs	85,000	
	TRAIL: Lower Silver Creek Landscaping (previously titled Trail: Lower Fencing)	50,000	
	TRAIL: Lower Silver Creek/Silverstone Place	162,000	
<b>Rebudgets Subtotal</b>		<b>632,000</b>	<b>632,000</b>
<b>Council District 5 Construction and Conveyance Tax Fund Total</b>		<b>632,000</b>	<b>632,000</b>
<b>Council District 6 Construction and Conveyance Tax Fund (384)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		2,068,000
	Aquatics Master Plan Implementation	40,000	
	Bascom Community Center - Multi-Service	1,529,000	
	Capital Maintenance Projects	127,000	
	Community Sports Fields Feasibility Study	15,000	
	Council District 6 Public Art	51,000	
	Customer Response Projects	6,000	
	Los Gatos Creek Volunteer Projects	19,000	
	Parks and Recreation Bond Projects	20,000	
	Theodore Lenzen Park Development	180,000	
	Theodore Lenzen Park Historical Signage	23,000	

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 6 Construction and Conveyance Tax Fund (384) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	TRAIL: Los Gatos Creek Reach IV Development	8,000	
	TRAIL: Los Gatos Creek Reach V Master Plan	50,000	
<b>Rebudgets Subtotal</b>		<b>2,068,000</b>	<b>2,068,000</b>
<b>Council District 6 Construction and Conveyance Tax Fund Total</b>		<b>2,068,000</b>	<b>2,068,000</b>
<b>Council District 7 Construction and Conveyance Tax Fund (385)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance by \$850,000 to reflect the effect of a 2007-2008 action that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. The Recommended 2007-2008 Budget Actions memorandum (which will be presented to the City Council on June 24, 2008) includes a recommendation to decrease the Seven Trees Community Center - Multi-Service project by \$850,000 and increase the Ending Fund Balance by \$850,000 to keep the project total unchanged. A separate action in this document increases the Seven Trees Community Center - Multi-Service allocation in the Park Trust Fund by \$850,000. Therefore, as previously mentioned, the action reflected here will increase the 2008-2009 Beginning Fund Balance by \$850,000.		850,000

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 7 Construction and Conveyance Tax Fund (385) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
	<b>Nisich Park Development:</b> Increases the Nisich Park Development project by \$350,000. When completed, Nisich Park will be a 1.3 acre neighborhood park and may include a multi-use court, tot lot, open turf, and a picnic area. The project is currently under-funded, therefore, this increase will ensure there is adequate funding available to complete the development of the park.	350,000	
	<b>West Evergreen Park:</b> Establishes a new appropriation for the development of the West Evergreen Park. Currently, a total of \$334,000 is allocated in the Park Trust Fund for the development of this 1.0 acre neighborhood park. When completed, the park may include a play area, half basketball court, picnic areas, seatwalls, and a trellis. The project is currently under-funded, therefore, this increase will ensure there is adequate funding available to complete the development of the park.	500,000	
	<b>Clean-Ups Subtotal</b>	<b>850,000</b>	<b>850,000</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		2,268,000
	Alma Community Center Improvements	175,000	
	Barberry Lane Pathway Improvements	9,000	
	Capital Maintenance Projects	185,000	
	Community Sports Fields Feasibility Study	15,000	
	Council District 7 Public Art	19,000	
	Fair Swim Center Fixtures, Furnishings and Equipment	10,000	
	OB Whaley Elementary School Joint-Use Agreement	200,000	
	Seven Trees Community Center - Multi-Service	1,650,000	
	Turtle Rock Park Improvements	5,000	
	<b>Rebudgets Subtotal</b>	<b>2,268,000</b>	<b>2,268,000</b>
	<b>Council District 7 Construction and Conveyance Tax Fund Total</b>	<b>3,118,000</b>	<b>3,118,000</b>

CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 8 Construction and Conveyance Tax Fund (386)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		465,000
	Capital Maintenance Projects	54,000	
	Community Sports Fields Feasibility Study	15,000	
	Council District 8 Public Art	6,000	
	Falls Creek Park Development	329,000	
	Fowler Creek Park Fixtures, Furnishings and Equipment	34,000	
	TRAIL: Thompson Creek Interim Improvements	27,000	
	<b>Rebudgets Subtotal</b>	<b>465,000</b>	<b>465,000</b>
	<b>Council District 8 Construction and Conveyance Tax Fund Total</b>	<b>465,000</b>	<b>465,000</b>
<b>Council District 9 Construction and Conveyance Tax Fund (388)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		275,000
	Butcher Park Restroom	115,000	
	Capital Maintenance Projects	120,000	
	Community Sports Feasibility Study	15,000	
	Council District 9 Public Art	25,000	
	<b>Rebudgets Subtotal</b>	<b>275,000</b>	<b>275,000</b>
	<b>Council District 9 Construction and Conveyance Tax Fund Total</b>	<b>275,000</b>	<b>275,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Council District 10 Construction and Conveyance Tax Fund (389)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		81,000
	Almaden Winery Irrigation Automation	13,000	
	Community Sports Fields Feasibility Study	30,000	
	Council District 10 Public Art	24,000	
	TRAIL: Guadalupe Creek (Meridian to Singletree) Land Acquisition	14,000	
<b>Rebudgets Subtotal</b>		<b>81,000</b>	<b>81,000</b>
<b>Council District 10 Construction and Conveyance Tax Fund Total</b>		<b>81,000</b>	<b>81,000</b>
<b>Central Fund (390)</b>			
<b>Clean-Ups</b>			
	<b>Parks and Community Facilities Greenprint:</b> Increases the Parks and Community Facilities Greenprint project due to higher than anticipated costs associated with obtaining CEQA clearance and increased program management costs.	11,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to reflect the net effect of the change above.	(11,000)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		921,000
	Parks and Community Facilities Greenprint	50,000	
	Parks and Community Facilities Master Plan	39,000	
	Parks Fixtures, Furnishings and Equipment	832,000	
<b>Rebudgets Subtotal</b>		<b>921,000</b>	<b>921,000</b>
<b>Central Fund Total</b>		<b>921,000</b>	<b>921,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>City-Wide Construction and Conveyance Tax Fund (391)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		3,841,000
	Alum Rock Park New Entrance Restroom	365,000	
	Alum Rock Park Security Improvements	11,000	
	Alum Rock Park Service Yard Fixtures, Furnishings and Equipment	36,000	
	Alum Rock Park Waterline Relocation	21,000	
	Christmas in the Park Exhibits	9,000	
	City-wide Skateboard Park Development	110,000	
	Family Camp Infrastructure Renovation	27,000	
	Guadalupe River Park Contracts I and II Redesign - City Portion	50,000	
	Happy Hollow East Side Improvements	1,200,000	
	Happy Hollow Park and Zoo/Kelley Park Miscellaneous Improvements	41,000	
	Kelley Park East Picnic Grounds and Restroom	1,436,000	
	Los Lagos Golf Course Enhancements	57,000	
	Los Lagos Golf Course Safety Improvements	(240,000)	
	Miyuki Dog Park	13,000	
	Our City Forest Temporary Storage	9,000	
	Overfelt Garden Irrigation Renovation	60,000	
	Parks City-Wide Public Art	235,000	
	Registration and E-Commerce System Fixtures, Furnishings and Equipment	60,000	
	TRAIL: Milestone Markers	90,000	
	TRAIL: Penitencia Creek Trail/King Road Crossing	58,000	
	TRAIL: Thompson Creek Easement	25,000	
	Vietnamese Cultural Heritage Garden	168,000	
<b>Rebudgets Subtotal</b>		<b>3,841,000</b>	<b>3,841,000</b>
<b>City-Wide Construction and Conveyance Tax Fund Total</b>		<b>3,841,000</b>	<b>3,841,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Emma Prusch Fund (131)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		136,000
	Emma Prusch Park Improvements	12,000	
	Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment	94,000	
	Emma Prusch Park Windmill	8,000	
	LeFevre House Improvements	22,000	
<b>Rebudgets Subtotal</b>		<b>136,000</b>	<b>136,000</b>
<b>Emma Prusch Fund Total</b>		<b>136,000</b>	<b>136,000</b>
<b>Lake Cunningham Fund (462)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		368,000
	Lake Cunningham Master Plan Feasibility and Environmental Studies	100,000	
	Lake Cunningham Public Art	62,000	
	Lake Cunningham Skate Park Fixtures, Furnishings and Equipment	95,000	
	Lake Water Management Plan	95,000	
	Perimeter Landscaping	16,000	
<b>Rebudgets Subtotal</b>		<b>368,000</b>	<b>368,000</b>
<b>Lake Cunningham Fund Total</b>		<b>368,000</b>	<b>368,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Park Trust Fund (375)</b>			
<b>Clean-Ups</b>			
	<b>Kirk Community Center Renovations:</b> Establishes an appropriation for the Kirk Community Center Renovations project and eliminates the Reserve: Kirk Community Center and Park Improvements. This project will provide funding to renovate the existing senior center, including expanding the kitchen and lounge, improving the exterior walkways and lighting, and upgrading the electrical and telephone systems.	1,620,000	
	<b>Reserve: Kirk Community Center and Park Improvements:</b> Eliminates the Reserve: Kirk Community Center and Park Improvements. A related action, as described above, establishes an active appropriation to complete the Kirk Community Center Renovations project.	(1,620,000)	
	<b>Paul Moore Park Renovations:</b> Establishes an appropriation for the Paul Moore Park Renovations project and eliminates the Reserve: Paul Moore Park Renovations. This project will provide funding to renovate the existing turf and irrigation system, as well as construct other minor site amenities at the neighborhood park.	337,000	
	<b>Reserve: Paul Moore Park Renovations:</b> Eliminates the Reserve: Paul Moore Park Renovations. A related action, as described above, establishes an active appropriation to complete the Paul Moore Park Renovations project.	(337,000)	

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Park Trust Fund (375) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>	<b>Seven Trees Community Center - Multi-Service:</b> Increases the Seven Trees Community Center - Multi-Service project by \$850,000. The Recommended 2007-2008 Budget Actions memorandum (which will be presented to the City Council on June 24, 2008) includes a recommendation to decrease the Seven Trees Community Center - Multi-Service project in the Council District 7 Construction and Conveyance Tax Fund by \$850,000. Therefore this action recommended in the Park Trust Fund ensures the total project funding remains unchanged.	850,000	
	<b>Luna Park Turnkey Park:</b> Increases the Luna Park Turnkey Park project by \$8,000 due to additional funding being available within the nexus of the park.	8,000	
	<b>Reserve: Future PDO/PIFO Projects:</b> Decreases the Reserve: Future PDO/PIFO Projects to provide funding for the Luna Park Turnkey Park and Seven Trees Community Center - Multi-Service projects.	(858,000)	
<b>Clean-Ups Subtotal</b>		0	0
<b>Rebudgets</b>	Beginning Fund Balance Adjustment: Rebudgets		14,187,000
	Almaden Apartments Area Master Plan	25,000	
	Almaden Lake Park Neighborhood Improvements	16,000	
	Almaden Lake Park Playground	43,000	
	Almaden Winery Park Youth Lot Development	20,000	
	Autumn Terrace at Martin Park	55,000	
	Backesto Park Improvements	887,000	
	Bascom Community Center - Multi-Service	378,000	
	Berryessa Creek Park Play Lot Renovations	50,000	
	Butcher Dog Park	50,000	
	Butcher Park Improvements	78,000	

## CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Park Trust Fund (375) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Cahalan Park Field Improvements	32,000	
	Cahalan Park Renovations	3,000	
	Cahill Park Play Lot Improvements	50,000	
	Calabazas Branch Library Community Room	(170,000)	
	Camden Community Center Kidzone Construction	440,000	
	Camden Community Center Tot Program Restroom Renovations	75,000	
	Chelmers Park Development	168,000	
	City-wide Skateboard Park Development	10,000	
	Cypress Senior Center Renovations	701,000	
	Discovery Community Garden	2,000	
	Evergreen Community Center Expansion Public Art	1,000	
	Fleming Park	750,000	
	Flickinger Park Improvements	107,000	
	Graystone Park Stage Construction	40,000	
	Guadalupe Gardens Community Garden	73,000	
	Happy Hollow Park and Zoo Phase II Renovations	17,000	
	Houge Park Security Lighting	73,000	
	KB Homes Reimbursement - Tuscany Hills	945,000	
	Kirk Community Center Feasibility Study	8,000	
	LoBue Park Development	40,000	
	Los Paseos Park Improvements	40,000	
	Luna Park Turnkey Park	2,000	
	Lundy and McKay Turnkey Park Design and Inspection	65,000	
	Madden Avenue/Jackson Avenue Turnkey Park	34,000	
	Martin Park Expansion	674,000	
	Mayfair Community Center Pools Public Art	15,000	

## CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Park Trust Fund (375) (Cont'd.) Rebudgets (Cont'd.)</b>			
	McLaughlin Park Improvements	35,000	
	Metcalf Park Playground Replacement	99,000	
	Newhall Neighborhood Park	1,813,000	
	Parkview III Park Renovations	24,000	
	Plata Arroyo Improvements	82,000	
	Plata Arroyo Skate Park Development	60,000	
	Ramblewood Park Improvements	8,000	
	Roosevelt Community Center - Multi-Service	202,000	
	Roosevelt Park Skate Park	3,000	
	Rose Garden Enhancements	120,000	
	Ryland Pool Repairs	105,000	
	Saint Elizabeth Park Turnkey Park	20,000	
	San Antonio Street Turnkey Park	160,000	
	San Antonio Tot Lot	3,000	
	Selma Olinder Dog Park	80,000	
	Seven Trees Community Center - Multi-Service	1,216,000	
	Silver Creek Linear Park Development	113,000	
	TJ Martin Park Turf Renovations	35,000	
	Tamien Specific Plan Area Park Improvements	11,000	
	Theodore Lenzen Park Development	8,000	
	TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino)	160,000	
	TRAIL: Coyote Creek (Highway 237 to Story Road)	991,000	
	TRAIL: Coyote Creek (Tully Road to Los Lagos Golf Course)	200,000	
	TRAIL: Lower Guadalupe River (Gold Street to Highway 880)	1,819,000	
	TRAIL: Penitencia Creek Reach II Design	82,000	
	TRAIL: Willow Glen Spur Acquisition	621,000	

CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Park Trust Fund (375) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Tully Road Ballfields Parking Lot Improvements	86,000	
	Vieira Park Turnkey Park	125,000	
	Vista Park Community Room and Restroom	7,000	
	Vista Park Transformer Relocation	100,000	
	Watson Park Expansion Land Acquisition	2,000	
<b>Rebudgets Subtotal</b>		<b>14,187,000</b>	<b>14,187,000</b>
<b>Park Trust Fund Total</b>		<b>14,187,000</b>	<b>14,187,000</b>
<b>Park Yards Fund (398)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		30,000
	Alum Rock Park Maintenance Service Yard	27,000	
	Park Yards Public Art	3,000	
<b>Rebudgets Subtotal</b>		<b>30,000</b>	<b>30,000</b>
<b>Park Yards Fund Total</b>		<b>30,000</b>	<b>30,000</b>
<b>Parks and Recreation Bond Projects Fund (471)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		28,939,000
	Almaden Community Center - Multi-Service	100,000	
	Bascom Community Center - Multi-Service	10,641,000	

CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Parks and Recreation Bond Projects Fund (471) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Emma Prusch Memorial Park - LeFevre House	106,000	
	Happy Hollow Park and Zoo Renovation and Improvements	10,485,000	
	Mayfair Community Center - Multi-Service	2,345,000	
	Public Art - Parks and Recreation Bond Projects	1,975,000	
	TRAIL: Guadalupe River Trail Reach VI (Woz Way to Willow Street)	943,000	
	Roosevelt Community Center - Multi-Service	564,000	
	Soccer Complex	158,000	
	Softball Complex	103,000	
	TRAIL: Coyote Creek (Tully Road to Los Lagos Golf Course)	1,225,000	
	TRAIL: Los Gatos Creek Reach IV	210,000	
	TRAIL: Saratoga/San Tomas Aquino Creek Reach VI	84,000	
	<b>Rebudgets Subtotal</b>	<b>28,939,000</b>	<b>28,939,000</b>
	<b>Parks and Recreation Bond Projects Fund Total</b>	<b>28,939,000</b>	<b>28,939,000</b>
	<b>PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM TOTAL</b>	<b>58,434,000</b>	<b>58,434,000</b>

PUBLIC SAFETY CAPITAL PROGRAM

**Fire Construction & Conveyance Tax Fund (392)**

**Rebudgets**

Beginning Fund Balance Adjustment: Rebudgets		1,612,000
Decontamination Sinks	15,000	
Emergency Response Data Analysis	25,000	
Emergency Response Maps	51,000	
Facilities Improvements	41,000	
FF&E and Facility Improvements	1,060,000	

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>PUBLIC SAFETY CAPITAL PROGRAM (CONT'D.)</b>			
<b>Fire Construction &amp; Conveyance Tax Fund (392) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Fire Apparatus Replacement	75,000	
	Fire Data System	7,000	
	Fire Station 36 (Silver Creek/Yerba Buena)	(34,000)	
	Fire Station Privacy	85,000	
	Traffic Control Equipment	266,000	
	Underground Fuel Tank Renovation/Replacement	21,000	
<b>Rebudgets Subtotal</b>		<b>1,612,000</b>	<b>1,612,000</b>
<b>Fire Construction &amp; Conveyance Tax Fund Total</b>		<b>1,612,000</b>	<b>1,612,000</b>
<b>Neighborhood Security Act Bond Fund (475)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		7,919,000
	9-1-1 Communications Dispatch Center	(68,000)	
	East San José Community Policing Center	(5,000)	
	Fire Station 19 - Relocation (Piedmont)	3,800,000	
	Fire Training Center	500,000	
	Land Acquisition - Fire Station	348,000	
	Program Management - Public Safety Bond Projects	(7,000)	
	Public Art - Fire Bond Projects	332,000	
	Public Art - Police Bond Projects	19,000	
	South San José Police Substation	3,000,000	
<b>Rebudgets Subtotal</b>		<b>7,919,000</b>	<b>7,919,000</b>
<b>Neighborhood Security Act Bond Fund Total</b>		<b>7,919,000</b>	<b>7,919,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM</b>			
<b>Services for Redevelopment Capital Projects Fund (450)</b>			
<b>Clean-Ups</b>			
	<p><b>CDBG Funded Streetlights SNI Project/Beginning Fund Balance:</b> Establishes an appropriation to the Department of Public Works for the CDBG Funded Streetlights SNI project (PSM# 537) for lighting upgrades in the Tully/Senter, Gateway East and Edenvale/Great Oaks SNI Redevelopment project area, Council Districts 2, 5, 7.</p>	50,000	50,000
	<p><b>Coyote Creek Trail - Railway Trestle Plat Map and Description/Beginning Fund Balance:</b> Establishes an appropriation to the Department of Parks, Recreation, and Neighborhood Services for the Coyote Creek Trail - Railway Trestle Plat Map and Description project (PSM# 538) for the preparation of the plat map and trail description needed to negotiate the purchase of property associated with the future Coyote Creek Trail Project in the Spartan Keyes SNI Redevelopment project area, Council Districts 3, 7.</p>	15,245	15,245
	<p><b>Delmas Park Housing Rehabilitation Project/Beginning Fund Balance:</b> Establishes an appropriation to the Housing Department for the Delmas Park Housing Rehabilitation project (PSM# 535) for a grant program to improve low-income single-family household exteriors in the Delmas Park SNI Redevelopment project area, Council District 3.</p>	200,000	200,000

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM</b>			
<b>Services for Redevelopment Capital Projects Fund (450) (Cont'd.)</b>			
<b>Clean-Ups (Cont'd.)</b>			
	<p><b>Kingman Ave &amp; Leigh Ave, San Antonio Ave &amp; Scharff Ave Traffic Signal Installation/Beginning Fund Balance:</b> Increases the appropriation to the Department of Public Works for the Kingman Ave &amp; Leigh Ave, San Antonio Ave &amp; Scharff Ave Traffic Signal Installation project (PSM# 497 Amendment 3) to cover the additional amount required to cover the cost of the awarded bid and cover additional scope design services for traffic signal installation in the Burbank/Del Monte SNI Redevelopment project area, Council District 6.</p>	31,180	31,180
	<p><b>Phase I Circle of Palms Plaza Lighting Enhancement Project/Beginning Fund Balance:</b> Increase the appropriation to the Department of Transportation for the Phase I Circle of Palms Plaza Lighting Enhancement Project (PSM# 539) to fund the removal of existing, nonfunctional up-lights and the installation of new custom fabricated light fixtures on all palm trees at the Circle of Palms Plaza in the merged project area, Council District 3.</p>	30,711	30,711
<b>Clean-Ups Subtotal</b>		<b>327,136</b>	<b>327,136</b>
<b>Rebudgets</b>	Beginning Fund Balance Adjustment: Rebudgets		3,012,522
	Additional Contingency Services	18,000	
	Alma Storm Drain Improvement	2,058	
	Ann Darling Drive Improvement	170,000	
	Backesto Park Perimeter Pedestrian St. Lighting	2,098	
	Bellevue Park	3,530	
	Blackford Streetlights	3,003	
	Capitol Park Neighborhood Center	1,942	
	CDBG Funded ADA Accessibility Ramp Construction Project	40,000	
	CEQA Clearance	15,000	

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM</b>			
<b>Services for Redevelopment Capital Projects Fund (450) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Christmas in the Park Exhibits	79,500	
	Community Park-Floyd and Locust Streets	16,180	
	Department of Public Works Real Estate Division - Third Party Services	33,000	
	Department of Public Works Real Estate Services	65,000	
	Department of Public Works Real Estate Services - Alma Ave. Acquisition	15,000	
	Downtown Extended Hours Pilot Program	30,000	
	Downtown Seasonal Banners	60,000	
	Downtown Street Lighting Improvements	30,295	
	Eden Avenue Streetscape Improvement	60,000	
	Edenvale Community Center Public Art	37,000	
	G-79 Sidewalk Installation in Low-Income SNI Areas Project	35,000	
	Hanchett Pillar Project	67,000	
	Harliss Ave Street Lighting	9,228	
	Japantown Street Decorative Lighting	65,000	
	Joint Library Public Art	161	
	Julian & St James St Ph. 1B Couplet Conversion	200,000	
	Keyes St/Greater Gardner Pedestrian Streetlight	9,000	
	Kingman Ave & Leigh Ave, San Antonio Ave & Scharff Ave Traffic Signal Installation	215,000	
	Market & Almaden Pedestrian Lighting	1,327	
	Mayfair Community Center - Satellite	47,000	
	Monterey Corridor Median Improvement	7,324	
	NBD's Banner Program	25,000	
	Non-Project Specific DPW Services project	16,335	
	North San José Rincon Storm System Improvements-Phase II	1,162	
	North San José Transportation Infrastructure	300,000	

CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM</b>			
<b>Services for Redevelopment Capital Projects Fund (450) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Pala Youth Center Public Art	2,175	
	Park Avenue Streetscape Improvement	3,249	
	Paseo Plaza Public Art	14,709	
	Rincon Pump Station	1,974	
	San Antonio Ave Traffic Signal Modification	365,000	
	Sanitary Sewer Improvements Phase II Project	350,000	
	Sidewalk Café Permits Processing Project	50,000	
	Starbird Youth Center Public Art	37,600	
	13th Street SNI Pedestrian Street Light Improvement Project	1,147	
	Traffic Calming Improvements	11,234	
	Traffic Calming Improvements - Gateway East SNI #8	136,000	
	TRAIL: Coyote Creek	161,204	
	Transit Mall Pedestrian Lighting Improvements Project Phase 2 & 3	75,000	
	24th Street Pedestrian Street Light Project	90,000	
	University Neighborhood Phase 2 Pedestrian Streetlight	5,000	
	West San Carlos Median Uplight	25,428	
	West San Carlos Street Improvement	2,659	
	<b>Rebudgets Subtotal</b>	<b>3,012,522</b>	<b>3,012,522</b>
	<b>Services for Redevelopment Capital Projects Fund Total</b>	<b>3,339,658</b>	<b>3,339,658</b>
	<b>REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM TOTAL</b>	<b>3,339,658</b>	<b>3,339,658</b>

## CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>SANITARY SEWER SYSTEM CAPITAL PROGRAM</b>			
<b>Sanitary Sewer Connection Fee Fund (540)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		10,536,000
	Alum Rock Avenue Sanitary Sewer Rehabilitation	50,000	
	Edenvale Sanitary Sewer Supplement, Phases VA and VB	8,000,000	
	Miscellaneous Projects	500,000	
	Miscellaneous Rehabilitation Projects	2,000,000	
	Willow Glen Sanitary Sewer Rehabilitation	(14,000)	
<b>Rebudgets Subtotal</b>		<b>10,536,000</b>	<b>10,536,000</b>
<b>Sanitary Sewer Connection Fee Fund Total</b>		<b>10,536,000</b>	<b>10,536,000</b>
<b>Sewer Service and Use Charge Capital Improvement Fund (545)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		14,194,000
	84" RCP Interceptor, Phases VB & VIB	300,000	
	Edenvale Sanitary Sewer Supplement, Phases VA and VB	9,051,000	
	Flow Monitoring Program (Master Planning)	100,000	
	Geographic Information System (GIS)	29,000	
	Hydrogen Peroxide Injection Station	110,000	
	Inflow and Infiltration Reduction	2,000,000	
	Miscellaneous Projects (various City-wide sewer infrastructure improvements)	200,000	
	Public Art	71,000	
	Union/Almaden Oak Sanitary Sewer Rehabilitation	1,313,000	
	Willow Glen Sanitary Sewer Rehabilitation	950,000	
	Willow-Union Trunk Sewer	70,000	
<b>Rebudgets Subtotal</b>		<b>14,194,000</b>	<b>14,194,000</b>
<b>Sewer Service and Use Charge Capital Improvement Fund Total</b>		<b>14,194,000</b>	<b>14,194,000</b>
<b>SANITARY SEWER SYSTEM CAPITAL PROGRAM TOTAL</b>		<b>24,730,000</b>	<b>24,730,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>SERVICE YARDS CAPITAL PROGRAM</b>			
<b>Service Yards Construction and Conveyance Tax Fund (395)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		474,000
	Central Service Yard Phase II	465,000	
	Underground Fuel Tank Renovation/Replacement	9,000	
<b>Rebudgets Subtotal</b>		<b>474,000</b>	<b>474,000</b>
<b>Service Yards Construction and Conveyance Fund Total</b>		<b>474,000</b>	<b>474,000</b>
<b>SERVICE YARDS CAPITAL PROGRAM TOTAL</b>		<b>474,000</b>	<b>474,000</b>
<b>STORM SEWER SYSTEM CAPITAL PROGRAM</b>			
<b>Storm Sewer Capital Fund (469)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		872,000
	Alviso Storm Rehabilitation	135,000	
	Chateau Drive Storm Drain Improvement, Phase II	60,000	
	Minor Neighborhood Storm Drain Improvements	180,000	
	Outfall Rehabilitation - Capital	8,000	
	Public Art	41,000	
	Storm Drainage Improvements - Special Corridors	63,000	
	Storm Pump Station Rehab and Replacement	385,000	
<b>Rebudgets Subtotal</b>		<b>872,000</b>	<b>872,000</b>
<b>Storm Sewer Capital Fund Total</b>		<b>872,000</b>	<b>872,000</b>
<b>STORM SEWER SYSTEM CAPITAL PROGRAM TOTAL</b>		<b>872,000</b>	<b>872,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>TRAFFIC CAPITAL PROGRAM</b>			
<b>Building and Structure Construction Tax Fund (429)</b> <b>Clean-Ups</b>	<b>ITS: Light Rail Controller Upgrade Phase II:</b> Establishes the ITS: Light Rail Controller Upgrade Phase II project and recognizes \$370,000 in grant funding for the second phase of the Light Rail Transit (LRT) Controller Upgrade project. This project would replace 53 traffic signal controllers along the Guadalupe and Vasona LRT corridors to enable better signal synchronization.	420,000	370,000
	<b>Public Art:</b> Decreases the Public Art allocation due to the additional exclusion of Traffic Capital projects that were exempt from public art but were inadvertently included in the 2008-2009 Proposed Capital Budget. A decrease in the out-years for Public Art funding is also recommended for the following years: 2009-2010 (\$96,000), 2010-2011 (\$42,000), 2011-2012 (\$18,000), and 2012-2013 (\$18,000). Corresponding increases to the Ending Fund Balance in each year are recommended to offset these actions.	(36,000)	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to offset the recommended changes above.	(14,000)	
<b>Clean-Ups Subtotal</b> <b>Rebudgets</b>		<b>370,000</b>	<b>370,000</b>
	Beginning Fund Balance Adjustment: Rebudgets		2,614,000
	Autumn Street Corridor Planning	50,000	
	Curtner Avenue Widening	640,000	
	ITS: Stevens Creek - West	525,000	
	Oakland Road: Route 101 to Montague	60,000	
	Public Art	217,000	
	Route 880/Coleman Interchange Landscape Project	4,000	
	Seismic Bridge Retrofit - Southwest Expressway	510,000	
	Taylor Street: First to Coleman	70,000	

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>TRAFFIC CAPITAL PROGRAM (CONT'D.)</b>			
<b>Building and Structure Construction Tax Fund (429) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Traffic Signals - Flow Management	240,000	
	Underground Utilities - Special Facilities	25,000	
	Union Avenue at Ross Creek	55,000	
	Willow Glen Way: Guadalupe River Bridge	218,000	
<b>Rebudgets Subtotal</b>		<b>2,614,000</b>	<b>2,614,000</b>
<b>Building and Structure Construction Tax Fund Total</b>		<b>2,984,000</b>	<b>2,984,000</b>
<b>Construction Excise Tax Fund (465)</b>			
<b>Clean-Ups</b>			
	<b>Public Art:</b> Decreases the Public Art allocation due to the additional exclusion of Traffic Capital projects that were exempt from public art but were inadvertently included in the 2008-2009 Proposed Capital Budget. A decrease in the out-years for Public Art funding is also recommended for the following years: 2009-2010 (\$15,000), 2010-2011 (\$15,000), 2011-2012 (\$14,000), and 2012-2013 (\$13,000). Corresponding increases to the Ending Fund Balance in each year are recommended to offset these actions.	(15,000)	
	<b>Transportation Needs Master Plan:</b> Increases the Transportation Needs Master Plan to provide support for the the technical work necessary for potentially forming a Landscape and Lighting District.	28,000	
	<b>Ending Fund Balance:</b> Decreases the Ending Fund Balance to offset the recommended changes above.	(13,000)	
<b>Clean-Ups Subtotal</b>		<b>0</b>	<b>0</b>
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		16,369,000
	CFD #13 Feasibility Study Project	17,000	
	Federal Pavement Maintenance	6,000,000	

## CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>TRAFFIC CAPITAL PROGRAM (CONT'D.)</b>			
<b>Construction Excise Tax Fund (465) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Ortho Photo Project	83,000	
	Prop 1B - Pavement Maintenance	9,000,000	
	Prop 1B - Route 101/Tully Interchange Upgrade	4,000,000	4,000,000
	Public Art	52,000	
	Traffic Congestion Relief Program Payback - Pavement Maintenance	1,000,000	
	Traffic Signals - Developer Assisted	55,000	
	Transportation Needs Master Plan	22,000	
	Vendome Area and 7th Street Traffic Calming	140,000	
<b>Rebudgets Subtotal</b>		<b>20,369,000</b>	<b>20,369,000</b>
<b>Construction Excise Tax Fund Total</b>		<b>20,369,000</b>	<b>20,369,000</b>
<b>TRAFFIC CAPITAL PROGRAM TOTAL</b>		<b>23,353,000</b>	<b>23,353,000</b>
<b>WATER POLLUTION CONTROL CAPITAL PROGRAM</b>			
<b>San Jose-Santa Clara Treatment Plant Capital Fund (512)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		16,382,000
	Alternative Disinfection	800,000	
	Digester Gas Line Replacement	1,100,000	
	Digester Rehabilitation	6,600,000	
	Equipment Replacement	2,230,000	
	Plant Electrical Reliability	2,134,000	
	Plant Infrastructure Improvements	2,839,000	
	Public Art	102,000	
	WPCP Reliability Improvements	577,000	
<b>Rebudgets Subtotal</b>		<b>16,382,000</b>	<b>16,382,000</b>
<b>San Jose-Santa Clara Treatment Plant Capital Fund Total</b>		<b>16,382,000</b>	<b>16,382,000</b>
<b>WATER POLLUTION CONTROL CAPITAL PROGRAM TOTAL</b>		<b>16,382,000</b>	<b>16,382,000</b>

CAPITAL FUNDS

Fund	Appropriation	2008-2009 Use	2008-2009 Source
<b>WATER UTILITY SYSTEM CAPITAL PROGRAM</b>			
<b>Water Utility Capital Fund (500)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		371,000
	Norwood Pump Station Replacement	100,000	
	Public Art	6,000	
	Security Improvements	190,000	
	Water Valve Rehabilitation	75,000	
<b>Rebudgets Subtotal</b>		<b>371,000</b>	<b>371,000</b>
<b>Water Utility Capital Fund Total</b>		<b>371,000</b>	<b>371,000</b>
<b>WATER UTILITY SYSTEM CAPITAL PROGRAM TOTAL</b>		<b>371,000</b>	<b>371,000</b>

## DEPARTMENTAL FEES AND CHARGES

## POLICE

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>PUBLIC SAFETY PERMITS - CATEGORY I</b>								
<b>5. Concealable Firearms</b>								
3 Concealable Firearms - Dealer Initial Application	\$400 per permit + any fee charged by the State Department of Justice		\$440 per permit + any fee charged by the State Department of Justice					
<b>Sub-total Concealable Firearms</b>		<b>100.0%</b>		<b>3,570</b>	<b>2,800</b>	<b>3,080</b>	<b>78.4%</b>	<b>86.3%</b>
<b>6. Disturbance</b>								
1 Disturbance Fee	Actual cost of response		No Change					
<b>Sub-total Disturbance</b>				<b>900</b>	<b>900</b>	<b>900</b>	<b>100.0%</b>	<b>100.0%</b>
<b>7. Event Promoter Permit</b>								
1 Event Promoter Permit			\$986 per two years					
<b>Sub-total Event Promoter Permit</b>								
<b>8. Flower Vendor</b>								
1 Flower Vendor Permit	\$281 initial permit		\$309 initial permit					
2 Flower Vendor Permit Renewal	\$216 annually		\$207 initial permit					
3 Issue Identification (ID) Card	\$41 annually		No Change					
4 Location Transfer	\$221 per transfer		\$212 per transfer					
<b>Sub-total Flower Vendor</b>		<b>100.0%</b>		<b>966</b>	<b>800</b>	<b>823</b>	<b>82.8%</b>	<b>85.2%</b>
<b>9. Funeral Escort</b>								
1 Operator Permit - Initial	\$365 initial permit		\$359 initial permit					
2 Operator Permit - Renewal	\$139 annual renewal		\$137 annual renewal					
3 Vehicle Inspection Permit	\$70 annually		\$69 annually					
<b>Sub-total Funeral Escort</b>								
<b>10. Gaming Permit Registration - Non-Profit Fundraisers</b>								

**DEPARTMENTAL FEES AND CHARGES**

**POLICE**

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>PUBLIC SAFETY PERMITS - CATEGORY I</b>								
<b>10. Gaming Permit Registration - Non-Profit Fundraisers</b>								
1 Gaming Permit Registration - Non-Profit Fundraisers			\$497 per event					
<b>Sub-total Gaming Permit Registration - Non-Profit Fundraisers</b>								
<b>11. Ice Cream Vendor</b>								
1 Ice Cream Business - New Permit	\$209 per permit + fingerprint fees		\$206 per permit + fingerprint fees					
2 Ice Cream Business - Renewal Fee	\$152 annual renewal		\$151 annual renewal					
3 Ice Cream Employee License - New Permit	\$209 per permit + fingerprint fees		\$206 per permit + fingerprint fees					
4 Ice Cream Employee License - Renewal Fee	\$152 annual renewal		\$151 annual renewal					
5 Ice Cream Truck Inspection	\$83 per 2 years		\$82 per 2 years					
<b>Sub-total Ice Cream Vendor</b>		<b>100.0%</b>		<b>12,851</b>	<b>13,000</b>	<b>12,851</b>	<b>101.2%</b>	<b>100.0%</b>
<b>12. Massage Parlors</b>								
Note: Costs shown exclude investigative time.								
1 Massage Business Permit	\$1,447 biennial		\$1,405 biennial					
2 Massage Therapist ID Card	\$41 per year		No Change					
3 Massage Therapy License	\$181 per year		\$178 per year					
4 Ownership/Management License	\$265 per 2 years		\$261 per 2 years					
<b>Sub-total Massage Parlors</b>		<b>100.0%</b>		<b>108,370</b>	<b>110,000</b>	<b>108,370</b>	<b>101.5%</b>	<b>100.0%</b>
<b>13. Other Miscellaneous Permits/Fees</b>								

**THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE**

**MEMORANDUM**

<b>KENN LEE</b> <b>CAPITAL BUDGET COORDINATOR</b>	<b>JENNIFER KIM LUC</b> <b>DEVELOPMENT SPECIALIST</b>
<b>SEE BELOW</b>	<b>March 20, 2008</b>

**SUBJECT: DETERMINATIONS REGARDING FUNDS TRANSFERRED TO THE CITY FOR PUBLIC IMPROVEMENT PROJECT**

The Agency has transferred \$50,000 to the Department of Public Works for lighting upgrades in the Tully/Senter, Gateway East and Edenvale/Great Oaks neighborhoods of the Strong Neighborhoods Initiative Redevelopment Project Areas.

