

# 2012-2013 MANAGER'S BUDGET ADDENDUM LOG

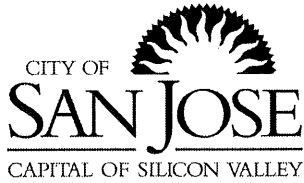
	<b>Distribution Date</b>
MBA #1: 2012-2013 Proposed Budget in Brief	05/01/12
MBA #2: 2012-2013 Budget Study Sessions Schedule and Agendas	05/03/12
MBA #3: Recommendation on the 2013-2017 Proposed Capital Improvement Program	05/09/12
MBA #4: 2012-2013 Selected Services Restoration Costs	05/09/12
MBA #5: City Auditor Staffing	05/09/12
MBA #6: Team San Jose 2012-2013 Performance Measures	05/10/12
MBA #7: Alternative Service Delivery Proposal – Airport Parking and Traffic Control	05/10/12
MBA #8: Opening Libraries Versus Expanding Library Hours at Existing Branches	05/10/12
MBA #9: Arena Authority Funding	05/14/12
MBA #10: Special Events on Downtown Private Parking Lots	05/14/12
MBA #11: Sharks Ice at San Jose 2012-2013 Proposed Capital Budget	05/18/12
MBA #12: Cultural Facilities Capital Maintenance Cost Sharing	05/18/12
MBA #13: HP Pavilion at San Jose Capital Budget Recommendations	05/18/12
MBA #14: Community Action and Pride Grants Update	05/18/12
MBA #15: Neighborhood Watch Sign Installations	05/18/12
MBA #16: South San Jose Police Substation Utility Costs	05/18/12
MBA #17: Senior Nutrition Transportation	05/18/12
MBA #18: Phase 1 – Homeless Encampment Program	05/18/12
MBA #19: Expanding Library Hours at Existing and Opening Branches in 2012-2013	05/18/12
MBA #20: Smart Start Family Child Care Training Program Work2Future Eligibility and Non-Profit Partnerships	05/18/12

# 2012-2013 MANAGER'S BUDGET ADDENDUM LOG

	<b>Distribution Date</b>
MBA #21: Envision 2040 General Plan Implementation	05/25/12
MBA #22: Foreclosure Update	05/24/12
MBA #23: Police Budget Comparison	05/24/12
MBA #24: Crime Prevention Performance Measures	05/24/12
MBA #25: Alternative Ways to Open the South San José Police Substation	05/24/12
MBA #26: 2012-2013 Alternative Service Delivery Evaluations Update	05/24/12
MBA #27: Multiple Housing Permit Fee and Code Enforcement Staffing	05/24/12
MBA #28: San Jose BEST Program Funding Recommendations	05/24/12
MBA #29: Status of Community Center Reuse and City Costs Associated with Operation of Reuse Facilities	05/24/12
MBA #30: Neighborhood Engagement Team Reorganization	05/24/12
MBA #31: New Park Development Projects	05/24/12
MBA #32: Development Services Five Year Performance Goal Review	05/24/12
MBA #33: Development Services Staffing	05/24/12
MBA #34: Police Department Civilianization Opportunities	05/24/12
MBA #35: Police Division Reorganization	05/24/12
MBA #36: Annual Retirement Costs Reconciliation	05/25/12
MBA #37: Evaluation of Library Alternative Service Delivery Models	05/25/12
MBA #38: Environmental Services Funding for City Auditor Services	05/25/12
MBA #39: Summary of Municipal Golf Courses	05/25/12
MBA #40: San José McEnery Convention Center Expansion and Renovation Project Update	05/25/12
MBA #41: Graffiti Program Update	05/25/12

**2012-2013**  
**MANAGER'S BUDGET ADDENDUM LOG**

	<b>Distribution Date</b>
MBA #42: Special Premium Pays and Other Benefit Changes for Employees in Unit 99 and Units 81/82	05/30/12
MBA #43: May 2012 Revenue Measure Polling Results	05/31/12
MBA #44: Citywide Grants Activity	05/31/12
MBA #45: Community Budget Meetings Summary	05/31/12
MBA #46: Recommended Amendments to the 2012-2013 Proposed Operating and Capital Budgets	05/31/12
MBA #47: Recommended 2012-2013 Net-Zero General Fund Revenue Adjustments	06/11/12
MBA #48: Adoption of the 2012-2013 Operating and Capital Budgets	06/15/12



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** 2012-2013 PROPOSED BUDGET  
IN BRIEF

**DATE:** May 1, 2012

Approved

Date 5/1/12

The Budget Office has prepared the attached 2012-2013 Proposed Budget in Brief that provides an overview of the 2012-2013 Proposed Budget. A total of 50 copies has been distributed to the Mayor and each City Council Office.

This document is available on-line at <http://www.sanjoseca.gov/budget/FY1213/2012-2013BudgetinBrief.pdf>.

JENNIFER A. MAGUIRE  
Budget Director



# 2012-2013 PROPOSED BUDGET IN BRIEF

*The Mission of the City of San José is to provide quality public services, facilities, and opportunities that create, sustain, and enhance a safe, livable, and vibrant community for its diverse residents, businesses, and visitors.*

The 2012-2013 Proposed Operating and Capital Budgets for the City of San José total \$2.6 billion and represent the City Manager’s proposed financial plan for the upcoming year. The Mayor and City Council, who are responsible for approving the City’s final budget, will be holding a series of City Council Budget Study Sessions during May to thoroughly analyze the many proposals set forth in this budget. In June, the Mayor and City Council will adopt the final budget, incorporating any changes resulting from that review.

After 10 consecutive years of General Fund shortfalls, there is a small General Fund surplus of \$9 million projected for 2012-2013. Over the next five years, small surpluses or shortfalls are projected annually.

### 2013-2017 General Fund Surplus/(Shortfall) (\$ in millions)

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
\$9.0 M	(\$22.5 M)	(\$1.3 M)	\$19.0 M	\$10.7 M

As directed in the Mayor’s 2012-2013 March Budget Message as approved by the City Council, the Proposed Budget incorporates a two-year approach to balancing the budget, with the \$9.0 million projected surplus along with \$13.5 million of one-time funds reserved in 2012-2013 to address the projected shortfall of \$22.5 million in 2013-2014. Additionally, the Administration avoided adding or restoring services in the Proposed Budget that could not be maintained on an ongoing basis.

#### Major actions recommended will:

- Continue services funded on a one-time basis in 2011-2012
- Open four libraries and one community center constructed with General Obligation Bonds
- Address the most immediate and critical of the City’s unmet/deferred infrastructure needs
- Address essential operational and organizational needs to strengthen the organization, meet community expectations, or mitigate potential risk of higher long-term costs
- Fund a limited number of programs/initiatives identified in the Mayor’s March Budget Message
- Implement more effective service delivery models to improve efficiency, reduce costs and/or enhance service levels

#### Community Budget Meetings

**April 10 – May 24**

#### Budget Decision Milestones

##### **May 9-17**

City Council Study Sessions on 2012-2013 Proposed Budgets

##### **May 15/June 11**

**Public Hearings on the 2012-2013 Proposed Budgets and Fees and Charges (evening meetings)**

##### **June 1**

2012-2013 Mayor’s June Budget Message Released

##### **June 12**

City Council Review and Approval of the 2012-2013 Mayor’s June Budget Message

##### **June 19**

Adoption of the 2012-2013 Capital and Operating Budgets, 2013-2017 Capital Improvement Program, and the 2012-2013 Fees and Charges

#### **INSIDE**

*San José at a Glance  
Balancing the Budget  
Service Delivery Highlights  
Capital Budget Highlights  
Roster of City Officials  
Managing Our Finances  
Accessing the Budget*

# San José at a Glance

## Basic City Facts

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

## General Data

Population	958,789
Registered Voters	388,084
Median Household Income	\$76,794
Miles of Streets	2,400
Miles of Alleys	2
Area of City (square miles)	179.8

## Major Employers

Santa Clara County	14,950
Cisco Systems	11,600
IBM	6,750
City of San José	5,400
San José State University	4,780
Ebay/Paypal, Inc.	4,700
San José Unified School District	2,330
Hitachi	2,000

## Airport\*

Size	Approx. 1,000 Acres
Terminals	2
Runways	3
Hours of Operation	24
Number of Passengers	8.27 Million

## Environment and Utilities\*

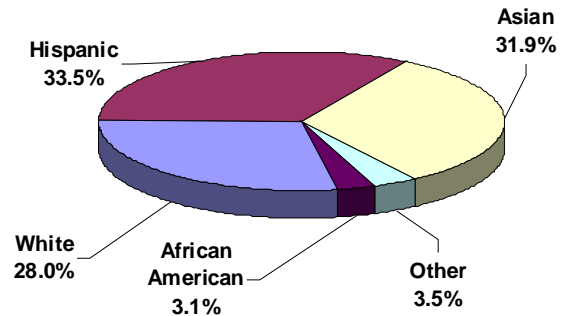
Miles of Municipal Sewer Mains	2,257
Tons of Recyclables	111,000
Tons of Yard Trimmings	133,000
Gallons of Used Motor Oil	115,000

## Parking\*

Parking Meters	2,584
Parking Lots (1,285 total spaces)	9
Parking Garages (6,175 total spaces)	8

\* Current counts or 2011-2012 year-end estimates

## Demographics



## Public Safety\*

Police Stations	1
Emergency Police Calls	481,000
Non-Emergency Police Calls	357,000
Fire Stations	33
Fire Companies	40
Emergency Medical Calls	49,000
Fire Safety Code Inspections	11,000
Fires	1,560
Hazardous Materials Incidents	140

## Neighborhood Services\*

Park Sites	192
Park Amenities:	
Basketball Courts	95
Skate Parks	6
Softball/Baseball/T-Ball Fields	52
Swimming Pools	6
Tennis Courts	93
Soccer Fields	46
Park Acreage	3,418
Community Centers	12
Re-Use Sites	43
Participation in Recreation Programs at Community Centers	214,000

## Libraries\*

Number of Outlets:	
Main Library	1
Branches	21
Items Checked Out (Circulation)	11,525,000

# San José at a Glance

## 2012-2013 Proposed Budget

### GENERAL FUND

Police	\$ 290,533,197
Fire	150,915,065
City-Wide Expenses	79,615,751
Parks, Recreation & Neighborhood Services	48,682,619
Transportation	25,772,677
Planning, Building & Code Enforcement	31,122,839
Libraries	24,020,561
City Management (Manager and City Council)	20,525,385
Finance and Human Resources	18,208,125
Information Technology	12,961,856
City Attorney	11,831,436
Public Works	30,600,031
Transfers to Other Funds	39,386,581
Capital Improvements	10,800,000
Other	10,280,595
Reserves	77,116,568
<b>Total General Fund</b>	<b>\$ 882,373,286</b>

### SPECIAL FUNDS

Airport	\$ 498,494,335
Waste Water Treatment Plant & Sanitary Sewer	282,299,953
Waste Mgmt (Garbage Collection/Recycling)	132,250,216
Housing	86,789,265
Convention and Cultural Facilities	63,644,304
Storm Sewer Operations	50,093,395
Municipal Water	35,921,754
Parking	22,249,186
Transient Occupancy Tax	14,712,659
Community Development Block Grant	14,551,639
Workforce Investment Act	12,157,282
Other	237,767,554
<b>Total Special Funds</b>	<b>\$ 1,450,931,542</b>

### CAPITAL IMPROVEMENT FUNDS

Airport	\$215,392,145
Parks and Community Facilities	125,813,843
Water Pollution Control	111,313,097
Sanitary Sewer	97,004,453
Traffic	84,869,132
Library	36,993,390
Public Safety	19,122,291
Other	52,672,567

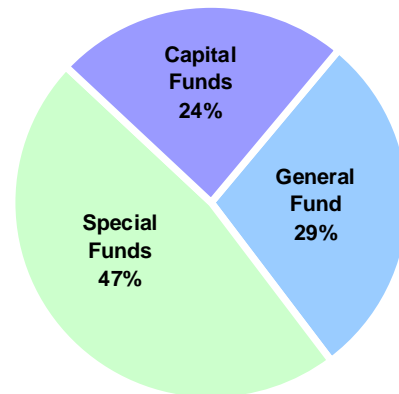
**Total Capital Funds** \$ 743,180,918

**TOTAL ALL FUNDS** \$ 3,076,485,746

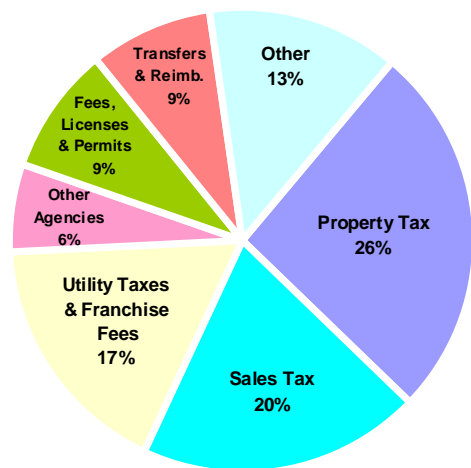
**Less Transfers, Loans & Contributions** (511,066,643)

**NET CITY USE OF FUNDS** \$ 2,565,419,103

## 2012-2013 Proposed Budget

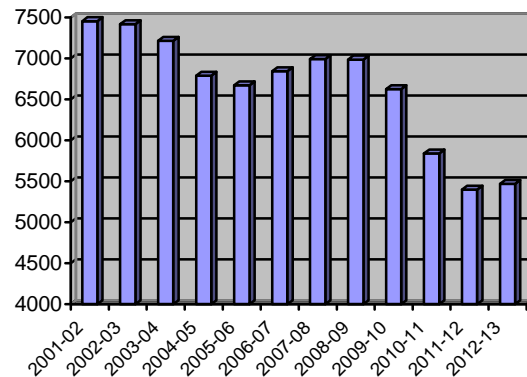


## 2012-2013 Major Sources of General Fund Revenues\*



\* Excludes Fund Balance

## Total City Positions



With the net addition of 70 positions from the 2011-2012 Adopted Budget to the 2012-2013 Proposed Budget, the number of City positions totals 5,470 (1988-1989 levels).

# Balancing the Budget

The General Fund is used to provide many of the basic services provided by the City, including police, fire, libraries, parks, and street maintenance.

<b>2012-2013 GENERAL FUND PROPOSED BALANCING PLAN</b>		
<b>(\$ in 000s)</b>		
	<b><u>2012-2013</u></b>	<b><u>Ongoing</u></b>
General Fund Surplus	\$8,986	\$8,986
Development Fee Program Surplus	1,401	1,401
<b>Total General Fund Surplus</b>	<b>\$10,387</b>	<b>\$10,387</b>
<b>Source of Funds:</b>		
2012-2013 Future Deficit Reserve Elimination	\$21,947	\$0
Additional 2011-2012 Ending Fund Balance	6,000	0
Development Fee Program Reserves	2,908	2,644
Transfer from Other Funds	1,999	292
Fee Changes/Activity Level Adjustments	1,756	2,398
Other Revenue Changes	1,247	146
Transfers/Overhead Reimbursements	(938)	(1,179)
<b>Total Change to Source of Funds</b>	<b>\$34,919</b>	<b>\$4,301</b>
<b>Use of Funds:</b>		
2013-2014 Future Deficit Reserve	\$22,500	\$9,000
Unmet/Deferred Infrastructure and Maintenance	9,625	1,275
Miscellaneous Additions	7,235	1,968
Services Funded on a One-Time Basis in 2011-2012	3,539	2,346
Development Fee Programs	3,349	3,014
Fiber Optics Loan Repayment	2,200	(50)
New Facilities Operating and Maintenance	2,064	3,951
Essential Services Reserve	1,500	0
Non-Development Fee Programs	279	320
Use of Reserves	(4,929)	(3,978)
Position Changes/Other Personal Services Savings	(1,967)	(2,168)
Non-Personal/Equipment and City-Wide Expenses	0	(906)
Funding Shifts to Other Funds	(89)	(84)
<b>Total Change to Use of Funds</b>	<b>\$45,306</b>	<b>\$14,688</b>
<b>Total Change in the General Fund</b>	<b>\$10,387</b>	<b>\$10,387</b>

## ***How was the General Fund Budget Surplus Calculated?***

Each year, a Five-Year General Fund Forecast is prepared that compares the estimated revenues and expenditures over the next five years to determine if there is a projected surplus or deficit.

The expenditure figures, which reflect the cost of existing programs, are updated to reflect estimated salary and benefit costs and any changes in contractual obligations. In addition, expenditures to which the City is considered to be committed by prior City Council action are included, such as costs related to operating new facilities.

In 2012-2013, revenues are projected to exceed expenditures by \$9 million (excluding the Development Fee Program). In the February 2012 Forecast, small budget surpluses and deficits were projected in each of the five years of the Forecast.

## ***Two-Year Budget Strategy***

The 2012-2013 Proposed Budget focuses on meeting basic needs. The small General Fund surplus projected in 2012-2013, along with the other recommended budget actions, provide capacity to address the most critical of the City's service delivery and infrastructure needs as well as set aside funds to address the projected General Fund shortfall in 2013-2014. This is welcomed news after a decade of shortfalls and painful decisions that have significantly reduced community services and the City's workforce.

Although the 2012-2013 Proposed Budget has been balanced without the deep cuts faced in recent years, there is still a long way to go to achieve the fiscal stability that will allow the City to restore service levels and meet major community and organizational needs. In June 2011, with the adoption of the 2011-2012 budget, the City Council approved a Fiscal Reform Plan that presented a strategy to achieve long-term financial stability, restore key services to January 1, 2011 levels, and open facilities that have been recently completed or are under construction. This Plan relies on a combination of cost reduction strategies (primarily retirement-related) and revenue strategies (primarily Sales Tax and Business Tax measures) to provide additional resources to meet these goals. As part of this plan, the City Council authorized a June 2012 ballot measure that would amend the City Charter in order to modify the City's pension plans. It is anticipated that revenue measures will be brought forward for voter consideration in the future.



# Service Delivery Highlights

## Public Safety



### Key Public Safety Services

Crime Prevention  
Emergency Medical Services  
Emergency Preparedness  
Fire Prevention  
Fire Suppression  
Independent Police Oversight  
Police Investigations  
Police Patrol  
Public Education



## Expected Service Delivery

### Police Services

- Respond to calls for service and emergencies in a timely and effective manner
- Investigate crimes effectively and seek successful prosecution of criminals
- Continue efforts to deter gang violence
- Prompt review of Police complaints by the Independent Police Auditor

### Fire Services

- Respond to fires, medical calls, and other emergencies in a timely and effective manner
- Provide regulatory enforcement of fire and hazardous materials codes through inspection activities
- Investigate fire causes effectively
- Continue regional all-hazard emergency management and San José Prepared!

## 2012-2013 Proposed Budget Actions

- **Police Field Patrol:** restore funding for 3 Police Officers funded on a one-time basis in 2011-2012 to maintain Patrol staffing.
- **Police Field Patrol Targeted Enforcement:** add \$500,000 in overtime funds to provide targeted enforcement of high crime activity, specifically gangs, prostitution, and graffiti.
- **Police School Safety Unit:** restore funding for 21 Crossing Guard positions (3.69 full-time equivalents) in order to maintain 2011-2012 School Safety Program service levels.
- **Medical Marijuana Program:** continue funding for 1 Police Sergeant to support the Medical Marijuana Program.
- **Creek Encampment Clean-Ups:** continue Police overtime funding for assistance with creek encampment clean-ups.
- **Police Gaming Unit:** add 3 Senior Auditor positions and 1 Staff Specialist for forensic auditing of the Cardrooms.
- **La Raza Study:** continue \$50,000 to support efforts to create transformative, multi-system change aimed at eliminating disproportionate Latino representation in the criminal justice, juvenile justice, and child welfare systems serving San José.
- **Police Officer Recruit Academy:** eliminate 3 Police Officer positions and use the South Bay Public Safety Training Consortium to provide a Peace Officer Standards and Training certified Police Officer Recruit Academy at a lower cost.
- **Police Permits Unit Civilianization:** eliminate 2 Police Officer positions and add 2 civilian Staff Technician positions to better align work with the appropriate job classification to support the Police Permits Unit, resulting in cost savings.
- **Bureau of Police Administration Staffing Reorganization:** eliminate 1 Police Lieutenant and 1 Administrative Officer and add 2 Crime and Intelligence Analysts and 1 Division Manager to better align staffing with administrative support needs.
- **Police Substation:** continue the deferral of the opening of the Police Substation from September 2012 to September 2013.
- **Fire Code Compliance Program:** add 1 Fire Prevention Inspector to improve cycle times for fire code inspections.
- **Firefighter Recruit Academy Elimination:** eliminate funding for one of two Firefighter Recruit Academies through 2014-2015 based on the estimated number of retirements and separations, generating annual savings of \$1.2 million.

# Service Delivery Highlights

## Neighborhood Services



### Key Neighborhood Services

After School Programs  
Anti-Graffiti and Anti-Litter  
Code Enforcement  
Libraries  
Senior Services

Animal Care Services  
At-Risk Youth Services  
Community Centers  
Park Facilities



### Expected Service Delivery

#### Parks and Community Services

- Operate 12 community centers
- Continue anti-gang activities
- Continue fee-based homework centers
- Offer Family Camp Program
- Keep parks and trails open
- Deliver Senior Nutrition and Wellness Program

#### Code Enforcement

- Code Enforcement field inspection services for emergency and priority complaints within 24 – 72 hours
- Proactive enforcement of vacant buildings

#### Library Services

##### Branch Hours:

Open 4 days per week (33-34 hours per week total).

##### Dr. Martin Luther King, Jr. Library:

Open 72 hours/week during the academic year

Open 58 hours/week when the University is not in session

#### Animal Care and Services

- Animal Care and Services to focus on health and safety related calls

### 2012-2013 Proposed Budget Actions

- **Open Libraries:** open 4 libraries constructed with General Obligation Bonds: Seven Trees (Dec. 2012/Jan. 2013); Bascom (Jan./Feb. 2013); Educational Park (April 2013); Calabazas (May 2013).
- **Open Bascom Community Center:** open this center, constructed with General Obligation Bonds, in summer 2012.
- **San Jose BEST:** \$2 million increase, from \$2.6 million to \$4.6 million, to support gang prevention and suppression efforts.
- **Safe Schools Campus Initiative (SSCI):** continue 4 positions to provide the SSCI program at middle schools.
- **Community Action and Pride Grants:** remaining funds of \$110,000 will be used to continue program in 2012-2013.
- **Senior Services and Wellness Program:** continue 2 positions to support Alma and Gardener Community Centers; add \$200,000 one-time, and permanently reallocate Healthy Neighborhood Venture Fund funding (\$400,000) to Senior Wellness.
- **Park Rangers:** continue 2 positions for Guadalupe River Park, trails, Lake Cunningham, and high need areas; add 2.74 part-time Park Ranger positions to address public safety concerns in regional parks.
- **Fair Swim Center:** provide funding for a Summer 2012 Swim Program.
- **Lake Cunningham Skate Park:** continue funding for 2.6 positions to operate the fully cost-recovery Skate Park.
- **Landscape Watering:** add \$400,000 (approximately 70% of the 2011-2012 reduction) to allow more frequent watering.
- **Medical Marijuana Program:** continue 1 Code Enforcement Inspector to enforce code compliance.
- **Vacant and Dangerous Building Code Inspection:** continue 1 Inspector to enforce vacant/neglected building violations.
- **Park Landscape Maintenance Team-Based Model:** consolidate work units into larger teams that address entire parks.
- **Graffiti Abatement Program Efficiencies:** increase square footage of graffiti eradicated by shifting funds from Sentencing Alternative Program to a graffiti abatement contract.
- **Happy Hollow Park and Zoo and Leininger Center Staffing Efficiencies:** realign full-time and part-time staff to create operational efficiencies, improve customer service, and improve cost-recovery levels.
- **Community Development Block Grant Code Enforcement:** eliminate 5 positions due to lower grant entitlement; move from proactive enforcement services in low-income areas to a targeted, neighborhood-focused code enforcement strategy.

# Service Delivery Highlights

## Community & Economic Development



### Key Community & Economic Development Services

Building Permits  
Development Services  
Economic Development  
Housing Services  
Land Use and Planning  
Local & Small Business Technical Services  
Public Art  
Workforce Investment Network



### Expected Service Delivery

#### Economic Development

- Attract and retain companies, with focus on clean technology and emerging technology companies
- Provide a range of workforce programs and services for displaced workers
- Manage the City's real property assets

#### Planning and Building Services

- Provide excellent development review process customer service
- Provide expedited plan review services

#### Housing Services/Community Development Block Grant (CDBG)

- Provide financial assistance to individuals for home purchases and rehabilitations
- Continue to work with Destination: Home, a public-private partnership with the goal of ending chronic homelessness
- Employ a place-based, neighborhood-focused strategy with most of the CDBG funds.

#### Arts and Cultural Events

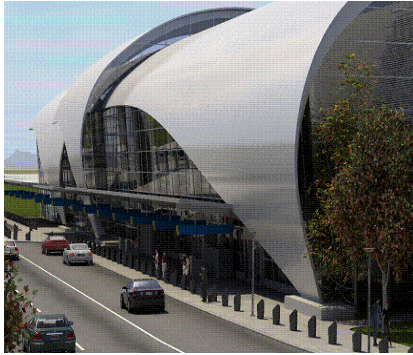
- Through arts and cultural development programs, maintain a culturally vibrant community

### 2012-2013 Proposed Budget Actions

- **Development Fee Programs:** New resources are included for the development fee programs (Building, Planning, Public Works, Fire) to ensure increasing service demands can be met within expected service delivery timeframes. No fee increases are necessary in order to meet the increased development services activities.
- **Small Business Ambassador:** add 1 position to act as the point of contact for small businesses to help them move efficiently through the permitting process.
- **Ordinance Staffing:** continue funding for a Planner position to update and modify various City Ordinances.
- **Economic Development/Incentive Fund:** establish a one-time allocation for economic development support and incentives in the amount of \$750,000.
- **Enterprise Zone Program:** continue funding for 1 position added in 2011-2012 to support this cost-recovery program.
- **Christmas in the Park Transition:** continue an Exhibit/Designer position through June 2014, reimbursed by the Christmas in the Park Foundation; Foundation to receive grant funds of \$129,000, including a Transient Occupancy Tax Cultural Development grant of \$75,000.
- **Convention Center Kitchen and HVAC System:** provide funding for a kitchen remodel and HVAC repairs at the Convention Center. This \$10 million project will be funded through a commercial paper issuance and will be repaid over a 7-year period from the Convention and Cultural Affairs Fund.
- **Convention Facilities Staffing:** eliminate the remaining 9 City positions under management of Team San Jose and increase funding for contractual staffing to address the variable nature of activity at the Convention Facilities.
- **Convention and Visitors Bureau Marketing Program:** eliminate the General Fund allocation of \$554,000 for the marketing program, as an increase in Transient Occupancy Tax receipts and other City funds can offset this impact.
- **Housing Department Staffing Reorganization:** net reduction of 2 positions to better reorganize functions due to the dissolution of the San Jose Redevelopment Agency.

# Service Delivery Highlights

## Transportation & Aviation Services



### Key Transportation & Aviation Services

Airport Operations  
Landscape & Tree Maintenance  
Parking Services  
Street Pavement Maintenance  
Traffic Capital Improvements  
Traffic Maintenance  
Traffic Safety Education  
Transportation Planning and Project Delivery



### Expected Service Delivery

#### Airport Operations

- Operate the Norman Y. Mineta San Jose International Airport in a safe and efficient manner
- Deliver positive, reliable and efficient air traveler services and amenities; complete for community air service destinations and frequencies
- Preserve Airport assets and facilities through cost effective maintenance and operations
- Provide mandatory security, safety, and regulatory compliance for air service operations

#### Transportation Operations

- Provide safe and viable transportation choices consistent with the Envision San José 2040 General Plan
- Focus street infrastructure maintenance efforts on facilities with the highest use and economic significance
- Improve regional travel on major arterials, freeways, and transit corridors to address ongoing concerns with traffic congestion

### 2012-2013 Proposed Budget Actions

- **Transportation Deferred Maintenance Investments:** replace raised reflective markers and arterial street striping (\$500,000), structural pruning of City-owned trees in median islands and roadside properties (\$500,000); replace damaged vehicle detection loops (sensors) and associated pavement repairs (\$250,000); and replace 20 fixed radar speed display signs (\$250,000).
- **Landscape Maintenance Vehicle Replacement:** replace four aging trucks assigned to the Landscape Maintenance team.
- **Street Maintenance Strategy:** eliminate pavement maintenance on local/neighborhood streets and shift this funding to maintain the priority street network (400 miles) within the City's major streets (which carry 87% of the traffic). While neighborhood preventative street maintenance will be deferred, corrective maintenance, such as pothole repairs, will still be performed. This action reduces 11 positions as arterial streets are maintained contractually.
- **Sidewalk Repair Program:** increase the Sidewalk Repairs Program by \$900,000 (from \$600,000 to \$1.5 million), offset by property owner reimbursements and fees, which will allow the City to begin addressing a backlog of needed repairs.
- **San Jose Downtown Association:** increase funding by \$190,000 (from \$70,000 to \$260,000) supported by the General Purpose Parking Fund.
- **Airport Curbside Management Service Delivery Change:** as part of the implementation of the Airport Competitiveness Strategic Plan, eliminate 20 Parking and Traffic Control Officer positions and outsource the curbside traffic, congestion, and security control services, resulting in annual savings of \$1 million to the Airport.
- **Airport Service Enhancements:** add three new services, including operation of a shared-use lounge, in-terminal customer service cart service to assist customers in reaching the northernmost gates in Terminal B; and delivery services for oversized luggage and animals in carriers to enhance the customer experience.
- **Collaborative Air Service Marketing:** add contractual services funding of \$250,000 for a joint Airport and airline collaborative marketing program supporting All Nippon Airline's new international flight to Tokyo, Japan from San José.

# Service Delivery Highlights

## Environmental & Utility Services



### Key Environmental & Utility Services

Energy Conservation Efforts  
Garbage Collection & Recycling  
"Green" Building Program  
Municipal Water System  
Neighborhood Cleanups  
Sanitary Sewer Maintenance  
Storm Sewer Maintenance  
Water Pollution Control Plant  
Water Recycling



### Expected Service Delivery

- ❑ Build, operate, and maintain the City's wastewater, stormwater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety
- ❑ Promote the health of the public, environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff
- ❑ Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment
- ❑ Reduce the City's environmental footprint by leading city-wide programs for energy efficiency and conservation, water conservation, renewable energy use, environmentally preferable purchases, and Green Building
- ❑ Support the community in implementing sustainable infrastructure, equipment, and behaviors through education, public-private partnerships, and implementation of the City's Green Building Policy
- ❑ Operate and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply

### 2012-2013 Proposed Budget Actions

- **Treatment Plant Repairs and Maintenance:** add \$1.5 million for the replacement of aging dissolved air flotation tanks and primary sedimentation tanks components, as well as \$500,000 annually for four years for coating and painting of buildings and a digester at the Water Pollution Control Plant.
- **Sanitary Sewer Overflow Mitigation:** add \$1.9 million to fund several measures to reduce the occurrence of and improve the response times to sanitary sewer overflows, including a root control program, sewer video inspection, a first responder program, capital maintenance management staffing, and technology enhancements.
- **Treatment Plant Engineering Support, Training, and Capital Improvement Program Staffing:** add \$700,000 for contractual engineering services to provide technical expertise, \$500,000 for a technical training program, and 1 Senior Sanitary Engineer and 1 Principal Sanitary Engineer to assist with piloting, pre-design, and alternative technology evaluation that will lead to Treatment Plant capital projects.
- **Vehicle and Equipment Replacement:** replace a combination cleaning truck (Vactor) and an aging dump truck that support the Sanitary Sewer Program, add two pump hose trailers and one truck mounted power rodder to support the Storm and Sanitary Sewer Programs, and replace four vehicles used in the operation and maintenance of the Municipal Water System.
- **Street Sweeping Signage:** install and support 40 miles of additional residential street sweeping parking restrictions.
- **Environmental Services Department Staffing:** eliminate positions that support communications, information technology, the Water Resources Division, and the Office of Sustainability to reflect the conclusion of projects that no longer require support and the implementation of more efficient staffing configurations.
- **Rate Changes:** No rate increases are recommended for the Sewer Service and Use Charge Fee, Storm Sewer Service Fee, and Recycle Plus rates in 2012-2013. Municipal Water System rates are anticipated to increase by approximately 9.5% due to the higher cost for wholesale water.

# Service Delivery Highlights

## Strategic Support



### Key Strategic Support Services

Facility Maintenance  
Financial Management  
Fleet Maintenance  
Human Resources  
Information Technology  
Public Works Services  
Retirement Services



## Expected Service Delivery

- Attract and retain qualified employees
- Ensure that the City's finance and technology resources are protected and available to address the short and long-term needs of the community
- Maintain a safe and healthy work environment
- Manage space usage at City-owned facilities
- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities that meet both customer and City staff needs
- Maintain City facilities, equipment, and vehicles

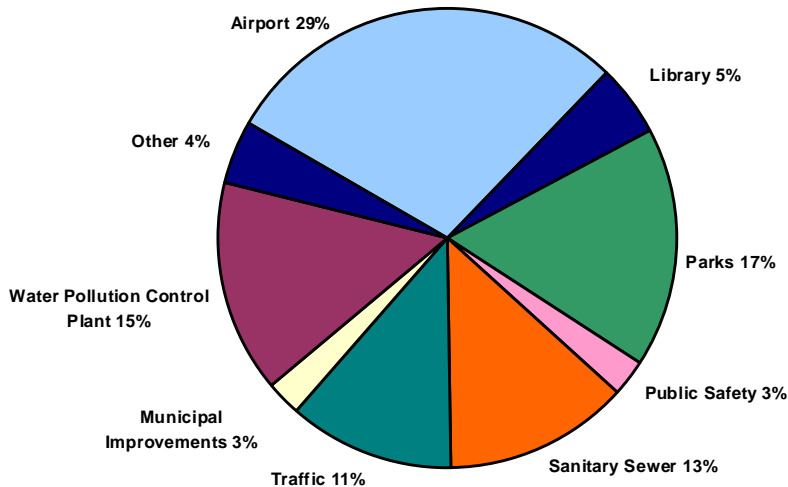
## 2012-2013 Proposed Budget Actions

- **Deferred Infrastructure and Maintenance Needs at Police Facilities:** replace the Uninterrupted Power Supply at the Police Communications Building (\$2.5 million); replace back-up generators (\$500,000); critical repairs/maintenance at the Police Administration Building (restrooms, replace secured corridor doors, ceiling tiles, lighting) (\$500,000). In addition, increase custodial services at the Police facilities, restoring services cut in previous years.
- **Preventative Maintenance at City Facilities:** one-time funding of \$1.8 million (\$500,000 ongoing) to increase critical preventative maintenance at City facilities from 38% to 80% for HVAC, plumbing, lighting, roofing, generators, and emergency fire alert systems. Ongoing funding will allow preventative maintenance to continue at a 40-50% level.
- **Technology Investments:** add funding of \$1.2 million in 2012-2013 (\$390,000 ongoing) to help address a portion of the City's technical infrastructure backlog. Projects include: Financial Management System business process mapping; hosted email; server licensing; annual audits for compliance with the payment card industry standards and general data security; and centralized software deployment to ensure users receive software and licensing updates efficiently.
- **Business Tax System:** add \$1.5 million to replace the City's Business Tax System that will no longer be supported by the current vendor. Ongoing funding of \$300,000 will fund system licenses and maintenance.
- **Strategic Support Staffing:** add staffing to ensure basic support services are at minimum levels needed for overall City service delivery. These additions include staffing for employment services, special accounting, information technology help desk needs, and retirement services operational and accounting support.
- **Capital Project Staffing:** add capital-funded staff in the Public Works Department to support an anticipated increase in workload associated with capital projects for the sanitary and storm sewer systems and the Water Pollution Control Plant.
- **Legal Services:** restore staff to provide legal support to the Successor Agency for the San Jose Redevelopment Agency, increased legal transactions services to City departments, Fiscal Reform, the Workers' Compensation Program, and capital projects as needed and appropriate; add \$200,000 to provide ongoing funding for outside counsel legal services.
- **Medical Marijuana Program:** continue staffing in the Finance Department, the Attorney's Office, and the City Manager's Office to support this program.

# Capital Budget Highlights

The 2012-2013 Proposed Capital Budget and 2013-2017 Proposed Capital Improvement Program is composed of 14 capital programs. Following is a breakdown of the major programs.

**2012-2013 Proposed Capital Budget  
Use of Funds (\$743 million)**



In this budget, capital program investments fund infrastructure improvements throughout the City including: airport, community centers, libraries, municipal water systems, public safety facilities, parks, sanitary and storm sewer systems, transportation systems, and the Water Pollution Control Plant. The Administration focused the City's limited resources on the sustainability of City facilities by addressing the most immediate needs of the City's infrastructure and prioritized funding for upgrades, expansions, and renovations with positive operation and maintenance impacts. Where possible, grants and funding from others will be leveraged to stretch City funds. Alternative funding sources will also be pursued to address the increasingly critical backlog of unmet/deferred infrastructure needs, particularly in the local street infrastructure.

The largest component of next year's budget is the Airport Capital Program (\$215 million) and it reflects a shift in focus from the many projects comprising the Airport Terminal Area Improvement Program to the maintenance and preservation of Airport infrastructure. The Parks and Community Facilities Development Capital Program is the next largest capital program (\$126 million) and its focus is to develop sports fields (ideally through joint-use agreements), develop the City's trail system further, and convert existing sports fields to artificial turf.

## Major Projects to be Completed Over the Next Five Years

### 2012-2013 Projects

Branch Library Efficiency Projects  
Convention Center Expansion and Renovation Project  
Diridon Area Parking and Multi-Modal Improvements  
Police Communications Emergency Uninterrupted Power Supply  
Solari Park Sports Field Conversion

### 2013-2014 Projects

30" Old Bayshore Sewer Pipe Rehabilitation  
Allen at Steinbeck School Soccer Field  
Commodore Children's Park  
Fire Station 21 – Relocation (White Road)  
Transportation Incident Management Center  
Pavement Maintenance – State Route Relinquishment  
Stevens Creek Boulevard Sanitary Sewer Improvement

### 2014-2015 Projects

60" Brick Interceptor Replacement of the Sanitary Sewer System, Phase VIA and VIB  
Autumn Street Extension  
Bollinger Road – Blaney Avenue Sanitary Sewer Improvement  
Fourth Major Interceptor Rehabilitation of the Sanitary Sewer System, Phase IIB/IIIB  
Headworks No. 1 Repair & Rehabilitation at the Water Pollution Control Plant  
Rincon Avenue – Virginia Avenue Sanitary Sewer Improvement  
Southeast Branch Library  
Penitencia Creek Trail Reach IB (Noble Avenue to Dorel Drive)  
Willow Glen-Guadalupe Storm Sewer System, Phase III

### 2015-2016 Projects

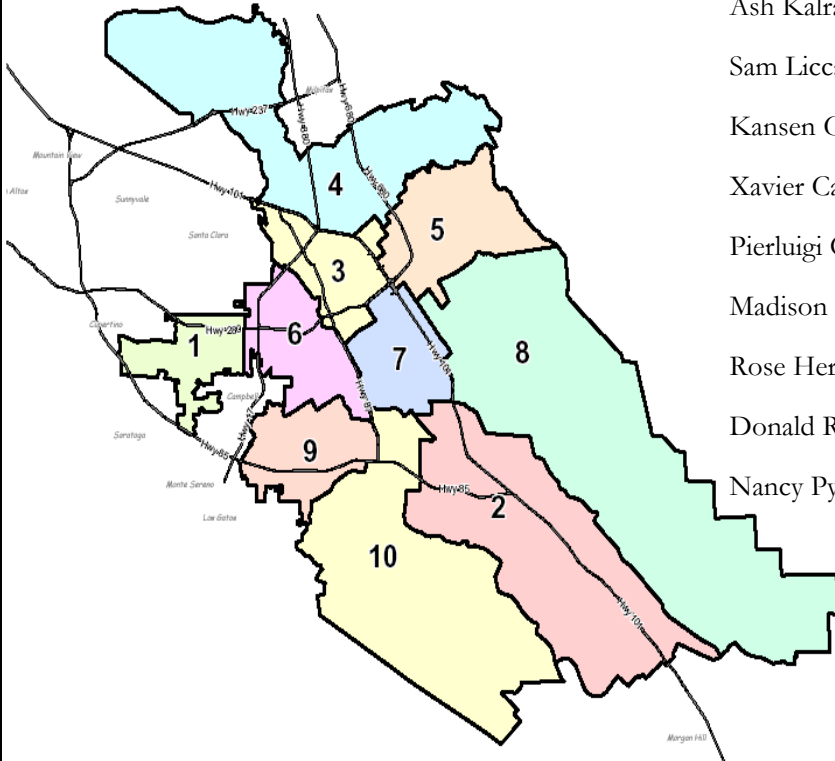
New Pipeline connection for the Biological Nutrients Removal (BNR) 1 & BNR 2  
Digester Rehabilitation at the Water Pollution Control Plant  
SBWR System Reliability and Infrastructure Replacement  
Taxiway W Improvements

### 2016-2017 Projects

Airport Rescue and Fire Fighting Facility  
BART Design, Policy, Planning and Construction Support  
Fourth Major Interceptor Rehabilitation of the Sanitary Sewer System, Phase VIIA

# Roster of City Officials

## City Council Districts



## Roster of Elected Officials

CITY COUNCIL	DISTRICT	TELEPHONE/ E-MAIL
Chuck Reed	Mayor	535-4800 <a href="mailto:mayoremail@sanjoseca.gov">mayoremail@sanjoseca.gov</a>
Pete Constant	1	535-4901 <a href="mailto:District1@sanjoseca.gov">District1@sanjoseca.gov</a>
Ash Kalra	2	535-4902 <a href="mailto:District2@sanjoseca.gov">District2@sanjoseca.gov</a>
Sam Liccardo	3	535-4903 <a href="mailto:District3@sanjoseca.gov">District3@sanjoseca.gov</a>
Kansen Chu	4	535-4904 <a href="mailto:District4@sanjoseca.gov">District4@sanjoseca.gov</a>
Xavier Campos	5	535-4905 <a href="mailto:District5@sanjoseca.gov">District5@sanjoseca.gov</a>
Pierluigi Oliverio	6	535-4906 <a href="mailto:pierluigi.oliverio@sanjoseca.gov">pierluigi.oliverio@sanjoseca.gov</a>
Madison P. Nguyen	7	535-4907 <a href="mailto:District7@sanjoseca.gov">District7@sanjoseca.gov</a>
Rose Herrera	8	535-4908 <a href="mailto:rose.herrera@sanjoseca.gov">rose.herrera@sanjoseca.gov</a>
Donald Rocha	9	535-4909 <a href="mailto:District9@sanjoseca.gov">District9@sanjoseca.gov</a>
Nancy Pyle	10	535-4910 <a href="mailto:District10@sanjoseca.gov">District10@sanjoseca.gov</a>

## City Manager

Debra Figone  
 Phone: (408) 535-8100  
[Webmaster.manager@sanjoseca.gov](mailto:Webmaster.manager@sanjoseca.gov)

## Managing Our Finances

The City's current general credit is rated Aa1/AA+/AA+ from Moody's, Standards and Poor's, and Fitch, respectively. Considering the City's fiscal challenges in recent years, the ratings by the three rating agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City still remains one of the highest rated large cities in California and the country. The City's Operating and Capital Budgets and the Comprehensive Annual Financial Report (CAFR) have received awards from the Government Finance Officers Association and the California Society of Municipal Finance Officers. The City's strong credit ratings have saved taxpayers money due to lower financing costs for debt issuance including the three general obligation bond measures passed for park, library, and public safety improvements and other debt obligations.

