

Overview

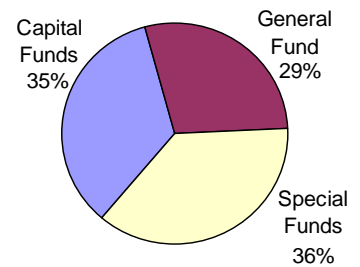
The 2009-2010 Adopted Operating and Capital Budgets for the City of San José total \$3.0 billion and represent the financial plan for the fiscal year that runs from July 1, 2009 to June 30, 2010. The General Fund portion of the budget totals \$984 million.

The budget was developed during a period of extraordinary economic turmoil. Because of the worst recession in seven decades, the Adopted Budget reflects a significant reduction in projected revenues, along with corresponding reductions in City services as well as other budget balancing measures. Substantial General Fund deficits are projected over the next five years, even with a modest economic recovery. These projected shortfalls do not take into account any potential actions from the State that could negatively impact the City's finances, or the City's almost \$500 million in unmet/deferred maintenance and infrastructure needs.

In the General Fund, a budget gap of \$84.2 million was addressed through additional funding sources of \$55.5 million and expenditure reductions of \$28.7 million. Ongoing solutions closed almost 96% of the budget gap. A combination of strategies was used, including: 1) service reductions and eliminations; 2) employee wage concessions and salary freezes; 3) cost savings and new service delivery models; 4) revenue increases, funding shifts, and the use of reserves; and 5) management restructuring to flatten the organization. In addition, a number of two-year strategies were employed to ease the immediate impact of some actions and provide time for a transition. The planned openings of several new facilities were also delayed. Finally, one-time solutions were minimized in recognition of the already significant deficit projected for 2010-2011.

The City of San José is a service-oriented organization, with approximately two-thirds of General Fund costs associated with personnel. As a result, adjustments to staffing levels are virtually unavoidable when addressing large deficits. The reductions approved in this budget will mean fewer employees to provide the services our residents and businesses have come to expect. These significant reductions will include reduced police and fire services with cuts in both the sworn and non-sworn ranks; reduced parks services; along with reduced maintenance of many City facilities and our transportation infrastructure. While the actions contained in this document will in some cases confront the community and our workforce with difficult changes, they collectively preserve essential services and avoid adding to San José's significant fiscal problems.

2009-2010 Adopted Budget



General Fund: used for regular operating expenditures, such as public safety, parks, and libraries.

Special Purpose Funds: used for operations that receive direct funding, which can only be used for a specific purpose, such as the Airport.

Capital Funds: used for infrastructure improvements, including transportation, public safety, airport, parks, and library projects.



City of San José 2009-2010 Adopted Budget Summary

General Fund Budget Actions by City Service Area

Although every effort was made to preserve critical and priority services, the current budget deficit and economic climate required difficult decisions, resulting in reductions in staff, services and programs. The following section highlights some of the more significant General Fund actions, including reduced and eliminated programs, service-delivery model changes, cost efficiencies, and expenditure savings.

NEIGHBORHOOD SERVICES CSA

Libraries, Parks and Community Centers

- Implement a “Revolving Library Collection” concept that allows the most popular reading materials (fiction books, picture books, and easy reader books) to be shelved at whichever branch they are returned to rather than processing them to send back to their original location. This resulted in the elimination of 4.1 positions. (\$273,000)
- Close six community centers beginning in July 2010, eliminating 23.04 positions. The centers are: St. James Senior Center, Hank Lopez Community Center, Northside Community Center, Alma Community Center, Los Paseos Youth Center, and Capitol Park/Goss Neighborhood Center. (\$1.3 million in 2010-2011)
- Close Alum Rock, Almaden Lake, Emma Prusch and Overfelt regional parks on Mondays, the slowest day of the week, and reduce maintenance at Guadalupe River Park & Gardens. This action resulted in the elimination of 3.96 positions. (\$264,000)
- Add 32.72 net new positions for Happy Hollow Park and Zoo. Also included is a deferral of the opening date from September 2009 to March 2010, and a vendor will be chosen in 2009-2010 so that food, beverage, and retail services can be outsourced at the park.
- Reduce all branch libraries by 8 hours of service beginning in July 2010, eliminating 16.4 positions. (\$1,199,000 in 2010-2011)
- Reduce services and hours provided in the General Collections, Borrower Services, Teen Services and Children’s Room at the Dr. Martin Luther King, Jr. Library beginning in July 2010, eliminating 2.5 positions. (\$186,000 in 2010-2011)