Before these funds can be spent by the City, the City Council must make certain determinations under Redevelopment Law, H & S Code Section 33445, regarding the benefit to the project areas. The required findings are as follows:

1. The project includes the engineering and inspection services of lighting upgrades in the Tully/Senter, Gateway East and Edenvale/Great Oaks neighborhoods. All work is within the Strong Neighborhoods Initiative Redevelopment Project Area and will benefit the neighborhoods by making it more desirable to visit and live.
2. The San Jose Redevelopment Agency is providing \$50,000 in matching funds. This project is not currently included in the City's Capital Budget and there are no other reasonable means of fully financing this project.
3. This project will create an inviting pedestrian environment and upgrade the area's appearance to assist in eliminating blight.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area calls for the creation of attractive streets and public spaces which includes lighting upgrades.

**CDBG STREET LIGHTS SNI PROJECT**

Page 2  
May 09, 2008

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.

JENNIFER KIM LUC  
Development Specialist

Attachment

cc: David Baum  
Abraham M. Andrade, Jr.  
Patty Deignan

**THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE**

**MEMORANDUM**

<b>TO: KENN LEE CAPITAL BUDGET COORDINATOR</b>	<b>FROM: ANNA L. LE DEVELOPMENT OFFICER</b>
<b>SUBJECT: SEE BELOW</b>	<b>DATE: May 9, 2008</b>

**SUBJECT: DETERMINATIONS REGARDING FUNDS TRANSFERRED TO  
THE CITY FOR THE COYOTE CREEK TRAIL – RAILWAY  
TRESTLE PLAT MAP AND DESCRIPTION PROJECT**

The Redevelopment Agency has transferred \$15,245 to the Department of Parks, Recreation and Neighborhood Services (PRNS) for the Coyote Creek Train – Railway Trestle Plat Map and Description Project in the Spartan Keyes Strong Neighborhoods Initiative Redevelopment Project Area.

Section 33445 of the Redevelopment Law requires the City Council to make certain determinations with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

1. This project will prepare the Plat Map and Trail Description needed to negotiate the purchase of property associated with the future Coyote Creek Trail Project in the Spartan Keyes Strong Neighborhoods Initiative Project Area. All work is within the Strong Neighborhoods Initiative Redevelopment Project Area.
2. This project is not currently included in the City's Capital Budget.
3. This project will help eliminate blight by taking the first step toward trail development and bringing much needed open space to the Story Road Landfill area.

Page 2  
May 9, 2008

4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area includes the development and increase of open space.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.

*Anna L. Le*

Anna L. Le  
Development Officer

Attachment

cc: David Baum  
Patricia Deignan

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: KENN LEE CAPITAL BUDGET COORDINATOR	FROM: LISA MULVANY PROJECT MANAGER
SUBJECT: SEE BELOW	DATE: May 13, 2008
APPROVED: <i>WE</i>	DATE: <i>5/13/08</i>

SUBJECT: DETERMINATIONS REGARDING FUNDS TO BE  
TRANSFERRED TO THE CITY FOR PUBLIC  
IMPROVEMENT PROJECT

Funds were placed in the Redevelopment Agency's adopted FY07-08 for the First Act Small Wonders Projects. Included in the First Act Small Wonders Projects is the Circle of Palms Plaza Project.

The Agency is processing a PSM in the amount of \$30,711.00 to fund Department of Transportation for the Phase I Circle of Palms Lighting Enhancement Project which is located in the Circle of Palms Plaza in downtown San Jose. Upon execution of the PSM the Agency will be transferring \$30,711.00 to the Department of Transportation.

The Phase I Circle of Palms Plaza Lighting Enhancement Project will provide for 1) the removal of the existing old up-lights at the thirty-two palm trees at the Circle of Palms, which no longer work; 2) the removal of the existing white lights on the palm tree trunks at the Circle of Palms; and 3) the installation of twenty-four new custom fabricated light fixtures on twenty-four of the palm trees at the Circle of Palms Plaza. The new light fixtures will be installed on all of the palm trees at the outer ring of the circle of palms and on every other palm tree on the inner ring of palms. These new lights will provide illumination of the palms and plaza at night and provide for a more pedestrian friendly, safe environment.

Under Redevelopment Law, Section 33445 of Health and Safety Code requires the City Council to adopt a resolution making certain determinations with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

**DETERMINATIONS REGARDING FUNDS TO  
BE TRANSFERRED TO THE CITY FOR PUBLIC  
IMPROVEMENT PROJECT**

- 1.) All work is within and will benefit the San Antonio Redevelopment Project Area.
- 2.) This Project is not currently included in the City's Capital Budget and there are no reasonable means of financing the project.
- 3.) The Phase I Circle of Palms Plaza Lighting Enhancement Project will eliminate blight in the San Antonio Redevelopment Project Area by enhancing the appearance of the Circle of Palms and by creating a safer environment which will attract more visitors to this centrally located public plaza.
- 4.) In the Redevelopment Agency's Adopted Five-Year Implementation Plan for the period of 2005 – 2009, one of the goals for the Downtown Redevelopment Areas is to "Establish the Downtown as the 24-hour center of urban life and activity"; and its objectives are to use public investment in land, infrastructure and public-use space to attract and stimulate private investment; and to continue design and construction of Downtown infrastructure. Another goal is to "Provide infrastructure to support private development". An objective is to implement the Downtown Streetscape and Street and Pedestrian Lighting Master Plans. This project is consistent with the goals contain in the Implementation Plan.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.



Lisa Mulvany  
Project Manager

COUNCIL AGENDA: 06-24-08

ITEM: 3.7

MANAGER'S BUDGET ADDENDUM: #42



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** ADOPTION OF THE 2008-2009  
OPERATING AND CAPITAL  
BUDGETS

**DATE:** June 20, 2008

Approved

*Christine J. Shipper*

Date

*6/20/08*

On Tuesday, June 24 2008, the City Council is scheduled to adopt an Appropriation Ordinance and Funding Sources Resolution establishing the 2008-2009 Operating and Capital Budgets. The ordinance and resolution have been prepared based on the amounts included in the 2008-2009 Proposed Budget, except where amended by the *Mayor's June Budget Message for Fiscal Year 2008-2009* memorandum that was approved, with modifications, by the City Council on June 17, 2008.

To verify and document changes to the Proposed Budget that have been incorporated in the ordinance and resolution, the attached set of revised Source and Use Statements has been prepared for all funds where revisions to the published 2008-2009 Proposed Operating and Capital Budgets were approved.

JENNIFER A. MAGUIRE

Acting Budget Director

**2008-2009**  
**Revised Source and Use of Funds Statements**

<u>Fund</u>	<u>Fund Name</u>	<u>Page</u>
<b><u>OPERATING FUNDS</u></b>		
001	General Fund	6-17
139	Gift Trust Fund	18
154	Emergency Communication System Support Fee	19
210	City Hall Debt Service Fund	20
290	Workforce Investment Act Fund	21
301	San José Arena Enhancement Fund	22
302	Downtown Property and Business Improvement District Fund	23
352	Maintenance District #1 (Los Paseos) Fund	24
357	Maintenance District #5 (Orchard Pkwy.-Plumeria Dr.) Fund	25
362	Maintenance District #9 (Santa Teresa-Great Oaks) Fund	26
414	Supplemental Law Enforcement Services (SLES) Fund	27
417	State Drug Forfeiture Fund	28
418	Library Parcel Tax Fund	29
423	Integrated Waste Management Fund	30
426	Anti-Tobacco Master Settlement Agreement Revenue Fund	31
440	Housing Trust Fund	32
441	Community Development Block Grant Fund	33
443	Low and Moderate Income Housing Fund	34
445	Home Investment Partnership Fund	35
446	Storm Sewer Operating Fund	36
448	Multi-Source Housing Fund	37
461	Transient Occupancy Tax Fund	38
474	Edward Byrne Memorial Justice Assistance Grant Trust Fund	39
513	San José/Santa Clara Treatment Plant Operating Fund	40
515	Water Utility Fund	41
523	Airport Maintenance and Operation Fund	42
533	General Purpose Parking Fund	43
541	Sewer Service and Use Charge Fund	44
<b><u>CAPITAL FUNDS</u></b>		
131	Emma Prusch Fund	45
375	Subdivision Park Trust Fund	46-48
377	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 1	49
378	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 2	50
380	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 3	51
381	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 4	52
382	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 5	53
384	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 6	54
385	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 7	55
386	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 8	56

**2008-2009**  
**Revised Source and Use of Funds Statements**  
**(Cont'd.)**

Fund	Fund Name	Page
<b><u>CAPITAL FUNDS (CONT'D.)</u></b>		
388	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 9	57
389	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 10	58
390	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Central Fund	59
391	Construction Tax & Property Conveyance Tax Fund: City-wide Parks Purposes	60-61
392	Construction Tax & Property Conveyance Tax Fund: Fire Protection Purposes	62
393	Construction Tax & Property Conveyance Tax Fund: Library Purposes	63
395	Construction Tax & Property Conveyance Tax Fund: Service Yards Purposes	64
397	Construction Tax & Property Conveyance Tax Fund: Communications Purposes	65
398	Construction Tax & Property Conveyance Tax Fund: Parks Maintenance Yards Purposes	66
425	Civic Center Construction Fund	67
429	Building and Structure Construction Tax Fund	68
433	Civic Center Parking Fund	69
450	Redevelopment Capital Projects Fund	70-71
460	Interim City Facilities Improvement Fund	72
462	Lake Cunningham Fund	73
465	Construction Excise Tax Fund	74
469	Storm Sewer Capital Fund	75
471	Parks and Recreation Bond Projects Fund	76
472	Branch Libraries Bond Projects Fund	77
473	Civic Center Improvement Fund	78
475	Neighborhood Security Bond Fund	79
500	Water Utility Capital Fund	80
512	San José/Santa Clara Treatment Plant Capital Fund	81
520	Airport Capital Improvement Fund	82
526	Airport Revenue Bond Improvement Fund	83
527	Airport Renewal and Replacement Fund	84-85
529	Airport Passenger Facility Charge Fund	86
540	Sanitary Sewer Connection Fee Fund	87
545	Sewer Service and Use Charge Capital Improvement Fund	88
546	Parking Capital Development Fund	89

**2008-2009**  
**Revised Source and Use of Funds Statements**  
**(Alphabetical Listing)**

<u>Fund No.</u>	<u>Fund Name</u>	<u>Page</u>
520	Airport Capital Improvement Fund	82
523	Airport Maintenance and Operation Fund	42
529	Airport Passenger Facility Charge Fund	86
527	Airport Renewal and Replacement Fund	84-85
526	Airport Revenue Bond Improvement Fund	83
426	Anti-Tobacco Master Settlement Agreement Revenue Fund	31
472	Branch Libraries Bond Projects Fund	77
429	Building and Structure Construction Tax Fund	68
210	City Hall Debt Service Fund	20
425	Civic Center Construction Fund	67
473	Civic Center Improvement Fund	78
433	Civic Center Parking Fund	69
441	Community Development Block Grant Fund	33
465	Construction Excise Tax Fund	74
391	Construction Tax & Property Conveyance Tax Fund: City-wide Parks Purposes	60-61
397	Construction Tax & Property Conveyance Tax Fund: Communications Purposes	65
392	Construction Tax & Property Conveyance Tax Fund: Fire Protection Purposes	62
393	Construction Tax & Property Conveyance Tax Fund: Library Purposes	63
398	Construction Tax & Property Conveyance Tax Fund: Parks Maintenance Yards Purposes	66
390	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Central Fund	59
377	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 1	49
378	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 2	50
380	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 3	51
381	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 4	52
382	Construction Tax & Property Conveyance Tax Fund: Parks Purposes Council District 5	53
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302	Downtown Property and Business Improvement District Fund	23

**2008-2009**  
**Revised Source and Use of Funds Statements**  
**(Alphabetical Listing)**  
**(Cont'd.)**

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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

		<b>CHANGES</b>	<b>TOTALS</b>
<b>Total Source of Funds Per Proposed Budget (Page III-1)</b>		<b>\$</b>	<b>913,806,440</b>
<b>Source of Funds Incremental Change</b>			
<b>Fund Balance</b>			
Carryover: Rebudgets	MBA 41	\$ 66,882,375	
Carryover: Unexpended Earmarked Reserves	MBA 41	59,682,501	
Carryover: Rebudgets	Mayor Msg	1,921,170	
Carryover: Council General Savings	Mayor Msg	300,000	
Carryover: City-Wide Downtown Soft Close Pilot Program	Mayor Msg	107,000	
Carryover: Independent Police Auditor	Council Rev*	32,500	<b>128,925,546</b>
<b>Property Tax</b>			
Increase Secured Property Tax revenue estimate based on updated information from the County of Santa Clara	MBA 34	875,000	<b>875,000</b>
<b>Licenses and Permits</b>			
Increase in Police Public Entertainment Permit revenue	MBA 31	81,411	
Increase in the Cardroom Table Fee	MBA 32	247,750	<b>329,161</b>
<b>Revenue from Local Agencies</b>			
Rebudget: State Homeland Security Grant	MBA 41	47,401	
Rebudget: Therapeutic Svcs-San Andreas Regional Ctr Grnt	MBA 41	13,709	
Rebudget: PG& E Energy Watch Grant	MBA 41	20,000	
Rebudget: Silicon Valley Energy Partnership Grant	MBA 41	22,000	
Technical Adj: Bay Area SUASI-TEWG	MBA 41	196,073	
Technical Adj: RDA Reimb. for Arena Employee Parking	MBA 41	(150,000)	
Technical Adj: Santa Clara County-SUASI Bomb Tech Training	MBA 41	22,000	<b>171,183</b>
<b>Revenue from the State of California</b>			
Rebudget: Internet Crimes Against Children Task Force	MBA 41	250,000	
Rebudget: OTS Safety Checkpoint Mini-Grant	MBA 41	43,310	
Rebudget: San José After School Dist Contracts-Year 2	MBA 41	65,000	<b>358,310</b>
<b>Revenue from the Federal Government</b>			
Rebudget: 2006 Bureau of Justice Grant-Gang Intervention/Prevention	MBA 41	264,796	
Rebudget: 2006 Super UASI-OES	MBA 41	652,487	
Rebudget: 2007 Super UASI-OES	MBA 41	833,229	
Rebudget: 2007 Super UASI-Police	MBA 41	1,199,665	
Rebudget: 2007 Emergency Management Performance Grant	MBA 41	130,731	
Rebudget: Comp. Approaches to Sex Offender Mgmt.	MBA 41	152,928	
Rebudget: COPS 2003-2004 Interoperable Commun. Grant	MBA 41	41,749	
Rebudget: Internet Crimes Against Children Grant	MBA 41	8,597	
Rebudget: Juvenile Justice & Delinquency Prevention Grant	MBA 41	30,617	
Rebudget: Weed and Seed	MBA 41	55,794	
Rebudget: Weed and Seed-East San José	MBA 41	105,658	
Rebudget: Human Trafficking Prevention Grant	MBA 41	39,102	
Technical Adj: FBI - Silicon Valley Computer Forensic Lab	MBA 41	15,854	
Technical Adj: Weed And Seed-Burbank Neighborhood	MBA 41	21,875	<b>3,553,082</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

<b>Source of Funds Incremental Change (Cont'd.)</b>	<b>CHANGES</b>	<b>TOTALS</b>
<b>Other Revenue</b>		
Rebudget: Hazardous Materials Consent Judgment	MBA 41	71,000
Rebudget: Public Art in Private Development	MBA 41	136,000
Technical Adj: PG&E Energy Watch Program	MBA 41	188,560
Sale of Surplus Property-450 Park Avenue	Mayor Msg	450,000
		<b>845,560</b>
<b>Transfers and Reimbursements</b>		
Transfer from the Emergency Communication System Support Fee Fund	MBA 33	920,000
Loss of Overhead from the Sewer Service and Use Charge Fund	MBA 35	(6,252)
		<b>913,748</b>
<b>Subtotal of Incremental Adjustments</b>		<b>\$ 135,971,590</b>
<b>REVISED TOTAL SOURCE OF FUNDS</b>		<b>\$ 1,049,778,030</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

		CHANGES	TOTALS
<b>Total Use of Funds Per Proposed Budget (Page III-4)</b>		<b>\$</b>	<b>913,806,440</b>
<b>Use of Funds Incremental Change</b>			
<b>City Attorney</b>			
Eliminate 1.0 Chief Deputy City Attorney; freeze 1.0 Senior Deputy City Attorney through June 30, 2009; restore 1.0 Senior Deputy City Attorney, and 2.0 Deputy City Attorney positions; reduce Personal Services by \$29,200; and increase Non-Personal Services/Equipment by \$22,948	MBA 35	(6,252)	
Rebudget: Non-Personal/Equipment - Legal Services for Pension Obligation Bonds	MBA 41	200,000	<b>193,748</b>
<b>City Auditor</b>			
Rebudget: Non-Personal/Equipment - Financial Audits Contractual Services	MBA 41	65,200	<b>65,200</b>
<b>City Clerk</b>			
Rebudget: Non-Personal/Equipment - Elections (Ballot Measures delayed until November)	MBA 41	1,155,000	
Rebudget: Non-Personal/Equipment - Sunshine Reforms and Electronic Content Management Systems	MBA 41	55,000	
Reinstate 1.0 Administrative Manager through 6-30-2009 and add Personal Services funding of \$136,049	Mayor Msg	136,049	<b>1,346,049</b>
<b>City Manager's Office</b>			
Rebudget: Non-Personal/Equipment - Employee and Labor Relations Consulting	MBA 41	150,000	<b>150,000</b>
<b>Economic Development</b>			
Rebudget: Non-Personal/Equipment - Festival Grant Program	MBA 41	29,669	
Technical Adj: Non-Personal/Equipment - Reallocate funding from OED to City-Wide for Small Business Chambers	MBA 41	(19,000)	
Eliminate 1.0 Economic Development Officer and \$118,430 in Personal Services funding. Merge the Industrial Development and Retail Strategy support into remaining position with ongoing funding. Change the Downtown Coordinator position from ongoing to one-time.	Mayor Msg	(118,430)	<b>(107,761)</b>
<b>Environmental Services</b>			
Rebudget: Personal Services - Energy Watch Grant	MBA 41	10,000	
Rebudget: Non-Personal/Equipment - Energy Watch Grant	MBA 41	152,900	
Rebudget: Non-Personal/Equipment - Silicon Valley Energy Program Grant	MBA 41	22,000	
Rebudget: Non-Personal/Equipment - AAA Greenlight Initiative Grant	MBA 41	9,200	
Rebudget: Non-Personal/Equipment - Clean Cities Coalition Grant	MBA 41	9,942	
Technical Adj: Personal Services-Energy Watch Program	MBA 41	120,444	
Technical Adj: Non-Personal/Equip-Energy Watch Program	MBA 41	68,116	<b>392,602</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

<b>Use of Funds Incremental Change (Cont'd.)</b>		<b>CHANGES</b>	<b>TOTALS</b>
<b>Finance</b>			
Rebudget: Personal Services: Debt Management Program staff for financing strategies that generate savings	MBA 41	184,000	
Rebudget: Non-Personal/Equipment - Financial Advisor for pension obligation bonds	MBA 41	50,000	
Rebudget: Non-Personal/Equipment - City's Investment Program and Audit Statement Manuals	MBA 41	268,000	<b>502,000</b>
<b>Fire</b>			
Rebudget: Personal Services - Fire Fighter Recruit Academy	MBA 41	301,000	
Technical Adj: Personal Services-Increase to reflect higher City contribution rates for Police/Fire Retirement Plan	MBA 41	219,638	
			<b>520,638</b>
<b>Human Resources</b>			
Rebudget: Personal Services - City-Wide Testing	MBA 41	20,000	
Rebudget: Non-Personal/Equipment - Workforce Planning	MBA 41	73,207	
Technical Adj: Non-Personal/Equipment - Employee Wellness Program	MBA 41	84,576	<b>177,783</b>
<b>Independent Police Auditor</b>			
Rebudget: Non-Personal/Equipment - Student Guide printing	MBA 41	7,500	
Restore 1.0 Office Specialist II through December 2008 and add Personal Services funding of \$32,500	Council Rev*	32,500	<b>40,000</b>
<b>Information Technology</b>			
Rebudget: Non-Personal/Equipment - Increased data storage required to address Sunshine Reforms	MBA 41	325,000	
Rebudget: Non-Personal/Equipment - Web audit due to Sunshine Reforms technology requirements	MBA 41	250,000	
Rebudget: Non-Personal/Equipment - Contractual Services for Electronic Content Management	MBA 41	42,500	
Rebudget: Non-Personal/Equipment - Storage Area Network maintenance	MBA 41	221,283	<b>838,783</b>
<b>Library</b>			
Rebudget: Non-Personal/Equipment - Early Care Program	MBA 41	425,000	
Rebudget: Non-Personal/Equipment - Summer Reading Program	MBA 41	25,000	
Rebudget: Library Grants - Let's Talk About It and How I See It: My Place	MBA 41	3,000	
Tully Branch Library Sunday Hours - Add Personal Services funding of \$47,400, Non-Personal/Equipment funding of \$12,600, and .18 Librarian II Part-Time, .28 Library Clerk Part-Time, .37 Library Page Part-Time, and .18 Library Aide Part-Time for Sunday hours at the Tully Branch Library for 2008-2009. Funding for 2009-2010 is set aside in Reserve.	Mayor Msg	60,000	<b>513,000</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

	CHANGES	TOTALS
<b>Use of Funds Incremental Change (Cont'd.)</b>		
<b>Mayor and City Council</b>		
Rebudget: Mayor's Office	Mayor Msg 589,521	
Rebudget: Council General	Mayor Msg 389,894	
Rebudget: Council District 1	Mayor Msg 26,840	
Rebudget: Council District 2	Mayor Msg 177,105	
Rebudget: Council District 3	Mayor Msg 36,292	
Rebudget: Council District 4	Mayor Msg 111,293	
Rebudget: Council District 5	Mayor Msg 120,649	
Rebudget: Council District 6	Mayor Msg 68,262	
Rebudget: Council District 7	Mayor Msg 108,049	
Rebudget: Council District 8	Mayor Msg 37,245	
Rebudget: Council District 9	Mayor Msg 152,198	
Rebudget: Council District 10	Mayor Msg 103,822	
Technical Adj: Mayor's Office-Correct Budget Error	MBA 41 1,500	
Technical Adj: Council Districts - Correct Budget Error	MBA 41 6,000	<b>1,928,670</b>
<b>Parks, Recreation and Neighborhood Services</b>		
Technical Adj: Personal Services - Eliminate 1.0 Groundworker position and reduce Personal Services to reflect private maintenance of Santa Teresa Transit Village	MBA 41 (68,145)	
Technical Adj: Non-Personal/Equipment - Reduce Non-Personal/Equipment to reflect private maintenance of Santa Teresa Transit Village	MBA 41 (84,855)	
Rebudget: Personal Services - 2008 Summer Work Experience	MBA 41 188,000	<b>35,000</b>
<b>Planning, Building and Code Enforcement</b>		
Rebudget: Non-Personal/Equipment - Development Services	MBA 41 250,000	
Rebudget: Non-Personal/Equipment - Sign Code Update, Neighborhood Revitalization, and Code Enforcement Fee Funded Vehicles	MBA 41 315,000	
Add Code Enforcement Inspector - add 1.0 Code Enforcement Inspector position, \$97,500 in Personal Services and \$30,500 in Non-Personal/Equipment	Mayor Msg 128,000	<b>693,000</b>
<b>Police</b>		
Add 2.0 Senior Auditor positions and \$232,728 in Personal Services and \$15,022 in Non-Personal/Equipment in the Police Department Division of Gaming Control	MBA 32 247,750	
Rebudget: Personal Services - Recruit Academy	MBA 41 600,000	
Rebudget: Personal Services - Police Records Management Task Force	MBA 41 300,000	
Rebudget: Non-Personal/Equipment - Police Administration Building Improvements	MBA 41 400,000	
Rebudget: Non-Personal/Equipment - Child Interview Center	MBA 41 64,763	
Technical Adj: Personal Services-Increase to reflect higher City contribution rates for Police/Fire Retirement Plan	MBA 41 368,602	

**2008-2009  
REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

<b>Use of Funds Incremental Change (Cont'd.)</b>		<b>CHANGES</b>	<b>TOTALS</b>
<b>Police (Cont'd.)</b>			
Technical Adj: Personal Services-Add overtime funding for Weed and Seed activities in Burbank neighborhood (this was erroneously shown in the Fire Department in MBA 41)	MBA 41	21,875	
Technical Adj: Personal Services-Add overtime funding for the Silicon Valley Regional Computer Forensic Lab	MBA 41	15,854	
Technical Adj: Non-Personal/Equipment - SUASI funding from the County for supplies and materials for training for bomb technicians	MBA 41	22,000	
Add 10 Police Officer positions and corresponding increase to Personal Services of \$412,632 and Non-Personal/Equipment of \$249,233	Mayor Msg	661,865	
Restore Personal Services funding of \$300,151, Non-Personal/Equipment funding of \$12,945, 6.01 School Crossing Guard Part-Time positions, and 1.0 School Safety Coordinator position to maintain Crossing Guard services; Restore Middle School Crossing Guard Program proposed for elimination in 2009-2010.	Mayor Msg	313,096	
Restore one-time Personal Services funding of \$183,797 and Non-Personal/Equipment funding of \$1,230 and 4.0 Crime Prevention Specialist positions to maintain the Challenges and Choices Program	Mayor Msg	185,027	<b>3,200,832</b>
<b>Transportation</b>			
Technical Adj: Non-Personal/Equipment - Reduce funding for Arena employee parking that will be assumed by the Redevelopment Agency	MBA 41	(150,000)	<b>(150,000)</b>
<b>City-Wide</b>			
Technology Maintenance Backlog: Desktop Computer and Server Replacements	MBA 33	653,000	
Rebudget: 2000-2001 California Law Enforcement Equipment Program Grant	MBA 41	83,643	
Rebudget: 2001-2002 California Law Enforcement Equipment Program Grant	MBA 41	80,685	
Rebudget: 2002-2003 California Law Enforcement Equipment Program Grant	MBA 41	2,068	
Rebudget: 2005-2008 Human Trafficking Prevention Grant	MBA 41	39,102	
Rebudget: 2006 Bureau of Justice Grant	MBA 41	264,796	
Rebudget: 2006 Emergency Management Performance Grant	MBA 41	129,292	
Rebudget: 2007 Emergency Management Performance Grant	MBA 41	130,731	
Rebudget: 2007 Super UASI-Police	MBA 41	1,199,665	
Rebudget: 2007 Super UASI-OES	MBA 41	833,229	
Rebudget: Airport West Property Development	MBA 41	21,000	
Rebudget: Animal Care & Svcs Program Infrastructure Needs	MBA 41	508,547	
Rebudget: Annual Audit	MBA 41	200,000	

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

	CHANGES	TOTALS
<b>Use of Funds Incremental Change (Cont'd.)</b>		
<b>City-Wide (Cont'd.)</b>		
Rebudget: Annual City of San Jose Volunteer Recognition Celebration	MBA 41	10,000
Rebudget: Arena Community Fund	MBA 41	202,813
Rebudget: Arts Stabilization Flexible Fund	MBA 41	200,000
Rebudget: Arts Stabilization Loan Fund	MBA 41	1,707,412
Rebudget: Arts Venture Fund	MBA 41	100,000
Rebudget: Assistant City Clerk Recruitment	MBA 41	8,449
Rebudget: Automated Fingerprint Identification System Phase II	MBA 41	489,577
Rebudget: Automated Fingerprint Identification System Phase III	MBA 41	161,140
Rebudget: City Hall Exhibits Program	MBA 41	12,310
Rebudget: City Hall Lighting Plan (Savings in ZeroOne San José Festival Support)	MBA 41	100,000
Rebudget: City Hall Retail Space Build-Out	MBA 41	800,000
Rebudget: City Manager Special Projects	MBA 41	400,000
Rebudget: City Outreach and Education Efforts	MBA 41	175,600
Rebudget: City-Wide Broadband Network	MBA 41	50,000
Rebudget: Civil Service Commission	MBA 41	4,507
Rebudget: Community Action and Pride Grant Program	MBA 41	1,296,495
Rebudget: Comprehensive Approaches to Sex Offender Management	MBA 41	152,928
Rebudget: Comprehensive General Plan Update	MBA 41	1,310,000
Rebudget: Computer Systems Master Plan	MBA 41	119,144
Rebudget: Council Member Transition Funds	MBA 41	37,877
Rebudget: Crimestoppers	MBA 41	30,000
Rebudget: Day Laborers Program	MBA 41	300,000
Rebudget: Domestic Violence Prevention Program	MBA 41	682,000
Rebudget: Economic Development Pre-Development Activities	MBA 41	83,415
Rebudget: Economic Incentive Fund	MBA 41	1,000,000
Rebudget: Elections Commission	MBA 41	15,113
Rebudget: Elections Commission Audit	MBA 41	20,000
Rebudget: Emergency Response and Preparedness	MBA 41	447,795
Rebudget: Employee Recognition Program	MBA 41	46,000
Rebudget: Employee Suggestion Awards	MBA 41	50,000
Rebudget: Energy Efficiency Program	MBA 41	234,632
Rebudget: Enterprise Content Management System	MBA 41	422,730
Rebudget: Evergreen-East Hills Development Policy Update	MBA 41	150,000
Rebudget: Female Gang Intervention Program	MBA 41	3,024
Rebudget: Fingerprinting (Combined savings from City Volunteer Background Checks)	MBA 41	205,800
Rebudget: General Liability Claims	MBA 41	8,050,000
Rebudget: Government Access-Capital Expenditures	MBA 41	179,000
Rebudget: Hazardous Materials Consent Judgment	MBA 41	133,050
Rebudget: Historic Preservation	MBA 41	236,147

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

<b>Use of Funds Incremental Change (Cont'd.)</b>		<b>CHANGES</b>	<b>TOTALS</b>
<b>City-Wide (Cont'd.)</b>			
Rebudget: Hoffman/Via Monte Neighborhood Youth Center	MBA 41	575,118	
Rebudget: Info Security/Network Architecture Audits	MBA 41	250,240	
Rebudget: Information Technology Business Applications Support	MBA 41	650,000	
Rebudget: Information Technology Electronic Content Management System	MBA 41	1,100,000	
Rebudget: Information Technology Test Lab and Inventory Management	MBA 41	501,508	
Rebudget: Innovation Program	MBA 41	100,000	
Rebudget: Internet Crimes Against Children Grant	MBA 41	8,597	
Rebudget: Internet Crimes Against Children Task Force Grant	MBA 41	250,000	
Rebudget: Joint Planning - South Campus District	MBA 41	315,000	
Rebudget: Juvenile Justice and Delinquency Prevention Grant	MBA 41	30,617	
Rebudget: Los Lagos Golf Course Infrastructure	MBA 41	31,092	
Rebudget: Low Income Energy Assistance	MBA 41	68,000	
Rebudget: Management Training	MBA 41	25,700	
Rebudget: Mayor and City Council Travel	MBA 41	8,816	
Rebudget: Metropolitan Medical Task Force Grant	MBA 41	124,575	
Rebudget: Neighborhood Revitalization Strategy	MBA 41	192,203	
Rebudget: Neighborhood Strip Retail Revitalization	MBA 41	143,597	
Rebudget: Networking of Remote Parks and Recreation Sites	MBA 41	13,551	
Rebudget: Old City Hall Remaining System Migration Study	MBA 41	53,748	
Rebudget: OTS Safety Checkpoint Mini-Grant	MBA 41	43,310	
Rebudget: Pandemic Flu Planning	MBA 41	143,000	
Rebudget: Parks Maintenance - Non-Personal/Equipment Purchases	MBA 41	728,000	
Rebudget: Payroll/Human Resources Project (Savings combined with Human Resources Peoplesoft Hiring Module)	MBA 41	170,913	
Rebudget: Planning Area Studies (Campbell-Newhall Master Plan)	MBA 41	18,750	
Rebudget: Public Art in Private Development Fund	MBA 41	272,973	
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital	MBA 41	1,398,000	
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Operations	MBA 41	1,749,750	
Rebudget: Public Works Standard Plans and Specifications Update	MBA 41	60,000	
Rebudget: Relocation of Stockton Warehouse Artifacts	MBA 41	25,000	
Rebudget: Retiree Healthcare (GASB) Team	MBA 41	100,000	
Rebudget: San José After School District Contracts Year 2	MBA 41	65,000	
Rebudget: San José BEST	MBA 41	570,000	
Rebudget: San José Future Teachers Loan Program	MBA 41	13,594	
Rebudget: San José Grand Prix Close-Out	MBA 41	130,000	
Rebudget: Science Program for Alum Rock Youth Center	MBA 41	1,861	
Rebudget: Senior Staff Home Loan Assistance	MBA 41	2,000,000	
Rebudget: Shopping Center Improvements Program	MBA 41	300,000	

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

	CHANGES	TOTALS
<b>Use of Funds Incremental Change (Cont'd.)</b>		
<b>City-Wide (Cont'd.)</b>		
Rebudget: Sick Leave Payments Upon Retirement	MBA 41	4,572,000
Rebudget: Smart Start Neighborhood Centers	MBA 41	20,000
Rebudget: Soccer Stadium Process Costs	MBA 41	66,000
Rebudget: Sports Opportunity Fund	MBA 41	83,000
Rebudget: State Homeland Security Grant Program	MBA 41	47,401
Rebudget: Stevens Creek Auto Row Strategy	MBA 41	135,000
Rebudget: Strong Neighborhoods Initiative (Expanded)	MBA 41	100,800
Rebudget: Sunshine Reform Task Force Support	MBA 41	50,250
Rebudget: Therapeutic Services., San Andreas Regional Center Grant	MBA 41	13,709
Rebudget: Weed and Seed Grant	MBA 41	55,794
Rebudget: Weed and Seed-East San José	MBA 41	105,658
Rebudget: Workers' Compensation Gain Sharing Program (Savings combined with Workers' Compensation Claims Payments)	MBA 41	736,394
Technical Adj: Small Business Chamber-Reallocate funds from OED related to SJ Silicon Valley Chamber of Commerce	MBA 41	19,000
Technical Adj: Comprehensive General Plan Update - reallocate funding from Comprehensive General Plan Update Earmarked Reserve for related work	MBA 41	200,000
Technical Adj: SUASI TEWG	MBA 41	196,073
Public Safety Recruitment and Training Strategy	Mayor Msg	75,000
City's Truancy Abatement Program	Mayor Msg	50,000
Summer Safety Initiative Pilot	Mayor Msg	242,804
San José Best - pilot Community Responsibility Council and Transition Center	Mayor Msg	150,000
San José Best - Mayor's Gang Task Force Year End Summit	Mayor Msg	25,000
South Bay Children's Medical Center Mobile Health Clinic	Mayor Msg	42,000
Community Translation/Interpretation and Meeting Spaces	Mayor Msg	50,000
San José Sports Authority	Mayor Msg	100,000
Neighborhood of Distinction Concept	Mayor Msg	50,000
BusinessOwnerSpace.com	Mayor Msg	(100,000)
Green Vision	Mayor Msg	(500,000)
Expansion of Encampment Cleanups along Creeks	Mayor Msg	73,000
Radar Speed Display Trailers for Neighborhoods	Mayor Msg	120,000
Sunshine Reforms	Mayor Msg	(65,000)
		<b>42,719,112</b>
<b>Capital Contributions</b>		
Building Facilities Maintenance Backlog: 9-1-1 UPS System, PAB Chiller, Police Special Operations Unit Motors	MBA 33	2,717,000
Transportation Maintenance Backlog: Street Surface Resurfacing (Story Road and Leigh Avenue)	MBA 33	2,300,000
Transportation Maintenance Backlog: Transportation Infrastructure	MBA 33	250,000
Rebudget: Animal Shelter Facility Improvements	MBA 41	284,000
Rebudget: Annexation Infrastructure Needs	MBA 41	88,000