## Accessing the Budget

On-line versions of the City of San José's 2012-2013 Proposed Operating and Capital budgets are posted on the City's website at [www.sanjoseca.gov/budget](http://www.sanjoseca.gov/budget). These documents are also available at your public library. For more information about the City of San José Budget, please contact the City Manager's Budget Office at (408) 535-8144.

This publication can be made available upon request in alternative formats such as Braille, large print, audio-tape or computer disk. Requests can be made by calling (408) 535-8144 (Voice) or (408) 294-9337 (TTY).





# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** 2012-2013 BUDGET STUDY  
SESSIONS SCHEDULE AND  
AGENDAS

**DATE:** May 2, 2012

Approved

Date

5/2/12

The 2012-2013 Budget Study Sessions for the Operating and Capital Budgets and the Fees and Charges document are scheduled to begin on May 9, 2012. Attached is the master schedule as well as the detailed agendas for each day of the Budget Study Sessions. Please note that discussion items may be advanced if the City Council completes discussion of items sooner than scheduled or taken out of order.

The 2012-2013 Proposed Operating Budget is primarily organized by departments. However, the Study Sessions are held by City Service Area (CSA) to demonstrate the integration of departmental core services into the five key lines of business: Community and Economic Development; Environmental and Utility Services; Neighborhood Services; Public Safety; and Transportation and Aviation Services. The sixth CSA referred to as Strategic Support represents internal functions that enable the other five CSAs to provide services to the community. The City Service Area – Core Service Map, which is also attached, provides an overview of each CSA by identifying the departments and respective core services contributing to the CSA outcomes.

To facilitate the review of the 2012-2013 Proposed Operating Budget by CSA, the detailed agendas list the departments that contribute to the CSA and reference respective page numbers in the 2012-2013 Proposed Operating Budget that will be discussed in the Budget Study Sessions. For departments that have core services aligned to more than one CSA, the agendas reference the core services associated with the particular CSA under review as well as the associated Budget Proposal(s) and Performance Summary (e.g. The *Fire Safety Code Compliance* Core Service is discussed in the Community and Economic Development CSA while the remaining Fire Department core services are discussed in the Public Safety CSA).

HONORABLE MAYOR AND CITY COUNCIL

May 2, 2012

Subject: 2012-2013 Budget Study Sessions Schedule and Agendas

Page 2 of 2

The attached detailed agendas for the Operating Budget Study Session reference sections and page numbers in the 2012-2013 Proposed Operating Budget as follows:


- City Service Areas – Section VII  
(Service Delivery Framework, Budget Summary, Overview, and Proposed Budget Changes);
- City Departments/Council Appointees – Section VIII  
(Service Delivery Framework, Department Budget Summary, Budget Reconciliation, Budget Changes by Department, Performance Summary, and Departmental Position Detail); and
- City-Wide – Section IX  
(City-Wide Expenses and 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); 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.

The Proposed 2012-2013 Fees and Charges Report, which will be discussed on Friday, May 11, 2012, will be released on Friday, May 4<sup>th</sup> 2012.

Please contact me at 535-8144 if you have questions or would like assistance with the agendas.

  
JENNIFER A. MAGUIRE  
Budget Director

Attachments:

1. Budget Study Session Schedule
2. Detailed Budget Study Session Agendas
3. City Service Area – Core Service Map

**2012-2013  
CITY OF SAN JOSÉ  
BUDGET STUDY SESSIONS\***

ITEM**	DATE	TIME
<b>2012-2013 Operating Budget</b>		
□ Overview	Wednesday, May 9, 2012	9:30 am – 10:30 am
<b><i>CSA Overview, Core Services, and Performance Measures</i></b>		
□ Community & Economic Development	Wednesday, May 9, 2012	10:30 am – 12:00 pm
	Thursday, May 10, 2012	9:00 am – 9:30 am
□ Public Safety	Thursday, May 10, 2012	9:30 am – 12:00 pm
□ Neighborhood Services	Thursday, May 10, 2012	1:30 pm – 3:30 pm
□ Environmental & Utility Services	Thursday, May 10, 2012	3:30 pm – 5:00 pm
□ Transportation & Aviation Services	Friday, May 11, 2012	9:00 am – 11:00 am
□ Strategic Support/Appointees	Friday, May 11, 2012	11:00 am – 12:00 pm 1:30 pm – 3:00 pm
□ Fees and Charges	Friday, May 11, 2012	3:00 pm – 4:00 pm
<b>2012-2013 Capital Budget and 2013-2017 Capital Improvement Program</b>		
□ Overview	Monday, May 14, 2012	1:30 pm – 2:00 pm
□ Capital Program Review	Monday, May 14, 2012	2:00 pm – 5:00 pm
▪ Community and Economic Development		
▪ Environmental & Utilities Services		
▪ Neighborhood Services		
▪ Public Safety		
▪ Transportation & Aviation Services		
▪ Strategic Support		
<b>Hold for Discussion if Needed</b>		
<b>HOLD</b>	Wednesday, May 16, 2012	9:00 am – 12:00 pm
	Thursday, May 17, 2012	9:00 am – 12:00 pm

\* Budget Study Sessions will be held in the City Council Chambers.

\*\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Wednesday, May 9, 2012  
9:30 am – 12:00 pm, Council Chambers

Opening Comments	Mayor Chuck Reed
Introduction of Proposed Operating Budget	Debra Figone
Overview Presentation	Jennifer Maguire/Kim Walesh
Discussion of CSA Overviews, City Departments, and Performance Measures	

City Service Area Page #

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#### Community and Economic Development (CSA Lead: Kim Walesh)

1. City Service Area VII-9 – VII-28

2. City Departments/Performance Summary

Convention Facilities Department VIII-59 – VIII-66

City Manager – Office of Economic Development VIII-67 – VIII-80

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Fire Department

- *Budget Proposal #2* VIII-129

- *Fire Safety Code Compliance Performance Summary* VIII-137

Housing Department VIII-141– VIII-154

Planning, Building and Code Enforcement Department VIII-225 – VIII-241

**Except:** *Community Code Enforcement Budget Proposals #1, #5, and #6 (VIII-231, VIII-233) and Performance Summary (VIII-236 – VIII-237) discussed as part of the Neighborhood Services CSA*

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Wednesday, May 9, 2012  
9:30 am – 12:00 pm, Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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#### **Community and Economic Development (Cont'd.)**

##### 2. City Departments/Performance Summary

Public Works Department

- *Budget Proposal #4 and #8* VIII-273 – VIII-275

- *Regulate/Facilitate Private Development Perf. Summary* VIII-282

##### 3. City-Wide

City-Wide Expenses – Community and Economic Develop. CSA IX-9

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\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Thursday, May 10, 2012  
9:00 am – 12:00 pm, Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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**Community and Economic Development** (Discussion Cont'd.)

**Public Safety** (CSA Lead: Chris Moore)

1. City Service Area VII-65 – VII-82

2. City Departments/Performance Summary

Fire Department VIII-123 – VIII-139

**Except:** *Fire Safety Code Compliance* Budget Proposal #2  
(VIII-129) and Performance Summary (VIII-137)  
discussed as part of the Community and Economic  
Development CSA

Independent Police Auditor VIII-165 – VIII-172

Police Department VIII-243 – VIII-264

**Except:** *Traffic Safety Services* Performance Summary (VIII-262)  
discussed as part of the Transportation and Aviation  
Services CSA

3. City-Wide

City-Wide Expenses – Public Safety CSA IX-10

General Fund Capital, Transfers, and Reserves – Public Safety CSA IX-29 – IX-31

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Thursday, May 10, 2012  
1:30 pm – 5:00 pm, Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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#### Neighborhood Services (CSA Lead: Julie Edmonds-Mares)

1. City Service Area VII-47 – VII-63
  
2. City Departments/Performance Summary
  - Library Department VIII-187 – VIII-196
  
  - Parks, Recreation and Neighborhood Services Department VIII-203 – VIII-224
  
  - Planning, Building and Code Enforcement Department  
- *Budget Proposals #1, #5 and #6* VIII-231 – VIII - 233  
- *Community Code Enforcement Performance Summary* VIII-236 – VIII-237
  
  - Public Works Department  
- *Budget Proposal #1* VIII-272  
- *Animal Care and Services Performance Summary* VIII-278
  
4. City-Wide
  - City-Wide Expenses – Neighborhood Services CSA IX-9
  - General Fund Capital, Transfers, and Reserves – Neighborhood Services CSA IX-29 – IX-30

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Thursday, May 10, 2012  
1:30 pm – 5:00 pm, Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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#### **Environmental and Utility Services (CSA Lead: Kerrie Romanow)**

1. City Service Area VII-29 – VII-46
  
2. City Departments/Performance Summary
  - Environmental Services Department VIII-81 – VIII-103
  
  - Transportation Department
  - *Budget Proposals #1,#2,# 3 and #4* VIII-302 – VIII - 305
  - *Sanitary Sewer Maintenance and Storm Sewer Management* VIII-311 – VIII-313
  - Performance Summary

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\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.





## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

#### AGENDA\*

Friday, May 11, 2012

9:00 am – 12:00 pm and 1:30 pm – 4:00 pm

Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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#### **Transportation and Aviation Services (CSA Lead: Hans Larsen)**

1. City Service Area VII-83 – VII-101

2. City Departments/Performance Summary

Airport Department VIII-1 – VIII-15

Police Department

- *Traffic Safety Service* Performance Summary VIII-262

Transportation Department VIII-295 – VIII-321

**Except:** *Sanitary Sewer Maintenance and Storm Sewer Management* Budget Proposals #1, #2, #3 and #4 (VIII-302 – VIII-305) and Performance Summary (VIII-311 – VIII-313) discussed as part of the Environmental and Utility Services CSA

3. City-Wide

City-Wide Expenses – Transportation and Aviation CSA IX-10 – IX-11

General Fund Capital, Transfers, and Reserves – Transportation and Aviation CSA IX-30

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

#### AGENDA\*

Friday, May 11, 2012

9:00 am – 12:00 pm and 1:30 pm – 4:00 pm

Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area Page #

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#### **Strategic Support** (CSA Lead: Alex Gurza)

1. City Service Area VII-103 – VII-153

2. City Departments/Performance Summary

Finance Department VIII-105 – VIII-121

Human Resources Department VIII-155 – VIII-164

Information Technology Department VIII-173 – VIII-186

Public Works Department VIII-265 – VIII-286

**Except:** *Regulate/Facilitate Private Development* Budget  
Proposals #4 and #8 (VIII-273 – VIII-275) and  
Performance Summary (VIII-282) discussed as part  
of the Community and Economic Development CSA

*Animal Care and Services* Budget Proposal #1  
(VIII-272) and Performance Summary (VIII-278)  
discussed as part of the Neighborhood Services CSA

Retirement Services Department VIII-287 – VIII-294

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



## 2012-2013 PROPOSED OPERATING BUDGET

### STUDY SESSION

### AGENDA\*

Friday, May 11, 2012

9:00 am – 12:00 pm and 1:30 pm – 4:00 pm

Council Chambers

Discussion of CSA Overviews, City Departments, and Performance Measures

City Service Area \_\_\_\_\_ Page #

#### **Strategic Support/Appointees**

##### 3. Mayor, City Council and Appointees

Office of the City Attorney	VIII-17 – VIII-27
Office of the City Auditor	VIII-29 – VIII-36
Office of the City Clerk	VIII-37 – VIII-45
Office of the City Manager	VIII-47 – VIII-57

##### 4. City-Wide

City-Wide Expenses – Strategic Support CSA	IX-12 – IX-13
General Fund Capital, Transfers, and Reserves – Strategic Support CSA	IX-30

#### **Fees and Charges**

See separate document

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



**2012-2013 PROPOSED CAPITAL BUDGET  
AND  
2013-2017 CAPITAL IMPROVEMENT PROGRAM**

**STUDY SESSION  
AGENDA\***

Monday, May 14, 2012  
1:30 pm – 5:00 pm, Council Chambers

Opening Comments	Mayor Chuck Reed
Introduction of Proposed Capital Budget	Debra Figone
Overview Presentation	Jennifer Maguire/Dave Sykes

Discussion of Capital Budget

<u>City Service Area</u>	<u>Page #</u>
<b>Community and Economic Development</b>	<b>V-1 – V-4</b>
<i>Developer Assisted Projects Capital Program</i>	V-5 – V-20
<b>Environmental and Utility Services</b>	<b>V-21 – V-29</b>
<i>Sanitary Sewer System Capital Program</i>	V-31 – V-89
<i>Storm Sewer System Capital Program</i>	V-91 – V-123
<i>Water Pollution Control Capital Program</i>	V-125 – V-186
<i>Water Utility System Capital Program</i>	V-187 – V-217
<b>Neighborhood Services</b>	<b>V-219 – V-232</b>
<i>Library Capital Program</i>	V-233 – V-266
<i>Parks and Community Facilities Development Capital Program</i>	V-267 – V-477

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.



**2012-2013 PROPOSED CAPITAL BUDGET  
AND  
2013-2017 CAPITAL IMPROVEMENT PROGRAM**

**STUDY SESSION  
AGENDA\***

Monday, May 14, 2012  
1:30 pm – 5:00 pm, Council Chambers

Discussion of Capital Budget

<u>City Service Area</u>	<u>Page #</u>
<b>Public Safety</b>	<b>V-479 – V-483</b>
<i>Public Safety Capital Program</i>	V-485 – V-522
<b>Transportation and Aviation Services</b>	<b>V-523 – V-531</b>
<i>Airport Capital Program</i>	V-533 – V-583
<i>Parking Capital Program</i>	V-585 – V-601
<i>Traffic Capital Program</i>	V-603 – V-704
<b>Strategic Support</b>	<b>V-705 – V-709</b>
<i>Communications Capital Program</i>	V-711 – V-723
<i>Municipal Improvements Capital Program</i>	V-725 – V-749
<i>Service Yards Capital Program</i>	V-751 – V-769

\* Items may be advanced, if the City Council completes discussion of items sooner than scheduled, or taken out of order. For information, please call Agenda Services at 535-8285.

# City Service Area – Core Service Map

## COMMUNITY & ECONOMIC DEVELOPMENT CSA

**Mission:** To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of housing and employment opportunities, and encourage a diverse range of arts, cultural and entertainment offerings.

**Outcomes:**

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Amenities

### Core Services

CITY MANAGER – ECONOMIC DEVELOPMENT

- Arts and Cultural Development
- Business Development and Economic Strategy
- Real Estate Services
- Regional Workforce Development

CONVENTION FACILITIES

- Convention Facilities

FIRE

- Fire Safety Code Compliance

HOUSING

- Community Development and Investment
- Housing Development and Preservation
- Neighborhood Development and Stabilization

PBCE

- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

PUBLIC WORKS

- Regulate/Facilitate Private Development

## ENVIRONMENTAL & UTILITY SERVICES CSA

**Mission:** Provide environmental leadership through policy development, program design, and reliable utility services.

**Outcomes:**

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- “Clean and Sustainable” Air, Land and Energy
- Safe, Reliable, and Sufficient Water Supply

### Core Services

ENVIRONMENTAL SERVICES

- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

TRANSPORTATION

- Sanitary Sewer Maintenance
- Storm Sewer Management

## NEIGHBORHOOD SERVICES CSA

**Mission:** To serve, foster, and strengthen community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods.

**Outcomes:**

- Safe and Clean Parks, Facilities and Attractions
- Vibrant Cultural, Learning, Recreation, and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

### Core Services

LIBRARY

- Access to Information, Library Materials and Digital Resources
- Formal and Lifelong Self-Directed Education

PRNS

- Parks Maintenance and Operations
- Recreation and Community Services

PBCE

- Community Code Enforcement

PUBLIC WORKS

- Animal Care and Services

**The Mission of the City of San José is to provide quality public services, facilities and opportunities that create, sustain, and enhance a safe, livable and vibrant community for its diverse residents, businesses and visitors.**

# City Service Area – Core Service Map

## PUBLIC SAFETY CSA

**Mission:** Provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations.

**Outcomes:**

- The Public Feels Safe Anywhere, Anytime in San José
- Residents Share the Responsibility for Public Safety

### Core Services

**FIRE**

- Emergency Response
- Fire Prevention

**INDEPENDENT POLICE AUDITOR**

- Independent Police Oversight

**POLICE**

- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

## TRANSPORTATION & AVIATION SERVICES CSA

**Mission:** To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.

**Outcomes:**

- Provide Safe and Secure Transportation Systems
- Provide Viable Transportation Choices that Promote a Strong Economy
- Travelers Have a Positive, Reliable and Efficient Experience
- Preserve and Improve Transportation Assets and Facilities
- Provide a Transportation System that Enhances Community Livability

### Core Services

**AIRPORT**

- Airport Facilities Maintenance
- Airport Operations
- Airport Planning and Development

**POLICE**

- Traffic Safety Services

**TRANSPORTATION**

- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

## STRATEGIC SUPPORT CSA

**Mission:** To effectively develop, manage and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.

**Outcomes:**

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

### Core Services

**FINANCE**

- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management
- Treasury Management

**HUMAN RESOURCES**

- Employee Benefits
- Employment Services
- Health and Safety

**INFORMATION TECHNOLOGY**

- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

**PUBLIC WORKS**

- Facilities Management
- Fleet and Equipment Services
- Plan, Design and Construct Public Facilities and Infrastructure

**RETIREMENT**

- Retirement Plan Administration

## MAYOR, CITY COUNCIL AND APPOINTEES

**Mission:** Council appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.

**MAYOR AND CITY COUNCIL**

- Office of the Mayor
- City Council

**CITY ATTORNEY**

- Legal Representation
- Legal Transactions

**CITY AUDITOR**

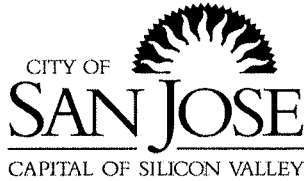
- Audit Services

**CITY CLERK**

- Facilitate the City's Legislative Process

**CITY MANAGER**

- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT: RECOMMENDATION ON THE  
2013-2017 PROPOSED CAPITAL  
IMPROVEMENT PROGRAM**

**DATE:** May 9, 2012

---

## **RECOMMENDATION**

The Planning Commission unanimously recommends (7-0-0-0) that the City Council adopt the Proposed 2013-2017 Capital Improvement Program (CIP), and consider additional Planning Commission comments outlined herein.

## **OUTCOME**

Adoption of the Proposed 2013-2017 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 *Envision San Jose 2040 General Plan* is an important criterion in the Commission's review of the document.

## **ANALYSIS**

On May 2, 2012, the Planning Commission conducted its annual public hearing on the City's Proposed 2013-2017 Capital Improvement Program (CIP). The hearing included a presentation by staff from the City Manager's Budget Office. Active Commission discussion occurred with representatives from several City Departments. There were no public comments during the hearing.



The Planning Commission considered the various City Service Areas (CSAs) and Capital Programs of the CIP, and how these relate to each other as well as to the City's General Fund. Among the fourteen Capital Programs, the Commission's discussion was primarily focused on various aspects of the Traffic Program, but also included the Parks and Community Facilities Program and Public Art Program, as described below.

In addition, the Planning Commission provided suggestions and feedback to staff as it relates to ongoing efforts to align the CIP with the *Envision San Jose 2040 General Plan* and the challenges of meaningful review with the release of the CIP one week in advance of the Planning Commission Meeting.

The Planning Commission's questions and comments on the CIP can be summarized as follows:

### **1. Attend to Critical Pavement Management Issue**

Reiterating comments from last year, the Planning Commission once again emphasized the relatively limited amount of funding being budgeted for roadway maintenance and repair (\$101.6 million over the next five years), pointing to the negative consequences of deferred pavement maintenance on residents' quality of life as well as the City's economic development efforts. The Commission noted the substandard and deteriorating condition of many neighborhood streets not included in the recently designated "Priority Street Network", and one commissioner requested consideration of equity in the geographic distribution of maintenance/repair activities. However, overall, the Commission was pleased with continuing efforts to prioritize and align pavement management with the goals of the *Envision San Jose 2040 General Plan*.

### **2. Funding Sources Restrictions**

The Planning Commission discussed that the majority of the \$1.6 billion 2013-2017 CIP is funded by revenues sources restricted for a certain activity such as Sewer Service and Use Charges that primarily fund the capital expenditures for the Water Pollution Control Capital Improvement Program. As a result of this discussion, the Commission suggested that the Capital Improvement Program be more explicit about the restricted funding sources. Further, the Commission recommended that each Capital Improvement Program include a description on how the CIP aligns with the *Envision San Jose 2040 General Plan*.

### **3. Consider Benefits of Regionalization**

One commissioner endorsed the concept of regionalization in capital expenditures and the delivery of municipal services, while recognizing that the City supports neighboring jurisdictions with the treatment of wastewater and allocations for regional projects in the 2013-2017 CIP for VTA and BART joined projects. The cited benefits of such an approach were suggested to include slowing the rate of growth in expenditures, sharing of infrastructure costs, improving our financial stability, enhancing revenue-generating opportunities, and increasing access to State and Federal funds.

#### **4. Support Alternate Modes of Transportation**

Individual commissioners conveyed various sentiments that can be captured under the common theme of continuing support of alternate modes of transportation. For example, one commissioner urged the need to complete the San Jose BART extension in the near term, rather than in “piece meal” fashion over the next fifteen years. Another commissioner stressed the need for regular cleaning of bikeways, which have become cluttered with obstacles and debris such that it creates a safety hazard.

#### **5. Park Facility Inquiries**

The Planning Commission raised several questions related to park facilities, such as the reason for turf alteration of select parks (e.g., Mise Park) from natural grass to synthetic. Related to this, the Commission inquired about the cleaning of artificial turf. Also, the Commission was interested in dual use of some park facilities as a rainwater detention basin.

Staff responded that the City was pursuing a strategic and geographically distributed approach to the use of artificial turf, and that irrigation systems are installed to ensure a sanitary environment. As to the dual park/detention basin use, new parks on the Hitachi redevelopment site were cited as examples, where both the ten-acre softball park (outfield only) and five-acre linear park serve such a dual-purpose use.

#### **6. Allocation of Public Art**

One commissioner inquired about the possibility of a more strategic and flexible approach to the allocation of public art than the “one percent” funding requirement of Chapter 22.08 (Art in Public Places) of the San Jose Municipal Code. Specifically, it was suggested that certain CIP Programs (e.g., the Sanitary Sewer and Storm Sewer Systems) have facilities that are not frequently visited by members of the public, and therefore could be appropriately relieved of the public art funding requirement.

#### **Conclusion**

Based on information contained in the Proposed 2013-2017 Capital Improvement Program and discussed at the hearing, the Planning Commission found that the CIP is consistent with the *Envision San Jose 2040 General Plan*. The Planning Commission recommended that the City Council adopt the Proposed 2013-2017 Capital Improvement Program.

#### **ALTERNATIVES**

Not applicable.

HONORABLE MAYOR AND CITY COUNCIL

May 9, 2012

**Subject: Recommendation on the 2013-2017 Proposed Capital Improvement Program**

Page 4

### **PUBLIC OUTREACH**

Notice of the Planning Commission's public hearing on the CIP was posted on the City's website, and staff was available to answer questions from the public. No members of the public chose to speak at the public hearing. The Commission's formal recommendation to the City Council on the CIP occurred as a public hearing item on the agenda of the Planning Commission's evening session on May 2, 2012. The Proposed 2013-2017 Capital Improvement Program has been available for public review on the City's website at <http://www.sanjoseca.gov/budget/FY1213/ProposedCapitalCIP20122013.asp>.

### **COORDINATION**

This memorandum was coordinated with the City Manager's Budget Office and City Attorney's Office.

### **CEQA**

Not a project, City Organizational & Administrative Activities, PP10-069.

/s/

JOSEPH HORWEDEL, SECRETARY  
Planning Commission

For questions, please contact Joe Horwedel at (408) 535-7900.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** 2012-2013 SELECTED SERVICES  
RESTORATION COSTS

**DATE:** May 9, 2012

Approved

Date

5-9-12

## BACKGROUND

As part of the City Council approval of the 2012-2013 Mayor's March Budget Message at the March 20, 2012 City Council Meeting, the Administration was directed to provide cost information for selected service restorations if, during the course of this year's budget, the City experiences an additional incremental ongoing General Fund surplus.

## ANALYSIS

The attachment on the following pages summarizes the selected services and their restoration costs. By each service, a description along with the associated position impact and costs, both for 2012-2013 and ongoing, is provided.

## COORDINATION

The information provided in the attached table has been coordinated with the Office of Economic Development, Fire Department, Library Department, Parks, Recreation and Neighborhood Services Department, and the Police Department.

JENNIFER A. MAGUIRE  
Budget Director

Attachment

**2012-2013 Selected Services Restoration Costs**  
**(General Fund)**

<b>Service</b>	<b>Description</b>	<b>Position Impact (FTE)</b>	<b>2012-2013 Cost</b>	<b>2012-2013 Revenue</b>	<b>2012-2013 Net Cost</b>	<b>Ongoing Net Cost</b>
Restore branch library services to operate six days a week	Restores branch library services from the current service level (4 days per week 33-34 hours per branch) to six days per week, including the four branch libraries (Seven Trees, Bascom, Educational Park, and Calabazas) proposed to be opened as part of the 2012-2013 Proposed Operating Budget. This includes 57.96 positions (\$4,011,661) and non-personal/equipment funding (\$620,000), partially offset by additional revenue (\$300,000).	3.65 Library Aide PT 6.0 Library Assistant 6.0 Library Clerk 8.0 Library Clerk PT 10.0 Librarian II 9.0 Librarian II PT 6.51 Library Page PT 0.30 Network Technician II PT, 5.0 Senior Librarian 1.0 Sr. Supervisor, Admin 1.0 Warehouse Worker I/II 0.50 Warehouse Worker I PT 1.0 Literacy Program Specialist	\$4,631,661	\$300,000	\$4,331,661	\$5,171,384
Restore transportation services to seniors for Senior Nutrition programming at seven sites	Restores funding in the amount of \$233,065 necessary for drivers to transport seniors to Senior Nutrition sites at Mayfair, Gardner, Alma, Cypress, Seven Trees, Southside, and Willow Glen that were eliminated in the 2010-2011 Adopted Budget. This includes \$50,000 in non-personal/equipment for van service and operations. Parks, Recreation, and Neighborhood Services Department staff is currently evaluating the most efficient transportation services options which may include the restoration or provision of alternative methods and alternative sites for transportation functions.	5.25 Recreation Leader PT Benefitted	\$283,065		\$283,065	\$283,065
Continue to provide funding assistance, as in 2011-2012, to our Neighborhood Business Associations	Continues funding provided by the San Jose Redevelopment Agency in 2011-2012 for neighborhood business associations. Funding of \$5,000 for each of the following nine associations:  Alum Rock Village Business Association East Santa Clara Street Business Association Japantown Business Association Luna Park/13 <sup>th</sup> Street Business Association Story Road Business Association The Alameda Business Association West San Carlos Street Neighborhood and Business Association Willow Street Business Association Winchester Business Association	N/A	\$45,000		\$45,000	\$45,000

**2012-2013 Selected Services Restoration Costs**  
**(General Fund)**

Restore staffing for the Fire Department's Hazardous Incident Team (HIT)	Restores funding for the Hazardous Incident Team (HIT) including 13 sworn fire personnel. HIT was eliminated as part of the 2010-2011 Adopted Budget and reconfigured with response functions performed by the existing truck company at Fire Station 29 for a more efficient and cost-effective service delivery model. The costs include one-time fire fighter recruit and training costs, associated overtime and non-personal/equipment expenditures.	7.0 Fire Fighter, 3.0 Fire Engineer 3.0 Fire Captain	\$3,183,472		\$3,183,472	\$2,427,138
Hire 10 additional police officers to be deployed at the discretion of the Police Chief for the suppression of gang violence and neighborhood crimes	Includes funding for ten additional Police Officer positions. The costs reflect a January 2013 start date due the lead time necessary for background and recruiting functions, associated overtime, and non-personal/equipment expenditures.	10.0 Police Officer	\$824,795		\$824,795	\$1,562,760
Company retention and attraction – OED staff member	Provides funding for one position to support company retention and attraction.	1.0 Sr. Executive Analyst	\$137,795		\$137,795	\$137,795



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Sharon Erickson  
Jennifer A. Maguire

**SUBJECT:** CITY AUDITOR STAFFING

**DATE:** May 9, 2012

Approved

Date

5-9-12

## RECOMMENDATION

Approve the following amendment to the 2012-2013 Proposed Budget in the General Fund:

- a. Eliminate 1.0 Supervising Auditor and 1.0 Senior Program Performance Auditor, and add 3.0 Program Performance Auditor I (ongoing cost: \$0)

## BACKGROUND

Since 2008-2009, the Office of the City Auditor has reduced staffing by nearly one-third, and a supervisory layer has been removed. The staffing reductions have impacted the quantity of work produced.

## ANALYSIS

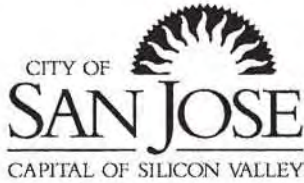
This proposal eliminates 1.0 vacant Supervising Auditor position and 1.0 vacant Senior Program Performance Auditor position in order to add 3.0 Program Performance Auditor I positions. During the recent recruitment process, the City Auditor determined that there were several viable entry level candidates. This action will increase audit staffing dedicated to conducting performance audits of City programs. It continues the Office's previous efforts to streamline and flatten the audit organization at no additional cost to the City. The additional staffing will result in additional program performance audits conducted and audit benefits identified.

## COORDINATION

This proposal has been coordinated with the Mayor's Budget Office.

SHARON W. ERICKSON  
City Auditor

JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh

**SUBJECT:** SEE BELOW

**DATE:** May 10, 2012

Approved

Date

5/10/12

**SUBJECT: TEAM SAN JOSE 2012-2013 PERFORMANCE MEASURES**

## RECOMMENDATION

It is recommended that City Council consideration of Team San Jose performance measures for 2012-2013 be deferred to no later than the August 14, 2012 City Council meeting to allow the City Administration and Team San Jose to quantify and account for the impact of reduced performance days at the cultural facilities.

## BACKGROUND

In January of 2009, the City of San Jose and Team San Jose (TSJ), which manages the City's Cultural Facilities, entered into a new five year agreement through June 30 2014, with two additional three year options for management of the convention center and cultural facilities. (Management Agreement). Subsequently, the City and TSJ entered into an addendum to the contract in January 2011.

The new agreement requires TSJ to submit its annual targets for the following performance measures to be weighted as follows: Economic Impact Measures 40%, Gross Operating Profit 40%, Theater Performance 10%, and Customer Service Survey Results 10%. In addition, the level of Incentive Management Fee (Incentive Fee) is set each fiscal year based on TSJ's achievement of separate, but related incentive fee measures.

## ANALYSIS

The purpose of the performance measures is to provide a quantifiable way of evaluating TSJ's management of the convention and cultural facilities. The purpose of the incentive fee measures is to provide a quantifiable way of calculating the actual Incentive Fee earned by TSJ, and paid from the Convention and Cultural Affairs Fund. In recent years the performance measures for TSJ have been brought forward through the Manager's Budget Addendum (MBA) process and ultimately approved as part of the Mayor's June Budget Message.



HONORABLE MAYOR AND CITY COUNCIL

May 10, 2012

**Subject: Recommendations for the 2012-2013 Team San Jose Performance Measures**

Page 2

In April 2012, a number of cultural non-profits notified TSJ that they intend to modify their schedules in the cultural facilities that TSJ manages, including the Civic Auditorium, California Center for Performing Arts and California Theater. Theater Performance also helps set performance measures related to economic impact and gross operating profit. Because the schedule for theater performance days by the cultural non-profits will not be finalized in time for the MBA process, the Administration is recommending deferring the Team San Jose 2012-2013 Performance Measure until August 2012, when they will come to the City Council for approval.

**COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the Department of Finance and Team San Jose.

/s/

KIM WALESH  
Director of Economic Development  
Chief Strategist

For questions please contact Lee Wilcox, Downtown Manager, at (408) 535-8172.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

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

**SUBJECT: ALTERNATIVE SERVICE  
DELIVERY PROPOSAL –  
AIRPORT PARKING AND TRAFFIC  
CONTROL**

**DATE:** May 10, 2012

Approved

Date

5/10/12

This Manager's Budget Addendum provides additional information regarding the proposed alternative service delivery proposal for the Airport Parking and Traffic Control program.

## BACKGROUND

In May 2010, the City Council directed the Administration to take the necessary steps to continue to keep costs to airlines at a competitive level so that the Airport can successfully recruit and retain air service. The Airport Department (Airport) identified the highest priority and most practical items to keep costs to the airlines low as reflected in the Airport's Cost per Enplanement (CPE). An information memorandum regarding the status of these actions taken over the past two years was submitted to the City Council on October 4, 2011. Among the items noted in the report that had a potential for cost reductions was outsourcing the Parking and Traffic Control function.

On January 19, 2012, the Administration provided the Mayor and City Council with an information memorandum entitled "2012-2013 Preliminary Alternative Service Delivery Evaluations", which listed the Airport Parking and Traffic Control program as one of the services that was undergoing a preliminary business case analysis as part of the 2012-2013 Proposed Budget process.

In accordance with Council Policy 0-41, the Airport is submitting the attached final business case analysis for Airport Parking and Traffic Control Officers (APTCO) services.

## ANALYSIS

The Airport Department has completed the business case analysis evaluating a new service delivery model that would outsource the Parking and Traffic Control function (See Attachment A). As outlined in the 2012-2013 Proposed Budget document, this recommended model generated about \$1 million in ongoing savings for the Airport by expanding an existing city-wide security contract, reducing airport staffing by 20 total PTCO positions and reassigning the remaining 1.5 supervisory and management staff positions to other functions at the Airport.

May 10, 2012

**Subject: Alternative Service Delivery Proposal – Airport Parking and Traffic Control**

Page 2

The business model change will result in the bumping of fifteen current employees (five positions are vacant) to Department of Transportation (DOT) PTCO positions in accordance with Civil Service regulations. The Human Resources Department has identified potential redeployment opportunities in the City for PTCOs, which may minimize the laying-off of displaced DOT employees. The qualifications of the PTCOs will need to be evaluated with the potential openings to determine how many will be able to be redeployed during the six-month transitional period.

The transition of PTCOs from the Airport to the DOT will extend through December 2012 to minimize training and productivity impacts associated with a single large staff reallocation. Five PTCOs will be transferred by the end of June, five by the end of September and the last five by the end of December. If the City Council approves this recommendation, Human Resources, Airport and DOT staffs will work together to assign and transition employees.

In early April 2012, the City provided notice to the affected bargaining unit, the International Union of Operating Engineers, Local #3 (OE#3) regarding the changes and transition plan being considered as described herein. Upon request from OE#3, the parties met on May 8, 2012. Staff will be providing information requested by OE#3 and additional meetings, if needed, will be scheduled as necessary.

While the most significant benefit of the proposed model is cost savings of approximately \$1 million, it also provides flexibility to meet the staffing needs for the Airport curbsides and facilities, and provides additional services to the Airport, tenants and passengers that do not exist today. Contracted staffing would maintain responsibilities within the terminal buildings and on the airfield ramps which PTCOs currently are not able to perform, as well as the limited curbside security services provided each day. In addition, contracted PTCO staff would provide expanded services at the curbsides, as well as additional services such as crowd control during specified or emergency events; coordination with SJPD for security or traffic control activities, airside or landside; and will permit the flexibility needed for more effective and efficient use of staffing resources.

If approved by the City Council, the proposed business model will require that the City Manager grant authority to the contract staff for issuance of citations for Airport rules violations, minor curbside and parking offenses and traffic control. Further, if this recommendation is approved, the Security Services agreement with the current vendor will be amended to include the new scope of work for these curbside services at the Airport. Since the current city-wide security services contract is scheduled to expire in spring 2013, staff plans to issue a Request for Proposal in summer 2012 that will include the Airport security services and parking control needs.

The Airport has considered both the availability and cost of providing adequate supervision and administration for outsourcing. The Airport Operations, Security Section, currently administers a contract for unarmed guard security services. This section, working jointly with the SJPD, would assume responsibility for managing and coordination of the contract curbside management services as well.

HONORABLE MAYOR AND CITY COUNCIL

May 10, 2012

**Subject: Alternative Service Delivery Proposal – Airport Parking and Traffic Control**

Page 3

### **PUBLIC OUTREACH**

A public stakeholders meeting for interested parties, including airline carriers, union representatives, and airport tenants was conducted on May 9, 2012. Two stakeholders were in attendance, including one Airport PTCO and a representative from an airport tenant, and no comments were received.

### **COORDINATION**

This Manager's Budget Addendum (MBA) has been coordinated with the Department of Transportation and the Office of Employee Relations.

/s/ Kimberly B Aguirre for  
William F. Sherry, A.A.E.  
Director of Aviation

Attachment: Airport Parking and Traffic Control - Preliminary Business Case Analysis,  
4/26/2012



**Airport Parking and Traffic Control  
Preliminary Business Case Analysis  
4/26/2012**

**Current Service Model:**

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The Airport Operations Division, through the use of Parking and Traffic Control Officers (PTCO's), provides curbside management, traffic control, parking enforcement and customer service for the terminal curbsides and parking facilities at the Mineta San Jose International Airport. The Airport annually serves approximately 4.2 million enplaned passengers and another 4.2 million deplaned (arriving) passengers.

- The Curbside Management Program is part of the Airport Operations Division and works closely with the San Jose Police Department (SJPD), the San Jose Fire Department (SJFD), the Airlines, other Airport Tenants and the Transportation Security Administration (TSA) to support necessary curbside and security services in a way that meets the customer's needs, ensures safety and fulfills regulatory requirements. Under the proposed model, this cooperative team approach with the contractor will continue.
- The Curbside Management Program consists of 20 PTCO's managed by one Airport Operations Supervisor and one half-time of an Airport Operations Superintendent who also has management responsibility for the Airport's parking program (21.5 FTE total assigned to Curbside Management).
- In addition to the PTCOs, the Airport utilizes contract security guards to comply with curbside control, TSA security requirements and security related issues.
- The Airport operates 24 hours per day, 7 days per week and 365 days per year. The PTCO's are scheduled in shifts from 5:00 AM through 11:30 PM and the contract guard service manages the curbs from 11:00 PM to 5:00 AM on a daily basis, including all holidays and weekends.
- Organizationally the Airport has, over the last three budget cycles, reduced staffing to align Airport expenditures to Airport revenues. Specifically, PTCO Staffing was adjusted during the New Airport construction process and further reductions were made upon completion of the Terminal Area Improvement Program (TAIP) due to a much improved roadway configuration.
- An annual cost for the Airport's Curb Management Program (20.0 FTE PTCO, 1.5 FTE management staff and 12 hours per day of contractual services) is approximately \$2.15 million. These costs are made up of Personal Services costs (salary, benefits (includes Health, Dental, Unemployment, etc.), and retirement), Overtime (holiday and constant staffing), City overhead, non-personal (uniforms) and contractual services.

**New Service Model Concept:**

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City Council directed the Administration in May 2010 to take the necessary steps to continue to keep costs to airlines at a competitive level so that the Airport can successfully recruit and retain air service. Airport staff identified the highest priority and most practical items to keep costs to the airlines low as reflected in the Airport's Cost per Enplanement (CPE). An information memo regarding the status of these actions taken over the past two years was submitted to the City Council on October 4, 2011. Among the items noted in the report that had a potential for cost reductions was outsourcing the Parking and Traffic Control function. In order to further reduce costs while providing curbside safety and security services, the Airport recommends contracting out the entire curbside management service. This new model would result in ongoing Curbside Management Program annual savings of approximately \$1.2 million by reducing 20.0 FTE Parking and Traffic Control Officer positions and the reallocation of 1.5 FTE management positions.

The implementation of the new service model will be recommended in the 2012-2013 Proposed Operating Budget. Budget actions for FY 2012-2013 include the transitional reduction of Parking and Traffic Control

personal service savings of \$1,352,489, a reduction in the uniform allowance of \$4,250, a reduction of \$163,072 in overhead, offset by a partial year increase for additional contractual services of \$672,282. The total Airport net reduction with this business model change for 2012-2013 is \$847,529 and over \$1 million ongoing.

The remaining 1.5 staff would be redeployed as follows; The 0.5 FTE Airport Operations Superintendent of the Curbside Management group will be redeployed to fill operational needs in the parking management section due to staff reductions in that section. Additionally, the Airport is undergoing an organizational restructuring in a variety of areas. The 1.0 Airport Operations Supervisor position (currently vacant due to staff retirement) will be analyzed and potentially reclassified as part of the overall organizational changes. The position will remain vacant while the restructuring is in process. The redeployment of the 1.5 FTE management staff will be a savings to the Curbside Management Program, but cost neutral to the Airport Fund.

The most significant benefit of this model is cost savings, however the model also provides flexibility to meet the staffing needs for the Airport curbsides and facilities, and provide additional services to the Airport, tenants and passengers that do not exist today. Contracted staffing would assume responsibilities within the terminal buildings and on the airfield ramps which PTCO's currently are not able to perform. From crowd control during specified or emergency events to coordination with SJPd for security or traffic control activities, airside or landside, the flexibility allows for more effective and efficient use of staffing resources. Contract staff will be paid for hours on the job providing services. Currently PTCO shift coverage, due to vacation, workers' compensation and other absences results in reduced curbside coverage and requires the use of overtime to achieve minimum staffing levels. A contractor would be responsible for full staffing at all times at a fixed hourly rate. If approved by the City Council, this proposal will also require that the City Manager grant authority to the contract staff for issuance of citations for Airport rules violations, minor curbside and parking offenses and traffic control.

The Airport has considered both the availability and cost of providing adequate supervision and administration for outsourcing. The Airport Operations, Security Section, currently administers a contract for unarmed guard security services. This section, working jointly with the SJPd, would assume responsibility for managing and coordination of the contract curbside management services as well.

Table 1 provides a cost comparison between in-house and out-sourced Airport Curbside Management Services. This table compares the full cost for service 24 hours a day, including the 6 night-time hours where contract services are currently provided.

**Table 1. Cost Comparison to Provide Contract Curbside Management Services  
In-house vs. Contracting Out\***

Service/Position	Annual Curbside Management Program costs
<b>In-House Curbside Management Service 24/7</b>	
(20.0) Parking and Traffic Control Officers	
Salary	\$945,119
Retirement	470,145
Other Fringe	207,927
Overhead @ 21.10%	199,420
Overtime	34,000
(0.5) Airport Operations Superintendent **	
Salary	\$38,818
Retirement	19,603
Other Fringe	8,076
Overhead @ 21.10%	8,191
(1) Airport Operations Supervisor ***	
Salary	\$69,664
Retirement	35,181
Other Fringe	5,039
Overhead @ 21.10%	14,699
Non-Personal Uniforms	4,250
Contractual guard services (current)	
2 x 6 hrs x 359 days x \$19.57	84,308
2 x 6 hrs x 6 holidays x \$27.00	1,944
<b>Total</b>	<b>\$2,146,384</b>
<b>Contracted Curbside Management Services 24/7</b>	
Contractual guard services	
6 x 20 hrs + 2 x 4 hrs x 359 days x \$19.57	\$899,281
6 x 20 hrs + 2 x 4 hrs x 6 days x \$27.00 (holiday)	20,736
<b>Comparable Contractual Total</b>	<b>\$ 920,017</b>
<b>Projected - Curbside Management Program Ongoing Annual Savings</b>	<b>\$1,226,367</b>

\* 2012-2013 Transition costs: The reduced savings in the first year is based on the phased in transition that reduces 10 PTCO positions on June 24, 2012, 5 positions by the end of September 2012 and the final 5 positions by the end of December 2012. Full savings are expected starting in January 2013 when the full transition to contracted staff is completed.