Other Community Services and Programs

- Restructure management and administrative staff to achieve a flattening of the organization in the Parks, Recreation and Neighborhood Services Department. This action eliminates 10 positions. (\$1.0 million)
- Reduce civic grounds maintenance – branch libraries, old City Hall, Police and Fire buildings, service yards, Animal Care Center, eliminating 2 positions. (\$149,000)
- Eliminate a Senior Therapeutic Treatment Specialist position at Grace Community Center. (\$104,000)
- Reduce Office on Aging staffing (1 position) and telephone helpline. (\$75,000)
- Eliminate a Code Enforcement Inspector that supports the Solid Waste Enforcement Program and 1.0 Code Enforcement Supervisor, partially funded by Code Enforcement fees. (\$215,000)
- Reduce Animal Care and Services staff (2.75 positions), impacting timeliness of response to lower priority calls. (\$232,000)
- Restructure Administrative support for the Homework Center and San José After School Programs due to efficiency gains that reduce the need for centralized administrative duties for these programs, including the elimination of 4.5 positions. (\$370,000 All Funds; \$176,000 General Fund)
- Reduce Municipal Golf Course subsidy from \$1.3 million to \$1.0 million. (\$300,000)

City of San José 2009-2010 Adopted Budget Summary

General Fund Budget Actions by City Service Area

PUBLIC SAFETY CSA

Fire Services

- Reduce the Fire support paramedics from 147 to 50 in 2009-2010, and to 10 in 2010-2011. (\$476,000)
- Eliminate 3 Fire Administrative and IT support staff, and manage civilian overtime. (\$318,000)
- Eliminate 1 of 4 Fire Deputy Chiefs and realign management of the Bureau of Field Operations and convert a Fire Urban Search and Rescue (USAR) Company to a truck company. (\$252,000)
- Reduce from three to two front-line apparatus at Fire Station 20 (Airport), eliminate 6 positions (3 Fire Engineers and 3 Fire Fighters) effective January 2010, and reduce Airport reimbursement to the General Fund for these positions. (General Fund loss: \$236,000)
- Eliminate 1 of 7 administrative Battalion Chiefs and consolidate management of Fire Communications and Company Stores. (\$230,000)
- Eliminate one Arson Investigator, maintaining one Captain and three Investigators. (\$170,000)
- Eliminate the Fire Citizen CPR Training Program and create efficiencies in Wildland Fire Patrol deployment. (\$105,000)
- Consolidate the Office of Emergency Services into the Fire Department and eliminate one Administrative Officer position. (\$125,000)



Police Services

- Eliminate the Police Sworn Hire Ahead Program, offset by a lower vacancy rate (\$3.0 million). To help mitigate the impact, the use of 2008-2009 expenditure savings of \$500,000 was approved.
- The addition of 25 Police Officers were not included in this budget. (\$1.8 million) Alternatively, in an effort to achieve the City Council goal to add sworn officers, the Police Department applied for 25 grant-funded Police Officer positions through the Federal COPS Hiring Recovery Program, however funding from the COPS program was not awarded to San José.
- Eliminate the Police Performance Analysis Detail, including eliminating 1 Lieutenant and 2 Sergeants in August 2009 and 2 additional Sergeants in September 2009, based on attrition. (\$830,000) Approval of one-time funding of \$300,000, as a City-Wide Expenses appropriation, for Police audits/optimization efforts will partially mitigate this reduction.
- Reduce hours of operations at the Police Administration Building, from 6 a.m. to midnight daily to 8 a.m. to 7 p.m. daily. This includes eliminating 1 Sergeant and 4 Police Officers, based on attrition. (\$726,000)
- Defer opening of the Police Substation from fall 2010 to March 2011. This deferral will achieve savings in facility operating and maintenance costs, projected at \$2.4 million annually. (\$627,000 in 2009-2010)
- Eliminate the Police Horse Mounted Unit (HMU) as of 2010-2011. This action includes the elimination of 2 vacant Officer positions in July 2009. The remaining HMU, including 1 filled Sergeant, 6 filled Officers, and 1 filled Maintenance Worker II, and related non-personal/equipment costs, will be eliminated July 2010. (\$315,000)
- Eliminate 2 Police Officer positions in the Canine Unit vacant since 2004-2005. (\$243,000)
- Implement Police management efficiencies in 2010-2011. (\$250,000 in 2010-2011)



City of San José 2009-2010 Adopted Budget Summary

General Fund Budget Actions by City Service Area

PUBLIC SAFETY CSA (CONT'D.)

Police Services (Cont'd.)