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

		<b>CHANGES</b>	<b>TOTALS</b>
<b>Use of Funds Incremental Change (Cont'd.)</b>			
<b>Capital Contributions (Cont'd.)</b>			
Rebudget: Arena Repairs	MBA 41	547,000	
Rebudget: City-Wide Sidewalk Repairs	MBA 41	47,000	
Rebudget: Closed Landfill Compliance	MBA 41	25,000	
Rebudget: COPS 2003-2004 Interoperable Comm Grant	MBA 41	41,749	
Rebudget: Employee Parking Garage Build-Out	MBA 41	175,000	
Rebudget: Fire Apparatus Replacement and Repair	MBA 41	817,000	
Rebudget: Fuel Tank Monitoring	MBA 41	40,000	
Rebudget: Hedding Street Lighting Improvements	MBA 41	40,000	
Rebudget: Kirk Community Center Renovations (Savings in Kirk Community Center Earmarked Reserve)	MBA 41	250,000	
Rebudget: Martin Pk Landfill Methane Gas Mitigation Efforts	MBA 41	1,445,000	
Rebudget: Police Athletic League Stadium Improvements	MBA 41	35,000	
Rebudget: Parks and Recreation Bond Projects	MBA 41	588,000	
Rebudget: Pavement Maintenance Repair	MBA 41	6,398,000	
Rebudget: San José Police Substation	MBA 41	96,000	
Rebudget: San José Police Substation Interior Public Art	MBA 41	55,000	
Rebudget: Senior Friendly Park Elements	MBA 41	4,000	
Rebudget: Tamien Specific Plan Area Park Improvements	MBA 41	622,000	
Rebudget: Transportation Maintenance Backlog-Neighborhood Appearance	MBA 41	1,821,000	
Rebudget: Transportation Maintenance Backlog-Roadway Striping and Repainting	MBA 41	415,000	
Rebudget: Transportation Maintenance Backlog-Safety Enhancements	MBA 41	200,000	
Rebudget: Transportation Maintenance Backlog-Traffic Sign Replacement	MBA 41	336,000	
Rebudget: Watson Park	MBA 41	200,000	
Rebudget: Watson Planning Remediation and Contingency	MBA 41	586,000	
Rebudget: Watson Site Clean-up and Restoration	MBA 41	8,400,000	
Fire Station 37 - Willow Glen - Add funding to ensure project remains on track by reallocating funds from the Future Capital Projects (FF & E) Reserve	Mayor Msg	800,000	
Kirk Community Center Renovations Project	Mayor Msg	250,000	
Traffic Signs, Roadway Markings, and Streetlight Maint.	Mayor Msg	150,000	
Traffic Calming - Neighborhood Traffic Calming Studies	Mayor Msg	200,000	
Traffic Calming - allocate funding from sale of 410 Park Ave. (the proceeds were originally recommended to be allocated to the Economic Uncertainty Reserve)	Council Rev *	450,000	<b>30,672,749</b>
<b>Transfers to Other Funds</b>			
Transfer to Downtown Property and Business District Improvement Fund for Highway 87 Downtown Gateway Cleanup	Mayor Msg	25,000	<b>25,000</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

<b>Use of Funds Incremental Change (Cont'd.)</b>		<b>CHANGES</b>	<b>TOTALS</b>
<b>Earmarked Reserves</b>			
Unmet/Deferred Infrastructure and Maintenance Reserve	MBA 33	(5,000,000)	
Rebudget: Airport Police and Fire Reconciliation Reserve	MBA 41	353,129	
Rebudget: Economic Uncertainty Reserve	MBA 41	10,000,000	
Rebudget: Enhanced Park Maintenance Reserve	MBA 41	3,118,467	
Rebudget: Enhanced Park Maintenance Reserve (Savings in Innovative Public-Private Partnerships in City-Wide)	MBA 41	322,000	
Rebudget: Enhanced Park Maintenance Reserve (Savings in Parks Maint. Enhancement Strategy in City-Wide)	MBA 41	288,000	
Rebudget: Enhanced Park Maintenance Reserve (Savings in Parks Maint. Non-Personal/Equipment Purchases)	MBA 41	131,000	
Rebudget: Annexations 2009-2010 Reserve	MBA 41	56,720	
Rebudget: Environmental Mitigation Reserve	MBA 41	174,273	
Rebudget: Fee Supported Reserve - Building	MBA 41	2,993,660	
Rebudget: Fee Supported Reserve - Fire	MBA 41	3,571,642	
Rebudget: Fee Supported Reserve - Planning	MBA 41	700,000	
Rebudget: Fuel Usage	MBA 41	350,000	
Rebudget: Future Capital Projects (FF & E) Reserve	MBA 41	5,107,080	
Rebudget: GASB 43/45 Liability (Retiree Healthcare) Reserve	MBA 41	2,000,000	
Rebudget: Hayes Mansion Line of Credit Reserve	MBA 41	5,000,000	
Rebudget: Neighborhood Investment Fund Reserve	MBA 41	4,014,871	
Rebudget: Neighborhood Capital Improvements Reserve	MBA 41	4,341,659	
Rebudget: Salary & Benefits Reserve	MBA 41	4,970,000	
Rebudget: Wellness Reserve	MBA 41	390,000	
Rebudget: Workers' Compensation/General Liability Reserve	MBA 41	10,000,000	
Technical Adj: Salary and Benefits Reserve to offset Mayor and Council Districts increase	MBA 41	(7,500)	
Technical Adj: Salary and Benefits Reserve to offset increase in Police/Fire retirement costs	MBA 41	(435,240)	
Technical Adj: Comprehensive General Plan Update - Reallocate funding to the City-Wide Comprehensive General Plan Update appropriation for related work	MBA 41	(200,000)	
Technical Adj: Wellness Program Reserve - Reallocate funding to Human Resources for the Wellness Program	MBA 41	(84,576)	
Future Capital Projects (FF & E) Reserve - Allocate funds from this reserve to the Fire Station 37 - Willow Glen project to ensure project remains on track	Mayor Msg	(800,000)	
Tully Branch Library Sunday Hours - Establish a reserve for the second year (2009-2010) of funding for Sunday hours at the Tully Branch Library	Mayor Msg	60,000	
City Council Initiated Neighborhood Improvement Fund	Mayor Msg	(1,000,000)	<b>50,415,185</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL FUND (001)**

		<b>CHANGES</b>	<b>TOTALS</b>
<b>Use of Funds Incremental Change (Cont'd.)</b>			
<b>Contingency Reserve</b>			
Rebudget: Contingency Reserve	MBA 41	1,800,000	<b>1,800,000</b>
<b>Subtotal of Incremental Adjustments</b>		<b>\$</b>	<b>135,971,590</b>
<b>REVISED TOTAL USE OF FUNDS</b>		<b>\$</b>	<b>1,049,778,030</b>

\* Reflects Council actions taken on June 17, 2008 to revise the Mayor's June Budget Message.

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GIFT TRUST FUND (139)**

Total Source of Funds Per Proposed Budget (Page XI - 40) 1,887,618

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	68,711
Earned Revenue (MBA #41)	122,971

Subtotal of Incremental Adjustments 191,682

**REVISED TOTAL SOURCE OF FUNDS** **\$ 2,079,300**

Total Use of Funds Per Proposed Budget (Page XI - 43) 1,887,618

Use of Funds Incremental Adjustments

Annual District 1 Festival in the Park (MBA #41)	1,500
Library General Gifts (MBA #41)	122,471
Library Literacy Project (MBA #41)	500
Sponsorship Gifts (MBA #41)	67,211

Subtotal of Incremental Adjustments 191,682

**REVISED TOTAL USE OF FUNDS** **\$ 2,079,300**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**EMERGENCY COMMUNICATION SYSTEM SUPPORT FEE (154)**

Total Source of Funds Per Proposed Budget (Page XI - 30) 27,389,887

Source of Funds Incremental Adjustments

No Change

Subtotal of Incremental Adjustments -

**REVISED TOTAL SOURCE OF FUNDS \$ 27,389,887**

Total Use of Funds Per Proposed Budget (Page XI - 30) 27,389,887

Use of Funds Incremental Adjustments

Transfer to General Fund (MBA #33) 920,000

Ending Fund Balance (MBA #33) (920,000)

Subtotal of Incremental Adjustments -

**REVISED TOTAL USE OF FUNDS \$ 27,389,887**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CITY HALL DEBT SERVICE FUND (210)**

Total Source of Funds Per Proposed Budget (Page XI - 16)	30,611,106
Source of Funds Incremental Adjustments	
Transfers from Capital Funds (MBA #41)	(100,000)
Subtotal of Incremental Adjustments	(100,000)
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 30,511,106</b>
Total Use of Funds Per Proposed Budget (Page XI - 16)	30,611,106
Use of Funds Incremental Adjustments	
Repayment of Series 2002C Bonds (MBA #41)	(100,000)
Subtotal of Incremental Adjustments	(100,000)
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 30,511,106</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**WORKFORCE INVESTMENT ACT FUND (290)**

Total Source of Funds Per Proposed Budget (Page XI - 94)	12,589,836
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	10,000
Grants (MBA #41)	30,000

Subtotal of Incremental Adjustments	40,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 12,629,836</b>
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Total Use of Funds Per Proposed Budget (Page XI - 94)	12,589,836
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Use of Funds Incremental Adjustments

BuisnessOwnerSpace.com Network (MBA #41)	35,000
Celebracion del Campo (MBA #41)	5,000

Subtotal of Incremental Adjustments	40,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 12,629,836</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SAN JOSE ARENA ENHANCEMENT FUND (301)**

Total Source of Funds Per Proposed Budget (Page XI - 75)		1,049,353
Source of Funds Incremental Adjustments		
Commercial Paper Proceeds (MBA #41)	669,855	
Subtotal of Incremental Adjustments		669,855
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>1,719,208</b>
Total Use of Funds Per Proposed Budget (Page XI - 75)		1,049,353
Use of Funds Incremental Adjustments		
Capital Enhancements (MBA #41)	669,855	
Subtotal of Incremental Adjustments		669,855
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>1,719,208</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**DOWNTOWN PROPERTY AND BUSINESS**  
**IMPROVEMENT DISTRICT FUND (302)**

Total Source of Funds Per Proposed Budget (Page XI - 26)		2,765,000
Source of Funds Incremental Adjustments		
Transfer from the General Fund (Mayor's Msg)	25,000	
Subtotal of Incremental Adjustments		25,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>2,790,000</b>
Total Use of Funds Per Proposed Budget (Page XI - 26)		2,765,000
Use of Funds Incremental Adjustments		
Downtown Property and Business Improvement District (MBA #41 and Mayor's Msg)	(35,000)	
Highway 87 Downtown Gateway Cleanup (Mayor's Msg)	50,000	
Public Works Personal Services (MBA #41)	10,000	
Subtotal of Incremental Adjustments		25,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>2,790,000</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**MAINTENANCE DISTRICT #1 (LOS PASEOS) FUND (352)**

Total Source of Funds Per Proposed Budget (Page XI - 55)		713,412
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	300,000	
Subtotal of Incremental Adjustments		300,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>1,013,412</b>
Total Use of Funds Per Proposed Budget (Page XI - 55)		713,412
Use of Funds Incremental Adjustments		
DOT Non-Personal/Equipment (MBA #41)	300,000	
Subtotal of Incremental Adjustments		300,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>1,013,412</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**MAINTENANCE DISTRICT #5 (ORCHARD PKWY.-PLUMERIA DR.)**  
**FUND (357)**

Total Source of Funds Per Proposed Budget (Page XI - 57)		322,940
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	100,000	
Subtotal of Incremental Adjustments		
		100,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>422,940</b>
Total Use of Funds Per Proposed Budget (Page XI - 57)		322,940
Use of Funds Incremental Adjustments		
DOT Non-Personal/Equipment (MBA #41)	100,000	
Subtotal of Incremental Adjustments		
		100,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>422,940</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**MAINTENANCE DISTRICT #9 (SANTA TERESA-GREAT OAKS) FUND (362)**

Total Source of Funds Per Proposed Budget (Page XI - 59)		508,163
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	100,000	
Subtotal of Incremental Adjustments		100,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>608,163</b>
Total Use of Funds Per Proposed Budget (Page XI - 59)		508,163
Use of Funds Incremental Adjustments		
DOT Non-Personal/Equipment (MBA #41)	100,000	
Subtotal of Incremental Adjustments		100,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>608,163</b>

**2008-2009  
REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SUPPLEMENTAL LAW ENFORCEMENT SERVICES (SLES) FUND (414)**

Total Source of Funds Per Proposed Budget (Page XI - 88) 728,512

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 1,809,914

Subtotal of Incremental Adjustments 1,809,914

**REVISED TOTAL SOURCE OF FUNDS \$ 2,538,426**

Total Use of Funds Per Proposed Budget (Page XI - 88) 728,512

Use of Funds Incremental Adjustments

SLES 2007-2009 (MBA #41) 1,839,040  
Ending Fund Balance (MBA #41) (29,126)

Subtotal of Incremental Adjustments 1,809,914

**REVISED TOTAL USE OF FUNDS \$ 2,538,426**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**STATE DRUG FORFEITURE FUND (417)**

Total Source of Funds Per Proposed Budget (Page XI - 84)	1,188,753
Source of Funds Incremental Adjustments	
Beginning Fund Balance	150,860
Subtotal of Incremental Adjustments	150,860
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 1,339,613</b>
Total Use of Funds Per Proposed Budget (Page XI - 84)	1,188,753
Use of Funds Incremental Adjustments	
Police Non-Personal/Equipment (MBA #41)	150,860
Subtotal of Incremental Adjustments	150,860
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 1,339,613</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**LIBRARY PARCEL TAX FUND (418)**

Total Source of Funds Per Proposed Budget (Page XI - 51)		11,524,472
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	150,000	
Subtotal of Incremental Adjustments		150,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>		<b>\$ 11,674,472</b>
Total Use of Funds Per Proposed Budget (Page XI - 51)		11,524,472
Use of Funds Incremental Adjustments		
Automation Projects and System Maintenance (MBA #41)	100,000	
Library Non-Personal/Equipment (MBA #41)	50,000	
Subtotal of Incremental Adjustments		150,000
<b>REVISED TOTAL USE OF FUNDS</b>		<b>\$ 11,674,472</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**INTEGRATED WASTE MANAGEMENT FUND (423)**

Total Source of Funds Per Proposed Budget (Page XI - 48)		128,583,708
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	1,892,487	
Subtotal of Incremental Adjustments		1,892,487
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>130,476,195</b>

Total Use of Funds Per Proposed Budget (Page XI - 49)		128,583,708
Use of Funds Incremental Adjustments		
Environmental Services Department - Non-Personal/Equipment (MBA #41)	1,795,487	
Finance Department Delinquent Lien Releases (MBA #41)	97,000	
General Fund Overhead (MBA #41)	96,397	
IBS Commercial Paper Repayment (MBA #41)	9,901	
Ending Fund Balance (MBA #41)	(106,298)	
Subtotal of Incremental Adjustments		1,892,487
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>130,476,195</b>

**2008-2009  
REVISED SOURCE AND USE OF FUNDS STATEMENT**

**ANTI-TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE FUND (426)**

Total Source of Funds Per Proposed Budget (Page XI - 7)	19,004,446
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Source of Funds Incremental Adjustments

No Change

Subtotal of Incremental Adjustments	0
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 19,004,446</b>
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Total Use of Funds Per Proposed Budget (Page XI - 8)	19,004,446
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Use of Funds Incremental Adjustments

Education/Health

Books for Little Hands (1.0 Library Assistant, 0.5 Literacy Program Specialist PT, and 0.14 Library Clerk PT, MBA #41)	0
Homework Center Program (MBA #41)	(629,174)
Level 2 After School Programming and Administration (MBA #41)	629,174

Subtotal of Incremental Adjustments	0
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 19,004,446</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**HOUSING TRUST FUND (440)**

Total Source of Funds Per Proposed Budget (Page XI - 46) 6,674,390

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 1,020,000

Subtotal of Incremental Adjustments 1,020,000

**REVISED TOTAL SOURCE OF FUNDS \$ 7,694,390**

Total Use of Funds Per Proposed Budget (Page XI - 46) 6,674,390

Use of Funds Incremental Adjustments

Housing and Homeless Projects (MBA #41) 700,000

Job Training Program (MBA #41) 320,000

Subtotal of Incremental Adjustments 1,020,000

**REVISED TOTAL USE OF FUNDS \$ 7,694,390**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND (441)**

Total Source of Funds Per Proposed Budget (Page XI - 17) 18,304,994

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 1,904,827

Subtotal of Incremental Adjustments 1,904,827

**REVISED TOTAL SOURCE OF FUNDS** **\$ 20,209,821**

Total Use of Funds Per Proposed Budget (Page XI - 17) 18,304,994

Use of Funds Incremental Adjustments

    ADA Compliance Improvements (MBA #41) 262,727

    Code Enforcement: Low-Moderate Area (Vehicle  
    Replacements (MBA #41) 416,000

    Housing Energy and Minor Repair Program (MBA #41) 270,000

    San José Smart Start Family Child Care Program -  
    (Add 2.0 Literacy Program Specialist, 0.75 Library Clerk  
    and 0.20 Library Page PT positions, MBA #41)

    Shopping Center Improvements (MBA #41) 400,000

    Street Light Installation for Burbank/Del Monte (MBA #41) 150,000

    Traffic Signal Installation for Burbank/Del Monte (MBA #41) 406,100

Subtotal of Incremental Adjustments 1,904,827

**REVISED TOTAL USE OF FUNDS** **\$ 20,209,821**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**LOW AND MODERATE INCOME HOUSING FUND (443)**

Total Source of Funds Per Proposed Budget (Page XI - 53)	225,737,229
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	5,220,000
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Subtotal of Incremental Adjustments	5,220,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 230,957,229</b>
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Total Use of Funds Per Proposed Budget (Page XI - 54)	225,737,229
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Use of Funds Incremental Adjustments

San José State Teacher Program (MBA #41)	220,000
Second-Mortgage Loan Program (MBA #41)	5,000,000

Subtotal of Incremental Adjustments	5,220,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 230,957,229</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**HOME INVESTMENT PARTNERSHIP FUND (445)**

Total Source of Funds Per Proposed Budget (Page XI - 44)		8,997,463
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	135,000	
Subtotal of Incremental Adjustments		135,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>9,132,463</b>

Total Use of Funds Per Proposed Budget (Page XI - 44)		8,997,463
Use of Funds Incremental Adjustments		
Home Loans and Grants (MBA #41)	(2,000,000)	
Housing Rehabilitation Program (MBA #41)	135,000	
Second Mortgage Loan Program (MBA #41)	2,000,000	
Subtotal of Incremental Adjustments		135,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>9,132,463</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**STORM SEWER OPERATING FUND (446)**

Total Source of Funds Per Proposed Budget (Page XI - 86) 27,433,280

Source of Funds Incremental Adjustments

No Change

Subtotal of Incremental Adjustments -

**REVISED TOTAL SOURCE OF FUNDS** \$ **27,433,280**

Total Use of Funds Per Proposed Budget (Page XI - 87) 27,433,280

Use of Funds Incremental Adjustments

Overhead (MBA #41)	42,472
IBS Commercial Paper Repayment (MBA #41)	2,878
Transportation - Personal Services (MBA #41)	76,222
Ending Fund Balance (MBA #41)	(121,572)

Subtotal of Incremental Adjustments -

**REVISED TOTAL USE OF FUNDS** \$ **27,433,280**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**MULTI-SOURCE HOUSING FUND (448)**

Total Source of Funds Per Proposed Budget (Page XI - 69) 46,753,622

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 8,780,853

Subtotal of Incremental Adjustments 8,780,853

**REVISED TOTAL SOURCE OF FUNDS** **\$ 55,534,475**

Total Use of Funds Per Proposed Budget (Page XI - 70) 46,753,622

Use of Funds Incremental Adjustments

CalHome Homebuyers Program (MBA #41)	500,000
CalHome Rehabilitation Program (MBA #41)	750,291
Family Shelter Project (MBA #41)	4,000,000
Greater Gardner Rehabilitation Project (MBA #41)	125,000
Hoffman Properties (MBA #41)	49,133
In-Lieu Fee Projects (Mayor's Msg)	(100,000)
SJSU Teacher Home Program (MBA #41)	700,000
SNI Rehabilitation Program (MBA #41)	90,000
Teacher Mobile Home Program (MBA #41)	90,000
Teach Here, Live Here Program (Mayor's Msg)	100,000
Workforce Housing Program (MBA #41)	2,476,429

Subtotal of Incremental Adjustments 8,780,853

**REVISED TOTAL USE OF FUNDS** **\$ 55,534,475**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**TRANSIENT OCCUPANCY TAX FUND (461)**

Total Source of Funds Per Proposed Budget (Page XI - 89) 17,429,495

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 1,740,000

Subtotal of Incremental Adjustments 1,740,000

**REVISED TOTAL SOURCE OF FUNDS \$ 19,169,495**

Total Use of Funds Per Proposed Budget (Page XI - 89) 17,429,495

Use of Funds Incremental Adjustments

Cultural Grants (MBA #41) 1,740,000

Cultural Grants (MBA #41) (453,876)

Cultural Grants Administration (MBA #41) 453,876

Subtotal of Incremental Adjustments 1,740,000

**REVISED TOTAL USE OF FUNDS \$ 19,169,495**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE**  
**GRANT TRUST FUND (474)**

Total Source of Funds Per Proposed Budget (Page XI - 29)		134,354
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	227,177	
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Subtotal of Incremental Adjustments		227,177
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>361,531</b>
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Total Use of Funds Per Proposed Budget (Page XI - 29)		134,354
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Use of Funds Incremental Adjustments

JAG 2005-2007 (MBA #41)	11,057	
JAG 2006-2008 (MBA #41)	9,242	
JAG 2007-2009 (MBA #41)	213,475	
Ending Fund Balance (MBA #41)	(6,597)	

Subtotal of Incremental Adjustments		227,177
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>361,531</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUND (513)**

Total Source of Funds Per Proposed Budget (Page XI - 78) 92,606,180

Source of Funds Incremental Adjustments

No Change

Subtotal of Incremental Adjustments -

**REVISED TOTAL SOURCE OF FUNDS \$ 92,606,180**

Total Use of Funds Per Proposed Budget (Page XI - 79) 92,606,180

Use of Funds Incremental Adjustments

Overhead (MBA #41) 10,534  
Ending Fund Balance (MBA #41) (10,534)

Subtotal of Incremental Adjustments -

**REVISED TOTAL USE OF FUNDS \$ 92,606,180**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**WATER UTILITY FUND (515)**

Total Source of Funds Per Proposed Budget (Page XI - 92) 30,200,734

Source of Funds Incremental Adjustments

No Change

Subtotal of Incremental Adjustments -

**REVISED TOTAL SOURCE OF FUNDS \$ 30,200,734**

Total Use of Funds Per Proposed Budget (Page XI - 93) 30,200,734

Use of Funds Incremental Adjustments

Environmental Services Department -	1,664
Non-Personal/Equipment (MBA #41)	
General Fund Overhead (MBA #41)	402
IBS Commercial Paper Repayment (MBA #41)	2,355
Ending Fund Balance (MBA #41)	(4,421)

Subtotal of Incremental Adjustments -

**REVISED TOTAL USE OF FUNDS \$ 30,200,734**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**AIRPORT MAINTENANCE AND OPERATION FUND (523)**

Total Source of Funds Per Proposed Budget (Page XI - 3)	125,753,272
Source of Funds Incremental Adjustments	
No Change	
Subtotal of Incremental Adjustments	-
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 125,753,272</b>
Total Use of Funds Per Proposed Budget (Page XI - 4)	125,753,272
Use of Funds Incremental Adjustments	
Allocate \$35,000 from existing Non-Personal/Equipment for USO Airport Center furnishings (Mayor's Msg)	
Subtotal of Incremental Adjustments	-
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 125,753,272</b>

**2008-2009  
REVISED SOURCE AND USE OF FUNDS STATEMENT**

**GENERAL PURPOSE PARKING FUND (533)**

Total Source of Funds Per Proposed Budget (Page XI - 38) 17,737,199

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 6,632,000

    Subtotal of Incremental Adjustments 6,632,000

**REVISED TOTAL SOURCE OF FUNDS \$ 24,369,199**

Total Use of Funds Per Proposed Budget (Page XI - 39) 17,737,199

Use of Funds Incremental Adjustments

    Facility Improvements and Maintenance (MBA #41) 57,000

    Minor Parking Facility Improvements (MBA #41) 190,000

    Parking Guidance System Phase II (MBA #41) 600,000

    Public Art (MBA #41) 14,000

    Revenue Control Upgrades (MBA #41) 714,000

    Security Improvements (MBA #41) 150,000

    Transfer to the Parking Capital Development Fund 5,100,000

    (MBA #41)

    Ending Fund Balance (MBA #41) (193,000)

    Subtotal of Incremental Adjustments 6,632,000

**REVISED TOTAL USE OF FUNDS \$ 24,369,199**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**SEWER SERVICE AND USE CHARGE FUND (541)**

Total Source of Funds Per Proposed Budget (Page XI - 82)		125,125,815
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)		115,000
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Subtotal of Incremental Adjustments		115,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>		<b>\$ 125,240,815</b>
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Total Use of Funds Per Proposed Budget (Page XI - 83)		125,125,815
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Use of Funds Incremental Adjustments

City Attorney Personal Services (MBA #35)		(16,865)
Overhead (MBA #35)		(6,252)
Public Works Non-Personal/Equipment (MBA #41)		115,000
Overhead (MBA #41)		(80,789)
IBS Commercial Paper Repayment (MBA #41)		4,236
Ending Fund Balance (MBA #35)		23,117
Ending Fund Balance (MBA #41)		76,553

Subtotal of Incremental Adjustments		115,000
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<b>REVISED TOTAL USE OF FUNDS</b>		<b>\$ 125,240,815</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**EMMA PRUSCH FUND (131)**

Total Source of Funds Per Proposed Budget (Page V - 503) 208,434

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 136,000

Subtotal of Incremental Adjustments 136,000

**REVISED TOTAL SOURCE OF FUNDS \$ 344,434**

Total Use of Funds Per Proposed Budget (Page V - 505) 208,434

Use of Funds Incremental Adjustments

Emma Prusch Park Improvements (MBA #41) 12,000

Emma Prusch Park Service Yard Fixtures, Furnishings and  
Equipment (MBA #41) 94,000

Emma Prusch Park Windmill (MBA #41) 8,000

LeFevre House Improvements (MBA #41) 22,000

Subtotal of Incremental Adjustments 136,000

**REVISED TOTAL USE OF FUNDS \$ 344,434**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SUBDIVISION PARK TRUST FUND (375)**

Total Source of Funds Per Proposed Budget (Page V - 519) 63,205,592

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 14,187,000

Subtotal of Incremental Adjustments 14,187,000

**REVISED TOTAL SOURCE OF FUNDS \$ 77,392,592**

Total Use of Funds Per Proposed Budget (Page V - 533) 63,205,592

Use of Funds Incremental Adjustments

Almaden Apartments Area Master Plan (MBA #41)	25,000
Almaden Lake Park Neighborhood Improvements (MBA #41)	16,000
Almaden Lake Park Playground (MBA #41)	43,000
Almaden Winery Park Youth Lot Development (MBA #41)	20,000
Autumn Terrace at Martin Park (MBA #41)	55,000
Backesto Park Improvements (MBA #41)	887,000
Bascom Community Center - Multi-Service (MBA #41)	378,000
Berryessa Creek Park Play Lot Renovations (MBA #41)	50,000
Butcher Dog Park (MBA #41)	50,000
Butcher Park Improvements (MBA #41)	78,000
Cahalan Park Field Improvements (MBA #41)	32,000
Cahalan Park Renovations (MBA #41)	3,000
Cahill Park Play Lot Improvements (MBA #41)	50,000
Calabazas Branch Library Community Room (MBA #41)	(170,000)
Camden Community Center Kidzone Construction (MBA #41)	440,000
Camden Community Center Tot Program Restroom Renovations (MBA #41)	75,000
Chelmers Park Development (MBA #41)	168,000
City-wide Skateboard Park Development (MBA #41)	10,000
Cypress Senior Center Renovations (MBA #41)	701,000
Discovery Community Garden (MBA #41)	2,000
Evergreen Community Center Expansion Public Art (MBA #41)	1,000
Fleming Park (MBA #41)	750,000
Flickinger Park Improvements (MBA #41)	107,000
Graystone Park Stage Construction (MBA #41)	40,000
Guadalupe Gardens Community Garden (MBA #41)	73,000

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SUBDIVISION PARK TRUST FUND (375) (CONT'D.)**

Use of Funds Incremental Adjustments (Cont'd.)

Happy Hollow Park and Zoo Phase II Renovations (MBA #41)	17,000
Houge Park Security Lighting (MBA #41)	73,000
KB Homes Reimbursement - Tuscany Hills (MBA #41)	945,000
Kirk Community Center Feasibility Study (MBA #41)	8,000
Kirk Community Center Renovation (MBA #41)	1,620,000
LoBue Park Development (MBA #41)	40,000
Los Paseos Park Improvements (MBA #41)	40,000
Luna Park Turnkey Park (MBA #41)	10,000
Lundy and McKay Turnkey Park Design and Inspection (MBA #41)	65,000
Madden Avenue/Jackson Avenue Turnkey Park (MBA #41)	34,000
Martin Park Expansion (MBA #41)	674,000
Mayfair Community Center Pools Public Art (MBA #41)	15,000
McLaughlin Park Improvements (MBA #41)	35,000
Metcalf Park Playground Replacement (MBA #41)	99,000
Newhall Neighborhood Park (MBA #41)	1,813,000
Parkview III Park Renovations (MBA #41)	24,000
Paul Moore Park Renovations (MBA #41)	337,000
Plata Arroyo Improvements (MBA #41)	82,000
Plata Arroyo Skate Park Development (MBA #41)	60,000
Ramblewood Park Improvements (MBA #41)	8,000
Reserve: Future PDO/PIFO Projects (MBA #41)	(858,000)
Reserve: Kirk Community Center and Park Improvements (MBA #41)	(1,620,000)
Reserve: Paul Moore Park Renovations (MBA #41)	(337,000)
Roosevelt Community Center - Multi-Service (MBA #41)	202,000
Roosevelt Park Skate Park (MBA #41)	3,000
Rose Garden Enhancements (MBA #41)	120,000
Ryland Pool Repairs (MBA #41)	105,000
Saint Elizabeth Park Turnkey Park (MBA #41)	20,000
San Antonio Street Turnkey Park (MBA #41)	160,000
San Antonio Tot Lot (MBA #41)	3,000
Selma Olinder Dog Park (MBA #41)	80,000
Seven Trees Community Center - Multi-Service (MBA #41)	2,066,000
Silver Creek Linear Park Development (MBA #41)	113,000
TJ Martin Park Turf Renovations (MBA #41)	35,000
Tamien Specific Plan Area Park Improvements (MBA #41)	11,000
Theodore Lenzen Park Development (MBA #41)	8,000
TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino) (MBA #41)	160,000
TRAIL: Coyote Creek (Highway 237 to Story Road) (MBA #41)	991,000

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SUBDIVISION PARK TRUST FUND (375) (CONT'D.)**

Use of Funds Incremental Adjustments (Cont'd.)