\*\* Airport Operations Superintendent is currently assigned 50% to Curb Management and 50% to Parking Operations. The position will be assigned 100% to Parking Operations due to earlier reductions in Parking Operations staff.

\*\*\* Airport Operations Supervisor will be analyzed and potentially reclassified as part of the Airport Department's overall organizational changes.

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## Service Delivery Evaluation Decision-Making Criteria:

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1. **What is the potential impact on public employees currently providing the service and on the workforce in general with respect to issues such as workload, productivity, diversity, and availability of measures to mitigate negative impacts? Impacts will specifically be evaluated relative to the City's core values (Integrity \* Innovation \* Excellence \* Collaboration \* Respect \* Celebration).**

Although this proposal eliminates the PTCO positions from the Airport, it is this type of proposal – “a new way of doing business” that is necessary to pursue given the Airport's current financial situation. It is imperative that the Airport evaluate all services and seek to be cost competitive or less expensive than the other Bay Area airports. Over the past two years, the Airport has eliminated approximately 200 positions. This represents a 50% reduction in staff, all while modernizing, opening and beginning to operate a “New Airport”. The decision to outsource staff is very difficult, but new business models must be considered given our current situation and the growing cost of City staff.

The reduction in positions will result in the reassignment of employees to Department of Transportation PTCO positions in accordance with Civil Service regulations. Human Resources has identified potential redeployment opportunities in the City for PTCO's, which may minimize laying-off of employees. The qualifications of staff will need to be evaluated with the potential openings to determine how many PTCO's will be able to be redeployed during the transition. The transition of the remaining fifteen PTCOs at the Airport will extend through December 2012 with five PTCOs transferring to the Department of Transportation by the end of June, five by the end of September and 5 by the end of December to minimize training and productivity impacts associated with a single large staff reallocation. If the City Council approves staff's recommendation, Human Resources, Airport and Transportation Department staffs will work together to assign and transition employees which, depending on the dates of position availability, may impact the proposed schedule above.

If contracting out this service is not approved by the City Council, the Airport would still need to achieve \$1.23 million in annual ongoing savings. In order to close this gap, the Airport would face alternatives that may be impossible to achieve.

Alternatives include:

- further substantial reductions in Airport costs, services, and additional position reductions, which would create the real risk of not being able to meet federal and airline requirements for airport operations;
- increases to Airport rates and charges that would increase the Cost per Enplanement (CPE) to a non-competitive level for airlines which may create an environment of reduced flights, as well as increased costs to passengers.

Given that the Airport is trying to attract new business and more passengers as well as be cost and service competitive with other bay area airports, now is not the time to cut back on the existing customer service levels that have been established (as indicated in the above alternatives). The Airport has also transitioned into a common use facility and the air carriers expect certain service level to be achieved in a 24/7 environment. The use of contract staff with a strong and clear scope of work, and performance measure requirements can achieve savings while still maintaining a safe and secure environment.



Contract curbside management services can and will incorporate collaboration with various stakeholders including Airport Operations, SJPD, SJFD and TSA to ensure mutual success in the provision of services, and innovation in staffing and scheduling. The contract can provide liquidated damage penalties for non-compliance or response concerns. City staff displaced by this proposal may be potential hires for the contract service provider.

**2. Is it practical for City staff to provide the proposed service (versus being precluded by proprietary, supply chain, or other factors)?**

City staff can provide this service; however, it is not cost-effective. The Airport has to make some very difficult business decisions and has to prioritize very limited resources. The cost for these services, when performed by City employees and complemented with contractual staff is approximately \$2.15 million annually. If services were fully contracted out the Airport would receive the similar services, plus additional flexibility to provide services within the terminals and on the airside ramps, for an annual cost of approximately \$920,000 and \$1.23 million in annual program savings. The Airport has been dealing with reduced passenger activity for the past several years, and offering quality services at lower costs is one way to sustain and increase airline and passenger activity. In order to be competitive, the Airport must make difficult decisions to control costs and reduce expenses to the extent possible. The Airport also has to have the flexibility to temporarily reduce staff while still meeting security and safety requirements if passenger activity levels continue to fluctuate. Flexibility would be much more achievable with contract staffing in place as opposed to full-time PTCO staff.

**3. Is there limited market competition for the service or other reasons that the City directly providing the service would protect public interests from default or service interruption?**

There are numerous firms that handle contact curbside management services for large scale, high profile facilities. There are multiple security service companies that have responded to a recent Request for Proposals process for security services that has resulted in the contracted guard service currently in use at the Airport. The Airport requires labor peace assurances from contractors to address any potential contractor or service interruptions.

**4. Is there currently a City staff unit capable of and interested in developing a managed competition proposal?**

Pursuing the managed competition path will be difficult with the airport parking and traffic control group as their regular work does not require the skills that are necessary for such an effort. The managed competition process allows for staff training in order to develop these skills, however, this will require a significant effort. Based on previous work efforts, one time expenses are estimated to be \$190,000 including \$100,000 for consultant services and \$90,000 in lost staff time due to training for and participation in the managed competition effort. The proposal would include utilizing a current Airport Operations Supervisor in aiding with the managed competition effort.

**5. Is the workload sufficiently steady to support a permanent workforce (versus episodic)?**

Yes, the Airport is required, per TSA regulations, to have curbside management personnel in the number and manner adequate to support its security program. Based on the Airport's TSA approved security program, the airport layout and passenger traffic, the Airport has established minimum staffing levels based on time of day. Additionally, contractual services would give the Airport the ability to increase or decrease resources rapidly as changes occur in the aviation security environment.

**6. Is a City interest served by being a long- term direct service provider, such as avoiding future costs?**

No, given the current economic situation there is no interest in being a long- term direct service provider due to the substantial cost savings. The Airport is in a situation where it needs to be competitive and cost is a very large factor in being as efficient as possible. Airlines, as direct ratepayers are looking to reduce any and all costs while ensuring passenger safety, security and effective and timely service. If the Airport were able to contract out this service the savings would be significant. PTCO staff cost the Airport on average approximately \$43 per hour (fully loaded rate) whereas contract staff (with living wage requirements) cost the Airport approximately \$20 per hour. Contracting out also gives the Airport the ability to flexibly staff these services, as well as the ability to provide additional services not currently feasible with City PTCO staff, and the Airport receives 100% productive hours at all staffing levels. There is sufficient competition in the industry, and finding expert and experienced contractors to compete for providing the services is therefore expected to be readily available long-term.

The ability to contract these services places the Airport in a more stable financial environment. Not only are the overall cost savings significant, but any ongoing annual increases will be based on Cost of Living Adjustments (COLA) and not subject to potentially higher per hour increases due to PTCO retirement and benefits costs.

**7. Is the service model likely to improve the quality, customer satisfaction, and/or responsiveness for the same or lower cost, with particular focus on the General Fund?**

There are several potential advantages to contracting curbside management for the Airport, including:

- It would result in significantly lower costs while providing staffing levels equivalent to or greater than current staffing to support the Airport's customer service and security program.
- The Airport would be able to meet budget forecasts and ensure its cost-effective service delivery to maintain a competitive CPE and competitive operating costs for airlines at SJC.
- The Airport would be able to establish and assign other duties for contract curbside management staff relating to customer service enhancements and Airport operation's support that do not exist today.
- The Airport Operations Superintendent will be able to focus 100% of his time on the \$24 million per year parking program revenues, the parking facility operator and the installation and maintenance contract with the parking and revenue control system manufacturer. Additional attention will provide more oversight, improved customer service and a higher probability of increased revenues needed by the Airport.
- Contract curbside management could result in greater consistency in operating protocols and procedures and potentially increased job responsibilities in tasks not currently approved for PTCO's.
- Contract curbside management staff would be trained to meet appropriate SJP, TSA and Airport standards.

It is anticipated that the Airport will get the same and/or more efficient services at a lower cost. Quality performance measures and flexible hours of services can be effectively maintained via contractual requirements. By utilizing an outside contractor, the Airport has the ability to set multiple parameters based on TSA requirements, operational needs and traffic levels. Flexibility is a major factor in this model. Due to City staff paid holidays, vacation and sick time, the same level of service provided by a contractor would be maintained with fewer FTEs. Once this transition is completed, General Fund funded functions will not provide the indirect support for these positions resulting in the reduction of overhead revenue to the General Fund of approximately \$200,000.

**8. Do local, state and federal laws, regulations, and funding guidelines restrict the method of service delivery, and if so can these restrictions be changed?**

The method of service is not restricted, however training to meet SJPD and TSA requirements at the Airport will be required of any staff working in curbside management services. Similar training has already been undertaken by the contracted security guard services. Pending City Council authorizations, the contract staff would be authorized to issue Administrative Citations as well as City Parking Citations for violation of the municipal code related to parking and related curbside violations.

**9. What risks to the City and public do the service delivery models present, and how would these risks be managed?**

Risks associated with the proposed service delivery model are similar regardless whether the work is performed by City staff or contract staff. Potential impacts can be overcome through labor peace commitments, training standards, detailed job and post orders and personnel qualification requirements of the contract, as well as continuing a cooperative working relationship between the contractor, Airport Operations, SJPD and the TSA.

In addition, all contract employees will be required to complete and pass TSA mandated background checks and associated airport badging and training requirements. Airport familiarization training and policy and procedure knowledge will be accomplished through in-house training programs prior to performing curbside management services. Mandates for current and prospective Airport, City, state and federal regulations or other policies can be incorporated into scope and contract language.

The Airport would, to the extent possible, encourage existing staff displaced by this proposal to seek employment with the selected contractor. This provides not only employment to those employees who may be displaced but would also provide a trained staffing pool for the contractor.

**10. Is the City able to cost-effectively maintain the specialized skills, technology, and equipment needed for the service?**

No. Although TSA has set the minimum standards, it is the Airport's intent to specify standards over and above the minimums to ensure Airport safety and security. A private contracting firm is able to provide comparable services at a rate of approximately 57% less than City staff would cost. A contracting firm would also be able to offer specialized skills and services in customer service and assistance to Airport operations that do not exist in the current service model.

The Airport maintains and operates an Airport Operations Center with direct communication capabilities for contract services.

**11. Does the service delivery model maximize the leveraging of prospective non-City resources (such as sponsorships and donations)?**

The Airport is changing the service delivery model and in the process improving the service levels provided by the curbside management positions. The contracted staff will have the capability to provide additional services in and around the terminal and passenger processing areas, as well as better support security needs when incidents occur as safety and security of the travelling public and airport tenants is of primary concern. Flexible staffing to accommodate increases or decreases in TSA mandates can be easily achieved as part of the contract scope and performance standards can be met without additional overtime costs or schedule restrictions. By providing quality service at a lower cost to the air carriers, there is a greater potential for the airlines to bring in additional flights to the City's Airport, and a busier Airport provides greater sales tax revenue, it supports the creation of additional jobs and supports a vibrant economy. Failure to remain cost-competitive could seriously jeopardize the City's ability to sustain private investment at the Airport and the resulting economic benefits to the community.

**12. Is there management and administrative capacity to support the in-house workforce or contract oversight needed?**

Yes, the Airport is prepared to provide close oversight of a contract for curbside management services. The Airport Operations, Security Section currently administers the contract for guard services within the Security Section and will similarly provide oversight for the additional contractual duties. Contract oversight will be absorbed by existing management staff.

**Summary**

Because of its unique competitive environment, federal regulatory requirements, and current financial pressures, the Airport has little flexibility to increase revenues or raise rates and charges to airlines. It is for this reason that the Airport is recommending that the City Council proceed directly to private sector contracting so that the Airport will be able to remain competitive, keep its carriers, and obtain more air service. It is critical the City and Airport make difficult business decisions about how we provide cost efficient services. The savings associated with the outsourcing of Airport curbside management will provide not only reduced costs, but also help to ensure that passenger safety and quality service are maintained and protected.

**Public/Private Competition Policy (Policy 0-29)**

Due to the significant savings to contract out this service while complying with TSA and SJPD requirements, it can be reasonably determined that these cost savings cannot be achieved through utilization of City staff.

- Based on this analysis, cost savings, and the urgent need to reduce cost while ensuring existing service delivery level, the 2012-2013 Proposed Budget document will include a recommendation that the City Council choose not to implement Council Policy 0-29 and pursue a managed competition process.
- The business case analysis demonstrates the restructuring of city personnel cannot achieve the significant annual savings that contract curbside management can provide.
- The Airport acknowledges the importance of jobs/loss, however given the current economic situation, not to pursue this proposal may cause greater reductions to become necessary.

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**Next Steps**

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**Key Milestones**

Preliminary Business Case  
Conduct Stakeholder Outreach/Meet and Confer  
Finalize Business Case  
City Council Amendment of Contract  
Transition to new service delivery model

**Schedule**

April 2012  
Late April-May 2012  
June 2012  
June 2012  
Late June 2012 - December 2012

PRELIMINARY



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Ned Himmel

**SUBJECT: OPENING LIBRARIES VERSUS  
EXPANDING LIBRARY HOURS  
AT EXISTING BRANCHES**

**DATE:** May 10, 2012

Approved

Date

5/10/12

As part of the Mayor's 2012-2013 March Budget Message City Council discussions, Councilmember Chu requested information on the cost comparison between opening four branch libraries, whose opening has been deferred for several years due to the operational impact on the General Fund, versus increasing library branch hours.

## BACKGROUND

In November 2000, 75.7% of San José voters approved a \$212 million Library bond measure that committed the City to reconstructing or replacing 14 of the 17 existing branch libraries, and constructing six additional branches in under-served neighborhoods. To date, 11 reconstructed branches and four new branches have been completed and opened to the community. However, due to the net operating and maintenance impact new and renovated branch libraries have on the General Fund, the openings of the Seven Trees and Bascom branches have been deferred since 2010-2011 and the openings of the Educational Park and Calabazas branches have been deferred since 2011-2012. The deferrals have left the communities surrounding the Calabazas Branch, Educational Park Branch, and Seven Trees Branch without their "home" library for three to five years, respectively, while the community surrounding the Bascom Branch continues to be underserved.

## ANALYSIS

The 2012-2013 Proposed Operating Budget includes a recommendation to open these four branch libraries in 2012-2013, fulfilling the City's obligation to voters of reconstructing existing branches and providing library services in underserved communities. The openings of the Seven Trees and Bascom branch libraries are scheduled for December 2012/January 2013 and January/February 2013, respectively. The openings of the Educational Park and Calabazas branch libraries are scheduled for April 2013 and May 2013, respectively. Consistent with existing branch libraries, these new branch libraries will be open four days per week. The net General Fund cost to open the four deferred branch libraries, which expands the library branch system from 18 to 22 branch libraries, is \$1,135,000 in 2012-2013 and \$2,898,000 ongoing.

HONORABLE MAYOR AND CITY COUNCIL

May 9, 2012

**Subject: Opening Libraries vs. Expanding Library Hours at Existing Branches**

Page 2

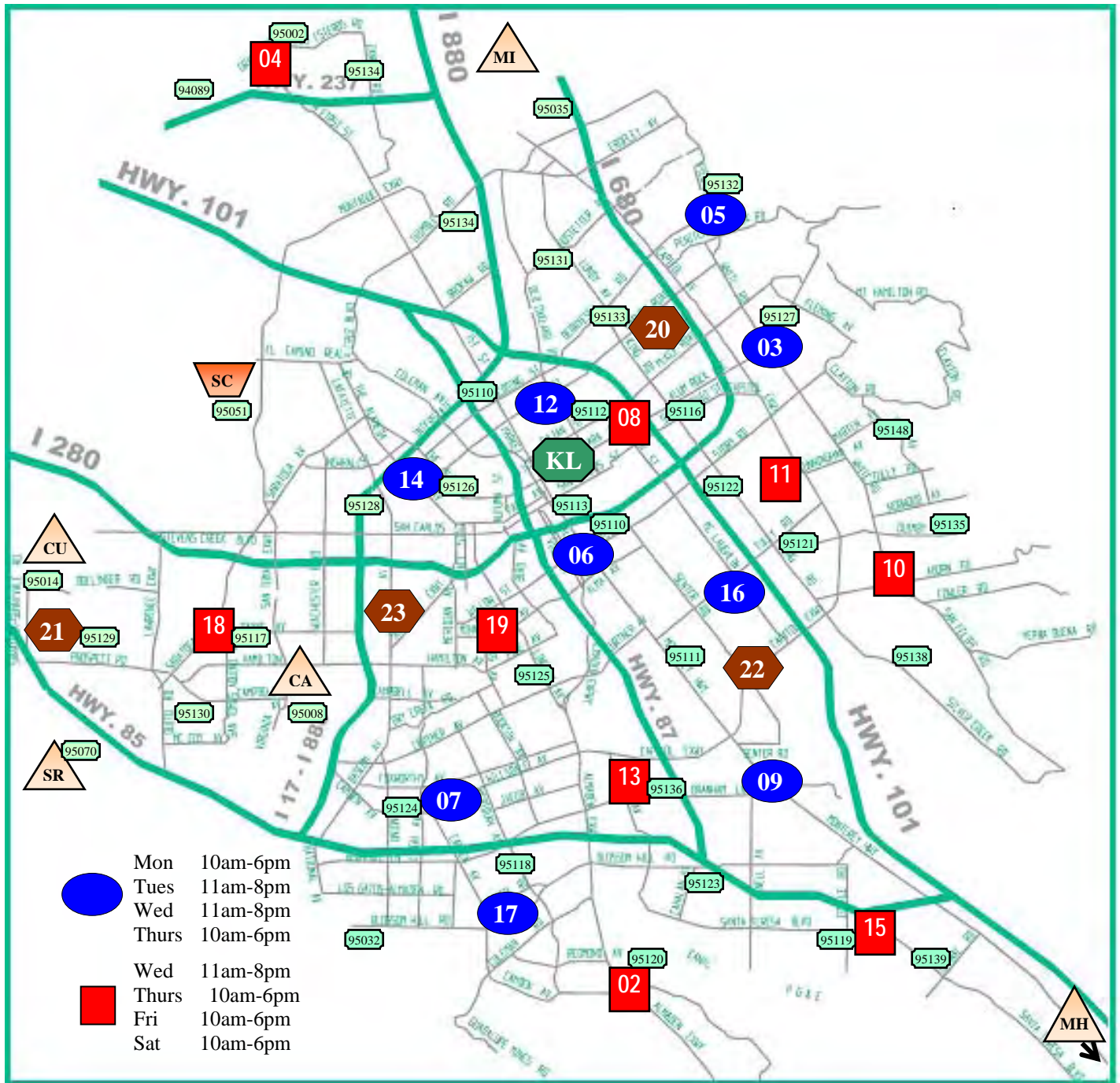
Currently all branches are open 4 days per week with nine branch libraries open Monday through Thursday (34 hours per week) and the remaining nine branches open Wednesday through Saturday (33 hours per week). The cost of increasing hours at existing branch libraries to 4.5 days (39 hours, Tuesday through Saturday) is \$1,760,000. However, the opening deferral of the four newly built branch libraries would require continued expenditures for security services; fire suppressions and alarm services; storage of fixtures, furniture and equipment; graffiti abatement; fencing; and miscellaneous site maintenance at an estimated cost of \$156,000 annually. Therefore, the total cost of extending library hours to 4.5 days and keeping the four built branches closed is estimated to be \$1,916,000.

The 2012-2013 Proposed Operating Budget recommends opening the four deferred branch libraries in 2012-2013 (four days a week) to fulfill the promise made to voters when they approved the Library bond measure. Attached, please find a map of the 22 branch libraries and their scheduled days of operation. Consistent with the Fiscal Reform Plan, which includes City Council direction to the Administration to restore services to a baseline service level of 39 hours per week, as the City's fiscal situation improves and ongoing funding becomes available, it is the Administration's intent to recommend an increase to library hours to the City Council.

/s/

NED HIMMEL  
Acting Library Director

## 2012-2013 Proposed Branch Schedules



### LIBRARY BRANCHES

#### Monday-Thursday

- 16 Tully Community (D7)
- 10 Evergreen (D8)
- 03 Cruz-Alum Rock (D5)
- 07 Cambrian (D9)
- 17 Vineland (D10)
- 09 Edenvale (D2)
- 14 Rose Garden (D6)
- 06 Biblioteca Latinoamericana (D3)
- 12 Joyce Ellington (D3)
- 20 Educational Park (D4)
- 23 Bascom (D6)

#### Wednesday-Saturday

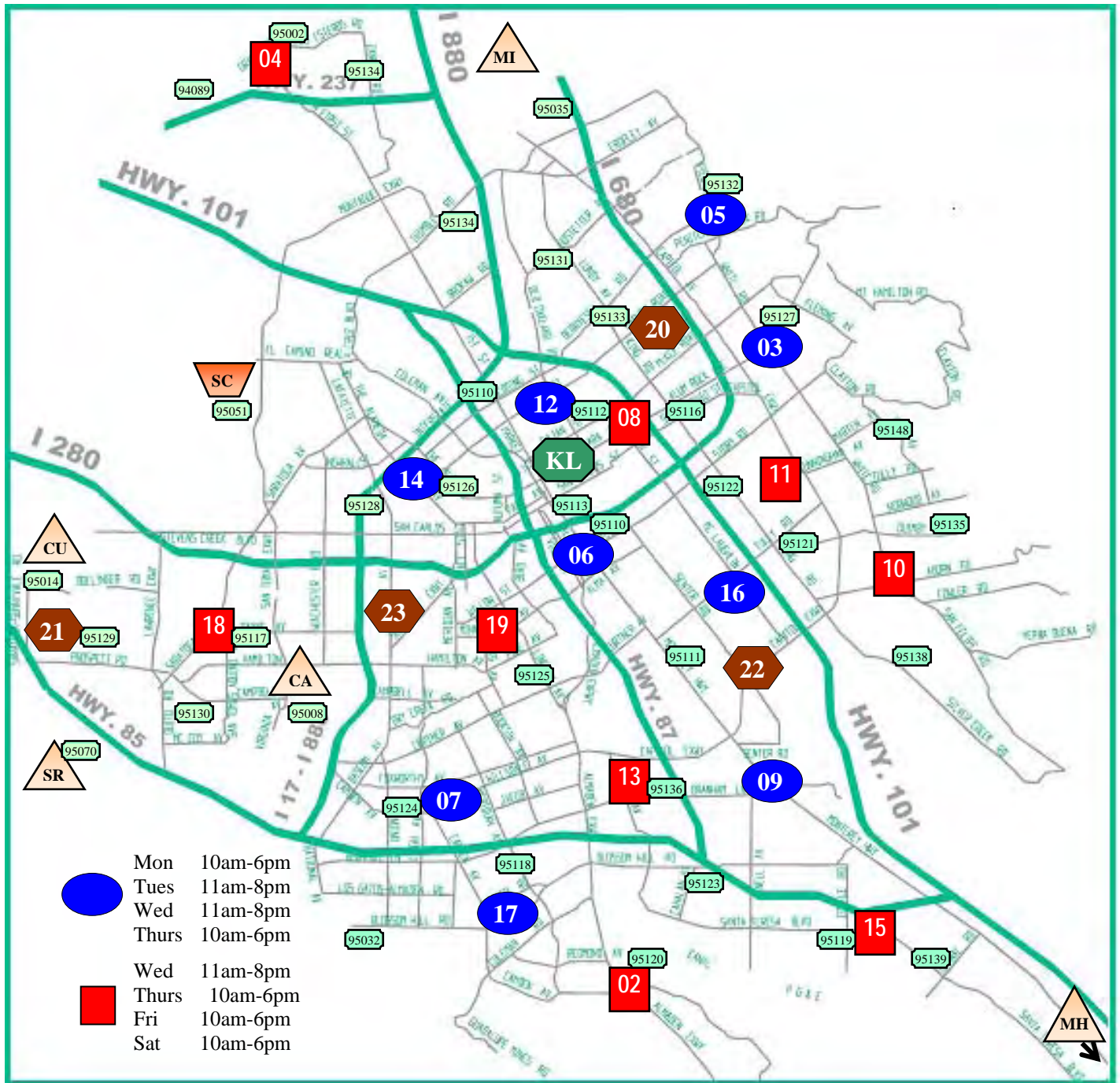
- 15 Santa Teresa (D2)
- 05 Berryessa (D4)
- 11 Hillview (D5)
- 18 West Valley (D1)\*
- 13 Pearl Avenue (D9)
- 02 Almaden (D10)
- 19 Willow Glen (D6)
- 08 East Carnegie (D3)
- 04 Alviso (D4)
- 21 Calabazas (D1)
- 22 Seven Trees (D7)

#### Other Local Libraries

- SC Santa Clara
- SR Saratoga
- CU Cupertino
- CA Campbell
- MI Milpitas
- MH Morgan Hill



## 2012-2013 Proposed Branch Schedules



### LIBRARY BRANCHES

#### Monday-Thursday

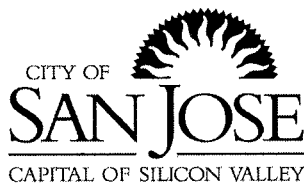
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- MH Morgan Hill



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh  
Jennifer A. Maguire

**SUBJECT:** ARENA AUTHORITY FUNDING

**DATE:** May 11, 2012

Approved 

Date 5/11/12

## RECOMMENDATION

1. Approve for 2012-2013 only, the lease of the City's suite at HP Pavilion at San Jose for ten (10) San Jose Sharks home games at a value of \$60,000 to Silicon Valley Sports and Entertainment (SVSE) to support the 2012-2013 Operating Budget for the Arena Authority.
2. Approve the following 2012-2013 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
  - a. Increase the estimate for Revenue from the Use of Money/Property in the amount of \$60,000, and;
  - b. Increase the City-Wide Expenses Arena Authority appropriation in the amount of \$60,000.

## BACKGROUND

Created in 1990, the Arena Authority is a nonprofit, public benefit corporation that provides oversight of the management agreements, operations and community programs for three of the City's most significant community assets: HP Pavilion at San José, Sharks Ice at San José, and San José Municipal Stadium. One of the long-standing community programs for which they provide oversight and administration is the Arena Ticket Distribution Program. Through this program, 16 Pavilion tickets in the City suite and, when available, 16 tickets in the Pavilion lower seating area (commonly known as the Club seats) are made available for various civic purposes.

Unlike most nonprofit organizations, given the Arena Authority's limited charter, the City is effectively its sole revenue source.

The 2012-2013 funding for the Arena Authority is currently derived from two sources: \$108,598 from the General Fund and \$41,824 from the Ice Centre Revenue Fund for costs associated with the Arena Authority's oversight of Sharks Ice at San José. The Arena Authority estimates carrying over a fund balance of \$20,916 from 2011-2012 as a result of revenue from ticket sales and salary savings. Prior to including the recommended actions in this memorandum, the total source of funds available for the Arena Authority's operating budget would be \$171,738 whereas

the total operating costs are \$227,602. This includes a minimal increase compared to the 2011-2012 budget of \$223,555.

The Arena Authority's current level of staffing includes one full-time Executive Director and a part-time Administrative Manager and it is currently difficult to support the basic operation of the organization without using carryover funds. A further decrease to staffing levels would be required, thereby reducing Arena Authority management oversight and programs unless an additional funding source is identified.

Council Policy 9-11, entitled "Distribution of Arena Tickets," governs the distribution of the City tickets at the Pavilion through the Arena Authority. One element of the policy allows for the sale of Pavilion tickets that would support Arena Authority operations while reducing the support of the City's General Fund.

### **ANALYSIS**

Similar to 2010-2011 and 2011-2012, the Administration is recommending that the City suite be leased to SVSE for ten (10) agreed upon Sharks game dates during the 2012-2013 NHL regular season. There are currently 41 home games tentatively scheduled at the HP Pavilion during this season. The SVSE has approached the City to lease ten dates for the City suite at \$6,000 per Sharks game date for a total of \$60,000. While the dates have not been selected, SVSE has indicated that they are interested in week night regular season games. The revenue will be directed to augment the funding available for the Arena Authority operations and will bridge the funding gap previously identified.

The Pavilion City suite consists of 16 in-suite tickets. As a result of the ten date lease of the City suite, a total of 160 in-suite tickets would be removed from the available inventory for civic purposes. The City suite will remain available for all other Pavilion events, including 31 Sharks home games. The Arena Authority would continue to administer the Arena Ticket Distribution Program by issuing all available tickets in the Pavilion lower seating area as well as the tickets in the City suite during 2012-2013.


If the recommendation is approved, the Arena Authority's funding from City funds will be increased to \$210,422.

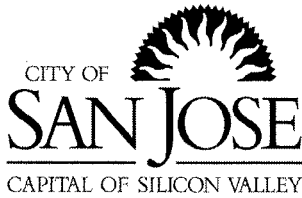
### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the Arena Authority.

/s/

KIM WALESH  
Economic Development Director  
Chief Strategist

  
JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh  
Jennifer A. Maguire

**SUBJECT: SPECIAL EVENTS ON  
DOWNTOWN PRIVATE PARKING  
LOTS**

**DATE:** May 11, 2012

Approved

Date

5/11/12

## RECOMMENDATION

Amend the 2012-2013 Proposed Fees and Charges Report to

1. Establish the Administrative Process Fee in the amount of \$100 per permit for Temporary Outdoor Uses of Private Property for commercially-zoned surface parking lots in the Downtown Core; and
2. Eliminate the existing Downtown Core Commercial Zoned Multiple-Event Permit Fee in the Office of Economic Development.

## BACKGROUND

At the March 26, 2012 meeting of the Community and Economic Development Committee, the Committee approved the staff recommendations with a motion to include the following two modifications related to temporary outdoor special events held on private property in the downtown core:

1. Assess the feasibility of eliminating the private property permit fee for commercially-zoned parking facilities in the downtown and return to Council with a recommendation during the annual consideration of Fees and Charges; and
2. Report back to Community and Economic Development Committee within six months with a recommended policy and any fee changes.

At the Council Meeting held on April 24, 2012, the City Council unanimously approved the recommendations submitted by Councilmember Liccardo which reflected the above recommendations approved by the Community and Economic Development Committee. Staff is recommending immediate action related to the annual Fees and Charges for 2012-2013 in order to respond to the Council directive and to provide timely support for the 2012 summer events season. This action would

allow event organizers more flexibility and cost-effectiveness in activating the Downtown Core and creating more vibrancy and economic impact.

The Outdoor Special Events staff in the Office of Cultural Affairs (OCA) is responsible for supporting existing events and attracting new events that build San José's vibrancy, enhance economic development, and increase visitor revenues. The Special Events staff authorizes the use of public and private property for a large number of temporary outdoor events, and coordinates other City services and requirements. Fees and charges related to the permitting of these events are included in the annual fees and charges report. In the past, the City Council has approved fees, which are not fully cost recovery, in order to encourage events and spur economic development.

### **ANALYSIS**

Staff proposes the establishment of an "Administrative Process Fee" of \$100 for permits to be issued "over the counter" to an event organizer for a temporary outdoor use of a single parcel of commercially-zoned private property surface parking lot in the Downtown Core. The staff cost to process the permit is \$212. With the approval of the \$100 fee, the fee will be established at a 48% cost recovery level. The administrative permit will require less staff time, while still preserving a nominal level of oversight for safety and coordination purposes to ensure zoning requirements are met and appropriate coordination is conducted with other City Departments. Upon receipt of a completed application and fee payment, OCA staff will ensure zoning compliance requirements are met and issue the "over the counter" permit to be distributed to the event organizer and supporting City Departments. OCA staff will not conduct site inspections, oversee community outreach, or mitigate community and business concerns.

This permit differs from the existing event permit for temporary outdoor uses of private property ("Private Property Permit"), which has an associated fee of \$850 and which will remain in place for temporary outdoor uses of private property held outside the Downtown Core and private property other than commercially-zoned surface parking lots in the Downtown Core. Due to the types of events outside the downtown core, for the existing Private Property permit, staff will continue to utilize the more extensive process and coordination levels which include determining zoning areas (e.g. commercial, industrial, residential, etc.), establishing event parameters based on Title 20 of the Municipal Code (e.g. time of event, number of events, distance of event from residential properties, etc.), coordinating event activities with all required City Departments, permitting space (e.g. ensuring event organizer follows all requirement of permit), monitoring event activities on the day of the event, and ensuring community outreach is conducted and community and business concerns are appropriately mitigated.

Upon City Council's approval of the "Administrative Process Fee", staff will develop the supporting documents including an expedited "over the counter" type of permit, and a reporting process to other City Departments that may need to issue additional permits for the use of temporary outdoor space. The expedited process for the Downtown Core areas covered by the new administrative permit would not require a Municipal Code change.

HONORABLE MAYOR AND CITY COUNCIL

May 11, 2012

**Subject: Special Events on Downtown Private Parking Lots**

Page 3

With the recommended establishment of the "Administrative Process Fee", no General Fund revenue is assumed at this time given the unknown impact this fee may have on potential activity levels for downtown events.

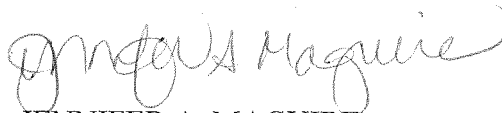
The Downtown Core Commercial Zoned Multiple-Event Permit fee is recommended for elimination, if the "Administrative Process Fee" is approved. The Downtown Core Commercial Zoned Multiple-Event Permit fee of \$1,200 per permit was originally established in 2010 at a 100% cost recovery level to generate more activity in the Downtown Core; however, no event organizers have utilized this opportunity to date and no revenue has been generated.

### **COORDINATION**

This memorandum was coordinated with the City Manager's Budget Office, the Planning, Building and Code Enforcement Department, the City Attorney's Office, and the Police Department.

/s/

KIM WALES  
Director of Economic Development  
Chief Strategist



JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Walesh  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** May 15, 2012

Approved

Date

5/16/12

**SUBJECT: SHARKS ICE AT SAN JOSE 2012-2013 PROPOSED CAPITAL BUDGET**

## **RECOMMENDATION**

- 1) Approve the attached Sharks Ice at San Jose Capital Repairs and Replacement Budget for 2012-2013 as submitted by the San Jose Arena Authority Board of Directors.
- 2) Approve the following amendment to the 2012-2013 Proposed Operating Budget in the Ice Centre Revenue Fund:
  - a) Decrease the allocation to the Finance Department for Ice Centre Repairs/Replacements by \$35,000; and
  - b) Increase the Ending Fund Balance by \$35,000

## **BACKGROUND**

In the Lease and Management Agreement between the City and HP Pavilion Management for Sharks Ice at San Jose, the City is required to pay for the costs of all repairs and replacements to the facility. This includes all facility improvements, equipment and systems, but excludes the HP Pavilion Management's equipment, Sharks training center, and the mezzanine restaurant. The City pays for these repairs through the Ice Centre Revenue Fund, a source that is funded solely through quarterly payments made by HP Pavilion Management, which has full operation of the ice training facility. Under the terms of the agreement, the Ice Centre Revenue Fund has been specifically designed to pay for the debt service associated with the construction and expansion of Sharks Ice and to cover the costs of facility capital repairs and improvements.

Included in the Sharks Ice at San Jose Lease and Management Agreement is an exhibit (Exhibit G) that includes a list of agreed upon capital repair and replacement items, such as ice chillers, HVAC and electrical equipment. This exhibit serves as the basis for HP Pavilion Management's annual proposed capital budget submittal. For the purposes of the agreement, the term

May 15, 2012

**Subject: Sharks Ice at San Jose 2012-2013 Proposed Capital Budget**

Page 2

“replacement” means the repair or replacement of those capital items specified in Exhibit G. The City has no obligation to pay for capital repairs or replacements not shown in Exhibit G. For items of capital repair or replacement which are not included in their approved capital repair plan and do not involve emergency work, HP Pavilion Management is required to request in writing approval of the proposed capital items. When this occurs, City staff and the Arena Authority review the capital budget submittal and determine, if the non-Exhibit G items should be recommended with the rest of the capital budget.

### ANALYSIS

Per the agreement between the City and HP Pavilion Management, for 2012-2013 HP Pavilion Management submitted to the Arena Authority and the City a detailed capital repairs and replacements budget for Sharks Ice at San Jose. Following review of the annual capital budget, the Arena Authority Board of Directors recommended to the City to repair, replace, and/or renovate partially or fully various items at the Sharks Ice Centre such as the lighting system, bleachers, and restrooms. The attached recommended budget totaling \$522,250 details all repair and replacement items and the respective cost for these items. These costs will be funded through the Ice Centre Revenue Fund. An adjustment to the Proposed Operating Budget for \$35,000 is recommended to align the budget with the Arena Authority Board of Directors recommendations which excluded two items that were included in the original submittal from the HP Pavilion Management but were not considered capital improvements.


The Ice Centre Revenue Fund has sufficient funding to support the normal capital repairs and replacements proposed for 2012-2013. After these costs are taken into consideration and with conservative revenue and expenditure projections, the remaining balance in this fund at the end of 2012-2013 is projected to be slightly over \$3.7 million.

### COORDINATION

This memorandum has been coordinated with the Arena Authority, the Office of the City Attorney, and the Department of Finance.

/s/

KIM WALES  
Director of Economic Development  
Chief Strategist

  
JENNIFER A. MAGUIRE  
Budget Director

For more information on this memorandum please contact Lee Wilcox, Downtown Manager, at 408-535-8172.



**SHARKS ICE AT SAN JOSE**  
**Capital Budget Recommendations for 2012-2013**

<b>Capital Repair/Replacement</b>	<b>Proposed Budget</b>
Bleachers	\$ 80,000
Door Hardware	10,000
Fire System	33,000
Food Service Equipment	3,000
Nets/Edgar/Graphics	40,250
Mechanical, Plumbing & Electrical	
Cooling Tower	23,000
Dehumidifiers	20,000
Ice Chiller Plant	30,000
Lighting System	120,000
Lockers	18,000
Locker Rooms	20,000
Restrooms	60,000
Painting	20,000
Security	15,000
Unanticipated Repairs	<u>30,000</u>
<b>Total 2012-2013 Proposed Capital Budget</b>	<b>\$ 522,250</b>

All items listed above for repair and replacement are included in Exhibit G in the Sharks Ice at San Jose Lease and Management Agreement.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** May 17, 2012

Approved

Date

5/18/12

**SUBJECT: CULTURAL FACILITIES CAPITAL MAINTENANCE COST SHARING**

## RECOMMENDATION

It is recommended that a Cultural Facilities Capital Maintenance Matching Allocation be established as part of the 2012-2013 Operating Budget.

1. Approve the following Appropriation Ordinance amendments in the General Fund:
  - a. Increase the revenue estimate for Transfers and Reimbursements by \$69,500;
  - b. Decrease the citywide appropriation for the Tech Museum of Innovation by \$55,250;
  - c. Decrease the citywide appropriation for the Children's Discovery Museum by \$14,250; and
  - d. Establish a citywide appropriation for Cultural Facilities Capital Maintenance by \$139,000.
2. Approve the following Appropriation Ordinance and Funding Sources Resolution amendments in the Convention and Cultural Affairs Fund:
  - a. Establish a Transfer to the General Fund by \$69,500; and
  - b. Decrease the Ending Fund Balance by \$69,500.

## BACKGROUND

As regional destinations, San José's cultural facilities generate significant economic impact and downtown vibrancy, while providing education programs to over 1 million visitors a year. City-owned cultural facilities are a major attraction of visitors to downtown, in addition to the HP Pavilion, convention center, and special events. The City provides operating subsidies in the General Fund to the nonprofit organizations operating six City-owned cultural facilities: Children's Discovery Museum, History San José, School of Arts & Culture at Mexican Heritage Plaza, San José Museum of Art, San José Repertory Theatre, and The Tech Museum of Innovation. These subsidies are provided in accordance with the Operations and Maintenance (O&M) Agreements that were developed with each of the operators, usually as the facilities

May 17, 2012

**Subject: Cultural Facilities Maintenance Cost Sharing**

Page 2

came online. Most are long term agreements, ranging from 15 to 50 years. Because of that, each organization's history has a distinct set of circumstances. In some cases, the nonprofit organization raised substantial capital funds to build the facility. In addition, the scope of programming, building size and responsibility varies from organization to organization, affecting the agreements and subsidy amounts.

To help meet the budget shortfall as approved by the City Council, the Mayor's March Budget Message for 2011-2012 included the following: *Operating Subsidies for Cultural Facilities: The City Manager, in cooperation with the Arts Commission where appropriate, is directed to engage operators of City facilities... to examine ways to reduce operating subsidies and support facility sustainability in order to reduce reliance on the General Fund.* Staff subsequently engaged the executive and board teams of the cultural facility operators to approach reductions for 2011-2012 as well as strategies on how to finance capital improvements and maintenance over time. To meet the General Fund shortfall for 2011-2012, cultural facility O&M costs were reduced by a collective 10%, totaling \$358,000.

## ANALYSIS

With the contraction of the City budget and the elimination of the Redevelopment Agency, funds for deferred maintenance, major repair, and capital replacement for the City's cultural facilities may only be available for very urgent needs. Estimates of deferred maintenance range from \$6 million to \$12 million for these facilities and over \$37 million if the facilities managed by Team San Jose are included.

While the O&M subsidies were not recommended for further reductions in 2012-2013 the need remains to plan for and finance the sustainability of all the City-owned cultural facilities, including capital improvements and maintenance. To begin setting aside reserves to address the life cycle needs of facilities and relieve General Fund reliance for capital needs, staff reached out to all cultural facilities and recommended the establishment of an optional and ongoing Cultural Facilities Capital Maintenance Matching Allocation for cultural facility operators beginning in 2012-2013. It is recommended that 5% of the current level of each facility operating and maintenance subsidy for participating facilities be redirected into this allocation, with the City match of 5% funded from the Convention and Cultural Affairs Fund. In accordance with Municipal Code Section 4.72.065B.3, Transient and Occupancy Tax (TOT) revenue allocated towards this fund can be used to support cultural facilities. Funds for each participating facility would be tracked separately.

Annually, each participating facility operator would work with the City to determine the projects for the funds. The projects would be capital maintenance or replacement in nature and selected from a project list created through an evaluation conducted by the City retained consultant that assists with maintenance oversight at these facilities through the Department of Public Works, and an assessment of current critical needs made jointly with the operator. Should the funds not be expended in any given year, or there be a desire to "save" the funds for larger projects, it would be requested that the funds be rebudgeted and carried over into the subsequent fiscal year.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2012

**Subject: Cultural Facilities Maintenance Cost Sharing**

Page 3

The School of Arts & Culture at the Mexican Heritage Plaza has been a leading partner with the City in establishing a capital maintenance allocation. Per their three year O&M agreement, the City sets aside 10% of the annual subsidy amount into a fund for capital repairs and capital replacements as shown in the City-Wide Expense section of the 2012-2013 Proposed Operating Budget. The arrangement is an exemplary model of partnership between the City and a cultural facility operator aimed at addressing the facility's needs.

In response to the Cultural Facilities Capital Maintenance Matching Allocation opportunity, two other cultural organizations have agreed to participate in an ongoing capital maintenance allocation partnership: The Tech Museum of Innovation and Children's Discovery Museum. The City will match approximately \$69,500 or 5% of the O&M costs from the Convention and Cultural Affairs Fund for these two organizations, and subsequently generate \$139,000 of ongoing funding to set aside for facility needs. Furthermore, the partnership is intended to foster joint responsibility between facility operators and the City to steward these assets.

The City remains committed to working toward meeting the basic maintenance needs of the other cultural facility operators that have opted to not participate in the matching allocation. However, funding for facilities' needs remains limited. Those facilities' needs will be weighed and prioritized with the needs of all City-owned facilities.