- Eliminate 6 Crime Prevention Specialists and redeploy a Sergeant back to patrol functions in 2010-2011. This will phase out the Crime Prevention programs (Neighborhood Watch, Business Watch, parent workshops, child safety classes, Child Car Seat, Crime Stoppers, Drug Awareness, Junior Crime Busters, SAVE) by 2010-2011. This action also restores 4.0 Crime Prevention Specialists in 2009-2010 to maintain Challenges and Choices program. (\$303,000 in 2010-2011)
- Eliminate 3 Police Officer positions assigned to the Airport, effective July 2009, and reduce Airport reimbursement to the General Fund for these positions. These employees will be reassigned to vacant positions within the Department. (General Fund loss: \$272,000)
- Eliminate 1 Police Officer position in the Public Information Office to consolidate services. (\$154,000)
- Eliminate Police Field Training Officers premium pay for pay periods between recruit classes when training is inactive and no trainees are assigned. (\$137,000)
- Create Public Safety Radio Dispatcher and Communications Specialist Recruit classifications, which will be applicable during the Police Communications Academy. (\$118,000)
- Eliminate vacant crossing guard positions while maintaining current level of service. (\$109,000)
- Add funding to continue ongoing efforts for Public Safety recruiting as directed in the 2009-2010 Mayor's March Budget Message. (\$75,000)

TRANSPORTATION AND AVIATION SERVICES CSA

Airport

Additional significant impacts to the Transportation and Aviation CSA related to the Airport are listed in the "Other Funds" section at the end of this document.

Transportation

- Reduce street landscape maintenance and focus remaining resources on weed abatement and litter pick-up, includes elimination of 9 of 15 positions. (\$1.0 million)
- Reduce Non-Personal/Equipment funding, negatively impacting the number of roadway markings refreshed, response times to streetlight repairs, and departmental training and supplies purchases. (\$230,000)
- Reduce Transportation Downtown Events Management Team from 4 to 2 positions. (\$206,000)
- Eliminate funding set aside for the maintenance of new transportation assets. (\$204,000)
- Reduce City Hall parking garage operations. This action closes the City Hall garage three hours earlier at 8 p.m., and reduces contractual services at the employee parking garage. (\$120,000)
- Achieve cost savings through streetlight electricity efficiencies, including converting LED lights in North San José, converting streetlights to LED with stimulus funds, and replacing streetlights that have burned out with lower wattage bulbs. (\$110,000)
- Add funding for maintenance of transportation infrastructure from County pocket annexations (\$116,000). This figure is well below the \$298,000 set aside in the 2010-2014 Forecast.
- Continue Our City Forest Grant match, for final year of 3-year grant. (\$120,000)



General Fund Budget Actions by City Service Area

COMMUNITY AND ECONOMIC DEVELOPMENT CSA



Development Fee Programs and Long-Range Planning

- Building Fee Program – Eliminate 30.35 positions, implement a mandatory 10% furlough for members of ABMEI (inspectors and supervisory inspectors) that will preserve sufficient funding to retain 5.0 inspector positions and no general fee increases.
- Public Works Fee Program – Eliminate 9.63 positions, implement 12.6% increase in development fees, and no increase in utilities fees.
- Fire Fee Program – Eliminate 1.08 filled and 1.15 vacant positions, add 0.02 position, add funding for 1.26 existing positions, use \$729,000 from the Fee Reserve and no fee increases.
- Planning Fee Program – Eliminate and reallocate positions, for a net add of 0.30 positions, with no fee increases.
- Eliminate the Planning Official and realign management of long-range planning efforts. (\$147,000)

Cultural, Arts and Other Programs

- Reduce Office of Cultural Affairs management staffing, eliminating 2 positions (one position effective January 2010). (\$237,000)
- Reduce City-Wide Sports Opportunity Fund appropriation from \$250,000 to \$100,000. (\$150,000)
- Reduce special events coordination staffing, eliminating one position in January 2010. (\$70,000)
- Continue Downtown Coordinator staffing of 1 position. (\$135,000; 50% of this position will be reimbursed by the San Jose Redevelopment Agency per the Mayor’s June Budget Message)
- Continue Non-Profit oversight management and contractual services, as well as provide non-personal/equipment funding for a non-profit assessment tool, including funding for 2 positions, one of which is in PRNS. (General Fund \$173,000; All Funds \$456,000)
- Reduce Sports Authority and Arena Authority funding by the same average percentage as the non-Public Safety CSAs. (\$57,000)



STRATEGIC SUPPORT CSA

City Facilities and Equipment

- Eliminate non-public safety vehicle replacement funding in 2009-2010, and reduce ongoing funding level. (\$1.6 million in 2009-2010; \$600,000 ongoing)
- Reduce contractual services at City Hall including custodial services, City Hall plant maintenance, and the falcon contract. (\$291,000)
- Reduce facilities management staffing, eliminating 3 positions. (\$537,000)
- Reduce fleet management services and staffing, eliminating 4 positions. Priority will be given to public safety vehicles. (\$420,000)
- Implement General Services Department energy-efficiency efforts, including HVAC system optimization and replacing lighting in parks with CFL technology. (\$136,000)
- Reduce fleet maintenance contractual services, resulting from the Police Department’s reduction in the number of police take-home vehicles. (\$200,000)

City of San José 2009-2010 Adopted Budget Summary

General Fund Budget Actions by City Service Area

STRATEGIC SUPPORT CSA (CONT'D.)

