

ADOPTED



2014-2015

OPERATING

BUDGET

**OFFICE
OF THE
CITY MANAGER**

PROPOSED

2014-2015



OPERATING BUDGET

Mayor

Chuck Reed

City Council

D1 - Pete Constant

D2 - Ash Kalra

D3 - Sam Liccardo

D4 - Kansen Chu

D5 - Xavier Campos

D6 - Pierluigi Oliverio

D7 - Madison Nguyen

D8 - Rose Herrera

D9 - Donald Rocha

D10 - Johnny Khamis

SUBMITTED BY

EDWARD K. SHIKADA

CITY MANAGER

ADOPTED



2014-2015

OPERATING BUDGET

OFFICE OF THE CITY MANAGER

Prepared by:

City Manager

EDWARD K. SHIKADA

Deputy City Managers

NORBERTO DUENAS

ALEX GURZA

JENNIFER A. MAGUIRE

Budget Director

JENNIFER A. MAGUIRE

Asst/Dep Budget Directors

MARGARET McCAHAN

JIM SHANNON

Operating Budget Coordinator

KENN LEE

Financial Status Coordinator

KIELY SUENO NOSE

Senior Budget Analysts

TRESHA GRANT

CHRIS PETAK

DAVID POWELL

ARACELY RODRIGUEZ

Budget Analysts

ROBERT GONZALEZ

STEVE GUAGLIARDO

LEONARD MOY

RACHEL QUIRIMIT

SELENA UBANDO

ALICE VURICH

Budget Production

LISA ESTRADA

SARAH WOOD

Special Assistance

BONNY RICCOBONO
BUDGET OFFICE

JESSICA PHAM
BUDGET OFFICE

JONATHAN PAUL
BUDGET OFFICE

QUYNH DINH
BUDGET OFFICE

JOY SUNG
INFO TECHNOLOGY

2014-2015 ADOPTED OPERATING BUDGET



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Executive Director

Date

February 27, 2014

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February 11, 2014



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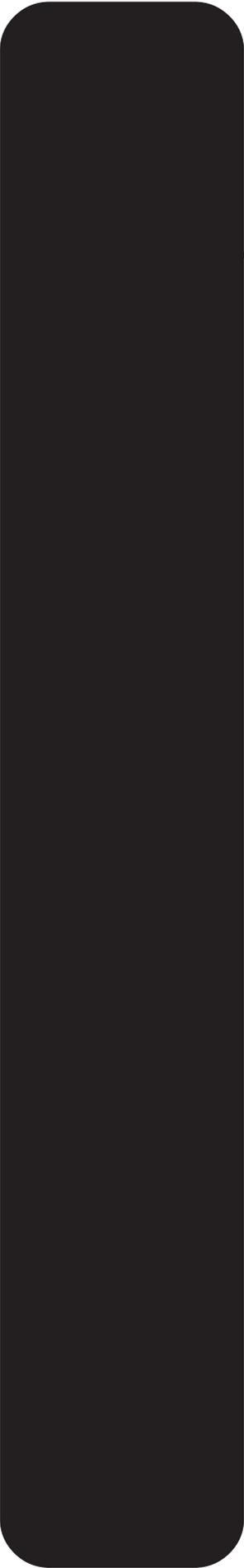
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15 September 2014

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2014-2015

OPERATING BUDGET

**CITY MANAGER'S
2014-2015
BUDGET MESSAGE**

**CITY MANAGER'S
2014-2015 BUDGET MESSAGE**

October 15, 2014

HONORABLE MAYOR AND CITY COUNCIL:

The 2014-2015 Adopted Operating Budget builds on the progress achieved over the past two years to recover from a very difficult period of severe shortfalls and sacrifices. It also continues the commitment to the restoration of services where possible, as well as to the multi-year approach for ensuring fiscal stability by setting aside a reserve to address the small General Fund shortfall projected for 2015-2016.

The City's budget continues to stabilize with revenues and expenditures in very close alignment, and thanks to prudent planning, the City did not face the challenge of closing a massive annual shortfall as was done for more than a decade. The combination of strategic fiscal reform, moderate increases in revenues from a stronger economy and voter approved initiatives, reductions in services, and very careful management of expenses has resulted in a degree of financial stability. This stability, however, remains very fragile. While the Adopted Budget is balanced, the forecast is essentially flat over the next five years with shortfalls or thin surpluses in the General Fund of less than one percent each year. In other words, the City must keep its belt tightened, be very careful about increasing costs, and remain committed to fiscal sustainability.

This Adopted Budget, therefore, continues to hold the line with a limited number of new actions in strategically important areas. It avoids service cuts and allows for incremental increases in employee compensation in a phased effort to restore pay cuts made in prior years. The Adopted Budget also includes service delivery efficiencies and cost savings that can be obtained while maintaining service levels.

Despite this hard-won stability, the City will continue to face a long-term "service level deficit." Unless there is a significant new source of revenue, resources are not expected to grow over the next several years to a point that will allow the City to fully restore services to prior levels. As a result, services are expected to continue to fall short of community expectations. This is especially true in critical



San José Highlights

- *10th largest city in the nation*
- *1.0 million population*
- *180.2 square miles*
- *194 park sites; 3,436 acres*
- *12 City-operated community centers*
- *1 main and 22 branch libraries; 10.5 million annual circulation*
- *33 fire stations*
- *1,109 Police Officers*
- *9.0 million annual Airport passengers, 166 daily landings*
- *2,294 miles of sewer mains*
- *2,415 miles of streets*
- *345 miles of water mains*
- *103,000 tons of annual recycled materials*

2014-2015 ADOPTED OPERATING BUDGET

priority areas such as police, where we have a significant need to both fill the existing positions and increase authorized staffing levels in order to improve patrol response times and investigative services with the goal of lowering the City's crime rate. In fire and emergency response, response times will continue to be hampered by daily engine company brownouts due to the loss of minimum staffing overtime from budget reductions a few years ago. Branch library hours continue to remain limited to four days per week; and maintenance will not be sufficient to prevent further deterioration of neighborhood streets. This remains the ongoing challenge facing the City.

General Fund Budget Remains Stable

The 2014-2015 Adopted Budget is balanced with the allocation of a small General Fund surplus. Over the remaining four years of the most recent Five-Year Forecast, very small surpluses and shortfalls are projected annually as shown in Table 1 below. These variances represent less than 1% of the projected General Fund budget (revenues and expenditures). As with any forecast, these variances could easily change in either direction in response to the economy, changes in projected expenditures, particularly in salary levels and retirement costs, or other factors beyond the City's control. The Administration will continue our ongoing evaluation of financial trends and other changes that could affect the City's financial situation. As mentioned previously, this Adopted Budget also continues a two-year approach for balancing projected shortfalls as directed by the Mayor and Council, with \$2.4 million in one-time funds set aside for this purpose.

2015-2019 General Fund Forecast Incremental Surplus/(Shortfall) (\$ in millions)¹ (Table 1)					
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Incremental Surplus/(Shortfall)	\$1.1 ²	(\$2.4 M) ³	\$0.4 M	(\$6.5 M)	(\$1.7 M)
% of Annual Budget	0.1%	(0.1%)	0.02%	(0.3%)	(0.1%)

¹ Does not incorporate impacts associated with elements of the Fiscal Reform Plan that are not yet implemented; costs associated with fully funding the annual required contributions for police retiree healthcare; costs associated with restoration of key services (police, fire, libraries, community centers, and street maintenance) to January 1, 2011 levels; costs associated with a Police Staffing Restoration Strategy (to increase the number of budgeted sworn officers from 1,109 to 1,250 positions); costs associated with unmet/deferred infrastructure and maintenance needs; or one-time revenues/expenses.

² This figure excludes the Development Fee Programs and was revised from the \$1.5 million shortfall presented in the February 2014 Forecast as a result of the continued analysis and updating of projected revenues and expenditures. With a surplus of \$1.4 million in the Development Fee Programs, the General Fund surplus addressed in the 2014-2015 Adopted Budget totals \$2.5 million.

³ The 2015-2019 General Fund Forecast that was issued in February 2014 projected an ongoing \$4.2 million General Fund shortfall for 2015-2016. This shortfall is now projected to total \$2.4 million based on changes implemented in this Adopted Budget, including an ongoing increase to Property Tax revenue (\$4.2 million) partially offset by the reallocation of Police Tier 2 retirement benefits savings to fund Police Department staffing needs (\$2.4 million anticipated in 2015-2016).

Targeted Approach to Address Priority Community and Organizational Needs and Maintain Budget Stability

The Adopted Budget balances many competing community and organizational needs and maintains the City's strong commitment to budget stability. The major actions included in the Adopted Operating Budget, across all funds, will accomplish the following:

- Keeping Our Community Safe – Investments in services and programs, as well as infrastructure improvements, that address broad public safety needs;
- Investing in Our Future – Investments to support growth and development in the City, address the most urgent capital infrastructure and maintenance needs, and ensure continued fiscal stability; and
- Effectively Delivering Services – Investments that support innovation and more efficient service delivery as well as actions that generate cost savings and provide or generate additional revenue.

Key City Service Area Initiatives

Although most of this budget message describes changes and new additions that address incremental improvements, it is important to keep in mind that most of the City's budget is allocated to delivering basic services, year after year. In the context of a one-billion-dollar General Fund budget, and a two-billion-dollar operating budget, only a small percentage is allocated to new initiatives. The overwhelming majority of the City's limited resources are dedicated to the daily effort to serve and protect our community and the people of San José.

The City has structured its operations in "City Service Areas" (CSA) that encourage interdepartmental coordination of effort, resources, and goals. Although more detail about CSA priorities and goals are included in the overall budget document, key operational initiatives in these CSAs are briefly described here:

- **Public Safety:** Although Police and Fire services constitute the bulk of the City's investment in public safety, other departments and programs also contribute to the safety of the community. Among the key initiatives for basic service delivery in this CSA include:
 - Provide effective and timely police and fire services to high-priority calls for service from the community in order to protect the safety, health, and property of San José residents and businesses.
 - Enhance the use of data and analytics to increase the efficiency and effectiveness of police and fire staff, equipment, and systems to serve the community.
 - Invest in community preparation through crime prevention, emergency preparation, and fire prevention to reduce the risk to life, health, and property in partnership with neighborhoods and businesses.
 - Continue to focus on recruitment and retention of qualified police officers and firefighters to meet authorized staffing levels.

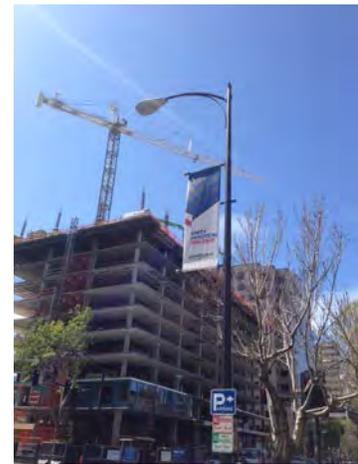


Key City Service Area Initiatives

- **Neighborhood Services:** Libraries, parks and recreation, animal care and services, and code enforcement comprise this CSA, with the common goal of fostering healthy, vibrant, and secure neighborhoods. Among the key initiatives for basic service delivery in this CSA include:



- Continue operating an efficient model of library services to ensure public access to a wide range of materials, information, and technology through its system of branch libraries. Although branch library hours have been cut back as a result of budget constraints in recent years, the San José Public Library continues to provide a wide range of creative and responsive services to meet community needs. Priorities in the coming year include increasing volunteer opportunities to enhance services and enhancing technology efficiencies to improve customer service.
 - Animal Care and Services will focus on health and safety services, such as calls related to aggressive and injured animals, and shelter services that continue to provide low cost and free spay and neuter services and animal adoption service.
 - Neighborhood clean-ups will continue to be available city-wide to ensure convenient methods to reduce trash and illegal dumping in concert with Parks, Recreation and Neighborhood Services (PRNS) and Code Enforcement.
 - PRNS will continue to use a multi-service delivery community center “hub” model that ensures that core services and recreation options remain available for residents of all ages, along with services provided by community partners at 42 re-use sites.
- **Community and Economic Development:** The goal of this CSA is to develop and strengthen the community’s economy; nurture a safe, attractive, and vital community; and encourage a broad range of housing options. Among the key initiatives for basic service delivery in this CSA include:
- Engage, assist, recruit and nurture businesses within and outside of San José that can create jobs, expand the City’s tax base, and support essential public services.
 - Support cultural vibrancy and economic vitality through community arts organizations, cultural facilities, and special events working with community partners to leverage City resources.
 - Continue to implement the City’s “Envision San José 2040” General Plan and other plans through the creation of urban villages, active community partnerships, and ongoing relationships with neighborhoods and the development community.
 - Further enhance the experience of customers dealing with the full range of Development Services by ensuring that staffing, systems, and standards are consistent and timely.



Key City Service Area Initiatives

- Partner with *Destination: Home*, a public-private partnership, to advance toward the goal of ending chronic homelessness in Santa Clara County through a regional strategic planning process. Implement a Rapid Rehousing Program that will provide supportive housing services in order to relocate people to safer, healthier, and sustainable conditions.

- ***Transportation and Aviation Services:*** This CSA supports the planning, development, and operation of efficient transportation services that serve the people and economy of San José and Silicon Valley. Among the key initiatives for basic service delivery in this CSA include:



- Operate Mineta San José International Airport in order to cost effectively meet the needs and expectations of the residents and businesses of Silicon Valley, develop additional air service to connect our community with priority destinations, and ensure that the Airport continues to meet all appropriate safety and security requirements.
 - Focus limited resources available for street and infrastructure maintenance on the highest priorities and facilities that have the greatest use and economic significance. Continue efforts to protect lives and property of San José residents through safety engineering and education.
 - Continue planning for future infrastructure needs to determine resource requirements, funding alternatives, and work in partnership with neighborhoods and the business community to achieve an appropriate balance of effort.
- ***Environmental and Utility Services:*** The San José Green Vision encompasses a wide range of services and projects related to water supply, water pollution control, recycling and waste management, and watershed protection in order to protect the environment and quality of life in the community. Among the key initiatives for basic service delivery in this CSA include:
 - Build, operate, and maintain the City's wastewater, stormwater, recycled water, and potable water infrastructure to ensure system reliability and public health and safety.
 - Oversee programs to collect, recycle, and dispose of solid waste to maximize diversion from landfills and minimize inefficient use of limited natural resources.
 - Support sustainable infrastructure, systems, and behaviors throughout the community through public education, public-private partnerships, and leadership through the City's Green Vision.
 - Promote the health of the South Bay Watershed and the waters of San Francisco Bay and its tributaries through the collection, treatment, and management of wastewater and stormwater runoff, and through pollution prevention programs and public education.

2014-2015 ADOPTED OPERATING BUDGET

Key City Service Area Initiatives

- **Strategic Support:** The overall ability of the City to provide quality and effective services depends on strategic support services, such as information technology, human resources, capital improvement program management, and financial services, to ensure consistency and efficiency throughout all City departments. Among the key initiatives for basic service delivery in this CSA include:



- Oversee the City's capital projects to ensure on-time and on-budget delivery of facilities that meet the needs of both the community and City staff.
- Attract and retain well-qualified City employees, who can consistently provide efficient services through skill, innovation and creativity, through effective recruitment and selection processes.
- Ensure that the City's finance and technology systems are protected, upgraded, and aligned with changing needs of government processes, community expectations, and City resources.

Total Adopted Budget

In the 2014-2015 Adopted Budget, the total net funding is \$3.0 billion for all City funds (General, Special, and Capital). This is \$97.8 million (3.4%) above the 2013-2014 Adopted Budget (Table 2 below). This increase reflects growth in all categories, with the General Fund experiencing the largest increase of 7.0%.

2014-2015 Adopted Budget — All Funds (Table 2)			
	2013-2014 Adopted	2014-2015 Adopted	% Change
General Fund	\$ 1,059,017,727	\$ 1,132,680,837	7.0%
Special Funds	1,521,147,826	1,552,813,702	2.1%
<Less: Operating Transfers>	(564,354,383)	(598,730,848)	6.1%
Net Operating Funds	2,015,811,170	2,086,763,691	3.5%
Capital Funds	905,255,760	937,894,687	3.6%
<Less: Capital Transfers>	(8,482,000)	(14,293,000)	68.5%
Net Capital Funds	896,773,760	923,601,687	3.0%
Total	\$ 2,912,584,930	\$ 3,010,365,378	3.4%

2014-2015 ADOPTED OPERATING BUDGET

Position Impacts

The Adopted Budget includes increases to staffing levels to support the delivery of the City's capital program, development fee programs, police services, continuation of one-time activities funded in 2013-2014, and limited enhancements to other critical services. Overall, the level of staffing will increase by a net 104 positions, from 5,655 full time equivalent positions in the 2013-2014 Adopted Budget to 5,759 positions in the 2014-2015 Adopted Budget as shown in Table 3 below. This 1.8% increase still leaves City staffing well below its peak of almost 7,500 positions in 2001-2002.

Changes in Position Count from 2013-2014 Adopted to 2014-2015 Adopted Budget (Table 3)	
2013-2014 Adopted Budget	5,655 positions
2014-2015 Base Budget Changes	-23 positions
2014-2015 Adopted Budget Changes	127 positions
Total Net Position Changes	104 positions
2014-2015 Adopted Budget	5,759 positions

Employee Compensation

As a service organization, City employees are critical in the delivery of quality services to our community. In order to maintain service level stability, it is very important that we retain and attract quality employees. In recognition of this important goal, the 2014-2015 Adopted Budget includes funding of \$24.0 million in the General Fund (\$31.4 million in all funds) for compensation increases as shown in Table 4 below.