The Convention and Cultural Affairs Fund accounts for the revenues and expenses related to the activities of the convention center and cultural facilities which includes the Tech Museum of Innovation and Children's Discovery Museum. The ongoing transfer of \$69,500 from the Convention and Cultural Affairs Fund to support the Cultural Facilities Capital Maintenance partnership will not impact the City Council goal, established in March 2011, of having at least \$1,500,000 in the Ending Fund Balance at the end of the Convention Center Expansion/Renovation project.

### **COORDINATION**

This memo has been coordinated with the Department of Public Works and the City Attorney's Office.

/s/

KIM WALES  
Director of Economic Development  
Chief Strategist



JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Walesh

**SUBJECT:** SEE BELOW

**DATE:** May 17, 2012

Approved

Date

5/18/12

**SUBJECT: HP PAVILION AT SAN JOSE CAPITAL BUDGET RECOMMENDATION**

## RECOMMENDATION

It is recommended that the City Council approve the HP Pavilion at San Jose 2012-2013 Capital Budget as submitted by the San Jose Arena Authority Board of Directors.

## BACKGROUND

In accordance with the agreement between the City and HP Pavilion Management (Silicon Valley Sports and Entertainment), the Capital Repairs and Replacements Budget is presented to the City Council for approval. The budget is supported by the existing Arena Capital Reserve Fund that was established for this purpose. Over the last several years (and continuing in future years) both the City and Silicon Valley Sports and Entertainment (SVSE) have made contributions to the Arena Capital Reserve Fund per the terms of the management agreement.

## ANALYSIS

The San Jose Arena Authority Board of Directors reviewed and recommends that the City Council approve the 2012-2013 Capital Budget with major repairs and replacements focusing on food service equipment, portable radios, and Fixed Seating. A comprehensive list of the individual capital improvements recommended is attached for reference. For 2012-2013, the normal capital repairs and replacements budget totals \$989,000.

The Arena Capital Reserve Fund has sufficient funding to support the normal capital repairs and replacements proposed for 2012-2013. After these costs are taken into consideration and with conservative revenue and expenditure projections, the remaining balance in this fund at the end of 2012-2013 is projected to be slightly over \$1.6 million.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2012

**Subject: Recommendations for the 2012-2013 Capital Budget for HP Pavilion**

Page 2

**COORDINATION**

This memorandum has been coordinated with the Arena Authority, Department of Public Works, the Office of the City Attorney, and the Department of Finance.

/s/

KIM WALESH  
Director of Economic Development  
Chief Strategist

For more information on this memorandum please contact Lee Wilcox, Downtown Manager, at 408-535-8172.

**HP PAVILION AT SAN JOSE**  
**Capital Budget Recommendations for 2012-2013**

<u>Normal Capital Repair/Replacement</u>	<u>Proposed Budget</u>
Rider Scrubbers	\$ 60,000
Elevators	55,000
Fall Protection	105,000
Food Service Equipment	200,000
Glazing	10,000
Mechanical, Plumbing & Electrical	
Brine Chillers	53,000
Air Conditioning Chillers	28,000
Hall of Fame	26,000
Hoist Systems	12,000
Ice Machines	15,000
LEED-Green Initiatives	50,000
Lighting System	46,000
Motorized Carts	15,000
Portable Radios	123,000
Seating Fixed	100,000
Trash Compactor	16,000
Unanticipated Repairs	<u>75,000</u>
<b>Total 2012-2013 Proposed Capital Budget</b>	<b>\$ 989,000</b>



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Norberto Duenas

**SUBJECT:** COMMUNITY ACTION AND  
PRIDE GRANTS UPDATE

**DATE:** May 17, 2012

Approved

Date

5/17/12

## BACKGROUND

The Community Action and Pride (CAP) grant program provides small grants to San José neighborhood groups to fund activities that result in cleaner, safer and more engaged communities. The CAP grant program stopped receiving new City funding with the adoption of the 2008-2009 Operating Budget with remaining funds approved to be carried over for future grant awards on a year to year basis until the funding was exhausted. At the end of 2007-2008, approximately \$700,000 in program funding remained unspent. These remaining funds have been used to fund grants over the past three years. An average of \$190,000 annually was awarded over this time period. In the current fiscal year, approximately \$100,000 in CAP grants have been awarded to 69 neighborhood groups that applied for the 2011-2012 period.

## ANALYSIS

As a result of careful monitoring by City Administration and the fiscal agent United Neighborhoods of Santa Clara County (UNSCC), and judicious use of funding by neighborhood groups, the goals of CAP have been achieved at a lower cost than anticipated. Since 2008, the result has been a cost-savings totaling \$110,000. In the Mayor's 2012-2013 March Budget Message as approved by the City Council, the City Manager was directed to use these funds remaining with the fiscal agent for a 2012-2013 CAP Program.

A Request for Proposals (RFP) for CAP grants will be issued in late May 2012 for grants to be awarded for the 2012-2013 fiscal year beginning July 1, 2012. Details of the process will be included in the RFP and electronic notification of this RFP will be sent to neighborhood organizations as well as coordinated with Council Offices. It is anticipated that a portion of this funding will be awarded later in the year in smaller grants.

The 2012-2013 Grant Program will continue the focus on creating neighborhood action that results in cleaner, safer, and more engaged neighborhoods focused on encouraging innovative approaches to improving neighborhoods.

Norberto Duenas  
Deputy City Manager





# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore  
Hans F. Larsen

**SUBJECT: NEIGHBORHOOD WATCH  
SIGN INSTALLATIONS**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## BACKGROUND

The Neighborhood Watch Program, managed by the Police Department, is designed to organize neighbors and give them information on how to protect their homes, vehicles, and families. Police Crime Prevention Specialists work with individual residents, neighborhood associations and property management companies to coordinate meetings throughout San José.

The Neighborhood Watch model allows neighbors an opportunity to meet one another and discuss issues impacting their neighborhood. Crime Prevention Specialists who are police liaisons with the community attend these meetings and answer questions pertaining to neighborhood climate, Police Department procedures, and various crime prevention topics such as statistics, CrimeReports.com, and other available public 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.

All Neighborhood Watch participants receive printed materials covering the above topics for further study as well as Neighborhood Watch window placards to show participation. In past years, qualifying neighborhoods with a 70% participation rate have had the option of having metal Neighborhood Watch signs strategically placed within their neighborhood, designating it as a Neighborhood Watch neighborhood. The installation of the signs was performed by the Department of Transportation (DOT) using Police Department funding. However, due to reductions in both the Police Department and DOT, the installation of the signs was suspended in 2010-2011.

## ANALYSIS

The community plays an important role in the safety of the City, and the relationship the community has with the Police Department is critical in investigating crimes and patrolling the City. By strengthening this relationship through the Neighborhood Watch Program and increasing awareness in the community, residents are empowered to deter undesirable activity in

their neighborhoods. The sense of belonging and knowing your neighbors encourages residents to look out for each other and deter suspicious activity by calling the police.

The Neighborhood Watch sign is a reflection of the significant unification among neighbors on that street and the San Jose Police Department. Only when 70% of a designated street or neighborhood participates in the Neighborhood Watch Program are they qualified to have the signs posted. Most neighborhoods strive to attain this goal. The City has received numerous requests to reinstate this service as part of the Neighborhood Watch Program.

The Police Department and DOT will be reinstating sign installations into the Neighborhood Watch program in 2012-2013, with the cost of the installations being covered by existing resources for up to 100 installations per year. Each Neighborhood Watch sign installation may include one or more signs, with an average of two signs per installation. The cost of the signs and mounting hardware is estimated to be \$34 per sign or \$6,800 annually. This cost will be absorbed within the Police Department's General Fund budget. The staff costs to install the signs are estimated to be \$59 per installation on average, or \$5,900 annually. This cost will also be absorbed within the DOT's General Fund budget. The requests for Neighborhood Watch signs will be addressed as they are received, and DOT will assign installations to crews with other sign installations and maintenance work already planned around the City. Depending on the demand for new signs, the departments may not be able to absorb costs above the estimated 100 installations per year. If sign demands are higher than estimated, a budget proposal will be considered for inclusion as part of the development of the 2013-2014 budget.

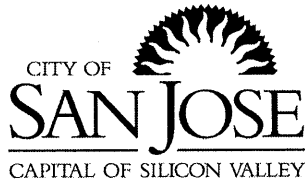
### **COORDINATION**

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

/s/  
Christopher M. Moore  
Chief of Police

/s/  
Hans F. Larsen  
Director of Transportation

CMM/LP



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** David Sykes

**SUBJECT:** SOUTH SAN JOSE POLICE SUBSTATION UTILITY COSTS

**DATE:** May 17, 2012

Approved

Date

5/18/12

The purpose of this memorandum is to address questions posed by Councilmember Liccardo at the 2012-13 Budget Study Session regarding the cost of utilities at the South San José Police Substation.

## ANALYSIS

Utilities for the Substation are budgeted at \$120,000 for fiscal year 2012-13, or approximately \$1 per square foot. Expenses as of April 2012 in the amount of \$112,066 and projected for the remainder of the fiscal year align with this proposed amount. This projected expense is less than half the cost experienced at similar scale facilities that are occupied (facilities are typically funded at \$2.75/sf for utilities). In order to prepare for the opening in September 2013, the facility is also expected to incur higher usage towards the end of 2012-2013.

Several elements within the substation contribute to the costs we are experiencing.

- The infrastructure is complex and keeping it running on low settings is essential to ensuring the systems will operate when needed. This is especially relevant to the Heating, Ventilating, and Air Conditioning (HVAC) systems.
- There are costs associated with the security of the facility, such as lighting and alarm systems that are necessary even in an unoccupied facility.
- Public Works will continue to fine-tune and test the systems through the warranty period. This is work that would normally be done after a facility is occupied, but it is necessary to ensure the City receives the functional systems that were purchased.

Staff will continue to look for opportunities to lessen the energy usage at this facility throughout 2012-2013.

/s/  
DAVID SYKES  
Director of Public Works

For questions please contact Matt Morley, Deputy Director of Public Works at 535-1298.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares  
Jennifer A. Maguire

**SUBJECT: SENIOR NUTRITION  
TRANSPORTATION**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## RECOMMENDATION

1. Approve the following amendments to the 2012-2013 Proposed Operating Budget in the General Fund:
  - a. Increase the Personal Services appropriation in Parks, Recreation and Neighborhood Services Department by \$85,838
  - b. Decrease the Non-Personal/Equipment appropriation in the Parks, Recreation and Neighborhood Services by \$85,838
2. Approve the following position addition to the 2012-2013 Proposed Operating Budget:
  - a. 1.0 Recreation Program Specialist in the Parks, Recreation and Neighborhood Services Department

## BACKGROUND

The City of San José provides congregate meal service to senior participants at 14 community centers throughout the City. To complement the Senior Nutrition Program and address participants' transportation needs, the Department of Parks, Recreation and Neighborhood Services (PRNS) previously provided complimentary van service for participants at various centers. At the height of service in 2009-2010, seven Senior Nutrition Program sites (Cypress, Southside, Gardner, Mayfair, Willow Glen, Seven Trees, and Alma) offered van service. As part of the Senior Nutrition Program service delivery modification in fall 2011, van drivers associated with the program were eliminated. Restoration of this model, serving seven sites, would cost \$283,065.

In 2011-2012, the City of San José committed \$50,000 of the \$400,000 of Senior Services and Wellness funds to senior transportation services. Further, Santa Clara County contributed \$62,000 for paratransit services at City of San José Senior Nutrition Program sites, for a combined total subsidy of \$112,000. This amount serves approximately 150 seniors through paratransit, carpool incentives, fixed route transit subsidies, and limited taxi service. In 2012-2013 per City Council approval of the Mayor's March Budget message, the Proposed Budget contains ongoing funding of \$400,000 and one-time funding of \$200,000 for the continuation of the Senior Services and Wellness Program.

May 18, 2012

**Subject: Senior Nutrition Transportation Alternatives**

Page 2

## ANALYSIS

Data from Summer 2010 indicates that an average of 86 participants per day were transported to community centers in City vans at the height of service, with 155 unique participants being served on varying days. Further, 90 participants were transported via paratransit for a combined total of 245 riders. Conversations with former van participants revealed that approximately 100 individuals were actively riding City vans leading up to the elimination of the service. Recent efforts to connect impacted participants to various options have revealed that approximately 40-60 unduplicated participants remain without a reliable transportation alternative. Analysis also indicates that while a strong majority of former van participants are still attending the program, in many cases participants are attending fewer days per week than when van service was available. This means fewer trips are being made and therefore daily average participant numbers have decreased somewhat in relation to the end of transportation services.

The Department's recommendation in addressing this need is to further investment in a Mobility Management model of senior transportation services. The key principle of Mobility Management is facilitating access to a range of cost-effective transportation solutions meeting an individual's needs. Examples include: subsidized Valley Transportation Authority (VTA) passes, bus buddy programs, healthy walking groups, paratransit, emergency taxi service and the Friendly Rides gas car reimbursement program. This comprehensive approach is a national trend promoted by the Federal Transit Administration (FTA) based in the directives of Executive Order 13330 "Human Services Transportation Coordination." To realize Mobility Management alternatives to the fullest potential at all 14 program sites, an additional \$25,000 allocation will be necessary to support these transportation services.

PRNS' transportation partner Outreach and Escort Inc. (Outreach) features a strong existing infrastructure promoting various mobility alternatives. Outreach is the only recognized Consolidated Transportation Service Agency (CTSA) in Santa Clara County, certified by the County Board of Supervisors and the Metropolitan Transportation Commission (MTC). Outreach has realized cost efficiencies in various modes of transportation. With this in mind, PRNS seeks to facilitate and coordinate senior transportation services by leveraging the lower unit costs realized by Outreach. Further, the organization has preliminarily committed to training City of San José staff in the One-Call/One-Click Transportation Resource Center and agreed to assist in program implementation. Additionally, as part of a comprehensive approach to senior mobility across Santa Clara County, the Council on Aging Silicon Valley (COA) is beginning a program to train up to 45 lower-income seniors as mobility managers. These individuals will serve as peer educators at sites throughout Santa Clara County and may be a valuable resource in promoting and advancing mobility management alternatives in San José community centers.

The Department's mobility management efforts are in the early stages of implementation and can be fully realized in 2012-2013, given appropriate resources, i.e., a senior transportation coordinator. Consistent with community recommendations, this individual would be assigned the collateral duty of Senior Nutrition Program volunteer coordination. The cost of a Recreation Program Specialist to fill this role would be \$85,838. This Specialist would serve as a facilitator

on alternative modes of transportation and work directly with impacted participants on individualized solutions, as well as serve as an essential point of contact with COA and Outreach.

<b>City Senior Services and Wellness/Transportation Funding</b>	<b>2012-2013</b>	<b>Ongoing</b>
Transportation Services	\$75,000	\$75,000
Mobility Manager Recreation Program Specialist	\$85,838	\$85,838
CBO/Administration	\$439,162	\$239,162
<b>Total City Senior Services and Wellness/Transportation Funding</b>	<b>\$600,000</b>	<b>\$400,000</b>

<b>County Transportation Funding</b>	<b>2012-2013</b>	<b>Ongoing</b>
Transportation Services*	\$75,000	\$75,000
<b>Total County Transportation Funding</b>	<b>\$75,000</b>	<b>\$75,000</b>

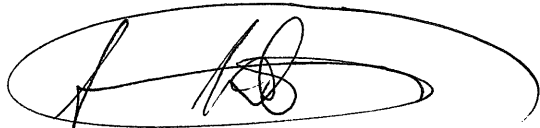
\*Increase of \$13,000 from 2011-2012, funding assumed to be ongoing but subject to future County appropriations

**SUMMARY**

In facilitating access to a range of mobility alternatives, the Department will be better positioned to connect Senior Nutrition Program participants to appropriate, cost-effective transportation services. In adopting a comprehensive, coordinated Mobility Management approach, the City of San José will be able to leverage resources from partners including Santa Clara County, Council on Aging Silicon Valley, and Outreach and Escort Inc.

**COORDINATION**

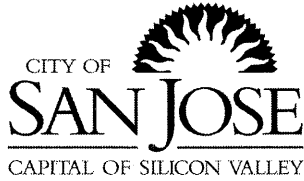
This document contains information provided by Santa Clara County Department of Aging and Adult Services and Outreach and Escort, Inc.



JENNIFER A. MAGUIRE  
 Budget Director  
 City Manager's Office

/s/  
 JULIE EDMONDS-MARES  
 Acting Director of Parks, Recreation and  
 Neighborhood Services

For questions please contact Suzanne Wolf, Acting Deputy Director, at 408-535-3576.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kerrie Romanow  
Leslye Corsiglia  
Jennifer A. Maguire

**SUBJECT: PHASE 1 - HOMELESS  
ENCAMPMENT PROGRAM**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## RECOMMENDATION

1. Approve funding for Phase 1 of the Homeless Encampment program in an amount of \$150,000 to be funded from 2012-2013 Recycle Plus unrestricted Late Fee Revenue in the Integrated Waste Management Fund (Fund 423).
2. Adopt the following amendments to the 2012-2013 Proposed Budget in the Integrated Waste Management Fund:
  - a. Increase the Beginning Fund Balance by \$150,000; and
  - b. Increase the appropriation to the Environmental Services Department for Non-Personal/Equipment by \$150,000.
3. Adopt the following amendments to the 2012-2013 Proposed Budget in the Home Investment Partnership Program Trust Fund (Fund 445):
  - a. Increase the appropriation to the Housing Department for Tenant Based Rental Assistance by \$432,910; and
  - b. Decrease the appropriation to the Housing Department for Housing Loans and Grants by \$432,910.

## BACKGROUND

Since the early 1990s the City has actively worked to clean-up homeless encampments along creeks. These efforts include a long history of partnering with the Santa Clara Valley Water District (Water District) to jointly remove trash from these creek side homeless encampments through three program areas: Large Monthly Homeless Encampments, Smaller Weekly Encampments, and Partnered Clean-ups. While the homeless population in San Jose has declined in recent years due to coordinated efforts, the number of chronically homeless people—those who have been homeless for more than one year—has increased. About two-thirds of the homeless population is unsheltered, and many find refuge along City waterways. Currently, it is estimated that there are approximately 800 to 1,000 people living along creeks in San José. There are also encampments that are not in waterways and therefore not part of the Water District partnership. These encampments, which are on private property, City property, or are

under the jurisdiction of other government agencies, such as the Valley Transportation Authority and CalTrans, also need to be addressed.

Currently, the only ongoing funding to clean up encampments for 2012-2013 is \$104,000 appropriated to the Police Department for Personal Services in the Integrated Waste Management Fund funded through unrestricted Recycle Plus late fees. The San José Police Department (SJPD) provides security and support on site during cleanups.

Under State law, local governments are required to inventory and store possessions of residents removed from homeless encampments on public property for at least 90 days following the cleanup. Recently SJPD has halted all clean-up activities in order to ensure the City's procedures are complying with state requirements. Further, based on several years of experience, staff has learned that unless a housing solution is offered to residents at the time of the cleanup, the camps usually are reestablished shortly after the cleanup at the same site or one nearby. The most effective strategy to remove encampment residents is to identify better living alternatives for them as part of a timely and comprehensive solution.

On May 17, 2012, the Housing Department published an Informational Memorandum to update Council on the latest developments on the Phase I response to homeless encampments in San José; the link to the memo is below:

<http://www.piersystem.com/external/content/document/1914/1441363/1/05-17-12%20Housing.PDF>

## **ANALYSIS**

Staff is recommending conducting Phase 1 cleanups this summer to evaluate the most effective and efficient way to manage encampment cleanups, while ensuring that cleanup procedures meet State requirements and provide more targeted housing support. The \$150,000 of funds from the Integrated Waste Management Fund (unrestricted Recycle Plus Late Fees) recommended as part of this memorandum would pay costs for noticing and providing other outreach to homeless people living in these encampments; clean-up crews; and storage and inventory and related personnel costs to allow for the retrieval of personal belongings from homeless people during the Phase 1 period. The additional funding from Recycle Plus Late Fees for 2012-2013 is due to higher than anticipated late fee collections in 2011-2012, resulting in additional 2011-2012 Ending Fund Balance/2012-2013 Beginning Fund Balance.

The Environmental Services Department is actively looking for additional storage space both inside the City's current inventory and through vendors. The proposed changes will allow staff to evaluate and report to the City Council during fall 2012 on a more permanent solution for the storage of personal belongings received and stored from encampment cleanups that reside on City property.

The amendment in the use of the Federal HOME funds will allow the Housing Department to provide approximately 40 encampment residents with additional housing opportunities. These housing funds will be matched with a range of services with the combined goal of providing the



HONORABLE MAYOR AND CITY COUNCIL

May 18, 2012

**Subject: Phase 1 Homeless Encampment Funding**

Page 3

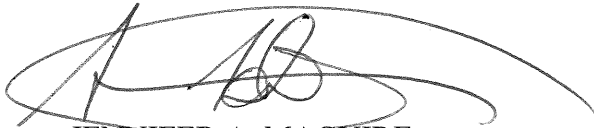
encampment residents to facilitate an end to their homeless situation. As part of the Consolidated Plan approval on May 1, 2012, the City Council supported the commitment of additional HOME funds to the Tenant Based Rental Assistance program in the amount of \$432,910 for this purpose. The recommended amendments to the 2012-2013 Proposed Budget for the Home Investment Partnership Program Trust Fund in this memorandum align to these City Council approved actions.

/s/

KERRIE ROMANOW  
Acting Director, Environmental Services Dept.

/s/

LESLYE CORSIGLIA  
Director, Housing Department

A handwritten signature in black ink, appearing to read 'J. Maguire', with a large, sweeping flourish underneath.

JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Anne Cain

**SUBJECT: EXPANDING LIBRARY HOURS  
AT EXISTING AND OPENING  
BRANCHES IN 2012-2013**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## BACKGROUND

Over the last two fiscal years, branch library hours of operation have been reduced significantly. As part of the 2011-2012 Adopted Budget, branch libraries were paired and hours reduced from 4.5 to 4 days of service, with nine branches open Monday through Thursday (34 hours per week) and the remaining nine branches open Wednesday through Saturday (33 hours per week).

Year	Days open per week	Hours open per week
2009-2010	5.5 days	47
2010-2011	4.5 days	39
2011-2012	4 days	33 at 9 branches, 34 at 9 branches
2012-2013 Proposed	4 days	33 or 34 hours at 22 branches

Councilmembers have requested cost information on increasing hours to existing and new libraries in 2012-2013. We are submitting this Manager's Budget Addendum to address all of the following requests in one document:

- 1) What is the cost to provide a full day of Saturday service at the 9 branch libraries that are currently closed on Saturdays?
- 2) What is the cost to provide just four hours of service at the 9 branch libraries that are currently closed on Saturdays?
- 3) What is the cost to provide Saturday hours at just 4 of the 9 branch libraries that are currently closed? The 4 libraries should be chosen based on location in low income neighborhoods and crime rates.
- 4) Allow all libraries that are to be open in 2012-2013 to be open five days a week
- 5) Restore branch library services to operate six days a week.
- 6) What would the cost be to increase library days to 4.5 days per week?
- 7) What would the cost be to increase library days to 5 days per week?
- 8) What would the cost be to increase library days to 5.5 days a week?

**ANALYSIS**

To respond to Councilmember's requests, the library developed several cost models to increase branch library hours.

	FTE	Net Cost*	Net Cost*	Days of Operation
		2012-2013	Ongoing	
4.5 days per week (39 hours all branches)	27.76	2,050,000	2,500,000	Tuesday - Saturday (half day on Friday)
5 days per week (42 hours all branches)	35.76	2,460,000	3,060,000	Tuesday - Saturday
5.5 days per week (47 hours all branches)	50.46	3,740,000	4,530,000	Monday - Saturday (half day on Monday)
6 days per week (51 hours all branches)	57.96	4,330,000	5,170,000	Monday - Saturday
Saturday Hours:				Monday - Thursday, Saturday or Wednesday - Saturday
8 hours at 9 branches	20.7	1,090,000	1,270,000	
4 hours at 9 branches	10.25	570,000	660,000	
8 hours at 4 branches	9.2	480,000	560,000	
4 hours at 4 branches	4.5	240,000	280,000	

\*Net cost to increase hours from 4 days per week (33-34 hours per week) at 22 branch libraries (18 existing and four scheduled to open in 2012-2013).

Costs reflected in the chart above include the 18 existing and four new branch libraries (Seven Trees, Bascom, Calabazas, and Educational Park) proposed to open as part of the 2012-2013 Proposed Operating Budget. Increasing services from the existing 4 days per week to 4.5 days per week would require the branch library staffing model to change from the current paired staffing model in which two libraries share one set of staff to a model in which each branch library has its own compliment of staff under the various models that have been analyzed.

It should be noted that the goal of the City's Fiscal Reform plan is to restore library branch hours to 4.5 days per week (39 hours), which represents the City's acceptable baseline for providing services as measured by the level of services being provided by the City as of January 1, 2011.

There are several considerations for providing Saturday service at all branches. The Library has always sought to provide equitable days and hours of service to all communities throughout the City. The Saturday models would create a large disparity in hours between branch service areas with some branches open 33 hours per week and others up to 42 hours per week. Two of the models continue current hours of operation at 4 days of service with full or half-day Saturday hours at four branches in located in the lowest income neighborhoods in San José (Alum Rock, Biblioteca, Joyce Ellington, and Vineland).

HONORABLE MAYOR AND CITY COUNCIL

May 15, 2012

**Subject: Expanding Library Hours at Existing and Opening Branches in 2012-2013**

Page 3

Opening a full day at the nine locations also presents staffing challenges as the Municipal Employee's Federation requirement that full-time staff must have two consecutive days off would become a meet and confer issue given Saturday would be a staggered day of operation.

The cost models included in this memo only account for the direct costs to increase branch hours. It is anticipated that, as the volume of activity increases at the branches, there will be increased costs for the library units that support branch operations. To meet the expectations of customers as hours and days of service increase, additional support staff may needed in several units such as Technical Services to order and process materials, Information Technology to manage increased technology needs, and Logistics to move materials throughout the system.

In order to allow sufficient time to recruit, hire and train additional staff assigned to work the increased hours, the Library Department anticipates implementation of any model to be effective no earlier than September 1, 2012.

/s/

ANNE CAIN,  
Interim Library Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Anne Cain

**SUBJECT: SMART START FAMILY CHILD  
CARE TRAINING PROGRAM  
WORK2FUTURE ELIGIBILITY  
AND NON-PROFIT PARTNERSHIPS**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## **BACKGROUND**

The Smart Start Family Child Care Training Program provides a 10-month business start-up and retention training program to low-to-moderate income residents to establish or retain a state licensed home-based child care business. The program has been in operation for 12 years and housed within the Library Department since 2005.

The Smart Start Family Child Care Training Program has a positive economic development impact on San José on two fronts. First, it creates new businesses and supports existing business owners in sustaining their businesses. Secondly, it provides greatly needed quality child care spaces so that parents can work while their children participate in critical early learning experiences. The 2008 Santa Clara County Local Early Education Planning Council's Child Care Needs Assessment identified a gap of nearly 13,000 child care spaces in San José for children ages 0-5 years.

Since 2005, 337 participants have graduated from the program with most successfully opening or retaining child care centers. In a 2011 survey of 207 past participants, 84% reported that they were still operating their businesses. This year, 79 participants graduated from the program with 32 opening a new home-based business and 47 working to strengthen and retain their existing businesses. The new child care businesses created this year alone increased child care spaces in San José by approximately 250 spaces.

The Community Development Block Grant (CDBG) monies that have funded the program were redirected for other priorities in 2012-2013. Therefore, no additional classes will be offered. Remaining Library staff will continue to provide compliance services related to contractual requirements at existing Smart Start sites. The Library Department estimates a budget of \$370,000 would enable the program to continue to train 80 participants annually with similar outcomes as the current program. The City Council has asked the Library Department to explore potential partnerships and external funding sources in the community, including Work2Future, which might support continuation of the program.

HONORABLE MAYOR AND CITY COUNCIL

May 18, 2012

**Subject:** Smart Start Family Child Care Training Program Work2Future Eligibility and Non-Profit Partnerships

Page 2

## **ANALYSIS**

Initial conversations have been held with FIRST 5 Santa Clara County, Silicon Valley Community Foundation, United Way Silicon Valley, and Work2Future. It was determined that Work2Future cannot fund the program due to federal spending regulations. The remaining community partners do not currently have discretionary funding available to support the program. However, these community partners expressed interest in convening to explore alternative strategies for continuing the program in San José with a focus on creating ongoing sustainability.

Should the City Council wish to continue the program, the Library could continue working with these potential community partners during the next few months in order to develop a new strategy and related funding. This approach would result in a temporary lapse in the program during 2012-2013. At the time of the 2012-2013 Mid-Year Budget Review, the Library Department will provide the City Council with a progress report.

As a second alternative, as part of the 2012-2013 budget process, \$370,000 in costs for opening the four new branch libraries could be shifted to the Library Parcel Tax Fund, which would free up funds in the General Fund to fund this program one-time for 2012-2013 while community partnerships can be developed. It is important to note, that the Library Parcel Tax is scheduled to sunset in 2014-2014 absent voter approval to extend the tax. Such a funding shift would reduce funds available for staffing, acquisition of materials, automation projects, and other non-personal/equipment expenditures. As a third alternative, the General Fund could be a source.

## **COORDINATION**

This memo was coordinated with the City Manager's Budget Office, Office of Economic Development and the City Attorney's Office.

/s/

ANNE CAIN  
Interim Library Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel  
Jennifer A. Maguire

**SUBJECT:** ENVISION 2040 GENERAL PLAN  
IMPLEMENTATION

**DATE:** May 25, 2012

Approved

Date 5/25/12

## RECOMMENDATION

1. Adoption of the following amendments to the 2012-2013 Proposed Budget in the General Fund:
  - a. Decrease the General Plan Update Earmarked Reserve by \$951,593;
  - b. Increase the Non-Personal/Equipment appropriation to the Planning, Building and Code Enforcement Department by \$590,871;
  - c. Increase the Personal Services appropriation to the Planning, Building and Code Enforcement Department by \$226,994; and
  - d. Increase the Personal Services appropriation to the Department of Transportation by \$133,728.
  
2. Approve the following limit-dated position additions effective July 1, 2012 through June 30, 2013:

**Department of Planning, Building and Code Enforcement (Long Range Planning):**

<u>Job Code</u>	<u>Job Classification</u>	<u>FTE</u>
4122	Planner I/II	2.0

**Department of Transportation**

<u>Job Code</u>	<u>Job Classification</u>	<u>FTE</u>
3882	Associate Transportation Specialist	1.0

## OUTCOME

If approved by the City Council, the City will be taking proactive steps to accelerate the implementation of the Envision San Jose 2040 General Plan and facilitate economic development by completing environmental review, adding protected intersections, and completing plans for Urban Villages and other strategic areas. In combination, these actions

remove steps that property owners and developers would have taken prior to making a development investment.

Specific outcomes include:

- Completion of project level environmental review and Urban Village Plans for later phase/horizon villages, such as:
  - Stevens Creek Boulevard/Saratoga Avenue (CR32)
  - Stevens Creek Boulevard/Winchester Boulevard (CR35)
  - Blossom Hill Road/Snell Avenue (VR19)
- Completion of environmental review and related work for the following proposed Protected Intersections under the City's Transportation Level of Service Policy:
  - West San Carlos/Stevens Creek (e.g., West San Carlos/Bird, Monroe/Stevens Creek, and Saratoga/Keily/Stevens Creek)
  - Bascom (e.g., Bascom/Fruitdale, Bascom/Parkmoor, and Bascom/Moorpark)
  - The Alameda (e.g., The Alameda/Taylor/Naglee and The Alameda/Race)
  - Park Avenue (e.g., Park/Naglee and Park/Race)
  - Japantown (e.g., along 10<sup>th</sup> and 11<sup>th</sup>)
- Completion of environmental review and any transportation studies needed to reduce automobile lanes to accommodate other modes of travel, such as portions of Hedding Street, Bird Avenue, Branham Lane, and Winchester Boulevard.
- Completion of materials to promote development within the City's job centers, BART stations, and other strategic locations.

The General Plan Update currently has an Earmarked Reserve of \$951,593 set aside for the use of additional Envision activities following Council adoption of the General Plan on November 1, 2011. This reserve is recommended to be used to provide the nonpersonal funding required for consulting services for the proposed work and to provide one-time funding for three positions (two positions in the Planning Long Range program in the Planning, Building and Code Enforcement Department, and one position in the Department of Transportation) through June 30, 2013.

## **BACKGROUND**

On April 23, 2012, the Community and Economic Development Committee accepted a status report on the City's progress and next steps to implement the Envision San Jose 2040 General Plan, specifically including Urban Villages. In addition to Municipal Code changes to align with the new General Plan and streamline the development process, the City is working on the Diridon Station Area and Five Wounds Urban Village Plans. Also, Planning staff successfully obtained grant funding to complete planning and zoning work in four additional areas (West San Carlos, South Bascom, The Alameda, and East Santa Clara). These areas met the grant criteria



because these areas are older corridors radiating from the Downtown, close to existing and planned transportation infrastructure, assist lower income residents, or support healthy communities.

During the 2012-2013 Budget Study Session, the City Council expressed interest in accelerating implementation activities that would ready larger parcels for development to meet the current market demand for rental housing, office, and retail commercial uses. This Manager's Budget Addendum (MBA) responds to this request by recommending actions.

### **ANALYSIS**

To accelerate implementation of the Envision General Plan, this MBA identifies specific activities for 2012-2013 by investing the balance of the General Plan Update Earmarked Reserve in specific actions that are expected to have the biggest impact on facilitating development.

#### **Budget Appropriation**

The majority of the work would be completed by professional consultants, under the City's supervision. For this reason, approximately \$591,000 is proposed to be allocated to PBCE's Non-Personal budget. The Administration is preparing a Request for Proposals for Consultant Services for Urban Design, Environmental Review, Community Outreach, and Related Professional Services. This is expected to be issued in early summer 2012 in order to have consultants on board to begin the planning and environmental work in fall 2012.

Staff resources of approximately \$361,000 are needed to work in partnership with the consultants. Two Planners I/II and one Associate Transportation Specialist are proposed to complete the necessary technical work. These resources would augment the existing Principal Planner and Village Planning staff (1.0 Senior Planner and 1.0 Planner I/II) already identified in the 2012-2013 Proposed Operating Budget. PBCE has experience managing multiple planning efforts as demonstrated during the preparation of several Strong Neighborhoods Initiative Neighborhood Improvement Plans.

#### **Completion of Urban Village Plans**

Based on conversations with the real estate community, Village Plans should be completed for locations with likely short term development interest (such as Stevens Creek Boulevard and Saratoga Avenue; Stevens Creek Boulevard/Winchester Boulevard; and Blossom Hill Road/Snell Avenue). These areas are available for job-generating uses today but are in Urban Villages scheduled for future residential development. By completing Village Plans during 2012-2013, property owners, real estate interests, the community, and others will know the development opportunities, land assembly options, infrastructure needs, potential financing mechanisms for infrastructure and maintenance, "signature project" opportunities, etc. These are excellent locations for the investment of the remaining balance in the General Plan Update earmarked reserve because they do not meet the grant criteria of non-profits, foundations, or other governmental agencies.

**Completion of Environmental Review and Policy Work for Protected Intersections**

Based on input from the development community, the City's investment in transportation policy and environmental clearance would also reduce barriers and facilitate development within San Jose. For this reason, the Administration is recommending to fund a limit-dated Associate Transportation Specialist position to work on the designation of several protected intersections as well as the completion of environmental review for select streets:

- West San Carlos/Stevens Creek (e.g., West San Carlos/Bird, Monroe/Stevens Creek, and Saratoga/Keily/Stevens Creek)
- Bascom (e.g., Bascom/Fruitdale, Bascom/Parkmoor, and Bascom/Moorpark)
- The Alameda (e.g., The Alameda/Taylor/Naglee and The Alameda/Race)
- Park Avenue (e.g., Park/Naglee and Park/Race)
- Japantown (e.g., along 10<sup>th</sup> and 11<sup>th</sup>)

**Completion of Environmental Review for Select Complete Streets**

The Envision 2040 Plan strives for San Jose's streets to accommodate pedestrians, bicyclists, and transit (where appropriate) as well as automobile use. This approach to street design and function is known as "complete streets." Environmental review and transportation studies are needed to reduce automobile lanes to accommodate other modes of travel, such as portions of Hedding Street, Bird Avenue, Branham Lane, and Winchester Boulevard.

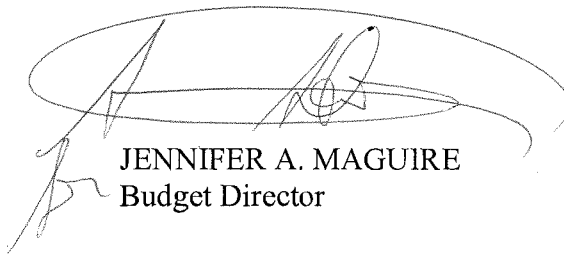
**Other Activities**

The Administration will bring forward for City Council consideration on June 19, 2012 a request to rebudget funds associated with the existing General Plan Update and PBCE's non-personal/equipment appropriations to ensure additional non-personal resources are available for consultant services. This rebudget consists of \$260,600 unused from a contract with David J. Powers & Associates for the General Plan Update Environmental Impact Report. In addition, the Department has an existing consultant contract that can be utilized for the preparation of materials to promote San Jose's development opportunities.

**COORDINATION**

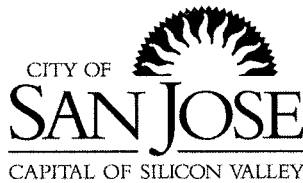
This memorandum was coordinated with the Department of Transportation.

/s/  
JOSEPH HORWEDEL, DIRECTOR  
Planning, Building and Code Enforcement



JENNIFER A. MAGUIRE  
Budget Director

For information, please contact Laurel Prevetti at (408) 535-7901.



# Memorandum

**TO: HONORABLE MAYOR &  
CITY COUNCIL**

**FROM:** Leslye Corsiglia

**SUBJECT: FORECLOSURE UPDATE**

**DATE:** May 21, 2012

Approved

Date

5/23/12

During the May 9, 2012 Community and Economic Development Committee Budget Study Session, staff was asked to provide an update on the current and future state of foreclosures in San José and on the City's response to the situation. This memorandum responds to that request.

## **BACKGROUND**

The City continues to experience a high volume of foreclosures. Between 2007 and 2011, San José residents received nearly 55,000 total foreclosure filings, resulting in 11,800 bank repossessions. In 2011, banks sent 8,487 foreclosure filings to San José households, with 5,627 Notices of Default, 1,610 Notices of Trustee Sale, and 1,250 bank repossessions. While this is half the rate experienced during the foreclosure peak in 2009, it is still four times the number of filings in 2006. Households who fall into foreclosure continue to be concentrated in specific communities in San José, particularly in East San José and along the 101 freeway where there is a higher population of lower-income as well as Vietnamese and Hispanic households.

The good news is that the homeownership market and the state of foreclosures appear to be stabilizing. Home prices have rebounded and the economy has shown modest improvement. Additionally, because subprime 3- and 5-year adjustable rate mortgages (ARMs) initiated through 2007 have largely made their way through the system, resetting ARMs will constitute a diminishing proportion of foreclosures going forward. ARMs were once the primary cause of foreclosures.

However, while home values are rising, they remain significantly below the highs achieved in 2007. Thus, many households have little, zero, or negative equity in their homes, preventing them from qualifying for a loan modification due to loan-to-value refinance requirements and from entering into a more sustainable mortgage payment. Economists have offered differing opinions on the direction of the homeownership market. Some believe the market has bottomed while others believe that housing prices will remain stagnant longer-term due to the "shadow inventory" of foreclosed homes, to the shifting demand to homes located in urban rather than suburban areas, and to the shifting demand to renting versus owning.

As a result, it is difficult to predict how much longer and to what degree the issue of foreclosures will continue in San José. Some high-level conclusions can be made: while the housing market may or may not recover in the short-term, it is unlikely to fall much more; the Silicon Valley economy is on a firmer path to recovery than two years ago; and local and federal policy interventions continue in the hopes of helping families and households and shoring up the housing market. These factors suggest that the rate of foreclosure should incrementally decrease. To provide a perspective, if the number of foreclosure filings going forward decreases by 1,000 annually from the 8,500 filings in 2011, it would take approximately 6.5 years to return to the pre-recession rate of 2,000 annual filings.

## **POLICY RESPONSE**

Since 2008, the City of San José has actively monitored and responded to households in the foreclosure process. Below is a brief description of current anti-foreclosure strategies in San José.

### *Purchase of Foreclosed Homes*

The City is using federal Neighborhood Stabilization Program (NSP) funds to purchase, rehabilitate, and resell foreclosed homes. The Purchase Assistance Loan program is administered in partnership with by the Housing Trust of Santa Clara County to help qualifying household purchase a home, with a target of 80 loans by February 11, 2013. To date, the Housing Trust has closed 40 loans. In FY 2012-2013, it is anticipated that the remaining 40 loans will be made.

In addition to NSP, the City administers the San José Dream Home program, which will initially assist 32 homes. As the homes are sold to qualified households, the program income will fund the purchase and rehabilitation of 32 additional homes during Phase 2 of the program, for a total of 64 properties. The partner developers have purchased 33 properties and sold 21 properties to income eligible families through the end of February 2012. In FY 2012-2013, the City anticipates completing the remaining homes.

### *ForeclosureHelp*

Since 2009, the City has run the ForeclosureHelp center with volunteer staffing from the mortgage and lending community. The center provides customer education, intake, loan modification packing, and an interface between the customer and the lender. In FY 2012-13, the ForeclosureHelp initiative will transfer to a consortium of nonprofits led by the Housing Trust of Santa Clara County (in partnership with Neighborhood Housing Services Silicon Valley, Project Sentinel, Law Foundation of Silicon Valley, SurePath Financial Solutions, Asian Inc., and the Santa Clara County Association of Realtors). The consortium will assist homeowners and tenants at risk of being displaced from their homes with foreclosure prevention, intervention and family re-stabilization. Counseling, guidance, and appropriate referrals will be provided to families considering short sale, loan modification or legal assistance.

To: Manager's Budget Addendum

Date: May 21, 2012

**Subject: Foreclosures**

Page 3

A satellite ForeclosureHelp office, located in Most Holy Trinity Church in the King Ocala Neighborhood Area, will open in the late summer of 2012. This strategic location will bring additional resources to residents in what remains one of San Jose's foreclosure hot spots, making it more convenient for impacted households to access foreclosure prevention assistance. The satellite office will operate only on Saturdays.

*Other Activities*

In addition, the City continues to monitor the foreclosure situation in San José by tracking the number of homes in the foreclosure process and where they are located geographically, monitor and advocate for legislation that seeks to mitigate the impacts of foreclosures, and coordinate with banks who own foreclosed homes in San José to ensure the homes are maintained.

**COORDINATION**

The MBA was coordinated with the Department of Planning, Building, and Code Enforcement.

/s/

LESLYE CORSIGLIA  
Director of Housing

For questions please contact Leslye Corsiglia, Director of Housing, at 408-535-3851.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore

**SUBJECT:** POLICE BUDGET COMPARISON

**DATE:** May 21, 2012

Approved

Date

5/23/12

## BACKGROUND

In a memorandum submitted by Councilmember Pierluigi Oliverio to the Rules Committee on February 8, 2012, the Police Department was asked to provide information regarding how other large and mid-size cities fund their police departments and what percentages of General Fund dollars are allocated to the police department in these cities.