Technology Services

- Reduce and decentralize inter-departmental technology support services, including the elimination of 3.5 positions. (\$504,000 All Funds, \$403,000 General Fund)
- Reduce Information Technology contractual services/technology memberships. (\$304,000)
- Reduce Web site management and e-mail administration staffing. (\$241,000)
- Eliminate Electronic Content Management, infrastructure management, and UNIX to Windows migration support. (\$247,000)



Human Resources, Finance, and Other Administrative Services

- Employment Services Consolidation: Centralize employment services within Human Resources and eliminate a net total of 10 positions city-wide to achieve approximately \$1.2 million in savings in All Funds, including \$903,000 in the General Fund.
- Consolidate Finance Department Management for a net reduction of 2 positions. (\$249,000 All Funds; \$248,000 General Fund)
- Streamline city-wide disbursement processes and payment compliance review, including using paperless pay checks, limiting off-cycle checks, and reducing the number of customer service windows. This includes elimination of 3 positions. (\$238,000)
- Eliminate Equality Assurance services and maintenance contract compliance oversight, including 1.0 position. (\$133,000)
- Decentralize procurement of goods and services below \$10,000 to departments, eliminating 2 positions. (\$169,000 All Funds, \$110,000 General Fund)
- Reduce Human Resources administrative staff consolidation, including 1 position. (\$83,000)
- Reduce Hayes Mansion subsidy for one year due to lower debt service payments. (\$1.4 million)
- Implement Business Tax System web service enhancements for customers. A cost of \$100,000 would be fully covered by revenues from the Business Tax Administrative Fee (\$25 approved in 2009-2010).

Mayor, City Council, and Appointees



- Reduce Mayor and City Council budget by 15.4%, spread among Council, Council General, and Mayor. (\$850,000)
- Achieve personal services savings from holding the Assistant City Manager and Legislative Public Policy Director positions vacant in the City Manager's Office. (\$518,000 All Funds; \$430,000 General Fund)
- Eliminate 3.62 vacant positions that support legal transactions and legal representation in the City Attorney's Office. (\$395,000)
- Reduce the City Manager's Office Capital Improvement Program Action Team by 2 positions. (\$281,000)
- Eliminate 2 filled positions in the City Clerk's Office that provide city-wide support for City Hall room reservations, events and tours, and staff directory changes. (\$221,000)
- Eliminate 1 Senior Auditor position in the City Auditor's Office, effective January 2010, and shift the costs of 1 Senior Auditor to the \$300,000 allocation for Police audits/optimization efforts. (\$219,000)
- Implement a mandatory 6-day furlough for all Unit 99 positions in the City Attorney's Office. (\$194,000)

City of San José 2009-2010 Adopted Budget Summary

General Fund Budget Actions by City Service Area

STRATEGIC SUPPORT CSA (CONT'D.)

Mayor, City Council, and Appointees (Cont'd.)

- Reduce Community-Based Organization contract oversight (1 position) in the City Manager's Office and shift functions to non-profit platform. (\$175,000)
- Reduce City Manager's Budget Office overtime and duplicating expenditures. (\$60,000)
- Add 1 Senior Analyst to the City Clerk's Office to provide budget, human resources, and administrative support. This position would replace a temporary Administrative Manager that was eliminated in June 2009. (\$139,000)

CITY-WIDE EXPENSES

- Reduce salaries by 3.75% for City Council Appointees, including City Manager, City Attorney, City Clerk, and City Auditor.
- Employee wage freezes generated \$9.0 million of savings. This included no general wage increases for three bargaining units with closed contracts (Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), and City Association of Management Personnel) and froze the step and merit steps during 2009-2010 for MEF, CEO and Operating Engineers', Local #3 (\$4.6 million); the elimination of all funding previously reserved for cost-of-living increases for bargaining units with no current contractual obligation (\$3.0 million); the elimination of cost-of-living increases for senior/executive management and professional employees (\$526,000); and no merit increases for all eligible employees in the Management Performance Program (\$844,000).
- Reduce expenditures in the Professional Development Program. (\$350,000)
- Reduce Community-Based Organizations by the average percentage as non-Public Safety CSAs (7.95%), offset by a base increase of 1.5% to realize a net reduction of 6.6%. The ongoing reduction for non-Public Safety CSAs is 14.4%.
- Consolidate Management classifications of Division Manager, Program Manager II, and Program Manager I.
- Reduce non-personal/equipment cost-of-living adjustments. (\$507,000)
- Add funding for filled position elimination impacts, including vacation and compensatory time payouts. (\$316,000)
- Add one-time funding for General Fund Structural Deficit Elimination Plan implementation and "Beyond Budget Cuts" organizational improvement efforts. (\$200,000)

Use of Reserves and Fund Balance/Funding Shifts/Increased Revenues

A significant component of the 2009-2010 General Fund budget balancing strategy is the identification of new funding sources along with funding shifts that align costs with the appropriated funding source.