TRAIL: Coyote Creek (Tully Road to Los Lagos Golf Course) (MBA #41)	200,000	
TRAIL: Lower Guadalupe River (Gold Street to Highway 880) (MBA #41)	1,819,000	
TRAIL: Penitencia Creek Reach II Design (MBA #41)	82,000	
TRAIL: Willow Glen Spur Acquisition (MBA #41)	621,000	
Tully Road Ballfields Parking Lot Improvements (MBA #41)	86,000	
Vieira Park Turnkey Park (MBA #41)	125,000	
Vista Park Community Room and Restroom (MBA #41)	7,000	
Vista Park Transformer Relocation (MBA #41)	100,000	
Watson Park Expansion Land Acquisition (MBA #41)	2,000	
Subtotal of Incremental Adjustments		14,187,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>77,392,592</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT ONE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (377)**

Total Source of Funds Per Proposed Budget (Page V - 305)		5,077,718
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	351,000	
Subtotal of Incremental Adjustments		351,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>5,428,718</b>

Total Use of Funds Per Proposed Budget (Page V - 308)		5,077,718
Use of Funds Incremental Adjustments		
Community Sports Fields Feasibility Study (MBA #41)	12,000	
Council District 1 Public Art (MBA #41)	17,000	
School Improvement Grants (MBA #41)	150,000	
Starbird Youth Center Fixtures, Furnishings and Equipment (MBA #41)	36,000	
West San José Community Center Fixtures, Furnishings and Equipment (MBA #41)	7,000	
West San José Community Center Landscaping and Monument Sign (MBA #41)	3,000	
TRAIL: Saratoga/San Tomas Aquino Creek Reach VI (MBA #41)	126,000	
Subtotal of Incremental Adjustments		351,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>5,428,718</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT TWO**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (378)**

Total Source of Funds Per Proposed Budget (Page V - 317)		3,326,727
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	585,000	
Subtotal of Incremental Adjustments		585,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>3,911,727</b>
Total Use of Funds Per Proposed Budget (Page V - 319)		3,326,727
Use of Funds Incremental Adjustments		
Council District 2 Public Art (MBA #41)	3,000	
Discovery Community Garden (MBA #41)	36,000	
TRAIL: Albertson Parkway (MBA #41)	465,000	
Ending Fund Balance (MBA #41)	81,000	
Subtotal of Incremental Adjustments		585,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>3,911,727</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT THREE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (380)**

Total Source of Funds Per Proposed Budget (Page V - 324) 2,613,376

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 2,070,000

Subtotal of Incremental Adjustments 2,070,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 4,683,376**

Total Use of Funds Per Proposed Budget (Page V - 328) 2,613,376

Use of Funds Incremental Adjustments

Capital Maintenance Projects (MBA #41) 105,000

Community Sports Fields Feasibility Study (MBA #41) 15,000

Council District 3 Public Art (MBA #41) 7,000

O'Donnell's Garden Park (MBA #41) 117,000

Parks and Recreation Bond Projects (MBA #41) 83,000

Reserve: Roosevelt Hockey Rink Cover (MBA #41) 60,000

Roosevelt Community Center Fixtures, Furnishings and  
Equipment (MBA #41) 498,000

Roosevelt Community Center - Multi-Service (MBA #41) 967,000

Roosevelt Park Skate Park (MBA #41) 170,000

Roosevelt Park Skate Park Fixtures, Furnishings and  
Equipment (MBA #41) 19,000

Ryland Park Renovation (MBA #41) 42,000

TRAIL: Airport Parkway Under-Crossing (MBA #41) 31,000

Yu Ai-Kai Roof Improvements (MBA #41) 16,000

Ending Fund Balance (MBA #41) (60,000)

Subtotal of Incremental Adjustments 2,070,000

**REVISED TOTAL USE OF FUNDS** **\$ 4,683,376**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT FOUR**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (381)**

Total Source of Funds Per Proposed Budget (Page V - 337)	3,306,466
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	367,000	
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Subtotal of Incremental Adjustments	367,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>3,673,466</b>
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Total Use of Funds Per Proposed Budget (Page V - 340)	3,306,466
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Use of Funds Incremental Adjustments

Aquatics Master Plan Implementation (MBA #41)	20,000	
Capital Maintenance Projects (MBA #41)	5,000	
Community Sports Fields Feasibility Study (MBA #41)	5,000	
Council District 4 Public Art (MBA #41)	20,000	
Flickinger Park Fixtures, Furnishings and Equipment (MBA #41)	12,000	
North San José Master Plan (MBA #41)	100,000	
TRAIL: Coyote Creek (Highway 237 to Story Road) (MBA #41)	90,000	
TRAIL: Lower Guadalupe River (Gold Street to Highway 880) (MBA #41)	86,000	
TRAIL: Lower Guadalupe River Interim Improvements (MBA #41)	29,000	

Subtotal of Incremental Adjustments	367,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>3,673,466</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT FIVE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (382)**

Total Source of Funds Per Proposed Budget (Page V - 345)		7,007,791
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	632,000	
Subtotal of Incremental Adjustments		632,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>7,639,791</b>

Total Use of Funds Per Proposed Budget (Page V - 349)		7,007,791
Use of Funds Incremental Adjustments		
Capital Maintenance Projects (MBA #41)	250,000	
Capitol Park Neighborhood Center (MBA #41)	3,000	
Community Sports Fields Feasibility Study (MBA #41)	15,000	
Council District 5 Public Art (MBA #41)	52,000	
Overfelt Amphitheatre Minor Improvements (MBA #41)	15,000	
Pool Repairs (MBA #41)	85,000	
TRAIL: Lower Silver Creek Landscaping (MBA #41)	50,000	
TRAIL: Lower Silver Creek/Silverstone Place (MBA #41)	162,000	
Subtotal of Incremental Adjustments		632,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>7,639,791</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT SIX**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (384)**

Total Source of Funds Per Proposed Budget (Page V - 359) 4,116,148

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 2,068,000

Subtotal of Incremental Adjustments 2,068,000

**REVISED TOTAL SOURCE OF FUNDS \$ 6,184,148**

Total Use of Funds Per Proposed Budget (Page V - 363) 4,116,148

Use of Funds Incremental Adjustments

Aquatics Master Plan Implementation (MBA #41) 40,000

Bascom Community Center - Multi-Service (MBA #41) 1,529,000

Capital Maintenance Projects (MBA #41) 127,000

Community Sports Fields Feasibility Study (MBA #41) 15,000

Council District 6 Public Art (MBA #41) 51,000

Customer Response Projects (MBA #41) 6,000

Los Gatos Creek Volunteer Projects (MBA #41) 19,000

Parks and Recreation Bond Projects (MBA #41) 20,000

Theodore Lenzen Park Development (MBA #41) 180,000

Theodore Lenzen Park Historical Signage (MBA #41) 23,000

TRAIL: Los Gatos Creek Reach IV Development 8,000

(MBA #41)

TRAIL: Los Gatos Creek Reach V Master Plan 50,000

(MBA #41)

Subtotal of Incremental Adjustments 2,068,000

**REVISED TOTAL USE OF FUNDS \$ 6,184,148**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT SEVEN**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (385)**

Total Source of Funds Per Proposed Budget (Page V - 375) 4,951,302

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 3,118,000

Subtotal of Incremental Adjustments 3,118,000

**REVISED TOTAL SOURCE OF FUNDS \$ 8,069,302**

Total Use of Funds Per Proposed Budget (Page V - 379) 4,951,302

Use of Funds Incremental Adjustments

    Alma Community Center Improvements (MBA #41) 175,000

    Barberry Lane Pathway Improvements (MBA #41) 9,000

    Capital Maintenance Projects (MBA #41) 185,000

    Community Sports Fields Feasibility Study (MBA #41) 15,000

    Council District 7 Public Art (MBA #41) 19,000

    Fair Swim Center Fixtures, Furnishings and Equipment  
    (MBA #41) 10,000

    Nisich Park Development (MBA #41) 350,000

    OB Whaley Elementary School Joint-Use Agreement  
    (MBA #41) 200,000

    Seven Trees Community Center - Multi-Service  
    (MBA #41) 1,650,000

    Turtle Rock Park Improvements (MBA #41) 5,000

    West Evergreen Park (MBA #41) 500,000

Subtotal of Incremental Adjustments 3,118,000

**REVISED TOTAL USE OF FUNDS \$ 8,069,302**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT EIGHT**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (386)**

Total Source of Funds Per Proposed Budget (Page V - 393)		3,910,757
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	465,000	
Subtotal of Incremental Adjustments		465,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>4,375,757</b>
Total Use of Funds Per Proposed Budget (Page V - 396)		3,910,757
Use of Funds Incremental Adjustments		
Capital Maintenance Projects (MBA #41)	54,000	
Community Sports Fields Feasibility Study (MBA #41)	15,000	
Council District 8 Public Art (MBA #41)	6,000	
Falls Creek Park Development (MBA #41)	329,000	
Fowler Creek Park Fixtures, Furnishings and Equipment (MBA #41)	34,000	
TRAIL: Thompson Creek Interim Improvements (MBA #41)	27,000	
Subtotal of Incremental Adjustments		465,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>4,375,757</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT NINE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (388)**

Total Source of Funds Per Proposed Budget (Page V - 405)		3,351,361
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	275,000	
Subtotal of Incremental Adjustments		275,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>3,626,361</b>
Total Use of Funds Per Proposed Budget (Page V - 407)		3,351,361
Use of Funds Incremental Adjustments		
Butcher Park Restroom (MBA #41)	115,000	
Capital Maintenance Projects (MBA #41)	120,000	
Community Sports Fields Feasibility Study (MBA #41)	15,000	
Council District 9 Public Art (MBA #41)	25,000	
Subtotal of Incremental Adjustments		275,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>3,626,361</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**COUNCIL DISTRICT TEN**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (389)**

Total Source of Funds Per Proposed Budget (Page V - 413) 5,756,513

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 81,000

Subtotal of Incremental Adjustments 81,000

**REVISED TOTAL SOURCE OF FUNDS \$ 5,837,513**

Total Use of Funds Per Proposed Budget (Page V - 417) 5,756,513

Use of Funds Incremental Adjustments

    Almaden Winery Irrigation Automation (MBA #41) 13,000

    Community Sports Fields Feasibility Study (MBA #41) 30,000

    Council District 10 Public Art (MBA #41) 24,000

    TRAIL: Guadalupe Creek (Meridian to Singletree) Land  
    Acquisition (MBA #41) 14,000

Subtotal of Incremental Adjustments 81,000

**REVISED TOTAL USE OF FUNDS \$ 5,837,513**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**CENTRAL FUND**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (390)**

Total Source of Funds Per Proposed Budget (Page V - 427)		15,347,464
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	921,000	
Subtotal of Incremental Adjustments		921,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>16,268,464</b>
Total Use of Funds Per Proposed Budget (Page V - 431)		15,347,464
Use of Funds Incremental Adjustments		
Parks and Community Facilities Greenprint (MBA #41)	61,000	
Parks and Community Facilities Master Plan (MBA #41)	39,000	
Parks Fixtures, Furnishings and Equipment (MBA #41)	832,000	
Ending Fund Balance (MBA #41)	(11,000)	
Subtotal of Incremental Adjustments		921,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>16,268,464</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**CITY-WIDE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (391)**

Total Source of Funds Per Proposed Budget (Page V - 452) 7,543,646

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 3,841,000

Subtotal of Incremental Adjustments 3,841,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 11,384,646**

Total Use of Funds Per Proposed Budget (Page V - 460) 7,543,646

Use of Funds Incremental Adjustments

Alum Rock Park New Entrance Restroom (MBA #41)	365,000
Alum Rock Park Security Improvements (MBA #41)	11,000
Alum Rock Park Service Yard Fixtures, Furnishings and Equipment (MBA #41)	36,000
Alum Rock Park Waterline Relocation (MBA #41)	21,000
Christmas in the Park Exhibits (MBA #41)	9,000
City-wide Skateboard Park Development (MBA #41)	110,000
Family Camp Infrastructure Renovation (MBA #41)	27,000
Guadalupe River Park Contracts I and II Redesign - City Portion (MBA #41)	50,000
Happy Hollow East Side Improvements (MBA #41)	1,200,000
Happy Hollow Park and Zoo/Kelley Park Miscellaneous Improvements (MBA #41)	41,000
Kelley Park East Picnic Grounds and Restroom (MBA #41)	1,436,000
Los Lagos Golf Course Enhancements (MBA #41)	57,000
Los Lagos Golf Course Safety Improvements (MBA #41)	(240,000)
Miyuki Dog Park (MBA #41)	13,000
Our City Forest Temporary Storage (MBA #41)	9,000
Overfelt Garden Irrigation Renovation (MBA #41)	60,000
Parks City-Wide Public Art (MBA #41)	235,000
Registration and E-Commerce System Fixtures, Furnishings and Equipment (MBA #41)	60,000
TRAIL: Milestone Markers (MBA #41)	90,000
TRAIL: Penitencia Creek Trail/King Road Crossing (MBA #41)	58,000

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**CITY-WIDE**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (391) (CONT'D.)**

Use of Funds Incremental Adjustments (Cont'd.)

TRAIL: Thompson Creek Easement (MBA #41)	25,000
Vietnamese Cultural Heritage Garden (MBA #41)	168,000

Subtotal of Incremental Adjustments	3,841,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 11,384,646</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND:**  
**FIRE PROTECTION PURPOSES (392)**

Total Source of Funds Per Proposed Budget (Page V - 687)		5,099,671
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	1,612,000	
Subtotal of Incremental Adjustments		1,612,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>6,711,671</b>

Total Use of Funds Per Proposed Budget (Page V - 696)		5,099,671
Use of Funds Incremental Adjustments		
Decontamination Sinks (MBA #41)	15,000	
Emergency Response Data Analysis (MBA #41)	25,000	
Emergency Response Maps (MBA #41)	51,000	
Facilities Improvements (MBA #41)	41,000	
FF&E and Facility Improvements (MBA #41)	1,060,000	
Fire Apparatus Replacement (MBA #41)	75,000	
Fire Data System (MBA #41)	7,000	
Fire Station 36 (Silver Creek/Yerba Buena) (MBA #41)	(34,000)	
Fire Station Privacy (MBA #41)	85,000	
Traffic Control Equipment (MBA #41)	266,000	
Underground Fuel Tank Renovation/Replacement (MBA #41)	21,000	
Subtotal of Incremental Adjustments		1,612,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>6,711,671</b>

Note: It should be noted that decreases of \$800,000 to the Sale of 6 Former Fire Stations revenue and Fire Station 37 (Willow Glen) appropriation for 2009-2010 are included in this fund. (Mayor's Message)

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**LIBRARY**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND (393)**

Total Source of Funds Per Proposed Budget (Page V - 227) 14,679,335

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 655,000

Subtotal of Incremental Adjustments 655,000

**REVISED TOTAL SOURCE OF FUNDS \$ 15,334,335**

Total Use of Funds Per Proposed Budget (Page V - 235) 14,679,335

Use of Funds Incremental Adjustments

    Branch Libraries Fixtures, Furnishings and Equipment  
    (MBA #41) 600,000

    Branch Library Bond Projects (MBA #41) (25,000)

    Facilities Improvements (MBA #41) 30,000

    General Equipment and Furnishings (MBA #41) 50,000

Subtotal of Incremental Adjustments 655,000

**REVISED TOTAL USE OF FUNDS \$ 15,334,335**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND:**  
**SERVICE YARDS PURPOSE (395)**

Total Source of Funds Per Proposed Budget (Page V - 997) 19,224,451

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 474,000

Subtotal of Incremental Adjustments 474,000

**REVISED TOTAL SOURCE OF FUNDS \$ 19,698,451**

Total Use of Funds Per Proposed Budget (Page V - 1001) 19,224,451

Use of Funds Incremental Adjustments

    Central Service Yard Phase II (MBA #41) 465,000

    Underground Fuel Tank Renovation/Replacement  
    (MBA #41) 9,000

Subtotal of Incremental Adjustments 474,000

**REVISED TOTAL USE OF FUNDS \$ 19,698,451**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND:**  
**COMMUNICATIONS PURPOSE (397)**

Total Source of Funds Per Proposed Budget (Page V - 949) 4,487,280

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 211,000

Subtotal of Incremental Adjustments 211,000

**REVISED TOTAL SOURCE OF FUNDS \$ 4,698,280**

Total Use of Funds Per Proposed Budget (Page V - 951) 4,487,280

Use of Funds Incremental Adjustments

COPS 2003-2004 Interoperable Communications Grant 202,000  
(MBA #41)

Public Art (MBA #41) 9,000

Subtotal of Incremental Adjustments 211,000

**REVISED TOTAL USE OF FUNDS \$ 4,698,280**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**PARK YARDS**  
**CONSTRUCTION TAX AND PROPERTY CONVEYANCE**  
**TAX FUND (398)**

Total Source of Funds Per Proposed Budget (Page V - 495)	2,465,126
Source of Funds Incremental Adjustments	
Beginning Fund Balance (MBA #41)	30,000
Subtotal of Incremental Adjustments	30,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$ 2,495,126</b>
Total Use of Funds Per Proposed Budget (Page V - 497)	2,465,126
Use of Funds Incremental Adjustments	
Alum Rock Park Maintenance Service Yard (MBA #41)	27,000
Park Yards Public Art (MBA #41)	3,000
Subtotal of Incremental Adjustments	30,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$ 2,495,126</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CIVIC CENTER CONSTRUCTION FUND (425)**

Total Source of Funds Per Proposed Budget (Page V - 978) 1,242,611

Source of Funds Incremental Adjustments

    Beginning Fund Balance (MBA #41) 3,306,000

Subtotal of Incremental Adjustments 3,306,000

**REVISED TOTAL SOURCE OF FUNDS \$ 4,548,611**

Total Use of Funds Per Proposed Budget (Page V - 978) 1,242,611

Use of Funds Incremental Adjustments

    City Hall Capital Enhancements (MBA #41) 193,000

    City Hall Network Operations Center Secondary Cooling  
    System (MBA #41) 1,154,000

    Police Administration Voice and Data Network  
    Enhancements (MBA #41) 1,676,000

    Watson Site Clean-up and Restoration (MBA #41) 283,000

Subtotal of Incremental Adjustments 3,306,000

**REVISED TOTAL USE OF FUNDS \$ 4,548,611**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND (429)**

Total Source of Funds Per Proposed Budget (Page V - 836) 25,530,399

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	2,614,000
ITS: Light Rail Controller Upgrade Phase II (MBA #41)	370,000

Subtotal of Incremental Adjustments 2,984,000

**REVISED TOTAL SOURCE OF FUNDS \$ 28,514,399**

Total Use of Funds Per Proposed Budget (Page V - 863) 25,530,399

Use of Funds Incremental Adjustments

Autumn Street Corridor Planning (MBA #41)	50,000
Curtner Avenue Widening (MBA #41)	640,000
ITS: Light Rail Controller Upgrade Phase II (MBA #41)	420,000
ITS: Stevens Creek - West (MBA #41)	525,000
Oakland Road: Route 101 to Montague (MBA #41)	60,000
Public Art (MBA #41)	181,000
Route 880/Coleman Interchange Landscape Project (MBA #41)	4,000
Seismic Bridge Retrofit - Southwest Expressway (MBA #41)	510,000
Taylor Street: First to Coleman (MBA #41)	70,000
Traffic Signals - Flow Management (MBA #41)	240,000
Underground Utilities - Special Facilities (MBA #41)	25,000
Union Avenue at Ross Creek (MBA #41)	55,000
Willow Glen Way: Guadalupe River Bridge (MBA #41)	218,000
Ending Fund Balance (MBA #41)	(14,000)

Subtotal of Incremental Adjustments 2,984,000

**REVISED TOTAL USE OF FUNDS \$ 28,514,399**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CIVIC CENTER PARKING FUND (433)**

Total Source of Funds Per Proposed Budget (Page V - 978)		1,605,593
Source of Funds Incremental Adjustments		
No Change		
Subtotal of Incremental Adjustments		-
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>1,605,593</b>
Total Use of Funds Per Proposed Budget (Page V - 978)		1,605,593
Use of Funds Incremental Adjustments		
New City Hall Parking Garage (MBA #41)	100,000	
Transfer to the City Hall Debt Service Fund (MBA #41)	(100,000)	
Subtotal of Incremental Adjustments		-
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>1,605,593</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**REDEVELOPMENT CAPITAL PROJECTS FUND (450)**

Total Source of Funds Per Proposed Budget		-
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	3,339,658	
Subtotal of Incremental Adjustments		3,339,658
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>3,339,658</b>

Total Use of Funds Per Proposed Budget		-
Use of Funds Incremental Adjustments		
Additional Contingency Services (MBA #41)	18,000	
Alma Neighborhood Storm Drain Improvements (MBA #41)	2,058	
Ann Darling Drive Improvement (MBA #41)	170,000	
Backesto Park Perimeter Pedestrian St. Lighting (MBA #41)	2,098	
Bellevue Park (MBA #41)	3,530	
Blackford Streetlights (MBA #41)	3,003	
Capitol Park Neighborhood Center (MBA #41)	1,942	
CDBG Funded ADA Accessibility Ramp Construction Project (MBA #41)	40,000	
CDBG Funded Streetlights SNI Project (MBA #41)	50,000	
CEQA Clearance (MBA #41)	15,000	
Christmas in the Park Exhibits (MBA #41)	79,500	
Community Park-Floyd and Locust Streets (MBA #41)	16,180	
Delmas Park Housing Rehabilitation Project (MBA #41)	200,000	
Dept of Public Works Real Estate Division - Third Party Services (MBA #41)	33,000	
Department of Public Works Real Estate Services (MBA #41)	65,000	
Department of Public Works Real Estate Services - Alma Ave. Acquisition (MBA #41)	15,000	
Downtown Extended Hours Pilot Program (MBA #41)	30,000	
Downtown Seasonal Banners Project (MBA #41)	60,000	
Downtown Street Lighting Improvements (MBA #41)	30,295	
Eden Avenue Streetscape Improvement (MBA #41)	60,000	
Edenvale Community Center Public Art (MBA #41)	37,000	
G-79 Sidewalk Installation in Low-Income SNI Areas Project (MBA #41)	35,000	
Hanchett Pillar Project (MBA #41)	67,000	
Harliss Ave Street Lighting (MBA #41)	9,228	

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**REDEVELOPMENT CAPITAL PROJECTS FUND (450) (CONT'D.)**

Japantown Street Decorative Lighting (MBA #41)	65,000	
Joint Library Public Art (MBA #41)	161	
Julian and St. James Phase 1B Couplet Conversion (MBA #41)	200,000	
Keyes Street/Greater Gardner Pedestrian Streetlight (MBA #41)	9,000	
Kingman Ave & Leigh Ave, San Antonio Ave & Scharff Ave Traffic Signal Installation (MBA #41)	246,180	
Market & Almaden Pedestrian Lighting (MBA #41)	1,327	
Mayfair Community Center (MBA #41)	47,000	
Monterey Corridor Median Improvement (MBA #41)	7,324	
NBD's Banner Program (MBA #41)	25,000	
Non-Project Specific DPW Services project (MBA #41)	16,335	
North San Jose Rincon Storm System Improvements- Phase II (MBA #41)	1,162	
North San Jose Transportation Infrastructure (MBA #41)	300,000	
Pala Youth Center Public Art (MBA #41)	2,175	
Park Avenue Streetscape Improvement (MBA #41)	3,249	
Paseo Plaza Public Art (MBA #41)	14,709	
Phase I Circle of Palms Plaza Lighting Enhancement Project (MBA #41)	30,711	
Rincon Pump Station (MBA #41)	1,974	
San Antonio Ave Traffic Signal Modification (MBA #41)	365,000	
Sanitary Sewer Improvements Phase II Project (MBA #41)	350,000	
Sidewalk Cafe Permits Project (MBA #41)	50,000	
Starbird Youth Center Public Art (MBA #41)	37,600	
13th Street SNI Pedestrian Street Light Improvement Project (MBA #41)	1,147	
Traffic Calming Improvements (MBA #41)	11,234	
Traffic Calming Improvements - Gateway East SNI #8 (MBA #41)	136,000	
TRAIL: Coyote Creek (MBA #41)	161,204	
TRAIL: Coyote Creek - Railway Trestle Plat Map and Description (MBA #41)	15,245	
Transit Mall Pedestrian Lighting Improvements Project Phase 2 & 3 (MBA #41)	75,000	
24th Street Pedestrian Street Light Project (MBA #41)	90,000	
University Neighborhood Phase 2 Pedestrian Streetlight (MBA #41)	5,000	
West San Carlos Median Uplight (MBA #41)	25,428	
West San Carlos Street Improvement (MBA #41)	2,659	
Subtotal of Incremental Adjustments		3,339,658
<b>REVISED TOTAL USE OF FUNDS</b>		<b>\$ 3,339,658</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**INTERIM CITY FACILITIES IMPROVEMENT FUND (460)**

Total Source of Funds Per Proposed Budget (Page V - 972)		-
Source of Funds Incremental Adjustments		
Commercial Paper Proceeds Adjustment (MBA #41)	1,338,159	
Subtotal of Incremental Adjustments		1,338,159
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>1,338,159</b>
Total Use of Funds Per Proposed Budget (Page V - 977)		-
Use of Funds Incremental Adjustments		
Interim City Facilities Improvements (MBA #41)	1,338,159	
Subtotal of Incremental Adjustments		1,338,159
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>1,338,159</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**LAKE CUNNINGHAM FUND (462)**

Total Source of Funds Per Proposed Budget (Page V - 509)		1,010,402
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	368,000	
Subtotal of Incremental Adjustments		368,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>1,378,402</b>
Total Use of Funds Per Proposed Budget (Page V - 511)		1,010,402
Use of Funds Incremental Adjustments		
Lake Cunningham Master Plan Feasibility and Environmental Studies (MBA #41)	100,000	
Lake Cunningham Public Art (MBA #41)	62,000	
Lake Cunningham Skate Park Fixtures, Furnishings and Equipment (MBA #41)	95,000	
Lake Water Management Plan (MBA #41)	95,000	
Perimeter Landscaping (MBA #41)	16,000	
Subtotal of Incremental Adjustments		368,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>1,378,402</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CONSTRUCTION EXCISE TAX FUND (465)**

Total Source of Funds Per Proposed Budget (Page V - 843) 25,802,021

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	16,369,000
Prop 1B - Route 101/Tully Interchange Upgrade (MBA #41)	4,000,000

Subtotal of Incremental Adjustments 20,369,000

**REVISED TOTAL SOURCE OF FUNDS \$ 46,171,021**

Total Use of Funds Per Proposed Budget (Page V - 863) 25,802,021

Use of Funds Incremental Adjustments

CFD #13 Feasibility Study Project (MBA #41)	17,000
Federal Pavement Maintenance (MBA #41)	6,000,000
Ortho Photo Project (MBA #41)	83,000
Prop 1B - Pavement Maintenance (MBA #41)	9,000,000
Prop 1B - Route 101/Tully Interchange Upgrade (MBA #41)	4,000,000
Public Art (MBA #41)	37,000
Traffic Congestion Relief Program Payback - Pavement Maintenance (MBA #41)	1,000,000
Traffic Signals - Developer Assisted (MBA #41)	55,000
Transportation Needs Master Plan (MBA #41)	50,000
Vendome Area and 7th Street Traffic Calming (MBA #41)	140,000
Ending Fund Balance (MBA #41)	(13,000)

Subtotal of Incremental Adjustments 20,369,000

**REVISED TOTAL USE OF FUNDS \$ 46,171,021**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**STORM SEWER CAPITAL FUND (469)**

Total Source of Funds Per Proposed Budget (Page V - 99)	3,727,332
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	872,000
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Subtotal of Incremental Adjustments	872,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>4,599,332</b>
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Total Use of Funds Per Proposed Budget (Page V - 100)	3,727,332
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Use of Funds Incremental Adjustments

Alviso Storm Rehabilitation (MBA #41)	135,000
Chateau Drive Storm Drain Improvement, Phase II (MBA #41)	60,000
Minor Neighborhood Storm Drain Improvements (MBA #41)	180,000
Outfall Rehabilitation - Capital (MBA #41)	8,000
Public Art (MBA #41)	41,000
Storm Drainage Improvements - Special Corridors (MBA #41)	63,000
Storm Pump Station Rehab and Replacement (MBA #41)	385,000

Subtotal of Incremental Adjustments	872,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>4,599,332</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**PARKS AND RECREATION BOND PROJECTS FUND (471)**

Total Source of Funds Per Proposed Budget (Page V - 651) 32,188,905

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 28,939,000

Subtotal of Incremental Adjustments 28,939,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 61,127,905**

Total Use of Funds Per Proposed Budget (Page V - 654) 32,188,905

Use of Funds Incremental Adjustments

Almaden Community Center - Multi-Service (MBA #41) 100,000

Bascom Community Center - Multi-Service (MBA #41) 10,641,000

Emma Prusch Memorial Park - LeFevre House (MBA #41) 106,000

Happy Hollow Park and Zoo Renovation and  
Improvements (MBA #41) 10,485,000

Mayfair Community Center - Satellite (MBA #41) 2,345,000

Public Art - Parks and Recreation Bond Projects  
(MBA #41) 1,975,000

Roosevelt Community Center - Multi-Service (MBA #41) 564,000

Soccer Complex (MBA #41) 158,000

Softball Complex (MBA #41) 103,000

TRAIL: Coyote Creek (Tully Road to Los Lagos Golf  
Course) (MBA #41) 1,225,000

TRAIL: Guadalupe River Trail Reach VI (Woz Way to  
Willow Street) (MBA #41) 943,000

TRAIL: Los Gatos Creek Reach IV (MBA #41) 210,000

TRAIL: Saratoga/San Tomas Aquino Creek Reach VI  
(MBA #41) 84,000

Subtotal of Incremental Adjustments 28,939,000

**REVISED TOTAL USE OF FUNDS** **\$ 61,127,905**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**BRANCH LIBRARIES BOND PROJECTS FUND (472)**

Total Source of Funds Per Proposed Budget (Page V - 228) 33,129,153

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	20,884,000	
Sale of Bonds (MBA #41)	(35,000)	

Subtotal of Incremental Adjustments 20,849,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 53,978,153**

Total Use of Funds Per Proposed Budget (Page V - 235) 33,129,153

Use of Funds Incremental Adjustments

Almaden Branch (MBA #41)	75,000	
Bascom Branch (MBA #41)	11,758,000	
Calabazas Branch (MBA #41)	100,000	
Dr. Roberto Cruz Alum Rock Branch (MBA #41)	25,000	
East San José Carnegie Branch (MBA #41)	205,000	
Edenvale Branch (MBA #41)	643,000	
Educational Park Branch (MBA #41)	300,000	
Joyce Ellington Branch (MBA #41)	109,000	
Land Acquisition (MBA #41)	66,000	
Pearl Avenue Branch (MBA #41)	939,000	
Santa Teresa Branch (MBA #41)	3,174,000	
Seven Trees Branch (MBA #41)	3,300,000	
Willow Glen Branch (MBA #41)	155,000	

Subtotal of Incremental Adjustments 20,849,000

**REVISED TOTAL USE OF FUNDS** **\$ 53,978,153**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**CIVIC CENTER IMPROVEMENT FUND (473)**

Total Source of Funds Per Proposed Budget (Page V - 972)		650,000
Source of Funds Incremental Adjustments		
Earned Revenue (MBA #41)	4,275,000	
Subtotal of Incremental Adjustments		4,275,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>4,925,000</b>
Total Use of Funds Per Proposed Budget (Page V - 978)		650,000
Use of Funds Incremental Adjustments		
City Hall Technology, Furniture, and Equipment (MBA #41)	4,275,000	
Subtotal of Incremental Adjustments		4,275,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>4,925,000</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**NEIGHBORHOOD SECURITY BOND FUND (475)**

Total Source of Funds Per Proposed Budget (Page V - 688)		35,570,771
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	7,919,000	
Subtotal of Incremental Adjustments		7,919,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>43,489,771</b>
Total Use of Funds Per Proposed Budget (Page V - 696)		35,570,771
Use of Funds Incremental Adjustments		
9-1-1 Communications Dispatch Center (MBA #41)	(68,000)	
East San José Community Policing Center (MBA #41)	(5,000)	
Fire Station 19 - Relocation (Piedmont) (MBA #41)	3,800,000	
Fire Training Center (MBA #41)	500,000	
Land Acquisition - Fire Station (MBA #41)	348,000	
Program Management - Public Safety Bond Projects (MBA #41)	(7,000)	
Public Art - Fire Bond Projects (MBA #41)	332,000	
Public Art - Police Bond Projects (MBA #41)	19,000	
South San José Police Substation (MBA #41)	3,000,000	
Subtotal of Incremental Adjustments		7,919,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>43,489,771</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**WATER UTILITY CAPITAL FUND (500)**

Total Source of Funds Per Proposed Budget (Page V - 174) 6,233,791

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41) 371,000

Subtotal of Incremental Adjustments 371,000

**REVISED TOTAL SOURCE OF FUNDS \$ 6,604,791**

Total Use of Funds Per Proposed Budget (Page V - 175) 6,233,791

Use of Funds Incremental Adjustments

Norwood Pump Station Replacement (MBA #41) 100,000

Public Art (MBA #41) 6,000

Security Improvements (MBA #41) 190,000

Water Valve Rehabilitation (MBA #41) 75,000

Subtotal of Incremental Adjustments 371,000

**REVISED TOTAL USE OF FUNDS \$ 6,604,791**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND (512)**

Total Source of Funds Per Proposed Budget (Page V - 132)		93,513,920
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	16,382,000	
Subtotal of Incremental Adjustments		16,382,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>		<b>\$ 109,895,920</b>

Total Use of Funds Per Proposed Budget (Page V - 136)		93,513,920
Use of Funds Incremental Adjustments		
Alternative Disinfection (MBA #41)	800,000	
Digester Gas Line Replacement (MBA #41)	1,100,000	
Digester Rehabilitation (MBA #41)	6,600,000	
Equipment Replacement (MBA #41)	2,230,000	
Plant Electrical Reliability (MBA #41)	2,134,000	
Plant Infrastructure Improvements (MBA #41)	2,839,000	
Public Art (MBA #41)	102,000	
WPCP Reliability Improvements (MBA #41)	577,000	
Subtotal of Incremental Adjustments		16,382,000
<b>REVISED TOTAL USE OF FUNDS</b>		<b>\$ 109,895,920</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**AIRPORT CAPITAL IMPROVEMENT FUND (520)**

Total Source of Funds Per Proposed Budget (Page V - 763) 23,607,454

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	15,003,000
Revenue from Federal Government (MBA #41)	3,000,000

Subtotal of Incremental Adjustments 18,003,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 41,610,454**

Total Use of Funds Per Proposed Budget (Page V - 765) 23,607,454

Use of Funds Incremental Adjustments

Compressed Natural Gas Fueling Station Upgrades (MBA #41)	515,000
Noise Attenuation Treatment - Category IB (MBA #41)	3,900,000
North Concourse Building (MBA #41)	14,016,000
Runway Guard Light Replacement (MBA #41)	402,000
Ending Fund Balance (MBA #41)	(830,000)

Subtotal of Incremental Adjustments 18,003,000

**REVISED TOTAL USE OF FUNDS** **\$ 41,610,454**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**AIRPORT REVENUE BOND IMPROVEMENT FUND (526)**

Total Source of Funds Per Proposed Budget (Page V - 763) 99,936,249

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	226,629,000
FMC Site Reuse Preparation (MBA #41)	12,500,000

Subtotal of Incremental Adjustments 239,129,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 339,065,249**

Total Use of Funds Per Proposed Budget (Page V - 765) 99,936,249

Use of Funds Incremental Adjustments

Airfield Lighting Control and Taxiway V Lighting System (MBA #41)	200,000
Belly-Freight Facility (MBA #41)	1,404,000
Central Plant Expansion (MBA #41)	492,000
Clean-Up of Existing Fuel Farm (MBA #41)	741,000
Consolidated Rental Car Facility (MBA #41)	38,460,000
Electrical Distribution System (MBA #41)	154,000
FMC Site Reuse Preparation (MBA #41)	12,243,000
North Concourse Building (MBA #41)	12,212,000
Public Art (MBA #41)	832,000
Public Parking Garage (MBA #41)	1,755,000
South Apron Replacement (MBA #41)	197,000
Taxiway W, Phase I/II (MBA #41)	1,883,000
Terminal Area Improvement, Phase I (MBA #41)	106,812,000
Terminal Area Improvement, Phase II (MBA #41)	21,696,000
Utility Infrastructure (MBA #41)	283,000
Warehouse Building Maintenance (MBA #41)	1,069,000
Ending Fund Balance (MBA #41)	38,696,000

Subtotal of Incremental Adjustments 239,129,000

**REVISED TOTAL USE OF FUNDS** **\$ 339,065,249**

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**AIRPORT RENEWAL AND REPLACEMENT FUND (527)**

Total Source of Funds Per Proposed Budget (Page V - 763) 6,622,854

Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	4,448,000
Reid-Hillview Noise Treatment (MBA #41)	497,000

Subtotal of Incremental Adjustments 4,945,000

**REVISED TOTAL SOURCE OF FUNDS** **\$ 11,567,854**

Total Use of Funds Per Proposed Budget (Page V - 765) 6,622,854

Use of Funds Incremental Adjustments

Advanced Planning (MBA #41)	200,000
Airfield Improvements (MBA #41)	164,000
Airfield Lighting Control and Taxiway V Lighting System (MBA #41)	183,000
Airport Technology Services (MBA #41)	17,000
AVI System Replacement (MBA #41)	788,000
Compressed Natural Gas Fueling Station Upgrades (MBA #41)	200,000
Computerized Maintenance Management System (MBA #41)	696,000
Environmental Audit and Plans (MBA #41)	300,000
Equipment, Operating (MBA #41)	171,000
Facilities Maintenance Equipment (MBA #41)	46,000
Fuel Farm Improvement and Clean-Up (MBA #41)	4,000
HVAC Repairs and Monitoring (MBA #41)	18,000
New Fuel Storage Facility (MBA #41)	265,000
North Concourse Building (MBA #41)	40,000
Public Art (MBA #41)	529,000
Reid Hillview Noise Treatment Program (MBA #41)	392,000
Runway Guard Light Replacement (MBA #41)	52,000
Taxiway W, Phase I/II (MBA #41)	58,000
Terminal Area Improvement, Phase I (MBA #41)	709,000
Terminal Elevator Repair (MBA #41)	93,000

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**

**AIRPORT RENEWAL AND REPLACEMENT FUND (527) (CONT'D.)**

Use of Funds Incremental Adjustments (Cont'd.)