2014-2015 Adopted Budget Funding for Compensation Increases (Table 4)		
	General Fund	All Funds
Negotiated Pay Increases/Employee Compensation Planning Reserve*	\$ 13.5 M	\$ 19.2 M
San José Police Officers' Association	7.0 M	7.0 M
Automatic Step Increases	1.7 M	2.0 M
Management Pay for Performance	1.3 M	2.7 M
Employee Market Competitiveness Reserve*	0.5 M	0.5 M
2014-2015 Compensation Increases	\$ 24.0 M	\$ 31.4 M

* The allocation of the Employee Compensation Planning Reserve and Employee Market Competitiveness Reserve is subject to negotiations with the City's bargaining units. In the 2014-2015 Adopted Budget, the Employee Compensation Planning Reserve was reduced and the departmental personal services budgets were increased to reflect the negotiated agreements with four bargaining units. Actions in the 2013-2014 Annual Report distributed additional funds from this Reserve to account for the negotiated agreements with an additional five bargaining units.

2014-2015 ADOPTED OPERATING BUDGET

Balancing the Budget

As displayed in Table 5 on the following page, the 2014-2015 Adopted General Fund Budget Balancing Plan includes actions that address the overall \$2.5 million surplus, which includes a general surplus of \$1.1 combined with a \$1.4 million surplus for the cost-recovery Development Fee Programs. This table shows the matrix of balancing strategies and the dollars associated with each action. A complete discussion of the balancing strategies can be found in Attachment A and throughout the Adopted Budget. Attachment B also responds to the directives contained in the Mayor's March Budget Message for Fiscal Year 2014-2015 that was approved by the City Council. Adopted Budget actions that respond to City Auditor referrals are described in Attachment C.

In preparing the 2014-2015 Adopted Operating Budget, the Administration followed the Budget Balancing Strategy Guidelines contained in the City Manager's Budget Request for Fiscal Year 2014-2015 as amended and adopted by the City Council as part of the approval of the Mayor's March Budget Message for Fiscal Year 2014-2015. Also, the Adopted Budget was informed by the City Council-approved Guiding Principles for Restoring City Service Levels and the City Council approved City of San José Budget Principles. These guidelines and principles are included in Exhibit 1 to this message.

Following the City Council's direction as part of the approval of the Mayor's March Budget Message, a Sales Tax Ballot Measure Spending Priorities list has also been included as Exhibit 2 to this message. While a Sales Tax ballot measure was not approved to be placed on the ballot for November 2014, a ballot measure may be brought forward in the future. This Spending Priorities list provides a starting point for the discussion of the potential allocation of additional resources by priority area.

Detailed information regarding budget actions and associated performance results is included in the sections for specific City Service Areas and departments.

2014-2015 ADOPTED OPERATING BUDGET

Balancing the Budget

2014-2015 Adopted Operating Budget General Fund Budget Balancing Plan (in 000's) (Table 5)		
	2014-2015	Ongoing
2014-2015 General Fund Surplus	\$ 1,058	\$ 1,058
Development Fee Program Impact	1,394	1,394
Revised Base Budget Forecast	\$ 2,452	\$ 2,452
Balancing Strategy		
Source of Funds		
Available Fund Balance:		
2014-2015 Future Deficit Reserve	\$ 18,112	\$ 0
Successor Agency City Legal Obligations Reserve	8,000	0
Development Fee Program Reserves	4,182	3,120
Police Department Overtime Reserve	4,000	0
Homeless Rapid Rehousing/Homeless Response Team Res.	3,500	0
San José BEST and Safe Summer Initiative Reserve	1,500	0
Various Other Reserve Eliminations	2,078	0
Additional 2013-2014 Ending Fund Balance	10,459	0
Grants/Reimbursements/Fees:		
Multiple Housing Fee Program Restructure	885	885
New Grants/Reimbursements/Fees	829	26
Parks, Recreation and Neighborhood Services Fees/Activity	429	220
Development Fee Program Fees (Building and Public Works)	(546)	(546)
Other Fee Programs/Reimbursements	(253)	(422)
Other Revenue Changes:		
Property Tax	5,400	5,400
2010 COPS Grant Hiring Program Extension	600	0
Miscellaneous Other Revenue	244	223
Transfers and Reimbursements:		
Overhead Reimbursements	1,158	1,038
Transfers from Other Funds	727	250
Subtotal Source of Funds	\$ 61,304	\$ 10,194
Use of Funds		
Service Level Enhancements	\$ 25,107	\$ 5,258
Earmarked Reserves (e.g., Police Staffing, Homeless Services, Essential Services, San José BEST/Safe Summer Initiative, Air Service Incentive Prog., HR/Payroll, Business Tax, Contingency, Fiscal Reform)	20,072	3,452
SERAF Former Redevelopment Agency/City Loans Repayment	10,200	0
Development Fee Programs	4,457	3,268
Unmet/Deferred Infrastructure and Maintenance	2,620	0
2015-2016 Future Deficit Reserve	2,400	0
2013-2014 One-Time Funded Services	1,989	1,039
Other Fee Programs/Grants/Reimbursements/Fees	1,683	634
Cost Reductions/Service Delivery Efficiencies	(3,768)	(2,538)
Use of Reserves (Committed Additions/Deferred Infrastructure)	(1,004)	(267)
Subtotal Use of Funds	\$ 63,756	\$ 10,846
Total Balancing Strategy	\$ (2,452)	\$ (652)
Remaining Balance	\$ 0	\$ 1,800

Strategic Investments with Limited Resources

With the continued stabilization of the City's budget, the available funding is targeted towards investments that meet community needs. Following is a discussion of some of the major budget actions for this purpose.

Keeping Our Community Safe: *Investments in services and programs, as well as infrastructure improvements, that address broad public safety needs*

- ***Police Department Staffing Reserve*** – Establishes a \$10 million Police Department Staffing Reserve as directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council. Manager's Budget Addenda #14 and #24 provided a four-year Police Staffing Strategy to reach a level of 1,250 officers and prioritized the burglary investigation unit. These staffing and service level restorations will require substantial new resources. This reserve starts setting aside resources to address this need. Funding will be set aside annually until the 141 positions needed to reach 1,250 officers have been added. This reserve will be funded by ongoing cost savings from new police officers who receive Tier 2 retirement benefits and one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs. The ongoing portion of this reserve includes \$2.4 million in estimated police officer Tier 2 retirement savings in 2015-2016 as well as \$552,200 assumed as part of the 2014-2015 budget actions.
- ***Police Field Patrol Community Service Officers*** – Adds 7.0 Community Service Officer (CSO) positions and associated academy funding and vehicles to the Police Department. This will bring the current CSO staffing level to 28.0 positions, which will be deployed equally among the four Police Divisions on a Monday through Friday, eight-hour day schedule. This action will enhance the Department's ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work.
- ***Downtown Police Foot Patrol*** – Increases Police Department overtime funding by \$525,000 to continue the Downtown Foot Patrol program, which was approved by the City Council as part of the 2013-2014 Mid-Year Budget Review to enhance safety and security, support ongoing surveillance and apprehension efforts, and allow specialized units to focus on high crime activity. A total of 4.0 Police Officers and 1.0 Police Sergeant will be deployed on a five hours per day five days per week schedule to address concerns that were raised from businesses and the public regarding safety levels downtown.



- ***Third Police Officer Recruit Academy*** – To accelerate the hiring and training of sworn staff, adds funding to the Police Department to annually conduct three recruit academies, rather than the current level of two, which will be made possible with the repurpose of the South San José Police Substation. The Department is planning for three smaller academies (30 recruits) in 2014-2015 (estimated October 2014, February 2015, and June 2015).

Strategic Investments with Limited Resources

- ***Crime Prevention Staffing*** – Adds 1.0 Crime Prevention Specialist (CPS) and 1.0 Analyst II to increase community outreach, disseminate crime prevention information to City residents through presentations, and respond to residents' concerns about crime. The Crime Prevention Unit currently has 7.0 CPS to cover the four Police Patrol Divisions. The additional 1.0 CPS position will allow the Crime Prevention Unit to provide each of the four Patrol Divisions with 2.0 CPS positions. The CPS currently report to a Police Sergeant and their respective Patrol Captains, but the addition of an Analyst II will allow the CPS to report solely to a civilian supervisor, which will free up sworn staff for Patrol functions.
- ***Anti-Human Trafficking*** – Adds funding to the Police Department for overtime costs (\$100,000) related to anti-human trafficking activities and consultant services (\$50,000) for victims, such as shelter, intensive care management, crisis intervention, and mental health treatment. This continues services being provided through a State grant through June 2014 and avoids any interruption in services. It is anticipated that federal and State grant funding will be available for this program in 2014-2015 and the City will apply for grants to augment this program to help address regional needs related to this issue.
- ***Homeless Rapid Rehousing*** – In the 2013-2014 Adopted Budget, \$2.0 million was added to support a new Rapid Rehousing program in 2013-2014 and \$2.0 million was set aside in a reserve to continue this program in 2014-2015. As directed in the 2014-2015 Mayor's March Budget Message, as approved by the City Council, an additional reserve of \$2.0 million is included to maintain this program through 2015-2016. The primary purpose of the rapid rehousing effort is to engage in transitionally homeless individuals from targeted encampments with a history of sustained San José residency and provide them with supportive services and rental subsidies to successfully assist them in their transition from homelessness to permanent housing. Funds in 2014-2015 will focus on providing housing vouchers (\$1.2 million), case management and job development services (\$650,000) to eligible transitionally homeless individuals capable of long-term economic self sufficiency, and an emergency flex fund (\$150,000).
- ***Homeless Response Team*** – In the 2013-2014 Adopted Budget, \$1.67 million (\$1.5 million in the General Fund) was added to support a new Homeless Response Team in 2013-2014 and \$1.5 million was set aside in a reserve to continue this program in 2014-2015. As directed in the 2014-2015 Mayor's March Budget Message, as approved by the City Council, an additional reserve of \$1.5 million is included to maintain this program through 2015-2016. This program will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to encampments and the concerns of community members and businesses regarding individuals living in encampments. This funding will also allow staff to respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and any environmental damage caused by encampments. This action continues four Park Ranger positions (two funded by the Santa Clara Water District) and one Community Coordinator, and adds 1.0 Senior Development Officer in the Housing Department for overall support and coordination of the Homeless Response Team and 1.0 Development Officer to support the program funded by the Housing Funds.

Strategic Investments with Limited Resources

- ***San José BEST and Safe Summer Initiative Programs*** – In the 2013-2014 Adopted Budget, \$1.5 million was added to support these programs in 2013-2014 and \$1.5 million was set aside in a reserve to continue this level of service in 2014-2015. As directed in the 2014-2015 Mayor's March Budget Message, as approved by the City Council, an additional reserve of \$1.5 million was included to maintain a higher level of funding (\$4.6 million) through 2015-2016. As part of the 2014-2015 Mayor's June Budget Message, additional one-time funding of \$1.0 million was added to support the Mayor's Gang Prevention Task Force activities in 2014-2015, with resources directed towards BEST funding, addressing issues related to females in gangs, and a pilot program for after school homework assistance/academic programming for youth. Overall, this funding will be used to support gang prevention, intervention and suppression programs for youth through the collaborative efforts of the Mayor's Gang Prevention Task Force.
- ***Park Rangers*** – Adds 1.0 Senior Park Ranger and 6.0 Park Ranger positions in the Parks, Recreation and Neighborhood Services Department. Two Park Rangers will provide targeted patrol of the Downtown core parks, including Guadalupe River Park and Gardens, Plaza de Cesar Chavez, and St. James Park. One additional Park Ranger will patrol the Los Gatos Creek Trail as well as other San José trail systems, and will be deployed to neighborhood park hot spots as needed, such as DeAnza, Paul Moore, Plata Arroyo and Shady Oaks parks. As part of the Safe Cam Program, three additional Park Rangers will patrol seven regional, city-wide, and neighborhood parks. The Senior Park Ranger will provide coordination and supervision of the overall Park Ranger Program.
- ***Code Enforcement Staffing*** – Adds 3.0 Code Enforcement Inspector positions in the Planning, Building, and Code Enforcement Department for inspection services to address all routine complaints city-wide. Currently, there are 2.44 positions dedicated to General Code Enforcement, which are inspections that are not restricted by any type of complaint and/or any area of the City. This will reduce the time to open a case from the initial day of complaint from 21 days to 14 days and the average number of days to close out a case from 90 days to 30 days.
- ***Illegal Dumping Rapid Response Pilot*** – Adds one-time funding, \$150,000 from the General Fund and \$100,000 from the Community Development Block Grant (CDBG) Fund, in the Planning, Building and Code Enforcement Department to address illegal dumping activities. The \$150,000 from the General Fund will provide for an external consultant to help identify best practices and provide recommendations to address illegal dumping in the City; the installation of deterrent infrastructure, such as fencing, bollards, and signage in "hot spots"; and additional rapid response pick-ups and clean-ups in neighborhoods throughout San José as needed. The CDBG funds will provide \$50,000 for outreach and \$50,000 for additional clean-ups in targeted neighborhoods. (General Fund/Special Funds)
- ***Overnight Security Patrol in City Parking Facilities*** – Provides funding to the Transportation Department for overnight security patrol during weekdays to address property crime and homeless issues in the City-owned and operated parking facilities within the Downtown core (Convention Center, Market/San Pedro, Third, Fourth and San Fernando).

Strategic Investments with Limited Resources

This additional contractual security personnel will provide overnight weekday security that will allow for 24 hour/7 day security coverage in the parking facilities. (Special Funds)

- ***Pedestrian and Traffic Safety*** – Emphasizing the importance of safety within the City’s transportation network, significant grant and local funding in the 2014-2015 Adopted Capital Budget is targeted toward a variety of safety-related projects, including Pedestrian Oriented Traffic Signals (\$3.0 million), Streetlight Wire Replacement (\$2.6 million), Safety – Pedestrian Improvements (\$1.4 million), and Neighborhood Traffic Calming (\$750,000). (Capital Funds)

Investing in Our Future: *Investments to support growth and development in the City, address the most urgent capital and infrastructure and maintenance needs, and ensure continued fiscal stability*

- ***United States Patent and Trademark Office at City Hall*** – Supports the establishment of the new Silicon Valley Satellite Office of the U.S. Patent and Trademark Office in City Hall. One-time funding of \$4.5 million will relocate City offices to make space so that the USPTO can move into the City Hall Wing mid-2015. Costs will be recovered through USPTO lease payments over the next five years.
- ***Urban Villages Planning*** – Support the implementation of Urban Village Master Plans as outlined in the “Envision San José 2040” General Plan by adding resources in several departments (Planning, Building and Code Enforcement, Transportation, Parks, Recreation and Neighborhood Services, and Public Works). Supplemental staff will engage residents, property owners, and the development community in order to achieve long-term social, economic, and environmental goals of the General Plan. (General Fund/Special Funds/Capital Funds)



- ***Development Fee Programs*** – Adds approximately 29 positions and non-personal/equipment funding to the Fire, Planning, Building and Code Enforcement, and Public Works Departments to support the Development Fee Programs. These additions will increase capacity needed to meet the sharply growing demand for services caused by strong San José development activity.
- ***Move Your Jobs to San José Communications*** – As directed in the 2014-2015 Mayor's March Budget Message as approved by the City Council, allocates one-time funding of \$100,000 for a communications campaign targeted at Silicon Valley driving industry companies seeking location and/expansion space with a target launch date of July 1, 2014.
- ***Economic Development/Incentive Fund*** – As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, adds \$1.0 million to support the location of new companies in San José that will generate jobs in manufacturing and generate revenues for City services and infrastructure investments.