Use of Reserves/Fund Balance

Following is a list of the major reserves and fund balance that was available at the end of 2008-2009 for use in 2009-2010:

- **Use of Reserves:** Economic Uncertainty Reserve (\$5.0 million); 2009-2010 Future Deficit Reserve (\$4.0 million); Airport West Proceeds Reserve (\$1.6 million); Neighborhood Investment Reserve (\$1.0 million) to continue funding for one-time/ongoing SNI positions; Enhanced Parks Maintenance Reserve (\$604,000); Reserve for Airport Police Services (\$353,000); and Computer and Equipment Reserves (\$350,000).

City of San José 2009-2010 Adopted Budget Summary

Use of Reserves and Fund Balance/Funding Shifts/Increased Revenues

Use of Reserves/Fund Balance (Cont'd.)

- **Additional Fund Balance from 2008-2009 for use in 2009-2010:** Watson Park savings (\$1.3 million); Electronic Content Management City-Wide allocation (\$1.0 million); City-Wide savings (\$1.0 million); Liquidate prior year encumbrances in the City Attorney's Office (\$807,000); Police Department Personal Services savings (\$500,000); Domestic Violence City-wide savings (\$275,000); and Community Action and Pride Grant Program savings (\$200,000).

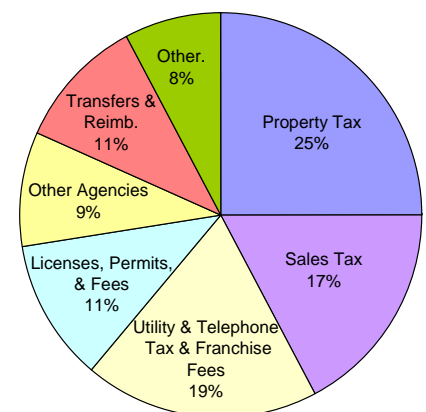
Funding Shifts/Transfers

- Transfer fund balance from the Emergency Communication System Support Fee Fund. (\$2.6 million)
- Increase Redevelopment Agency reimbursement by a net \$2.1 million for existing expenditures, including transferring 50% of the Safe School Campus Initiative to the San José BEST Program, support for Economic Development (5.0 positions), City Manager's Office Strong Neighborhoods Initiative staffing (2.75 positions), Small Business Chambers, Watson Park renovation, and City Auditor's Office staffing. (\$2.1 million)
- Transfer from the Construction Excise Tax Fund. (\$1.5 million for two years; \$500,000 ongoing)
- Realign costs for one-half of the Convention and Visitors Bureau staff to the Convention and Cultural Affairs Fund. (\$323,000)
- Transfer incremental additional funding and administrative cost savings from the Healthy Neighborhoods Venture Fund. (\$375,000)
- Shift 25% of STAND Program into San José BEST Program on an ongoing basis and fund approximately 25% of the program from a Federal Congressional earmark for a two-year period. (\$254,000)
- Shift public litter can maintenance and creek clean-up costs to the Integrated Waste Management Fund; shift funding for 5.7 positions from the General Fund and Maintenance Assessment District Funds to the Storm Sewer Operating Fund to support arborist services, street sweeping, and median island maintenance.
- Shift costs for Auditorium and Center for Performing Arts rental payments to the Convention and Cultural Affairs Fund. (\$217,000)
- Transfer of fund balance from the Stores Fund. (\$200,000)
- Reallocate 85% of Public Art program staffing to Capital Funds and 30% of a Senior Arts Coordinator to the Transient Occupancy Tax Fund. (\$173,000)

Increased Revenues

- Implement a Pricing and Revenue Strategy for the Parks, Recreation and Neighborhood Services Department, which will include instituting a fee for the Level 2 Homework Center Program at school sites (\$567,000) along with other fee increases for sports fields rentals, special use permits, facility rentals and fee classes, summer camps, and aquatics program. (\$1.2 million)
- Real Estate services transition to asset management/sale of surplus property. (net increase of \$1.1 million)
- Increase parking citation fines by an average of 27% (\$2 - \$22 per citation). (\$952,000)
- Restructure the Police False Alarm fine structure from \$50 to \$250/allow 2 without fee every 60 days to \$125 to \$300/allow 1 without fee every year. (\$661,000)
- Double Library Fines from \$0.25 per day/\$10 maximum to \$0.50 per day/\$20 maximum. (\$600,000)

2009-2010 Major Sources of General Fund Revenues*



* Excludes Fund Balance

City of San José 2009-2010 Adopted Budget Summary

Use of Reserves and Fund Balance/Funding Shifts/Increased Revenues

Increased Revenues (Cont'd.)