## ANALYSIS

### Funding for Police Services

Cities reported that most of their funding for police services comes from the General Fund primarily through property tax and sales tax revenue. Many agencies also receive federal and state funds through grants, including federal and state asset forfeiture funds. Some agencies receive utility tax funds or transient occupancy tax funds<sup>1</sup> to support their police department. In 2011, the Major Cities Chief's Association conducted its annual budget survey. The survey results included responses from 42 major cities across the nation and Canada. In this study, only Charlotte-Mecklenburg and Las Vegas Metropolitan reported they have a special tax zone specifically for police. The City of Mesa reported they raised property taxes to specifically fund capital improvements for Police and Fire. El Paso and Las Vegas also reported that they raised property taxes, but it is not clear in the survey if these funds are dedicated for police services. Below is a summary of the various revenue strategies used by cities responding to the 2011 survey:

- Special tax zones for police
- Raising property taxes
- Increased charges for police reports
- Raising or implementing false alarm fees
- Charging for the use of the department vehicle for off-duty employment

<sup>1</sup> It is unknown if these funds are dedicated by charter or ordinance.

General Fund Budget Allocated for Police Services

Police Departments are very distinctive in terms of services offered and workforce size, while the cities they serve are also distinctive in terms of population, infrastructure, geography, demographics of the city, and community demands. There are also significant budgeting differences among the various jurisdictions in terms of how police services are funded and which costs are allocated to the Police Department. While these factors make it difficult to compare the General Fund budgets for police services, staff did compile data on the percent of the General Fund allocated to the Police Department for various comparable cities. As shown in the chart below, the San José Police Department represents 34.61% of the 2012-2013 Proposed General Fund Budget. Similar agencies range from 27.72% to 40.96% of the General Fund budget for their cities. The cities researched do not allocate a fixed percentage of the General Fund budget for police services.

Comparable City	Crime Rate Ranking <sup>1</sup>	Population	Sworn/Civilian	General Fund (\$ Millions)	Police Budget (\$ Millions)	% of Budget
Seattle	241 (7 <sup>th</sup> )	602,000	1,311/460	\$909	\$252	27.72%
Salt Lake City	241	313,000	426/159	\$195	\$ 57	29.23%
Albuquerque	313	534,652	1,102/407	\$478	\$156	32.64%
Portland	250 (9 <sup>th</sup> )	570,929	977/267	\$500	\$169	33.80%
<b>San José</b>	<b>173 (4<sup>th</sup>)</b>	<b>958,789</b>	<b>1,107/439</b>	<b>\$861<sup>2</sup></b>	<b>\$298<sup>3</sup></b>	<b>34.61%</b>
Sacramento	337	489,488	706/240	\$365	\$127	34.79%
San Diego	180 (5 <sup>th</sup> )	1,370,000	1,822/690	\$1,150	\$405	35.22%
San Antonio	262	1,319,492	2,352/606	\$948	\$343	36.18%
Phoenix	271	1,601,587	3,150/1,073	\$1,109	\$450	40.58%
Austin	214 (6 <sup>th</sup> )	785,850	1,604/327	\$691	\$283	40.96%

Data from public websites for each city's 2012-2013 proposed budget.

<sup>1</sup> 2011 City Crime Rate Rankings (Top Ten Cities of 500,000 or more population with lowest crime ratings), 2011 CQ Press using reported data from the FBI

<sup>2</sup> Does not include Encumbrance Reserve.

<sup>3</sup> Includes funding from the City-Wide Expenses Appropriation for Workers Compensation Claims – Police. Does not include funding for Sick Leave Payment Upon Retirement.

As shown in the chart above, there is no direct correlation between the General Fund funding levels and the crime rate ranking as there are many demographic considerations that impact crime rates, as well as differences in the services offered and the budgeting conventions used by various jurisdictions as discussed in more detail below.

Considerations for Comparing Police Departments

There are a variety of operational services other agencies offer within their police departments that San José does not, such as animal control services or correctional facilities. In comparison, other agencies do not have a local international airport, a 911 Call Center, or School Safety Program managed within their police department, like the San José Police Department (SJPD). The following is a summary of the services provided by the major city police departments that participated in the 2011 survey:

- 50% have a Marine Unit
- 100% have Canine Units\*
- 66% have one or more helicopters\*
- 40% have a fixed wing aircraft\*
- 71% have a Telephone Reporting Unit\*
- 41% have a PAL program\*
- 26% have a DARE program
- 79% have school resources officers\*
- 57% have a Horse Mounted Unit\*
- 7% have an Animal Control Unit
- 76% have a 911 Call Center\*
- 40% have school crossing guards\*
- 33% have a correctional facility
- 24% provide airport security\*
- 7% provide school security

\* Services offered by SJPD

How cities address community issues, such as partnering with community organizations, like the Mayor's Gang Prevention Task Force (MGPTF) in San José, that prevent crime and educate the community; how resources are deployed; even how budgets are managed is vastly different from city to city. In addition, San José looks at public safety more broadly, as the Police Department collaborates with other City partners in preventing crime, such as community centers, park rangers and libraries. The City does not include these costs in its Police Department's budget but all contribute to how San José addresses Public Safety.

Other considerations are the geographic, population, and staffing differences: square miles of service area ranges from 77 square miles in Cincinnati to 7,560 square miles in Las Vegas<sup>2</sup> (San José is 179 square miles); population varies from 313,000 in Salt Lake City to 8,175,133 in New York City (San José has 958,789 people); and sworn staffing levels range from 426 in Salt Lake City to 35,367 in New York City (San José has 1,107).

In addition to these operational differences, there are departmental budgeting differences between agencies, and budgets range from \$57 million in Salt Lake City to \$4.5 billion in New York City (San José has \$298 million in the General Fund). As an example, some agencies do not carry fringe benefits in their police department budgets, such as Cincinnati, Honolulu, New York City, and Los Angeles police departments (SJPD includes fringe benefits within its budget). Of the 42 major cities that responded to the 2011 survey, the following is a summary of operating costs included in police department's budgets:

- 95% include fleet expenses\*
- 86% include information technology support expenses\*\*
- 81% include fringe benefits\*
- 74% include radio maintenance\*
- 71% include facility maintenance\*\*
- 76% include communications\*
- 40% include school crossing guards\*
- 33% include corrections
- 24% include airport security\*
- 7% include school security

\* Included in the SJPD budget.

\*\* Expenses shared between SJPD and other departments.

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<sup>2</sup> This includes Clark County as Las Vegas Metro Police is consolidated with Clark County.



HONORABLE MAYOR AND CITY COUNCIL

May 21, 2012

**Subject: Police Budget Comparison**

Page 4

Dedicated General Fund Allocation for Police Services

The cities researched did not allocate a fixed percentage of the General Fund budget for police services. This type of dedicated funding would raise significant public policy considerations regarding how the City's budget should be developed, including:

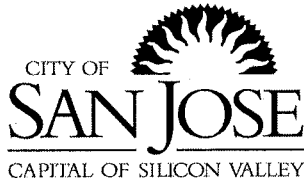
- The use of set-asides when there are competing demands for limited resources
- The clarity of the service delivery trade-offs associated with set-asides
- The correlation between the funding allocated by a set-aside and the funding needed to provide a particular service
- The opportunity for residents to express service delivery priorities

It is important to note that any type of set-aside without dedicated funding would potentially affect all community services offered by the City, and the public would need to be fully informed of all impacts related to any actions to set-aside funding for particular services.

/s/

Christopher M. Moore  
Chief of Police

CMM/LP



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore

**SUBJECT: CRIME PREVENTION  
PERFORMANCE MEASURES**

**DATE:** May 21, 2012

Approved

Date

5/23/12

## RECOMMENDATION

Adjust the Crime Prevention & Community Education Performance Measure 2012-2013 targets as follows:

- % of community members who feel more knowledgeable about ways to keep themselves/neighborhoods safer after a crime prevention community education presentation: change target from 85% to 95%
- % of requested crime prevention presentation fulfilled within 30 days: change target from 45% to 60%

## BACKGROUND

Six filled Crime Prevention Specialist (CPS) positions were approved for elimination, as of June 30, 2010, in the 2009-2010 Adopted Operating Budget. Four CPS positions remain in the Department with one CPS assigned to each of the four patrol divisions around the City. With the reduction in CPS staff, the Department lowered the targets for the Crime Prevention and Community Education performance measures. CPS staff continues to provide presentations to the community to develop neighborhoods and enhance quality of life. While demand for crime prevention presentations exceeds capacity, the CPS staff has exceeded initial expectations with the reduced staffing model.



## ANALYSIS

The Police Department has undergone several service delivery changes as staffing was reduced over the past few years. With these changes, it has become even more important to reach out to the community. Not only is CPS staff tasked with explaining new policy and procedures, but the Department is asking residents to become more involved in the process of crime prevention. While most residents are open to partnering with the Department, they still need to be provided the tools and information necessary to participate both safely and effectively. This requires increased community policing and outreach.

It is understood that changes to service delivery models often require staff to do more with less on many fronts. It also requires that the Department make good use of available resources. The ability to partner with the community allows the Department to leverage community members to create not only more “eyes and ears” to assist the Department, as well as create more active, educated, and informed participants in the crime prevention process. This level of community participation will eventually allow the Department to do more with less. Performance targets should be set to align with current activity levels and encourage staff to provide higher but achievable service levels.

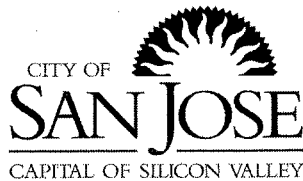
**Crime Prevention and Community Education**

*Performance Measures*

	<b>2010-2011 Actual</b>	<b>2011-2012 Target</b>	<b>2011-2012 Estimated</b>	<b>2012-2013 Initial Target</b>	<b>2012-2013 Revised Target</b>
 % of community members who feel more knowledgeable about ways to keep themselves/neighborhoods safer after a crime prevention community education presentation	94.6%	85%	95%	85%	95%
 % of requested crime prevention presentations fulfilled within 30 days	99%	45%	63%	45%	60%

/s/  
 Christopher M. Moore  
 Chief of Police

CMM/LP



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore

**SUBJECT: ALTERNATIVE WAYS TO OPEN  
THE SOUTH SAN JOSE POLICE  
SUBSTATION**

**DATE:** May 22, 2012

Approved

Date

5/24/12

As part of the City Council discussion of the 2012-2013 Mayor's March Budget Message at the March 13, 2012 City Council Meeting, Councilmember Kalra requested information regarding alternative ways/cost savings to open the Police Substation.

## BACKGROUND

On December 18, 2007, the City Council approved the award of contract for construction of the South San José Police Substation. Project funding was used to construct a full service police station at the terminus of Great Oaks Boulevard. The groundbreaking occurred February 2008, and construction was completed in October 2010; however, due to the significant operating budget shortfalls in 2010-2011 and 2011-2012, the opening of the Substation was approved to be deferred to September 2012. In accordance with the Mayor's March Budget Message, as approved by the City Council, the City Manager's 2012-2013 Proposed Operating Budget includes deferring the opening of the South San José Police Substation from September 2012 to September 2013 to coincide with the fall 2013 shift change and avoid operating and maintenance impacts to the General Fund of \$2.2 million in 2012-2013 (\$2.5 million annually).

Further, as directed in the Mayor's March Budget Message as approved by the City Council, the 2012-2013 Proposed Operating Budget allocates the majority of savings generated through the opening deferral of the Police Substation to San José BEST for gang prevention services.

## ANALYSIS

The Department considered a number of operational scenarios to open the Substation at a lower cost than outlined in the 2013-2017 Five Year General Fund Forecast (\$2.2 million in 2012-2013 and \$2.5 million annually). First, the Department considered only deploying the day-shift from the Substation in order to not have the building open 24 hours a day. This alternative would create inefficiencies, because different shifts share safety equipment and vehicles. Deploying only certain shifts from the Substation would require vehicles and equipment to be driven back

May 22, 2012

**Subject: Alternative Ways to Open the South San José Police Substation**

Page 2

to the Police Administrative Building (PAB) for the next shift, eliminating any efficiency gained through deployment from the Substation.

Second, the Department considered only shifting southern patrol division Police Officers to the Substation; however, this would make continuous interaction between supervisors and their patrol teams very difficult, since the supervisors would be located at PAB and not at the substation. Therefore, this alternative was rejected.

Third, in order to address the supervisory inefficiencies, the Department considered moving the southern patrol division Sergeants, Lieutenants, and the southern patrol division Captain to the substation. However, in order to deploy the Southern Division from the Substation, the central supply function must be staffed to receive, process, control, safeguard, and dispose of evidence and noncriminal property, and to issue and control individual officer safety equipment in support of the daily patrol function. In order to deploy the Southern Division from the Substation, nine Police Property Specialist positions (\$706,000) would need to be added to the Department in 2012-2013 in order to facilitate central supply functions.

Last, in order to open the facility, additional work must be completed by Public Works to ensure the building is functioning properly and the Police Department must furnish and equip the building as necessary. Funding is currently allocated in the budget in the General Fund, the State Drug Forfeiture Fund, and the Public Safety Bond Fund to address these needs. Both departments anticipate about a year is needed to complete this work, so deferring the opening to September 2013 will allow time for Public Works and the Police Department to prepare the building for occupancy.

The Substation was built with the anticipation of gaining efficiencies through decentralizing police services, enhancing community presence, and addressing future growth of the City. As the Department analyzed the feasibility of occupying the Substation, consideration was given to the drastic organizational changes that have occurred within the Department these past two years and the constraints of the current and future budgets. Although the Department considered a number of alternatives to open the Substation in 2012-2013, none of the alternatives are anticipated to gain efficiencies or cost savings that outweigh the recommendation to defer the opening until September 2013.

Staff is also considering opportunities for public-private partnerships to reduce the net cost of opening the Substation.

/s/

Christopher M. Moore  
Chief of Police



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Ed Shikada

**SUBJECT: 2012-2013 ALTERNATIVE  
SERVICE DELIVERY  
EVALUATIONS UPDATE**

**DATE:** May 22, 2012

Approved

Date

5/24/12

The purpose of this memorandum is to provide an update to the completion or progress on various Business Case Analyses for various services, which were initially summarized in the information memorandum provided to City Council on January 19, 2012 entitled "2012-2013 Alternative Service Delivery Evaluations."

## BACKGROUND

On January 19, 2012, the Administration provided the Mayor and City Council with an information memorandum entitled "2012-2013 Preliminary Alternative Service Delivery Evaluations." The memorandum identified five services that were undergoing a preliminary business case analysis as part of the 2012-2013 Proposed Budget process. The five services included Airport Traffic and Parking Control, Adult School Crossing Guards, Recycle Plus Billing, Parks Maintenance, and Workers' Compensation.

Five additional services were also being evaluated to determine whether to proceed with a formal business case analysis. The services include Accounting Payroll/Benefit, Fleet, Library, Parking and Traffic Control, and Sanitary Sewer. The administration will also continue to evaluate service delivery models for the Revenue Management, Animal Care, and Real Estate services to look for efficiencies and may bring forward recommendations as part of the 2013-2014 budget process.

## ANALYSIS

### **Results of Preliminary Business Case Analysis**

**Airport Parking and Traffic Control** – The preliminary business case analysis concluded that outsourcing the Airport Parking and Traffic Control service could save \$1 million annually and provide several service improvements. The Airport has conducted a public stakeholders meeting, including airline carriers, union representatives, and airport tenants, and has incorporated this feedback into the business case analysis. The results of the final business case analysis are

May 22, 2012

**Subject: 2012-2013 Alternative Service Delivery Update**

Page 2

described in more detail in Manager's Budget Addendum #7 which is available on the City's website at [www.sanjoseca.gov/budget](http://www.sanjoseca.gov/budget).

**Parks Maintenance** – A business case analysis focused on park maintenance activities provided at 33 neighborhood parks that were 2.1 to 5 acres in size and concluded that the cost to outsource these services exceeds the City's cost by approximately \$163,000. Based on the analysis, the Administration decided to continue providing the service by City staff at this time. The business case analysis is available on the City's website at [www.sanjoseca.gov/budget/FY1213/ServiceDeliveryEvaluations12-13.asp](http://www.sanjoseca.gov/budget/FY1213/ServiceDeliveryEvaluations12-13.asp).

**Adult School Crossing Guards** – A business case analysis focused on school crossing guard activities and concluded that potential savings of approximately 4.3% or about \$55,000 could be generated by outsourcing the program. However, although there could potentially be some savings, they are not substantial and need to be weighed against other factors. The current program model benefits from strong community support as well as positive relationships from the schools and school districts. By keeping the program in-house, the San José Police Department would continue to have full control over the program, ensure high-level program responsiveness, and maintain established strong relationships between the City and schools. Due to the minimal General Fund savings, the Administration decided to continue providing this service by City staff. The business case analysis is available on the City's website [www.sanjoseca.gov/budget/FY1213/ServiceDeliveryEvaluations12-13.asp](http://www.sanjoseca.gov/budget/FY1213/ServiceDeliveryEvaluations12-13.asp).

**Workers' Compensation** – Two Requests for Proposals (RFPs) for the Workers' Compensation program were released on March 20, 2012. The RFP for Workers' Compensation Comprehensive Services sought vendors to perform and/or coordinate an integrated cost containment program including administrative services, bill review/preferred provider organization (PPO) networks, utilization review, and medical case management. The RFP for Workers' Compensation Legal Services sought external legal counsel to handle workers' compensation cases throughout the litigation process including appellate review, third party subrogation related to the underlying workers' compensation case, and coordinating workers' compensation cases with interrelated issues of retirement, safety, and return to work. Proposals for both RFPs were received on April 30, 2012 and staffs from the Human Resources Department and the City Attorney's Office are currently evaluating these proposals. The results of the RFP processes will be reported to the Public Safety, Finance, and Strategic Support Committee once the RFP evaluation process has concluded.

**Recycle Plus Billing** – The Administration is currently evaluating possible options for providing billing services for the Recycle Plus program. The vendor of the current billing system will significantly reduce the level of support provided starting in July 2012. As soon as the evaluation is complete, the Administration will bring forward recommendations for City Council consideration to either replace the current system and continue providing the billing function using City staff or implement an alternative service delivery model.

### **Results of Preliminary Evaluation**

**Benefits/Payroll Administration** – Phase I of a two part RFP process has been completed with the objective of determining if there are alternative solutions or technologies currently available

to upgrade the City's PeopleSoft HR/Payroll application. Staff has determined that based on the results of Phase I, the Phase II RFP process will solicit proposals to upgrade our existing PeopleSoft technology as well as proposals for entirely new solutions. The outcome of the Phase II RFP process will be to determine and recommend a solution that best addresses the short and long term requirements of the organization.

**Fleet Maintenance Pilots** – The Public Works Department is currently testing two fleet management service delivery model pilots. One pilot leases Parks, Recreation, and Neighborhood Services (PRNS) vehicles and outsources vehicle maintenance and repair. A preliminary estimate indicates an additional \$103,500 in upfront costs over the pilot's two-year period. This cost will be funded through a PRNS Capital Improvement allocation. The second pilot outsources the maintenance and repair of City-owned vehicles and does not require any additional funding. Contracts for both pilots will be completed by the end of May, with the pilots going into effect July 1, 2012. The pilots are expected to last for two years and regular status reports will be presented to the Transportation and Environment Committee.

**Library** – A Request for Information (RFI) for management and operations services for four new libraries was released and resulted in only one proposal. A comparison of the budgeted cost for City staff to operate the libraries to this proposal is being finalized. This analysis will be described in a forthcoming Manager's Budget Addendum.

**Parking and Traffic Control** – Staff is continuing to conduct preliminary research relative to the City's Parking Compliance Program to determine if there are potential alternative service delivery models that may result in a more efficient delivery of service. The preliminary analysis to determine if any service provided by the Parking Compliance Program should proceed with a formal business case analysis is anticipated to be completed during the first half of 2012-2013.

**Sanitary Sewer Pilot** – Staff is conducting a pilot project to contract out minor sanitary sewer repairs. To date approximately 60 minor projects have been contracted out. An evaluation of the pilot to determine the level of cost savings and service quality improvements will be conducted to determine whether to conduct a service delivery evaluation during the 2013-2014 budget process.

In addition to the ten service delivery areas listed above, staff also considered other streamlining and alternative service delivery opportunities that did not require a formal service delivery evaluation. Service improvements in the Information Technology area are being brought forward as part of the 2012-2013 Proposed Budget. These improvements include conversion of the City's email system to a hosted email subscription model resulting in a modern and reliable e-mail system with increased storage limits, a more streamlined response to public records requests, and better integration with mobile devices such as smart phones and data tablets. The extension of the Voice over Internet Protocol (VoIP) platform for the majority of the City through a new hosted platform model will result in cost savings and provide a voice solution with modern features.

The Finance Department is partnering with collection agencies to leverage their services in order to more effectively and efficiently use Finance staff to focus on sensitive, more complicated, and higher dollar amount revenue collection efforts. The administration may also release RFPs for



HONORABLE MAYOR AND CITY COUNCIL

May 22, 2012

**Subject: 2012-2013 Alternative Service Delivery Update**

Page 4

animal licensing in the Animal Care Services Division and for brokerage, title search, and Right of Way services in the Real Estate section. The administration will continue to evaluate service delivery models and may bring forward recommendations as part of the 2013-2014 budget process in other areas.



Ed Shikada  
Assistant City Manager

For questions please contact Ashwini Kantak, Assistant to the City Manager, at 408-535-8147.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT: MULTIPLE HOUSING PERMIT  
FEE AND CODE ENFORCEMENT  
STAFFING**

**DATE:** May 22, 2012

Approved

Date

5/22/12

## BACKGROUND

This memorandum is in response to questions from Councilmember Oliverio during the Budget Study Sessions regarding additional Code Enforcement services that could be provided to multi-family dwellings to either eradicate blight or shorten the inspection cycle by increasing the cost of the Multiple Housing Permit Fee and adding additional staff.

## ANALYSIS

The Multiple Housing Permit (MHP) Fee is paid by owners of apartments, emergency residential shelters, guesthouses, motels/hotels, residential care facilities for seven or more persons, residential service facilities and fraternity houses and sorority houses. The fee is assessed per unit, as specified by the Fee Resolution each year. The 2012-2013 Proposed fee is set at \$43.81 per unit, which is 100% cost recovery. There are 6,588 buildings with a total of 83,641 units in the Multiple Housing Program. The cost of one Code Enforcement Inspector is \$135,703 (including overhead costs).

MHP fees fund twelve Code Enforcement Inspectors assigned to the program. These Inspectors are responsible for inspections of the building exterior and a percentage of the interior dwellings based upon the age and condition of the building. Inspectors identify zoning, building, plumbing, mechanical, and electrical, fire and other healthy and safety violations.

One of the performance targets for this program is to inspect each building on a six-year cycle. Code Enforcement Inspectors also respond to service requests from tenants regarding substandard housing conditions and complaints of exterior blight conditions. Approximately half of the service requests received during 2011 were for substandard housing conditions and the remainder were for exterior blight conditions. Voluntary compliance is encouraged and enforcement action is taken as needed to ensure safe, decent and sanitary housing.

May 22, 2012

**Subject: Multiple Housing Permit Fee and Code Enforcement Staffing**

Page 2

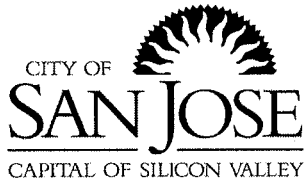
In order to proactively inspect all buildings for exterior blight conditions in the Multiple Housing Program in one year, an additional two Code Enforcement Inspectors would need to be added to the program. The cycle time for conducting routine inspections could be reduced by one year from the current six year cycle to a five year cycle with another two Code Enforcement Inspectors. In total, four Code Enforcement Inspectors would be needed to annually inspect all buildings for exterior blight conditions and to reduce the six year cycle to five years.

The following are options for increasing the level of service in the Multiple Housing Program by increasing the fee.

<b>2012-2013 Proposed Fee</b>	<b>Increase</b>	<b>New Fee with Enhanced Service Levels</b>	<b>Enhanced Multiple Housing Services and Staffing Addition</b>
\$43.81	\$3.24	\$47.05	5 year inspection cycle – addition of 2.0 Code Enforcement Inspectors
\$43.81	\$3.24	\$47.05	Annual exterior blight inspections – addition of 2.0 Code Enforcement Inspectors
\$43.81	\$6.49	\$50.30	5 year inspection cycle and annual exterior blight inspections – addition of 4.0 Code Enforcement Inspectors

/s/

JOSEPH HORWEDEL, DIRECTOR  
Planning, Building and Code Enforcement



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares  
Jennifer A. Maguire

**SUBJECT:** SAN JOSE BEST PROGRAM  
FUNDING RECOMMENDATIONS

**DATE:** May 22, 2012

Approved

Date

5/22/12

## RECOMMENDATION

Approve the following recommendations for the \$2 million one-time San Jose BEST Program increased allocation included as part of the 2012-2013 Proposed Operating Budget:

1. Approve the spending plan amount of \$1.5 million for 2012-2013 as outlined in this memorandum;
2. Amend the 2012-2013 Proposed General Fund Budget as follows:
  - a) Establish a 2013-2014 San Jose BEST Program Earmarked Reserve of \$500,000;
  - b) Decrease the City-Wide Expenses San Jose BEST Program appropriation by \$500,000;
3. Approve the following limit-dated position additions through June 30, 2013:
  - a) 3.0 Youth Outreach Workers I
  - b) 0.5 Youth Outreach Worker I PT
  - c) 1.0 Analyst II

## BACKGROUND

The Mayor's 2012-2013 March Budget Message as approved by the City Council included direction to allocate an additional \$2 million to the Bringing Everyone's Strengths Together (BEST) Program. In addition, the Administration was directed to work with school districts to identify impactful opportunities to provide intervention and prevention programming. This memorandum provides detail on the proposed spending plan for the additional \$2 million as well as plans for continued school district coordination.

## ANALYSIS

As outlined on the table on the following page, the 2012-2013 Base Budget for the BEST Program totals \$2.6 million. This allocation will continue to provide funding to community-based organizations that support gang intervention services (\$1.4 million), for City-provided direct intervention services to targeted populations through the Safe Schools Campus Initiative and Clean Slate Programs (\$830,000), and Administration/Program Evaluation (\$330,000).

This memorandum recommends using the one-time \$2 million augmentation to the BEST Program included in the 2012-2013 Proposed Budget over a two year period to enhance programs that will have the greatest impact within the community. As highlighted in the table below and explained in detail as follows, the Administration recommends use of \$1.5 million in funds for 2012-2013 and establish a reserve of \$500,000 for 2013-2014.

- BEST Funded Agencies: provide an additional \$800,000 in funding for BEST agencies, to allow for more intervention and prevention programs and services targeted toward youth (this will bring the total amount of funding for BEST agencies in 2012-2013 to \$2.2 million);
- Safe Schools Campus Initiative: add an additional team of Youth Outreach Workers (3.0 Youth Outreach Worker I and 0.5 Youth Outreach Worker PT) to respond to potentially volatile incidents at Middle Schools as well as increase street outreach capacity;
- Administration/Program Evaluation: fund 1.0 Analyst position to provide contract oversight and compliance, review reports, make recommendations for the use of funds, conduct site visits, develop grant reports, work with agencies who are non-compliant, and support grant development and public-private partnerships to address gang violence among youth;
- Safe Summer Initiative/Emergency Fund: The Safe Summer Initiative is a summer program intended to engage youth ages six through 18 in recreation activities that keep them active and safe. The Emergency Fund was established at the Mayor’s direction when homicides reached a peak in 2007 and all funds available for the BEST Program had been granted. This fund ensures that the City has the flexibility to quickly address gang violence during peak periods and provide critical funding for Safe Summer Initiative Programs to reduce gang and youth violence during summer periods.

By programming the funds over two fiscal years, PRNS can better sustain the projected improvements of PRNS Youth Intervention Programs. This two year period will also allow PRNS to build strategic relationships with partner organizations which will lead to a more positive impact. Specifically, PRNS has established a goal to seek additional funding of \$1 million from grants or other private partnerships in 2013-2014 to leverage the \$500,000 in reserve.

San Jose BEST Program Funding Recommendations

<b>Program</b>	<b>2012-2013 Base Budget Allocation</b>	<b>2012-2013 Additional Allocation</b>	<b>Total SJ BEST 2012-2013 Proposed Allocation</b>
BEST Funded Agencies	\$1,440,000	\$800,000	\$2,240,000
Safe Schools Campus Initiative	\$824,000	\$270,000	\$1,094,000
Administrative/Program Evaluation	\$330,000	\$180,000	\$510,000
Safe Summer Initiative/Emergency Fund	\$6,000	\$250,000	\$256,000
SJ BEST Reserve for 2013-2014	\$0	\$500,000	\$500,000
<b>TOTAL</b>	<b>\$2,600,000</b>	<b>\$2,000,000</b>	<b>\$4,600,000</b>

HONORABLE MAYOR AND CITY COUNCIL

May 22, 2012

**Subject: San Jose BEST Program Funding Recommendations**

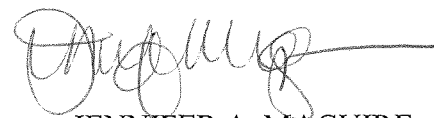
Page 3

PRNS currently coordinates with school districts as part of the Mayor's Gang Prevention Task Force to develop a strategic plan to address youth/gang violence. The strategic plan guides the funding of organizations and programs who apply for funds as part of the BEST program.

PRNS will continue to engage School Superintendents, who are active members of the Schools/City Collaborative and are represented on the Mayor's Gang Prevention Task Force Policy Team and the Interagency Collaborative Subcommittee. Additionally, school principals and other school district representatives are members of the Mayor's Gang Prevention Task Force Technical Team. Members of this team identify "hot spot" areas which help guide and direct BEST program funds and the Department in allocating Youth Intervention staff resources.

/s/

JULIE EDMONDS-MARES  
Acting Director of Parks, Recreation  
and Neighborhood Services



JENNIFER A. MAGUIRE  
Budget Director

For questions please contact Angel Rios, Jr., Acting Assistant Director, at 408-793-5553.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares

**SUBJECT: STATUS OF COMMUNITY CENTER  
REUSE AND CITY COSTS  
ASSOCIATED WITH OPERATION OF  
REUSE FACILITIES**

**DATE:** May 22, 2012

Approved

Date

5/23/12

As part of the City Council discussion of the 2012-2013 Mayor's March Budget Message, Councilmember Rocha requested information regarding a status of Community Centers in Reuse and related costs.

## BACKGROUND

On April 22, 2008, the City Council approved Council Policy 7-12 (Community Center Reuse Policy), which established guidelines for the free use of community center recreation space by non-profit groups, neighborhood associations, schools, and other governmental agencies, in return for services that primarily benefit San José residents.

Due to a significant General Fund budget shortfall in 2010-2011, twenty-one Neighborhood and Satellite centers (those not designated as multi-service Hubs) were added to the Reuse list. Of this group, three centers (Almaden Winery, Kirk, and Shirakawa) were authorized as part of the 2011-2012 Adopted Budget to be used by Work2Future.

As part of the 2010-2011 budget process, in May 2010, staff determined highest need communities utilizing socio-economic metrics. Subsequently, in Fall 2010 six identified centers (Washington United, Alviso Youth, Alum Rock Youth, Starbird Youth, Alma Youth, and Gardner) were made available for use through a competitive Request for Information (RFI) process. The remaining centers were made available for use in early 2011. Meetings were held to determine community programming priorities. Due to reductions for Reuse utilities and maintenance in the 2011-2012 Adopted Budget, preference was given to applicants proposing cost-sharing plans. Staff recommendations were affirmed by community representatives and the Reuse Task Force. A complete listing of current Reuse partners and services can be found in Attachment A.

## ANALYSIS

Currently, City staff manages ten hub community centers, the Grace Community Center, and the Bascom Community Center (scheduled for opening in June 2012). Further, through the reuse

May 10, 2012

**Subject: Status of Community Center Reuse and Costs Associated with PRNS Operation of Reuse Facilities**

Page 2

program, at present, 41 sites are listed as Reuse sites (see Attachment A for a complete listing of sites and its current services offered). The use agreements for these sites include for the City to pay utilities and maintenance or for partial payment of these costs by partnering entities. There are two types of reuse centers: satellite-centers (15 sites averaging 16,700 sq. ft. in size) and neighborhood - centers (26 averaging 3,000 sq. ft. in size). The table below provides average annual cost figures for satellite and neighborhood centers for utility and maintenance expense, personal services costs, and other non-personal/equipment costs, if the City were to fully operate these centers at 2008-2009 staffing levels. Please note that the personal services and non-personal/equipment costs are based on 2008-2009 cost information, when the centers were last managed by City staff.

<b>Center Type</b>	<b>Satellite Center</b>	<b>Neighborhood Center</b>
Utility and Maintenance Cost	\$73,000	\$13,000
Personnel Services*	\$480,000	\$160,000
Non-Personnel/Equipment*	\$11,000	\$6,500
<b>Total Cost</b>	<b>\$564,000</b>	<b>\$179,500</b>
2008-2009 Opening Hours per Week	30-40 hours	15-20 hours
2011-2012 Opening Hours per Week	39 hours	21 hours

\* At 2008-2009 staffing levels based on 2008-2009 cost information.

Through the Reuse Program and with the assistance of community partners, the City has been able to keep these centers accessible to the public at a similar level than in 2008-2009. Satellite centers are open on the average 39 per week and neighborhood centers are open on the average 21 hours per week at a cost of \$73,000 and \$13,000 for utility and maintenance cost, respectively. Through the Reuse Program, the average General Fund annual cost savings based on 2008-2009 cost information for Satellite Centers is \$491,000 and for Neighborhood Centers is \$166,500 totaling over \$11 million annually for all centers. Additionally, as outlined in Attachment A, various community partners provided annual contributions totaling \$481,366 offsetting costs in the General Fund.

Annually, PRNS seeks new partnerships, increased rental opportunities, and expansion of cost-recovery PRNS programming to maximize revenue opportunities. PRNS will report back to the Neighborhood Services & Education (NSE) Committee in fall 2012 with an update on new Reuse opportunities. Partnership monitoring will continue biannually and feedback will be garnered through community roundtable discussion as PRNS seeks a balance of quality service delivery and sustainable business practices.

/s/

JULIE EDMONDS-MARES  
Acting Director of Parks, Recreation and  
Neighborhood Services

For questions please contact Suzanne Wolf, Acting Deputy Director, at 408-535-3571.



### Attachment A

Site	Partnering Organization	Services	Partner's Annual Contributions
Shirakawa (S)	CSJ Office of Economic Dev. Work2future	employment resources- youth	\$161,618
Kirk (S)	CSJ Office of Economic Dev. Work2future	employment resources- adults	\$142,421
Almaden Winery (S)	CSJ Office of Economic Dev. Work2future	employment administrative services	\$137,683
West San Jose (S)	Silicon Valley Korean American Federation	ESL, cultural services, fitness	\$19,200
Los Paseos (S)	South Valley YMCA	after school- youth	\$10,000
McKinley (N)	CommUniverCity	neighborhood development and teen center	\$8,000
River Glen (N)	Lincoln Glen Little League	Little League refreshments and meetings	\$1,444
Vista Park (N)	South San Jose Softball League & PRNS	Little League refreshments, camp	\$1,000
Alma* (S)	Happy House-Community United	after school and summer camp-youth; PRNS Senior Nutrition	\$0
Almaden Youth Center (N)	Silicon Valley African Productions	after school- youth	\$0
Alum Rock Youth Center* (S)	Escuela Popular, Boys and Girls Clubs of Silicon Valley, California Youth Outreach & PRNS	charter school, after school-youth, late-night gym, sports leagues	\$0
Alviso Youth Center* (S)	Boys and Girls Clubs of Silicon Valley	after school and summer camp-youth	\$0
Backesto (N)	Boys and Girls Clubs of Silicon Valley	after school- youth	\$0
Berryessa Youth Center (S)	East Valley YMCA	after school and summer camp-youth	\$0
Capitol Goss (N)	Asian American Community Services	ESL, cultural services, fitness	\$0
Edenvale Community Center (S)	Boys and Girls Clubs of Silicon Valley, South Valley YMCA, Catholic Charities, FurtureArtsNow	after school, camp, fitness, sports leagues, parenting skills, arts	\$0
Edenvale Youth and Family Center (N)	Boys and Girls Clubs of Silicon Valley	after school- youth	\$0
Erickson (N)	KidsCopia	early childhood recreation	\$0
Gardner* (S)	PRNS & Boys and Girls Clubs of Silicon Valley	PRNS Senior Nutrition, after school and summer camp-youth	\$0
Hoover (N)	San Jose Multicultural Artists Guild, Teatro Vision, Kaisahan	resident theatres	\$0

\*High need site based on socioeconomic indicators

(S) Satellite Center = \$73,000 average annual utilities and maintenance expense

(N) Neighborhood Center = \$13,000 average annual utilities and maintenance expense

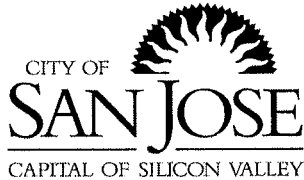
Site	Partnering Organization	Services	Partner's Annual Contributions
Houge (N)	San Jose Astronomical Association, San Jose Youth Shakespeare (Bldg 1) & Arab American Cultural Center (Bldg 2)	astronomy, theatre, and cultural services	\$0
Joseph George (N)	Dr. George Castro	after school- youth	\$0
Meadowfair (N)	Kidango	early childhood recreation	\$0
Noble House (N)	Veteran's Supportive Services Agency	veteran's services	\$0
Noble Modular (N)	Veteran's Supportive Services Agency	veteran's services	\$0
Northside (S)	4Cs	early childhood recreation & PRNS Senior Nutrition	\$0
Olinder (N)	Northside Theatre Co & Boys and Girls Clubs of Silicon Valley	resident theatre and after school- youth	\$0
Paul Moore (N)	Changeling Dance	therapeutic dance	\$0
Rainbow Park (N)	Ethiopian Community Services	cultural and translation services	\$0
San Tomas (N)	Eastern European Services Agency	cultural and translation services	\$0
Sherman Oaks (N)	Korean American Community Services, Campbell Union School District, neighborhood groups	cultural and translation services, senior nutrition, after school-youth	\$0
Starbird Youth* (S)	Happy House-Community United	after school and summer camp-youth	\$0
Washington United* (S)	Catholic Charities	after school and summer camp-youth, parenting skills, fitness	\$0
Welch Park (N)	Filipino Youth Coalition	after school and cultural services- teens	\$0
Hank Lopez (S)	None	Youth Intervention staff location (as per Council Memo 3-30-10)	\$0
Bramhall (N)	None	PRNS fee activity/cost-recovery programming	\$0
Calabazas (N)	None	PRNS fee activity/cost-recovery programming	\$0
Hamann (N)	None	PRNS fee activity/cost-recovery programming	\$0
Millbrook (N)	None	PRNS fee activity/cost-recovery programming	\$0
Old Alviso (N)	None	closed- mold contamination	NA
Old Hillview (N)	None	closed- significant maintenance and ADA improvements req'd	NA
<b>41 SITES</b>	<b>31 PARTNERS</b>	<b>CONTRIBUTION FROM PARTNERS:</b>	<b>\$481,366</b>

\*High need site based on socioeconomic indicators

(S) Satellite Center = \$73,000 average annual utilities and maintenance expense

(N) Neighborhood Center = \$13,000 average annual utilities and maintenance expense

Note: Utilities and maintenance expenses do not include personnel or non-personal operation costs.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Norberto Duenas  
Jennifer A Maguire

**SUBJECT: NEIGHBORHOOD ENGAGEMENT TEAM REORGANIZATION**      **DATE:** May 23, 2012

Approved

Date

5/23/12

## RECOMMENDATION

- 1) Approve the following amendments to the 2012-2013 Proposed Operating Budget in the General Fund:
  - a. Decrease the City Manager's Office Personal Services appropriation in the amount of \$462,100;
  - b. Increase the Housing Department's Personal Services appropriation in the amount of \$253,862; and,
  - c. Increase the Parks, Recreation, and Neighborhood Services Department's Personal Services appropriation in the amount of \$208,238.
  
- 2) Approve the following position amendments to the 2012-2013 Proposed Operating Budget:
  - a. Shift 3.75 Community Activity Worker PT positions from the City Manager's Office to the Park, Recreation and Neighborhood Services Department;
  - b. Shift 1 Community Coordinator and 1 Community Services Supervisor position from the City Manager's Office to the Housing Department.

## BACKGROUND

In August 2010 the Mayor and City Council unanimously adopted the Strong Neighborhoods Business Plan Update that focused the program's limited resources and smaller staff on stabilizing a short list of neighborhoods in crisis and looking at new ways of engaging residents citywide. Since the adoption of that plan, the continuing difficult budgetary situation during both 2010-2011 and 2011-2012 in the City has brought a significant reduction in available resources for the former Strong Neighborhoods Initiative. In addition, the dissolution of the former Redevelopment Agency eliminated all former Redevelopment Agency resources as well. In June 2011 as part of the 2011-2012 Adopted Budget, the Mayor and City Council through the Manager's Budget Addendum #35 directed the City Manager's Office to begin developing a coordinated cross-departmental team to lead neighborhood engagement efforts.

May 23, 2012

Subject: Neighborhood Engagement Team Reorganization

Page 2

## ANALYSIS

Consistent with the City Council direction for 2011-2012, this past year has seen tighter collaboration between City departments and programs working in neighborhoods most notably with the Mayor's Gang Prevention Taskforce and the Housing Department. In December 2011 the City Council approved a new place-based neighborhood strategy for the Community Development Block Grant (CDBG) providing approximately \$3.3 million towards this effort. This new strategy focuses funding on the development of a select few neighborhoods typically identified with strong existing community partners where focused investments could shift the neighborhood into stability with the intent to add additional neighborhoods over time and allow others to phase out and be left to a critical non-profit partner that will take the lead. In parallel, in April 2012 the Mayor's Gang Prevention Taskforce Policy Team adopted a new set of gang hotspots and recommended focusing gang prevention, intervention, and suppression activities in these hotspots, including the current three neighborhoods identified as part of the new CDBG place-based strategy.

The City's Neighborhood Engagement Team is drawing on existing resources from across the City to form a multi-departmental collaborative Policy Team comprised of representatives from Departments such as Housing, Parks, Recreation and Neighborhood Services (PRNS), Police, Library, and Planning, Building and Code Enforcement (PBCE). This Policy Team will guide the direction and initiative of the Neighborhood Engagement team with the City Manager's Office acting as facilitator and convener. To address day to day implementation and execution of initiatives, a smaller cross departmental Technical Team of the Manager's Office, the Housing Department and the PRNS Department would be convened to oversee and coordinate efforts such as the community crisis response, Graffiti and Blight Abatement, CDBG funded neighborhood programs, housing rehabilitation, B.E.S.T. funding, as well as efforts to awaken neighborhood capacity across San Jose. To reflect and support this growing collaboration and formalize the multi-departmental Neighborhood Engagement Team, the realignment of resources amongst the various partners is recommended.

This reorganization will shift resources from the City Manager's Office directly into the Housing and Parks, Recreation and Neighborhood Services Departments to facilitate this collaborative effort. In the Housing Department, two positions - a neighborhood team manager and a lead community organizer (Community Services Supervisor and Community Coordinator) - will implement the place-based strategy as directed by City Council. These positions will work with community partners in the three designated areas to guide the implementation of the strategy and work to secure new partners in other neighborhoods next in line. To augment the efforts of the Mayor's Gang Prevention Taskforce, 3.75 part-time organizer positions (Community Activity Worker part-time) are recommended to be shifted from the City Manager's Office to the Parks, Recreation, and Neighborhood Services Department to focus on the newly approved gang hotspots and work to create cleaner, safer, and more engaged neighborhoods. In addition, the transfer of the Spartan Keyes Neighborhood Action Center will be shifted from the responsibility of the City Manager's Office to the PRNS Department who will place this site on its facility reuse list and manage it through the remainder of its lease which expires in 2014.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2012


**Subject: Neighborhood Engagement Team Reorganization**

**Page 3**

The City Manager's Office would retain two positions, charged with the coordination and management of this multi-departmental team. These resources will focus on supporting both the Policy Team and the Technical Team ensuring the development and execution of the key initiatives under the Neighborhood Engagement Team. In addition, the continuation of the Community Action and Pride Grant program, support of key engagement efforts, and work to support and encourage volunteerism in the City will also be managed.