Strategic Investments with Limited Resources

- ***Preventative Maintenance Program*** – Adds \$1.3 million (\$800,000 ongoing) to extend the current Public Works Department Preventative Maintenance Program (funded since 2012-2013 at \$1.8 million), which will allow the overall preventive maintenance of City facilities to be maintained at the industry standard of 80% for work orders pertaining to HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems (60-65% ongoing).
- ***Community Action and Pride (CAP) Grants*** – In the 2013-2014 Adopted Budget, \$100,000 was added to support CAP grants in 2013-2014 and \$100,000 was set aside in a reserve to continue this program in 2014-2015. An additional reserve of \$100,000 is included to maintain this program through 2015-2016. This program provides small grants to neighborhood groups to fund activities and projects that result in cleaner, safer, and more engaged communities.
- ***2015-2016 Future Deficit Reserve*** – Establishes a 2015-2016 Future Deficit Reserve of \$2.4 million. The 2015-2019 General Fund Forecast that was issued in February 2014 projected an ongoing \$4.2 million General Fund shortfall for 2015-2016. This shortfall is now projected to total \$2.4 million based on changes implemented in this Adopted Budget, including an ongoing increase to Property Tax revenue (\$4.2 million) partially offset by the reallocation of Police Tier 2 retirement benefits savings to fund Police Department staffing needs (\$2.4 million anticipated in 2015-2016).
- ***Water Pollution Control Plant (also known as the San José/Santa Clara Regional Wastewater Facility) CIP Delivery*** – A top priority is to ensure the necessary program management, engineering, and technical support resources for planning and implementation of the Water Pollution Control Plant (Plant) CIP are available. Following City Council approval of the Plant Master Plan (PMP) in November 2013, Environmental Services and Public Works departmental staff engaged in a project validation process to confirm project needs, validate project assumptions, and evaluate the potential for packaging over 100 projects to most effectively deliver the program. With program management support from MWH Americas, the project validation effort was completed in February 2014 and identified 33 project packages and nine programmatic studies that will be initiated over the next ten years. These projects translate into \$1.4 billion in investment, with the majority being expended within the next decade. Several positions were added in 2014-2015 to begin planning for the delivery of critical Plant CIP projects identified through the PMP and project validation process. (Special Funds/Capital Funds)
- ***North San José Growth*** – As North San José continues to grow, several key transportation projects are scheduled to move forward in 2014-2015 funded by traffic impact fees, including the Montague Expressway Improvements Phase 2 project (\$12.0 million) that will widen Montague Expressway from six to eight lanes from Lick Mill Boulevard to First Street and River Oaks Parkway to Trade Zone Boulevard, and the design and development for improvements at the Route 101/Zanker intersection (\$1.8 million). In addition, the City is setting aside Building and Structure Construction Tax revenue into the



Rendering of Future Improvements in North San José

Strategic Investments with Limited Resources

Downtown and North San José Transportation Improvements Reserve (\$4.0 million in 2014-2015 another \$4.0 million in 2015-2016). Setting aside this local funding will help provide a buffer in the event that regional funding does not provide sufficient resources for the completion of the Phase I transportation improvements identified in the North San José Area Development Policy. (Capital Funds)

- ***Other Capital Infrastructure Improvements*** – Due to the increased development activity, the corresponding rise in construction taxes allows for more pavement maintenance investment; a new infusion of funds in the amount of \$16.0 million is programmed for 2014-2015, which will provide for the repaving and sealing of a portion of the major streets outside the Priority Street Network. Other important capital investments include the replacement of two chillers and re-roofing the portico at the Children's Discovery Museum (\$950,000) and garage and parking lot repairs to the Police Administration Building/Police Communications Center (\$500,000). (Capital Funds/General Fund)
- ***Sanitary Sewer, Storm Sewer, Water Pollution Control Plant, and Municipal Water System Fleet Replacement*** – Adds ongoing and one-time funding to replace aging and outdated vehicles that support the Sanitary Sewer, Storm Sewer, Water Pollution Control Plant, and Municipal Water System Programs. (Special Funds)
- ***Enhanced Street Sweeping Parking Prohibition Program*** – The ability to achieve and maintain clean streets throughout the City improves quality of life and assists in environmental compliance. The City provides street sweeping services to the approximate 3,000 curb miles of residential streets once a month through contractual services. To enhance the City's current program that prohibits parking on street sweeping days in specific areas, adds funding to install up to 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts.
- ***Municipal Water Conservation and Strategic Planning*** – Adds funding to the Environmental Services Department to support conservation efforts for customers in the Water Utility System through the provision of rebates. A position is also added for water supply master planning and reliability efforts. (Special Funds)
- ***Airport Efforts to Expand Market Share*** – Continues Airport Department funding of \$500,000 added on a one-time basis in 2013-2014 to support marketing efforts focused on successful launches of new air service at Mineta San José International Airport (SJC) and adds \$175,000 for additional advertising and marketing services. New airline service as well as existing airline service will be advertised with the goal of increasing the Bay Area market share. Ongoing funding of \$175,000 is also added for an air service development consultant that will supplement the current air service recruitment efforts at SJC. (Special Funds)



Strategic Investments with Limited Resources

Effectively Delivering Services: *Investments that support innovation and more effective service delivery as well as actions that generate cost savings and provide or generate additional revenue*

As was the case over the last two years, the Adopted Budget generally maintains current levels of services and staffing. However, the City continues to pursue opportunities to use technology more effectively and to identify service delivery efficiencies. A number of cost reduction and revenue strategies are also incorporated into the Adopted Budget.

- **Technology Investments:** There are a number of budget actions to improve the City's use of technology.
 - ***Human Resources/Payroll System and Business Tax System Replacements*** – Continues the effort to replace these information management systems by setting aside an additional \$1.0 million for the Human Resources/Payroll System (bringing expected funding to \$3.4 million in 2014-2015) and an additional \$850,000 for the Business Tax System (bringing expected funding to \$2.7 million in 2014-2015). These major, complex and long-term projects will improve the effectiveness and efficiency of critical systems and add functionality that has not been possible with outdated systems.
 - ***Open Data Initiative*** – Adds an Open Data Architect to the Information Technology Department to link the City's current open data platform to legacy databases. A growing trend throughout the public sector is for transparency through open data initiatives. These initiatives highlight accountability by providing the public access to the same data sets used by the Administration to make decisions. This position will work with departments to identify data sources that impact the San José community and connect those sources of information with the City's open data platform.
 - ***Information Technology Infrastructure Needs and Training*** – Adds \$500,000 to support the virtualization of desktop infrastructure to centrally store software, including operating systems and applications, and adds \$400,000 to purchase ten servers and an on-premise storage solution to house critical applications, such as the Financial Management System, the Human Resources/Payroll System, and AMANDA, that currently reside on the Storage Area Network (SAN) that has reached the end of its useful life. Adds \$100,000 for staff training in support of new technologies.
 - ***Technical Business Analyst*** – Adds a Technical Business Analyst to the Information Technology Department to analyze business processes and business requirements for departments and make recommendations for solutions and/or business process reengineering that will enhance productivity and efficiency by leveraging investments the City has already made in platforms, such as Microsoft Office 365.
 - ***Fire Department Information Technology Staffing*** As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council,



Strategic Investments with Limited Resources

adds 1.0 Senior Geographic Systems Specialist to the Fire Department to assist with the data analytic needs within the Fire Department. This position will also assist in the implementation of Computer-Aided Dispatch system software in order to improve automation (\$220,000 is also allocated in the Public Safety Capital Program) and accuracy of response time reporting.

- ***Service Delivery Efficiencies:*** The following list contains examples of changes in service delivery models that are designed to improve efficiency, reduce costs, and enhance service levels.
 - ***Police Overtime*** – Allocates \$4.0 million from the 2014-2015 Police Department Overtime Earmarked Reserve, approved as part of the 2013-2014 Mid-Year Review. Although the Department is conducting recruit academies to hire for sworn vacancies, the Department is anticipated to begin 2014-2015 with at least 75-85 sworn vacancies. As an interim strategy to meet service delivery needs until the Department is staffed at authorized levels, the overtime funding will be used in 2014-2015 to continue backfilling for vacant patrol positions while they are being hired and trained, maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, and backfill for civilian vacancies as needed.
 - ***South San José Police Substation Repurpose*** – As the full activation of the South San José Police Substation is included in the 2014-2015 Base Budget, cost savings are realized by repurposing the Substation (effective October 2014) to: 1) provide a facility for an additional Police Recruit Academy, 2) allow the relocation of the Training Unit, 3) serve as the alternative Public Safety Answering Point (PSAP), 4) house the Community Service Officers (CSOs), and 4) and facilitate Police Department fleet needs. Overall, General Fund costs will be reduced by \$1.7 million to operate this facility, including the elimination of 9.0 vacant Police Property Specialists which were originally intended to staff the Central Supply on a 24/7 basis. Once the Police Department's sworn staffing levels have stabilized, a recommendation to fund additional police services from this facility will be brought forward for City Council consideration, as appropriate.
 - ***Civic Innovation Staffing*** – As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, adds 1.0 Senior Executive Analyst to manage skills-based volunteers for the City of San José through the Silicon Valley Talent Partnership. This program will foster relationships between the City and the community in order to effectively leverage resources and maximize the City's ability to use skilled volunteers in various capacities throughout the City.
 - ***Data Analytics Team*** – As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, adds funding for 1.0 Senior Executive Analyst and 1.0 Analyst to increase the use of data analytics throughout City operations and to assess current analytical capacity of City departments. These positions will execute data analysis projects directly, undertake a review of all City departments and their existing analytic capability, and develop best practices for the use of data analytics across the City.

Strategic Investments with Limited Resources

- ***Integrated Billing System Transition*** – On September 17, 2013, the City Council approved the transition of the garbage and recycling billing from the current bi-monthly in-house billing to the Santa Clara County property tax roll, effective July 2015. As part of that transition, 7.0 vacant positions assigned to the Information Technology Department Customer Contact Center will be eliminated and staffing realignments in the Environmental Services Department will be implemented. (Special Funds)

- ***Water Pollution Control Plant (Plant) – Plant Attendant Staffing*** – The Environmental Services Department continues to experience challenges in hiring for journey level positions in a variety of professional trade groups—Mechanic, Operator, Instrument Control Technicians, and Heavy Equipment Operator. Funding for 9.0 Plant Attendant positions will create additional points of entry into all of these positions, expand the pool of qualified candidates for existing Plant Operator Trainee, Mechanic-In-Training, Instrument Control Technician, and Heavy Equipment Operator positions. These changes will be offset by the elimination of two Assistant Heavy Equipment Operators and one Maintenance Worker position. The additional Plant Attendant positions will also support knowledge retention as journey level staff transfer their knowledge to entry level personnel. (Special Funds)



- ***Sorting of Residential Solid Waste*** – To support the City’s efforts in achieving the Green Vision goal of diverting 100% of waste from landfills by 2022, funding is added to the Environmental Services Department to implement an initial phase of a residential conversion program whereby all waste materials collected from single-family residences are sorted and processed by the contractor prior to landfill conveyance. The goal of this program, commonly referred to as “back-end processing”, would be to significantly increase the amount of materials recycled and the overall diversion rate of waste sent to landfills. Funding in 2014-2015 will support the initial phase of this residential conversion program and consists of a single service area comprising roughly 20% of the City’s total single-family residences. Environmental Services Department staff estimates an increase in diversion rate from 60% to 80%, which would position this service area to achieve one of the highest recycling rates in the country. The end goal is to strategically add hauler districts over the next seven years to include all residences. (Special Funds)
- ***Cost Reductions/Revenue Strategies:*** The Adopted Budget incorporates a limited number of cost reductions as well as includes additional funding sources.
 - ***Available Fund Balance*** – Additional Fund Balance of \$51.8 million in the General Fund would primarily be generated from the elimination or reduction to various reserves (\$41.4 million) as well as excess revenues and expenditure savings in 2013-2014 (\$10.5 million). The majority of the reserves include the liquidation of the 2014-2015 Future Deficit Reserve (\$18.1 million), Successor Agency City Legal Obligation Reserve to repay a portion of the Former Redevelopment Agency SERAF Loan (\$8.0 million), various Development Fee Program Reserves (\$4.2 million), Police Overtime Reserve (\$4.0 million), and various reserves set aside in 2013-2014 to fund specific services (\$5.65 million). Additional excess revenue and expenditure savings of \$10.5 million reflects additional Sales Tax receipts (\$1.8

Strategic Investments with Limited Resources

million) which reflected growth of 7.9% compared to the budgeted growth of 3.5% in the second quarter of 2013-2014 additional Property Tax revenues, and additional Solid Waste Fees (\$600,000) above budgeted estimates, expenditure savings in the City's 2013-2014 General Fund Successor Agency City Legal Obligations Subsidy reflecting the most current projected cash flow, (\$1.5 million), Council General (\$1.9 million), and higher than budgeted vacancy rates throughout the City, and City-Wide Expenses savings such as workers' compensation claims costs.

- ***Transfer to the Community Facilities Revenue Fund*** – Decreases the 2014-2015 Debt/Operating subsidy to Dolce, the operator of the Hayes Mansion Facility by \$900,000, as a result of lower than anticipated interest rates on the variable rate debt for Hayes Center - Phase III debt service and letter of credit fee reductions in 2013-2014 resulting from the recent debt refunding. The savings in 2014-2015 and subsequent years were captured in the 2015-2019 General Fund Forecast.
- ***Inactive Special Assessment Districts*** – Recognizes \$750,000 in revenue to be transferred from expired special assessment districts. In 2008-2009, Finance Department staff completed an analysis of 50 expired special assessment districts with remaining cash balances. Based on that review, in accordance with State law, the availability of surplus funds was announced to be claimed by current and former property owners. With the statute of limitations, any unclaimed funds may be transferred to the General Fund. The initial deadline to claim a portion of the surplus funds was in March 2012, after which time unclaimed funds of \$1.2 million were transferred to the General Fund. The next and final deadline to claim these funds was May 2014. It is expected that approximately \$750,000 will remain unclaimed and be available for transfer to the General Fund in 2014-2015.
- ***Successor Agency City Legal Obligations*** – Decreases the \$2.0 million General Fund subsidy to the Successor Agency by \$700,000, to \$1.3 million, for 2014-2015 based on an updated review of financial cash flow of funds.
- ***Other Budget Actions:*** The Adopted Budget incorporates a number of budget actions to address City obligations or meet other service delivery needs.
 - ***Former Redevelopment Agency SERAF Loan Repayment*** – Establishes three transfer appropriations totaling \$10.2 million to the following funds: Sewage Treatment Plant Connection Fee Fund (\$5.1 million); Subdivision Park Trust Fund (\$3.1 million); and Ice Centre Revenue Fund (\$2.0 million), partially offset by additional 2014-2015 Beginning Fund Balance of \$9.5 million. These transfers allocate sufficient funding to complete the payment of the May 2010 Supplemental Educational Revenue Augmentation Fund (SERAF) Loan (\$10.0 million principal, estimated \$200,000 interest) due June 30, 2015. These loans were completed in order for the former Redevelopment Agency to make the State mandated payments to the SERAF. These transfers are offset by the liquidation of the Successor Agency City Legal Obligations Reserve (\$8.0 million) and estimated 2013-2014 expenditure savings as a result of a lower anticipated General Fund net subsidy (\$1.5 million) to the Successor Agency to the Redevelopment Agency. In addition, the reduction of the 2014-2015 estimated General Fund subsidy will fully offset these payments. It is important to note that loans such as these may be deemed an enforceable obligation of the

Strategic Investments with Limited Resources

Successor Agency contingent upon requirements as outlined in AB 1484 with repayment anticipated in later years. The administration continues to work through these requirements; however, this action satisfies the amounts due to these special funds and realigns the loan between the City and Successor Agency between the City's General Fund and the Successor Agency.

- ***Air Service Incentive Program Reserve*** – The Municipally Funded Air Service Incentive Program, a provision of the Airline-Airport Lease and Operating Agreements approved by the City Council in March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Based on activity levels in 2013-2014, it is anticipated that the enplanements at the airport will exceed the Federal Aviation Administration's projection of 0.8% for national enplanement growth in 2013-2014 by at least 6.4 basis points (total 7.2 basis points). Therefore, a reduction to the 2014-2015 overhead payment from the Airport to the General Fund is anticipated in 2014-2015. To account for this adjustment, the establishment of a \$1.0 million reserve is included, which allows for a reduction in the overhead rate of approximately 6.4 basis points. The reconciliation of actual 2013-2014 performance occurred as part of the 2013-2014 Annual Report. On an ongoing basis, \$500,000 is set aside for this purpose.

Limited Fee Impacts

There are a limited number of fee increases in the 2014-2015 Adopted Budget. No rate increases are included for the Sewer Service and Use Charge and the Storm Sewer Service Charge. The Recycle Plus rates were approved to increase 3% for single-family dwellings (SFD) to fund sorting of garbage to collect recycling to help achieve a 65% diversion rate in the SFD sector, and an increase of 5% for multi-family dwellings (MFD) to fund the large item collection program. Municipal Water System rates increased by 11% due to the higher cost of wholesale water purchases and higher operating costs.

In the four Development Fee Programs (Building, Fire, Planning, and Public Works), no general fee increases were needed to maintain cost recovery. The existing revenue streams in those programs along with the use of portions of the Development Fee Program Reserves are sufficient to support additional staffing to meet service demands and improve customer service in these areas without fee increases. In the Building and Public Works Development Fee Programs, targeted fee reductions were approved to reduce fees primarily to residential customers where there are streamlined service opportunities.

Other upward and downward adjustments to various City fees are included to maintain the City's cost recovery as described in the 2014-2015 Fees and Charges document, which is released under separate cover.

2014-2015 ADOPTED OPERATING BUDGET

Capital Budget Overview

The 2014-2015 Adopted Capital Budget and 2015-2019 Adopted Capital Improvement Program (CIP), which is published as a separate document, continues the approach of carefully balancing resource investments to improve and rehabilitate existing public infrastructure while still making targeted investments that align with the City's economic development and community livability goals contained within the Envision San José 2040 General Plan (General Plan). More than a decade ago, the voters approved a series of bond measures to expand and renovate San José's parks and library systems and public safety facilities. The airport also underwent a major renovation. With these expansions largely complete, attention is now turned toward renewing the backbone of the City's infrastructure, and leveraging these improvements to spur future economic development. Reflecting these themes, the CIP includes large investments to upgrade and revitalize the Water Pollution Control Plant (San José-Santa Clara Regional Wastewater Facility); the set aside of funds to help reduce the deferred infrastructure backlog in the City's parks, trails and community centers; and the allocation of construction tax revenues and grant funding for transportation improvements in Downtown and North San José, while still investing in community livability through pavement maintenance, traffic safety, and multimodal improvements.

In total, the City's 2014-2015 Adopted Capital Budget totals \$937.9 million and the 2015-2019 Adopted CIP totals \$2.4 billion. The 2014-2015 Adopted Capital Budget reflects a 3.6% increase from the 2013-2014 Adopted Capital Budget of \$905.3 million, and from a five-year perspective, the 2015-2019 Adopted CIP is 15.7% higher than the 2014-2018 Adopted CIP of \$2.1 billion. This increase is driven primarily by Water Pollution Control Plant upgrades, which includes a \$448.2 million financing effort, in 2015-2016 and 2016-2017 and investments in park and transportation infrastructure generated through higher construction and real estate taxes.