Runway Guard Light Replacement (MBA #41)	37,000	
Warehouse Building Maintenance (MBA #41)	20,000	
Ending Fund Balance (MBA #41)	(37,000)	
Subtotal of Incremental Adjustments		4,945,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>11,567,854</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**AIRPORT PASSENGER FACILITY CHARGE FUND (529)**

Total Source of Funds Per Proposed Budget (Page V - 763)		91,058,188
Source of Funds Incremental Adjustments		
Beginning Fund Balance (MBA #41)	(6,579,000)	
Subtotal of Incremental Adjustments		(6,579,000)
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>84,479,188</b>
Total Use of Funds Per Proposed Budget (Page V - 765)		91,058,188
Use of Funds Incremental Adjustments		
Noise Attenuation Treatment - Category IB (MBA #41)	4,024,000	
Terminal Area Improvement, Phase I (MBA #41)	24,417,000	
Ending Fund Balance (MBA #41)	(35,020,000)	
Subtotal of Incremental Adjustments		(6,579,000)
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>84,479,188</b>

**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**SANITARY SEWER CONNECTION FEE FUND (540)**

Total Source of Funds Per Proposed Budget (Page V - 55)	7,700,673
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	10,536,000
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Subtotal of Incremental Adjustments	10,536,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>18,236,673</b>
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Total Use of Funds Per Proposed Budget (Page V - 57)	7,700,673
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Use of Funds Incremental Adjustments

Alum Rock Avenue Sanitary Sewer Rehabilitation (MBA #41)	50,000
Edenvale Sanitary Sewer Supplement, Phases VA and VB (MBA #41)	8,000,000
Miscellaneous Projects (MBA #41)	500,000
Miscellaneous Rehabilitation Projects (MBA #41)	2,000,000
Willow Glen Sanitary Sewer Rehabilitation (MBA #41)	(14,000)

Subtotal of Incremental Adjustments	10,536,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>18,236,673</b>
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**2008-2009  
REVISED SOURCE AND USE OF FUNDS STATEMENT**

**SEWER SERVICE & USE CHARGE CAPITAL IMPROVEMENT FUND (545)**

Total Source of Funds Per Proposed Budget (Page V - 55)	44,409,163
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Source of Funds Incremental Adjustments

Beginning Fund Balance (MBA #41)	14,194,000	
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Subtotal of Incremental Adjustments	14,194,000
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<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>58,603,163</b>
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Total Use of Funds Per Proposed Budget (Page V - 57)	44,409,163
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Use of Funds Incremental Adjustments

84" RCP Interceptor, Phases VB & VIB (MBA #41)	300,000	
Edenvale Sanitary Sewer Supplement Phase VA and VB (MBA #41)	9,051,000	
Flow Monitoring Program (Master Planning) (MBA #41)	100,000	
Geographic Information System (GIS) (MBA #41)	29,000	
Hydrogen Peroxide Injection Station (MBA #41)	110,000	
Inflow and Infiltration Reduction (MBA #41)	2,000,000	
Miscellaneous Projects (MBA #41)	200,000	
Public Art (MBA #41)	71,000	
Union/Almaden Oak Sanitary Sewer Rehabilitation (MBA #41)	1,313,000	
Willow Glen Sanitary Sewer Rehabilitation (MBA #41)	950,000	
Willow-Union Trunk Sewer (MBA #41)	70,000	

Subtotal of Incremental Adjustments	14,194,000
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<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>58,603,163</b>
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**2008-2009**  
**REVISED SOURCE AND USE OF FUNDS STATEMENT**  
**PARKING CAPITAL DEVELOPMENT FUND (556)**

Total Source of Funds Per Proposed Budget (Page V - 801)		800,000
Source of Funds Incremental Adjustments		
Transfer from the General Purpose Parking Fund (MBA #41)	5,100,000	
Subtotal of Incremental Adjustments		5,100,000
<b>REVISED TOTAL SOURCE OF FUNDS</b>	<b>\$</b>	<b>5,900,000</b>
Total Use of Funds Per Proposed Budget (Page V - 804)		800,000
Use of Funds Incremental Adjustments		
Parking Capital Development (MBA #41)	5,100,000	
Subtotal of Incremental Adjustments		5,100,000
<b>REVISED TOTAL USE OF FUNDS</b>	<b>\$</b>	<b>5,900,000</b>



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer Maguire

**SUBJECT:** BUDGET STUDY SESSIONS

**DATE:** May 2, 2008

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Approved

/s/

Date 05/02/08

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Attached are detailed agendas for the 2008-2009 Budget Study Sessions for the City's and Redevelopment Agency's Operating Budgets, City's Capital Budget and Five-Year Capital Improvement Program, and the Three-Year General Fund Structural Deficit Elimination Plan-Top Priority Strategies, scheduled to begin on May 7, 2008.

The attached agendas for the Operating Budget Study Sessions will help you locate the detailed discussions for each City Service Area (CSA) in the City's Operating Budget Document. The CSA sections can be found in section VII of the document and include the following information:

- Overview (i.e., Budget Summary, Five-Year Business Plan, Two-Year Investment Strategy, Performance by Outcome, Proposed Investment Changes)
- Core Services (i.e., Core Service Performance and Resource Overview and Budget Changes by Core Service), and
- City-Wide (i.e., City-Wide Expenses/General Fund Capital, Transfers, and Reserves).

Although not specifically presented, the more technical information regarding the budget can be found in the following sections: General Fund Revenue Estimates (section VI); City Departments (section VIII); City-Wide (section IX); Selected Special Fund Summaries (section X); and Source and Use of Funds Statements (section XI).

The Capital Budget Study Session presentations are also again organized by CSA, which integrate capital programs with service areas that they support. Please refer to section V of the City's Capital Budget document for detailed Capital Program information.

Redevelopment Agency Budget Operating Budget information will be discussed with the Community and Economic Development CSA (May 7<sup>th</sup>). The Redevelopment Agency budget material has been released under separate cover. The City Council Appointees will be discussed with the Strategic Support City Service Area (May 12<sup>th</sup>). The Three-Year General Fund Structural Deficit Elimination Plan-Top Priority Strategy recommendations will be distributed no later than May 9<sup>th</sup> as a Manager's Budget Addendum.

Please contact me at 535-8144 if you have questions or would like assistance with the agendas.

/s/

JENNIFER MAGUIRE  
Acting Budget Director

Attachments

**2008-2009**  
**CITY OF SAN JOSÉ**  
**BUDGET STUDY SESSIONS\***

<b>ITEM**</b>	<b>DATE</b>	<b>TIME</b>
<b>City and Redevelopment Agency 2008-2009 Operating Budgets</b>		
□ Overview	Wednesday, May 7, 2008	9:00 am – 10:00 am
<b>CSA Business Plans, Core Services, and Performance Measures</b>		
□ Community & Economic Development (including Redevelopment Agency)	Wednesday, May 7, 2008 Thursday, May 8, 2008	10:00 am – 12:00 pm 9:00 am – 10:00 am
□ Environmental & Utility Services	Thursday, May 8, 2008	10:00 am – 12:00 pm
□ Neighborhood Services	Friday, May 9, 2008	1:00 pm – 3:00 pm
□ Public Safety	Friday, May 9, 2008	3:00 pm – 5:00 pm
□ Transportation & Aviation Services	Monday, May 12, 2008	1:00 pm – 2:45 pm
□ Strategic Support (including Council Appointees)	Monday, May 12, 2008	2:45 pm – 4:00 pm
□ City Auditor Recommendations	Monday, May 12, 2008	4:00 pm – 4:15 pm
□ Fees and Charges	Monday, May 12, 2008	4:15 pm – 5:00 pm
<b>City 2008-2009 Capital Budget and 2009-2013 Capital Improvement Program</b>		
□ Overview	Wednesday, May 14, 2008	9:00 am – 9:30 am
□ Community & Economic Development	Wednesday, May 14, 2008	9:30 am – 10:00 am
□ Environmental & Utility Services	Wednesday, May 14, 2008	10:00 am – 11:00 am
□ Neighborhood Services	Wednesday, May 14, 2008	11:00 am – 12:00 pm
□ Public Safety	Thursday, May 15, 2008	9:00 am – 10:00 am
□ Transportation & Aviation Services	Thursday, May 15, 2008	10:00 am – 11:30 am
□ Strategic Support	Thursday, May 15, 2008	11:30 am – 12:00 pm
<b>Three-Year General Fund Structural Deficit Elimination Plan</b>		
□ Top Priority Strategies	Friday, May 16, 2008	9:00 am – 12:00 pm
<b>HOLD for Discussions if Needed</b>	Friday, May 16, 2008	1:00 pm – 5:00 pm

\* Budget Study Sessions will be held in the City Council Chambers.

\*\*Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Wednesday, May 7, 2008  
9:00 am – 12:00 pm, Council Chambers

Opening Comments	Mayor Chuck Reed
Introduction of Proposed Operating Budget	Debra Figone
Overview Presentation	Paul Krutko/Jennifer Maguire
Discussion of CSA Business Plans, Core Services, and Performance Measures	

City Service Area Page #

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#### **Community and Economic Development** (CSA Lead: Paul Krutko)

1. CSA Business Plan/Performance Measures VII-9 – VII-47
2. Core Services/Performance Measures VII-49 – VII-128
  - Arts and Cultural Development (*Office of Economic Development*)
  - Business/Job Attraction, Retention,
    - Expansion and Creation (*Office of Economic Development*)
  - Convention Facilities (*Convention Facilities*)
  - Development Plan Review and Building Construction
    - Inspection (*Planning, Building and Code Enforcement*)
  - Enhance the Quality and Supply of the City's
    - Housing Stock (*Redevelopment Agency*)
  - Fire Safety Code Compliance (*Fire*)
  - Increase the Affordable Housing Supply (*Housing*)
  - Initiate and Facilitate Private Development
    - (*Redevelopment Agency*)

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Thursday, May 8, 2008  
9:00 am – 12:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Community and Economic Development** (CSA Lead: Paul Krutko)

(Cont'd.)

Initiate and Facilitate Public Facilities and Spaces See separate document  
(*Redevelopment Agency*)

Long Range Land Use Planning  
(*Planning, Building and Code Enforcement*)

Maintain the Existing Affordable Housing Supply  
(*Housing*)

Outdoor Special Events (*Office of Economic Development*)

Promote and Implement Neighborhood Improvement See separate document  
Strategies (*Redevelopment Agency*)

Provide Services to Homeless and At-Risk Populations (*Housing*)

Regulate/Facilitate Private Development (*Public Works*)

Workforce Development (*Office of Economic Development*)

Strategic Support (*All Departments*)

#### 3. City-Wide

VII-129 – VII-132

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Thursday, May 8, 2008 (Cont'd.)  
9:00 am – 12:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Environmental and Utility Services (CSA Lead: John Stufflebean)**

1. CSA Business Plan/Performance Measures VII-133 – VII-156
2. Core Services/Performance Measures VII-157 – VII-201
  - Manage Potable Water (*Environmental Services*)
  - Manage Recycled Water (*Environmental Services*)
  - Manage Recycling and Garbage Services (*Environmental Services*)
  - Manage Urban Runoff Quality (*Environmental Services*)
  - Manage Wastewater (*Environmental Services*)
  - Protect Natural and Energy Resources (*Environmental Services*)
  - Sanitary Sewer Maintenance (*Transportation*)
  - Storm Sewer Management (*Transportation*)
  - Strategic Support (*All Departments*)
3. City-Wide VII-203 – VII-204

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Friday, May 9, 2008  
1:00 pm – 5:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Neighborhood Services** (CSA Lead: Jane Light)

1. CSA Business Plan/Performance Measures VII-205 – VII-234

2. Core Services/Performance Measures VII-235 – VII-294

Animal Care and Services

*(General Services)*

Community Code Enforcement

*(Planning, Building and Code Enforcement)*

Community Strengthening Services

*(Parks, Recreation and Neighborhood Services)*

Life Enjoyment Services

*(Parks, Recreation and Neighborhood Services)*

Neighborhood Livability Services

*(Parks, Recreation and Neighborhood Services)*

Promote Lifelong Learning and Provide Educational

Support *(Library)*

Provide Access to Information, Library Materials and

Digital Resources *(Library)*

Strategic Support *(All Departments)*

3. City-Wide VII-295 – VII-297

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Friday, May 9, 2008 (Cont'd.)  
1:00 pm – 5:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Public Safety** (CSA Lead: Rob Davis)

1. CSA Business Plan/Performance Measures VII-299 – VII-324
2. Core Services/Performance Measures VII-325 – VII-388
  - Crime Prevention and Community Education (*Police*)
  - Emergency Preparedness and Planning  
(*Office of Emergency Services*)
  - Emergency Response (*Fire*)
  - Emergency Response and Recovery  
(*Office of Emergency Services*)
  - Fire Prevention (*Fire*)
  - Independent Police Oversight (*Independent Police Auditor*)
  - Investigative Services (*Police*)
  - Regulatory Services (*Police*)
  - Respond to Calls for Service (*Police*)
  - Special Events Services (*Police*)
  - Strategic Support (*All Departments*)
3. City-Wide VII-389 – VII-391

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## 2008-2009 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Monday, May 12, 2008  
1:00 pm – 5:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Transportation and Aviation Services** (CSA Lead: Jim Helmer)

1. CSA Business Plan/Performance Measures VII-393 – VII-427
2. Core Services/Performance Measures VII-429 – VII-506
  - Airport Customer Service (*Airport*)
  - Airport Environmental Management (*Airport*)
  - Community Air Service (*Airport*)
  - Parking Services (*Transportation*)
  - Pavement Maintenance (*Transportation*)
  - Street Landscape Maintenance (*Transportation*)
  - Traffic Maintenance (*Transportation*)
  - Traffic Safety Services (*Police*)
  - Transportation Operations (*Transportation*)
  - Transportation Planning and Project Delivery (*Transportation*)
  - Strategic Support (*All Departments*)
3. City-Wide VII-507 – VII-509



\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.

# 2008-2009 PROPOSED OPERATING BUDGET

## STUDY SESSION

### AGENDA\*

Monday, May 12, 2008 (Cont'd.)  
1:00 pm – 5:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area \_\_\_\_\_ Page #

#### **Strategic Support** (CSA Lead: Mark Danaj)

1. CSA Business Plan/Performance Measures VII-511 – VII-541
2. Core Services/Performance Measures VII-543 – VII-652
  - Administer Retirement Plans (*Retirement Services*)
  - Disbursements (*Finance*)
  - Employee Benefits (*Human Resources*)
  - Employment Services (*Human Resources*)
  - Facilities Management (*General Services*)
  - Financial Reporting (*Finance*)
  - Fleet and Equipment Services (*General Services*)
  - Health and Safety (*Human Resources*)
  - Manage and Support the Information Technology Infrastructure  
(*Information Technology*)
  - Plan, Design and Construct Public Facilities and Infrastructure  
(*Public Works*)
  - Provide Enterprise Technology Systems and Solutions  
(*Information Technology*)
  - Purchasing and Materials Management (*Finance*)
  - Revenue Management (*Finance*)



# 2008-2009 PROPOSED OPERATING BUDGET

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.

# STUDY SESSION

## AGENDA\*

Monday, May 12, 2008 (Cont'd.)  
1:00 pm – 5:00 pm, Council Chambers

Discussion of CSA Business Plans, Core Services, and Performance Measures (Cont'd.)

City Service Area Page #

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### **Strategic Support** (CSA Lead: Mark Danaj)

(Cont'd.)

Support Departmental Technology Services (*Information Technology*)

Treasury Management (*Finance*)

Workforce Resources and Diversity (*Human Resources*)

Strategic Support (*All Departments*)

3. Mayor, City Council and Appointees VII-653 – VII-730
- Office of the City Attorney
  - Office of the City Auditor
  - Office of the City Clerk
  - Office of the City Manager

4. City-Wide VII-731 – VII-737

**City Auditor Recommendations** 53-56

**Fees and Charges** See separate document



\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.

**2008-2009 PROPOSED CAPITAL BUDGET  
AND  
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

**STUDY SESSION**

**AGENDA\***

Wednesday, May 14, 2008  
9:00 am – 12:00 pm, Council Chambers

Opening Comments	Mayor Chuck Reed
Introduction of Proposed Capital Budget	Debra Figone
Overview Presentation	Ed Shikada
Discussion of Capital Budget	

<u>City Service Area</u>	<u>Page #</u>
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<b>Community and Economic Development</b>	<b>V-1 – V-3</b>
<i>Developer Assisted Projects Capital Program</i>	V-5 – V-25
<b>Environmental and Utility Services</b>	<b>V-27 – V-33</b>
<i>Sanitary Sewer System Capital Program</i>	V-35 – V-84
<i>Storm Sewer System Capital Program</i>	V-85 – V-117
<i>Water Pollution Control Capital Program</i>	V-119 – V-158
<i>Water Utility System Capital Program</i>	V-159 – V-194
<b>Neighborhood Services</b>	<b>V-195 – V-212</b>
<i>Library Capital Program</i>	V-213 – V-263
<i>Parks and Community Facilities Capital Program</i>	V-265 – V-665

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



**2008-2009 PROPOSED CAPITAL BUDGET  
AND  
2009-2013 CAPITAL IMPROVEMENT PROGRAM**

**STUDY SESSION  
AGENDA\***

Thursday, May 15, 2008  
9:00 am – 12:00 pm, Council Chambers

Discussion of Capital Budget (Cont'd.)

<u>City Service Area</u>	<u>Page #</u>
<b>Public Safety</b>	<b>V-667 – V-670</b>
<i>Public Safety Capital Program</i>	V-671 – V-731
<b>Transportation and Aviation Services</b>	<b>V-733 – V-740</b>
<i>Airport Capital Program</i>	V-741 – V-793
<i>Parking Capital Program</i>	V-795 – V-811
<i>Traffic Capital Program</i>	V-813 – V-938
<b>Strategic Support</b>	<b>V-939 – V-942</b>
<i>Communications Capital Program</i>	V-943 – V-957
<i>Municipal Improvements Capital Program</i>	V-959 – V-988
<i>Service Yards Capital Program</i>	V-989 – V-1011

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



## THREE-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN

### STUDY SESSION

### AGENDA\*

Friday, May 16, 2008  
9:00 am – 12:00 pm, Council Chambers

Opening Comments Mayor Chuck Reed

Introduction of Three-Year General Fund Structural Deficit Debra Figone  
Elimination Plan –Top Priority Strategies

Overview Presentation Jane Light

Discussion of Top Priority Strategies Page #

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**Top Priority Strategies** See Manager’s Budget Addendum (to be released separately)  
**and Stakeholder Views/  
Feedback on  
City Manager’s Priorities**

\* Items may be taken out of order or in advance of the scheduled time if the City Council completes its discussion of the item scheduled prior to the next item. For information, call Agenda Services at 535-8285.



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Ed Shikada

**SUBJECT: HP PAVILION AT SAN JOSE  
CAPITAL BUDGET  
RECOMMENDATIONS**

**DATE:** May 6, 2008

Approved

/s/

Date 05/08/2008

## RECOMMENDATION

It is recommended that the City Council approve the attached HP Pavilion Capital Repairs and Replacement Budget for 2008-2009 as submitted by the San José Arena Authority Board of Directors.

## BACKGROUND

In accordance with the agreement between the City of San José and the San José Arena Management (Silicon Valley Sports and Entertainment), the Capital Repairs and Replacement budget for 2008-2009 is presented to the City Council for approval. This budget is supported by the existing Arena Capital Reserve Fund that was established for this purpose. Over the last several years, both the City and Silicon Valley Sports and Entertainment (SVSE) have made contributions to the Arena Capital Reserve Fund per the agreement.

## ANALYSIS

The San José Arena Authority Board of Directors reviewed and recommends that City Council approve the annual capital budget for 2008-2009. Lists of the individual capital improvements recommended are attached for your reference. For 2008-2009, the normal capital repairs and replacements budget totals \$1,037,000.

The Arena Capital Reserve Fund has sufficient funding to support the normal capital repairs and replacements proposed for 2008-2009. After these costs are taken into consideration and with conservative revenue and expenditure projections, the remaining balance in this fund at the end of 2008-2009 is projected at \$800,000.

## COORDINATION

Staff from the San José Arena Authority, SVSE, and the City have coordinated to present this budget as part of the City's annual budget process.

/s/

Ed Shikada  
Deputy City Manager

Attachment

**HP PAVILION AT SAN JOSE**  
**Capital Budget Recommendations for 2008-2009**

<b>Normal Capital Repair/Replacement</b>	<b>2008-2009 Budgeted Amount</b>
Replace terazzo burnisher and HD carpet machine	9,000
Replace original rider sweeper	62,000
Replace original dasherboard skirting	30,000
Replace fall protection equipment and make required code changes to system	65,000
Replace food service equipment in concession stands 107/109	100,000
Replace folding chairs	35,000
Replace four ice machines	15,000
Replace vines, grasses and soil in linear planters	40,000
Replace macro lighting control systems	108,000
Repair brine chiller #1 compressor	60,000
Replace building automation system used to control mechanical systems	60,000
Replace three variable speed drives on air handlers (HVAC)	18,000
Replace transformer in TV truck bay	15,000
Replace retractable seating on main stage end	400,000
Unanticipated Repairs	20,000
<b>Total Normal Capital Repairs and Replacements</b>	<b>1,037,000</b>
<b>Total 2008-2009 Proposed Capital Budget</b>	<b>1,037,000</b>



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: 2008-2009 PROPOSED  
OPERATING BUDGET, 2008-2009  
PROPOSED CAPITAL BUDGET  
AND 2009-2013 CAPITAL  
IMPROVEMENT PROGRAM, AND  
2008-2009 PROPOSED FEES AND  
CHARGES REPLACEMENT PAGES**

**DATE:** May 8, 2008

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Approved /s/ Date 05/08/2008

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Attached are replacement pages to correct errors in the 2008-2009 Proposed Operating Budget, 2008-2009 Proposed Capital Budget and 2009-2013 Proposed Capital Improvement Program, and Proposed 2008-2009 Fees and Charges Report documents. The replacement pages include the following:

### Operating Budget

<u>Section</u>	<u>Change</u>	<u>Page Number</u>
Public Safety CSA Core Service: Respond to Calls for Service	Average Response Time (Citywide) – Priority One (2007-2008 Estimated)	VII – 368, 370
Strategic Support CSA Core Service: Workforce Resources and Diversity	Time-period for limit-dated Senior Analyst position	VII – 636

### Capital Budget

<u>Section</u>	<u>Change</u>	<u>Page Number</u>
Summary of Capital Program Source of Funds (Table)	Special Funds/ Capital Funds (2008-2009)	III – 9
Airport Capital Program - Source of Funds	Transfers from Special Funds V - 754 Transfers from Capital Funds	

### Fees and Charges Report

<u>Section</u>	<u>Change</u>	<u>Page Number</u>
Police Department	Trunk Line Fee	157, 159

/s/

JENNIFER A. MAGUIRE  
Acting Budget Director

Attachments

# Public Safety CSA

## Core Service: Respond to Calls for Service *Police Department*

### **Performance and Resource Overview (Cont'd.)**

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actual average time of 7.14 minutes for the first Police Officer to arrive. The average response time to Priority One calls is projected to be within targeted levels in 2007-2008 with an estimated time of 5.91 minutes. This improvement to response time for Priority One calls is due to implementation of the closest unit dispatch policy, a change in dispatch procedures which has reduced dispatch time as well as officer travel time. Response times to Priority Two calls (where there is injury or property damage, or potential for either to occur) has also improved. In 2006-2007, the response time for Priority Two calls was an average of 12.50 minutes, 13.6% above the target of 11 minutes. In 2007-2008, the response time for Priority Two calls is projected to drop to 11.32 minutes. While this response time is still above the target by 2.9%, it reflects an improvement of approximately 10% from the 2006-2007 performance.

In addition to calls received from the public, officers also respond to events and conditions on their beat, which might generally be associated with crime prevention and community education or traffic safety core services (i.e., community policing). To the degree that they engage in these activities, they are unavailable to respond immediately to calls from the public, thus impacting the overall response time. In 2006-2007, officer-initiated calls received totaled 102,517, or 0.3% above the 2005-2006 total of 102,188 calls. The 2007-2008 estimated officer-initiated calls are projected to decrease with 98,987 estimated calls. As 9-1-1 calls increase, the opportunity to perform self-initiated calls will decrease, thus the 2008-2009 forecast for this activity highlight has been reduced to 96,000. To ensure that the balance between calls from the public and those initiated by officers is maintained, the Department will continue to track the source of all calls.

The Police Department provides the City with the capability to respond to specific threats, such as violent crimes, narcotics trafficking, and terrorist activities, while maintaining efficiencies in staffing its special operations units. Personnel in special operations units such as the Metro Unit and the Violent Crimes Enforcement Team (VCET) perform duties other than those specific to their units. The Metro Unit is primarily responsible for establishing a rapid response program that may be implemented within any part of the City. The VCET Unit focuses enforcement efforts on criminal gang related activity, but also serves as a resource to the Patrol Division and routinely handles or assists on calls for service. The Bomb Squad has the responsibility for investigating, rendering safe, transporting, and disposing of bombs, explosives, and hazardous devices.

In light of the continuing General Fund budget shortfalls, the Police Department's budget strategy over the last six years was to retain basic emergency response services, focusing on patrol, and responding to calls for service. The Police Department will continue to maintain this strategy for 2008-2009, aligning with City Council's approval of the Mayor's March Budget Message.

For 2007-2008, the addition of 15 sworn positions was approved as directed in the Mayor's June Budget Message, with 11 of the Police Officer positions in this Core Service, three Motorcycle Police Officer positions in the Traffic Safety Services Core Service, and one Sergeant position in the Crime Prevention and Community Education Core Service. For 2008-2009, another 15 Police Officer positions are proposed to be added in the January 2009 Police Recruit Academy to meet

# Public Safety CSA

## Core Service: Respond to Calls for Service Police Department

### Performance and Resource Overview (Cont'd.)

Respond to Calls for Service Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 Average response time (Citywide) - Priority One (present or imminent danger to life or major damage/loss of property)	7.14	6.00	5.91	6.00
-Average call processing time	1.30	1.50	1.35	1.50
-Average call queuing time	1.61	0.50	0.92	0.50
-Average call driving-to-arrival time	4.40	4.00	3.75	4.00
 Average response time (Citywide) - Priority Two (injury or property damage or potential for either to occur)	12.50	11.00	11.32	11.00
-Average call processing time	1.77	1.50	1.74	1.50
-Average call queuing time	4.96	3.50	4.09	3.50
-Average call driving-to-arrival time	5.85	6.00	5.56	6.00
 Annual cost of Police to respond to calls for service (in millions)	\$92.85	\$102.34	\$98.23	\$99.39
 Annual cost per call for Police service	\$145.44	\$161.42	\$149.45	\$144.73
 % of callers rating SJPD's response time and service provided upon arrival as good or excellent	N/A*	98%	N/A*	98%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

- "Average time from call to 1<sup>st</sup> officer arrival where there is a present or imminent danger ... (Priority One)" was revised to align the measures published in this document with the Quarterly Performance Reports prepared for City Council Committees. These revisions more clearly break down each phase of the response time process and set targets for each phase to more accurately identify performance in each area.
- "Average time from call to 1<sup>st</sup> officer arrival where there is injury or property damage ... (Priority Two)" was revised to align the measures published in this document with the Quarterly Performance Reports prepared for City Council Committees. These revisions more clearly break down each phase of the response time process and set targets for each phase to more accurately identify performance in each area.

\* Data not available.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of 9-1-1 calls received	251,299	250,000	260,823	273,900
Number of wireless 9-1-1 calls received	114,712	119,000	139,332	168,600
Number of 3-1-1 calls received	272,363	265,000	257,100	244,200
Number of calls to TRAC system received	11,486	13,000	10,513	9,700
Number of reports received by alternative means	8,791	8,800	8,759	8,800
Number of officer-initiated calls received	102,517	100,000	98,987	96,000

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

# Strategic Support CSA

Core Service: Workforce Resources and Diversity  
*Human Resources*

## Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS</b>			
1. Environmental Services Department Succession Planning Analytical Staffing	1.00	91,671	0
<p>This proposal would add a limit-dated Senior Analyst position for a two-year period to assist with succession planning at the Water Pollution Control Plant. Of the 195 trade and professional staff at the Plant, 50% will be eligible to retire in the next five years. Given the historical difficulty in recruitment and retention of trade staff, a comprehensive succession strategy is needed to address this future problem. It is estimated that this effort will take four years to complete. This position will be funded by the San José-Santa Clara Treatment Plant Operating Fund. (Ongoing costs: \$125,359)</p>			
<b>Performance Results:</b>			
<b>Cycle Time, Customer Service</b> Dedicated succession planning and recruitment at the Water Pollution Control Plant will ensure that appropriate levels of skilled staff will continue uninterrupted operations at the Plant.			
2008-2009 Proposed Core Service Changes Total	1.00	91,671	0

CITY OF SAN JOSE  
2009-2013 PROPOSED CAPITAL IMPROVEMENT PROGRAM

**SUMMARY OF CAPITAL PROGRAM SOURCE OF FUNDS**

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
Special Funds	66,359,000	62,894,000	223,357,000	128,956,000	112,034,000	593,600,000
Capital Funds	32,000,000	6,701,000	7,674,000	7,232,000	6,746,000	60,353,000
Interest Income	28,001,000	12,320,000	8,987,000	8,317,000	8,446,000	66,071,000
Miscellaneous Revenue	41,194,000	28,614,000	23,919,000	24,735,000	25,652,000	144,114,000
Developer Contributions	2,200,000	2,250,000	2,900,000	2,050,000	8,100,000	17,500,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>730,659,947</b>	<b>489,717,969</b>	<b>590,466,969</b>	<b>414,240,969</b>	<b>407,563,969</b>	<b>1,937,935,947 *</b>

\* The 2009-2010 through 2012-2013 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

**Airport Capital Program**  
**2009-2013 Proposed Capital Improvement Program**  
**Source of Funds**

	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<b>SOURCE OF FUNDS (CONT'D.)</b>							
<b><u>Airport Revenue Bond Improvement Fund</u></b>							
Beginning Fund Balance	285,083,490	49,482,249	64,163,249	27,894,249	8,062,249	7,556,249	49,482,249 *
Sale of Bonds	13,036,000						
- Bond Proceeds							
<b>Contributions, Loans and Transfers from:</b>							
<b>Special Funds</b>							
- Transfer from Airport Customer Facilities and Transportation Fee Fund (519)	2,247,000	4,453,000	4,498,000				8,951,000
- Transfer from Airport Fiscal Agent Fund (525)	530,496,000			154,448,000	56,874,000	36,371,000	247,693,000
- Transfer from Airport Revenue Fund (521)		9,838,000	2,627,000	6,467,000	2,111,000	3,837,000	24,880,000
<b>Capital Funds</b>							
- Transfer from Airport Passenger Facility Charge Fund (529)		25,163,000					25,163,000
Interest Income		11,000,000	2,700,000	100,000			13,800,000
Reserve for Encumbrances	160,882,759						
<b>Total Airport Revenue Bond Improvement Fund</b>	<b>991,745,249</b>	<b>99,936,249</b>	<b>73,988,249</b>	<b>188,909,249</b>	<b>67,047,249</b>	<b>47,764,249</b>	<b>369,969,249 *</b>

# POLICE DEPARTMENT

## Impact Analysis Report

### OVERVIEW

Departmental service fees are collected from the public and from other police agencies for services such as fingerprinting, search and copying of public records, and vehicle impound release fees. Certain businesses and activities are subject to regulation, and fees are charged to offset the costs for processing permits and licenses that accompany the regulatory process and to partially offset costs for related investigative work. Examples of these include permits and licenses for amusement devices, concealable firearm dealers, public dances, massage parlors, parades, and cardrooms. The majority of the fees in the Department are Category I; the exception is the Emergency Communications System Support fee, which is Category II.

Projected Department revenue for 2008-2009, based on the proposed fees and charges program, totals \$28.2 million. This revenue reflects a 3.1% increase compared to the 2007-2008 Adopted level. The proposed increase reflects adjustments to fees to maintain the Council-approved cost recovery level and higher revenue estimates, including Public Entertainment, Taxicab, Secondary Employment, and Cardroom fees. The proposed changes would bring the Department's total revenues to 90.3% of fee program costs, an increase from the 2007-2008 cost-recovery rate of 84.8%.

The majority of Department fees are in the 100% cost recovery category, except for the Taxicab Driver permit fee, the Concealable Firearms-Dealer permit fee, the Flower Vendor permit fee, the Public Entertainment Business permit fee, the fee for Duplicating Public Records, and the Emergency Communication System Support (ECSS) fee. The Taxicab Driver permit fee is anticipated to be recovered at 68.9% of the estimated costs, the Concealable Firearms-

Dealer permit fee at 86.3%, the Flower Vendor permit fee at 85.2%, and the Public Entertainment permit fees at 38.3%. The Police Department reevaluated the amount of time spent on these permits and significantly increased its estimates for the costs of administering these programs. In order to mitigate the impact of the fee increases, which will be required to achieve full cost recovery, it is proposed that the fee increases be phased in over several years. Therefore, in 2008-2009, the above mentioned permit fees are proposed to increase by only 10%, even though this will leave the fees well below cost-recovery levels.

For consistency, the fee for Duplicating Public Records has been standardized across the City to match the department with the lowest cost recovery fee for this service. The Emergency Communication System Support (ECSS) fee recovers approximately 89.7% of the total costs of the City's emergency dispatch services. This reflects the annual recalculation of costs and revenues associated with this fee, and City Council direction to exempt certain groups such as Lifeline Service customers, pay phones, and certain educational and governmental entities from this fee. No increase to the base ECSS fees are proposed for 2008-2009; however, the trunk line cap of \$20,000 per account is proposed to increase to \$22,131 to reflect CPI adjustments from the inception of this fee in 2004-2005 in accordance with the Municipal Code. The Adopted 2007-2008 Fees and Charges Report erroneously listed the base trunk line cap at \$35,000; the error has been corrected in this document.

The proposed Police fee program for 2008-2009 includes a number of revisions which reflect a thorough review of time and resources used in the permit process in 2007-2008 and implementation of City Council direction to bring all possible fee programs to the 100% cost recovery level.

**DEPARTMENTAL FEES AND CHARGES**

**POLICE**

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Revenue		2008-2009 Estimated Cost		2008-2009 % Cost Recovery	
				Current Fee	Proposed Fee	Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>EMERGENCY COMMUNICATION SYSTEM SUPPORT FEE (FUND 154) - CATEGORY II</b>									
<b>1. Emergency Communication System Support Fee</b>									
1 Access Line Fee	\$1.75 per month per access line		No Change						
2 Trunk Line Fee	\$13.13 per month per trunk line with a cap of \$35,000 per account per service location (CPI adjusted annually)		\$13.13 per month per trunk line with a cap of \$22,131 per account per service location (CPI adjusted annually)	26,757,028	24,000,000	26,757,028	24,000,000	89.7%	89.7%
<b>Sub-total Emergency Communication System Support Fee</b>				<b>26,757,028</b>	<b>24,000,000</b>	<b>26,757,028</b>	<b>24,000,000</b>	<b>89.7%</b>	<b>89.7%</b>
<b>SUB-TOTAL EMERGENCY COMMUNICATION SYSTEM SUPPORT FEE (FUND 154) - CATEGORY II</b>									
<b>PUBLIC SAFETY FEES - CATEGORY I</b>									
<b>1. Fingerprinting</b>									
1 General (Non-Criminal)	\$10 per card		No Change						
2 State Department of Justice (Reciprocal Services)	Current State fee (in addition to general fingerprinting fee above)		No Change						
<b>Sub-total Fingerprinting</b>									
<b>2. Photographs</b>									
1 Black & White - 3 1/2" x 5"	\$5.00 each		No Change						
2 Black & White - 5" x 7"	\$5.00 each		No Change						
3 Black & White - 8" x 10"	\$5.00 each		No Change						
4 Color - 3 1/2" x 5"	\$4.00 each		No Change						
5 Color - 4" x 6"	\$4.00 each		No Change						
6 Color - 5" x 7"	\$4.00 each		No Change						



# Memorandum

**TO:** HONORABLE MAYOR AND

**FROM:** Debra Figone

**SUBJECT: THREE-YEAR STRUCTURAL  
BUDGET DEFICIT ELIMINATION  
PLAN-TOP PRIORITY STRATEGIES**

**DATE:** May 9, 2008

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## **RECOMMENDATION**

Under the direction provided in the Mayor's March 2008 Budget Message, the City Manager's Office, along with the Redevelopment Agency, has identified a series of General Fund budget strategies which have time urgency and / or provide an immediate opportunity to implement. In some instances, additional analysis, program development or preparation for voter approval may be required. It is recommended that the City Council:

- Direct staff to proceed with further research and polling on the following measures to inform Council's consideration of asking the voters in November 2008 to:
  - Increase the Conveyance Tax by 50% and approve amendments of the current Ordinance to allow up to 40% of the parks allocation to be used for parks maintenance, and up to 40% of the non-parks allocations to be used for maintenance purposes within the specific non-parks programs funded with C&C revenues, without changing the requirement that at least 64% of the total revenues be allocated for parks purposes.
  - Authorize a City-wide Vehicle Rental Tax (either a 5% per rental or \$5 flat fee per contract depending on legal analysis) or a parking tax to apply to City and Redevelopment Agency owned and/ or other parking lots of 10%.
  - Modernize the Telephone Users portion of the Utility Users Tax and include as taxable revenues from emerging technologies.
- Direct staff to proceed with development of financing strategies with positive net present value in 2008-2009, as recommended in Proposed Budget.

**RECOMMENDATION** (CONT'D.)

- Direct staff to proceed with further analysis and policy development to create a rigorous asset management program, while continuing with current real estate transactions; provide a framework for this program as part of the Three-Year General Fund Structural Deficit Elimination Plan.
- Direct staff to proceed with program development and implementation of revitalized Employee Suggestion Program and Process Streamlining/Optimization Program in 2008-2009.
- Proceed with adoption of proposed 2008-2009 Fees and Charges Report; maintain current City Council cost recovery policy; conduct further analysis of current and new fees and make further recommendations in the Three-Year General Fund Structural Deficit Elimination Plan.
- Direct staff to proceed with further analysis and stakeholder outreach for a City-wide Lighting and Landscaping District including a policy analysis of non-citywide options; provide an update and status report in Three-Year General Fund Structural Deficit Elimination Plan.
- Direct staff to proceed with further analysis and stakeholder outreach to restructure the City's Business License Tax, but to not move forward any changes to that tax as a ballot measure in November of 2008.
- Drop from consideration an increase in the Sales Tax from further discussion at this time
- Drop from consideration an increase in the Transient Occupancy Tax, or a shift of existing tax proceeds to the General Fund from further discussion at this time.
- Direct staff to proceed with further analysis and stakeholder research to examine an increase in the card room tax and/or increase in number of tables allowed in card rooms.
- Direct staff to include in the 2007-2008 Year-End Budget Clean-Up Memorandum for City Council consideration and approval, any funding necessary to address immediate resource needs to support the recommendations included in this Manager's Budget Addendum.