- Increase Police Vehicle Impound Fees from \$120 to \$180. (\$459,000)
- Continue Business Field Enforcement Program, including 2 positions. (net addition of \$427,000)
- Recognize revenue from unclaimed Waste Management balances in the General Fund. (\$400,000)
- Add 5 positions to enhance parking compliance and school area safety, and recognize additional revenue from parking citations, resulting in a net General Fund benefit. (\$247,000)
- Eliminate Commercial Solid Waste Franchise Fee 20,000 cubic yard annual exemption. (\$250,000)
- Increase Animal Licensing fees, compliance efforts and outreach. (\$207,000)
- Increase Solid Waste Enforcement Fee (\$131,000) and the Multiple Housing Fee. (\$133,000)
- Establish a Police Recruit Academy Fee of \$3,100 per recruit to charge other agencies (\$59,000) and bill other agencies for Police reports (\$90,000) and bomb squad calls for service. (\$111,000 after 2009-2010)
- Install HP Pavilion multi-space meters. (\$108,000 in 2009-2010; \$132,000 ongoing)

Delay Capital Facility Openings

As a budget balancing strategy, the Adopted Capital Improvement Program (CIP) includes delays in the opening of nine facilities that would otherwise have a significant impact on the General Fund in 2009-2010, due to the cost of operating and maintaining these facilities. The 2009-2010 savings realized from these deferrals, compared to the Five-Year General Fund Forecast released in February 2009, total \$1.9 million and include postponing or eliminating the addition of over 70 positions in the General Fund.

Facility Delays and 2009-2010 General Fund Savings Compared to Five-Year Forecast

Facility	Original Construction Completion Date	Proposed Opening Date	2009-2010 Positions Postponed/ Eliminated	2009-2010 Savings Compared to Forecast
Bascom Branch Library	August 2010	October 2010		
Bascom Community Center	August 2010	October 2010	(11.50)	\$ (53,000)
Calabazas Branch Library	July 2011	October 2011		
Educational Park Branch Library	February 2011	October 2011		
Happy Hollow Park and Zoo/Attractions	September 2009	March 2010	(23.00)	(580,000)
Seven Trees Branch Library	May 2010	August 2010	(14.89)	(394,000)
Seven Trees Community Center	May 2010	August 2010	(7.65)	(291,000)
South San José Police Substation*	June 2010	March 2011	(13.13)	(627,000)*
Southeast Branch Library	2011-2012	2012-2013		
Total General Fund Savings Compared to Five-Year Forecast			(70.17)	\$ (1,945,000)*

* Excludes 9.0 additional positions identified after the release of the February 2009 Five-Year General Fund Forecast required for the operations of the South San José Police Substation. The 2009-2010 partial cost of those positions is \$222,000 and when including these costs, the 2009-2010 General Fund savings from the deferral of the South San José Police Substation is \$849,000, or total General Fund savings for all deferred facilities of \$2.2 million. These costs will be included in the 2011-2015 Preliminary General Fund Forecast to be released February 2010. In addition to the savings noted in the table above, additional General Fund savings are anticipated from several facilities that would open on schedule, however, with reduced staffing levels compared to the levels assumed in the Five-Year General Fund Forecast.

City of San José 2009-2010 Adopted Budget Summary

Key Actions in Other Funds

COMMUNITY AND ECONOMIC DEVELOPMENT CSA

- Reduce Convention Facilities staffing, eliminating a net total of 29.75 positions and \$1.45 million in non-personal/equipment funding. (\$4.3 million)
- Eliminate 2.75 CDBG-funded long-range planning staff that assisted in the development of the Strong Neighborhoods Initiative Improvement Plans as these plans are now complete. (\$280,000)

ENVIRONMENTAL AND UTILITY SERVICES CSA

- Add Storm Water Permit implementation staffing (4 new positions) and non-personal/equipment funding. (\$1.6 million)
- Increase the Storm Water Permit implementation reserve. (\$1.0 million)
- Make Sewer/Water Pollution Control Plant Investments including: three Vector trucks to clean sewer lines (\$1.2 million); alternative wastewater disinfection chemicals (\$500,000); video inspection trucks (\$500,000); Plant exterior maintenance (\$500,000); residual solids management GPS equipment (\$260,000); fine bubble diffusers (\$150,000); discharge hoses for emergency pumps (\$110,000); and towable high pressure cleaner (\$75,000).
- Evaluate waste diversion and energy generation options at the Plant. (\$300,000)
- Redesign the Commercial Solid Waste system. (\$250,000)
- Provide Recycled Water salinity management. (\$250,000)
- Expand Recycled Water customer program. (1 new position, \$125,000)