In preparing the CIP, the Administration was guided by the General Plan, master plans, and critical infrastructure rehabilitation and repair needs given the limited available resources. Many capital programs continue to leverage grant funding and revenue from other agencies to stretch City funds further. Such alternative funding sources are especially important to address the increasingly critical backlog of unmet/deferred infrastructure needs, particularly for City facilities and the local street network. The Deferred Infrastructure Maintenance Backlog report was heard by the Transportation and Environment Committee on May 5, 2014 and identifies a backlog of unmet/deferred infrastructure needs that has grown from \$909 million to \$1.05 billion. Faced with this continued funding gap, the Administration continues to explore additional revenue sources for these infrastructure needs, as well as methods to reduce project costs, such as design-build project delivery. Regardless of these challenges, the Administration remains dedicated to a safe, reliable, and efficient public infrastructure that meets the needs of its residents and businesses, now and in the future.

Capital Program by City Service Area

Each of the 14 capital programs continue to be aligned to one of the six City Service Areas (CSAs). Table 6 below compares the 2014-2018 Adopted CIP with the 2015-2019 Adopted CIP for each CSA. As discussed earlier, the 2015-2019 Adopted CIP reflects an increase of 15.7% from the 2014-2018 Adopted CIP primarily due to increased investments in the Water Pollution Control Program (Environmental and Utility Services CSA); programs such as Parks and Community Facilities

2014-2015 ADOPTED OPERATING BUDGET

Capital Program by City Service Area

Development (Neighborhood Services CSA) funded with Construction and Conveyance Tax revenues; and projects in the Traffic Capital Program made possible by higher construction tax and grant revenues (Transportation and Aviation Services CSA). These increases are partially offset by a reduction in Public Safety primarily due to a lower amount of bond-funded projects as the bond program is nearing completion.

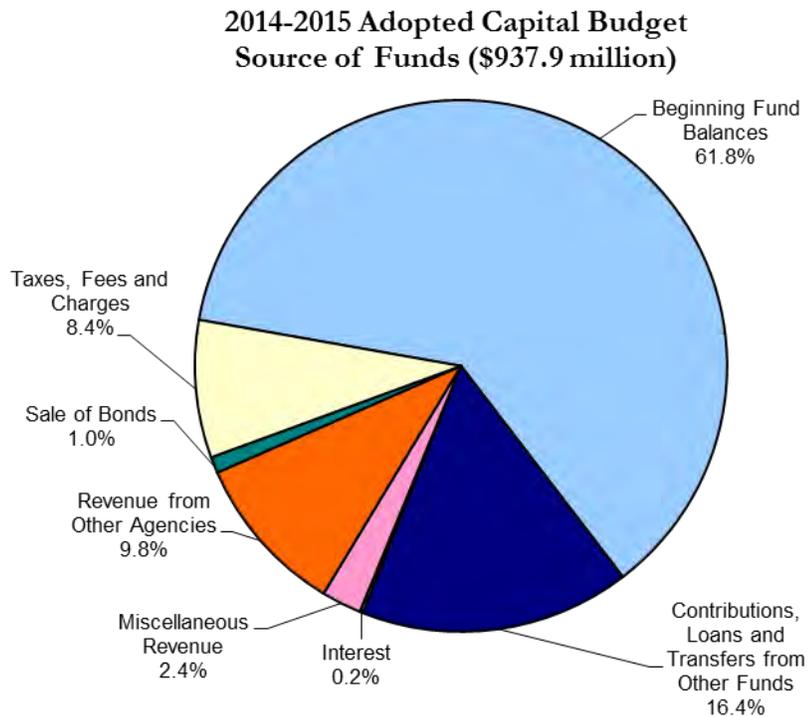
**2014-2018 Adopted CIP and 2015-2019 Adopted CIP Comparison (By City Service Area)
(Table 6)**

City Service Area	2014-2018 Adopted CIP	2015-2019 Adopted CIP	% Change
Community and Economic Development	\$ 11,884,438	\$ 13,558,297	14%
Environmental and Utility Services	1,010,615,148	1,219,247,457	21%
Neighborhood Services	340,041,781	410,160,504	21%
Public Safety	55,983,929	53,560,582	(4%)
Transportation and Aviation Services	610,550,075	653,521,947	7%
Strategic Support	67,531,889	76,158,900	13%
Total	\$ 2,096,607,260	\$ 2,426,207,687	15.7%

Capital Program Funding Sources

The pie chart below depicts the funding sources for the 2014-2015 Adopted Capital Budget, which totals \$937.9 million. The Beginning Fund Balance category accounts for 61.8% of the total Source of Funds due primarily to funds rebudgeted from 2013-2014 to 2014-2015 to complete projects. The next two largest categories are Contributions, Loans, and Transfers from Other Funds (16.4%) and Revenue from Other Agencies categories (9.8%).

Capital Program Funding Sources



The 2015-2019 Adopted CIP is supported by a combination of funding sources totaling \$2.4 billion as shown in the chart on the following page. The largest funding source is the Beginning Fund Balances in the various funds, accounting for approximately 23.9% or \$579.8 million of the Adopted CIP funding. Of this amount, the Parks and Community Facilities Development Capital Program has a total of \$142.8 million in the Beginning Fund Balances. A majority of these Parks funds are in reserves pending final scope of projects and locations or pending future funding availability within the nexus of a planned facility. The Airport Capital Program comprises \$106.8 million, primarily consisting of unspent terminal improvement bond proceeds. Although the Water Pollution Control Program (\$105.4 million), the Traffic Capital Program (\$88.9 million), and the Sanitary Sewer Capital Program (\$72.2 million) have large Beginning Fund Balances, these programs contain numerous capital projects to rehabilitate, renew, or expand San José's public infrastructure. The remaining Beginning Fund Balances in the 2015-2019 Adopted CIP primarily reflect planned carryover funding for projects expected to be initiated or completed in the next five years. As a substantial number of capital projects are scheduled to be completed over the next five years, the Ending Fund Balance in 2018-2019 is estimated to fall to \$55.0 million. The second largest category is Contributions, Loans and Transfers from Other Funds (23.7% or \$575.9 million). This funding stream includes transfers such as the transfer of revenue from storm and sanitary operating funds that are supported by utility user fees (\$353.0 million) and the allocation of Construction and Conveyance taxes to each Parks and Community Facilities Council District Fund (\$66.2 million).

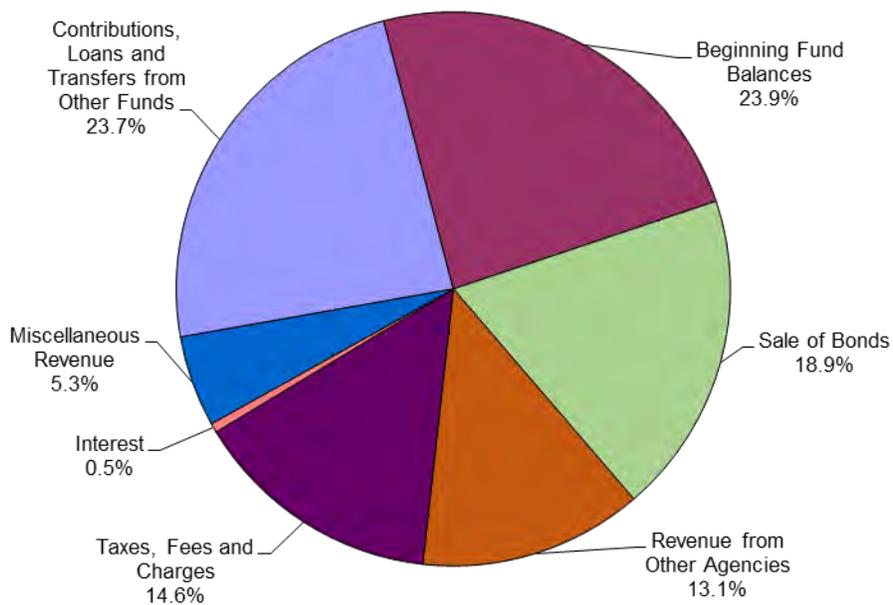
2014-2015 ADOPTED OPERATING BUDGET

Capital Program Funding Sources

The Sale of Bonds represents the third largest category (18.9% or \$457.4 million), mostly comprised of anticipated bond sales to support the Water Pollution Control Program (\$448.2 million) due to the large capital improvement program identified by the Water Pollution Control Plant (WPCP) Master Plan. Taxes, Fees and Charges category accounts for 14.6% or \$354.2 million of the total funding in the CIP. The three major funding sources in this category are Construction and Conveyance (C&C), Construction Excise, and Building and Structure Construction Taxes, which serve as the major revenue sources for Parks and Traffic Capital projects. The revenue from Other Agencies category, which includes mostly federal, State, and local grants as well as revenue from the Water Pollution Control Plant User Agencies, comprises 13.1% or \$316.8 million of the funding source for 2015-2019.

A more detailed discussion of the CIP revenues can be found in the Summary Information section of the 2014-2015 Adopted Capital Budget and 2015-2019 Capital Improvement Program.

**2015-2019 Adopted Capital Improvement Program
Source of Funds (\$2.4 billion)**

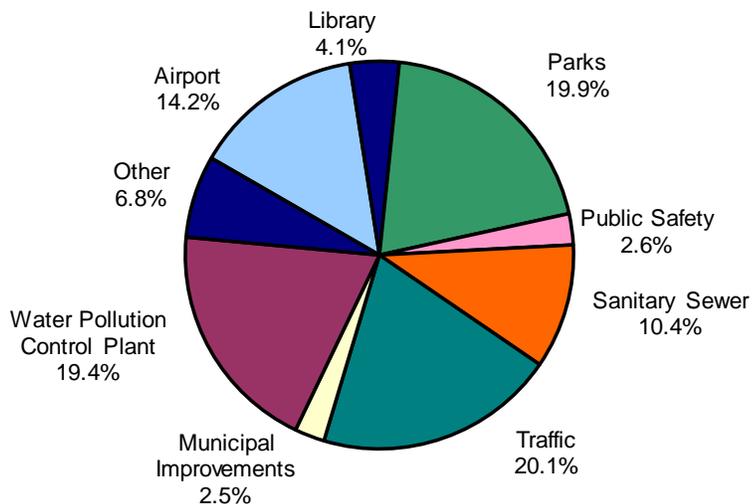


2014-2015 ADOPTED OPERATING BUDGET

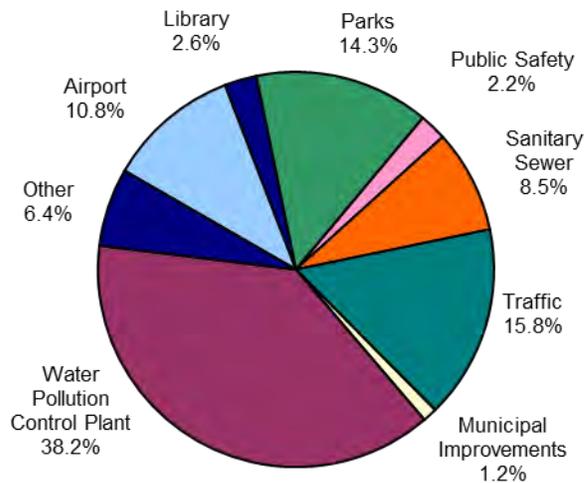
Capital Program Investments

The CIP is composed of 14 capital programs. The following pie charts depict the funding uses by capital programs and percentage of funding for the 2014-2015 Capital Budget and the 2015-2019 Capital Improvement Program. Major projects to be completed over the next five years are highlighted in the sidebar.

**2014-2015 Capital Budget
Use of Funds (\$937.9 million)**



**2015-2019 Capital Improvement Program
Use of Funds (\$2.4 billion)**



Major Projects to be Completed Over the Next Five Years

2014-2015 Projects

Alviso Storm Pump Station
Autumn Street Extension
Charcot Storm Pump Station at Coyote Creek
Coleman Soccer Fields
Del Monte Park
ITS: Transportation Incident Management Center
Federal Inspection Facility Sterile Corridor Extension
Martin Park Expansion
Montague Expressway Improvements Phase 2
Monterey – Riverside Relief Sanitary Sewer Improvements
North San José Improvement – 880/Charcot
North San José Water Well Evaluation and Rehabilitation
Pavement Maintenance – Federal (OBAG)
Police Communications Emergency Uninterrupted Power Supply
Terminal Area Improvement, Phase 1
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)
West Evergreen Park

2015-2016 Projects

Fire Station 21 – Relocation (White Road)
Fourth Major Interceptor, Phase IIB/IIIB
Fowler Creek Park Improvements
Lake Cunningham Bike Park
Large Trash Capture Devices
North San José Improvement – 101/Zanker
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)
Safe Routes to School Program (OBAG)
SBWR System Reliability and Infrastructure Replacement
Southeast Branch Library
Southeast Ramp Reconstruction, Phase I
United States Patent and Trademark Office – City Staff Relocation

2016-2017 Projects

60" Brick Interceptor, Phase VIA and VIB
BART Design and Construction
Iron Salt Feed Station
Plant Electrical Reliability
Southeast Ramp Reconstruction, Phase II
The Alameda "Beautiful Way" Phase 2 (OBAG)

2017-2018 Projects

Energy Generation Improvements (Plant)
Taxiway H and K Extension

2018-2019 Projects

Airport Rescue and Fire Fighting Facility
Digested Sludge Dewatering Facility (Plant)
Plant Instrument Air System Upgrade
Route 101/Blossom Hill Road Interchange
Route 101/Mabury Road Project Development

Capital Program Investments

In the 2015-2019 CIP, 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 WPCP.

Accounting for 38% of the 2015-2019 Adopted CIP, the WPCP is the largest capital program. A total of \$926.3 million will be directed to renovate and upgrade the WPCP infrastructure to ensure capacity and reliability of treatment plant processes. This work is guided by the WPCP Master Plan (PMP) and includes anticipated bond issuances in 2015-2016 and 2016-2017 totaling \$448.2 million.



**Aerial View of the San José-Santa Clara
Regional Wastewater Facility**

The PMP recommends an estimated investment of approximately \$2.0 billion over a 30-year planning period, with over \$1.0 billion to be invested in the near-term (the next ten years), to address future regulatory requirements, capacity needs, and an overhaul of the entire solids treatment process. In September 2013, the City Council approved a consultant agreement to assist and support the Environmental Services Department in developing and implementing such a large capital program. Priorities for the near-term include completing program start-up activities, ensuring the ability to use alternative project delivery methods, securing program financing, and developing program staff.

The 2015-2019 Adopted CIP assumes that no rate increase will be needed for the Sewer Service and Use Charge Fund for 2014-2015; however, rate increases of 3% to 5% are anticipated in the out years for the CIP and will be reassessed at a later time once a more detailed implementation plan and financing strategy is identified. The next five to ten years will see significant investment at the WPCP based on the PMP, resulting in revitalized infrastructure to meet current and future customer demands, meet future environmental regulatory standards, and reduce odor impacts to the surrounding community.

The Traffic Capital Program is the second largest program, or 16% of the CIP with a budget of \$384.7 million. Of this amount, approximately \$124.7 million, or 31% of the Traffic Program is directed toward pavement maintenance and rehabilitation activities. In March 2012, the City Council adopted the “Priority Street Network,” consisting of 437 miles of critical major streets. Aside from pothole repairs, all pavement maintenance funding was directed to the Priority Street Network, leaving the remaining 1,973 miles unfunded. However, due to an improved economic climate, tax revenue from private development has allowed the City to increase its pavement maintenance allocation by \$16.0 million over the five-year CIP. These funds are programmed for a large project in 2014-2015 aimed at repaving 10 to 13 miles and preventatively sealing another 30 to 45 miles of other major streets outside the Priority Street Network. Yet even with these additional resources, the annual ongoing allocation for pavement maintenance is still short by approximately

Capital Program Investments

\$76.0 million. If this funding shortfall continues, the unmet infrastructure needs of the roadway network could rise from its currently estimated level of \$434.0 million to \$870.0 million by the year 2020. To address the City's continued funding shortfall, the Administration has discussed with the City Council various future revenue strategies including a City Sales Tax ballot measure, State funding from an increased vehicle license tax, a potential Sales Tax Measure with the Santa Clara Valley Transportation Authority, and a street repair bond measure.

As directed by the Council-approved Mayor's June Budget Message for Fiscal Year 2014-2015, the Traffic Capital Program also sets aside construction tax revenues for future transportation projects, such as Autumn Parkway (\$8 million), Downtown and North San José (\$8 million), and transportation-related safety improvements (\$9 million). The City is also leveraging significant Federal One Bay Area Grant funding (\$28.8 million) on an array of multimodal street improvements and traffic signal projects to facilitate a shift from automobiles to walking and biking.

Other Capital Program Highlights

Unmet Infrastructure/Maintenance Needs

The CIP, as well as investments included in the 2014-2015 Adopted Operating Budget, allocate limited resources to the most immediate and critical deferred infrastructure needs. However, a significant backlog remains. As presented in a report to the City Council on October 1, 2007, insufficient funding has created a structural deficit between the funding available and the resources necessary to maintain the overall condition of the City infrastructure. This includes the City's buildings, parks, traffic (streets, traffic lights, signs, and streetlights), utility, and technology infrastructure. The recent deep recession and significant budget shortfalls have exacerbated this deficit and increased the backlog of deferred maintenance and infrastructure rehabilitation needs. The figures in this report are updated annually and were last reviewed by the Transportation and Environment Committee on May 5, 2014. In this most recent report, the infrastructure backlog totaled \$1.05 billion across the City. Assuming this one-time backlog could be met, an ongoing annual investment of nearly \$180 million would also be needed to maintain and prevent further degradation of the City's infrastructure. One priority component of the backlog is the funding need for the Silicon Valley Regional Communications System (SVRCS). As identified in the City Council-approved Mayor's June Budget Message for Fiscal Year 2014-2015, SVRCS is a funding priority. The project will enable interoperability with other radio communications systems currently deployed throughout the greater Bay Area; however, this project includes a significant upfront investment to build the system and purchase new radios. The City's portion is estimated to be \$13.9 million and \$13.0 million, respectively, of which approximately \$3.0 million for the radios has been funded in 2014-2015. To help address this need, as directed by City Council, any unbudgeted General Fund fund balance that remains after the close of each fiscal year is to be allocated for this purpose, after any necessary corrections, clean-ups, and/or rebudgets, until the system is funded.