To achieve polling and further analysis and identify strategies for a November 2008 ballot, the following schedule is recommended:

- May 16<sup>th</sup> Budget Study Session: Review of MBA and discussion of Top Priority Strategies

**RECOMMENDATION** (CONT'D.)

- May-June: Complete polling and analysis on the Top Priority Strategies above and begin developing ballot language
- Week of June 16<sup>th</sup> Special Study Session and/or Special City Council Meeting: review polling results and possible decisions about ballot measures
- August 5<sup>th</sup> City Council Meeting: final opportunity for City Council vote to place items on ballot

**BACKGROUND**

The Mayor's March 2007 Budget Message directed the City Manager to propose a balanced budget for 2007-2008 which reflected the goals and priorities of the City Council. In response to the Mayor, the Budget Director provided a memorandum outlining the full extent of the projected General Fund expenditures growth in comparison to projected revenues. The Budget Office projected that, over a five year period starting in 2008-2009, total expenditures would grow at an average rate of 4.52% while the projected growth of revenues would be 3.66%. In addition, the Budget Study Sessions in early 2007 identified and discussed the projected General Fund shortfalls for the following five years, unmet/deferred infrastructure and maintenance needs, and upcoming GASB 43/45 obligations. The February 20, 2007 City Council Priority Setting Session resulted in a decision to make solving the budget shortfall a top priority for the City Council.

In March of 2007, the City Council unanimously directed the City Manager's Office to work with the Mayor's newly formed Budget Shortfall Advisory Group (BSAG) to develop a series of strategies from which the City could eliminate the structural budget deficit. The charge to the City Manager, and her thereafter created City Manager's General Fund Structural Deficit Task Force (City Manager's Task Force), was to evaluate all options available to the City to solve the deficit within Three-Years. The City Manager's Office was also instructed to solicit and consider the feedback from a variety of community stakeholders.

The General Fund Structural Budget Deficit has been defined as the projected General Fund budget shortfall, unmet/deferred infrastructure and maintenance needs, and GASB 43/45 obligations. The most current calculations estimate the budget shortfall projections for over the next four years of \$75.1M, unmet/deferred infrastructure and maintenance needs as \$40.2M, and GASB 43/45 obligations as \$21.6M for each of the three categories and for a total shortfall of \$137M.

**BACKGROUND** (CONT'D.)

Beginning in October of 2007, the City Manager's Task Force began its work and retained the services of consulting firm Management Partners to conduct analysis and stakeholder outreach. Over an approximately three month process, the City Manager's Task Force, working with Management Partners, completed a report looking at a number of options for eliminating the City's General Fund structural deficit. The technical work was complimented by a series of focus groups, online surveys and a City Manager's Employee Budget Forum. A total of five focus groups with community stakeholders including community/business groups, City Labor Alliance, employees, and senior staff elicited approximately 122 new strategies and gave the groups an opportunity to share their opinions of the advantages and concerns of specific strategies. In addition, an online survey was created for both City employees and community members that asked participants a series of questions taken from the annual Community Budget Survey, for their opinions about initial strategies, and an opportunity for general comments. The employee survey elicited 2033 responses and the community survey had 656 responses.

In December of 2007, the City Manager's Task Force released a report to the BSAG group entitled, "Development of Strategies to address the City's General Fund Structural Budget Deficit." After conducting technical work and receiving input from both the community and City employees, the report examined over 300 possible strategies. The report grouped the strategies into four categories: Revenue Strategies, Service Delivery Model Changes, Expenditure Controls and Shifts, and Service Reductions. The process of identifying and implementing strategies categorized as Service Reductions was left to the existing budget process with department, City Manager, community and City Council involvement. The remaining three categories underwent a qualified/unqualified filtering process and finally, upon further analysis, a total of twenty-one Top Priority Strategies emerged as the best opportunities for the City to eliminate its structural budget deficit within Three-Years. The Top Priority Strategies are listed below:

Revenue Strategies

1. Extend Emergency Communication System Support Fee
2. Utilize Finance Strategies which have Positive Net Present Value
3. Ensure Current Fees Fully Cover All City Costs
4. Restructure Business Tax Rates to Modernize and Reflect Current Business Profile
5. Modernize Utility Users Tax and Consider Increase to Bring Into Alignment with Other Large Cities
6. Implement City-Wide Lighting and Landscaping Districts or other Proposition 218 "Property-Related" Fees
7. Levy Parcel Tax or Sales Tax for Public Safety or Other Services
8. Increase Transient Occupancy Tax to Market and Shift to General Fund

**BACKGROUND** (CONT'D.)

Service Delivery Model Changes

1. Formalize and Implement Rigorous Asset Management Program
2. Combine Redevelopment and City Corporate Support Functions and Shift Economic Development Costs to Maximum Extent Possible
3. Revise Competition Policy, Implement Managed Competition for Service Delivery, and/or Optimize Work Processes
4. Increase Utilization of Civilian Positions in Police and Fire
5. Eliminate Binding Interest Arbitration
6. Modify Minimum Fire Staffing Policies where Appropriate Based on Fire Strategic Plan
7. Implement an Employee Suggestion and Process Streamlining Program

Expenditure Controls and Shifts

1. Shift Healthy Neighborhood Venture Fund Funding to General Fund
2. Reduce Workers' Compensation, Disability, and Overtime Costs
3. Shift Construction and Conveyance Tax Funding from Capital Projects to Operating and Maintenance Costs
4. Reduce the Rate of Increase in Employee Salary and Benefit Costs
  - a. Increase Time to Reach Maximum Compensation
  - b. Reduce Entry-Level Compensation Benchmarks for Positions for which the City receives Many, Qualified Applicants
  - c. Implement Health Care Plan Modifications
  - d. Implement Sick Leave Payment Upon Retirement Program Modifications
5. Change Prevailing Wage Applications: Eliminate Service Contracts

Service Reductions

Reduce/Eliminate City Services to Funding Capacity

The report also recommended a series of Budget Principles for City Council adoption, which, if adopted and followed, were recommended as means to avoid future structural budget shortfalls. In January of 2008, the report's findings were presented to the BSAG for its consideration and possible recommendation to the City Council. On January 30, 2008 the BSAG group voted to forward a series of recommendations to the City Council for the elimination of the structural budget deficit, for the 2008-2009 budget specifically and the budget process on the whole. Included in the recommendations was a structure for the City Council to address the budget deficit over Three-Years by allocating one-third of the amount the budget deficit in each of three areas: (1) Revenue Increases (including economic development) (2) Service Reductions (3) Cost Savings.

The City Council when reviewing the BSAG recommendations directed the City Manager and Redevelopment Agency Executive Director to further the budget deficit elimination efforts by providing City Council with a series of recommendations in May 2008 for City Council to consider for immediate action and then for the completion of a Three-Year Structural Deficit Elimination Plan by November 2008. In addition, the Mayor's March Budget Memo provided

**BACKGROUND** (CONT'D.)

for the Council to appoint a Stakeholder Group to advise the City Manager and Redevelopment Agency Executive Director about advantages and concerns regarding each of the identified strategies and to suggest additional strategies to eliminate the structural budget deficit.

Of the twenty-one strategies identified as Top Priorities in the December 2007 report, ten strategies fall into the category of “Urgent” because the City has the ability to implement the strategy in the short-term without significant additional analysis, the strategy does not require meeting and conferring with employee bargaining groups, there is consensus that the strategy should be implemented or, for those strategies that require voter approval, the City may want to consider placing a measure on the ballot in November 2008. The criterion applied to rank the strategies included fiscal payoff, length of time to accomplish the strategy, ease of implementation, stakeholder consensus, political complexity and whether voter approval is required.

*Current Project*

An internal team (the Core Team), convened by the City Manager in April 2008, is tasked with developing a Three-Year Structural Budget Deficit Elimination Plan to be presented to the City Council in November 2008. The Core Team is organized into Sub-Teams around budget deficit elimination strategies. Each Sub-Team has a City staff member as team leader with team members from staff, Management Partners and the City Attorney’s office.

The first task of the Core Team was to analyze Strategies that have timing urgency or an opportunity for immediate implementation. The Core Team is also providing assistance to the Stakeholder Group appointed by the City Council in April. Analysis of the initial ten strategies is included for consideration by the Council as part of the May budget discussions as directed in the March Budget Message.

The Core Team will continue its work with the Stakeholder Group through September 2008 to complete the analysis of other strategies identified in the January 2008 report that could potentially address the structural budget deficit over the next Three-Years. Additional ideas, identified through the Stakeholder meetings will be included in the Three-Year General Fund Structural Deficit Elimination Plan scheduled for presentation and discussion in November 2008.

The City Council has approved a six-month stakeholder group budget outreach process consisting of four steps:

1. Top Priority Strategies: Discuss *Advantages* and *Concerns* for Top Strategies identified by the City Manager that should be brought forward to the City Council in May for consideration due to timing urgency and/or an immediate opportunity to implement.
2. Other Strategies: The Stakeholder Group will identify *Advantages* and *Concerns* for other strategies by September.
3. Exploring Additional Ideas: The Stakeholder Group will develop alternatives and options for consideration in the Three-Year General Fund Structural Deficit Elimination Plan.

**BACKGROUND** (CONT'D.)

4. Feedback: The City Manager and Redevelopment Agency Executive Director will include a summary of Stakeholder Group's *Advantages* and *Concerns* as part of the Three-Year General Fund Structural Deficit Elimination Plan to be released in November.

City staff has been charged with providing technical information on each strategy to the Stakeholder Group and obtaining any additional information needed on each strategy beyond what is available at the stakeholders meetings. The role of the Stakeholder Group is to discuss the advantages and concerns of each strategy. The public is invited to all stakeholders meetings and is invited to offer comments at the meetings.

The Stakeholder Group was appointed by Council on April 8, 2008. Councilmember Pete Constant chairs a group of twenty-three stakeholder representatives, including business, labor, city employees, tax payers, non-profits and neighborhoods. The Stakeholder group met three times in April and May and discussed advantages and concerns of the strategies discussed in this document.

The structural budget deficit is a major community concern. Concurrent with the City's process of identifying options to close the deficit, a community budget working group, San Jose Excels!, formed to develop recommended strategies for consideration by the City. A number of their recommendations are similar to those developed by City staff and Management Partners. There is opportunity for consideration of additional proposals, such as those brought forward by members of the Stakeholder Group, San Jose Excels! neighborhood organizations, non-profits and other groups during the stakeholders process over the next five months.

**ANALYSIS OF TOP PRIORITY STRATEGIES**

In the following discussion the work accomplished by the Core Team during April and May with respect to Top Priority Strategies which provides the basis for the recommendations in this MBA is reviewed. The following Top Priority Strategies are discussed:

- Increase Conveyance Tax and/or Shift Construction Tax and Conveyance Tax funding from Capital Projects to Operations & Maintenance (O&M)
- Increase revenues from visitors who benefit from General Fund services, by: (a) increasing Transient Occupancy Tax (TOT) to market and shift to General Fund, (b) establish a parking tax on City and RDA owned lots, or (c) establish a vehicle rental tax
- Modernize Utility Users Tax (UUT) and Consider Increase to Bring Into Alignment with Other Large Cities
- Utilize Financial Strategies that have Positive Net Present Value

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

- Implement an Asset Management Program
- Implement an Employee Suggestion and Process Streamlining Program
- Ensure all fees are full cost recovery
- Implement Citywide Lighting and Landscaping District
- Restructure Business Tax to Modernize and Reflect Current Business Profile
- Increase Sales Tax to Provide Increased General Fund Revenues

Input from the Stakeholder Group on each of these strategies has been provided solicited at meetings held on April 21, April 28 and May 5. A synopsis of each of these meetings is attached to this MBA. Stakeholder Group input has helped to shape the recommendations provided here and will continue to inform the process of developing the General Fund Structural Deficit Elimination Plan. It is important to keep in mind that further stakeholder input along with additional work by staff will be taking place over the next five months as part of bringing an overall strategic plan to the City Council in November 2008.

**Strategy: Increase Conveyance Tax and/or Shift Construction Tax and Conveyance Tax funding from Capital Projects to Operations & Maintenance (O&M)**

The Construction and Conveyance Taxes are a significant source of revenue for the City. The Construction Tax is imposed on the construction of residential, commercial and industrial buildings while the Conveyance Tax (often referred to as a Real Property Transfer Tax by other jurisdictions), is associated with the transfer of real property. The two taxes are estimated to raise approximately \$23 million in 2008-2009, 98% of which is derived from the Conveyance Tax. Historically, revenue from the two taxes has varied over time. The current projections for 2009-2010 are 45% less than the peak in 2005-2006. The current Conveyance tax rate is \$3.30 per \$1,000 of the value of the property transferred. Since only 2% of the revenue is derived from the Construction Tax and the remaining 98% is derived from the Conveyance Tax, this strategy only focuses on the Conveyance Tax.

Although the taxes are usually general taxes in most jurisdictions, the City's taxes are dedicated to specific purposes. Specifically by Ordinance, at least 64% of the revenues must be allocated for parks purposes and the remainder, up to 36%, may be allocated for a number of purposes including library facilities, equipment and collections, fire facilities and equipment, parks and public works service yards, communication facilities and equipment, or other capital projects as determined by the City Council. Of the amount allocated for parks and parks-related service yards, up to 15% may be transferred to the General Fund for park maintenance.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

When revenues per capita are examined, the City of San Jose is well below its large city peers who have an average of \$59.60 per capita with the City's revenues per capita being \$29.03. The City's revenues are slightly higher than other local jurisdictions that have an average of \$20.78. Several large charter cities in the Bay Area have a conveyance tax rate significantly higher than in San Jose.

The allocation of revenue is another area where the City varies from its large city peers and local jurisdictions. Of the fourteen cities examined, only the City of Mountain View, like San José, restricts the use of revenues. The other thirteen cities place all revenues into the General Fund for general purposes.

It should be noted that the City's current allocation does provide a dedicated revenue stream for capital infrastructure such as parks, libraries and fire stations. This strategy continues to provide the City with a funding source that helps address its infrastructure backlog, which is also one of the Council's top five priorities, and provides funding for other critical needs such as fire fighting and communications equipment and library materials.

The proposed strategy examined a series of options while taking the above factors into consideration. These options included various shifts in revenues from dedicated programs and services to operations and maintenance in the General Fund as well as an increase in the Conveyance Tax. All options, to varying degrees, help reduce the General Fund structural budget deficit. Option D would do so to an unquantifiable extent in that it would simply provide flexibility in how General Fund dollars could be spent.

- A. Increase Conveyance Tax by 50%: shift up to 40% of parks allocation to park maintenance; maintain current allocation of revenues
- B. No increase in Conveyance Tax: shift up to 30% of parks allocation to park maintenance
- C. No increase in Conveyance Tax: shift all revenues to General Fund
- D. No increase in Conveyance Tax: maintain current allocations; reprioritize the 36% allocated for the non-parks purposes to other capital uses

The potential fiscal impact of each option is currently estimated (based on annual projected collection levels) as follows:

- A. Increases overall revenues by \$11.3M: increases Park Maintenance by approximately \$6.6M; additional \$4.7M for other uses
- B. Increases Parks Maintenance approximately \$2.2M; decreases Parks Capital by approximately \$2.2M
- C. Increases General Fund revenues by \$20.8M, corresponding decreases in funding for programs funded by revenues
- D. No changes in funding amounts; shifts funds within the 36% allocation

**ANALYSIS OF TOP PRIORITY STRATEGIES (CONT'D.)**

A series of objectives was established to help evaluate the options. The objectives take the entire structural budget deficit into consideration including the reduction of the deferred maintenance and infrastructure backlog along with increasing General Fund revenues.

1. Reduce the City's deferred maintenance and infrastructure backlog
2. Decrease the City's General Fund Structural Budget Deficit
3. Provide more flexibility to include operating and maintenance expenditures
4. Ensure available funding to address ongoing infrastructure needs

Of the four options, only Option A meets all four objectives. Option B meets Objectives 2 and 3; Option C meets Objective 2 and Option D meets Objective 1.

Each option has varying approval requirements to increase the tax or change allocations. Option A to raise the rate and shift some funds to maintenance would require two-thirds voter approval. Option B with no overall increase but a shift in some funds would also require a two-thirds voter approval. Option C to shifting all revenues to the General Fund requires a simple majority voter approval. And finally, Option D, shifting the non-Parks allocation requires approval from the City Council.

Depending on the option chosen to go forward, the timeline would range between three months for City Council action of Option D to six months for voter approval of the remaining options if one of them were to be placed on the November 2008 ballot. For all ballot measures, specific ballot language would need to be developed and then polled with likely voters. The final step to place an Option on the November 2008 ballot would be City Council approval, which must occur no later than the City Council meeting scheduled for August 5, 2008.

Strategy: Increase revenues from visitors who benefit from General Fund services, by: (a) increasing Transient Occupancy Tax (TOT) to market and shift to General Fund, (b) establish a parking tax on City and RDA owned lots, or (c) establish a vehicle rental tax

The purpose of a Transient Occupancy Tax (TOT) is to recover costs associated with providing city services to visitors in the form of what is often called a "Bed Tax." Visitors who spend at least one night and no more than 30 nights are charged a tax to defray the costs of general services utilized while in a city.

Currently the TOT in the City of San José is below market to its large City peers. The current rate is 10% versus 12.5% average of the ten largest cities plus Fremont in the State of California. Local jurisdictions in the Silicon Valley average 9.13% in their TOT rates. When revenue per capita is examined the City is below market to both its state-wide peers and local jurisdictions. When examining the TOT, it was also found that the City has directed a portion of its TOT revenues for specific funds beyond the General Fund. The total TOT consists of a special tax and a general tax. The breakdown of revenues to the General Fund is 40% while the remaining 60% is dedicated to support the Convention and Visitor's Bureau, grants for fine arts, and the

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

operating subsidy for convention center facility operations. Again, when examining the large city peers and local jurisdictions, the City is below its large City peers and well below local jurisdictions. Large city peers, on average direct a little over 75% of its TOT revenue directly to General Fund and local jurisdictions direct 95% to General Funds while the City directs only 40%.

Although the Management Partners report suggested exploring both a raise in the City's TOT rate and shift all revenues directly into the General Fund, it should be noted that the City and Redevelopment Agency have been engaged in ongoing discussions with local hotel owners to establish a "Hotel Taxing District" supporting the renovation and expansion of the convention center. The current concept being discussed, that has been presented to the City Council, would have the hotels collecting an additional 4% or more on hotel room rate (calculated in a similar fashion to TOT) and these revenues used to finance the renovation and expansion of the existing convention center.

It was the recommendation of the Core Team to consider other options to defray visitors' costs in light of the progressing negotiations for the "Hotel Taxing District." The other strategy options considered were a new parking tax for users of City and RDA owned parking lots, a parking tax for users of City and RDA owned lots plus private lots and/or a vehicle rental tax for all vehicle rented within City limits. At present, the City does not have a tax levied against either parking or rental vehicles.

When surveyed, the majority of large California cities with major airports have parking lot taxes. The cities surrounding San Francisco International Airport have either parking taxes or special assessments for parking in the rate of 8% and the Cities of Oakland and Los Angeles' rate is 10%. Other cities with large visitor bases but without nearby airports also have parking taxes. The San Francisco has a parking tax rate of 25%. In all example cities with a parking tax, the tax applies to both City-owned and privately owned parking lots. In addition, San Francisco has in its municipal code the ability to levy a tax on the rental of vehicles within the city limits but it is apparently not enforced. The vehicle rental tax may face complications for state law preemptions and further legal research will be necessary to full illuminate this question.

Because the City's General Fund receives relatively limited funding relative to other large California cities for taxes imposed on transient, or visitor related uses a series of options beyond raising the TOT rate were considered. The following outlines the options under consideration and the associated potential fiscal impacts. All figures would be annual revenue directed exclusively to the General Fund:

1. Impose a 10% parking tax on users of City and RDA owned parking lots: approximately \$5.1M
2. Impose a 10% parking tax on users of all parking lots, public and private: approximately \$9.0M

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

3. Impose a 5% vehicle rental tax on all vehicles rented in the City: approximately \$7.5M
4. Impose a \$5 flat fee per vehicle rental contract in the City: approximately \$4.7M

The City and RDA parking lots include airport parking lots, San Jose Arena lots, Regional Parks and other lots throughout the City. It should be noted that several RDA lots are temporary with long term development planned and that Arena estimated are based on projected and not actual revenues realized. The private lot revenues are based upon estimated gross revenues of downtown lots and Diridon/Arena lots. Further analysis would be required to establish a more accurate estimate of proposed tax revenues. As previously stated the Parking Tax and Vehicle Rental Tax require more analysis to address legal feasibility.

For all four options, majority voter approval would be required. To place the issue on the ballot in November of 2008, ballot language would need to be developed in the coming months and likely voters polled. If Option 2, 3, or 4 moves forward, outreach to affected stakeholders would be required before a measure is placed on the ballot in early August.

**Strategy: Modernize Utility Users Tax (UUT) and Consider Increase to Bring Into Alignment with Other Large Cities**

The UUT is a general tax imposed on utility bills, typically as a straight percentage of the utility costs. The last major overhaul in San José's UUT dates to the 1980s when the major utilities and the League of California Cities negotiated a model ordinance. San José's ordinance is based on that model ordinance. Of course, much has changed since the 1980s especially with respect to telecommunications; wireless technology and the internet revolution are the two main drivers of changes in the telecommunications "utility."

Another issue impacting the UUT is the fact that Proposition 218 has been interpreted to require voter approval of any methodology change in calculating the tax. With the service providers constantly changing the way services are provided, tax administration methodologies also have to evolve or the tax revenues erode. Adding to the complexity are federal interpretations altering the application of the Federal Excise Tax on telephones.

As a result of these changes, over 100 cities in California that rely on an UUT including telecommunications (such as San José) have an intense interest in maintaining the integrity of their UUT. Thus, the state is currently undergoing another round of changes to city utility taxes that is being driven mainly by litigation by the telecommunications company Verizon, which wants to reduce the scope of utility taxes as applied to its services. Therefore, aside from the issue of closing the structural deficit, San José may need to look for an opportunity to seek voter approval of an updated ordinance for the UUT that reflects the realities of the modern telecommunications industry.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

Currently San José has a UUT rate of 5%, which is lower than several peer cities. San Francisco, Sacramento and Oakland all have UUTs at 7.5% and Los Angeles has a UUT at 10%. Oakland has special provisions in place; the UUT is frozen at 5% for persons identified as being low income. San José collects UUT revenues of \$77 per capita, which is considerably lower than its peers. Los Angeles collects \$149, Sacramento collects \$119 and Oakland collects \$107.

In the last four elections, 26 California cities asked their voters to add, modify or continue their existing UUT. The measures endeavored to respond to changes in telecommunications technology, billing practices and federal law, by modernizing their UUT ordinances to clearly and lawfully cover new approaches to selling communications and information services.

Nine of the successful measures modernized the UUT without any reduction in the tax rate. Thirteen of the successful measures reduced rates on existing city UUT on telecommunications. The City of South Pasadena was the only agency to successfully increase its UUT rate by 3% (to 8%) for a five-year period and accompanied this measure with an advisory measure requesting voter opinion regarding dedicating the tax to infrastructure (65%) and employee compensation (35%). The South Pasadena successful UUT increase applies to telecommunications, electric, gas, cable TV, and water utilities. The City of Menlo Park successfully implemented a new UUT of 3.5% on electric, gas and water and a 2.5% rate on telecommunications. Two measures failed, including a new tax on gas and electric in Fremont.

*Option A: Increase All UUT Rates*

San José collected \$7.1M in UUT revenues in 2006-2007. Revenues for 2008-2009 are estimated to be \$83.4M. San José could realize increased revenues of \$4.2 M for every 0.25% increase in its UUT rate. Increasing the tax rate to the state average for cities with a utility tax (5.5%) would represent an increase of \$8.4M. Raising the tax to the average for larger cities (7.5%) would yield approximately \$41.9M based on the existing tax structure. Increasing the UUT would require outreach to residents and business groups and it is likely a measure could not be placed on the ballot until June or November 2010. A majority vote of the Council is required to place the measure on the ballot and a majority electoral vote is required to increase the UUT.

*Option B: Maintain Current Tax Rate and Modernize Telephone Users Tax*

One reason for the disparity between per capita revenues collected in San José and larger peer cities is that the San José UUT is not as comprehensive as most other large city UUT ordinances, as it does not include interstate/international telephone services or cable television services. If the City were to modernize its UUT, it could probably broaden the application to cover emerging service approaches in telecommunications and potentially other bundled communications services. This has been the recent trend in California.

It is likely that older technologies (e.g., landlines) will continue to be replaced by newer technologies. Modernizing the telephone utility users tax language to include the City's intent to tax emerging technology as it develops may offset some of the revenues that would otherwise be lost as a result of decreasing consumer costs. Failure to tax newer technologies would not only

**ANALYSIS OF TOP PRIORITY STRATEGIES (CONT'D.)**

result in substantial decline in revenue, but would also create an inequitable situation where those who can afford newer technologies are not taxed, while those paying to obtain the same type of services through older technologies continue to be taxed. The intent is to have an equitable tax that applies to all users of telephone services, whether traditional landline, wireless or broadband telephone service, to the extent permitted by state and federal law.

To implement this alternative, additional funds may be needed for staff to secure an expert in telecommunication services to help assist with the ballot measure and ordinance to ensure that the ballot language and ordinance are as comprehensive as possible to be able to capture emerging technologies. Maintaining the current UUT rate and modernizing the telephone users tax is estimated to generate an additional \$1-\$2M annually to the General Fund. Future potential revenue could be realized as new technologies emerge. A majority vote of the Council is required to place the measure on the ballot and a majority electoral vote is required for implementation.

**Strategy: Utilize Financial Strategies that have Positive Net Present Value**

*Option A: Annual Prepayment of City's Pension Payment Obligations*

Currently, the City makes employer pension contributions with the biweekly payroll. Under the suggested approach, the City would instead pay to the Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System (the "Retirement Plans") its full annual employer contribution near the beginning of the fiscal year. Staff's preliminary analysis indicates that it would be beneficial to both the City and the Retirement Plans if the City were to make annual prepayments of its employer contributions to the Retirement Plans in lieu of biweekly contributions. The Retirement Plans would each give the City a discount on the prepayment based on the assumption that the Retirement Plans will earn more during the coming year by having 100% of the City's contributions available for investment at the beginning of the year. The annual savings to the City is estimated up to \$1M. The benefit would primarily be realized in the form of a lower unfunded accrued actuarial liability ("UAAL") and lower total annual employer contributions.

Although the Retirement Plans do not currently offer a discount to the City for prepaying retirement contributions annually in advance rather than biweekly, other public retirement systems have established policies permitting annual prepayment at a discount. This includes public retirement systems such as the California Public Employees' Retirement System (CalPERS) and the Los Angeles City Employees' Retirement System.

The City has assembled a team of interdepartmental staff and consultants (the "Team") to proceed from the preliminary analysis and begin developing a prepayment proposal. The Team consists of staff from Retirement Services, Finance, the City Attorney's Office, Human Resources, the Office of Employee Relations, the Boards' respective actuaries, and the City's financial advisor. Both Retirement Boards have directed their respective actuaries to develop an actuarial analysis of the discounted annual contribution. Both actuaries provided their respective

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

report to the Boards at the Boards' May meetings. Updates to their respective reports will be presented at the June meetings of both Boards. Proposed amendments to the Municipal Code will be presented to the Retirement Boards at their June meetings in order to authorize the City's prepayment of its annual employer contribution. The Council is expected to consider these amendments to the Municipal Code in late June. The amendments are anticipated to be effective as of late July. Prepayments would not commence until after the amendments become effective. The 2008-2009 Proposed Operating Budget recommends proceeding with this strategy.

*Option B: City to Issue Pension Obligation Bonds*

Preliminary analysis of the issuance of Pension Obligation Bonds (POBs) indicates that it would be beneficial to both the City and the Federated City Employees' Retirement System (the "Federated Plan") if the City issues POBs and deposits proceeds with the Federated Plan which has a higher earnings rate than the estimated interest rate that the City would pay on the POBs. The combination of restrictions on investment options for a city's idle funds and the potential higher returns available on monies invested by pension plans has spurred the growth in the use of POBs. Since 2002 at least 42 California cities have issued POBs in amounts ranging from \$4 million to \$20M. During the same time period, 18 California counties have also issued POBs in amounts ranging from \$7M to \$505M.

POBs can be risky if they are relied on to fund a relatively large share of pension obligations. However, in San José, the Police and Fire Plan is almost fully funded and the Federated Plan is 82.7% funded for the pension benefits provided by the respective plans. This strategy proposes that the City issue approximately \$150M in POBs to raise the actuarial funding level of the Federated Plan for the pension benefit to approximately 90%. The estimated higher earnings on funds invested in the Federated Plan are projected to translate into lower employer retirement contribution rates for the City. Based on current market conditions, it is anticipated that a POBs issuance could generate annual net savings ranging from \$1.5M in the first year, escalating to \$4.9M annually per year by year 10, and then continuing at that level throughout the remaining 17 years of the 27-year bond repayment schedule. The net savings would be realized by the City due to the difference between lower contributions to the Federated Retirement Plan and debt service payments on the POBs.

Costs for implementing the proposal includes financial advisory fees and outside legal counsel, which are reimbursable from bond proceeds, and additional staffing beginning in 2008-2009. Assuming the bonds are issued for this strategy, most of the up-front, onetime costs are subject to reimbursement from the POBs proceeds.

Implementation of this strategy requires approval by the Federated Retirement Board for receipt of the bond proceeds, Council approval of the bond issuance and a court validation process. Most importantly, the Federated Retirement Board must also approve revised contribution rates based on a higher funded accrued actuarial liability, in order to actually lower contributions from the City to the Federated Plan.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

Strategy: Implement an Asset Management Program

A "rigorous Asset Management Program" can be defined as a systematic and ongoing effort to (a) review and evaluate the cost-effectiveness of current or planned uses of City-owned property, (b) determine when potential opportunity costs or competing service priorities justify consideration of alternative uses, and (c) when appropriate, sell or lease property to another party. Undertaking such a program would require a significant effort by the City, since successful implementation requires extensive outreach, transactional resources, and an approval framework that is designed to support timely decision making among potentially conflicting values and priorities.

The City currently purchases, sells and leases its real property assets on a transactional basis consistent with the City's Charter and Municipal Code, State Law and Council Policy. However the City does not manage its real property holdings as an asset with an eye to raising ongoing revenue. The City does not have a program to manage these assets from a revenue generation perspective and this has resulted in an accumulation of property over time as well as inconsistent criteria used for leasing property and operating city assets. This presents the City with an excellent opportunity to better manage its assets and address the Structural Budget Deficit through implementation of a rigorous asset management program. In order to change this situation the City Council will need to consider and adopt a policy that makes the generation of current and one-time revenue generation from City property an objective to be considered (along with other objectives) in the management of real property assets.

Presently the City owns approximately 1080 parcels. Approximately half of these properties are used to directly support City services such as the City Hall, libraries, parks and police/fire stations. The remaining parcels fall into several categories of property:

- Vacant and/or underutilized
- Operated by non-city entities
- Leased to non-city entities
- Miscellaneous and unidentified parcels

Research of other Cities' asset management programs, has found an array of property related policies and asset management programs:

- San Diego, C.A. implemented policies to address below-market rate lease and disposal of unneeded property, and projected \$100M in revenue for its five year budget.
- Charlotte, N.C. has helped bridge their budget gap through implementation of a program, review of asset use entities by its Planning Commission before Council approval. They have reported \$15M from 125 transactions.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

- Seattle formally reviews its real property assets through its Real Estate Oversight Committee. The program has been in place since 1998 and generates approximately \$500,000 annually.

Research indicates that successful Asset Management Programs are those where Council sets policy based on community goals and priorities. These policies include criterion for leasing property, operating facilities, or deeming property surplus. In addition, highly-defined program goals and performance measures are typically established to ensure program consistency.

Implementation of an asset management program is a major undertaking. Key elements of a successful asset management programs are likely to include:

1. *Program and Performance Goals* - As a critical element of accountability, the Asset Management Program would be guided by principles that set benchmarks that will assist in identifying assets that no longer contribute to established goals. Performance measures would also be established to monitor actual asset disposal performance with expected results.
2. *Formalized Reporting* - Review of existing properties and their use would be formalized. This step would bring forth information related to the use of City assets and provide an opportunity to evaluate alternative uses. This step may not necessarily involve a decision to discontinue an operation or sell a property. This step could simply begin an evaluation of options. An appropriate Commission, Council Committee, or the full Council could provide a venue for formal initiation.
3. *Broadened Evaluation of Potential Use* - Outreach to prospective partners/buyers would take the form of a Request for Qualifications/Proposals, public bid, or other process. Based on interest from prospective partners/buyers, staff would evaluate alternatives and recommend disposition such as continuing current uses, lease, or sale. Sensitive or complex transactions would involve additional stakeholder outreach to review staff recommendations.

As previously stated, undertaking a comprehensive and rigorous approach to asset management will require development and approval of a policy framework as well as resource allocation to continue program development and implementation. To proceed toward this strategy, the following three steps are recommended:

1. **SHORT TERM PRIORITY SURPLUSING OF PROPERTY**

In the short term, staff would evaluate properties that are strong candidates to be surplus consistent with existing policy. These include properties that are vacant and/or have been underutilized for an extended period of time. Staff would begin immediately and may be able to generate revenue in the second half of 2008-2009. It should be noted that several properties have already been identified for potential sale, and are at varying points in the surplus process.

**ANALYSIS OF TOP PRIORITY STRATEGIES (CONT'D.)**

- a. Resources to implement - included in the proposed budget
- b. Estimated Revenue - \$500,000 - \$1M in 2008-2009

**2. DEVELOP ASSET MANAGEMENT PROGRAM**

There are two major steps that can occur concurrently. First, staff recommends adopting guidelines for consistent asset management based on City Council policy and priorities. The second step, would be to develop a comprehensive inventory of the City's real property assets. This inventory will allow the City to have a complete picture of its assets and thus manage them more efficiently and effectively. To complete the inventory the City will likely need to invest resources either in permanent staff, specialized consultants or some blend of the two. Estimated revenue would be determined by the policy and program goals.

**3. PROCEED WITH AN EVALUATION OF EXISTING MAJOR PROPERTIES AND OPERATIONS**

The purpose of this work is for staff to bring forth recommendations to initiate the analysis needed to have a policy discussion regarding major City owned properties and operations and for potential alternative uses or sale of these assets. These could include:

- a. Golf Courses – a Citywide operational and financial review has recently been completed.
- b. Mexican Heritage Plaza - a solicitation for a nonprofit operator is currently being developed.
- c. Hayes Mansion – Periodic financial reports currently review debt service, revenue generation, facility assessment and maintenance needs. The property continues to require City subsidy.
- d. Old City Hall – a cost analysis to renovate and reoccupy is currently under way. This analysis will support a decision whether to renovate, engage a private partner, or pursue sale of portions of the property.
- e. San Jose Water Utility – This utility serves a small segment of the community. Recent legal determinations have prevented the City from operating and managing this asset such that it makes a significant return on investment for the City General Fund. Given these restrictions an analysis may show the City would be better off financially to transfer ownership.
- f. Singleton and Story Road Landfills - Staff has recently received private sector interest in brownfield development of the City's two closed landfills at Singleton (Capitol Expressway) and Story Road at Remillard Court. Given that landfill monitoring and other infrastructure at these sites is aging and will need additional investment in the near future, timing may be appropriate to investigate adaptive reuse options.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

The authority to enact changes in the status of these properties resides with the City Council. It is expected that policy development could take about six months to complete. After the policy is developed, creation of measurable objectives and a work plan as well as initiation of the work plan's identified tasks will be completed within 12 to 18 months. During the program development, a full inventory of the City's assets would be required. During the 18 to 24 months outlined above, the City would continue to process transactions with emphasis on transactions that generate revenue. Staff would also attempt to ramp up this program on an aggressive schedule, concurrently completing as much of the start-up work as possible and prioritizing efforts toward those assets which have the most potential to generate significant ongoing or one-time revenues.