NORBERTO DUENAS  
Deputy City Manager



JENNIFER A. MAGUIRE  
Budget Director

For more information, please contact Kip Harkness, Assistant to the City Manager, at 408-535-8501.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares  
Jennifer A. Maguire

**SUBJECT: NEW PARK DEVELOPMENT  
PROJECTS**

**DATE:** May 23, 2012

Approved

Date

5/23/12

## RECOMMENDATION

1. Release the hold which was placed on new park development on February 9, 2010 and align new park development with the existing approved City Council Budget Principle that states capital improvement projects shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire cost of the project, including the operations and maintenance costs, will not require a decrease in basic neighborhood services.
2. Adopt the following amendments to the 2012-2012 Proposed Capital Budget in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District 7 (Fund 385):
  - a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the West Evergreen Park Development project in the amount of \$1,562,000;
  - b. Decrease the Reserve: West Evergreen Park by \$1,562,000.
3. Adopt the following amendments to the 2012-2013 Proposed Capital Budget in the Subdivision Park Trust Fund:
  - a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the West Evergreen Park Development project in the amount of \$353,000;
  - b. Decrease the Reserve: West Evergreen Park by \$353,000.
  - c. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the Noble Park Dog Park project in the amount of \$772,000;
  - d. Decrease the Reserve: Penitencia Creek Park Dog Park by \$772,000.

May 23, 2012

**Subject: New Park Development Projects**

Page 2

4. Direct the City Manager to return as part of a separate council action with recommendations on how to leverage existing funding sources to front the \$6 million reimbursable State of California Proposition 84 grants awarded to the City for the construction of Del Monte and Antonio Balermino Parks.

## **OUTCOME**

Acceptance of the above recommendations will allow the hold to be released on new park construction as long as the ongoing annual impact of the particular park to the General Fund is \$100,000 or less. This will allow the City to proceed with the development of ten new parks which were previously on hold (Attachment A), plus Del Monte Park. Each of these eleven new parks is at a different stage in their development and readiness. Even though the hold is recommended for immediate release, only three projects are ready to enter the construction phase in 2012-2013. These three projects are: Antonio Balermino, Del Monte and West Evergreen Parks. The remaining projects will enter the design and construction phases as soon their funding has been secured and/or their planning phases have been completed. These projects include: Pellier Park, Montecito Vista Park, Noble Dog Park, River View Park, Martin Park, North San Pedro Park, Tamien Park, and Essex Park.

## **BACKGROUND**

### ***Hold Placed on New Park Development***

On February 9, 2010, the Mayor and City Council approved Item 5.1, which placed a hold through 2010-2011, on the design and construction of new parks and recreation facilities which did not fit within the near term strategies outlined in the Greenprint 2009 Update. It was requested that the Director of Parks, Recreation and Neighborhood Services (PRNS) report back to the City Council on the status of new park construction on regular basis as part of the City's annual budget process. Projects which fit within the approved Greenprint strategies and were not placed on hold, included:

1. Trail projects that advanced the Green Vision of 100 miles of trails;
2. Infrastructure improvement projects that reduce maintenance and operations costs;
3. Land banking for future park development; and
4. Renovation of sports fields to artificial turf to reduce maintenance and operations costs and water consumptions.

### ***November 16, 2010 – Hold Continues But Innovative Mechanisms Approved to Help Identify Maintenance Costs***

On November 16, 2010, the City Council adopted Resolution No. 75638 which provided various mechanisms for proceeding with development of new parks and recreation facilities that would minimize impact to the General Fund. Adoption of Resolution No. 75638 authorized the City

Manager to move forward with the construction of new recreational facilities if non-General Fund funding was identified to provide for a three year park establishment period and/or for long-term maintenance of the new recreational facility. Preferably, the combination of the park establishment period and long term maintenance mechanism would provide for at least a 10 year period before the maintenance of the facility would need to be supported by the City's General Fund. Additionally, the Resolution authorized the following mechanisms to assist with funding for park development and maintenance:

1. The ability to pay for a three year park establishment period with parkland fees and Construction & Conveyance taxes (C&C) as part of the construction bid on the project;
2. The ability to credit a developer's parkland fees if the developer provides an equivalent monetary donation for at least 10 years of park maintenance of the new recreational facility;
3. The ability to exempt donated park establishment services and park maintenance of at least two years from prevailing wage.

On June 14, 2011 the Resolution was amended and restated to clarify that trail projects were not intended to be placed on hold and to allow more flexibility in the ability to provide credit to developers when they are donating at least 10 years of maintenance funding. It is important to note that the City's ability to provide the park fee credit in exchange for donation of at least 10 years of maintenance expires on December 31, 2012.

***Projects That Have Been Released From Hold To Date (i.e., Non-General Fund Dollars have been identified for maintenance)***

Two parks have been opened since February 2010 – Nisich and Newhall Parks – and six new parks are planned to be opened. Table 1 below lists the six parks currently in the planning stage. Each park in Table 1 is moving forward because non-General Fund dollars and/or resources have been identified for the maintenance of the facilities for at least three years. It should be noted that this table does not include land acquisition, infrastructure rehabilitation, artificial sports field conversion or trail projects as these types of projects were not placed on hold:

*Table 1: Parks Already Moving Forward due to Non General Fund Maintenance Sources Being Identified*

Park	Council District	Status	Mechanism to Move Forward
River Oaks Park	4	Under construction	Developer fee credit
Mabury/Commodore Park	4	Under design	Developer fee credit under negotiation
Buena Vista Park	6	Under design	Volunteer maintenance agreement



Vista Montana Parks	4	Under design	Developer maintenance contribution through development agreement
Vietnamese Heritage Garden	7	Under construction	Private organization to maintain
Del Monte Park	6	Master plan completed	Lease revenue from adjacent properties purchased for future park expansion

Additionally, there are ten new parks and/or recreation facilities which PRNS staff has identified that could come on-line within the next four fiscal years assuming full construction and maintenance funding is identified. These projects are listed in Attachment A of this report, along with details on the park size, funding status, council district and key attributes.

***Grant Funding Identified for Two Projects***

On March 26, 2012, PRNS was informed that San José had been awarded \$6 million in State grant funding for the construction of Del Monte Park (\$3.5 million) and Roberto Antonio Balermino Park (\$2.5 million). PRNS staff is currently working with the State to finalize the contract for access to the funding and will return to the City Council for approval of the funding as part of a separate council action.

**ANALYSIS**

***Justification for Request to Release New Parks Projects From Being “On Hold”***

Exhibit 4 of the City Manager’s 2012-2013 Proposed Budget Message lists the Budget Principles as approved by the City Council in 2008 upon which the City’s annual budget is developed. Principle number 8 reads as follows:

*Capital Improvement Projects shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire cost of the project, including the operations and maintenance costs, will not require a decrease in basic neighborhood services.*

As shown in Attachment A, each of the new parks currently in the pipeline for development have annual General Fund impacts of less than \$100,000. Additionally, many of these projects are located in underserved areas and there is a tremendous amount of community need and support for moving them forward. For example:

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**Subject: New Park Development Projects**

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- Five of the parks are high priorities within the City's Strong Neighborhoods Initiative areas (Del Monte, Antonio Balermino, West Evergreen and Martin Parks);
- Many of these sites have been sitting vacant within our neighborhoods for several years. For example, the Martin Park project is the conversion of a former landfill into a 4.7 acre park. Currently the former landfill is closed and in the middle of a San Jose neighborhood;
- The future site of Antonio Balermino Park has been sitting vacant directly adjacent to affordable housing developments in the City;
- North San Jose is being redeveloped with new housing units and it is critical that parks be provided for the current and future residents. Both Essex and River View Parks are planned in North San Jose;
- In the Berryessa Area, the development of a dog park has been a number one priority for the entire community for several years.

Additionally, all of the new parks in Attachment A are intended to serve current and future residents of San Jose that are currently underserved and do not have adequate access to parks and open space. For these reasons, this memorandum is recommending that the hold on new park construction be released and that new parks should comply with Budget Principle 8, above. Also, as shown in Attachment A, there would no 2012-2013 General Fund impact associated with this action and impacts to future years will be included in future budget forecasts. Beginning in 2013-2014, the operating and maintenance budget impact is estimated at \$97,394.

#### ***New Park Projects Status – Which Ones Will Move Forward and By When?***

As mentioned in the outcome section of this memorandum, this action would release the hold on all park projects listed in Attachment A. However, each of these projects is at a different stage of readiness and many of them are not ready to move into the design and construction phases immediately. In order for a project to move into the design and construction phases in 2012-2013, full funding must be identified and the planning phases of the project must already be completed. The projects that are ready to advance into the design and construction phases in the coming fiscal year are:

- Del Monte Park
- Antonio Balermino Park
- West Evergreen Park

Additionally, the following projects could potentially move forward to design and construction in 2012-2013 pending resolution of construction funding, planning and developer issues:

- Martin Park (planning is completed, full funding is anticipated in early 2013);
- Montecito Vista Park (fully funded, planning is completed, schedule subject to developer timeline);
- Noble Park Dog Park (planning stage currently underway, fully funded);
- Pellier Park (fully funded, planning is completed, schedule contingent upon Julian Street roadway project);

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**Subject: New Park Development Projects**

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- River View Park (fully funded, planning is completed, schedule subject to developer timeline).

The following three projects will not likely proceed to the design and construction phase in 2012-2013 as their master plans have not yet been completed. However staff will work to complete the master plans during the upcoming fiscal year to prepare them for future development:

- North San Pedro Park
- Tamien Park
- Essex Park

Additional information on the status and next steps for the above projects is included in Attachment A. If this memorandum is approved, staff from PRNS and the Department of Public Works will determine schedules for each of the above projects and report back to appropriate City Councilmember as part of pre-existing project coordination meetings and reporting mechanisms with each Council District office.

### ***Funding Plan***

As mentioned in the preceding section, the design and construction phases for Antonio Balermino, Del Monte and West Evergreen Parks will proceed in 2012-2013 and the Martin, Montecito Vista, Noble Park Dog Park, Pellier and River View Parks may possibly proceed. Below is a summary of the funding plans for each of those projects:

- *Antonio Balermino and Del Monte Parks:* PRNS has received State of California Proposition 84 grants for the construction of Del Monte Park (\$3.5 million) and Antonio Balermino Park (\$2.5 million). The master plans for both of these facilities are completed. In order to proceed with the design and construction, the City needs to identify "fronting" funds which will then be reimbursed by the State. Staff is working on alternatives to front this funding and will return to the City Council with a recommendation as part of a separate City Council memorandum.
- *West Evergreen Park and Noble Park Dog Park:* Full funding is currently appropriated via reserves in the Council District 7 Construction and Conveyance Tax Fund and the Park Trust Fund for the West Evergreen Park and Noble Park Dog Park. This memorandum includes a recommendation to re-allocate this funding from reserves to active projects.
- *Martin Park:* Full funding for Martin Park is anticipated to be received in February 2013 through a developer park in-lieu fee payment. Once this funding is received staff will request an appropriation action from the City Council through the 2013-2014 budget process or a separate City Council memorandum;
- *Montecito Vista, River View and Pellier Parks:* These parks are turnkey parks funded by developers so no appropriation actions are required to move these projects forward;

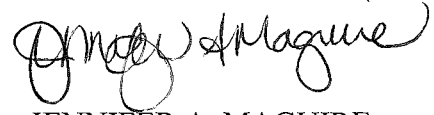
HONORABLE MAYOR AND CITY COUNCIL  
May 23, 2012  
**Subject: New Park Development Projects**  
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**COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the Department of Public Works.

/s/

JULIE EDMONDS-MARES  
Acting Director of Parks, Recreation and  
Neighborhood Services



JENNIFER A. MAGUIRE  
Budget Director

Attachment

**Attachment A**  
**New Park Development**  
**General Fund Impact and Key Attributes**

Park Name	Council District	Size	Annual O&M Cost (Current Year) <sup>5</sup>	Potential General Fund Impact without inflation (if Authorized July 1, 2012)				Key Attributes			Status and/or Recommended Next Step
				FY 12-13	FY 13-14	FY 14-15	FY 15-16	Fully Funded?	Master Plan Complete?	Turnkey Agreement Completed?	
Antonio Balermينو Park	7	1.8	20,012	0	10,006	20,012	20,012	Yes	Yes	NA	Proceed to design and construction in Fiscal Year 2012-2013
Pellier Park <sup>1</sup>	3	0.75	6,255	0	3,128	6,255	6,255	Yes	Yes	Yes	Proceed to design and construction following resolution of schedule for Julian Street realignment
Montecito Vista Park <sup>2</sup>	7	2	21,680	0	10,840	21,680	21,680	Yes	Yes	Yes	Per agreement with developer, park to be completed prior to February 2015
West Evergreen Park	7	1	13,340	0	6,670	13,340	13,340	Yes	Yes	NA	Proceed to design and construction in Fiscal Year 2012-2013
River View Park	4	5.2	66,500	0	33,250	66,500	66,500	Yes	Yes	Yes	Discuss potential construction schedule with developer
Martin Park <sup>3</sup>	3	4.7	47,000	0	23,500	47,000	47,000	Yes	Yes	NA	Proceed to design and construction phase in Spring of 2013
Noble Park Dog Park <sup>4</sup>	4	1.2	20,000	0	10,000	20,000	20,000	Yes	No	NA	Complete master plan and, if approved, proceed to design and construction phase in Fiscal Year 2012-2013
North San Pedro Park <sup>4</sup>	3	0.8	6,672	0	0	3,336	6,672	No	No	No	Finalize turnkey agreement with developer in Fiscal Year 2012-2013
Tamien Park <sup>4</sup>	3	3	30,000	0	0	15,000	30,000	No	No	NA	Initiate master plan phase in Fiscal Year 2012-2013
Essex Park <sup>4</sup>	4	2.4	29,000	0	0	14,500	29,000	No	No	NA	Initiate master plan phase in Fiscal Year 2012-2013
<b>Totals</b>			<b>260,459</b>	<b>0</b>	<b>97,394</b>	<b>227,623</b>	<b>260,459</b>				

1. While Pellier Park is fully funded for construction of Phase I, the construction schedule is pending finalization of the construction plans to re-align Julian Street.
2. Montecito Vista is the working title for the park. This future park has not yet been officially named by the City Council.
3. Full funding for Martin Park is anticipated in February 2013 per a contractual agreement between the City and Almaden Tower Venture, LLC
4. The acreages and estimated O&M costs for these sites are approximate as the master plans are not yet completed.
5. All annual O&M costs are estimates and will be validated as during the future budget forecasts.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT: DEVELOPMENT SERVICES  
FIVE YEAR PERFORMANCE  
GOAL REVIEW**

**DATE:** May 23, 2012

Approved

Date

5/23/12

During the May 9, 2012 Community and Economic Development Committee Budget Study Session, staff was asked to provide information regarding Development Services five year performance goals, to consider making the goals 100%, and to make them consistent across the Development Services partners. This memorandum responds to that request.

## BACKGROUND

The Development Services Partners (Planning, Building and Code Enforcement) closely track performance and activity measures. These measures are used, in conjunction with customer feedback and ongoing revenue analysis, to make staffing and process improvement recommendations. Staff is currently reviewing the level of services provided by the Partners to reconcile goals. During that review, the current goals are being considered for revision in order to reflect the many new forms of services delivered today that are not captured in the current measures, such as the expedited Building and Planning service lines. Staff is considering a series of new measures to affirm what the base level of service is needed for our customers. The existing goals were established previously in direct discussions with the customer groups.

## ANALYSIS

Staff will be reaffirming base service level goals again working directly with the customer groups. In addition, staff is also developing performance goals for the new expedited and coordinated service delivery that reflects the expectation of 100% service level guarantees for staff turnarounds. All customers deserve to receive service they can count on, and the additional staff positions as recommended in the 2012-2013 Proposed Operating Budget and Manager's Budget Addendum #33 will provide capacity to serve customers.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2012

**Subject: Development Services Five Year Performance Goals Review**

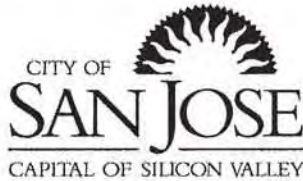
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**COST IMPLICATIONS**

There are no cost implications associated with this effort. If major changes are desired on the targets of service, staff levels would be required to be updated, triggering reviews of fees and revenues to maintain our 100% cost recovery goal. Due to fee increase impacts and the desire to avoid increase in fees for customers in this downturn, staff has not proposed higher levels of service beyond previously agreed service levels.

/s/

JOSEPH HORWEDEL, DIRECTOR  
Planning, Building and Code Enforcement



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel  
Jennifer A. Maguire

**SUBJECT: DEVELOPMENT SERVICES  
STAFFING**

**DATE:** May 24, 2012

Approved

Date

5/24/12

## RECOMMENDATION

To facilitate San José's Development Services increasing workload demands and to meet set performance targets, the following actions are recommended to be effective July 1, 2012:

1. Adoption of the following 2012-2013 Proposed Budget amendments in the General Fund contingent upon approval of the 2011-2012 Appropriation Ordinance and Funding Sources Resolution amendments that will go forward for City Council approval on June 19, 2012:
  - a. Decrease the Reserve for Building Development Fee Program by \$124,703;
  - b. Decrease the Reserve for Planning Development Fee Program by \$520,821;
  - c. Increase the Building Development Fee Program - Personal Services appropriation to the Planning, Building and Code Enforcement Department in the amount of \$113,497;
  - d. Increase the Planning Development Fee Program - Personal Services appropriation to the Planning, Building and Code Enforcement Department in the amount of \$473,777; and
  - e. Increase the 2013-2014 Future Deficit Reserve by \$58,250 or distribute this funding as part of the 2012-2013 budget process.
  
2. Approve the following position additions:

*Building Fee Program:*

<u>Job Code</u>	<u>Job Classification</u>	<u>FTE</u>
4122	Planner I/II	1.00

*Planning Fee Program:*

<u>Job Code</u>	<u>Job Classification</u>	<u>FTE</u>
4122	Planner I/II	1.00
4124	Senior Planner	1.00
8074	Division Manager	1.00
3954	Permit Specialist	1.00



## **OUTCOME**

The outcome of these actions will add five new positions (one in the Building Fee program, and four in the Planning Fee program). These actions are necessary in order to operate San José Development Services “at the speed of business,” and to ensure performance levels for planning services will meet newly anticipated customer demands.

The Building and Planning Development Fee Programs are currently projecting to end the year above revenue estimates combined with expenditures savings, resulting in Fee Program Works in Progress reserves projected at \$945,000 in the Planning Fee program, and \$13.7 million in the Building Fee program at the start of 2012-2013. This memorandum recommends the use of both of these Planning Fee and Building Fee estimated reserves, leaving a projected remaining balance of \$424,000 for Planning and \$13.5 million in Building, in order to provide for additional Planning staff to meet increased demand in Planning Development and in the Permit Center.

## **BACKGROUND**

As a cost recovery business, Development Services needs to work as efficiently as possible while providing high quality service and thorough review consistent with Council adopted codes, policies, plans, and guidelines. Based on increased activity and associated increase in revenue at the end of 2011-2012, Development Services is expanding its service model to meet dynamic customer needs by offering increased baseline service capacity, increasing the Expedited Plan Review capacity with coordinated review and a second STI/ITI line, as well as enhancing customer service through the *Superior Customer Service through Successful Partnerships* initiative.

In order to meet the challenges of expanding staff yet maintaining cost recovery in an uncertain economic environment, staff presented a strategy to City Council on January 31, 2012 to provide the staffing capacity needed to keep up with current and future demand for permitting services. This approved request added a total of 21 permanent front-line positions to Development Services, 17 within the department of Planning, Building and Code Enforcement (PBCE). The 2012-2013 Proposed Budget also adds 17.8 front-line staff to Development Services, a net 6.75 positions in PBCE. In addition to these new positions, \$300,000 was added ongoing to PBCE during the 2011-2012 Mid-Year Budget Review for a Peak Staffing (temporary staffing) agreement that would allow Planning and Building to add Building Inspectors, Plan Check Engineers, and Planners on an as-needed basis when activity demands require above baseline capacity. An additional \$100,000 was added ongoing in PBCE for peak staffing as part of the 2012-2013 Proposed Budget, as well as \$110,000 to Fire Development for temporary Fire Plan Check Engineers.

Despite this increase in staffing and the ability to use temporary resources, it has become clear that additional Planning baseline resources are needed in the Planning Fee program and Permit Center in order to meet anticipated demand and to continue to operate efficiently, attract further

development to the City, and appropriately staff the anticipated large development projects coming to San Jose during 2012-2013.

## ANALYSIS

### *Planning Development Services*

A detailed review of pending Development Services projects shows that the Planning Division must further increase its Planning capacity in order to be prepared to meet recent and anticipated demand for 2012-2013. Late 2011-2012 submittals have or will result in significant revenue increases from the following projects:

- North San Jose - Two new parking garages for an existing tenant in North San Jose.
- Atmel Way - 600,000+ square feet of office space and associated parking garage located at the westerly terminus of Atmel Way
- FMC – 670,000+ square feet of office and associated parking garage located at the westerly intersection of Coleman Avenue and Aviation Way
- Santana Row Office – Approximately 230,000 square feet of commercial office and below grade parking located at the southeast corner of Winchester Blvd. and Olsen Drive
- Hitachi Retail – 310,000+ square feet of retail on the east side of Cottle Road between Poughkeepsie and Raleigh Roads

Other development applications are anticipated for 2012-2013, such as Communications Hill and additional Hitachi residential as well as development projects intending to take advantage of recent incentive packages approved by the City Council. Together with the recently filed projects, Planning revenue is expected to cover the costs of the additional staff.

In addition to these major applications, Planning Development is also experiencing an upswing in minor Planning applications and preliminary reviews, resulting in a back up of application submittals by at least one month. As a result of this backup, management and Sr. Staff are performing the work of Planners such as processing newly submitted applications and preliminary review applications to help provide additional capacity.

The top comments received during the 2011 Annual Customer Satisfaction survey for Development Services overwhelmingly shows that customers want to see decreased wait times and turnaround times and increased staffing. Although Development Services, as mentioned earlier, has been approved to increase staffing following the January Council memorandum, this survey reflects the low staffing levels of 2011. One additional Planner in Development was reinstated after the Council's January budget action to raise the total number of Planners to five; however, additional resources are needed now to respond to the uptick in applications. The additional positions will be filled from a recruitment that generated over 400 applications for Planner I/II to fill the current vacancies in the Environmental Review, Expedited Planning, and Village Planning teams.

Over the last two years, the Planning Fee program has seen a steady revenue intake, meeting base budget estimates. However, since December 2011, the monthly intake has been increasing. With a base budget of \$2.5 million, the estimated 2011-2012 intake is now projected at \$2.7

million. In addition, staff estimates show that approximately \$370,000 in salary and non-personal/equipment expenditure savings will be added to the Planning Development Fee Program – Works in Progress reserve at year end. Based on these savings and increased revenue intake, the reserve balance at year end is now estimated to be at least \$945,000. This reserve is intended to pay for projects (staffing and non-personal costs) that cross fiscal years and reflects work remaining to be completed.

Based on this analysis of work coming into the Fee programs, it is recommended to add one Planner, one Senior Planner, and one Division Manager in the Planning Development Fee program. A Senior Planner is needed to provide the supervisory expertise needed for more complex projects, and workload demands require an additional Planner I/II for project management. A Division Manager is needed to provide sufficient management support of several important disparate activities focused on business attraction across all Development Services, restarting the Expedited Planning Service processing planning projects, expanding the support for small businesses across development services, and assist with development opportunities in planned village areas.

The action would support restarting the Expedited Planning service and add resources to allow faster implementation. It would also bring the Development Services Project Manager/Expediter, new Small Business Advocate positions together to expand the facilitation services to small businesses working within the city and with outside business groups to improve the level of service available to these customers. This position could also expand initially the capacity of the Department to move forward with Village Plans by allowing proposals for Signature Projects as contemplated by the Envision 2040 General Plan to be considered as well as major economic development proposals in the village areas.

The goal of restarting the Expedited Planning Service is to create a new service line in the Planning Division to expedite high priority economic development projects, similar to the Building Division's successful Special Tenant Improvement/Industrial Tool Installation programs. Staff from Public Works, Fire, and Building would work in a coordinated review approach under the Division Manager's leadership to streamline the development process, reduce processing times, and ensure thorough and high quality review and resolution of issues.

As noted in a separate Manager's Budget Addendum, Development Services is identifying new performance targets to differentiate regular and expedited review. Planning staff capacity is needed to deliver on these targets. This core capacity would be augmented, as needed, with retire rehires and peak staffing so as not to expand the employee base beyond a sustained activity level.

#### ***Permit Center***

Staffing levels in the Permit Center currently provide only 12 hours per week for general inquiries, and wait times often exceed two hours. Out of 1,367 customers served in March, only 63% were helped within 30 minutes. Planning resources are limited such that an average of ten customers are turned away each day with planning-related questions and walk-in applications. Staff are also abandoning approximately 40 phone calls per day due to the lack of staffing resources. Lean staffing levels, occurring as a result of the economic slump in 2009, leave the

department with no “backup staff” to help with workload during vacations, medical leaves, and other routine or unexpected absences. As more customers come to the Permit Center or use the Planning phone line for general inquiries, more are turned away due to the limited ability the Department now has to answer those questions. Based on the number of large development projects that are projected during 2012-2013, Development must increase Planner I/II capacity in the Permit Center to provide baseline services for general inquiries and Planning Technician capacity to assist with application intake and associated back office work.

General inquiries, coming though the Development Services website, phone line, and walk-ins, are usually considered a General Fund activity, as customers with these types of questions may not follow through and purchase a permit. Since these types of inquiries may not result in fees, the Department believes staff for general inquiries should be funded using General Fund. However, the Department is able to fund a Planner I/II using Building fees and a Permit Specialist from the Planning Fee Program as a result of increased revenue collections and expenditure savings. Currently, the Building Fee program is anticipated to collect an additional \$1.5 million in revenues and have approximately \$725,000 in expenditure savings (primarily personal services) at the end of 2011-2012, which would increase the Building Development Fee Program Reserve for works in progress to be over \$13.7 million at the beginning of 2012-2013.

Based on the need for additional capacity in the Permit Center, a Planner I/II position is recommended to be funded from the Building Development Fee Program reserve. A Permit Specialist position is recommended to be funded from the Planning Development Fee reserve to assist with application intake and initial processing of minor permits in the Permit Center.

**COST SUMMARY IMPLICATIONS**

The table below summarizes the estimated expenditures related to the actions recommended in this memorandum.

<b>Expenditures</b>	<b>2012-2013</b>	
	<b>FTE</b>	<b>Funding</b>
Building Development Fee Program – Personal Services	1.00	\$113,497
Planning Development Fee Program – Personal Services	4.00	\$473,777
Building Development Fee Program Reserve	0.00	(\$124,703)
Planning Development Fee Program Reserve	0.00	(\$520,821)
2013-2014 Future Deficit Reserve*	0.00	\$58,250
<b>Total Expenditures</b>	<b>5.00</b>	<b>\$0</b>

\* The recommendation to increase the 2013-2014 Future Deficit Reserve or distribute this funding as part of the 2012-2013 budget process reflects the overhead reimbursement to the General Fund to recover the estimated fair share of indirect General Fund support service costs that benefit development services.


The table below summarizes the use of the Reserves and the projected balance at the beginning of 2012-2013.

Fee Program	Anticipated Status of Reserve (as of July 1, 2012)	2011-2012 Anticipated Add'l Revenue***	2011-2012 Anticipated Exp. Savings***	2012-2013 Subtotal Reserve	Recommended Actions	2012-2013 Projected Reserve
Building	\$11,477,909**	\$1,450,000	\$725,000	\$13,652,909	(\$124,703)	\$13,528,206
Planning	\$315,279	\$260,000	\$370,000	\$945,279	(\$520,821)	\$424,458

\*\* Already assumes projected additional revenues of \$3,636,247 at the end of 2011-2012.

\*\*\* Staff will bring forward recommendations for City Council approval on June 19, 2012 to recognize additional revenues and anticipated expenditure savings as part of the 2011-2012 Appropriation Ordinance and Funding Sources Resolution amendments memorandum. The estimated amounts in the 2012-2013 Projected Reserve are contingent upon approval of these amendments by the City Council.

/s/  
 JOSEPH HORWEDEL  
 Director, Planning, Building and Code Enforcement



JENNIFER A. MAGUIRE  
 Budget Director

For information, please call Joseph Horwedel at 408-535-7900.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore

**SUBJECT: POLICE DEPARTMENT  
CIVILIANIZATION  
OPPORTUNITIES**

**DATE:** May 23, 2012

Approved

Date

5/24/12

At the 2012-2013 Budget Study Sessions, the Police Department was asked to provide information regarding further Police civilianization opportunities. This Manager's Budget Addendum responds to that request.

## BACKGROUND

The Police Department has reduced staffing levels over the past decade, which has resulted in a number of sworn personnel performing administrative tasks better suited for civilian staff. In 2008-2009, the Police Department began to pursue alternative options to place civilian staff in positions and reallocate sworn staff performing administrative work back to front-line police duties. Eleven civilian positions were identified to be added to the Department, but were not, due to the significant budget shortfall the City was facing at the time.

During 2009-2010 budget discussions, the City Auditor was directed by the City Council to follow the Police Department's own efforts as part of the budget process to identify opportunities to civilianize sworn positions that did not require law enforcement authority. The audit, dated January 2010, reflects a review of the Police Department at a specific point in time and resulted in identifying 88 sworn positions that could be civilianized.

As noted in the auditor's report, "there are additional considerations that must be addressed to properly analyze the feasibility of implementing the recommendations in the short-and long-term." These include the City's fiscal condition; impacts of operational and/or resource changes city-wide and within the Department; and the cost of civilianization.

Since the audit was completed, the Police Department has implemented several budget reductions, reducing staff, restructuring several units, and civilianizing a total of 22 positions through hiring civilian staff or contracting out functions. The civilianization of seven additional positions is included in the 2012-2013 Proposed Budget. While there are some civilianization recommendations that have yet to be implemented by the Department, many of the units identified in the civilianization audit have been impacted by the budget reductions. Civilianization may be appropriate in the longer term or as positions are restored.

## ANALYSIS

As noted in the Auditor's report under the section, "Options for How to Approach Civilianization" there are different potential approaches related to civilianization:

1. Redeploy sworn to patrol and hire civilians
2. Redeploy sworn to non-patrol assignments requiring sworn status
3. Eliminate sworn positions performing civilian job duties and hire civilian to perform those duties
4. Eliminate sworn positions without hiring civilians to perform the civilian duties

Of the 22 positions civilianized to date, a total of 17 civilian positions were added to replace the following 15 sworn positions that were eliminated:

- 3 police officer positions in the Permits Unit
- 3 police sergeant positions in Research & Development
- 4 police officers in Court Liaison
- 1 police captain, 1 police lieutenant, and 1 police officer in Systems Development
- 1 police officer in Crisis Management
- 1 police sergeant in School Safety

As part of the approval of the 2010-2011 Adopted Budget, prisoner transport services were contracted out, resulting in the elimination of the Warrant's Unit and six sworn positions. Police artist services were also contracted out in 2011-2012, resulting in the elimination of one sworn police artist position in the Robbery Unit.

The 2012-2013 Proposed Budget includes the civilianization of three additional sworn positions, which will result in the elimination of two officers in the Permits Unit, one lieutenant in the Personnel Unit and the addition of three civilian positions as part of a restructure of the Bureau of Administration. In addition, the Proposed Budget includes adding four civilian positions to the Gaming Division in order to reassign four sworn positions to the Special Investigations/Vice Unit. The implementation of the proposed civilianizations in the 2012-2013 Budget will bring the total civilianization to 29 positions<sup>1</sup>.

Attached is a chart indicating the 88 positions recommended by the Auditor's Office and the civilianizations implemented or proposed by the Department.

In reviewing the remaining recommendations made by the Auditor, there are remaining opportunities for civilianization within the Police Department. There have also been several operational changes and staff reductions implemented throughout the Department over the past two years that now impact remaining recommendations, including 56 sworn position cuts in the units identified in the audit. Consideration must be given to these operational changes as the Department continues to evaluate civilianization opportunities in conjunction with the Auditor's Office and City Manager's Office.

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<sup>1</sup> Eleven of these positions were identified by the Department and not part of the City Auditor's recommendations. See attached chart for details.

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**Subject: Police Department Civilianization Opportunities**

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#### Current Civilianization Efforts Under Evaluation

Staff in the Police Department and City Auditor's Office are working together to review ongoing civilianization opportunities. The Department plans to recommend additional positions for civilianization within the next year, including one investigative position and two helicopter pilots. The Department will recommend deleting one investigative officer position within the Covert Response Unit and adding two Crime and Intelligence Analyst positions to perform data analysis in support of criminal investigations utilizing surveillance technology. This recommendation is pending approval of grant funds to obtain the surveillance technology and may come back to Council for approval during 2012-2013. Additionally, the Department is exploring options to contract out for helicopter pilot services and expects to come back to Council during the 2013-2014 budget process with a recommendation and analysis of cost savings.

The Department is currently reviewing the feasibility of contracting out background investigations. While discussions continue with the Office of Employee Relations (OER) and the Police Officer's Association (POA), the Department has released a Request for Proposal for background services.

Several of the remaining positions on the Auditor's list are in units that have been impacted by recent budget reductions and further reductions in the unit will have a significant impact on services. The Department is currently evaluating the impacts of cuts and the opportunities in the Robbery Unit, Traffic Enforcement Unit (TEU), Assaults/Juvenile, Recruiting, and Special Investigations that can be civilianized through restorations. As the budget situation grows stronger and the City begins to restore functions in the Police Department, consideration should be given to these positions as a priority to restore in a civilian capacity without impacting sworn staffing levels in the units.

Lastly, the Department is assessing how Community Service Officers (CSOs) can be implemented in San Jose as we look at restoring services in the Police Department. CSOs are utilized in various ways in other agencies to perform duties that San Jose Police Officers currently perform. While CSOs cannot perform tasks that require law enforcement authority, there are tasks that can be transferred to a CSO that would free officers' time to respond to priority calls, conduct proactive police work and prevent crime.

#### Future Civilianization Efforts

Several of the positions remaining on the list will take longer to be civilianized as they either involve the creation of a new job classification or the position is currently part of the Exempt Officer Program. The process to create new City classifications involves other City departments, which have also been impacted by recent budget reductions. As resources allow, the Department will work with Human Resources and the Office of Employee Relations to create new classifications and civilianize, as appropriate.

Several positions recommended by the auditor are currently in the Exempt Officer Program. The Exempt Officer Program is a result of a 2005 federal court-ordered consent decree that was the outcome of a lawsuit. This program requires the Department to maintain positions for modified duty officers (those officers injured in the line of duty who are restricted from performing patrol



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officer functions), which are generally administrative in nature. In October 2011, a modification to this order resulted in reducing the required number of positions from thirty to ten. Those positions that remain in the Exempt Officer Program cannot be civilianized until the consent decree expires in June 2015.

Other positions that were listed in the original audit recommendations require further evaluation by the Department and the City Auditor's Office. Due to changes in the organization and reductions in staffing, the Department needs more time to evaluate whether civilianization is appropriate in these areas.

As part of the 2013-2014 budget process, the Department and the Administration will continue to evaluate the use of civilians throughout the department and will bring forward recommendations to civilianize as appropriate.

### **COORDINATION**

This memorandum has been coordinated with the City Auditor's Office.

/s/  
Christopher M. Moore  
Chief of Police

CMM/LP

Attachment

## ATTACHMENT

<b>SJPD Unit</b>	<b># of Positions Per Audit</b>	<b>Completed Since 2010-2011</b>	<b>Proposed FY12/13</b>	<b>Currently Evaluating</b>	<b>Future Efforts</b>	<b>Requires Further Evaluation</b>
Permits	9	3 ofrs	2 ofr		1**	
Robbery	3	1 police artist		2*		
R & D	2	3 sgts				
Court Liaison	6	4 ofrs		2*		
Systems Development Unit	1	1 capt , 1 lt & 1 ofr				
Warrants Unit		1 sgt 5 ofr				
Crisis Management		1 ofr				
School Safety		1 sgt				
Personnel			1 lt			
Gaming	4		1 sgt 3 ofr			
TEU	1			1*		
Air Support	2			2		
Assault/Juvenile	1			1*		
Recruiting	2			1*		1
Special Investigations	1			1*		
Covert Response Unit				1		
Background	2				2**	
Crime Scene	4				4	
Traffic Investigations	5				3	
Sexual Assaults	2				2	
Chief's Office	1				1**	
Crime Evidence	1				1**	
Range	2				1	
Pre-Processing	19					8
Training	3					1
PAL	3					2
BFO Admin	6					6
SEU	1					1
Info Desk	6					6
Airport	1					1
<b>Total</b>	<b>88</b>	<b>22</b>	<b>7</b>	<b>11</b>	<b>15</b>	<b>26</b>

\* Due to Unit staff reductions, civilianization is recommended through restoration only

\*\* Officer position is part of the exempt program



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Christopher M. Moore  
Chief of Police

**SUBJECT: POLICE DIVISION  
REORGANIZATION**

**DATE:** May 24, 2012

Approved

Date

5/24/12

This memorandum is provided to inform the City Council of the operational changes taking place in the Police Department patrol function effective September 2012.

## **BACKGROUND**

The Police Department has implemented significant operational and organizational changes in the past two years in order to respond to recent staff reductions. With these changes the Department continues to review services to ensure limited patrol resources are deployed in the most effective and efficient manner possible. Most recently, the Department focused on patrol resources and the changes to the structure that were implemented due to the 2011-2012 Adopted Budget changes.

Patrol resources are deployed by beat, district and division boundaries. The last time a review of these boundaries (redistricting) was completed dates back to 1999. Prior to the 1999 redistricting project, the City was divided into 3 divisions; Central, Foothill and Western with 12 police districts. District D (Airport) was supervised by a police captain and was not included as part of the other three divisions. The 1999 redistricting project resulted in the creation of the Southern Division and divided patrol into four divisions with 16 police districts, plus the Airport (see attached map title "Current San Jose Police Patrol Divisions"). This allowed for smaller sized beats, decreased response times, smaller span of control, service efficiency, and a more evenly distributed calls-for-service balance.

Prior to 2011-2012, the Bureau of Field Operations had 24 lieutenants assigned to patrol<sup>1</sup>. The Department operates on a 24/7 basis, and this staffing level allowed for one lieutenant in each division per shift, every day. During the 2011-2012 budget process, nine patrol lieutenant positions were eliminated leaving 15 lieutenants in patrol. This action reduced management oversight in the field, because patrol lieutenants are responsible for the command and control of major field investigations and critical incidents. With the reduced number of lieutenants, field patrol may only have one lieutenant on duty city-wide at certain times of the week. If there are

<sup>1</sup> Patrol resources are deployed in 3 shifts, on 2 sides of the week in order to cover the City 24/7. 3x2=6 shifts x 4 Divisions = 24 lieutenants for appropriate coverage.

multiple major events, the Department may not have the appropriate command oversight at additional major/critical incidents.

## ANALYSIS

The Department has undergone a review of the beat structure to determine how a realignment of the boundaries could offset the recent reductions in patrol management staff and deploy resources more efficiently.

In order to return to the optimum deployment model of one lieutenant per division per shift, the Department will reduce the City back to three divisions see attached map titled "Redivisioning Plan September 2012"). By placing 18 lieutenants in the patrol function, the command structure would be appropriately staffed and have proper oversight in the field on all shifts, each day. On a daily basis the patrol lieutenants provide oversight and management for sergeants and are responsible for the command and control of major field investigations, critical incidents and interactions with other law enforcement agencies. They conduct a variety of tasks, providing leadership to the patrol structure and are a field resource for sergeants and officers, answering questions and advising staff on complex or difficult situations. In addition, lieutenants participate in community policing efforts working directly with community members and organizations.

To increase patrol staffing from the current level of 15 to 18 lieutenants, three positions will be transferred: the Pre-Processing Center (PPC) lieutenant, the Bureau of Field Operations (BFO) Administrative lieutenant, and a Bureau of Investigations lieutenant after a restructure of various regional task forces. The PPC lieutenant function will be a collateral assignment for the Western Division lieutenant and the BFO Administrative lieutenant functions will be absorbed by the captain position.

In redivisioning the patrol districts, consideration was given primarily to balance calls for service in each area. Additionally, the Department considered keeping neighborhoods that had multiple districts under the same division, maintaining the radio channel integrity, balancing workload for Communications as well as division lieutenants and captains, future growth in north San Jose, and maximizing the use of the substation in anticipation of opening in September 2013.

Beginning in September of 2012, patrol resources will be deployed into three divisions, Foothill, Southern, and Western. The districts will change as follows:

- Districts David (Airport), Victor, Edward and King, which are currently part of Central Division will move to Western Division
- District Robert, which is currently part of Central Division will move to Foothill Division
- Districts Sam and Lincoln, which are currently part of Western Division will move to Southern Division

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May 24, 2012  
**Subject: Police Division Reorganization**  
Page 3

As the City's budget situation improves and consideration is given towards restoring positions in the Police Department, the Department will reevaluate the patrol structure given the current deployment model, calls for service and workload to determine if returning to four Districts is appropriate.