2014-2015 ADOPTED OPERATING BUDGET

Other Capital Program Highlights

Operating Budget Impacts

The CIP continues to balance the delivery of capital programs with the limited resources available to operate and maintain existing and newly-constructed facilities. Over the past several years, strategies were implemented to defer or reduce operating and maintenance costs, with a particular focus on the General Fund. These efforts included deferring the completion date for capital projects, using alternative staffing models, reducing the size of some facilities, developing joint library and community center facilities, entering into agreements with developers to initially maintain facilities, and installing capital improvements that would reduce costs, such as energy efficient traffic signals.

In March 2008, the City Council approved Budget Principle #8 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 project, including operating and maintenance costs, will not require a decrease in existing basic neighborhood services.” In addition, all capital improvement projects with new General Fund operating and maintenance costs will be detailed in the Five-Year General Fund Forecast and included as part of the annual CIP.

Table 7 below summarizes the additional annual resources required to operate and maintain new facilities coming on-line during the five-year CIP or planned by other Agencies (such as developers). For the General Fund, these costs are estimated at \$351,000 in 2015-2016 and are anticipated to increase to \$1.3 million by 2018-2019. These figures do not include the funding needed in 2014-2015 to operate and maintain new facilities as these amounts have been incorporated into the 2014-2015 Adopted Budget. A total of \$204,000 is allocated in 2014-2015 to operate several facilities including the Del Monte Park, Martial-Cottle Community Garden and various transportation-related infrastructure.

Projected Total New Operating and Maintenance General Fund Costs (Cumulative) (Table 7)

Project Title	2015-2016	2016-2017	2017-2018	2018-2019
Fire Facilities	\$ 11,000	\$ 23,000	\$ 23,000	\$ 23,000
Library Facilities	237,000	736,000	757,000	779,000
Parks Facilities	55,000	157,000	289,000	297,000
Parks Facilities-Other Agencies ¹	0	22,000	23,000	23,000
Traffic Projects	48,000	112,000	120,000	134,000
General Fund Total	\$ 351,000	\$ 1,050,000	\$ 1,212,000	\$ 1,256,000
Water Pollution Control Plant (Special Fund)	0	0	(5,190,000)	9,060,000
All Funds Total	\$ 351,000	\$ 1,050,000	\$ (\$3,978,000)	\$ 10,316,000

¹ Projects being constructed by other agencies, but will be maintained by the City of San José.

Other Capital Program Highlights

Operating Budget Impacts (Cont'd.)

The Southeast Branch Library is the only capital project in the CIP that was previously certified by the City Council with net General Fund operating and maintenance costs exceeding \$100,000 annually. By 2018-2019, the annualized impact on the General Fund to operate and maintain this library is projected to be \$779,000. The costs and staffing necessary to operate and maintain the Southeast Branch Library will be reevaluated next year before it opens to the public, and may change as further analysis on the operational needs is conducted as part of the annual budget process. No other projects in the CIP require City Council certification.

It is important to note that the expanded infrastructure investment at the Water Pollution Control Plant will result in significant operating costs in the coming years. While energy generation improvements will reduce operating and maintenance costs by \$5.2 million starting in 2017-2018, annual costs will rise by a net \$9.1 million in 2018-2019 once the new digested sludge dewater facility comes online.

Conclusion

The 2014-2015 Adopted Budget is a balanced budget that includes some modest restorations after the many sacrifices that have been made in recent years. This budget represents a targeted approach to addressing priority community and organizational needs while maintaining the City's strong commitment to budget stability. The major actions in this budget are designed to accomplish the following: keeping our community safe through investments in programs and services as well as infrastructure improvements; investing in our future through capital infrastructure improvements and maintenance and continued fiscal stability; and effectively delivering services through investments that support innovation and more efficient service delivery.

The continuing commitment to prudent budget discipline and long-term fiscal sustainability remains essential, especially in combination with the current economic recovery, to ensure that the City stays on the right track. We are mindful that our position can quickly reverse as a result of factors beyond our control, such as swings in the economy, actions by other levels of government, adverse court decisions, or increases in required contributions to the City's retirement funds.

Certainly the remarkable financial discipline and leadership exhibited by our elected officials, City management, and our outstanding employees must be continued. This also includes commitment to the innovation, partnership, and community engagement that can reduce costs and enhance quality as well as a focus on strengthening our economic foundation that can generate the revenues needed to restore vital public services over the long term. However, in the short term, the level of services will remain well below what our community expects from the City and the available resources will not be able to address the growing backlog of deferred maintenance for streets and facilities. Efforts will continue to address the most critical service delivery and infrastructure needs.

Conclusion

In closing, I must thank our remarkably dedicated and talented City staff who prepare this budget document each year. We are extremely fortunate to have such talented and dedicated people, from the front lines of each department to the incredibly hard working City Manager's Budget Office. They represent the best in public service, and I continue to be inspired by their commitment to ensure that San José remains the best city it can be for our residents, businesses, visitors, and employees.



Edward K. Shikada
City Manager

2014-2015 Adopted Operating Budget**2014-2015 Budget Balancing Strategy Guidelines**

1. Develop a budget that balances the City's delivery of the most essential services to the community with the resources available.
2. Balance ongoing expenditure needs with ongoing revenues to ensure no negative impact on future budgets and to maintain the City's high standards of fiscal integrity and financial management. Maintain adequate reserves to cover any budgetary shortfalls in the following year as a stopgap measure if necessary.
3. Focus on business process redesign in light of the severe staff reductions experienced during the last several years in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).
4. Explore alternative service delivery models (e.g., partnerships with the non-profit, public, or private sector for out- or in-sourcing services) to ensure no service overlap, reduce and/or share costs, and use our resources more efficiently and effectively. The City Council Policy on Service Delivery Evaluation provides a decision-making framework for evaluating a variety of alternative service delivery models.
5. Analyze non-personal/equipment/other costs, including contractual services, for cost savings opportunities. Contracts should be evaluated for their necessity to support City operations and to identify negotiation options to lower costs.
6. Explore redirecting and/or expanding existing revenue sources and/or adding new revenue sources.
7. Establish a fee structure to assure that operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services, where appropriate.
8. Identify City policy changes that would enable/facilitate service delivery changes or other budget balancing strategies.
9. If additional resources become available, spending on increasing compensation and restoring services should be balanced.
10. Focus service restorations to meet the baseline January 1, 2011, service levels previously identified by the City Council in the areas of fire, police, library, community centers, and street maintenance.
11. In addition to considering service restorations to meet the baseline January 1, 2011 service levels, take a holistic approach regarding the restoration of services. As outlined in the Guiding Principles for Restoring City Service Levels as approved by the City Council on March 20, 2012, allocate additional resources with the following goals in mind: ensure the fiscal soundness of the City; choose investments that achieve significant outcomes; and improve efficiency and effectiveness of service delivery. Using a multi-pronged approach to restoring direct services, take into consideration the following factors: adequate strategic support resources; adequate infrastructure; service delivery method to ensure efficient and effective operations; service delivery goals and current performance status; service sustainability; and staffing resources.
12. Incorporate compensation adjustments in a fiscally responsible manner that does not result in a reduction or elimination of services in the General Fund.
13. Engage employees in department budget proposal idea development.
14. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.
15. Continue a community-based budget process where the City's residents and businesses are educated and engaged, as well as have the opportunity to provide feedback regarding the City's annual budget.

2014-2015 Adopted Operating Budget

Guiding Principles for Restoring City Service Levels

Ensure the Fiscal Soundness of the City

1. Develop the General Fund budget to support the City's mission and use the City Council-approved Budget Principles to ensure the long term fiscal health of the City (*City of San José Budget Principles*)
2. Ensure services that are restored can be sustained over the long-run to avoid future service disruption (Use Five-Year General Fund Forecast as one tool)
3. If possible, defer adding new permanent positions until new retirement system is in place

Choose Investments that Achieve Significant Outcomes

4. Ensure restored services represent City Council priorities and the highest current need in the community
5. Balance investments among three categories:
 - Restoration of services (public safety and non-public safety services, including critical strategic support services)
 - Opening of new facilities
 - Maintenance of City infrastructure and assets
6. Prioritize baseline service level restorations using performance goals (*Service Restorations Previously Identified by City Council – January 1, 2011 Levels*)
7. Focus funding on areas where there is a high probability of success and/or high cost of failure
 - Focus funding on infrastructure needs where there is a significant increase in cost if maintenance is delayed (such as street maintenance)
 - Focus investments in technology that have the greater return on investment in terms of services to the public and employee productivity

Improve the Efficiency and Effectiveness of Service Delivery

8. Before restoring prior service methods, evaluate options to determine if alternative service delivery models would be more cost effective
9. Ensure strategic support and technology resources are capable of supporting direct service delivery and effective management of the organization
10. Prioritize organizational investments that maximize workforce productivity, efficiency, and effectiveness
11. Pursue opportunities and methods, including performance, to retain, attract, and recognize employees within resource constraints

2014-2015 Adopted Operating Budget**City of San José Budget Principles**

The Mission of the City of San José is to provide quality services, facilities and opportunities that create, sustain and enhance a safe, livable and vibrant community for its diverse residents, businesses and visitors. The General Fund Budget shall be constructed to support the Mission.

1) STRUCTURALLY BALANCED BUDGET

The annual budget for the General Fund shall be structurally balanced throughout the budget process. A structurally balanced budget means ongoing revenues and ongoing expenditures are in balance each year of the five-year budget projection. Ongoing revenues shall equal or exceed ongoing expenditures in both the Proposed and Adopted Budgets. If a structural imbalance occurs, a plan shall be developed and implemented to bring the budget back into structural balance. The plan to restore balance may include general objectives as opposed to using specific budget proposals in the forecast out years.

2) PROPOSED BUDGET REVISIONS

The annual General Fund Proposed Budget balancing plan shall be presented and discussed in context of the five-year forecast. Any revisions to the Proposed Budget shall include an analysis of the impact on the forecast out years. If a revision(s) creates a negative impact on the forecast, a funding plan shall be developed and approved to offset the impact.

3) USE OF ONE-TIME RESOURCES

Once the General Fund budget is brought into structural balance, one-time resources (e.g., revenue spikes, budget savings, sale of property, and similar nonrecurring revenue) shall not be used for current or new ongoing operating expenses. Examples of appropriate uses of one-time resources include rebuilding the Economic Uncertainty Reserve, early retirement of debt, capital expenditures without significant operating and maintenance costs, and other nonrecurring expenditures. One time funding for ongoing operating expenses to maintain valuable existing programs may be approved by a majority vote of the Council.

4) BUDGET REQUESTS DURING THE YEAR

New program, service or staff requests during the year that are unbudgeted shall be considered in light of the City's General Fund Unfunded Initiatives/Programs List and include a spending offset at the time of the request (if costs are known) or before final approval, so that the request has a net-zero effect on the budget.

5) RESERVES

All City Funds shall maintain an adequate reserve level and/or ending fund balance as determined annually as appropriate for each fund. For the General Fund, a contingency reserve amount, which is a minimum of 3% of the operating budget, shall be maintained. Any use of the General Fund Contingency Reserve would require a two-thirds vote of approval by the City Council. On an annual basis, specific reserve funds shall be reviewed to determine if they hold greater amounts of funds than are necessary to respond to reasonable calculations of risk. Excess reserve funds may be used for one-time expenses.

2014-2015 Adopted Operating Budget**City of San José Budget Principles****6) DEBT ISSUANCE**

The City shall not issue long-term (over one year) General Fund debt to support ongoing operating costs (other than debt service) unless such debt issuance achieves net operating cost savings and such savings are verified by appropriate independent analysis. All General Fund debt issuances shall identify the method of repayment (or have a dedicated revenue source).

7) EMPLOYEE COMPENSATION

Negotiations for employee compensation shall focus on the cost of total compensation (e.g., salary, step increases, benefit cost increases) while considering the City's fiscal condition, revenue growth, and changes in the Consumer Price Index (cost of living expenses experienced by employees.)

8) CAPITAL IMPROVEMENT PROJECTS

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 existing basic neighborhood services.

9) FEES AND CHARGES

Fee increases shall be utilized, where possible, to assure that fee program operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services where appropriate.

10) GRANTS

City staff shall seek out, apply for and effectively administer federal, State and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before any grant is pursued, staff shall provide a detailed pro-forma that addresses the immediate and long-term costs and benefits to the City. One-time operating grant revenues shall not be used to begin or support the costs of ongoing programs with the exception of pilot projects to determine their suitability for long-term funding.

11) GENERAL PLAN

The General Plan shall be used as a primary long-term fiscal planning tool. The General Plan contains goals for land use, transportation, capital investments, and service delivery based on a specific capacity for new workers and residents. Recommendations to create new development capacity beyond the existing General Plan shall be analyzed to ensure that capital improvements and operating and maintenance costs are within the financial capacity of the City.

12) PERFORMANCE MEASURES

All requests for City Service Area/departmental funding shall include performance measurement data so that funding requests can be reviewed and approved in light of service level outcomes to the community and organization.

13) FIRE STATION CLOSURE, SALE OR RELOCATION

The inclusion of the closure, sale or relocation of a fire station as part of the City Budget is prohibited without prior assessment, community outreach, and City Council approval on the matter.

EXHIBIT 2

2014-2015 Adopted Operating Budget

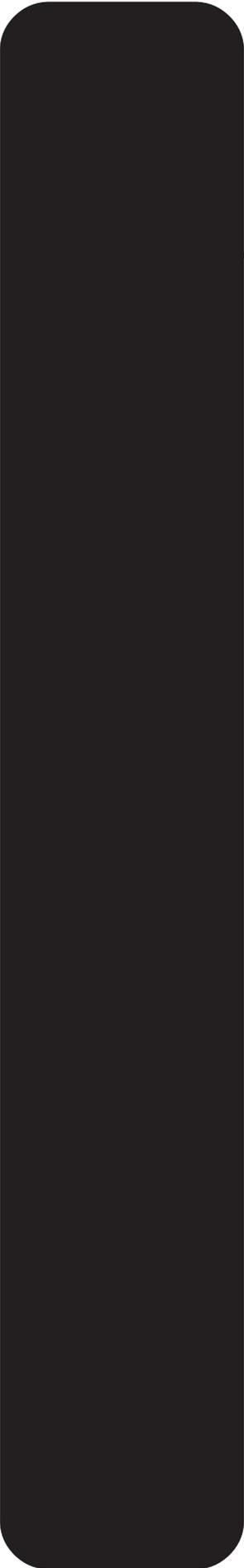
SALES TAX BALLOT MEASURE SPENDING PRIORITIES

As directed in the 2014-2015 Mayor's March Budget Message, as approved by the City Council, the Administration has developed a Sales Tax Ballot Measure Spending Priorities Plan. This is a potential spending plan that outlines priorities for using additional resources if the City Council places a sales tax measure on a future ballot.

Service Priorities	¼ Cent Sales Tax \$ Millions	½ Cent Sales Tax \$ Millions
Improve Public Safety (Target of 50%)		
<i>Improve Police Response Times, Reduce Crime, and Increase Neighborhood Police Patrols</i> Hire 65-130 additional sworn police officers and, at the higher funding level, provide funding for additional crime prevention resources.	\$13.0 M*	\$27.0 M*
<i>Improve Response Times for Fire and Medical Emergencies</i> Fund Fire overtime to avoid fire station brown-outs and, at the higher funding level, front-line resources to respond to calls for service.	\$2.5 M	\$5.5 M
<i>Gang Prevention</i> Extend the current level of support for gang prevention services through San José BEST/Safe Summer Initiative (bringing total ongoing funding to \$4.6 million).	\$1.5 M*	\$1.5 M*
Public Safety Sub-Total	\$17.0 M	\$34.0 M
Repair and Maintain Streets (Target of 30%)		
<i>Street Repair and Maintenance</i> Increase maintenance on major streets and, at the higher level, provide maintenance for some neighborhood streets to significantly slow the incidence of pothole formation and general pavement deterioration.	\$10.0 M	\$20.0 M
Expand Economic Development and Neighborhood Services (Target of 20%)		
<i>Reduce Homelessness</i> Provide ongoing support for homeless response and rapid rehousing services	\$3.5 M*	\$5.5 M*
<i>Create Jobs Through Economic Development</i> Expand economic development efforts to market the City, support small business, and attract private development to generate more local jobs.	\$1.0 M	\$2.0 M
<i>Enhance Branch Library Hours</i> Increase branch library operations from 4 days to 4.5 days per week, or, at the higher funding level, to 6 days per week.	\$2.5 M	\$4.5M
<i>Expand Community Centers Hours of Service</i> At the higher funding level, increase hub community center hours from 59 to 63 hours per week and increase hours at high-need neighborhood community centers from approximately 20 hours to 45 hours per week.	\$0 M	\$2.0 M
Neighborhood Services and Economic Development Sub-Total	\$7.0 M	\$14.0 M
TOTAL	\$34.0 M	\$68.0 M

* The Spending Priorities Plan includes the addition of sworn police officers as the top priority. However, given the current number of sworn police officer vacancies, there may be delays in spending ongoing funding for this purpose. In addition, the investments in the gang prevention program (San José BEST/Safe Summer Initiative Programs) and the homeless services are already included to be funded on a one-time basis through 2015-2016 as part of the 2014-2015 Adopted Operating Budget. Therefore, revenues not immediately needed for these purposes could be allocated for street repair and maintenance to prevent further deterioration.