**Strategy: Implement a Revamped Employee Suggestion and Process Streamlining / Optimization Program**

The Employee Survey conducted in conjunction with City Manager's Structural Budget Deficit Elimination Plan in the Fall of 2007 brought to light City employees' willingness to provide strong ideas to create a more efficient working environment. The survey elicited approximately 950 comments which were categorized and qualified/disqualified for inclusion in the report. The quality and quantity of the suggestions were impressive and evoked the idea of revitalizing a dormant employee suggestion program. Such a program would focus on areas of process streamlining and efficiencies identified by the unique insight City employees have about how the City conducts its business.

Employee Suggestion Programs (ESPs) were pioneered by the private sector and have had significant success for industries with a great number of front line employees. One example is American Airlines which began its program to reduce costs in the early 1980's. Employees would be financially rewarded for cutting costs by receiving a percentage of the money saved; 8-10% of cost savings realized with a cap of \$25,000 per idea. American Airlines reported the company saved \$50 million annually over the last twenty years.

The concept of ESPs has spread to government with more limited success. The State of Oregon's program is also based on percentage cash rewards for employees with ideas that produce results. The State rewards 10% of monies saved with a cap of \$5,000 per idea. Over a Three-Year period, more than 130 ideas have been submitted and 17 accepted with a savings of approximately \$1.3 million for the State. The department which realizes the savings retains the funds saved and pays the employee reward. The program is administered by dedicated staff with the Human Resources Department and all full-time employees are eligible to participate.

The City of Phoenix's ESP program has existed since 1991. In a recent revision to its program policy, Phoenix now allows employees to submit suggestions that pertain to their departments and individual work responsibilities. The City recognizes that employees who perform the work are best suited to identify streamlining ideas. Employee ideas can be submitted online and are acknowledged within three days. Decision about cost savings and rewards are provided to the

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

employee within 60 days. The department which will be affected by an idea has the opportunity to evaluate its implications and potential fiscal impact. On the whole, the program is administered with the Human Resources Department and currently includes 25% of an HR Coordinator's and 60% of an Administrative Clerk's time and duties. The program also budgets approximately \$4,000 a year to reward employees who provide ideas with intangible results. Since its inception, the program has saved the City approximately \$1.6 million.

The City of San Jose established a Suggestion Award Program in 1965, but it has been dormant for several years. An Art & Practice of Leadership (APL), the City's professional development program, class re-examined the Suggestion Award Program as part of its project requirements. The result is a proposed program which can revitalize the current program in three key ways. 1. Expedite and simplify the awards process; 2. Expand eligibility criteria; and 3. Enhance outreach activities. The specifics of this program are still being developed but would include expanded eligibility criteria, quicker and easier feedback on ideas submitted and improved rewards for successful ideas.

In the best-implemented and managed ESPs, the program's administrative costs, including rewards, can cover its expenses through realized cost savings. Although difficult to quantify, there is potential for the program to provide real cost savings to the City and aid the structural budget deficit. In addition, the program will empower City employees to be active participants in eliminating the deficit and streamlining the way they do their work. The City has experienced an extended period of reductions which employees have responded to with hard work and dedication. A revitalized ESP can help sustain employee morale during difficult times.

The authority to enact lies in the City Council. It is estimated that up to six months would be required to develop program revisions for approval by Council and then another six months to fully implement the program. Research has indicated that successful on-going programs also include dedicated staff and budget, which includes outreach and intangible rewards expenses on an annual basis. At present, the City has an Innovation Fund with a balance of \$100,000 and yearly annual budget for the current employee suggestion program of \$25,000. The Innovation Fund could serve as start-up funding assistance.

Another separate, but related part of this program will be a process streamlining or optimization program for City business processes. Many times employees have identified City business processes which consume an inordinate amount of time and / or return relatively little value. However beyond the identification of such business processes employees may not know how they should best be reformed. This often requires the dedicated services of a staff or consultant team that can research best practices, develop process maps and generally redesign the work effort to be more efficient. Starting in 2008-2009 the City Manager will select some City business processes for redesign or optimization and fund one-time costs associated with the process improvement efforts.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

Strategy: Ensure all fees are full cost recovery

Cities have the ability to charge fees for City services to the extent permitted by law. In most cases, fees may not exceed the City's actual cost of providing the particular service.

Historically, the City has categorized user fees into two categories: Category I full cost recovery and Category II less than or more than full cost recovery. The policy decisions to define two categories of fees reflect City Council priorities to subsidize the costs of particular services to residents for the community. In most instances subsidized services provided are within departments such as Parks, Recreation, and Neighborhood Services and programs which assist children and/or senior citizens.

The City produces a Fees and Charges Report as a separate document during each budget cycle. The Report outlines fees according to cost recovery category and where City services fall within the spectrum. The City takes this opportunity to evaluate its fees in order to determine whether fees which are limited to cost recovery should be increased or decreased. Similarly, the City also evaluates whether fees for services which have been designated as below or above cost recovery require adjustment.

Further examination of the particular fees in the Fees and Charges Report and the fee schedule was initiated. Specifically, Category I & II fees were studied, new fees were researched, and the concept of fee development to manage demand for services was developed. There are a series of new and existing fees which either have potential for immediate fiscal impact for the City or should begin the process of implementation because the fees have greater potential fiscal impact in the future. In addition, other fees were identified for more research but the departments which would be affected by new or raised fees were not part of the current discussion. As part of the Three-Year Structural Budget Deficit Elimination Plan, the fees will be revisited to include all departments and to conduct full fiscal analysis, with respect to the ability to raise existing fees to fully cover costs and to initiate collection of fees for user based services when warranted.

Because the current Top Priority Strategy is meant to identify immediate opportunities for enhanced revenue, the research associated with fees focused on the ability to raise fees already in place, or for fee initiatives already underway. Several interviews were conducted in specific departments such as Planning, Building, Code Enforcement, Police and Fire to first identify possible ideas of new fees or areas where fees could be raised to better reflect costs. This emphasis was chosen because raising existing fees is both quicker and easier to implement. If a fee is already in place for a service and a process to collect it has been established, raising the fee has fewer implementation obstacles than the establishment of a new fee. However, additional legal analysis will be required in the implementation phase of all of these fees. Having said that, there are instances where a new fee may be warranted in order to address the City's costs for providing services and the process of establishing the new fees should begin as soon as possible.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

Some existing fees mentioned here have been in discussion with related internal and external stakeholders long before the current work began and may be included in the 2008-2009 Proposed Budget. Other fees have been discussed at various times and should now be fully reconsidered in light of the Structural Budget Deficit. Existing fees which should be reconsidered for increasing to full cost recovery for Category I and increasing for Category II fees based on increases in prices to provide services. In some instances, services have modified or increased over time but fees have not been established to cover those costs. Pursuant to long established City Council policy, the City should regularly examine new opportunities to attain full or partial cost recovery for services over time. The chart below outlines a series existing fees and new fees ideas developed. Although not a comprehensive list, the fess should be considered.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

<b>Fee Description</b>	<b>New or Existing Fee</b>	<b>Requires Further Legal Analysis</b>	<b>Requires Further Implementation Analysis</b>	<b>Estimated Fiscal Impact Estimate</b>
Advance Planning Fee <sup>1</sup>	Existing	No	No	\$400,000
PRNS Facilities Rentals <sup>1</sup>	Existing	No	No	\$44,000
Parking/Meter Fees	Existing	No	No	\$500,000
Fingerprinting (sex offenders, arson and narcotics parolees) <sup>1</sup>	Existing	Yes	Yes	TBD
Visa/Immigration Clearance Letters	Existing	Yes	Yes	TBD
Non-Public Records Act Copy Charges <sup>1</sup>	Existing	Yes	No	TBD
Animal Care and Services Miscellaneous Permits <sup>1</sup>	Existing	No	No	\$2,500
Taxi Cab Public Safety Permits <sup>1</sup>	Existing	No	No	\$90,000
Record Sealing	New	Yes	Yes	TBD
Entertainment Zone Policing Plan (to fully enact)	New	Yes	No	\$400,000-\$600,000
Fire Inspections for Covered Malls	Existing	No	No	TBD
Fire Protection System Permit and Inspection	New	Yes	Yes	TBD
Business Tax Administrative Fee <sup>2</sup>	New	No	No	\$1,400,000
Litter Fee	New	Yes	Yes	\$200,000
Police Department Subpoena Compliance	New	Yes	Yes	TBD
Non Public Records Act Copy Charges for archived records	New	Yes	No	TBD

<sup>1</sup>Fees are Category I Full Cost Recovery

<sup>2</sup>New Fee in 2008-2009 Proposed Fee and Charges Report

In conjunction with completion of the Three-Year Structural Budget Deficit Elimination Plan in November of 2008 budget staff will be developing recommendations to adjust the fees referenced above and returning to Council with an appropriate recommendation when any further analysis required is completed during 2008-2009. In view of the need to generate additional revenues staff may not wait until development of the annual update of fees in June 2009.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

In some instances, services have modified or increased over time but fees have not been established to cover those costs. Pursuant to long established City Council policy, the City should regularly examine new opportunities to attain full or partial cost recovery for services over time.

Finally, there are instances where raising fees can manage demand for City services. In these instances, services could be considered voluntary or not necessary to live and work in the City. For example, Planning, Building and Code Enforcement Department instituted a fee to obtain preliminary project review services. Previously, the staff provided near unlimited free service members of the real estate and development profession to enhance their services. On the other hand, the cost of providing the service and level of demand for it were resulting in rising costs for the balance of the fee paying customers of the Department. After initiating the fee, requests were significantly reduced. When examining fee for services, especially those below full cost recovery the City should consider that even modest increases can reduce demand for non-essential services and can save the City more by reducing demand rather than creating revenue. City management will examine this issue in conjunction with development of the 2009-2010 fee recommendations.

The potential to increase General Fund revenues by instituting all the fees identified above would be an additional \$3 to \$4M annually. In addition fiscal impacts for several fees are not yet estimated, nor has the implementation of a full cost allocation analysis been factored into the results. It will take time to fully implement all fee improvements but within a Three-Year timeframe substantial improvements can be made. The Three-Year Structural Budget Deficit Elimination Plan to be presented in November, 2008 will further quantify the opportunities to generate additional revenues and reduce service demand costs.

Changes in fees are enacted by the City Council. For those fees that still require more internal discussion and external stakeholder outreach, the process should begin now to ensure analysis and support is completed for the 2009-2010 budget cycle.

**Strategy: Implement Citywide Lighting and Landscaping District or Proposition 218 “Property-Related” Fees**

The use of Lighting and Landscaping Districts (LLD) as a funding mechanism is common among many of the peer jurisdictions. A LLD is authorized by the State Landscaping and Lighting District Act of 1972. An LLD allows local governmental agencies to form maintenance districts to finance, install, construct, and maintain landscaping, lighting and transportation infrastructure, and park and recreation facilities. Currently within the City of San Jose many of the above types of services are funded via the General Fund, although the City also has numerous LLDs associated with individual development.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

A menu of possible services that could be funded through a Lighting and Landscaping District (LLD) pursuant to Proposition 218 has been identified. The services under consideration to be funded through an LLD include but are not limited to replacing street lights with more efficient fixtures as well as pruning existing street trees, sidewalk repair and curb and gutter repair, which are currently the full responsibility of property owners because the City has eliminated funding used to assist property owners on maintaining these assets. Additionally, the district could also cover street landscaping maintenance, which has been significantly reduced with more reductions anticipated, and achieve half the goal of the Citywide Green Vision Plan by planting 50,000 street trees in park strips where trees are missing.

With regard to other services, such as traffic signal and pavement maintenance, the City is pursuing regional, state and federal funding, and other revenue sources to address the backlog of deferred maintenance in areas, but these services also might be addressed via the LLD strategy in order to relieve costs on the General Fund.

The key distinction between an assessment and other types of revenue measures, such as fees and taxes, is that an assessment is levied as a charge for the special benefit that a property will derive from the improvement or service provided by the assessment. The classification of a charge as an assessment, rather than as a tax or a fee, is important because Propositions 13 and 218 provide for drastically different substantive procedural and voter approval requirements for assessments than for taxes and fees.

The Lighting and Landscaping District is being considered for implementation on a Citywide basis. This is primarily because it is important to provide some consistency and equity in the delivery of basic City services. The Engineer's Report that forms the basis of the assessment must evaluate the benefit to each parcel of property in the entire City in order to justify the level of assessment on each parcel or type of parcel. A Citywide Lighting and Landscaping District could raise approximately \$20-\$30M which would, overtime, reduce the unmet/deferred infrastructure and maintenance portion of the structural budget deficit.

Jurisdictions have successfully voted to continue assessment districts following passage of Proposition 218, and, in the case of San Ramon, Pittsburg and Danville, the property owners have voted to increase assessments. Oakland was unsuccessful in getting an increase approved in 2006, but is currently in the process of going back to the property owners to increase assessments. Sacramento has built in a cost of living adjustment each year to cover increasing costs.

Implementation of a new Lighting and Landscaping District requires Council approval and a vote of property owners within the district following the provisions outlined in Proposition 218. Fees for an assessment district may not be imposed unless a local government conducts a majority protest proceeding 45 days after a mailed notice to all persons subject to the assessment. If no majority protest occurs, then the agency must submit the measure to a mailed ballot to

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

property owners. Only returned ballots are counted. Each ballot is weighted based on the amount of the proposed assessment on the parcel.

The City would need some one-time additional funding to fully develop and implement an LLD including the feasibility study and parcel analysis, preliminary service and assessment analysis, and public survey work, the engineer's report, and the actual mail ballot process. In 2008-09, resources would be required to conduct the preliminary feasibility analysis.

It should be noted that the Stakeholder Group expressed interest in broadening this idea to include smaller improvement districts that could be tailored to the interests and needs of a neighborhood. Staff will develop a policy discussion on this concept for Council consideration when we return in November.

**Strategy: Restructure Business Tax to Modernize and Reflect Current Business Profile**

The City's business tax was adopted in 1984 and the rate has remained unchanged since that time. Consequently the share of General Fund revenues derived from this revenue has declined from 1.9% of the General Fund total in 1984 to 1.2%. Annually, the City collects approximately \$13-\$15M in revenues from the Business Tax.

According to California State Law, general law and charter cities are allowed to levy a tax on business activity. Throughout the State, the nomenclature for such taxes varies, but is most commonly referred to as business taxes, business license fees, or business permits. A business tax may be fixed amounts based on a per unit basis or may be based on the number of employees, gross receipts, net business income, and/or the number of rental units (for landlords). In regard to the overall business tax structure for municipalities, there is no consistent structure among the San José large city peers and the City's neighboring municipalities. Six of the ten largest cities in California (by population) have complex business tax structures with a variety of discrete business categories. The cities of San José, San Diego, Sacramento and San Francisco are the exceptions with few categories. Like San José, San Diego and Sacramento separate businesses into four or fewer categories. Of the nine San José peer cities, only the City of Oakland has a business tax structure that includes a payroll tax for certain types of businesses. The City/County of San Francisco also has a payroll tax.

San Jose is below other large peer cities (San Diego, Los Angeles, San Francisco, and Oakland) in business tax rates on a per capita comparison. In considering rates, San Jose not only looks at other large peer cities, but also considers the rates in other Silicon Valley cities. The rate in San Jose is higher than surrounding cities.

Two options were analyzed for this strategy: modernize the business tax rates by indexing the rates to the current Consumer Price Index (CPI) or restructuring the business tax formula, including whether to increase the cardroom tax.

**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

*Option A: Index Rates to Current CPI and Raise Minimums*

The City of San José's business tax rates are at the same level today as they were in 1984 when Ordinance 25182 established the current business tax structure. In November 1996, the rates were increased to reflect an annual inflation factor as a result of recommendations from the "New Realities Task Force". Retention of the new rates was contingent on voter approval. The voters did not approve the continuation of the increased rates in November 1998 and the rates were returned to their 1984 level.

Because the business tax rate has not changed since 1984, the tax's contribution to the General Fund is diminished by inflation. If indexed by the CPI from 1984 to 2007, the base rate for the tax would increase from \$150 to \$301 and the rate for each employee above eight would increase from \$18 to \$36.

Revising the tax structure from 1984 to 2008 dollars to fully account for inflation would approximately double current revenues (an addition of approximately \$13-15M per year). To index the business tax structure from 1984 to 2008 dollars, the City will be required to obtain majority voter approval for the changes. A majority vote of the Council would also be required to place the measure on the ballot.

*Option B: Restructure Business Tax*

San Jose has the opportunity to evaluate and modernize the business tax structure. Alternative approaches used by other jurisdictions include a tax based on income, employment or by industry type.

The income approach offers two options: net business income and gross receipts. The City of Portland, Oregon uses the net business income approach and the City of Los Angeles uses the gross receipts approach, as does the City of Pleasanton in the Bay Area. Further analysis is required to determine the potential revenue that would be generated from either a net business income or gross receipts approach. In considering such an approach, the required staff and reporting structure to be able to collect revenue information from the over 64,000 businesses now paying business taxes will also need to be analyzed.

The employee approach establishes a rate based on either a base rate for a minimum number of employees and a per employee rate thereafter (the approach currently used by the City of San Jose) or by employee groups (i.e., 1-4, 5-10, 10-20 employees, etc.). The State of Nevada charges an employee tax rate of \$25 per employee. Santa Clara charges by employee groups. Santa Cruz and Milpitas charge a minimum rate and a per employee rate thereafter. Indexing the current minimum and rate per employee to the current CPI would generate an additional \$13-\$15M for the City of San Jose. Currently, businesses self-report number of employee information to the City.

**ANALYSIS OF TOP PRIORITY STRATEGIES (CONT'D.)**

The industry approach is a rate based on industry type (i.e., retail, commercial, industrial). Few cities in California use this method for calculating business tax. The estimate for additional revenues to the City's General Fund using this approach is \$6-\$8M.

The San José business tax structure includes a 13% cardroom tax. An additional \$1.8M would be generated if the cardroom tax were to be increased from 13% to 15%.

Restructuring the business tax would require extensive outreach with business groups to determine the most equitable structure for the tax and the impacts on businesses. This outreach would likely take 12-24 months and a measure could not be placed on the ballot until June or November 2010. A majority vote of the Council is required to place the measure on the ballot and a majority electoral vote is required to implement a restructured tax method.

**Strategy: Increase Sales Tax to Provide Increased General Fund Revenues**

The use of sales tax to fund specific or general services is common in California. Often such taxes are used to fund some enhancement in service level or to avoid specific cuts. Considerable latitude is allowed for a city to design a tax to fund both ongoing and new services. If the increase in sales tax is to fund specific purposes, a 2/3 vote is required. If the increase in sales tax is to fund the agency's general purposes, then the measure requires a simple majority.

San José currently receives one cent of the total 8.25 cent sales tax that is applied to all sales in Santa Clara County. This one cent local agency allocation based on 2006-2007 actual receipts, results in the City receiving approximately \$125M in General Fund revenues. Raising the City's sales tax rate by .25 cent would raise approximately \$21M in annual revenues. While the basic 8.25% sales tax rate in Santa Clara County is relatively high by California standards, it is actually low relative to Bay Area peers. San Francisco's sales tax rate is 8.5% and in Oakland and Fremont the sales tax rate is 8.75%. This comparison suggests that the potential may exist to propose a .25 cent sales tax in San José without a major anti-competitive impact. If a sales tax measure were to go forward for San Jose, it would result in a rate different from that of other cities in Santa Clara County. However, twenty-two counties in California have cities with different sales tax rates, including Santa Cruz, Monterey, Fresno, Marin and Yolo Counties.

Since 2004, thirty-four general purpose sales tax increase measures have passed and twenty-four have failed. Inglewood, San Louis Obispo and Santa Cruz approved a .50 cent sales tax increase. San Bernardino and Watsonville approved a .25 cent sales tax increase and Hollister and Seaside approve a 1.00 cent sales tax increase (Hollister's increase is for five years).

In November 2004, the City of Santa Rosa successfully passed a .25 cent sales tax for police, fire and youth services. It is generating an estimated \$7 million per year for this City of approximately 170,000 people. The special tax was passed by slightly more than a 70% majority. The funding was allocated to fund police and fire positions that would otherwise have been eliminated, to generate funding for new facilities and equipment and to fund gang prevention and

HONORABLE MAYOR AND CITY COUNCIL

May 9, 2008

**Subject: Three-Year Structural Budget Deficit Elimination Plan-Top Priority Strategies**

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**ANALYSIS OF TOP PRIORITY STRATEGIES** (CONT'D.)

youth programs. In November 2007, two cities (Selma and Ceres) proposed .50 cent sales tax levies to fund safety services. Both passed with more than 75% approval. Seven cities placed a voter initiative proposing a general sales tax (majority vote required). Three of the seven measures passed.

A major complication with this strategy is that a sales tax increase may be considered in November 2008 as a revenue source to fund other public services in Santa Clara County ranging from health care to transportation. The City of San José may confront regional opposition to placing a local measure on the ballot in the face of so many other competing measures.

Implementation of this strategy would require a 2/3 vote of the City Council to place on the November 2008 ballot. If placed on the ballot as a general purpose tax, a majority electoral vote would be required.

**COORDINATION**

This MBA has been coordinated with the City Attorney's Office and with the Redevelopment Agency Executive Director.

/s/  
Debra Figone  
City Manager

## **STAKEHOLDER GROUP MEETING – SYNOPSIS**

**MEETING DATE: 4/21/2008**

**ATTENDEES:** PETE CONSTANT, CHAIR

**MEMBERS:** LORIE BIRD, ELIZABETH BRIERLY, CARL COOKSON, YOLANDA CRUZ, PAT DANDO, PATRICIA GARDNER, ERNIE GIACHETTI, HOOSHANG HOMARA, JOSHUA HOWARD, CHARLES JONES, MICHELLE LEW, BOBBIE LOPEZ, STEVE MOORE, DAVE PERSSELIN, ED RAST, JEFF RUSTER, JAN SCHNEIDER, RANDY SEKANY,

BUU THAI, KEN WILLEY, SUZANNE WOLF

**ABSENT:** BOB BROWNSTEIN

**RESIGNED:** LISA RIGGS, KERI PROCUNIER McLAIN

**STAFF:** DEBRA FIGONE, CITY MANAGER, HARRY MAVROGENES, EXECUTIVE DIRECTOR REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON, SHAWN SPANO, FACILITATOR.

### **Welcome/Introductions/Process Overview**

- Councilmember Constant called the meeting to order at 6:05 p.m. by welcoming everyone.
- The City is in its seventh year of budget deficits with many more years of projected deficits ahead.
- The Stakeholder Group will look at the urgent strategies that have already been identified, but can also propose other strategies that have not yet been identified.
- City Manager Debra Figone stated her role is to listen carefully, ask questions, and interject when helpful. The Structural Budget Deficit is an important task to address because the deficits are preventing the City from providing the level of service the City wants to provide. City staff is flexible and adaptable to ensure this process fits the City and Stakeholder Group needs. Staff presentations will give context but are not meant to limit or be a barrier thoughts.
- City Manager Figone clarified that the Council must take action by August 5 Council Meeting to put items on the November 2008 ballot.
- Councilmember Constant stated the Stakeholder Group will meet in July despite legislative break to discuss time-sensitive issues.
- Stakeholder Group members introduced themselves.
- Shawn Spano will facilitate meetings to help the group cover all of the information needed and guide the conversations. He is a Professor in the Communications Department at San Jose State University and a consultant.

**“SETTING THE MEETING CONTEXT” Presentation**

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 2-5).. April 21 Presentation: Shawn Spano

- Overview of the six-month process and purpose of 4/21/08 meeting. Step 1 of the process will begin today. Discussion of advantages and concerns of the Urgent Strategies.
- Steps 2 and 3 will follow in June and will cover advantages and concerns of the remaining identified strategies, as well as other strategies that the group may identify.
- The group represents diverse interests, perspectives, and expertise. The goal is to bring this diversity together to come up with ideas that represent the knowledge of all the stakeholders at the table.
- Stakeholder Group input will be included in the City Manager’s 3 Year General Fund Structural Deficit Elimination Plan report that will go to the Council in November.
- Presentations on 5 of the 10 urgent strategies will be discussed at this meeting. The focus is to provide a context and framework to understand these strategies
- At the end of each presentation the Stakeholder Group will ask questions and then list the “Advantages and Concerns”.
- The materials included in the Stakeholder Group binders and cited with weblinks on the meeting agenda provide extensive information.
- Meeting schedule was reviewed. All meetings are in the Committee Rooms at City Hall (Wing 118-120) except on April 28 and September 22. On these dates the meeting will take place at the King Library, Room 229 (2<sup>nd</sup> floor). Meeting attendees can park at City Hall garage or Fourth Street garage (4<sup>th</sup> Street and San Fernando) and receive parking validation.
- Absences will be excused if you email in advance Councilmember Constant ([pete.constant@sanjoseca.gov](mailto:pete.constant@sanjoseca.gov)) or Jane Light ([jane.light@sanjoseca.gov](mailto:jane.light@sanjoseca.gov)).

**“PREPARING TO DISCUSS STRATEGIES” Presentation: Shawn Spano**

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>). April 21 Presentation (Slides 4-5).

- Staff will talk about budget strategies; provide objective analysis to provide information to the group.
- The group will drive the conversation. Staff is prepared to go deeper, if you want staff to clarify information. Staff is also prepared to give the group evaluation of the strategies. It will depend on the level of discussion the group wants.

- Councilmember Constant asked the group to focus on the concept of the strategy rather than on implementation details.
- Group is here to discuss Questions/Concerns/Advantages of the proposed strategy.

**“INTRODUCTION TO THE GENERAL FUND DEFICIT ELIMINATION PROJECT “**

Presentation: Andy Belknap, Management Partners

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>). April 21 Presentation (Slides 6-18).

Belknap reviewed the components of the deficit, revenue and expenditure trends, the categories into which strategies fall, and the list of those strategies that fall into the “Timing Urgency” and “Immediate Opportunity to Implement” All the strategies are consistent with Council goal of eliminating the budget deficit. That ruled out a lot of the economic development strategies, because those take time to produce revenue results.

**Urgent Strategy 1A** “UTILIZE FINANCIAL STRATEGIES THAT HAVE POSITIVE NET PRESENT VALUE.” (<http://www.sanjoseca.gov/StakeholderGroup08.asp>). April 21

Presentation (Slides 19-30). Scott P. Johnson, Finance Director

<b>STRATEGY</b>		1A: Utilize Financial Strategies that have positive Net Present Value (NPV) : Annual Prepayment of city’s Pension Obligation	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Less administration?	1.	Less administration?
2.	Pension funds invested for – greater ROI than City’s Timing & discount	2.	“True Up” reconciliation at year end – overpayment details
3.	Retirement funds have good record of making/exceeding planned returns & stable returns	3.	Cash flow
4.	Could be done one year at a time	4.	Financial Risk – All funds for year invested at one time (no dollar cost averaging)
5.	Rate of Return for City is now about 4.6%; retirement funds get substantially higher rate		

**Urgent Strategy 1B** “UTILIZE FINANCIAL STRATEGIES THAT HAVE POSITIVE NET PRESENT VALUE”. (Slides 19-30) (<http://www.sanjoseca.gov/StakeholderGroup08.asp>). April 21

Presentation (Slides 30-36). Scott P. Johnson, Finance Director

<b>STRATEGY</b>		1B: Utilize Financial Strategies that have positive Net Present Value (NPV) : City to Issue Pension Obligation Bonds	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Create jobs for San Jose	1.	Outsource versus in-house; additional staffing resources required
2.	Bond rate fluctuations could be a benefit if they go lower	2.	If interest rate increases, lose some savings –at risk for interest rates spike
3.	City can time bond issuance to be favorable	3.	Cost to issue, administer debt service, etc. (analyze gross & net costs to know all costs)
		4.	Would it have impact on City’s bonding capacity?
		5.	Using return as credit that reduces City contribution/”smoothing” policy over 5 years

Smoothing Policy: Any gains or losses over or above on any assumed rate of return are captured in the actuarial and smoothed over a 5 year time period. We assume City’s current policy of smoothing gains. For example, if we assumed 8% and got 13%, we would only credit 1% for 5 year.

**Stakeholder Suggestion:** As a new strategy, can we can look at Smoothing? Concern is how the smoothing works & can it be done differently to reduce deficit?

**Stakeholder Suggestion:** What if we reduce our “funding” target on the Police Plan, since we are so close to full funding, and then take that money to fund GASB requirements?

**Urgent Strategy 2** “FORMALIZE AND IMPLEMENT A RIGOROUS ASSETMANAGEMENT PROGRAM” Presentation: Katy Allen, Public Works Director (<http://www.sanjoseca.gov/StakeholderGroup08.asp>) April 21 (Slides 31-37).

<b>STRATEGY</b>		2: Formalize and Implement a Rigorous Asset Management Program	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Could break asset management into pieces and implement over time – get some fast-tracked for “big bucks” results	1.	Facility rent/use by nonprofits: <ul style="list-style-type: none"> <li>- Facility occupancy, full/partial?</li> <li>- Community center reuse</li> <li>- Long-term plan for development</li> </ul>
2.	Mgmt Partners report: \$15M (up to) for sale of property +/- \$3M per year for add’l rent/lease income	2.	Address key issues of use/business via policies
3.	Policy makes it possible to manage assets, overlay with inventory	3.	Look at ‘Sunshine’ definition of tax subsidies
4.	Potential of longer leases, more stability for nonprofits	4.	Lease facilities under-utilized – look at more shared bldgs, include in inventory the market rate
5.	Look at private enterprise help – expertise here	5.	Outsource versus in-house costs for program development and management
6.	Maximize use of facilities – partnerships, etc. – combined uses	6.	
7.	Consider looking at zoning etc, to expedite and maximize	6.	Re-investing savings to enhance remaining properties – should be included in analysis
8.	Prioritize largest most valuable assets	7.	Consider limitations of assets (size of convention center, specialized use facilities) include in analysis
9.	Policy could look at businesses City is in – should City be in the business or not?	8.	Businesses involved – do we need to be in that business
10.	Dovetail Asset Management Policy with Facilities re-use policy	9.	Timing of strategy too long – should be 2-3 month timeline

**Urgent Strategy 3** “IMPLEMENT AN EMPLOYEE SUGGESTION AND PROCESS STREAMLINING PROGRAM” Presentation: Mark Danaj, Human Resources Director (<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 38-44). This strategy was referenced in the Management Partners Report under Service Delivery Model Change #7pp 94-98.

<b>STRATEGY</b>		3: Implement an Employee Suggestion and Process Streamlining Program	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Capture ability and knowledge of employees	1.	Timing between suggestion and evaluation feedback – timely response required
2.	Energizing to employees	2.	Program laying dormant for last 5 years – constant marketing, evaluation needed
3.	Gives employees power over things that frustrate them	3.	Employee engagement – in spite of morale – leadership from administration to encourage engagement
4.	Opportunity to interact with other depts and with City Senior Staff	4.	Need venue outside department for ideas to be considered
		5.	Allow employee to be part of implementation – morale improvement

**Urgent Strategy 4** “ENSURE CURRENT FEES FULLY COVER ALL COSTS” Presentation: Joe Horwedel, Director of Planning, Building and Code Enforcement (<http://www.sanjoseca.gov/StakeholderGroup08.asp>). (Slides 45-51) Management Partners Report, pp66-68.

STRATEGY		4: Ensure current fees fully cover all costs		
ADVANTAGES		CONCERNS		
			1.	Blurred line between fees & taxes
			2.	Don't charge fees for City core services
			3.	Don't create fees that lead to administration fee to get to cost recovery
			4.	Fees getting in the way of Job formation, retention, growth
			5.	Making it difficult for growth in retail sales tax, jobs
			6.	Raising fees could deter business
			7.	Bus Tax Admin Fee should be considered with restructure of Business Tax
			8.	Surpluses of fees collected – bring in line with expenses
			9.	Business inquiry that don't come back because of costs
			10.	Balance – unintended consequence of losing businesses
			11.	Attacking small businesses

Advantages/concerns/questions can be emailed to [pete.constant@sanjoseca.gov](mailto:pete.constant@sanjoseca.gov) in the subject line write Stakeholder Group. He will forward questions to the administration.

**Public Comment:** Councilmember Pierluigi Oliverio addressed the group, thanking Stakeholder Group members for their service. Encouraged members ask hard questions to find a nonpolitical solution to this budget deficit.

**Closing:** Next meeting on April 28 will be held at the Dr. Martin Luther King Jr. Library. The discussion of Urgent Strategies will be continued. Members were thanked for their time and service. Meeting was adjourned at 9:05 p.m.

## **STAKEHOLDER GROUP MEETING – SYNOPSIS**

MEETING DATE: **4/28/2008**

**ATTENDEES:** COUNCILMEMBER PETE CONSTANT, CHAIR

**MEMBERS:** LORIE BIRD, ELIZABETH BRIERLY, BOB BROWNSTEIN, CARL COOKSON, PAT DANDO, PATRICIA GARDNER, ERNIE GIACHETTI, HOOSHANG HOMARA, JOSHUA HOWARD, CHARLES JONES, MICHELLE LEW, BOBBY LOPEZ, STEVE MOORE, DAVE PERSSELIN, ED RAST, JEFF RUSTER, JAN SCHNEIDER, RANDY SEKANY,

BUU THAI, KEN WILLEY, SUZANNE WOLF

**ABSENT:** YOLANDA CRUZ

**STAFF:** DEBRA FIGONE, CITY MANAGER, HARRY MAVROGENES, EXECUTIVE DIRECTOR REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON, SHAWN SPANO, FACILITATOR.

### **Welcome/Introductions/Process Overview**

- Councilmember Constant called the meeting to order at 6:09 p.m. by welcoming everyone and asking Stakeholder Group members to introduce themselves.
- Shawn Spano will continue to facilitate the discussion. Each strategy now has time allotments assigned to ensure the group gets through the agenda.

### **Meeting Agenda Review/Future Meetings/Process**

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 2-4). April 28 Presentation: Shawn Spano.

- Urgent Strategies #4, #5, #7, #9 will be discussed tonight.
- Urgent Strategies #6, #8, #10 will be discussed on May 5.
- Focus on advantages and concerns of strategies. Questions and clarifications are welcomed.

**Urgent Strategy 4** “Ensure Current Fees Fully Cover All Costs”

Presentation:

Larry Lisenbee, Budget Director Emeritus (<http://www.sanjoseca.gov/StakeholderGroup08.asp>).

(Slides 5-15)

Management Partners Report Revenue Strategy #3 pp 66-68.

Presentation and discussion continued from April 21 meeting.

STRATEGY		4: Ensure current fees fully cover all costs	
	ADVANTAGES		CONCERNS
1.	Fees give City capacity to accomplish a number of things	1.	Fee differences with surrounding cities/competitiveness
2.	Provide the opportunity to raise revenue for specific programs/items that require an extraordinary level of service than is being demanded elsewhere	2.	Discussing fees in isolation of understanding what it costs to provide service or what it costs to live in San Jose compared to other jurisdictions
3.	Fees to provide services that the City has no regulatory obligation to provide (e.g. golf courses)	3.	What is benchmark for when fees were set? In which cases have the fees not been increased in a long time?
4.	Mechanism that provides flexibility and discretion to make minor regulatory changes without going to the voters	4.	Competitiveness study should be done before making recommendation on fee increases
5.	Fees offer opportunity to share the benefit of monopoly businesses –Sole source service providers that are making money (e.g., ambulance provider)	5.	Is the City tracking/charging all the fees on the books? Examples – repeated false alarms; party response fee (Police Dept.)
6.	Increased fees could result in higher level of service	6.	Market distortions could discourage business
		7.	Do not subsidize fees in a way that encourages poor decision-making by businesses

**Stakeholder Question:** Can we get a list of all fees that have not been increased in five years?

**Stakeholder Question:** Are there other things like fee/loan forgiveness or other incentives to invest money, generate jobs, and/or bring revenue? Want to see list of out of the box thinking for forgiveness.

**Stakeholder Question:** What can we do to help retail/car dealerships be successful?

**Stakeholder Question:** Which fees that are on the books are not actually collected?

**Urgent Strategy 5** “Implement City-Wide Landscape and Lighting District or Other Proposition 218 Property-Related Fees”.