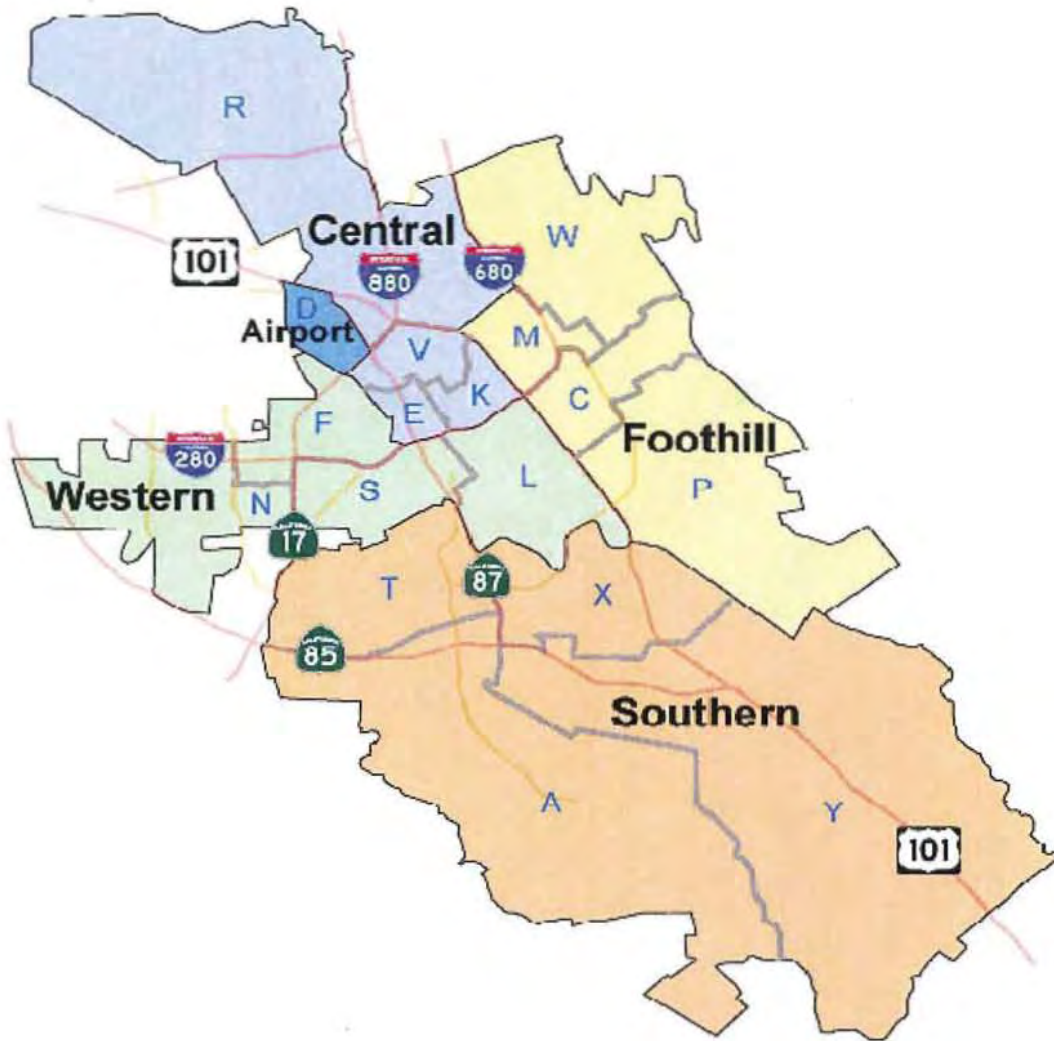
/s/  
Christopher M. Moore  
Chief of Police

CMM/LP

Attachment: Current Division Map  
Redivisioning Map

## Current San Jose Police Patrol Divisions

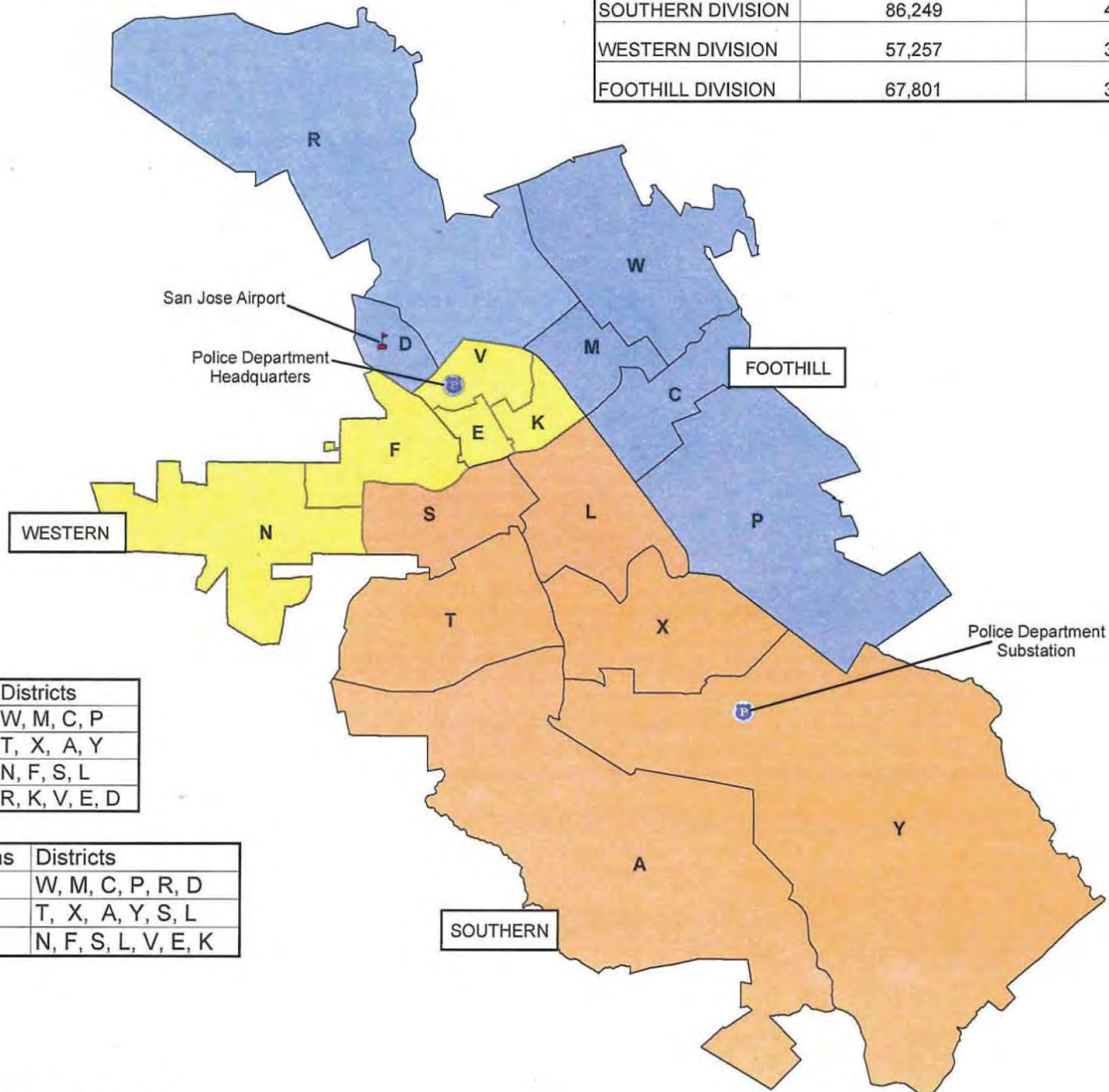
Central Division = R, V, E, K, D  
Foothill Division = W, M, C, P  
Western Division = F, N, S, L  
Southern Division = T, X, A, Y





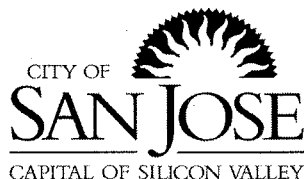
# REDIVISIONING PLAN SEPTEMBER 2012

DIVISION	Calls for Service (Pri 1-4)	Self Initiated (Pri 5 & 6)	Grand Total
SOUTHERN DIVISION	86,249	43,049	129,298
WESTERN DIVISION	57,257	38,574	95,831
FOOTHILL DIVISION	67,801	38,734	106,535



Existing Divisions	Districts
FOOTHILL	W, M, C, P
SOUTHERN	T, X, A, Y
WESTERN	N, F, S, L
CENTRAL	R, K, V, E, D

Sept 2012 Divisions	Districts
FOOTHILL	W, M, C, P, R, D
SOUTHERN	T, X, A, Y, S, L
WESTERN	N, F, S, L, V, E, K



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** ANNUAL RETIREMENT COSTS  
RECONCILIATION

**DATE:** May 24, 2012

Approved

Date

5/25/12

## RECOMMENDATION

Direct the City Manager to annually complete a final reconciliation of the City's annual required retirement contributions to the Federated and Police and Fire Retirement Plans and bring forth the results of the reconciliation as part of the Annual Report in accordance with the City's fund balance policy as outlined in City Council Policy 1-18, Operating Budget and Capital Improvement, for the General Fund, and as appropriate for all other Special and Capital funds.

## BACKGROUND AND ANALYSIS

### Reconciliation of Annual Required Contribution for Retirement Costs

In 2011-2012, the Federated and Police and Fire Retirement Boards approved actions that changed the methodology for setting the City's Annual Required Contribution (ARC) to a minimum amount or the amount generated by a rate, if the City's actual pensionable payroll is projected to be higher than that included in the Boards' actuary report. The 2011-2012 Proposed Budget included funding to pay a minimum amount for retirement costs for both plans. As part of the approval of the 2011-2012 Mayor's June Budget Message and Adopted Budget, the City Council amended the city-wide position total which required a final reconciliation of the 2011-2012 City's ARC across all funds as part of the 2010-2011 Annual Report process. In October 2011, the City Council approved the 2010-2011 Annual Report, which set aside additional funding due to this reconciliation for the 2012-2013 Future Deficit Reserve.

In general, due to the new minimum ARC requirements, an annual retirement cost reconciliation after the Adopted Budget will be required annually in order to ensure that all City funds contain the correct contribution amounts that are required to be transferred to the Retirement Plans. The result of these reconciliations are proposed to be recommended to the City Council as part of the Annual Report process each fall in accordance with City Council Policy 1-18, Operating Budget and Capital Improvement, Section A.4, Fund Balance for the General Fund, and as appropriate for all other Special and Capital Funds. Based on the budget actions approved after the release of the Proposed Budget in any given year, the annual reconciliation could result in additional funding



needs to ensure the ARC is fully funded, no change in funding, or in savings to over 100 budgeted funds.

Supplemental Retiree Benefit Reserve

The Supplemental Retiree Benefit Reserve (SRBR) program in the Federated and Police and Fire Retirement Plans provides a supplemental "13<sup>th</sup> check" benefit to retirees under certain conditions as specified in the Municipal Code. The 13<sup>th</sup> check is in addition to the monthly pension payments, disability and survivor benefits, annual fixed cost of living adjustments, and retiree healthcare benefits eligible retirees receive.

In 1986, the City Council established the SRBR program in the Federated City Employees' Retirement System to allocate investment income earned by retirement fund assets that exceeds expected returns to that account. Such allocations as well as interest earnings in the SRBR program would fund new, or supplemental, benefits for retirees. In 2001, the City Council adopted an ordinance establishing an SRBR program within the Police and Fire Retirement Plan similar to the Federated Retirement System SRBR program except for the SRBR reserve off-set. If the City's contribution rate to the Police and Fire Retirement Plan, as determined by the Board's actuary during any actuarial valuation, will increase as a result of poor investment earnings in the retirement fund, the SRBR reserve offsets the City's contributions in an amount equal to ten percent of the City's increased contributions for the first twelve months following the increase in the contribution rates, but will not exceed five percent of the accrued balance in the SRBR reserve as of the date of the actuarial valuation. Since the City Council approved actions to suspend any distribution for the Federated and Police and Fire Retirement Plans on May 17, 2011, no distributions were made from the SRBR to Federated System as well as Police and Fire Retirement Plans' retirees in 2011-2012.

During the production of the 2012-2013 Proposed Operating Budget document, at the April 5, 2012 Police and Fire Retirement Plan Board (Board) meeting, the Board approved the final retirement rates, which included the SRBR offset. The SRBR offset resulted in a slight adjustment to the City's 2012-2013 Retirement Contribution rates for both the Police and Fire Retirement Plan. Based on the March 29, 2012 letter from Cheiron titled "City of San Jose Police and Fire Department Retirement Plan Supplemental Retiree Benefit Reserve as of June 30, 2011," these new rates and resulting amount differed from the rates received from Cheiron, the retirement boards' actuary in February 2012 and assumed in the 2012-2013 Proposed Operating Budget. Therefore, the resolution approving the final retirement rates by the Police and Fire Retirement Board for the City and employees effective June 24, 2012 reduces the City's 2012-2013 Annual Required Contribution (ARC) in the General Fund by approximately \$848,000 (\$541,499 reduction to the Police Retirement Plan and \$306,880 reduction to the Fire Retirement Plan) from approximately \$187.6 million assumed in the 2012-2013 Proposed Budget to approximately \$186.8 million.

Because there is significant uncertainty regarding the retirement contribution amounts that will be required for 2013-2014 (e.g., interest earnings assumptions, actual investment earnings realized as of June 30, 2012, and other economic or non-economic assumptions), this additional funding is

HONORABLE MAYOR AND CITY COUNCIL  
May 24, 2012  
**Subject: Annual Retirement Costs Reconciliation**  
Page 3

recommended to be included as part of the Annual Report retirement reconciliation as discussed earlier in the memorandum.

**COORDINATION**

This memorandum has been coordinated with the Office of Employee Relations and the Retirement Department.



JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Anne Cain

**SUBJECT: EVALUATION OF LIBRARY  
ALTERNATIVE SERVICE  
DELIVERY MODELS**

**DATE:** May 24, 2012

Approved

Date

5/25/12

This memorandum provides information on the results of identifying alternative ways of delivering library services as part of the City's ongoing effort to ensure that services are delivered in the most effective manner.

## BACKGROUND

In the 2011-2012 Mayor's June Budget Message as approved by the City Council, the City Manager was directed to review and consider additional opportunities to contract out services. In response, the Administration released a memorandum, titled "2012-2013 Preliminary Alternative Service Delivery Evaluations," on January 20, 2012 that identified services considered for a service delivery evaluation as part of the 2012-2013 budget process, including the viability of the San José Public Library (SJPL) becoming part of the county library system, and outside interest and ability to provide staffing for the four branch libraries whose openings were deferred as a budget balancing strategy. Subsequently, at the January 4, 2012, Rules Committee meeting, staff was directed to explore and analyze opportunities to use volunteers to augment library staffing levels, determine if there are any meet and confer requirements, and update the City Council with the information during the Budget process.

## ANALYSIS

As directed by the City Council, the Library Department analyzed the following three alternative ways of delivering library services based on available information:

1. Joining the Santa Clara County Library District.
2. Determining if there are vendors interested in providing contract staffing to provide public services at four closed branches (Seven Trees, Bascom, Educational Park, and Calabazas).
3. Using volunteers to augment library staffing levels.

### **Joining the County Library District**

In January 2010, the Silicon Valley Library System (SVLS)—a regional Joint Powers Authority-based entity made up of the municipal library systems of Palo Alto, Mountain View, Sunnyvale, Santa Clara, Los Gatos and San José—hired Management Partners to provide information about the costs and process for a non-member, municipal library to join the Santa Clara County Library (SCCL). The SCCL District serves Los Altos, Los Altos Hills, Cupertino, Saratoga, Monte Sereno, Campbell, Milpitas, Morgan Hill, Gilroy, and unincorporated areas.

The full report of the study is available at <http://www.plpinfo.org/wp-content/uploads/2011/10/PROJECT-REPORT-SVLS-PLP-JPA-Funding-Implications2.pdf> and the Executive Summary is attached. While Management Partners was unable to obtain a consensus or formal determination from Santa Clara County regarding the exact process for joining the SCCL or the revenue or property tax implications that may accompany such an action, they conclude that there may be two possible paths for a municipality to provide library service through the SCCL:

1. Filing an executed counterpart of the SCCL Joint Powers Authority (JPA) agreement, and approval by 60% of the SCCL JPA governing board; and executing a tax sharing agreement pursuant to Revenue and Tax Code 99.02 (if determined to be applicable) where the city would voluntarily agree to reallocate a portion of its existing property tax to the JPA (or Library District), or
2. Contracting with SCCL for the provision of library services.

Management Partners developed three scenarios for the two options using Mountain View data to estimate the financial implications of each scenario. Mountain View was selected because it falls in the middle range of population and current per capita operating budget (about \$65 per capita) among the five municipal libraries in SVLS. The County Library District's operating budget is about \$80 per capita, most of it from a dedicated share of property tax revenue. By comparison, San José's per capita operating and library materials budget is about \$33, the lowest in the county.

*Scenario 1 – Municipality Joins SCCL / No Change in the ERAF<sup>1</sup> Rate.* This approach provides a baseline assuming that the ERAF tax shift does not increase from the existing 19% Mountain View rate to the 40% SCCL rate. Impacts for Mountain View range from an approximate decrease of 17 hours of service each week or an increase in required funding of \$2,048,252 per year to maintain hours of service.

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<sup>1</sup> The Educational Revenue Augmentation Fund ("ERAF") was established as part of the reallocation of property taxes mandated in Fiscal Years 1992-1993 and 1993-1994 by the State during. Property taxes were reallocated from counties, cities, and special districts to school districts via the ERAF, based on formulas contained in Revenue and Taxation Code Sections 97.2 and 97.3, thereby reducing State General Fund allocations to school districts. These reallocations were made a permanent part of the tax allocation process. The tax shifts legislated for 1992-1993 and 1993-1994 are now referred to as ERAF I and ERAF II. Legislation for 2004-2005 created new tax shifts referred to as ERAF III.

*Scenario 2 – Municipality Joins SCCL / ERAF Rate Changes.* This approach builds on Scenario 1 by including an increase in the ERAF rate from the existing 19% Mountain View rate to the 40% SCCL rate. Impacts for Mountain View range from an approximate decrease of 26 hours of service each week or an increase in required funding of over \$3 million per year to maintain hours of service.

*Scenario 3 – Municipality Contracts with SCCL for Service.* This approach considers impacts from contracting for service based on costs associated with SCCL. Impacts for Mountain View range from an approximate decrease of 23 hours of service each week or an increase in required funding of \$2.7 million per year to maintain hours of service.

Management Partners concludes that a precise assessment of the cost implications cannot be completed until Santa Clara County provides a determination as to the process for joining the SCCL JPA and the library tax district (if required) and whether it would be subject to a tax reallocation negotiation or other action. However, the scenarios provide approximate measures of service and cost impacts. Based on the range of impacts of the three scenarios for the City of Mountain View, the property tax implications should a reallocation of property tax be required, or the costs should a contract service be pursued would likely be too great to make joining the SCCL economically viable for San José.

### **Contracting Out Staffing for four Branch Libraries**

The second alternative service delivery option studied was contracting out the staffing for the four branch libraries proposed to open in 2012-2013 (Seven Trees, Bascom, Educational Park, and Calabazas). In order to determine vendor capacity and interest, the City issued a Request for Information (RFI) on February 21, 2012, which was distributed via the City's Bidsync online system to more than 500 companies interested in doing business with the City. Only one response, from Library Systems & Services, LLC (LSSI), was received. LSSI currently provides library management services for 17 public library systems across the U.S.

The chart on the following page compares the City's cost of operating the four new and renovated branch libraries proposed to open in 2012-2013 to the cost of outsourcing staffing to LSSI. The "Annual City Costs" reflect 2012-2013 annualized costs, including overhead to account for the services strategic support departments such as Human Resources, Information Technology, and Finance provide to the Library Department.

As shown in the table on the following page, LSSI's proposal to operate the four branch libraries 33 to 34 hours/week for four days/week is \$604,000 or 17% higher than the City's cost when factoring in necessary centralized administrative, custodial, maintenance, and utility costs as well as a revenue offset primarily generated through the collection of library fines. Per the RFI instructions, these costs were not included in LSSI's proposal since custodial, maintenance, and utility costs would continue to be paid for by the City. The "Administrative Costs" not factored into LSSI's proposal include technical support for the Library's Millennium Circulation System, warehouse delivery services for the circulation of materials throughout SJPL, and contract management.

**City and Outsourcing Cost Comparison  
(33-34 Hours/Week, 4 Days/Week)**

Annual City Costs	
Branch Personal Services	\$2,472,000
Supplies and Materials	16,000
Custodial, Maintenance and Utilities	628,000
42.36% Overhead <sup>2</sup>	674,000
Revenue Offset	(150,000)
<b>Total Annual City Cost</b>	<b>\$3,640,000</b>
Annual Costs for Outsourcing	
LSSI Proposal	\$3,514,527
Administrative Costs	250,000
Custodial, Maintenance and Utilities	628,000
Revenue Offset	(150,000)
<b>Total Outsourcing Cost</b>	<b>\$4,244,000</b>
<b>Increase in Comparison to Annual City Cost</b>	<b>\$604,000</b>

### Utilizing Volunteers to Augment Library Staffing

The Library (SJPL) has a long history of volunteer involvement. Over the past five years, volunteers averaged over 4,000 hours of service per month, equivalent to the hours of 23 full-time employees. These volunteers make possible important services that the library would otherwise not be able to provide.

Twenty-three percent (23%) of volunteer hours are spent in library services positions such as setting up for library programs and helping to keep the library's environment clean, organized, and welcoming. The majority of volunteer hours, or 62%, are in high impact positions. High impact volunteers serve in leadership roles and may train and supervise other volunteers. They are adult literacy tutors, one-to-one computer mentors, trained readers to children, teachers of citizenship classes, and ESL conversation club facilitators. Between July 1, 2011 and December 31, 2011, volunteers conducted 30% of all library programs offered to the community. According to recent studies, today's adult volunteers want experiences where they can use their skills and know-how, make an impact in their community, and have flexibility in their volunteer schedules.

Based on staff research on volunteerism and how other libraries use volunteers, there are several areas of consideration when determining whether to augment staff with volunteers. These areas

<sup>2</sup> Overhead rate is calculated annually by the City's Finance Department and is applied to salaries only (does not apply to the retirement and benefits costs).

include productivity; retention; recruiting, training and managing; and legal issues around the confidentiality of customer records.

*Productivity:* Research shows that volunteers take approximately twice the amount of time to complete a task as paid staff. This has been the experience at the Santa Cruz Public Library, which recently began using volunteers to augment staff, and reflects the experience at SJPL as well. This is primarily because volunteers do not spend as much time performing the tasks as paid staff and in turn do not develop the same efficiency levels. This means that 20 hours of volunteer time per week would be needed to equal the typical 10 hours per week of a paid library aide.<sup>3</sup> In addition, as volunteers typically prefer to work fewer hours per week than paid staff (2.5 hours per week vs. 10 hours per week), it would take eight volunteers working a total of 20 hours per week to equal the productivity level of one paid library aide working 10 hours per week.

In order to augment library staffing using volunteers, the Library compared the volunteer hours and staff needed to increase current Library Aide staffing by 20% (equivalent to 90 hours). As shown in the chart below, to match the productivity of nine paid Library Aides working 10 hours each per week (90 hours or 2.25 Library Aide PT positions) would require 72 volunteers working 180 hours per week. Factor in the need to ensure for coverage when volunteers need time off and the total number of required volunteers will be even higher. This also assumes that volunteers would commit to one 2.5 hours shift per week for one year. If they are not willing to make this commitment, there would need to be more volunteers to meet the productivity level of paid Library Aides.

<b>Comparison of Paid Library Aides vs. Volunteers</b>			
	<b>Paid Library Aide</b>	<b>Volunteer</b>	<b>Explanation</b>
Hours Needed to Complete Task	90	180	Tasks are completed by volunteers in twice the amount of time that they are completed by staff.
Weekly Hours Per Person	10	2.5	Aides typically work 10 hours/week. Volunteers typically work 2.5 hours/ week.
Staff Needed (Row 1/Row 2)	9	72+	Eight times as many volunteers as paid staff are needed to match the productivity of 90 hours of paid Library Aides.

<sup>3</sup> The library aide classification is being used as an example as it is the least senior position in the library. Aides are responsible for shelving materials, material check-in, tidying, and other duties such as assisting with programs. On average, an aide earns \$10.74 an hour.

*Recruiting, Training and Managing:* Significant recruitment efforts would be needed to secure high numbers of volunteers. Interviews would be important to ensure that volunteers have the capacity for the position and a strong likelihood of continued service. To ensure consistency, efficiency, and a high level of customer service across the system, all volunteers would need initial training and ongoing support and supervision. Augmenting staff with volunteers would require training a greater number of staff on volunteer management and giving them ongoing support to manage larger volunteer programs.

*Retention:* Volunteers do not stay in positions as long as paid staff. Statistics show that 28.4% of volunteers would not return after their first year of service.<sup>4</sup> Paid Library Aides for instance stay with the Library for an average of 19 months. Higher turnover impacts productivity and requires more recruitment and training of volunteers on the part of paid staff.

*Confidentiality:* Confidentiality is a significant concern in giving volunteers access to customer records. The confidentiality of customer records is an important and basic tenet of the public library and is protected by California State Law. Currently, volunteers in SJPL do not have access to confidential records. While confidentiality is part of the City Volunteer Code, a violation of customer records could put the City at risk for litigation by a customer.

*Meet and Confer Issues:* Any change where volunteers would do work currently done by paid staff would require a meet and confer process.

## **CONCLUSION**

Over the past decade, the San José Public Library has been a nationwide leader in the development and implementation of new models for efficient information management and service delivery. In order to accomplish its strategic initiatives, respond to demographic changes, and build capacity to meet increased demand in the face of dwindling resources, the library has realigned its services into a new, more automated service delivery model. The development and utilization of a variety of customer self-service functions, and labor-saving technologies such as self-check out machines, automated materials handling machines, and centralized and streamlined operations such as collection management and programming resulted in SJPL operating more efficiently.

Due to SJPL's high level of productivity and efficiency, options such as outsourcing or joining another library jurisdiction do not provide a better return on residents' investment in their libraries. In 2011, the library was awarded the nation's highest achievement for a public library, in part because of its success in maximizing technology, thinking creatively, and building community partnerships.

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<sup>4</sup> Volunteering in America, data from 2008-2010 in the San José Metropolitan Statistical Area



HONORABLE MAYOR AND CITY COUNCIL

May 24, 2012

**Subject: Evaluation of Library Alternative Service Delivery Models**

Page 7

The SJPL ranks 4<sup>th</sup> among 37 Bay Area libraries in numbers of volunteer hours donated to the library. Each year, approximately 1,500 library volunteers make a tremendous difference. The library will continue to offer a variety of volunteer opportunities and is fortunate to receive volunteer assistance in almost every operation and service.

### **COORDINATION**

This report was coordinated with the City Manager's Budget Office and the Department of Finance.

/s/

ANNE CAIN

Interim Library Director

Attachment

## Executive Summary

Management Partners was asked to provide information about the cost and process for a non-member, municipal library, to join the Santa Clara County Library (SCCL). The task was challenging for a number of reasons. First, while the Santa Clara County Library Joint Powers Authority (JPA) agreement provides a process for joining the system, it is not specific with respect to revenue allocation or property tax distribution that might accompany the process. (The JPA agreement is included as Appendix A.) Management Partners was unable to obtain a consensus or formal determination from Santa Clara County (County) regarding the exact process for joining the SCCL or the revenue or property tax implications that may accompany such an action. Further, there is no precedent for joining the SCCL by another non-member following the property tax distribution system established following Proposition 13 in 1978. The property tax distribution system in California has become so complex over the past decades due to a multitude of legislative actions applicable to local government entities that it is not possible to precisely answer the property tax redistribution question without the assistance of outside legal counsel and actually petitioning the SCCL to join in order to get a definitive determination of what would be required.

Nonetheless, Management Partners provides a framework in this report to try to address the following questions:

- What are the possible avenues to become a member of the JPA and/or join the SCCL?
- What are the revenues and expenditures, including property tax, for the different paths that might be chosen?

Our conclusion, albeit with a number of caveats, is that there may be two possible paths for a municipality to provide library service through the SCCL.

1. Filing an executed counterpart of the JPA agreement, and approval by 60% of the JPA governing board;

and

Executing a tax sharing agreement pursuant to Revenue and Tax Code 99.02 (if determined to be applicable) where the city would voluntarily agree to reallocate a portion of its existing property tax to the JPA (or Library District),

or

2. Contracting with the JPA for the provision of library services.

Using assessed valuation data and property tax allocation data provided by the Santa Clara County Controller-Treasurer's Office this report first discusses the property tax variables and implications that could result from a property tax reallocation negotiation between a city and the SCCL (County). Then based on municipal library and SCCL budget data, we developed three scenarios to illustrate the impact of different assumptions associated with both of the paths described above for a municipal library that may wish to join the SCCL. (Management Partners was not asked to evaluate the costs and benefits of providing library services through a municipality as compared to the SCCL. While some data points in this report provide comparison information, they should not be construed as an evaluation of service levels or costs to provide those services.)

The scenarios incorporate assumptions regarding how property taxes and other resources could shift as well as relative operating costs for the service as delivered by the SCCL. An unanswered question is whether the JPA would require a reallocation of property tax revenue as a condition of joining the JPA and whether such a reallocation would be subject to a change in the Educational Revenue Augmentation Fund (ERAF) applied to a city's property tax.

Lacking clear precedent for this kind of change and no formal determination from Santa Clara County representatives, our scenarios serve as templates to bridge the uncertainties while providing approximate measures of service and cost impacts. A summary of the scenarios and possible impacts follows.

**Scenario 1 – City Joins SCCL / No Change in the ERAF Rate.** This approach provides a baseline assuming that the ERAF tax shift does not increase from the existing 19% city rate to the 40% SCCL rate. Impacts range from an approximate decrease of 17 hours of service each week or an increase in required funding of \$2,048,252 per year to maintain hours of service.

**Scenario 2 – City Joins SCCL / ERAF Rate Changes.** This approach builds on Scenario 1 by including an increase in the ERAF rate from the existing 19% city rate to the 40% SCCL rate. Impacts range from an approximate decrease of 26 hours of service each week or an increase in required funding of over \$3 million per year to maintain hours of service.

**Scenario 3 – City Contracts with SCCL for Service.** This approach considers impacts from contracting for service based on costs associated with SCCL. Impacts range from an approximate decrease of 23 hours of service each week or an increase in required funding of \$2.7 million per year to maintain hours of service.

Ultimately, a definitive process determination from either the County or outside legal counsel will be required to assess the revenue implications of joining the SCCL. Following this, a municipality may then work with SCCL on service levels and costs and make an informed decision as to whether it is cost effective to join the system and the merits of doing so.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kerrie Romanow  
Sharon Erickson  
Jennifer A. Maguire

**SUBJECT:** ENVIRONMENTAL SERVICES  
FUNDING FOR CITY AUDITOR  
SERVICES

**DATE:** May 25, 2012

Approved

Date

5/25/12

## RECOMMENDATION

Approve the following amendments to the 2012-2013 Proposed Budget as follows:

- a. Establish an appropriation to the City Auditor's Office for Personal Services in the San José/Santa Clara Treatment Plant Operating Fund in the amount of \$69,420;
- b. Increase the appropriation for Overhead in the San José/Santa Clara Treatment Plant Operating Fund by \$9,996;
- c. Decrease the Ending Fund Balance in the San José/Santa Clara Treatment Plant Operating Fund by \$79,416;
- d. Establish an appropriation to the City Auditor's Office for Personal Services in the Integrated Waste Management Fund in the amount of \$11,748;
- e. Increase the appropriation for Overhead in the Integrated Waste Management Fund by \$1,829;
- f. Decrease the Ending Fund Balance in the Integrated Waste Management Fund by \$13,577;
- g. Establish an appropriation to the City Auditor's Office for Personal Services in the Storm Sewer Operating Fund in the amount of \$10,680;
- h. Increase the appropriation for Overhead in the Storm Sewer Operating Fund by \$2,032;
- i. Decrease the Ending Fund Balance in the Storm Sewer Operating Fund by \$12,712;
- j. Establish an appropriation to the City Auditor's Office for Personal Services in the Sewer Service and Use Charge Fund in the amount of \$8,544;
- k. Increase the appropriation for Overhead in the Sewer Service and Use Charge Fund by \$2,276;
- l. Decrease the Ending Fund Balance in the Sewer Service and Use Charge Fund by \$10,820;
- m. Establish an appropriation to the City Auditor's Office for Personal Services in the Water Utility Fund in the amount of \$6,408;
- n. Increase the appropriation for Overhead in the Water Utility Fund by \$1,420;
- o. Decrease the Ending Fund Balance in the Water Utility Fund by \$7,828;

May 25, 2012

**Subject: Environmental Services Funding for Audit Services**

Page 2

- p. Increase the 2013-2014 Future Deficit Reserve by \$17,553 or distribute this funding as part of the 2012-2013 budget process; and
- q. Approve the addition of 1.0 Program Performance Auditor I.

### **BACKGROUND**

The Environmental Services Department handles millions of dollars of ratepayer funds used for wastewater treatment, water delivery, pollution prevention, refuse and recycling, and storm water services. In addition, the Department is embarking on a multi-billion dollar rehabilitation project of the Water Pollution Control Plant.

Since 2008-2009, the Office of the City Auditor has reduced staffing by nearly one-third, and a supervisory layer has been removed. The staffing reductions have impacted the quantity of work produced. As recommended in the Manager's Budget Addendum #5, 1.0 vacant Supervising Auditor position and 1.0 vacant Senior Program Performance Auditor position are deleted in order to add 3.0 Program Performance Auditor I positions. With MBA#5 and this MBA, audit staffing dedicated to conducting performance audits of City programs will allow for increased audit services city-wide.

The June 2011 Budget Message for Fiscal Year 2011--2012 included direction to add a staffing and management audit of the Environmental Services Department with a special focus on how ratepayer funds are used, including a review of the Water Pollution Control Plant rehabilitation project for opportunities to reduce the cost of the project, expedite the project, and create savings for ratepayers. That project is underway. Additional audit projects will be proposed as part of the City Auditor's Fiscal Year 2012-2013 Audit Work Plan.

### **ANALYSIS**

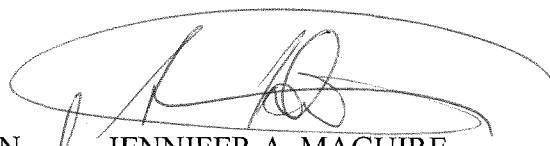
In order to ensure that the multi-billion dollar Water Pollution Control Plant program as well as all the other rate payer programs are implemented in the most effective and efficient manner, the Environmental Services Department is requesting additional audit resources through this proposal. Adding 1.0 Program Performance Auditor I position to the Office of the City Auditor will provide the additional resources needed to perform audit services for the Department of Environmental Services, increasing oversight and monitoring of ratepayer funds.

### **COORDINATION**

This memorandum has been coordinated with the Mayor's Budget Office.

/s/  
KERRIE ROMANOW  
Acting Director ESD

/s/  
SHARON W. ERICKSON  
City Auditor

  
JENNIFER A. MAGUIRE  
Budget Director



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares

**SUBJECT: SUMMARY OF MUNICIPAL  
GOLF COURSES**

**DATE:** May 25, 2012

Approved

Date

5/25/12

## EXECUTIVE SUMMARY

The purpose of this memorandum is to provide the Mayor and City Council with a brief summary of the history, operations and financial performance of the three city-owned golf courses.

The City of San José owns three municipal golf courses as follows:

- San José Municipal (“Muni”)
- Rancho del Pueblo (“Rancho”)
- Los Lagos

Both Muni and Los Lagos are 18-hole courses while Rancho is a nine-hole course. A brief summary of each course, as well as their operating structure and financial performance is provided in the following sections and in the Attachments. In summary, the three courses generate a net negative income stream to the City of approximately \$1.7 million when their operations and maintenance costs are combined with debt service payments. When looking solely at operations and maintenance, the three courses result in a net positive income stream to the City of approximately \$249,000 annually.

In March 2008, Economic Research Associates submitted a report to the City titled “Operational Review of the City of San Jose Municipal Golf System,” hereinafter referred to as the “ERA Report.” A copy of the report can be found on the following website: <http://www.sjparks.org/golf.asp>. While this report is over four years old, it provides significant details on the history and operations of each course.

## BACKGROUND

Attachment A provides a brief summary of the size, age, location and characteristics of each course. Additionally, Attachment B provides a table showing the rounds and financial performance of each course since the 2000-2001 Fiscal Year. The remainder of this background section provides a brief summary of each course, its operating agreement, and financial performance.

## **San Jose Muni**

### *Description*

Opened in 1968 and currently operated by Mike Rawitser Golf Shop, Inc. (Rawitser), Muni features a regulation-length, 18-hole/par 72 golf course designed by golf course architect Robert Muir Graves. The site encompasses approximately 146 acres including 90 acres of irrigated turf. Further detail on the course is provided in Attachment A and on the course's website: <http://www.sjmuni.com/>

### *Operating Agreement*

The City entered into an agreement with Rawitser to operate Muni in 1988. The agreement term was for 25 years with two five-year extensions to potentially extend the agreement through the year 2022. Both extensions are at the sole discretion of the operator. The initial 25-year term will expire in December 2012, however, the operator has already formally notified the City that it is exercising the first five-year extension, extending the contract through December 2017. City staff anticipates that Rawitser will be requesting the second extension at the appropriate time in the future which will extend the final contract to December 2022. Key terms of the agreement are as follows:

- Agreement, including extensions, expires in December 2022, unless Rawitser fails to request the second five-year extension;
- Rawitser is responsible for payment of all operations, maintenance and utility costs;
- Rawitser pays city 8.5% of gross receipts, regardless of Operator's expenses (this increased from 2.5% to 8.5% in the 21<sup>st</sup> year of the agreement (January 2008) and continues at 8.5% through the end of the agreement);
- Rawitser pays 1.5% of gross receipts, on top of the 8.5% listed above, to a Capital Improvement Fund.

Further analysis regarding the operating agreement for Muni can be found in the ERA Report referenced in the Executive Summary.

### *Financial Performance*

Rawitser pays for all of its operations and maintenance costs. Additionally it provides the City with an annual payment of 8.5% of gross receipts regardless of their operations and maintenance costs and places an additional 1.5% of gross receipts into a capital improvement fund. In Fiscal Year 2010-2011 the City received net revenue of \$428,667 and estimates \$457,363 in net revenue in Fiscal Year 2011-2012. There is no debt service associated with this property, so when looked at in isolation from the other golf facilities, the anticipated City revenue in the current fiscal year signifies that Muni provides a net positive benefit of \$457,363. A summary of the rounds, total facility revenue, and total City revenue per year from Fiscal Year 2000-2001 to current year is included in Attachment B.



## Los Lagos Golf Course

### *Description*

Opened on April 1, 2002, Los Lagos is operated by Los Lagos Golf Course, LLC, a subsidiary of CourseCo. Inc., and features a short 18-hole/par 68 golf course designed by Brian Costello of JMP Golf Design. Measuring 5,393 yards from the back tees, and bisected by Coyote Creek, the course was designed to appeal to players of all ability levels. The course encompasses approximately 180 acres, with 75 acres of irrigated turf. A notable natural feature of Los Lagos is Coyote Creek and its significant riparian corridor which is maintained by the course operator. Further information on Los Lagos can be found in the table on Attachment A and on the course website at the following link: <http://www.playloslagos.com/>

### *Operating Agreement*

This golf course operates under a management agreement. The agreement for Los Lagos is a fee-for service agreement with Los Lagos Golf Course, LLC, which is a subsidiary of CourseCo, Inc., a professional golf management company that also operates Rancho. Key terms of the agreement include:

- The agreement expires in 2017 however the City can currently terminate it at any time with no penalty upon at least six month's notice to the operator;
- The City receives 100% of the gross revenue from the facility but is required to pay for the following:
  - a. An annual fixed fee currently at \$159,120, with annual consumer price index increases;
  - b. An annual incentive fee equal to 1% of the increase in gross revenues for each year of the agreement, as compared to the first full year of operations of the course (the incentive fee cannot exceed 5% of the fixed fee);
  - c. A capital improvement fund which can be set by the Director of Parks, Recreation & Neighborhood Services (PRNS) at anywhere between 3% to 10% of the annual gross revenue (it is currently set at 3%);
  - d. 100% of the annual operating and maintenance costs for the facility.

As can be seen from the above agreement parameters, the gross receipts from the facility must cover the annual fixed fee, potential incentive fee, capital improvement fund and the course operations and maintenance costs before the City can realize any net operating profits from the facility.

### *Financial Performance*

As seen in Attachment B, Los Lagos, excluding debt service payments, has traditionally operated at a net operating profit to the City, ranging from over \$800,000 in the first year of operations to \$624,000 in Fiscal Year 2008-2009. However, the past three years have seen a significant dip in the total revenue from the facility. This led to a net operating loss for the City of \$15,000 in Fiscal Year 2010-2011, with slight operating profits of approximately \$70,000 projected for the following two fiscal years. When the operating profit is combined with an estimated debt service payment of \$1,484,000, the total city financial position is anticipated to be a negative \$1,414,000 on this course for the current

fiscal year. Since the incentive fee is based on improved performance over the first year of operations, the Operator has never received an incentive fee as the first year remains the highest revenue year to date.

## **Rancho del Pueblo**

### *Description*

Opened in 2000 and operated by San Jose Golf, LLC, a 90% owned subsidiary of CourseCo, Rancho is a 9-hole/par 28 golf course designed by Damian Pascuzzo of Pascuzzo and Pate. Further information on Rancho can be found in the table on Attachment A and on the course website at the following link: <http://www.ranchodelpueblo.com/>

### *Operating Agreement*

This golf course operates under a management agreement. The agreement for Rancho is a fee-for service agreement with San Jose Golf, LLC, which is a subsidiary of CourseCo, Inc., a professional golf management company that also operates Los Lagos. Key terms of the agreement include:

- The agreement with the operator is currently on a month-to-month basis and therefore can be terminated by the City on short notice;
- The City receives 100% of the gross revenue from the facility but is required to pay for the following:
  - a. A management fee currently at \$246,000 which includes (1) a fixed fee with annual increases consistent with the consumer price index and (2) an annual percentage fee equal to 1% of the increase in gross revenues for the facility.
  - b. A capital improvement fund set at 2% of annual gross revenues from course operations.
  - c. 100% of the annual operating and maintenance costs for the facility.

As can be seen from the above agreement parameters, the gross receipts from the facility must cover the total of the management fee, the capital improvement fund and 100% of the operator's operations and maintenance costs before the City can realize any net operating profits from the facility. While this agreement is very similar to Los Lagos, important differences are:

- The annual fixed fee paid to the operator for Rancho is higher than Los Lagos. This is because IRS regulations required that salaries of certain staff at Rancho be included in the management fee, as opposed to being deducted against overall operating expenses as is the case with Los Lagos.
- The Los Lagos agreement requires the operator to achieve a specific performance target to receive the additional 1% of gross revenue. The Rancho agreement does not have this target and provides the additional 1% automatically to the operator.

### *Financial Performance*

Rancho has had a difficult time recovering 100% of its operational expenses. According to the ERA report, "in general, short courses struggle economically as limitations on green fees disproportionately restrict revenues compared with regulation length 18-hole courses. Generally, these courses rely heavily on the performance of the practice range to achieve economic stability." The ERA report also pointed to a combination of a weakening golf market and intensified competition in the region for other short courses as reasons Rancho struggles to generate sufficient revenue to cover expenses. Since its opening in 2000, there has only been one year (2001-02) where it made a net operating profit for the City (\$70,639). Since the course opening in 2000 and projected through the end of Fiscal Year 2011-2012, the City will have contributed over \$1.2 million towards operational expenses.

As mentioned above and as seen in Attachment B, Rancho, excluding debt service payments, has traditionally operated at a net operating loss to the City, ranging from a \$76,000 loss in the first year of operations to an expected \$278,000 loss in the current fiscal year. When the operating profit is combined with an estimated debt service payment of \$453,000, the total city financial position is anticipated to be negative \$731,000 on this course for the current fiscal year.

### **All Courses - Factors Impacting Financial Performance**

The operators of the facilities have worked closely with the City over the past several years to identify opportunities to lower costs and increase revenue. At Los Lagos and Rancho, this includes, but has not been limited to:

- Rancho reduced the operating hours of the Café to better align with peak use;
- Rancho reduced maintenance staffing by one worker;
- Los Lagos eliminated a golf operations manager, the assistant superintendent and one course worker;
- Los Lagos maintenance staffing reduced work hours by 20% annually;
- Non-essential turf has been removed to reduce water costs;
- Operation of decorative fountains and chemical application and fertilization of turf has been reduced.

A significant impact on the operations and maintenance budget as identified in the ERA report is prevailing wage. Currently, both the Rancho and Los Lagos agreements require the operators to pay prevailing wage. The Muni agreement does not have this requirement as it was put into place prior to the City's prevailing wage policy. As mentioned in the ERA report, this results in much higher minimum wage levels than exist in privately operated golf courses. A recent analysis by CourseCo, the operator for both Rancho and Los Lagos, estimates that the requirement to pay prevailing wage has increased the combined annual operating costs for the two courses by approximately \$385,000.