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2014-2015

OPERATING BUDGET

**ATTACHMENT A -
GENERAL FUND
BALANCING
STRATEGY DETAIL**

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

INTRODUCTION

This Attachment is intended to provide a more detailed summary of the key actions taken to balance the 2014-2015 Adopted General Fund Budget. Revisions to the February Base Budget Forecast, as well as the key elements of the strategy to bring the General Fund into balance in the Adopted Budget are described.

In February 2014, the Administration prepared formal projections for the 2014-2015 General Fund Budget as part of the *2014-2015 City Manager's Budget Request & 2015-2019 Five-Year Forecast and Revenue Projections* document that was presented to the City Council. The 2014-2015 "base-case" projections in that document estimated a 2014-2015 General Fund shortfall of approximately \$1.5 million (no Development Fee Program impact assumed given that the four fee programs are designed to be set at 100% cost-recovery levels). This shortfall represented the gap between projected 2014-2015 General Fund resources and the expected cost of approved 2014-2015 Base Budget services in next year's terms, as well as several City Council "committed" augmentations (e.g., the costs of operating and maintaining new facilities previously approved to be built).

Subsequent to the release of the February Forecast and based on updated information, a number of revisions to both expenditures and revenue estimates were made, which constituted the **Revised Base Budget Forecast** included in the Adopted Budget.

The revisions to the February Base Budget Forecast included a series of changes that produced an increase in General Fund sources and an increase in overall uses. These changes resulted in a decrease of \$2.6 million to the estimated General Fund shortfall, resulting in a \$1.1 million surplus (no Development Fee Program impact assumed). With the Development Fee Program impact included, the surplus grew to \$2.5 million. This is the amount that was addressed by the Adopted Budget balancing plan. These adjustments to the February Base Budget Forecast are described in more detail later in this section.

The Proposed Budget contained a set of recommended actions that increased both overall General Fund sources (by a total of \$49.5 million), and increased net uses (by \$52.0 million) from the Revised Base Budget Forecast, bringing the overall General Fund into balance for 2014-2015. The increase in sources of \$49.5 million include several major components: a higher Available Fund Balance of \$46.3 million, of which \$40.8 million reflects the elimination of the 2014-2015 Future Deficit Reserve and other earmarked reserves for specific services in 2014-2015; an increase in transfers and reimbursements from other funds of \$1.9 million; other revenue changes of \$0.8 million; and additional revenue from grants, reimbursements, and fees totaling \$0.5 million. The increase in uses of \$52.0 million included additional funding for the following: service level enhancements (\$21.3 million); several earmarked reserves (\$11.1 million), repayment of SERAF former Redevelopment Agency/City loans (\$10.2 million), development fee program as well as other fee and grant program services (\$5.3 million), a 2015-2016 Future Deficit Reserve (\$4.2 million); a small number of critical unmet/deferred infrastructure and maintenance needs (\$2.6 million); and to continue 2013-2014 one-time funded services (\$2.0 million). These increases were

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

INTRODUCTION

partially offset by savings realized from cost reductions and service delivery efficiencies (\$3.8 million) and decreases due to the use of reserves that had been established to address 2014-2015 City Council committed additions and unmet/deferred infrastructure and maintenance needs (\$1.0 million) that were included in the February Forecast. The result of these actions was a balanced 2014-2015 General Fund Proposed Budget of \$974.0 million.

From the release of the Proposed Budget to the final adoption of the budget, additional revisions totaling \$158.7 million occurred. The largest component of the increase was the rebudget of 2013-2014 funds (\$143.8 million) that were carried forward to 2014-2015 to complete various projects. The Adopted Budget was balanced with 100% ongoing actions.

Table I below displays the overall projections for the 2014-2015 General Fund as they changed between the February Base Budget Forecast and the Adopted Budget. Table II summarizes the changes from the February Base Budget Forecast to the Revised Base Budget Forecast, including both Forecast revisions and the development fee program impact. The specific elements of the City Manager's Proposed Budget balancing strategy are summarized in Table III, and final changes from the Proposed Budget to the Adopted Budget are summarized in Table IV.

Table I
2014-2015 ADOPTED OPERATING BUDGET
Forecast To Adopted Budget Reconciliation (in \$000s)

	Total Sources	Total Uses	(Shortfall)/ Surplus
February Base Budget Forecast	\$ 918,868	\$ 920,416	(\$ 1,548)
Forecast Revisions	4,283	1,677	2,606
Revised Base Budget Forecast (no fee impact)	923,151	922,093	1,058
Development Fee Program Impact	1,325	(69)	1,394
Revised Base Budget Forecast (with fee impact)	924,476	922,024	2,452
Proposed Revisions	49,498	51,950	(2,452)
2014-2015 Proposed Budget	973,974	973,974	0
Adopted Revisions	158,707	158,707	0
2014-2015 Adopted Budget	\$ 1,132,681	\$ 1,132,681	\$ 0

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

REVISED BASE BUDGET FORECAST

As discussed previously, following the issuance of the February Base Budget Forecast, detailed analysis of the status of General Fund revenues and expenditures continued. Based on this review, the Proposed Budget incorporated a series of changes to the February Base Budget Forecast estimates for both sources and uses to form a Revised Base Budget Forecast. This Revised Base Budget Forecast resulted in a revised surplus estimate of \$2.5 million (with the Development Fee Program Impact), an increase of \$4.0 million from the \$1.5 million shortfall in the February Base Budget Forecast (with no Development Fee Program impact assumed). Changes are detailed in Table II below.

Table II
2014-2015 REVISED BASE BUDGET FORECAST
Summary of Changes (in \$000s)
(Forecast Revisions combined with Development Fee Program Impact)

Sources	Revision
Sales Tax	\$ 2,300
Departmental Charges	1,768
Transfers and Reimbursements	862
Licenses and Permits	695
Other Revenue	247
Business Taxes	200
Beginning Fund Balance	(339)
Utility Tax	(125)
Net Change in Sources	\$ 5,608

Uses	Revision
Transfer to City Hall Debt Service Fund	\$ 525
Living Wage Increase	470
Non-Personal/Equipment and City-Wide Expenses Adjustments	423
Position and Funds Realignment	259
Development Fee Program Changes	(69)
Net Change in Uses	\$ 1,608

Total Change (Shortfall)/Surplus	\$ 4,000
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General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

REVISED BASE BUDGET FORECAST

Following is a description of the Revised Forecast changes in General Fund sources:

- The Sales Tax estimate was increased \$2.3 million to reflect higher than anticipated collections for the second quarter of 2013-2014 (7.9% growth compared to estimated 3.5% growth).
- The Departmental Charges category was increased by \$1.8 million as follows: an increase of \$1.05 million to the Public Works Development Fee Program revenue estimate to reflect anticipated 2014-2015 collection and activity levels; an increase of \$446,000 to the Parks, Recreation and Neighborhood Services Departmental Charges to align revenues with current estimated activity levels; an increase of \$142,000 in Sidewalk Program Administrative charges to align with current activity levels (offset by increases in base costs to administer this service); an increase of \$122,000 in Solid Waste Fees revenue estimate to align with 2014-2015 base expenditure; an increase of \$50,000 to the General Plan Update revenue estimate to reflect the anticipated 2014-2015 collection and activity levels (offset by an increase in the General Plan Update Earmarked Reserve); a net increase of \$7,000 to reflect the realignment of revenues for various fees and charges revenue estimates with base activity levels for the Finance Department Collection Fee (\$12,000); and Administrative Remedies Lien (\$3,000), slightly offset by a decrease in the Clerk's Office Lobbyist Registration Fees (\$8,000); and a decrease of \$48,000 to reflect the restatement of Enterprise Zone Fee revenue to eliminate revenues associated with the payment of 0.20 position and overhead costs from fee activities as this program was expected to be eliminated.
- The Transfers and Reimbursements category was increased by a net \$862,000 as follows: a net increase of \$735,000 to reflect updated overhead reimbursements from operating funds (\$1.1 million), slightly offset by a reduction in capital (\$377,000) funds based on final 2014-2015 base expenditures and final 2014-2015 overhead rates as provided by the Finance Department; an increase of \$150,000 to the estimate for Gas Tax based on the collection trend experienced in 2013-2014; and a net reduction of \$23,000 to align transfers with the 2015-2019 Adopted Capital Improvement Programs, including a decrease in the Construction Excise Tax Fund (\$25,000) slightly offset by an increase in the Construction and Conveyance Tax Fund (\$2,000).
- The Licenses and Permits category was increased a net \$695,000 as follows: an increase of \$713,000 to the Fire Permits revenue estimate (development fee program related revenues up \$613,000 to \$7.0 million and non-development related revenues up \$100,000 to \$4.0 million) to reflect anticipated 2014-2015 collection and activity levels; an increase of \$4,000 to reflect the realignment of revenues for the Finance Department Handbill Permits with base activity levels; and a decrease of \$23,000 to reflect the reallocation of revenues for Office of Economic Development Special Events permit revenues for private and paseo property permits from the General Fund to the Transient Occupancy Tax Fund. This is consistent with the reallocation of staff costs associated with these services which occurred in the 2014-2015 base budget and ensures the fees reimburse the appropriate funding source.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

REVISED BASE BUDGET FORECAST

- The Other Revenue category was increased a net \$247,000 as follows: an increase of \$250,000 for the revenue sharing agreement with the City's banking services provider due to a change in the vendor payment process, as approved in the 2013-2014 Adopted Budget, which was erroneously excluded in the February Forecast, partially offset by a decrease of \$3,000 to reflect the realignment of Finance Department revenue estimates for the Return Check Fee with base activity levels.
- The Business Taxes category was increased \$200,000 to reflect a revised estimate for Disposal Facility Tax revenues based on the current collection trend experienced in 2013-2014 which has seen increased activity from neighboring agencies dumping in San José landfills.
- The Beginning Fund Balance was decreased by \$339,000 to reverse the assumed liquidation of the Public Works Development Fee Program Reserve. With the \$1.05 million increase in the Public Works Development Fee Program revenue estimate, the liquidation of the reserve is no longer necessary to ensure the program remains balanced.
- The Utility Tax category was decreased by a net \$125,000 to reflect a decrease to the estimate for Gas Utility Taxes (\$225,000, from \$9.3 million to \$9.1 million), partially offset by an increase to the estimate for Telephone Utility Taxes (\$100,000 to \$33.0 million from \$33.1 million) based on the 2013-2014 collection trends.

Following is a brief description of the Revised Forecast changes in General Fund uses:

- An increase of \$525,000 to the Transfer to the City Hall Debt Service Fund was included to reflect revised calculations from the Public Works and Finance Departments for the General Fund's share of City Hall debt services costs when compared to the assumptions used in the February Forecast.
- An increase of \$470,000 to the Police, Planning, Building, and Code Enforcement, Library, and Parks, Recreation, and Neighborhood Services Departments was included to reflect an increase to living wage rates effective July 1, 2014. These rates were released after the development of the February Forecast and these adjustments ensure sufficient funding to cover the increased living wage costs anticipated for 2014-2015.
- A net increase of \$423,000 reflects non-personal/equipment and City-Wide Expenses adjustments. This includes increases for the Parks, Recreation and Neighborhood Services Department for soccer, parking, and other parks fee activities, updates to the General Plan Update Earmarked Reserve based on actual collections, and city-wide elections costs based on recent ballot measure information.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

REVISED BASE BUDGET FORECAST

- A net increase of \$259,000 reflects various position and fund realignments, including the reallocation of funding for positions to better align with work currently performed, position transactions approved through the add/delete process, and various funding corrections/adjustments based on updated information.
- Minor expenditure adjustments resulting in a net decrease of \$69,000 to the Fire Development Fee Program were included as a result of fund and position realignments. These adjustments, in addition to the Base Budget revenue revisions previously discussed, resulted in a net surplus of \$1.4 million for the Development Fee Programs.

PROPOSED BUDGET BALANCING STRATEGY

As summarized in Table III and discussed on the following pages, the Administration's budget balancing strategy allocated a \$2.5 million (with the Development Fee Program Impact) General Fund surplus and resulted in a balanced 2014-2015 General Fund Proposed Budget totaling \$974.0 million.

General Fund Balancing Strategy Detail
2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Table III
2014-2015 PROPOSED OPERATING BUDGET
General Fund Balancing Strategy (in \$000s)

	2014-2015	Ongoing
2014-2015 General Fund Surplus	\$ 1,058	\$ 1,058
Development Fee Program Impact	1,394	1,394
Revised Base Budget Forecast	\$ 2,452	\$ 2,452
Source of Funds		
Available Fund Balance:		
2014-2015 Future Deficit Reserve	\$ 18,112	\$ 0
Successor Agency City Legal Obligations Reserve	8,000	0
Development Fee Program Reserves	4,182	3,120
Police Department Overtime Reserve	4,000	0
Homeless Rapid Rehousing/Homeless Response Team Res.	3,500	0
San José BEST and Safe Summer Initiative Reserve	1,500	0
Various Other Reserve Eliminations	1,458	0
Additional 2013-2014 Ending Fund Balance	5,550	0
Grants/Reimbursements/Fees:		
Multiple Housing Fee Program Restructure	885	885
Parks, Recreation and Neighborhood Services Fees/Activity	429	220
Development Fee Program Fees (Building and Public Works)	(546)	(546)
Other Fee Programs/Reimbursements	(253)	(422)
Other Revenue Changes:		
2010 COPS Grant Hiring Program Extension	600	0
Miscellaneous Other Revenue	196	223
Transfers and Reimbursements:		
Overhead Reimbursements	1,158	1,038
Transfers from Other Funds	727	250
Subtotal Source of Funds	\$ 49,498	\$ 4,768
Use of Funds		
Service Level Enhancements	\$ 21,306	\$ 4,584
Earmarked Reserves (e.g., Homeless, Essential Svces, San José BEST, Air Service, HR/Payroll, Business Tax, Contingency)	11,070	500
SERAF Former Redevelopment Agency/City Loans Repayment	10,200	0
Development Fee Programs	4,457	3,268
2015-2016 Future Deficit Reserve	4,200	0
Unmet/Deferred Infrastructure and Maintenance	2,620	0
2013-2014 One-Time Funded Services	1,989	1,039
Other Fee Programs/Grants	880	634
Cost Reductions/Service Delivery Efficiencies	(3,768)	(2,538)
Use of Reserves (Committed Additions/Deferred Infrastructure)	(1,004)	(267)
Subtotal Use of Funds	\$ 51,950	\$ 7,220
Total Balancing Strategy	\$ (2,542)	\$ (2,542)
Remaining Balance	\$ 0	\$ 0

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

As summarized in Table III on the previous page and discussed below, the Administration's budget balancing strategy allocated a \$2.5 million (with the Development Fee Program Impact) General Fund surplus, resulting in a balanced 2014-2015 General Fund Proposed Budget totaling \$974.0 million.

Specific City Council direction regarding the preparation of the Proposed Budget was provided in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council (see Appendices Section of this document). The details of the specific direction of that Message and the corresponding responses contained in this budget are provided in Attachment B following this section in the City Manager's Message. Attachment C contains information regarding the status of City Auditor recommendations with funding impacts.

Following is a brief discussion of the key elements of the budget balancing actions that were included in the Proposed Budget.

Source of Funds

From the Revised Forecast of \$924.5 million, a net increase of \$49.5 million to the General Fund revenue estimates was recommended, bringing the 2014-2015 Proposed Budget revenue estimate to \$974.0 million. The components of this increase include an increase to the estimate for 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance (\$46.3 million), and an increase to various revenue categories (\$3.2 million). Following is a discussion of those changes, which are further detailed in the General Fund Revenue Estimates section of this document.

Available Fund Balance

An increase of \$46.3 million from the Revised Forecast was included bringing the estimated 2014-2015 Beginning Fund Balance from \$57.4 million to \$103.7 million to primarily reflect the elimination of various Earmarked Reserves but also the availability of a small amount of additional 2013-2014 ending fund balance.

The elimination of various Earmarked Reserves totaled \$40.8 million, and included the following: \$18.1 million 2014-2015 Future Deficit Reserve, \$8.0 million Successor Agency City Legal Obligations Reserve to repay a portion of the Supplemental Educational Revenue Augmentation Fund (SERAF) Loan, \$4.2 million in Development Fee Program Reserves, \$4.0 million Police Department Overtime Reserve, \$2.0 million 2014-2015 Homeless Rapid Rehousing Reserve, \$1.5 million 2014-2015 Homeless Response Team Reserve, \$1.5 million 2014-2015 San José BEST and Safe Summer Initiative Programs Reserve, \$550,000 2014-2015 Children's Health Initiative Reserve, \$508,000 Aircraft Rescue and Firefighting Services Reserve, \$300,000 Wellness Program Reserve, and \$100,000 2014-2015 Community and Action Pride Grants Reserve.

