



Memorandum

TO: MAYOR REED

FROM: Councilmember Pete Constant

SUBJECT: BUDGET DOCUMENT

DATE: May 19, 2010

Approved

Date

RECOMMENDATION

That the following recommendation be enacted.

BACKGROUND

City-Council Initiated Neighborhood Improvement Reserve Fund/Other Budget Proposals

Program/Project Title: Police Officer Position Restorations [*PATROL*]

Amount of City Funding Required: ~\$ 600,000

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This will provide *ongoing* General Fund dollars to preserve much needed and essential police officer positions. This will require that the mayor and council offices take budget cuts that are in line with budget reductions imposed on *all* other city departments.

Funding Source

Program/Project Title: Council Office Budget Reductions/Allocations

Amount of City Funding Change: \$ 598,870

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

Anticipated Outcomes:

Mayor and Council offices should not be treated differently than any other City department as we struggle with the ninth straight year of budget deficits.

Overall, spending by the Mayor and Council offices has consistently increased over the past several fiscal years. While the proposed budget allocation for FY10-11 is approximately 12% less than the FY09-10 budget allocation, it is still more than the actual spending by the Mayor and Council offices in FY05-06, FY06-06, FY07-08, and FY08-09. It is only approximately 6% less than the forecasted actual spending in FY0910.

Please refer to the Attachment A for a comparison of several budget years.

This ongoing process of consistently budgeting amounts that are in excess of actual spending creates ending fund balances that are then available for rollover to the next fiscal year. This year's forecast for excess budgeted funds is approximately \$2.4 million (see my related Budget Document).

The majority of Mayor and Council office budgets are consumed by salary costs. The Mayor and Councilmembers have reduced our pay by 10% on an ongoing basis and council staff salaries (Unit 99) have been reduced 5% ongoing, with an additional 5% anticipated in one-time actions. Therefore it is reasonable for our budgets to be reduced by *at least* 10% from actual expenditures – not budgeted amounts.

Mayor and Council offices should, at minimum, take the same targeted reduction of 22.5% as all non-public safety departments. This reduction should be from actual expenditure history, not adopted budget allocations. This will avoid future excessive ending fund balances as we have seen in previous years.

This action will provide \$598,870 in projected savings that can fund 4 police officer positions on an ongoing basis.

Department or Organization: Mayor and Council Offices

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

Name: Dennis Hawkins, City Clerk's Office
Phone number: 408-535-1275
E-mail address: dennis.hawkins@sanjoseca.gov

This change is:

_____ One-time **X** Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services

ATTACHMENT A

| | FY05-06 Actual | FY06-07 Adopted | FY06-07 Actual | FY07-08 Adopted | FY07-08 Actual | FY08-09 Adopted | FY08-09 Actual | FY09-10 Adopted | FY09-10 Forecast | FY10-11 Proposed |
|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|
| Mayor & Council | | | | | | | | | | |
| Office of the Mayor | 1,154,038 | 1,721,211 | 1,102,709 | 1,949,117 | 1,031,052 | 2,062,135 | 1,210,566 | 2,186,591 | 1,571,733 | 1,463,343 |
| City Council | 2,037,509 | 3,051,092 | 2,282,972 | 3,426,252 | 2,583,026 | 3,570,575 | 2,626,716 | 2,872,790 | 2,872,790 | 2,664,850 |
| Council General | 3,180,210 | 4,108,619 | 3,281,874 | 4,289,850 | 3,918,332 | 4,706,281 | 4,119,621 | 5,059,075 | 5,059,075 | 4,786,325 |
| Totals | 6,371,757 | 8,880,922 | 6,667,555 | 7,716,102 | 7,532,410 | 10,338,991 | 7,956,903 | 10,118,456 | 9,503,598 | 8,914,518 |

| | | | | | |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | FY06 to FY07 | FY07 to FY08 | FY08 to FY09 | FY09 to FY10 | FY10 to FY11 |
| Actual Spending | 104.64% | 112.97% | 105.64% | 119.44% | |
| Budgeted Increases | | 86.88% | 133.99% | 97.87% | 88.10% |
| | | FY06-07 | FY07-08 | FY08-09 | FY09-010 |
| Actual Spending to Budget | | 75.08% | 97.62% | 76.96% | 93.92% |
| Excess Budgeted Dollars | | 2,213,367 | 183,692 | 2,382,088 | 614,858 |