Presentation: Jim Helmer, Department of Transportation Director

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) April 28 (Slides 16-22).

Management Partners Report Revenue Strategy #6 pp 74-76.

<b>STRATEGY</b>		Implement City-Wide Landscape And Lighting District Or Other Proposition 218 “Property-Related” Fees	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Some neighborhoods would welcome opportunities to get increased quality in neighborhood and business services – a trial or model program to test results and interest in participating	1.	How/who determines what is needed in landscaping, sidewalks, etc.
2.	Might be an opportunity for a new model – do a pilot.	2.	Are all parcels (residential and commercial) assessed?
3.	Improve the ambiance/quality of the entire City.	3.	Why not include parks?
4.	Shared risk of fixing sidewalks – opportunity to buy into “sidewalk repair insurance”. Make it voluntary- those who don’t pay have to pay out of their own pocket for the repair.	4.	How would this work in redevelopment neighborhoods? How is it decided where you plant trees, put the lighting?
5.	Address specific needs of neighborhoods- encourage neighborhood meetings to help set priorities, decision making.	5.	Need to be able to address specific needs of a neighborhood – different in different neighborhoods in the city.
6.	PBID sharing advantages already.	6.	Will be perceived as a tax because it is on the property tax bill.
7.	Quicker turn-around time for improvements.	7.	How would this impact the schools and would the schools be participating in the costs?
8.	Elicit more pride in neighborhoods.	8.	Define how big a neighborhood is.
		9.	Can this be implemented as a neighborhood pilot? Citywide assessment might fail. Show results at a neighborhood level first.
		10.	Could the city just enforce property owner responsibility for sidewalk and street tree maintenance/repairs?

**Stakeholder Question:** Will the Lighting and Landscape Assessment be tax deductible? (Since you pay with it with your property tax bill).

**Stakeholder Question:** How many “trip and fall” incidents and/or claims in the City?

**Urgent Strategy 7** “Shift Revenues from Construction and Conveyance Taxes from Capital Projects to Operations and/or Raise Conveyance Tax”

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) April 28 (Slides 31-37). Presentation: Ed Shikada, Deputy City Manager.

Management Partners Report Expenditure Controls and Shift Strategy #3 pp. 104-108

- The wording of this Urgent Strategy has been changed from the language in the Management Partners report to reflect that Construction & Conveyance are two different taxes.
- The graph on Slide 25 is also different from the graph on page 105 of the Management Partners report.

<b>STRATEGY</b>		7: Shift Revenues from Construction and Conveyance Taxes from Capital Projects to Operations and/or Raise Conveyance Tax	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Options A & B give the City more flexibility on whether to spend on maintenance or capital.	1.	Concern over competitiveness with surrounding cities.
2.	Option B - Voters would agree with shifting to maintenance v. increasing.	2.	Extra fees would affect property buyers.
3.	Options A & B allow more flexibility for park maintenance.	3.	Option B – Does it make sense to go to voters if we are not getting new revenues?
4.	Option B – easiest to explain to the community. Might agree to a one time increase at time of sale.	4.	Might affect sales and construction.
5.	If going for vote – need to ask for a raise in the Conveyance tax.	5.	Start to change fees structure, really don’t know impact.
6.	Doesn’t hit the property owner every year, only when you sell – not as onerous.	6.	Over last 20 years, have had built in increases because of increasing property values.
7.	Option A – brings new revenue.	6.	Problem justifying Options B & C.
8.	Tax deductible?	7.	Option C – Council would not allow it to go on the ballot.
9.	If increase is a general tax, only requires a majority vote.	8.	Parks allocation only – really need maintenance for what we built.
10.	Could categorize structure of fee by : -level of appreciation/depreciation -length of ownership	9.	Are revenue estimates for current and future years too high? (given market outlook)
		10.	Increase in property value brings revenue in C&C revenue anyway.
		11.	No net increase to revenue unless we raise the fee.

**Stakeholder Question:** Can we incorporate transportation maintenance needs into the services covered by the Construction & Conveyance Tax?

**Public Speakers:**

Parks and Recreation Commissioner spoke in support of Option A, and submitted a letter to the Chair stating their support. The Commission believes that Option A supports multiple departments, does not affect all people at all times (only at time of sale) and is tax deductible. Library Commissioner spoke in support of keeping Library portion of the C&C separate. This money supports library materials.

**Urgent Strategy 9** “Increase Sales Tax to Provide Increased General Fund Revenues”

Presentation: Scott Johnson, Finance Director

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 38-44). Management Partners Report Revenue Strategy #7pp 76-78.

<b>STRATEGY</b>		<b>9: Increase Sales Tax to Provide Increased General Fund Revenues</b>	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	This is a general tax, so it requires only a majority vote (50% +1)	1.	Possible loss of sales due to increased tax.
2.	Strategy ensures that the percentage of the sales tax raised locally stays local.	2.	Development costs combined with higher sales tax will impact small business.
3.	Tax is based on purchases bought or used in San Jose.	3.	Sales tax is regressive. It will hit those with limited income.
		4.	Will drive sales to Cities surrounding San Jose.
		5.	Need to balance tax increases with other strategies.
		6.	Don't load up the ballot with too many revenue measures.
		7.	Increased gas costs generate more sales tax from that source.
		8.	State may look to this source as well – everyone going after same pot of money.
		9.	Competition with the internet.
		10.	New revenues do not account for potential loss of sales.
		11.	Recent County/VTA sales tax was defeated.
		12.	Should look at streamlining permits, development process rather than raising sales tax.
		13.	County and VTA looking at an additional sales tax (may have to work with them on a strategy).

		14.	Need to bring in more sales volume – problem attracting businesses.
		15.	Many people who live in San Jose are working in other places, will buy where they work rather than where they live.
		16.	Taxpayers feel very strongly – no new taxes.
		17.	City has turned away big box.

**Correction to Slide 35 “Potential Fiscal Impact”:** A ¼ percent “San Jose District Sales Tax” will increase revenue by \$21 Million dollars. The information presented at the Stakeholder Meeting stated that \$14.5 Million dollars of revenue would be generated by the tax increase.

**Stakeholder Question:** Eliminating binding interest arbitration also requires voter approval (since it is a Charter Amendment), why is this strategy not on the urgent list?

**Stakeholder Suggestion:** Check revenue calculations- is it a 1/8 or 1/4 percentage increase?

**Stakeholder Question:** Is there data on the drop in sales tax revenues connected to the sales tax experienced by other cities?

**Stakeholder Question:** Can we have a break down of the sales tax by source. For example, sales tax from cars, retail, etc. Councilmember Constant stated the City has that information, and has it by Council District as well.

**Stakeholder Question:** Why are most of the urgent strategies taxes? Councilmember Constant and Bob Brownstein explained that decisions must be made by the Council soon about any November 2008 ballot measures. The next opportunity for ballot measures will not be until 2010.

**Closing:** Next meeting will take place on May 5 at City Hall, Wing Rooms 118-120. The discussion of Urgent Strategies will be continued. Members were thanked for their time and service.

Advantages/concerns/questions can be emailed to [pete.constant@sanjoseca.gov](mailto:pete.constant@sanjoseca.gov), please type “Stakeholder Group” in the subject line. Councilmember Constant will forward questions to the administration.

Meeting was adjourned at 8:50 p.m.

## **STAKEHOLDER GROUP MEETING – SYNOPSIS**

MEETING DATE: **5/5/2008**

**ATTENDEES:** COUNCILMEMBER PETE CONSTANT, CHAIR

**MEMBERS:** LORIE BIRD, ELIZABETH BRIERLY, BOB BROWNSTEIN, CARL COOKSON, YOLANDA CRUZ, PAT DANDO, ERNIE GIACHETTI, HOOSHANG HOMARA, JOSHUA HOWARD, CHARLES JONES, MICHELLE LEW, BOBBY LOPEZ, STEVE MOORE, DAVE PERSSELIN, ED RAST, JAN SCHNEIDER, RANDY SEKANY, BUU THAI, KEN WILLEY, SUZANNE WOLF

**ABSENT:** PATRICIA GARDNER, JEFF RUSTER,

**STAFF:** DEBRA FIGONE, CITY MANAGER, HARRY MAVROGENES, EXECUTIVE DIRECTOR REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON, SHAWN SPANO, FACILITATOR.

### **Welcome/Introductions/Process Overview**

- Councilmember Constant called the meeting to order at 6:09 p.m. by welcoming everyone and asking Stakeholder Group members to introduce themselves.
- Shawn Spano will continue to facilitate the discussion. Update on information requests was included in the slide presentation and a review of the strategies to be discussed was provided. (<http://www.sanjoseca.gov/StakeholderGroup08.asp>) May 5, 2008 (Slides 2-7).

### **Meeting Agenda Review/Future Meetings/Process**

- Urgent Strategies #6, #8, #10 will be discussed tonight.
- Focus on advantages and concerns of strategies. Questions and clarifications are welcomed.
- Stakeholder Group members were encouraged to attend the City Council Study Session on May 16, 9:00 am in the Council Chambers.
- Discussion about handouts included question regarding recent Business Journal article about card clubs and growth potential which could positively impact revenues.
- Concern was raised about not recording meetings electronically. There was concern about tonight's voting exercise, so the methodology was changed to address concerns. Discussion about the State budget impacts on legislative strategies which may trickle down to City budget impacts was noted, and will be fitted into next steps for Stakeholder Group discussions of other possible strategies.

### **Urgent Strategy #6: Restructure Business Tax to Modernize and Reflect Current Business Profile**

Presenter: Paul Krutko, Chief Development Officer, Office of Economic Development (<http://www.sanjoseca.gov/StakeholderGroup08.asp>). May 5 (Slides 8-15)

Management Partners Report Revenue Strategy #4 pp 68. Strategy was presented with 2 options: A. Modernize Business Tax rates by indexing rates to current CPI and raising maximums, and B-1, B-2. Restructure Business Tax Formula, including card rooms and not including card rooms.

<b>STRATEGY</b>		6: Restructure Business Tax to Modernize and Reflect Current Business Profile	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	CPI adjustments are predictable, consistent and understandable	1.	Increasing/doubling business tax in a down economy
		2.	Potentially regressive nature of across the board increase
		3.	High cost of doing business in San José
		4.	Current business tax is higher than that in nearby cities
		5.	Instant doubling of fees: phase in over time?
		6.	Gross receipts difficult to administer and penalizes successful businesses
		7.	Will make it easier for cities in other states to get San José businesses to locate elsewhere
		8.	If card room tax increase, some of it should go to gambling services
		9.	Will we lose revenue if very small businesses just don't pay the tax?
		10.	Businesses tax model generates declining revenues; property tax percent for business is much less than residential since Prop 13.
		11.	In isolation, without other considerations like fewer regulatory burdens, raising taxes is not attractive
		12.	Don't have information from City regarding where do businesses go if they don't renew their licenses

**Stakeholder Question:** How many businesses operate under CUP or have to have extra permits, such as BID?

Some concern was expressed that previous measures to increase failed voter approval in a good economy. Now with a bad economy, we are asking that the tax double and to increase the sales tax. Business tax was equalized for surrounding cities into a per capita number and provided: San Jose \$25.92 per capita; Fremont \$34.70 per capita; Sunnyvale \$8.21 per capita; Santa Clara \$7.52 per capita; Mountain View \$3.88 per capita. Several other cities do not have business tax. Reason for “per capita” measure is to get a comparable comparison to measure across several strategies as a way to benchmark. Some expresses concern with per capita basis; would be more interested in what businesses are actually paying.

Stakeholder member has a detailed analysis of business comparisons in area. Will email analysis to [Pete.Constant@sanjoseca.gov](mailto:Pete.Constant@sanjoseca.gov) and made available to group. Another Stakeholder member expressed that if we increase “sin tax,” then some of the revenue received should be put back into economy for services that support those “sins.”

**Stakeholder Question:** Do we have dollars of small sole proprietorships versus \$1M+ companies? Finance Department database is 85,000 entities, based on self-reporting employment numbers. A report to categorize could be made available. Category suggested was 1-less than 10 employees, over 25 but less than 100, compared to peer group. Economic Development thinks categories of 10 to 100 employees is more indicative. Additional information provided that out of 85,000 entities, 30,000 were classified as “exempt” – not enough receipts or hardship category.

**Stakeholder Question:** How do other cities treat increases to business tax – Austin, Raleigh, Scottsdale, Tempe AZ, Denver? These are places where San José companies have moved.

**Urgent Strategy #8: Increase Revenues from Visitors who benefit from General Fund Services**

Presenter: Ed Shikada, Deputy City Manager

<http://www.sanjoseca.gov/StakeholderGroup08.asp> May 5 (Slides 16-22).

Management Partners Report Revenue Strategy #86 pp 78. Strategy was presented in 3 parts: 1. Increase Transient Occupancy Tax and shift to General Fund; 2. Establish Parking Tax on City/RDA-owned parking lots or all parking lots; and 3. Establish a Vehicle Rental Tax.

<b>STRATEGY</b>		8: Increase Revenues from Visitors who benefit from General Fund Services	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Many cities impose vehicle rental taxes and we should return the favor	1.	A state pre-emption of vehicle rental taxes
2.	Vehicle rental tax a good proxy for TOT increase	2.	Impact on downtown
		3.	Effect on visitors versus residents
		4.	Number of hotels serving San José are actually in neighboring cities and might have lower TOT, free parking
		5.	Other city comparisons

Clarification on Slide #20 item A: of the potential annual revenue of \$5.1 Million, breakdown is:  
 Airport \$3.6 M                      Downtown Dept of Transportation lots \$900 K  
 HP Pavilion \$300 K    Downtown RDA lots \$200 K  
 Regional Parks \$100 K

**Stakeholder Question:** Could this be a rate increase and not a tax? Can be a rate increase on all non-Airport lots in order to benefit General Fund, but would also have to follow existing formulas for distribution. A rate increase at Airport needs to go back to Airport. A general tax

would be assessed citywide and goes directly to General Fund revenues, with no restrictions on use.

Hotels are raising a “Hotel Taxing District” which would essentially raise a tax similar to TOT and it would be dedicated to Convention Center expansion. City not recommending an increase to TOT at this time, so as not to double the increase.

**Urgent Strategy #10: Modernize Utility Users Tax (UUT) and Consider Increase to Bring into Alignment with Other Large Cities**

Presenter Scott Johnson, Director, Finance Department

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) May 5 (Slides 23-29).

Management Partners Report Revenue Strategy #5 pp 71. Strategy was presented with 2 options:

A. Increase Utility Users Tax citywide; and B. Maintain the current tax rate and modernize telephone users tax.

STRATEGY		10: Modernize Utility Users Tax (UUT) and Consider Increase to Bring into Alignment with Other Large Cities	
	ADVANTAGES		CONCERNS
1.	UUT shares burden of paying for services very broadly	1.	Local peer cities have lower rate than San José
2.	Modernization creates more equity	2.	Interim option B – goes to voter, then in 2 years, increase/restructure = 2 ballot measures in 3 years
3.	Addresses future innovations, more flexible	3.	Regressive – hit low income residents harder

**Stakeholder Question:** What is UUT distribution of cities around San José?

- Sunnyvale 2%                      Mountain View 3%
- Oakland, Los Angeles, San Diego, Long Beach 6.83%
- Milpitas, Fresno no tax      Santa Clara has own utility as major revenue source

**Stakeholder Question:** Do we tax cable? No, but we collect a Franchise Fee. But with bundled services, we have a revenue stream gap.

**Stakeholder Question:** What is the impact of the City’s “green vision” which promotes reduction of energy usage by 50%? Would the drop in revenues be offset by projected growth of 350,000 in population in next 25 years?

Stakeholder Group added one additional strategy for consideration on a November 2008 ballot: Increase Number of Card Room Tables Allowed in San José. According to City Attorney, an increase in tables would require voter approval. There was no prepared presentation.

<b>STRATEGY</b>		Increase Number of Card Room Tables Allowed	
	<b>ADVANTAGES</b>		<b>CONCERNS</b>
1.	Residents are going out of area to gamble because not enough tables	1.	Targeting a particular population
2.	More give & take: Could give more tables and take in higher tax rate – increase revenue to San José (package)	2.	Offset public benefit of increased revenues with greater problems from gambling – require more intervention services at greater cost
3.	Approximately up to \$6 Million per Business Journal. (Dollars contrast with current annual revenue of approx. \$11.2 Million)	3.	Crimes associated with card rooms, workload on Police Department regarding background checks and licensing card room employees
		4.	Cost/benefit – how to recover costs

**Stakeholder Question:** Referencing article in 4/11/08 Business Journal, policies made by City Council in the past should be reviewed.

Clarification: City is currently in litigation with one card room.

Strategy Preferences Exercise

Originally the Stakeholder Group was requested to select 3 strategies they preferred to go forward for consideration on the November 2008 ballot (green dots), and one strategy they definitely could not support (red dot). Several objections were expressed about the limitations of only being able to comment on 4 out of the 11 strategies, some with multiple options. It was determined that the Landscape and Lighting District strategy (presented on 4/28/08, Urgent Strategy #5) and the Card Room Table Increase be added to the preferred ranking list. It was also determined that a better representation of the preferences of the Stakeholder Group would provide a rating on each strategy and option as follows:

- A YES indicated that the Group preferred this tax go forward for consideration by the City Manager for a November 2008 ballot.
- A NO indicated that the Group members did not support this type of tax measure.
- A KA (Keep Alive) indicated that the tax strategy was worth considering, but more information and discussions were needed before a definitive preference could be provided.

The results on the strategy options are attached.

The advisory results of these preference indicators will be sent to the City Manager for use in her report to the City Council in preparation for the MBA due out this week and in the final Elimination Plan to be presented to Council in November 2008.

HONORABLE MAYOR AND CITY COUNCIL

May 9, 2008

**Subject: Three-Year Structural Budget Deficit Elimination Plan-Top Priority Strategies**

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**Closing:** Next meeting will take place on June 2, 2008 at City Hall, Wing Rooms 118-120. The discussion will include new strategy suggestions from the Stakeholder Group to be grouped with the Management Partners remaining Top Priority Strategies. If a theme can be determined for grouping these strategies, staff analyses and presentations will be brought to the group at the June/July scheduled meetings. These new strategy suggestions will include the Working Partnerships report and the Neighborhood Associations reports. These and additional suggestions can be emailed prior to the June 2 meeting to [Pete.Constant@sanjoseca.gov](mailto:Pete.Constant@sanjoseca.gov), or to [District1@sanjoseca.gov](mailto:District1@sanjoseca.gov)

Public Comment: None

Meeting was adjourned at 9:12 pm.

Description of Urgent Strategy for Potential Placement on November 2008 Ballot	Support	Oppose	Want More Info
(6A) Modernize Business Tax rates by indexing rates to current Consumer Price Index (CPI) and raising maximums <i>(voter approval)</i>	↑↑↑↑↑  5	↓↓↓↓↓ ↓↓↓↓↓ ↓ 11	→→→→→ →→→→→ → 11
(6B-1) Restructure Business Tax Formula (including cardrooms) <i>(voter approval)</i>	0	↓↓↓↓↓ ↓↓↓↓↓ ↓↓ 12	→→→→→ →→ 7
(6B-2) Restructure Business Tax Formula (non-cardroom) <i>(voter approval)</i>	0	↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓↓↓ 15	→→→→→ →→ 7
(7A) Increase Construction/Conveyance Tax; allow more Parks Maintenance and potentially other uses <i>(voter approval)</i>	↑↑↑↑↑ ↑↑↑↑↑ ↑↑ 12	↓↓↓↓↓ 5	→→ 2
(7B) No increase to Construction/Conveyance Tax; allow more Parks Maintenance	↑↑↑↑↑ ↑↑↑↑↑ ↑ 11	↓↓↓↓↓ 4	→→→→→ 5
(7C) No increase to Construction/Conveyance Tax; shift all revenues to General Fund	0	↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓ 18	0
(7D) No increase to Construction/Conveyance Tax; shift non-Parks allocations only	0	↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓↓↓ ↓↓ 17	→ 1
(8-1) Increase Transient Occupancy Tax (TOT) to Market and shift to General Fund (not recommended) <i>(voter approval)</i>	↑↑↑ 3	↓↓↓↓↓ ↓↓↓↓↓ ↓↓ 12	→→→→→ →→→→→ 9

<p>(8-2) Establish a Parking tax (on City/RDA owned or all parking lots) <i>(voter approval)</i></p>	<p>↑↑↑↑↑ ↑↑↑ <b>8</b></p>	<p>↓↓↓↓↓ ↓↓↓↓↓ ↓ <b>11</b></p>	<p>→→→→→ <b>4</b></p>
<p>(8-3) Establish Vehicle Rental Tax <i>(voter approval)</i></p>	<p>↑↑↑↑↑ ↑↑↑↑↑ ↑↑↑↑↑ ↑↑ <b>17</b></p>	<p>↓↓ <b>2</b></p>	<p>→→→→→ →→→→→ → <b>11</b></p>
<p>(9) Increase Sales Tax to provide increased General Fund revenues <i>(voter approval)</i></p>	<p><b>0</b></p>	<p>↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓↓↓ <b>15</b></p>	<p>→→→→→ → <b>6</b></p>
<p>(10A) Increase Citywide Utility Users Tax (UUT) <i>(voter approval)</i></p>	<p><b>0</b></p>	<p>↓↓↓↓↓ ↓↓↓↓↓ ↓↓↓↓↓ <b>14</b></p>	<p>→→→→→ →→→→→ <b>8</b></p>
<p>(10B) Maintain current UUT and modernize Telephone Users Tax <i>(voter approval)</i></p>	<p>↑↑↑↑↑ ↑↑↑↑↑ ↑↑↑↑↑ ↑↑ <b>17</b></p>	<p>↓↓ <b>2</b></p>	<p><b>0</b></p>
<p>NEW: Card Rooms-Increase rate to 15% (tax only)</p>	<p>↑↑↑↑↑ ↑↑ <b>7</b></p>	<p>↓ <b>1</b></p>	<p>→→→→→ →→→→→ → <b>11</b></p>
<p>NEW: Card Rooms-Increase rate to 15% with increase in # of tables</p>	<p>↑↑↑↑↑ ↑↑↑↑↑ <b>10</b></p>	<p>↓↓ <b>2</b></p>	<p>→→→→→ →→→→→ <b>10</b></p>
<p>PRIOR DISCUSSION: Lighting/Landscape District Citywide</p>	<p><b>N/A</b></p>	<p><b>N/A</b></p>	<p>→→→→→ →→→→→ →→→→→ →→→→→ <b>20</b></p>



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** PLANNING COMMISSION  
RECOMMENDATIONS ON THE  
PROPOSED 2009-2013 CAPITAL  
IMPROVEMENT PROGRAM

**DATE:** May 13, 2008

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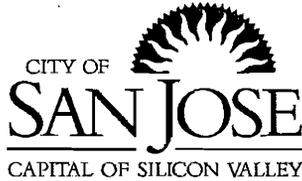
**INFORMATION ONLY**

The attached recommendations and comments were provided by the Planning Commission in accordance with the San José City Charter that prescribes that the Planning Commission consider the City's Proposed Capital Improvement Program (CIP) and submit its findings and recommendations to the City Council at least ten (10) days prior to a public hearing of the City Council on the CIP. In response to Commissioner Platten's comments and request for clarification, City staff will provide separate information directly to the Planning Commission.



DEBRA FIGONE  
City Manager

Attachment



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT: RECOMMENDATION ON THE  
PROPOSED 2009-2013 CAPITAL  
IMPROVEMENT PROGRAM**

**DATE:** May 9, 2008

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## **RECOMMENDATION**

The Planning Commission (7-0-0) recommends that the City Council adopt the Proposed 2009-2013 Capital Improvement Program (CIP) and consider additional Planning Commission comments outlined herein.

## **OUTCOME**

Adoption of the Proposed 2009-2013 Capital Improvement Program (CIP) will provide continued funding for programs and policies that the City Council has established as priorities. The CIP will guide the City in the planning, scheduling, and budgeting of capital improvement projects during the next five-year period.

## **BACKGROUND**

The San Jose City Charter prescribes that the Planning Commission consider the City's Proposed Capital Improvement Program (CIP) and submit its findings and recommendations to the City Council at least ten (10) days prior to a public hearing of the City Council on the CIP. Since the CIP implements the goals and policies of the General Plan, a determination of consistency with the *San Jose 2020 General Plan* is an important criterion in the Commission's review of the document.

## **ANALYSIS**

On May 7, 2008, the Planning Commission conducted its annual study session for review of the City's Proposed 2009-2013 Capital Improvement Program (CIP). The study session included a presentation by staff from the City Manager's Budget Office. Active Commission discussion occurred with representatives from each City Department.

Following the study session, the Commission conducted a public hearing regarding their comments on the proposed CIP, which are being forwarded to the Council for their consideration. There were no public comments during the hearing.

Many of the questions and comments made during the Planning Commission's discussion at the CIP study session related to two primary themes:

### **1. Actions to improve the City's fiscal condition.**

The Planning Commission encouraged the City to continue to investigate opportunities to increase City revenues and, specifically, to verify that the private sector incurs the full cost of construction of new infrastructure needed to support new development. The Commission endorsed the currently proposed increase to the Underground Utility In-Lieu Fee to more accurately reflect actual construction costs, and asked if proposed rate increases in the Sewer Service and Use Charge and Storm Sewer fees would also achieve cost recovery. The Commission noted that fees should take major long-term capital needs into consideration, such as continued rehabilitation of the Water Pollution Control Plant. Similarly, the Commission asked for verification that costs related to expansion of the Norman Y. Mineta San Jose International Airport and costs for operation and maintenance of the HP Pavilion are fully borne by users of those facilities.

Members of the Commission strongly stated that the City should reconsider funding of the process for Leadership in Energy and Environmental Design (LEED) certification, and suggested that money currently allocated to the necessary documentation and application fees might be better applied towards incorporating additional green building elements into City projects.

Finally, the Commission inquired about the fiscal impact of the temporary closure of Happy Hollow Park and Zoo during phase II renovations. The Commission also asked about potential increases in lease revenues and inquired if staff were anticipating a drop in attendance after the park reopens.

### **2. Actions to further address environmental concerns.**

The Planning Commission encouraged consideration of a range of issues that promote a healthy environment, the efficient use of resources, and a high quality of life. First, the Commission inquired about the adequacy of future fresh water supplies, and expressed interest in measures designed to promote water conservation and maximize the use of recycled water. Second, the Commission discussed green building measures, with particular interest in a cost/benefit analysis of solar photovoltaic panel installations. While the Commission did not see a need to modify the City's current standards for LEED accreditation of City projects, they suggested that the City incorporate additional green building measures in City projects up front, in order to avoid costly future retrofitting.

Related to the traffic capital program, the Commission spoke in support of continuing the use of traffic funds for activities that promote community livability (e.g., weed abatement, sidewalk repair), including eventual completion of the couplet conversion projects. In addition, the Commission emphasized the importance of implementation of the ADA Sidewalk Accessibility Program, and current staff efforts to identify and prioritize curb ramp installation needs to remove barriers for elderly and disabled persons.

In closing the study session, the Commission commended staff in their recent receipt of an "Excellence in Capital Budgeting" award from the California Society of Municipal Finance Officers, and were appreciative of having received the CIP in a timely manner to help facilitate their review.

At the public hearing, Commissioner Platten made a motion to recommend approval of the CIP, and to forward the following comments to the City Council relative to specific items referenced in the City Manager's 2008-2009 Budget Message:

1. *Capital Budget Implementation Shortfall* (page 1): the 2008-2009 Proposed Capital Budget is \$730.7 million, and after rebudgeting is expected to top the \$1 billion level. The Commission requests clarification as to: (a) why over \$250 million in construction work that was funded didn't take place; (b) if any overhead charges were applied to that budget but not spent on actual construction; and, (c) how this shortfall is distributed across the 14 Capital Programs that make up the majority of these projects.
2. *Green Building Implementation* (page 4): the City Council should review the LEED certification program, and consider replacing it instead with a requirement to incorporate green building elements that meet LEED certification levels in construction project agreements, in place of funding the additional paperwork costs of acquiring the certification. At the study session, the Commission suggested that money would be better utilized in upgrading and improving green building elements in projects for which capital funds are expended.
3. *Unmet Infrastructure/Maintenance Needs* (page 5): the Commission asks that the City Council be clear in identifying whether the one-time backlog of approximately \$900 million is part of the "structural deficit", as that term has been used and especially as it has been presented to the Council committee working on this issue.
4. *Unmet Infrastructure/Maintenance Needs* (page 6): the Commission comments that the additional one-time General Fund funding of \$5 million, proposed to be allocated to a deferred maintenance reserve as part of the 2008-2009 Proposed Operating Budget, raises a question about the validity of the \$900 million backlog figure and leaves a "credibility gap" on the degree of the unmet need given an apparent lack of public outcry on this issue.
5. *Capital Program by City Service Area* (page 8): the Commission notes that the Environmental and Utility Services fund is growing, and questions whether this increase has been independently justified or whether more money is simply being placed into that particular fund.
6. *Water Pollution Control Plant Master Plan* (page 12): the Commission notes that the CIP proposes \$7.7 million be used to complete a study to provide the Plant with a phased program to accommodate planned growth and meet regulatory requirements. The Commission comments that this dollar figure seems large, and requests that the City

Council request staff to provide further justification, so that its clear that an appropriate level of public review is being conducted.

7. *Bond Measure Projects Funding* (page 13): the Commission comments that, given bond funding audit requirements, the City should make clear the due diligence in the performance of these audits and verify that these audits are available for public review.
8. *Park Trust Fund* (page 15): the Commission recalls past criticism of the City for not spending Park Trust Fund monies as quickly as required by law or distributing them outside the geography that were required by the nexus of where the funds were generated. Accordingly, given the CIP statement that staff is "currently exploring options to allocate" \$26.9 million of unallocated PDO/PIO funds, the City Council should request some specificity as to how much of this money is designated for specific projects.
9. *Parking Capital Development Fund* (page 18): the Commission would like noted for the City Council that staff indicated at the CIP study session that the \$5.1 million deposit to the Parking Capital Development Fund in 2007-2008 was discretionary and could be reallocated for other purposes.
10. *Fees and Charges Revenue Estimates* (page III-2 of CIP summary): the Commission would like to commend staff for its conservative approach in preparation of revenue estimates that, according to information shared at the CIP study session, have been met or exceeded for the current fiscal year.
11. *Transfers from Other Funds* (page III-6 of CIP summary): based on information supplied by staff at the CIP study session, the Commission would like to note that transfers are primarily from one fund to another, and not from a different type of fund to another. Thus, in instances where fund encumbrances are initially projected but thereafter liquidated, the City Council can consider whether or not those funds may later become available for discretionary uses.

### Conclusion

Based on information contained in the Proposed 2009-2013 Capital Improvement Program and shared at the study session, the Planning Commission finds that the CIP is consistent with the *San Jose 2020 General Plan*. The Planning Commission recommends that the City Council adopt the Proposed 2009-2013 Capital Improvement Program.

### ALTERNATIVES

Not applicable.

### PUBLIC OUTREACH

The Planning Commission CIP study session was noticed as a public meeting. However, no citizens chose to attend. Further, the Commission's formal recommendation to the City Council

HONORABLE MAYOR AND CITY COUNCIL

May 9, 2008

**Subject: Capital Improvement Program**

Page 5

on the CIP occurred as a public hearing item on the agenda of the Planning Commission's evening session on May 7, 2008. No citizens provided testimony on this item.

**COORDINATION**

The preparation of this report was coordinated with the Budget Office and City Attorney's Office.

**COST IMPLICATIONS**

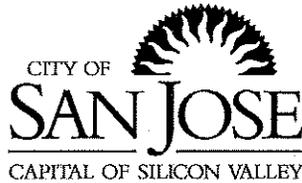
Not applicable.

**CEQA**

Not applicable.

*Andrew Crabtree*  
For JOSEPH HORWEDEL, SECRETARY  
Planning Commission

For questions please contact Andrew Crabtree, Principal Planner, Department of Planning, Building and Code Enforcement at (408) 535-7893.



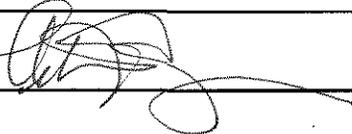
# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jennifer Maguire

**SUBJECT: GENERAL FUND STRUCTURAL  
DEFICIT – BREAKDOWN OF  
2008-2009 BUDGET SOLUTIONS**

**DATE:** May 15, 2008

Approved 

Date 05/15/2008

## BACKGROUND

In the Mayor's March Budget Message, the City Council approved the recommendation to allocate one-third of the total amount of the structural budget deficit to each the following areas as planning targets to be achieved over three years: revenue strategies (including economic development); service reductions; and cost savings (service delivery model changes, expenditure controls and shifts). This memorandum describes how much of the structural deficit is addressed in the 2008-2009 Proposed Operating Budget and the alignment of the proposed budget actions to these planning targets.

## ANALYSIS

The 2008-2009 Proposed Operating Budget recommends \$22.1 million in ongoing solutions to begin addressing the \$136.9 million General Fund structural budget deficit, leaving a balance of \$114.8 million as shown in the chart below.

**General Fund Structural Budget Deficit  
(\$ in millions)**

Structural Deficit Component	Total Deficit	2008-2009 Solutions	Remaining Deficit
Projected Shortfall (Feb 2008 Forecast)	(\$ 75.1)	\$ 20.6*	(\$ 54.5)
Unmet/Deferred Infrastructure & Maintenance Needs	(\$ 40.2)		(\$ 40.2)
GASB 43/45 (General Fund Retirement Benefits)	(\$ 21.6)	\$ 1.5	(\$ 20.1)
	<b>(\$ 136.9)</b>	<b>\$ 22.1</b>	<b>(\$ 114.8)</b>

\* This figure has been revised from \$26.9 million presented in the 2008-2009 Proposed Budget Overview presentation. The Overview figure reflected all of the ongoing solutions presented in the 2008-2009 Proposed Budget, including the solutions for the development fee programs. The solutions for the cost recovery development fee programs should not be included because these programs are not included in the structural deficit calculation.

As stated previously, the 2008-2009 Proposed Operating Budget includes \$22.1 million in ongoing budget solutions to the General Fund structural budget deficit. This figure excludes the actions proposed to bring the development fee programs into balance since these cost recovery programs are not included in the structural deficit calculation. The ongoing General Fund budget proposals can be broken down into the following Structural Deficit Elimination Plan categories as follows:

**2008-2009 Proposed Budget Solutions to the General Fund Structural Deficit  
(\$ in millions)**

<b>General Fund Structural Deficit Elimination Strategy</b>	<b>2008-2009 Proposed Budget Solutions</b>	<b>% of Solutions</b>
Revenue Strategies (including economic development)	\$ 4.6	21%
Service Reductions	7.6	34%
Cost Savings (service delivery model changes/ expenditure controls)	9.9	45%
<b>TOTAL</b>	<b>\$ 22.1</b>	<b>100%</b>

The recommended Revenue Strategies are expected to generate \$4.6 million, or 21% of the ongoing budget solutions. This category includes a new Business Tax Administrative Fee (\$1.4 million), fee increases and activity adjustments in the non-development fee areas (\$1.3 million), a Business Tax Field Enforcement Pilot Program (\$500,000), the continuation of the Revenue Collection Strategic Plan (\$275,000), and other adjustments (\$1.2 million).

The Service Reductions category is expected to generate net ongoing savings of \$7.6 million, which represents 34% of the recommended budget solutions. This includes the net impact of position and non-personal/equipment reductions partially offset by additions to address City Council priorities. The recommended budget actions are described in 2008-2009 Proposed Operating Budget under the City Service Area and City Department sections.

The proposals in the Cost Savings category total \$9.9 million and represent approximately 45% of the recommended budget solutions. This category includes the following: expenditure and revenue funding shifts of \$6.3 million; the elimination of Airport West (FMC) debt service payments (assumed to start in 2009-2010) of \$2.0 million; and savings of \$1.5 million from financing strategies (pension obligation bonds and the prepayment of annual retirement contributions assumed to be realized in 2009-2010).

The Administration will continue to update this analysis as additional budget balancing strategies are brought forward for City Council consideration. Updated figures will be included in the Three-Year General Fund Structural Deficit Elimination Plan that is scheduled to be released in November 2008.

  
 Jennifer Maguire  
 Acting Budget Director