General Fund Balancing Strategy Detail 2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Available Fund Balance

In total, additional 2013-2014 Ending Fund Balance of \$5.6 million was also included and reflected increased expectations for additional revenue and expenditure savings in 2013-2014 that will be available for use in 2014-2015. Additional funds were primarily due to additional Sales Tax receipts (\$1.8 million) in the second quarter of 2013-2014 (up 7.9% compared to budgeted growth of 3.5%) and additional Solid Waste Fees (\$600,000) above budgeted estimates. Additional expenditure savings of \$1.5 million were attributed to anticipated savings in the City's 2013-2014 General Fund Successor Agency City Legal Obligations Subsidy. As a result of the most current projected cash flow, it is anticipated that the current budgeted subsidy of \$3.1 million for 2013-2014 will not be necessary and \$1.5 million in savings can be used to assist in the payment of the May 2010 SERAF Loan due in June 2015. The remainder reflects anticipated expenditure savings as a result of higher than budgeted vacancy rates throughout the City in addition to expected City-Wide Expenditure savings such as workers' compensation claims costs.

Grants/Reimbursements/Fees

A \$515,000 increase to the revenue estimates was the result of the following adjustments:

- An increase of \$885,000 reflects the implementation of a new three-tier program for Multiple Housing Occupancy Permits offset by additional staffing (5.0 positions).
- An increase of \$429,000 to the Parks, Recreation and Neighborhood Services Department Charges estimate reflects the following: increase in sports fields reservations to be set aside in a reserve for artificial turf field replacements (\$200,000); continues the Get Fit Summer Camps for Kids program that was piloted in 2013-2014 and associated increased fee activity (\$198,000); increased picnic reservations (\$20,000); and revenue associated with new facilities that are scheduled to come online in 2014-2015 (\$11,000).
- A decrease of \$546,000 in Development Fee Program revenues included a \$400,000 decrease in Building Permits to reflect two changes in the Building Development Fee Structure: 1) revise the business process to small residential alterations, and 2) reduce the base hours charged for permit issuance by 50%; and a \$146,000 decrease in the Public Works Development Program by adjusting targeted fees in the following categories: Common Interest Development Engineering and Inspection; Erosion and Sediment Control; Grading Permit/Plan Checking; and the Private Utility Permits (targeted to residential customers/streamlined service opportunities).

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Grants/Reimbursements/Fees (Cont'd.)

- A net decrease of \$253,000 reflected the following adjustments:
 - An increase of \$170,000 reflects a payment from the Santa Clara Valley Water District (SCWVD) to partially offset the costs of Park Ranger positions that were added to support the 2014-2015 Homeless Response Team.
 - An increase of \$125,000 in Fire non-development permits reflecting a 3% increase in fees to offset cost increases and maintain a 100% cost recovery level.
 - A decrease of \$310,000 adjusts the Solid Waste Enforcement Fee down to maintain 100% cost recovery levels; a 11.5% fee reduction from \$1.31 per ton to \$1.16 per ton.
 - A \$300,000 ongoing decrease in wellness program revenues, historically provided by the City's health providers, as negotiated, necessitating a service evaluation to ensure remaining revenues align with the highest program needs. A review of medical services and wellness programs will ensure that current service levels are provided in the most efficient and cost-effective manner.
 - A decrease of \$135,000 eliminates revenues associated with the Enterprise Zone Incentive program that was designed to encourage business investment and promote job creation. However, this program was terminated on December 31, 2013 by the passage of AB93 and SB90. A corresponding elimination of 1.0 position and contractual services offsets this loss for a net zero impact.
 - A net increase in other fee programs of \$197,000 to reflect changes in various fee levels increasing revenue estimates in the Department of Transportation (\$109,000), Animal Care and Services (\$31,000), Police Department (\$14,000), Code Enforcement Fees (\$13,000), Clerk's Office (\$9,000), and Sidewalk Repairs (\$89,000), partially offset by a decrease in the Finance Department (\$69,000) to maintain cost recovery levels and adjust for changes in costs.

Other Revenue Changes

Miscellaneous revenue changes resulted in a net increase of \$796,000 and included the following adjustments:

- A one-time increase of \$600,000 in additional revenue from the approved extension of the 2010 COPS grant through August 31, 2015.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Other Revenue Changes (Cont'd.)

- An increase of \$161,000 reflects an increase in the Commercial Solid Waste (CSW) fees by 1.46% based on the change in the Consumer Price Index (CPI). In October 2010, the City Council amended the CSW fee to charge franchises based on geographic collection districts rather than volume. The fee structure is \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and South District. The revised structure is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. It should be noted that the City did not increase this fee last year.
- An increase of \$31,000 in parking citations revenue offset by a corresponding addition of 1.0 Parking Traffic Control Officer to enforce 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts which would result in reducing the City's trash load and producing cleaner streets.
- A net increase of \$5,000 to reflect an increase of \$17,000 in the estimated reimbursement from Christmas in the Park Foundation, offset by a decrease of \$12,000 as a result of staffing adjustments to the Deferred Compensation Program which are reimbursed.

Transfers and Reimbursements

A net increase of \$1.2 million in anticipated overhead reimbursements was included to reflect the impact of various budget actions in the Proposed Budget that changed the staffing levels funded by special and capital funds.

A net increase of \$727,000 was included from transfers from other funds and reflected the following adjustments:

- A one-time transfer of \$750,000 in revenue from expired special assessment districts. In 2008-2009, Finance staff completed an analysis of 50 expired special assessment districts with remaining cash balances. Based on that review, in accordance with State law, the availability of surplus funds was announced to be claimed by current and former property owners. After the statute of limitations, any unclaimed funds may be transferred to the General Fund. The initial deadline to claim a portion of the surplus funds was in March 2012, after which time unclaimed funds in the amount of \$1.2 million were transferred to the General Fund. The next and final deadline to claim the remaining portion of the surplus funds was May 2014. It is expected that approximately \$750,000 will remain unclaimed and be available for transfer to the City in 2014-2015.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Other Revenue Changes (Cont'd.)

- An increase of \$161,000 reflects an increase in the Commercial Solid Waste (CSW) fees by 1.46% based on the change in the Consumer Price Index (CPI). In October 2010, the City Council amended the CSW fee to charge franchises based on geographic collection districts rather than volume. The fee structure is \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and South District. The revised structure is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. It should be noted that the City did not increase this fee last year.
- An increase of \$31,000 in parking citations revenue offset by a corresponding addition of 1.0 Parking Traffic Control Officer to enforce 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts which would result in reducing the City's trash load and producing cleaner streets.
- A net increase of \$5,000 to reflect an increase of \$17,000 in the estimated reimbursement from Christmas in the Park Foundation, offset by a decrease of \$12,000 as a result of staffing adjustments to the Deferred Compensation Program which are reimbursed.

Transfers and Reimbursements

A net increase of \$1.2 million in anticipated overhead reimbursements was included to reflect the impact of various budget actions in the Proposed Budget that changed the staffing levels funded by special and capital funds.

A net increase of \$727,000 was included from transfers from other funds and reflected the following adjustments:

- A one-time transfer of \$750,000 in revenue from expired special assessment districts. In 2008-2009, Finance staff completed an analysis of 50 expired special assessment districts with remaining cash balances. Based on that review, in accordance with State law, the availability of surplus funds was announced to be claimed by current and former property owners. After the statute of limitations, any unclaimed funds may be transferred to the General Fund. The initial deadline to claim a portion of the surplus funds was in March 2012, after which time unclaimed funds in the amount of \$1.2 million were transferred to the General Fund. The next and final deadline to claim the remaining portion of the surplus funds was May 2014. It is expected that

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Use of Funds

Earmarked Reserves

One-time Earmarked Reserves, totaling \$11.1 million were included in the Proposed Budget. This included funding to continue various services in 2015-2016: the Homeless Rapid Rehousing Program (\$2.0 million), Homeless Response Team (\$1.5 million), San José BEST and Safe Summer Initiative Programs (\$1.5 million), and Community Action and Pride Grants (\$100,000). In accordance with the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, an Essential Services Reserve of \$2.0 million was included to fund additional services that are of importance to the community. This reserve was subsequently allocated by the City Council and included in the 2014-2015 Adopted Budget. Allocations were also set aside to upgrade the Human Resources/Payroll System (\$1.0 million) and the Business Tax System (\$850,000), provide funding for the Air Service Incentive Program per a provision of the Airline-Airport Lease and Operating Agreements (\$1.0 million), increase the Contingency Reserve in accordance with City Council Policy I-18 (\$500,000), and to provide additional funding for the Fiscal Reform Plan implementation (\$500,000).

SERAF Former Redevelopment Agency/City Loans Repayment

Three transfer appropriations, totaling \$10.2 million, were recommended (Sewage Treatment Plant Connection Fee Fund - \$5.1 million; Subdivision Park Trust Fund - \$3.1 million; and Ice Centre Revenue Fund - \$2.0 million) to complete the payment of the May 2010 Supplemental Educational Revenue Augmentation Fund (SERAF) Loan (\$10.0 million principal, estimated \$200,000 interest) due June 30, 2015. These loans were completed in order for the former Redevelopment Agency to make the State mandated payments to the SERAF. These transfers were offset by the liquidation of the Successor Agency City Legal Obligations Reserve (\$8.0 million) and estimated 2013-2014 expenditure savings as a result of a lower anticipated General Fund net subsidy (\$1.5 million) to the Successor Agency to the Redevelopment Agency. In addition, the reduction of the 2014-2015 estimated General Fund subsidy will fully offset these payments. It is important to note that loans such as these may be deemed an enforceable obligation of the Successor Agency contingent upon requirements as outlined in AB 1484 with repayment anticipated in later years. The Administration continues to work through these requirements; however, this action satisfies the amounts due to these special funds and realigns the loan between the City and Successor Agency between the City's General Fund and the Successor Agency.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Use of Funds

Development Fee Programs

The Proposed Budget included approximately 29 positions and \$4.5 million of new resources in the Development Fee Programs (Building, Planning, Public Works, and Fire) to meet increased development services activities as described in detail in the Community and Economic Development City Service Area and respective department sections.

2014-2015 Future Deficit Reserve

In accordance with the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the Proposed Budget established a 2014-2015 Future Deficit Reserve of \$4.2 million to address the projected shortfall for 2015-2016 that was presented in the 2015-2019 General Fund Five-Year Forecast released in February 2014.

Unmet/Deferred Infrastructure and Maintenance

To address a very small portion of the backlog for unmet and deferred infrastructure and maintenance needs, funding of \$2.6 million was included in the Proposed Budget for the City's most urgent repair needs and included the following: information technology investments (\$1.0 million); Children's Discovery Museum chiller (\$700,000) and portico roof (\$250,000) replacements; Police Administration Building and Communications Center parking repairs (\$500,000), municipal garage repainting (\$100,000); and City Hall security improvements (\$50,000).

2013-2014 One-Time Funded Services

In accordance with the 2014-2015 Mayor's March Budget Message, as approved by the City Council, funding was included to continue services that were funded on a one-time basis in the 2013-2014 Adopted Budget. This funding of \$2.0 million included continuation of the Public Works Department Preventative Maintenance Program (\$1.3 million), Evergreen Branch Library Saturday Hours (\$157,000), CommUniverCity Program (\$100,000), Community Action and Pride Grants (\$100,000 - funds additional year of service in 2015-2016), 2-1-1 Santa Clara County Information and Referral Service (\$75,000), La Raza Roundtable/Harvard Study Consensus Building Project (\$50,000), Franklin McKinley Children's Initiative Summer Programming (\$25,000), and Overfelt Swimming Program (\$25,000).

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Use of Funds

Other Fee/Grant Programs

The addition of 12 positions and funding of \$880,000 was included to support other activities supported by fees, grants, or reimbursements in the Office of Economic Development and the Fire, Planning, Building and Code Enforcement, and Parks, Recreation and Neighborhood Services Departments.

Cost Reductions/Service Delivery Efficiencies

Savings of \$3.8 million were included as a result of cost reductions and service delivery efficiencies. The largest actions included a savings associated with the repurpose of the South San José Police Substation (\$1.7 million), a one-time reduction to the transfer to the Community Facilities Revenue Fund to support Hayes Mansion (\$900,000), and a one-time decrease in the Successor Agency subsidy (\$700,000).

Use of Reserves

The Proposed Budget included the elimination of earmarked reserves that were established in the February Forecast to address the projected additional costs to operate and maintain new parks and recreation facilities (\$193,000), and new traffic infrastructure assets (\$11,000) including traffic signals, landscaping, and street lighting that are scheduled to become operational in 2014-2015. In addition, the liquidation of a reserve (\$800,000) set aside in the February Forecast to fund critical capital maintenance or address urgent technology needs was included in the Proposed Budget.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

ADOPTED BUDGET BALANCING STRATEGY

The final phase of the 2014-2015 budget process commenced following the issuance of the City Manager's Proposed Budget and consisted of the following major steps: City Council Budget Study Sessions on the Proposed Budget; formal public input through the Public Hearings process; issuance by the Administration of recommended revisions to the Proposed Budget (in the form of formal Manager's Budget Addenda); issuance by the City Council of recommended revisions to the Proposed Budget (in the form of Budget Documents submitted to the Mayor's Office); issuance of the Mayor's June Budget Message memorandum that included recommended revisions to the Proposed Budget and incorporated feedback from the City Council and the Administration; and approval by the City Council of the Mayor's June Budget Message and final Adopted Budget.

Summarized in Table IV by general category are the additional changes introduced by Manager's Budget Addenda or the Mayor's June Budget Message. (The full text of the Message is included as an Appendix to this document.) Those additional changes in funding sources and uses totaled \$158.7 million in 2014-2015.

Table IV
2014-2015 ADOPTED OPERATING BUDGET
General Fund Funding Requirements and Balancing Strategy (in \$000s)

	2014-2015	Ongoing
Remaining Balance from Proposed Budget (from Table III)	\$ 0	\$ 0
Balancing Strategy		
Source of Funds		
Fund Balance to Support 2013-2014 Projects/Balancing Strategy	\$ 149,353	\$ 0
Other Revenue Changes	5,474	5,426
Revenue-Related Rebudgets to Support 2013-2014 Projects	3,077	0
New Grants/Reimbursements/Revenue-Supported Expenditures	803	0
Subtotal Source of Funds	\$ 158,707	\$ 5,426
Use of Funds		
Rebudgeted 2013-2014 Projects	\$ 143,824	\$ 0
Other Reserves	9,002	2,952
Service Level Enhancements	3,801	674
Revenue-Related Rebudgets to Support 2013-2014 Projects	3,077	0
New Grants/Reimbursements/Revenue-Supported Expenditures	803	0
2015-2016 Future Deficit Reserve	(1,800)	0
Subtotal Use of Funds	\$ 158,707	\$ 3,626
Total Balancing Strategy	\$ 0	\$ 1,800
Remaining Balance	\$ 0	\$ 1,800

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

ADOPTED BUDGET BALANCING STRATEGY

Source of Funds

As part of the City Council-approved revisions to the Proposed Budget, a total of \$158.7 million in additional resources were approved to be used as part of the Adopted Budget strategy. The major elements of these revisions are described below.

Fund Balance to Support 2013-2014 Rebudgeted Projects/Balancing Strategy

The unrestricted portion of the 2013-2014 Ending/2014-2015 Beginning Fund Balance estimate was adjusted upward by an additional \$149.4 million to primarily reflect the 2013-2014 funding which was estimated to be available to be carried over to 2014-2015 to complete previously approved projects (\$143.8 million). The fund balance estimate was also increased by \$5.6 million to reflect additional excess revenues and expenditure savings projected in 2013-2014 for use in 2014-2015, including rebudgets used in the budget balancing strategy in the City-Council-approved Mayor's 2014-2015 June Budget Message.

Other Revenue Changes

The Adopted Budget included a revenue increase of \$5.5 million based on updated information. Net revenue increases were offset by additional expenditures, primarily changes in reserve levels. Below is a summary of the revenue adjustments:

- An ongoing increase of \$5.4 million to the Secured Property Tax estimate reflects information released by the County of Santa Clara Assessor's Office on May 22, 2014 regarding the 2014-2015 secured real property growth for the City of San José as of that date. Based on that information, secured property tax receipts were projected to increase 6.2% in 2014-2015, which was up from the 3.5% growth assumed in the 2014-2015 Proposed Budget. This increase reflects, in large part, the full or partial restoration of property values that had previously been temporarily reassessed downwards under Proposition 8 due to declining market values.
- A one-time increase of \$48,000 reflects the lease of the City's suite at the SAP Center (formerly HP Pavilion) for eight San José Sharks home games in 2014-2015. This increase is offset by a corresponding increase to the City-Wide Expenses Arena Authority budget in the 2014-2015 Operating Budget.
- An ongoing increase of \$26,000 reflects approved changes to the Abandoned Cart Program Fee, increasing the fee from \$200 per year to \$345 per year.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

ADOPTED BUDGET BALANCING STRATEGY

Source of Funds

Revenue-Related Rebudgets to Support 2013-2014 Projects

The Adopted Budget included grant and reimbursement-related revenue totaling \$3.1 million that was rebudgeted from 2013-2014 to complete the associated projects in 2014-2015. These revenue-related rebudgets were spread among a number of revenue categories (Local Agencies, State Government and Federal Government, and Other Revenue) and were offset by expenditure rebudgets. Expenditure appropriations for these actions were also included in the Adopted Budget.

New Grants/Reimbursements/Revenue-Supported Expenditures

The Adopted Budget included \$829,000 in new grant/reimbursement/fee revenue, primarily in the public safety services areas. These grants and reimbursements were reflected in Revenue from the State and Revenue from the Federal Government revenue categories.

Use of Funds

As part of the City Council-approved revisions to the Proposed Budget, a total of \$158.7 million in General Fund expenditure changes were approved. These actions included the net addition of approximately 13.6 positions across all City funds. Listings of all the approved budget modifications are described in detail in the CSA and departmental sections of this Adopted Budget document.