**Outstanding Debt Summary**

Outstanding Lease Revenue Bond Debt

Attachment C provides a detailed analysis of the outstanding debt on both Los Lagos and Rancho as of Fiscal Year 2011-2012. Muni does not have any outstanding debt associated with it. In summary, a principal amount of \$26,115,000 of lease revenue bond debt remains outstanding on the two courses as shown in the below table:

Course	Total Outstanding Lease Revenue Bond Debt	Annual Debt Service Payment (FY 11-12 est.)	Key Notes
Rancho	\$5,415,000	\$453,000	Full payment anticipated by 2028 under current payment schedule
Los Lagos	\$20,700,000	\$1,484,000	Full payment anticipated by 2031 under current payment schedule
<b>Total</b>	<b>\$26,115,000</b>	<b>\$1,937,000</b>	

Unsecured Promissory Note

In addition to the debt referenced in the table on the previous page, the City and the Authority entered into an Unsecured Promissory Note (the "Note") in May 1997 with an original principal amount of \$2,500,000 related to the construction of Rancho. In October 1998, the Note was amended to increase the original principal amount to \$3,300,000. In the event of a sale of the golf course, the Note is immediately due and payable, at the option of the City. However, proceeds from the sale of Rancho would flow through the Authority to the City for repayment of the Note and would be available to the City for any purpose. Thus, the Note has no financial impact to the City in the event of the sale of Rancho.

ERA Report Analysis of Debt Service

The following excerpt from the 2008 ERA report provides an opinion on why the golf courses are not recovering the full cost of their debt service:

*Historically debt service has not been attached to recreational facilities. Golf courses are one of the few assets where the City attempts to cover the entire investment. The program has been successful at contributing approximately one third of the debt payment obligation annually and it covers all of the operational expenses. Part of the underperformance of not meeting the full debt service obligation stems from the original feasibility study conducted by National Golf Foundation in 1997 and updated in 1999. The original feasibility study did not consider several key factors when developing the operational expenses at Los Lagos Golf Course.*

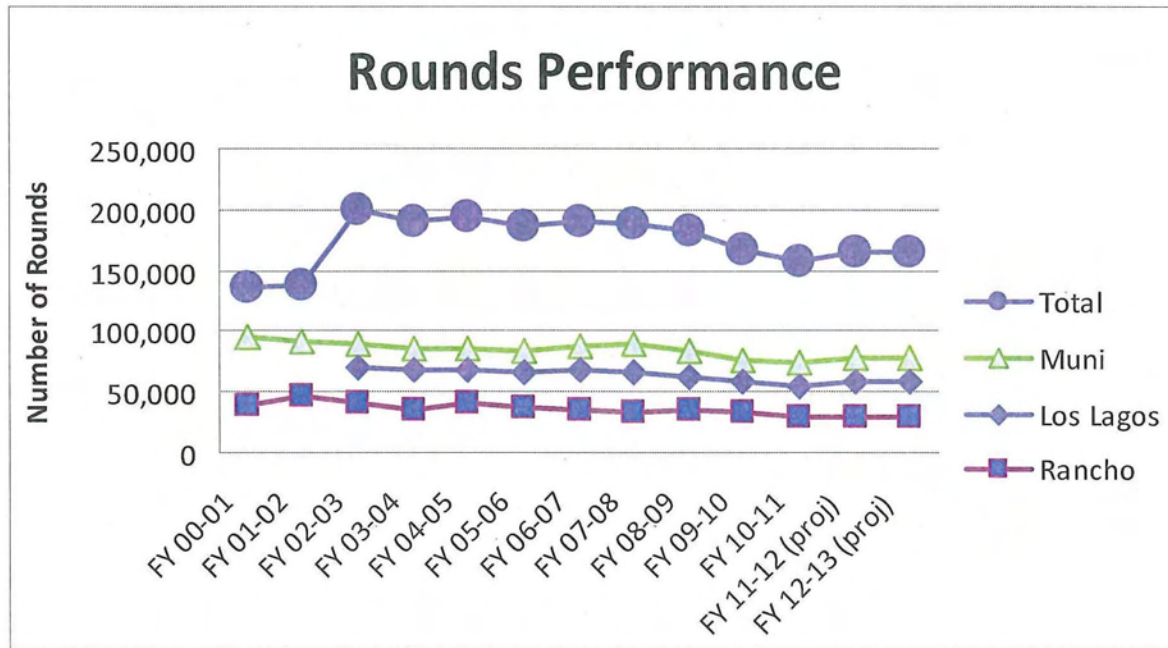
The key factors called out specifically by ERA for Los Lagos not being able to cover debt service payments with operation profits were (1) Impact of paying prevailing/living wage; (2) The increase in the construction costs from \$14.2 million to \$20.7 million, and (3) Additional annual expenses associated with unanticipated maintenance of the mitigation areas.

**ANALYSIS**

**General Fund Subsidy**

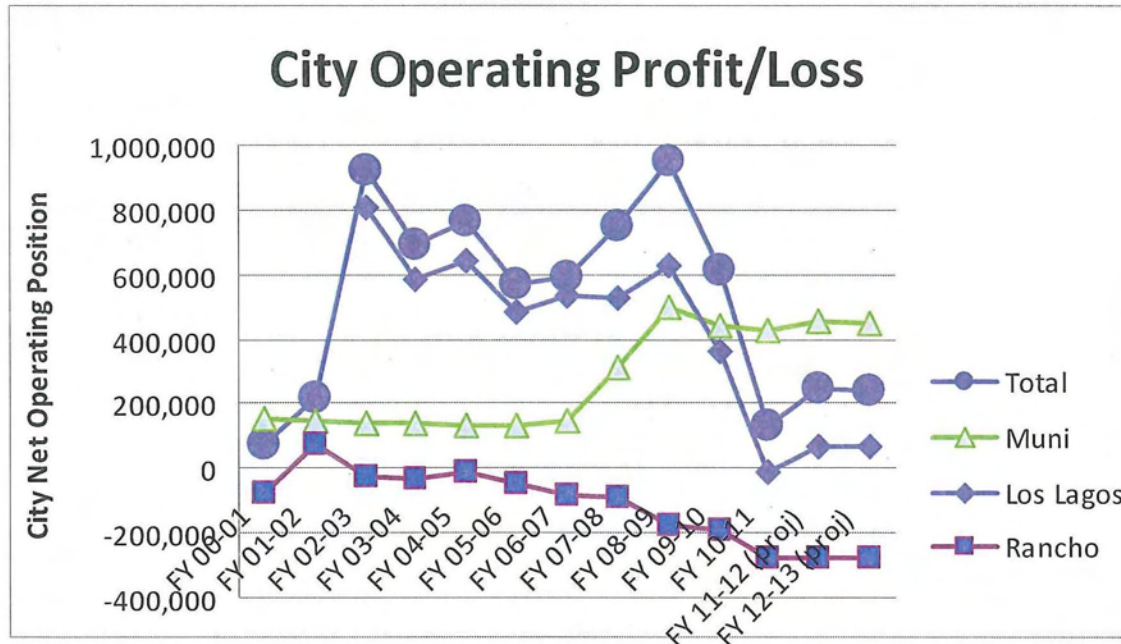
Attachment B provides a table with the total rounds performance, total operating revenue, debt service payments, and net City revenue for each course since Fiscal Year 2000-2001 and projections for Fiscal Years 2011-2012 and 2012-2013. The remainder of this section provides charts compiled from the table in Attachment B which indicate the trends for round performance and finances of the courses over the years. It should be noted that the first full Fiscal Year of operations of Los Lagos was in Fiscal Year 2002-2003 which results in a spike in overall performance of the courses in the charts below. In summary, the City's overall subsidy (operations plus debt service) of the three courses for Fiscal Year 2011-2012 is expected to be \$1.7 million. This has more than doubled since Fiscal Year 2002-2003 when the subsidy was approximately \$749,000. The need for this subsidy stems from the \$1,937,000 in annual debt service payments for Rancho and Los Lagos as well as the operating subsidy for Rancho. Without these debt service payments, the combined operation and maintenance of all three the courses would be a net positive revenue stream to the City.

The below chart shows the net rounds performance of the three courses since Fiscal Year 2000-2001.



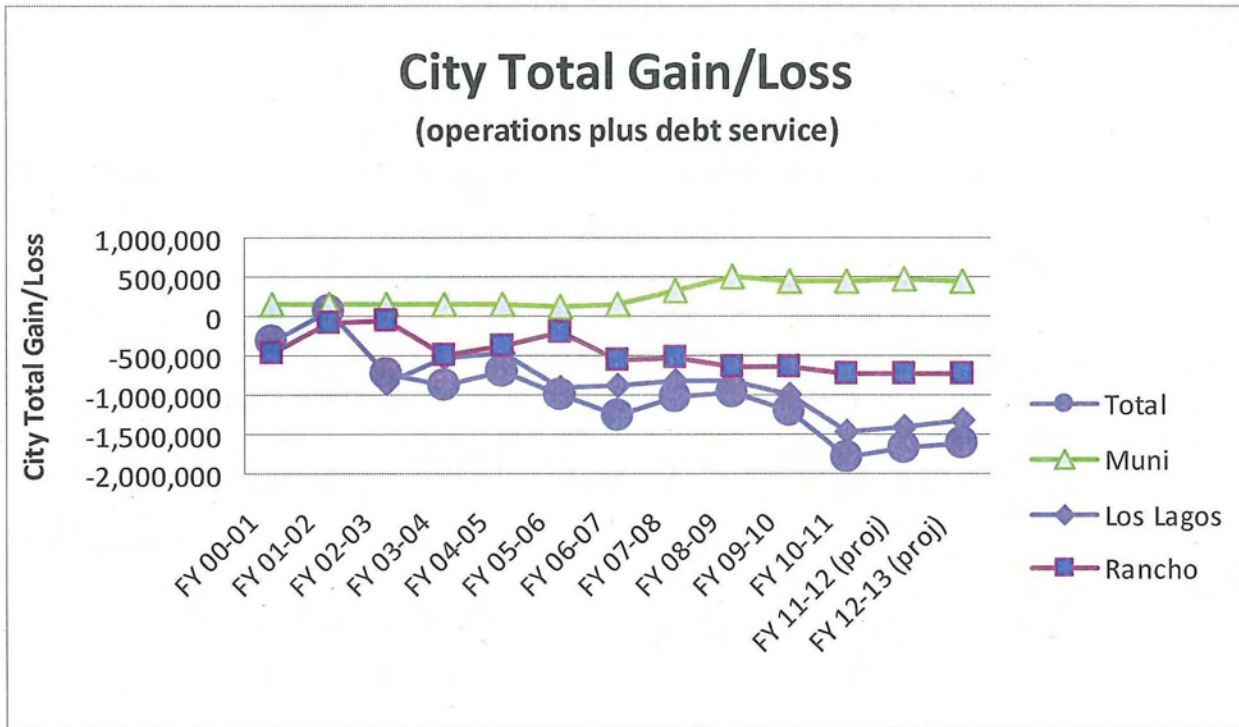
As noted above, the opening of Los Lagos provide for an overall spike in performance in FY 2002-2003. However, consistent with national golf trends, since Fiscal Year 2002-2003, rounds have decreased at each course for an average 21% decrease when the courses are combined.

The below chart provides a summary, by course and combined, of the annual net income to the City from the operations of the three courses. It is important to note that this does not include debt service costs.



As seen above, the City has received a net operating profit from the three courses since Fiscal Year 2000-2001 (as well as prior to that time since Muni has always provided a net profit to the City). The highest net profit to the City was in Fiscal Year 2008-2009 at \$947,087. However, as can also be seen in the rounds performance chart, there is a significant decline in both rounds performance and revenue from the three courses after Fiscal Year 2008-2009. The revenue decline was partially offset by the increase in annual revenue from Muni as the amount paid to the City by the operator increased from 2% to 8.5% of gross receipts after 2008. In summary, while the three courses continue to operate at a combined operations and maintenance surplus, the \$249,291 anticipated to be generated from the combined courses this fiscal year is substantially lower than the peak of \$947,087.

The below chart provides a summary of the City's total financial position from each course, and combined, when operating revenue and debt service are both included. As can be seen from the chart, when debt service is included, the City is anticipated to finish the year in the negative by an approximately \$1.7 million for the Fiscal Year 2011-2012.



**Possible Sale**

In the fall of 2011 there was significant discussion with the community regarding the potential sale of Rancho. The following factors would need to be considered for each site prior to the consideration of the potential sale of any of the courses:

Course	Is it on Parkland?	Can City Terminate Agreement?	Key Development Issues	Total Outstanding Lease Revenue Bond Debt
Rancho	No, can sell with Council approval	Agreement is month to month.	General Plan and zoning change required	\$5,415,000
Muni	No, can sell with Council approval	Expires in 2022. Early termination would require negotiations with the operator and may be at significant cost to the City	General Plan and zoning change required	\$0
Los Lagos	Yes, citywide vote required to sell the property	Can terminate with 6 months prior notice	General Plan and zoning change required; Riparian corridor.	\$20,700,000

## **Parkland**

Section 1700 of the City Charter reads as follows:

*Except as otherwise provided elsewhere in this Charter, the public parks of the City shall be inalienable unless otherwise authorized by the affirmative votes of the majority of the electors voting on such a proposition in each case; provided and excepting, however, that the same or any interest therein, or any concessions or privileges therein or in any building or structure situate therein, may be leased by the Council, or the Council may grant permits or licenses for the same, without any vote of any electors, if the term of each such lease or permit does not exceed three (3) years. As used herein "public parks" means any and all lands of the City which have been or are dedicated, improved and opened to the public for public park purposes.*

As noted in the above section, a "public park" is defined as land that has been dedicated, improved and opened to the public for public park purposes. Neither Muni or Rancho have ever been defined by the City as public parks so they do not fall under this Charter language and, therefore, could be sold or used for purposes other than golf, assuming other hurdles such as agreements and development impacts are overcome. Alternatively, Los Lagos is considered chartered parkland because the course was built along the Coyote Creek Park Chain. Therefore, if Los Lagos were to be sold it would need to be approved by a citywide vote of the residents.

## **Operating Agreements**

### *San Jose Municipal*

The term of the existing contract for Muni ends in December 30, 2012, but has two five-year extensions that may be executed by the operator that could ultimately extend the agreement to 2022. The operator has already notified the City that it is to exercising the first option to extend the contract through 2017. Outside of default by the operator or taking of the property by a third party, the agreement does not provide a mechanism for the city to terminate the agreement prior to its expiration. If the City desired to terminate the contract, it would need to negotiate early termination with the operator, which would be expected to include loss of future income of the operator as well as other operator costs associated with the expectation of operating the course for the full term.

### *Los Lagos*

The agreement for Los Lagos extends through 2017, however the City has the ability to terminate the agreement at any time with at least 6 months notice, with no penalty.

### *Rancho del Pueblo*

The agreement for Rancho is currently on a month-to-month basis which provides the City the ability to terminate the agreement on short notice, with no penalty.

## **Development Potential and Restrictions**

Significant staff work and community outreach was performed in Fall 2011 to evaluate the development potential for Rancho del Pueblo golf course. Per an assessment prepared for the City by HMH in 2010, it was estimated that the course could generate up to \$20.2 million in revenue if sold for



HONORABLE MAYOR AND CITY COUNCIL

May 25, 2012

**Subject: Summary of Municipal Golf Courses**

Page 11

housing development. However, this would require a change to the City's General Plan and other planning and development approvals. The development of both Muni and Rancho would also require changes to the City's General Plan and, as both of them are along Coyote Creek, the City's riparian corridor policy would likely influence and limit any future development on the sites.

### **COORDINATION**

This memorandum was coordinated with the City Manager's Office of Economic Development and Budget Office, Office of the City Attorney, Department of Planning, Building and Code Enforcement and the Finance Department.

/s/

JULIE EDMONDS-MARES

Acting Director of Parks, Recreation and  
Neighborhood Services

For questions regarding this report please contact Matt Cano, Deputy Director, at 535-3580

**Attachment A  
Golf Course Features**

	<b>San Jose Municipal</b>	<b>Los Lagos</b>	<b>Rancho del Pueblo</b>
Year Opened	1968	2002	2000
Owner	City of San Jose	City of San Jose	City of San Jose
Operator	Mike Rawitser	CourseCo. Inc	CourseCo. Inc
Prevailing Wage Required?	No	Yes	Yes
Number of Acres	146	180 (88 acre course)	33
Number of Holes/Par	18/72	18/68	9/28
Course Length (back tees)	6,700 yards	5,393 yards	1,418 yards
Slope Rating (back tees) 1/ Golf Course Designer	119 R. M. Graves	112 Brian Costello (JMP)	NA Damian Pascuzzo (Pascuzzo & Pate)
Clubhouse Size (square feet)	4,000	4,750	4,000
Range, # of Tee Stations	60	51	25
Range, Night Lighted?	Yes	Yes	Yes

<b>Green Fees</b>			
<b>(Adult regular play only shown for comparison. Courses also have Senior and Junior rates)</b>			
Weekday Adult, Regular	\$37	\$34	\$13
Weekend Adult, Regular	\$51	\$47	\$15

**Attachment B**  
**Detailed Round and Financial Performance and Projections for City Golf Courses**  
**Fiscal Year 2000-2001 through Fiscal Year 2012-2013**

Year	Los Lagos					Rancho					SJ Muni			Total				
	Rounds	Total Operating Revenue	City Operating Profit/(Loss)	Annual Debt Payment	Total City Revenue	Rounds	Total Operating Revenue	City Operating Profit/(Loss)	Annual Debt Payment	Total City Revenue	Rounds	Total Operating Revenue	Total City Revenue	Rounds	Total Operating Revenue	City Operating Profit/(Loss)	Combined Annual Debt Payments	Annual City Financial Position
FY 00-01	<i>Course was not open yet</i>					39,320	694,000	-76,000	-398,043	-474,043	95,501	6,026,000	150,650	134,821	6,720,000	74,650	-398,043	-323,393
FY 01-02	<i>Course was not open yet</i>					46,100	924,000	71,000	-169,999	-98,999	91,393	5,786,000	144,650	137,493	6,710,000	215,650	-169,999	45,651
FY 02-03	69,460	3,734,000	808,000	-1,651,911	-843,911	41,335	853,000	-30,000	-15,000	-45,000	88,701	5,614,000	140,350	199,496	10,201,000	918,350	-1,666,911	-748,561
FY 03-04	68,781	3,763,000	586,000	-1,101,274	-515,274	35,400	756,000	-32,000	-463,291	-495,291	86,013	5,632,000	140,800	190,194	10,151,000	694,800	-1,564,565	-869,765
FY 04-05	68,544	3,719,000	640,000	-1,101,274	-461,274	40,392	777,000	-13,000	-370,575	-383,575	84,460	5,342,000	133,550	193,396	9,838,000	760,550	-1,471,849	-711,299
FY 05-06	65,843	3,550,000	486,000	-1,391,274	-905,274	37,721	713,000	-47,000	-166,098	-213,098	83,212	5,226,000	130,650	186,776	9,489,000	569,650	-1,557,372	-987,722
FY 06-07	67,590	3,741,000	534,000	-1,402,644	-868,644	35,513	741,000	-83,000	-465,727	-548,727	86,991	5,699,000	142,475	190,094	10,181,000	593,475	-1,868,371	-1,274,896
FY 07-08	66,060	3,669,000	524,000	-1,333,147	-809,147	32,779	666,400	-88,600	-441,299	-529,899	89,613	6,042,000	312,000	188,452	10,377,400	747,400	-1,774,446	-1,027,046
FY 08-09	62,675	3,401,624	624,000	-1,444,000	-820,000	35,627	676,002	-176,000	-460,000	-636,000	84,022	5,872,000	499,087	182,324	9,949,626	947,087	-1,904,000	-956,913
FY 09-10	58,791	3,214,617	361,385	-1,374,978	-1,013,593	32,257	622,848	-188,235	-447,108	-635,343	75,922	5,204,000	442,350	166,970	9,041,465	615,500	-1,822,086	-1,206,586
FY 10-11	54,259	2,948,532	-15,480	-1,464,006	-1,479,486	28,169	565,076	-279,693	-452,699	-732,392	74,523	5,043,000	428,667	156,951	8,556,608	133,494	-1,916,705	-1,783,211
FY 11-12 (proj)	57,785	3,149,032	70,000	-1,484,000	-1,414,000	29,408	599,923	-278,072	-453,149	-731,221	78,000	5,380,740	457,363	165,193	9,129,695	249,291	-1,937,149	-1,687,858
FY 12-13 (proj)	57,785	3,149,032	70,000	-1,402,000	-1,332,000	29,408	599,923	-278,072	-455,000	-733,072	78,000	5,223,529	444,000	165,193	8,972,484	235,928	-1,857,000	-1,621,072

**Data Sources and Notes**

- 1) The following numbers were taken from the March 2008 Economic Research Associates Report: Rounds, Total Operating Revenue and City Operating Profit/Loss for each course from FY 00-01 through FY 06-07
- 2) The Rounds and Total Operating Revenue from FY 08-09 for SJ Muni was received from the SJ Muni Operations Team
- 3) The remaining Round, Total Operating Revenue and City Operating Profit/Loss numbers were derived from a combination of the course operators and the City's financial management system, or estimates for FY 11-12 and FY 12-13

## Attachment C – Outstanding Debt Summary

### Outstanding Lease Revenue Bond Debt

#### *Rancho del Pueblo Golf Course*

Rancho was originally funded by the City of San José Financing Authority Lease Revenue Bonds, Series 1997A (the “1997A Bonds”) with an original par amount of \$6,875,000. Interest rates on the 1997A Bonds ranged from 5.30% to 5.60%.

In August 2007, the 1997A Bonds with an outstanding principal of \$5,965,000 were refunded with the City of San José Financing Authority Lease Revenue Bonds, Series 2007A (the “2007 Bonds”) to achieve debt service savings. The current outstanding principal amount of the 2007A Bonds related to Rancho is \$5,415,000 with a final maturity of August 2028. The 2007A Bonds related to Rancho pay interest at a rate ranging from 4.125% to 4.625%.

#### *Los Lagos Golf Course*

The City of San José Financing Authority Lease Revenue Bonds, Series 2000B (the “2000B Bonds”) originally funded Los Lagos and also refunded the 1992 Certificates of Participation related to Camden Park. Of the total original par amount of \$22,635,000 for the 2000B Bonds, \$20,680,000 was attributable to Los Lagos. Interest rates on the 2000B Bonds ranged from 4.70% to 5.50%.

In August 2007, the 2000B Bonds, with an outstanding principal of \$20,390,000 related to Los Lagos, were also refunded with the 2007A Bonds to achieve debt service savings. The current outstanding principal amount of the bonds related to Los Lagos is approximately \$20,700,000 with a final maturity of August 2031. The principal on the 2007A Bonds is slightly higher than the refunded 2000B Bonds due to additional funding requirements related to the reserve fund and costs of issuance for the 2007A Bonds. The 2007A Bonds related to Los Lagos pay interest at a rate ranging from 4.125% to 4.75%.

#### *Bond Structure*

The 2007A Bonds are secured by Rancho and Los Lagos through a lease structure. The City leased Rancho and Los Lagos to the Authority pursuant to Site and Facility Lease. The Authority subleased these same facilities back to the City pursuant to a Project Lease in exchange for the rental payments which support repayment of the 2007 Bonds.

Additional facilities refinanced with the 2007A Bonds and supported by the leases on Rancho and Los Lagos include Camden Park, Murdock Park, and the Berryessa Community Center. The Hayes Mansion was not directly financed by any of the bond series that the 2007A Bonds refunded. However, the City advanced funds for the Hayes Mansion and then paid for other eligible projects with tax-exempt bonds. Because of this advance, the City allocated a share of the 2007A Bonds debt service to the Hayes Mansion.

#### *Defeasance of the Outstanding Lease Revenue Bond Debt*

The following table provides a summary of the costs and assumptions necessary to fully pay down the lease revenue bond debt attributable to Rancho and Los Lagos.

Bondholders have “call protection” on the 2007A Bonds, which means that the bonds are prevented from being called prior to August 2017. Interest payments on the bonds are guaranteed during the call protection period but not afterward. IRS regulations require that in the event the golf courses are sold, all of the bonds attributable to the golf courses be called in full. Due to the call protection on the 2007A Bonds, proceeds from the sale of one or both of the golf courses would need to be sufficient to pay the maturing principal and interest on the 2007A Bonds from the sale date until August 15, 2017 and to payoff the remaining principal outstanding after August 15, 2017.

## Attachment C – Outstanding Debt Summary

Once sufficient funds are deposited into an irrevocable escrow to fully defease the bonds attributable to the golf courses, Rancho and Los Lagos can be released from the Project Lease in order to complete the sale of the courses. To the extent that the bonds related to both golf courses and/or the other facilities refinanced by the 2007A Bonds are not defeased, a substitute asset or assets will need to be identified, with written consent of the bond insurer (Ambac), to secure the remaining outstanding debt at the time of sale.

### Golf Course Lease Revenue Bonds Defeasance Analysis

	Notes	Rancho del Pueblo	Los Lagos	Total
<b><u>CSJFA 2007A Bonds</u></b>	1,2			
Principal and Interest 2012 Through 2017	3			
Principal		\$1,485,000	\$3,840,000	\$5,325,000
Interest		<u>1,249,000</u>	<u>5,113,000</u>	<u>6,362,000</u>
Subtotal		2,734,000	8,953,000	11,687,000
Remaining Principal after 2017		<u>3,930,000</u>	<u>16,860,000</u>	<u>20,790,000</u>
<b>Total</b>		<b><u>\$6,664,000</u></b>	<b><u>\$25,813,000</u></b>	<b><u>\$32,477,000</u></b>

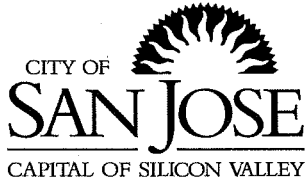
Notes:

1. The 2007A bond financed several projects including Camden Park, Los Lagos, Rancho del Pueblo, Murdock Park and Berryessa Community Center. In the event that the sale proceeds of the golf courses are insufficient to defease all of the 2007A Bonds, one or more substitute assets will need to be pledged.
2. If the entire bond issue is not defeased, a substitute asset would need to be identified to provide sufficient value to cover the remaining lease revenue bonds outstanding.
3. Bondholders have "call protection" prior to August 2017. Proceeds of the sale of the golf courses would need to be sufficient to pay principal and interest from the date of the sale of the golf courses until the call date of August 2017 and principal. The sale proceeds would be deposited in a defeasance escrow from which bondholders would be paid principal and interest through 2017 and the remaining principal following August 2017.

### Unsecured Promissory Note

The City advanced \$3,150,000 on or about June 17, 1997 to the Authority to acquire Rancho prior to the issuance of the 1997A Bonds. The Authority reimbursed the City \$650,000 from bond proceeds of the 1997A Bonds. The Authority and the City entered into an Unsecured Promissory Note (the "Note") for the remaining \$2,500,000. In October 1998, the Note was amended and increased the initial principal amount of the Note to a total of \$3,300,000. The principal sum of the Note accrues interest at 7.5% compounded annually commencing on June 17, 1997, with the entire unpaid balance of interest and principal due on August 15, 2034.

The Note is subject to repayment annually commencing on August 15, 2006, from net profits derived from the operation of Rancho, but only to the extent that the City receives any net profit from the facility. In the event of a sale of the golf course, the Note is immediately due and payable, at the option of the City. However, proceeds from the sale of Rancho would flow through the Authority to the City for repayment of the Note and would be available to the City for any purpose. Thus, the Note has no financial impact to the City in the event of the sale of Rancho. Alternatively, the City Council could forgive the Note in the event of the sale.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** David Sykes

**SUBJECT:** SEE BELOW

**DATE:** May 17, 2012

Approved

Date

5/25/12

**SUBJECT: SAN JOSE MCENERY CONVENTION CENTER EXPANSION AND RENOVATION PROJECT UPDATE**

## BACKGROUND

The San José McEnery Convention Center (the “Convention Center”) opened in 1989 and currently offers 425,000 square feet of exhibit, ballroom and meeting space. Since 1989, San Jose’s hotel and tourism industry has grown to an estimated \$200 million hotel revenue industry, generating significant tax revenues which support city services, the City’s convention and cultural facilities, arts programs, and the Convention and Visitors Bureau. The Convention Center Expansion and Renovation Project (the “Project”) is, among other things, adding an additional 125,000 square feet of flexible ballroom and meeting room space, increasing the Convention Center space to 550,000 square feet of usable space. This Project is a key component of the City’s Economic Strategy and is being delivered through a Public Works led design-build approach, similar to the award-winning San José Norman Y. Mineta International Airport’s successful billion dollar terminal area improvement program.

In 2009, the Convention Center Facilities District (the “CCFD”) was formed to institute a special, dedicated tax on hotel properties to finance the project. The tax can only be used to support capital improvements at the Convention Center and includes ongoing revenue for future capital repair and replacement needs.

As described in the report to City Council on February 23, 2010, the Project components consist of the following expansion and renovation elements:

### Expansion elements

- A 35,000 square feet column-free ballroom with 30 foot clear ceilings and operable wall divisibility.
- 25,000 square feet of flexible meeting room space.
- Pre-function, food preparation in the back of the house areas and systems to service the expansion space.
- Way finding and signage package connecting the expansion and existing Convention Center;

- Construction to a LEED-Silver rating.
- Furniture, fixtures and equipment for the expansion.
- An exterior architectural treatment that enlivens the area surrounding the Convention Center and the downtown.
- Demolition of the former Martin Luther King Jr. Library and site preparation for the expansion.
- Restrooms to accommodate the additional space needs.
- Off-site sidewalk improvements as required by the City.

Renovation Elements

- Installation of a new central utility plant. This will support the expansion area and existing Convention Center as well as the adjacent Hilton Hotel that receives utilities under contract with the City. This work includes replacing the heating, ventilation and air conditioning system including related pumps, chillers, exhaust fans, boilers, heat exchangers, cooling towers and related electrical systems.
- Installation of a new fire alarm system for the entire Convention Center.
- Installation of a direct digital controls building management system for the entire Convention Center.
- Construction of necessary ADA improvements needed to integrate the expansion space with the garage and lobby areas of the existing building.

In addition to these elements of the Project, other renovation improvements were identified as desirable if the construction budget had funds available. These include:

- Cosmetic and functional upgrades in the existing ballroom and exhibit space.
- Upgrades to the existing kitchen, restrooms and employee spaces.
- Additional ADA improvements in the existing space as provided for in the ADA improvement plan for the Convention Center and garage.

On December 14, 2010, City Council authorized the City Manager to negotiate and execute a contract with Hunt Construction for a not-to-exceed amount of \$117,000,000 (see table below for the various cost elements). Council also approved a City-controlled contingency in the amount of \$3,000,000. On April 12, 2011, the City issued \$107.4 million of special hotel tax bonds and the Financing Authority issued \$31.0 million in lease revenue bonds for a total of \$138.4 million to finance the costs of the \$120 million Project

<b>Element</b>	<b>Cost</b>	<b>Notes</b>
Demolition	\$2.6 million	Old King Library
New Construction	\$62.8 million	125,000 new square feet
Central Plant	\$13.7 million	New chillers, boilers, cooling towers, pumps
Systems	\$12.9 million	New fire alarm, building management system
Renovation	\$20.0 million	Cosmetic front of house
Contingency	\$3.0 million	2.5% of \$120 million
Delivery Costs*	\$5.0 million	Project delivery, Public Art
<b>Total</b>	<b>\$120 million</b>	

\* The delivery costs are \$3.4 million for project delivery, \$600,000 for special inspection and testing, \$600,000 for public art, and \$400,000 for construction support consultants.

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In collaboration with Team San José (TSJ), the Hoteliers, and the Downtown Association, design work was initiated in July and ran concurrently with the initial construction activity of demolition of the Old Martin Luther King Library (OMLK). One of the benefits of the design-build project delivery process was quickly realized by this ability to run design and construction activities in parallel. The final design has been completed and final permitting is underway.

At the start of 2011, Public Works staff negotiated and finalized the details of the design-build contract with Hunt Construction in preparation for an immediate execution upon availability of bond funds. In addition, task orders were prepared that identified discrete portions of work for the Project and authorized Hunt to proceed on these tasks for a stipulated not-to-exceed dollar amount. Task orders have been executed for design work through 100% construction documents, hazardous materials abatement and demolition, deep foundations, Central Utility Plant (CUP) equipment that will require extended time for procurement, and structural steel.

### **ANALYSIS**

Hunt prepared a comprehensive Facility Assessment Study during the course of design of the Project. The results of the Study indicated that the City needs to replace the 25 year old hot and cool water Heating Ventilation and Air Conditioning (HVAC) loop in the existing building. Replacing the loop would significantly reduce the risk of the both new and old components of the HVAC system failing. Replacing the loop would also help to protect the substantial investment the City is making with regard to installing a new central utility plant.

A study of the existing main kitchen capacity was also completed and the study indicated that the existing kitchen was not adequate to serve a sold out event considering the new space. In fact the existing kitchen was strained to serve the existing Convention Center.

The scope of the Project currently underway was the result of a compromise between stakeholders and the City to achieve the new square footage needed to make the center larger and more competitive vs. complete improvement of the centers basic infrastructure. The HVAC and kitchen upgrades are the most critical items identified needing improvement but deficiencies in the building will remain. Staff is addressing in the base Project the most critical deficiencies that are known as of the date of this memorandum. In addition, staff intends to use any remaining funds in the original Project and/or from the additional funding now being requested, to address outstanding deficiencies. Moreover as capacity in the CCFD improves further investment in the center will be programmed by staff as part of future annual budget processes.

The Administration recommends addressing the HVAC repairs and kitchen renovation now, as repairs will be less costly during the course of the expansion/renovation project than if the improvements were deferred. To address the HVAC repairs and kitchen renovation, additional funding, above the \$120 million already allocated for this Project, is required. Therefore, as included in the 2012-2013 Proposed Operating Budget in the Convention and Cultural Affairs Fund, the administration recommends these improvements to be funded through a commercial paper issuance to be repaid by revenues in this fund over a seven year period. A memorandum to the City Council and Financing Authority Board, scheduled for consideration on June 19, 2012, will further outline the funding need and seek authorization for the issuance of commercial paper for this purpose. A description of these projects is provided below:



- *HVAC Improvements* – The base Project is replacing the entire central utility plant which produces hot and chilled water for heating and cooling the Convention Center and the Hilton hotel. In addition, the Project will install a new controls system to regulate the HVAC system. Recent inspection confirms that the existing hot and cold water pipes that looped through the building have severe corrosion and are leaking. In addition, most of the valves are frozen and/or leaking. The additional cost to repair the building HVAC system to good working order is approximately \$5.1 million. Repair of these additional HVAC system components will not only help prevent their failure in the future, but will help protect and ensure the proper performance of the new HVAC improvements being installed as part of the base Project. As part of the 2012-2013 Proposed Operating Budget, the administration proposes to fund this repair through issuance of commercial paper notes to be repaid by the Convention and Cultural Affairs Fund over 7 years.
- *Kitchen Improvements* – The base Project includes the construction of a plating kitchen adjacent to the new and expanded ballroom. This will allow hot and cold food to be transported from the main kitchen in bulk and be plated for consumption in the plating kitchen. An evaluation of the existing kitchen performed by the design team identified capacity issues in the main kitchen to serve a fully sold out expanded Convention Center. The Project has funded a 35% design effort to gain a better understanding of the cost to improve the kitchen capacity. That effort is expected to be completed in early June. The preliminary cost estimate for the kitchen improvement is approximately \$4.9 million. As with the HVAC improvements, as part of the 2012-2013 Proposed Operating Budget, the administration proposes to fund this repair through issuance of commercial paper to be repaid by the Convention and Cultural Affairs Fund over 7 years.

As required by the construction contract, the City and Hunt will negotiate a Guaranteed Maximum price for the improvements. If the price can be negotiated lower than the current estimate of \$10 million, additional improvements to the center will be installed on a priority basis.

At this time, the redesign of Convention Center Plaza and FF&E upgrades are not fully funded and not planned to be funded through the commercial paper issuance. The base Project is currently funding the reconstruction of about 1/3 of the plaza as a component of the expansion Project. In addition, staff has reserved funding for a minimal upgrade to the remainder of the plaza. In order to improve the plaza to a level necessary to allow the plaza to be programmed for events such as receptions and parties additional funding of approximately \$1.0 million will be required. Staff is exploring alternatives to funding an enhanced plaza. If funding cannot be identified the minimal upgrade will be constructed.

FF&E needs, not funded by the Project, include podiums, tables, chairs, stages, garbage cans, etc. These items have not been upgraded in over 20 years and impact the customer experience. FF&E is minimally funded in the 2012-2013 Proposed Operating Budget (\$300,000 in the Convention and Cultural Affairs Fund). Additional funding for this purpose may be pursued at a later time to ensure the Convention Center is adequately equipped to grow revenue in the expanded facility.

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### **Construction Activities and Schedule**

The old Martin Luther King Library has been demolished, the site has been filled and the pile driving is complete. The foundation is under construction, and renovation of the existing Convention Center will commence in June. The Project is on schedule for completion in September 2013.

### **COORDINATION**

This memorandum was coordinated with the Office of Economic Development, Finance, and City Attorneys Office.

A handwritten signature in black ink, appearing to read 'D. Sykes', with a long horizontal stroke extending to the right.

DAVID SYKES  
Director of Public Works



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares

**SUBJECT:** GRAFFITI PROGRAM UPDATE

**DATE:** May 25, 2012

Approved

Date

5/25/12

## BACKGROUND

As part of Item 5.2 at the May 1, 2012 City Council meeting, the Department of Parks, Recreation and Neighborhood Services (PRNS) committed to providing an update on the collaboration and community outreach efforts of the Anti-Graffiti Program. The purpose of this memorandum is to provide an update on the program's efforts to enhance graffiti eradication by leveraging resources through collaboration with the community, other agencies and city departments.

### Collaboration

PRNS manages the Anti-Graffiti Program to beautify San José by preventing and removing graffiti through Community Involvement, Eradication, and Enforcement. The Anti-Graffiti Program works to create opportunities to promote a graffiti-free environment in San José. The entire Anti-Graffiti Program operates through a collaborative partnership of resources led by PRNS in conjunction with community volunteers, the San José Police Department (SJPD), other City staff, the graffiti abatement vendor Graffiti Protective Coatings, Inc. (GPC), and a number of outside agencies. Outside agency partners include:

- Santa Clara Valley Water District
- Santa Clara County Probation Department
- Caltrans
- Caltrain
- Valley Transportation Authority
- Union Pacific Railroad

Staff is currently working with Caltrans, Caltrain, and Union Pacific to paint and protect the railroad bridge that crosses Highway 101 near 13<sup>th</sup> Street. This team of agencies hopes to repeat their earlier success in painting and protecting railroad bridges, such as the bridge that crosses Highway 280 near Bird Avenue, and the bridge that crosses Highway 87 near Willow Street. These projects involve many hours of preparation and planning to ensure successful and safe outcomes. Coordination with train schedules, providing extra security barriers on the bridges, highway lane closures, and the actual painting of the bridges all come together to result in long

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term graffiti free bridges. The green railroad bridge over Highway 280 near Bird Avenue continues to be graffiti free, well over a year after the graffiti was eradicated from it.

State highways have been significantly impacted by graffiti activity over the past year. Caltrans is the agency responsible for eradicating this graffiti and Anti-Graffiti Program staff have negotiated an improved reporting model that allows City staff to report the graffiti directly to the Caltrans local managers. This new model bypasses the normal Caltrans work order system, allowing the managers to quickly dispatch their staff as calls from the Anti-Graffiti Program come in. Under the older model, staff and residents reported the graffiti to an automated service request system, with average response times at approximately 30 days. The Anti-Graffiti Program anticipates that the new model will speed up graffiti removal on the state highways.

Anti-Graffiti Program staff continue to develop the relationships with their peers at other agencies. Caltrans, as described above, is an excellent example. Another example in progress is with the Valley Transportation Authority (VTA), which is responsible for the light rail lines, bus stops, and other associated VTA structures. Recently, Anti-Graffiti Program staff met with VTA staff to discuss the City's success with restitution. City staff provided feedback and guidance to help VTA develop a restitution model so that they can be compensated for crimes of vandalism and graffiti. Anti-Graffiti Program staff anticipates that this on-going peer-to-peer relationship will help to encourage VTA to take a more active role in graffiti eradication on their property.

In addition to developing ongoing relationships with other entities, it is important for the City to make it easier for the public to understand which agency they need to report their graffiti concerns to. As part of the fall 2012 update to the Neighborhood Services and Education Committee, PRNS will discuss a future workplan item to establish a region-wide graffiti reporting system. The Anti-Graffiti Program would encourage the regional use of its existing reporting system, which includes the toll free number, email, and San José Clean app.

#### Customer Feedback

Throughout the transition to the new vendor-based service model, the Anti-Graffiti Program continued to receive resident feedback from email and phone calls. From July through December 2011, staff addressed customer feedback and concerns about the transition as they arose. It is important to note that staff addressed all of these concerns to the greatest extent possible to ensure ongoing satisfaction with the program. Specifically, when customers identified themselves and provided contact information, staff 1) responded to the customer directly to understand their concern; 2) took the opportunity to educate them about the new service model, the transition plan, and the new issues reporting system; and, 3) forwarded the individual issues to the new vendor (or the appropriate partner agency) to address the concerns. When possible, staff contacted customers directly to confirm resolution of the issues. Since the completion of the transition in January 2012, customer response is even more efficient with the availability of the vendor's 24/7 reporting hotline and the new San José Clean Smartphone App.

To complement the efficiencies gained by the new reporting and resolution systems, the Anti-Graffiti Program customer feedback feature of the San José Clean Smartphone App provides valuable insight to customer satisfaction, as well. Since the app was launched in January 2012,

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1,222 people have downloaded it with 301 users submitting 2,650 service requests to-date. From those 2,650 service requests, the City has received a total of 36 responses to the app's ease of use and the services that were provided under the City's jurisdiction (3 responses were related to partner agency work and are not reflected here). Overall, the response to the City's efforts have been extremely positive, with the latest numbers showing that 94% of respondents have rated the application with a 4 or greater rating on a scale 5 (with 5 being the highest rating); and 89% have rated the Program's response time with a 4 or greater rating on the same scale. The Anti-Graffiti Program will continue to monitor customer feedback and report the findings to the Neighborhood Services and Education Committee.

In addition to direct customer feedback, the Anti-Graffiti Program, with direction from the Parks and Recreation Commission, has established the Graffiti Services Review Committee. This committee, made up of two Parks and Recreation Commissioners, one Neighborhood Commissioner, and three Anti-Graffiti Program Volunteers, was established in October 2011. The committee's goal is to observe the new service delivery model, and provide feedback and recommendations to the Anti-Graffiti Program. The committee member's initial observations are that the new service delivery model, especially the eradication contractor, is providing a positive impact to graffiti eradication in San José. The next Anti-Graffiti Program Semi-Annual Report will include the findings of this committee.

## **CONCLUSION**

After the initial transition period in July 2011, analysis of customer feedback has shown mostly positive results. Additionally, PRNS is continuing to focus on enhancing collaborative efforts with partners from other agencies, departments and the community. The Anti-Graffiti Program's review of Graffiti Protective Coating's performance is also positive, with indicators such as the City-wide Survey (as reported in the Anti-Graffiti and Litter Program Semi-Annual Report accepted by City Council on February 28, 2012) showing a 7% overall reduction in graffiti activity in San José.

The Anti-Graffiti Program will continue to monitor customer feedback and program performance, including the services provided by Graffiti Protective Coatings. Program improvements will be implemented as appropriate to encourage high customer satisfaction. Program success will continue to rely on the development of strong relationships with all partners, including partner agencies, private property owners, and Anti-Graffiti Program volunteers. Successful coordination of these collaborative relationships will support an overall reduction of graffiti in San José, resulting in a safer and cleaner city.

/s/

JULIE EDMONDS-MARES

Acting Director of Parks, Recreation and  
Neighborhood Services

For questions please contact Steve Hammack, Deputy Director, at 408-793-5579.