Summary of Rate Changes

	Current Fee	Proposed Fee	2009-2010 % Change
Recycle Plus (SFD–32 Gal)	\$26.95/month	\$27.49/month	2%
Recycle Plus (MFD–3 cu yd bin)	\$177.79/month	\$184.90/month	4%
Sewer Service and Use Charge	\$325.08/year	\$372.00/year	15%
Muni Water	\$38.18/month	\$42.00/month	10.0%
Storm Sewer Service	\$70.56/year	\$91.68/year	30%

TRANSPORTATION AND AVIATION SERVICES CSA

The following actions eliminate a net total of 43 positions in the Airport Department, 6 positions in the Fire Department starting in January 2010, and 3 positions in the Police Department.



- Reduce Airport Crash and Fire Rescue Unit services support, resulting in the elimination of 6 Fire Department positions in January 2010. (\$774,000)
- Reduce Airport Police services support, resulting in the elimination of 3 Police Department positions. (\$680,000)
- Reduce Airport parking, ground transportation and curbside management services staff, including elimination of 9 positions. (\$765,000)

City of San José 2009-2010 Adopted Budget Summary

Key Actions in Other Funds

TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

- Reduce Airport Communications Center and Terminal Management staffing, eliminating 7 positions. (\$692,000)
- Reduce staffing in the Airport Facilities and Engineering Division, eliminating 5 positions. (\$676,000)
- Reduce Airport property management, contract and tenant administration staff, eliminating 4 positions. (\$498,000)
- Reduce general Airport office support and administration staff, eliminating 5 positions. (\$394,000)
- Reduce Airport Information Technology Services support staff, eliminating 3 positions. (\$318,000)
- Reduce Airport Neighborhood Services outreach program staff, eliminating 2 positions. (\$280,000)
- Reduce staffing for the Airport Acoustical Treatment Program effective January 2010 to allow for completion of program requirements, including the elimination of 4 positions. (\$249,000)
- Reduce Airport Environmental Services support staff, eliminating 2 positions. (\$226,000)
- Reduce City Attorney support. (\$201,000)
- Reduce Air Service Development Program staffing, eliminating 1 position. (\$155,000)
- Reduce Airport Grant Program administration staff, eliminating 1 position. (\$148,000)

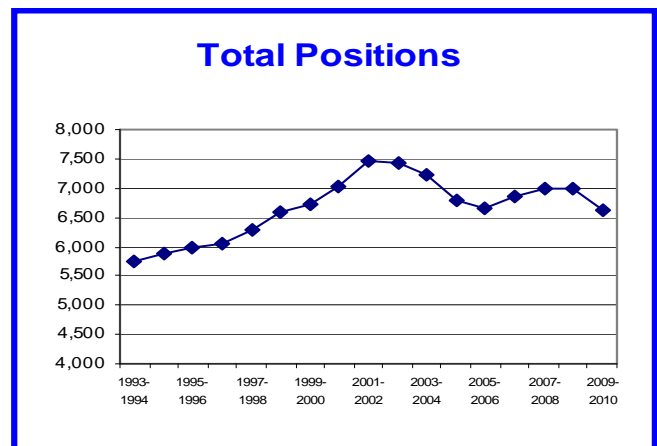
STRATEGIC SUPPORT CSA

- Warehouse Operations Efficiencies: Restructure warehouse operations, including elimination of 2.5 positions, transitioning the gift shop to orders being placed directly with the supplier and shifting paper purchasing and delivery to a vendor. The remaining functions would be outsourced in 2010-2011 to just-in-time delivery. (\$209,000 in 2009-2010 All Funds; \$571,000 ongoing All Funds)
- Right-Size Public Works capital program staffing and administrative support, resulting in a net reduction of 9.53 positions. (\$1.4 million)

Reorganize the Retirement Department Investment Division, as approved by retirement boards, to strengthen investments by establishing a more diversified portfolio. (Net addition of 4 positions, \$630,000)

Position Impacts – All Funds

The 2009-2010 Adopted Budget reflects a net loss of 362 positions from the 2008-2009 Adopted Budget, a reduction of 5.2%. Of this amount, a net reduction of 196 is incorporated into the 2009-2010 Adopted Budget. The remaining 166 positions were eliminated as part of the 2009-2010 Forecast Base Budget, primarily reflecting the loss of 140.5 position mid-year in 2008-2009. The 2009-2010 adopted staffing level of 6,623 positions is roughly equivalent to the 1998-1999 staffing level.



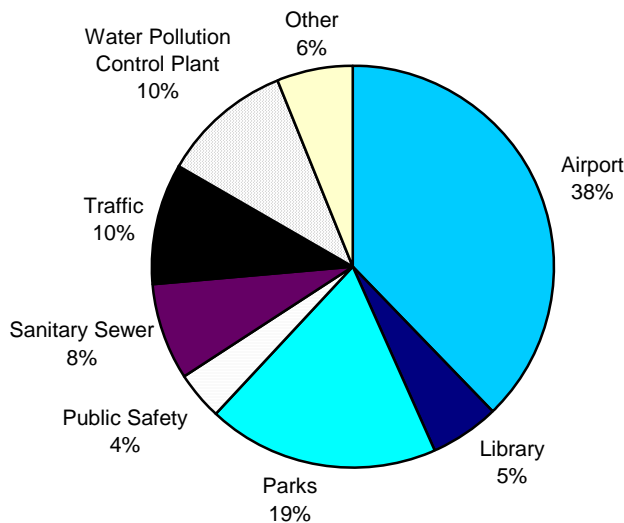
Investing in the City’s Infrastructure

The capital investments planned over the next five years are substantial with a 2009-2010 Adopted Capital Budget of \$1.0 million and a 2010-2014 Adopted CIP of \$1.9 billion.

The City is now in the final year of the *Decade of Investment*, which continues to transform much of the City’s infrastructure. Major improvements continue in the City’s libraries, parks, community centers, and public safety facilities, primarily as a result of voter-approved bond measures that, by the end of 2009-2010, will generate a total of \$599 million for these purposes. The expansion of the Airport will deliver a facility that cost effectively meets the needs of both customers and airlines, taking full advantage of current technologies. Substantial investments in the City’s utility infrastructure are also underway, designed to ensure continued safe and efficient facility operations and capacity for future growth.

With a number of new facilities coming online in the 2010-2014 CIP, General Fund operating costs will total \$6.4 million in 2010-2011 and climb to \$14.8 million by 2013-2014. In addition the backlog of unmet infrastructure needs and deferred maintenance continues to be a major challenge as strategies are developed to eliminate the General Fund structural deficit.

2009-2010 Adopted Capital Budget



Major Projects to be Completed Over the Next Five Years

2009-2010 Projects

- Airport Consolidated Rental Car Facility
- Airport Terminal A Control Systems
- Airport Terminal B, Phase I
- Albany-Kiely Storm Improvements
- East San José Carnegie Branch Library
- Fire Station 19 Relocation (Piedmont)
- Happy Hollow Park and Zoo Renovations
- Jackson Street: Light Rail Transit to Japantown Pedestrian Corridor
- Julian and St. James Couplet Conversion
- Santa Teresa Branch Library
- SJSU to Japantown Pedestrian Corridor
- South San José Police Substation
- University Avenue Sewer Replacement

2010-2011 Projects

- Bascom Library / Community Center
- Blossom Hill Road Sanitary Supplement
- Capitol Avenue Sewer Improvements
- Castleton Drive Water Main Replacement
- Coleman Road Sewer Improvements
- Cropley Avenue Sewer Improvements
- Edenvale Sanitary Supplement, Phase VA
- Fire Station 2 Rebuild
- Fire Station 36 (Silver Creek/Yerba Buena)
- Market Street Garage Railing Impvmts.
- Morrill Ave./Sierra Rd. Sewer Impvmts.
- Route 101/Tully Interchange Upgrade
- Seven Trees Community Center / Library
- Traffic Signal Comm. and Synchronization
- Water Pollution Control Plant Master Plan

2011-2012 Projects

- 60" Brick Interceptor, Phase VIA & VIB
- Airport Public Parking Improvements
- Bon Bon Drive Water Main Replacement
- Calabazas Branch Library
- Educational Park Branch Library
- Fire Station 21 Relocation (White Rd.)
- Fire Station 37 (Willow Glen)
- Minnesota Avenue Sanitary Sewer Impvmt.

2012-2013 Projects

- Airport Fuel Farm Cleanup
- Airport South Apron Replacement, Phase I
- Parkmoor-Meridian Sewer Rehabilitation
- Southeast Branch Library

2013-2014 Projects

- Campbell Avenue Sanitary Sewer Rehab
- Jacob Avenue Sewer Improvements
- Foxworthy Avenue Sewer Improvements
- Gumdrop Drive Water Main Replacement
- Transportation Incident Management Center
- Willow Glen-Guadalupe Storm, Phase III