The major elements of these revisions are described below.

Rebudgeted 2013-2014 Projects

Additional expenditures totaling \$143.8 million were included in the Adopted Budget to fund the completion of programs and projects authorized in the prior year. The rebudgeted funds were offset by additional 2013-2014 Ending/2014-2015 Beginning Fund Balance.

Other Reserves

The Other Reserves expenditure changes included in the Adopted Budget totaled \$9.0 million. The largest adjustment was the establishment of a Police Department Staffing Reserve of \$10.0 million (\$3.0 million ongoing). The Contingency Reserve was also increased by \$1.0 million to maintain the 3% level in accordance with City Council policy. These increases were partially offset by the elimination of the \$2.0 million Essential Services Reserve as these funds were allocated by the City Council as part of the 2014-2015 budget process.

General Fund Balancing Strategy Detail

2014-2015 Adopted Operating Budget

ADOPTED BUDGET BALANCING STRATEGY

Use of Funds

Service Level Enhancements

Additional expenditures totaling \$3.8 million were included in the Adopted Budget for service level enhancements. The largest investments included funding described in the Mayor's June Budget Message for Fiscal Year 2014-2015 for the Mayor's Gang Prevention Task Force (San José BEST) (\$1.0 million), Economic Development/Incentive Fund (\$1.0 million), Office of the City Attorney Staffing (\$400,000), Park Rangers and Safe Camera Program (\$380,000), Medical Marijuana Enforcement (\$300,000), Data Analytics Team (\$195,000), and Fire Department Organizational Review (\$150,000).

Revenue Related Rebudgets to Support 2013-2014 Projects

The Adopted Budget included grant and reimbursement-related expenditures totaling \$3.1 million that were rebudgeted from 2013-2014 to complete the associated projects in 2014-2015. These expenditure adjustments were offset by revenue rebudgets.

New Grants/Reimbursements/Revenue-Supported Expenditures

Expenditure changes related to new grant or reimbursement activity totaled \$0.8 million. These grant and reimbursement expenditures, which were primarily in the public safety areas, were offset by additional revenue.

2015-2016 Future Deficit Reserve

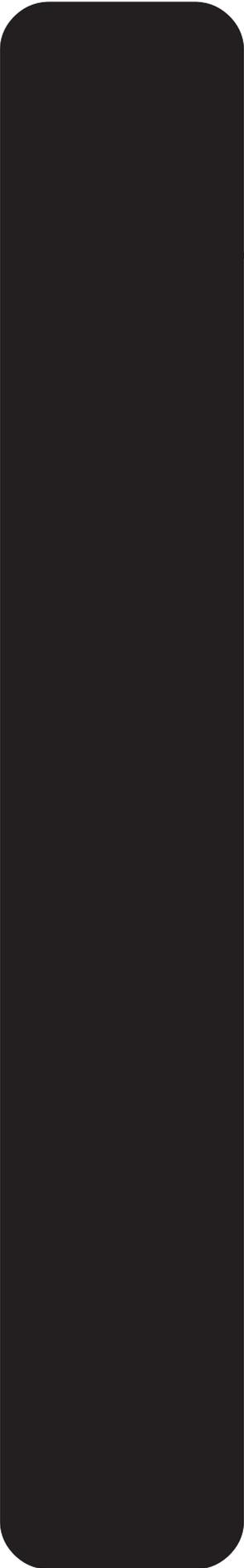
The 2015-2019 General Fund Forecast that was issued in February 2014 projected an ongoing \$4.2 million shortfall for 2015-2016, and one-time funding was set aside in the 2014-2015 Proposed Budget to address this projected shortfall. In the Adopted Budget, the 2015-2016 Future Deficit Reserve was adjusted downward by \$1.8 million from \$4.2 million to \$2.4 million to reflect the revised shortfall projected for 2015-2016. This decrease reflects changes implemented in the Adopted Budget, including an ongoing increase to Property Tax revenue (\$4.2 million) partially offset by the reallocation of Police Tier 2 retirement benefit savings to fund Police Department staffing needs (\$2.4 million anticipated in 2015-2016).

General Fund Balancing Strategy Detail 2014-2015 Adopted Operating Budget

ADOPTED BUDGET BALANCING STRATEGY

Future Implications

As shown in Table IV and mentioned previously, the 2014-2015 Adopted Budget was balanced with 100% ongoing solutions. On an ongoing basis, the actions in the Adopted Budget addressed \$1.8 million of the projected shortfall in 2015-2016, leaving a remaining projected shortfall of \$2.4 million in 2015-2016. One-time funding is set aside in the 2014-2015 Adopted Budget to address this revised shortfall figure. **All of the assumptions used to develop this projection, however, will be revisited in the development of the 2016-2020 Five-Year General Fund Forecast.**



2014-2015

OPERATING BUDGET

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

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Submit a proposed budget for fiscal year 2014-2015 that is balanced and guided by the policy direction and framework of priorities contained in the Mayor's March Budget Message.</p>	<p>The 2014-2015 Adopted Budget incorporates this direction.</p>
<p>The budget should include funding priorities that are contingent upon approval by the voters of a ¼ cent or ½ cent sales tax increase. The priorities should be consistent with those identified in the community survey as detailed on page three of the March Budget Message.</p>	<p>A sales tax ballot measure spending priorities list can be found in Exhibit 2 of the City Manager's 2014-2015 Budget Message.</p>
<p>Police Staffing Restoration Strategy – Present the City Council with a Manager's Budget Addendum that provides a four-year strategy to reach a level of 1,250 officers. This strategy should include filling current vacancies and adding 141 new sworn positions, as well as consideration of funding sources necessary and identification of any shortfall that would require a voter-approved measure to address.</p>	<p>Manager's Budget Addendum #24, Police Staffing Restoration Strategy, outlines a strategy to reach a level of 1,250 sworn officers under two attrition scenarios, discusses the prioritization of the Burglary Unit within the overall Strategy, and identifies the additional resources that would be necessary to support this Strategy.</p>
<p>Burglary Unit – As part of the Police Staffing Restoration Strategy discussed above, prioritize the reestablishment of a Burglary Unit within the Police Department, drawing staff from positions that could be done by civilians, retiree rehires, and Community Service Officers.</p>	<p>Manager's Budget Addendum #14, Prioritization of the Burglary Investigation Unit/Burglary Reduction Efforts, responds to this direction and also provides an update to the ongoing burglary reduction efforts that were described in Manager's Budget Addendum #6, Residential Burglary Reduction Efforts, issued May 17, 2013, as part of the 2013-2014 budget development process. As described above, Manager's Budget Addendum #24, Police Staffing Restoration Strategy, also discusses the prioritization of the Burglary Unit within the overall strategy.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Police Department Community Service Officers (CSOs) – Explore adding funding for a minimum of seven additional CSO positions and to identify additional opportunities to improve service by adding more CSO positions in the future.</p>	<p>The 2014-2015 Adopted Budget adds 7.0 CSO positions and associated academy funding and vehicles. This will bring the current CSO staffing level to 28.0 positions, which will be deployed on a Monday through Friday, eight-hour day schedule. Under this model, each of the four Police Divisions will be assigned 7.0 CSOs. This action will enhance the Department’s ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work. In September 2014, 25 CSOs completed training and were street ready.</p>
<p>Use of Police Reserves – Present to the Public Safety, Finance, and Strategic Support Committee at its April 17, 2014 meeting, a report on the current use of Police Reserves.</p>	<p>A report on the use of Police Reserves was presented to the Public Safety, Finance and Strategic Support Committee at its April 17, 2014 meeting as directed.</p>
<p>Police Department Overtime Reserve – Allocate this Reserve to the Police Department as part of the 2014-2015 Proposed Budget.</p>	<p>The 2014-2015 Adopted Budget increases the Police overtime budget by \$4.0 million from \$12.0 million to \$16.0 million, funded by the \$4.0 million Police Overtime Earmarked Reserve established as part of the 2013-2014 Mid-Year Budget Review. It is anticipated that additional overtime will be needed to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars.</p>
<p>Eliminating Uncertainty About Disability Retirements – Provide estimates of the costs to fund jobs for employees injured in the line of duty and pay supplement/insurance. Also, fund on an ongoing basis a Human Resources (HR) position assigned to the Police Department to manage its HR needs, including assisting employees with disability retirement issues, and create a single point of contact to serve as a resource for employees with HR-related questions.</p>	<p>As described in the memorandum reviewed by the City Council on April 8, 2014, the cost estimates are undetermined as it is unknown how many employees the change would apply to; the revised disability definition has been implemented only for Tier 2 employees and no Police Officer had, at that time, applied for a disability retirement under the revised definition of disability in the City Charter. The 2014-2015 Adopted Budget adds 1.0 Analyst I/II in the Human Resources Department to address Police Department human resources needs as directed.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Fire Department Response Times – Explore implementing changes to staffing models and deployment, and bring that analysis before the City Council for its consideration, before the City Council considers any budget increases for more sworn staffing. Explore the necessity of additional staffing to undertake data analysis.</p>	<p>Before any increases to Fire Department sworn staffing are recommended to the City Council, the Administration will provide the City Council with analysis regarding potential staffing model and deployment changes. The 2014-2015 Adopted Budget adds 1.0 Senior Geographic Systems Specialist to assist with the data analytic needs within the Fire Department. Major duties include: incident data analysis, including call volume, call types, and late responses; work with the County of Santa Clara to develop and update mapping and platforms; and develop staff redeployment analysis. Currently, the Fire Department has six personnel to develop and maintain data systems. This additional position will improve the Department’s data analysis capacity and provide information to assist senior staff to more effectively monitor operations and allocate resources. The approval of the Mayor’s June Budget Message also allocated \$150,000 to ensure the comprehensiveness and timely completion of the Fire Department Organizational Review as part of the work to improve overall fire and emergency medical services response time performance, described in Manager’s Budget Addendum #17, Fire Station 37 (Willow Glen): Analysis of Options.</p>
<p>Fire Station 37 (Willow Glen) – Bring forward a Manager’s Budget Addendum with a recommendation regarding: 1) Build Fire Station 37 and close Fire Station 6; 2) Build Fire Station 37 and keep Fire Station 6 open; and 3) Do not build Fire Station 37 and remodel Fire Station 6, including any operating and/or capital budget impacts, as part of the 2014-2015 budget process.</p>	<p>In response to this direction, Manager’s Budget Addendum #17, Fire Station 37 (Willow Glen): Analysis of Options, describes the fiscal and operational impact of each scenario, and outlined the Fire Department Organizational Review that will be undertaken to provide information needed for the further improvement of overall fire and emergency medical services response time performance.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
La Raza Roundtable Consensus Process – Continue to support these efforts.	The 2014-2015 Adopted Budget includes one-time funding of \$50,000 to match funding from Santa Clara County for the facilitation of the La Raza Roundtable/Harvard Study Consensus Building Project, which aims to eliminate the disproportional Latino representation in the criminal justice, juvenile justice and child welfare systems serving San José.
Gang Prevention and Intervention Efforts – Allocate an additional \$1.5 million in one-time funding for Fiscal Year 2015-2016 to support the Mayor’s Gang Prevention Task Force, Safe School Campus Initiative, and the Safe Summer Initiative to keep the available funding at the same level for another year.	The 2014-2015 Adopted Budget establishes a 2015-2016 San José BEST and Safe Summer Initiative Program Earmarked Reserve of \$1.5 million to maintain an increased level of funding for this program (\$4.6 million) through 2015-2016.
Truancy Abatement/Burglary Suppression (TABS) Programs – Review and continue funding the TABS programs.	In response to this direction, a discussion of the TABS program was included in Manager’s Budget Addendum #14, Prioritization of the Burglary Investigations Unit/Burglary Reduction Efforts. As described in the MBA, this program has been partially restored and consists of three to six officers assigned on weekdays to work TABS between the hours of 8:30 am and 1:30 pm during the school year. Staff members from community-based organizations, such as Catholic Charities and Alum Rock Counseling, are available on-site at the TABS center. In addition, there are college interns at the TABS center to assist the officers.
Crossing Guards – Maintain funding to the elementary and middle school crossing guard program.	The 2014-2015 Adopted Budget adds resources to support this program. This includes the addition of 1.0 School Safety Supervisor to reduce the span of control by decreasing the School Safety Supervisor to Crossing Guards ratio from 1:94 to 1:63, thereby allowing the unit to provide additional supervision as well as school safety patrol and community presentations. In addition, 3.3 School Crossing Guard part-time positions were added to expand

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>United States Patent and Trademark Office (USPTO) – Evaluate and identify the one-time funding necessary in 2014-2015 for the construction of this project. In undertaking this evaluation, consolidate operations and otherwise maximize operational efficiencies to ensure the relocation of displaced City services to the Tower is completed in the most cost effective manner as possible.</p>	<p>service to an additional eight intersections that meet the highest needs based on the Safety Index.</p> <p>The 2014-2015 Adopted Budget provides one-time funding of \$4.5 million for the construction costs associated with the remodeling of the space within the City Hall Tower to house relocated City staff from the City Hall Wing. This action includes programming, procurement of design-build vendor, design management, and construction management services (\$4.1 million) and the associated furniture, fixtures, and equipment (\$362,000).</p> <p>It is anticipated that an operational plan will be brought forward in the fall of 2014.</p>
<p>Downtown and North San José Transportation Improvements/Street Maintenance, Repair and Safety – Maximize the use of the additional revenues received in the Building and Structure Construction Tax Fund and Construction Tax Excise Fund in the current year to address the unfunded transportation infrastructure commitments in Downtown and North San José, street maintenance for local/residential and priority street network of main roads, and repair and invest in road safety improvements.</p>	<p>The 2014-2015 Adopted Capital Budget and Capital Improvement Program directs the combined \$47 million in new construction-related revenue anticipated in 2013-2014, as well as over the next five years, toward pavement maintenance (\$16 million), transportation improvements for North San José and Downtown (\$15 million), and safety (\$9 million). The remaining funding (\$7 million) is programmed for a variety of uses such as local grant matches, policy and planning, and staff support needed to manage the increased complexity of the Traffic Capital Program.</p>
<p>Ending Homelessness – Allocate \$3.5 million in one-time funding for these purposes in Fiscal Year 2015-2016 to continue the strategy for another year.</p>	<p>The 2014-2015 Adopted Operating Budget establishes a 2015-2016 Homeless Rapid Rehousing Earmarked Reserve of \$2.0 million and a 2015-2016 Homeless Response Team Earmarked Reserve of \$1.5 million to maintain the current level of funding through 2015-2016.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Cultural and Arts Facilities Capital Replacement and Maintenance Funding Plan – Allocate the growth in Transit Occupancy Tax (TOT) revenues (over the 2013-2014 base level) to support City-owned cultural and art facilities capital needs, including developing a project approval process through the Department of Public Works. Explore the viability of expanding the TOT taxable base and report back to the City Council when the analysis is complete.</p>	<p>The 2014-2015 Adopted Budget allocates Transient Occupancy Tax (TOT) revenue growth from 2013-2014 year-end projections, totaling \$450,000, to support City-owned cultural and arts facilities, including San José Museum of Art, Tech Museum of Innovation, San José Repertory Theatre, History San José, School of Arts and Culture at Mexican Heritage Plaza, and Children's Discovery Museum. In 2014-2015, this funding was allocated to replace two chillers and reroof the portico for the Children's Discovery Museum. This allocation funds \$450,000 of the \$950,000 cost, with the General Fund providing the remaining \$500,000.</p> <p>Manager's Budget Addendum #23, Cultural Facilities Capital Improvements Project Approval Process and Funding Plan, was issued after the release of the 2014-2015 Proposed Budget that described the project approval process that will be implemented by the Department of Public Works, and a status report on the expansion of the TOT taxable base.</p>
<p>Convention Center Facilities District (CCFD) Revenue Fund – Transfer, on an annual basis and after it is actually realized, any additional funds in the CCFD Fund to the Convention and Cultural Affairs Fund (Fund 536) and use that funding for Convention Center debt expenses in that fund which will, in turn, free up funding for capital repairs and improvements to the facilities managed by Team San Jose, as appropriate. Before any transfer is made, the City Manager is directed to ensure that all bond covenants for the CCFD have been met, including full funding of the Debt Service Reserve and the Revenue Stabilization Reserve, to protect against any economic downturn.</p>	<p>The 2014-2015 Adopted Operating Budget allocates \$1.8 million in the CCFD Fund for commercial paper debt service related to the Convention Center Expansion and Renovation project. While a transfer of funds from the CCFD Fund to Fund 536 was originally included in the 2014-2015 Proposed Budget, it was determined that paying the debt service directly from the CCFD Fund would allow for a clearer accounting of expenses. The \$1.8 million is in excess of the required reserve amounts that are already satisfied, which include \$10.5 million for the Debt Service Reserve and \$10.3 million for the Revenue Stabilization Reserve. With these additional resources, the Adopted Budget includes allocations in Fund 536 for a variety of capital improvement projects in 2014-2015, primarily at the Convention Center, including</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
	<p>escalator upgrades, painting, bathroom renovations, a variety of protective guards and kick plates, and other urgent rehabilitation projects.</p>
<p>SJ2020 – Continue to support the efforts of SJ2020, an effort led by the City, the Santa Clara Office of Education, educators, business leaders, and community organizations with the goal to eliminate the student achievement gap in San José by the year 2020.</p>	<p>While the SJ2020 organization is currently in transition, the City will continue to seek ways to engage and collaborate with local schools to improve educational outcomes in San José.</p>
<p>Move Your Jobs to San José Communications – Provide a cost proposal for the City Council’s consideration of a communications campaign directed at large and small Silicon Valley driving industry companies seeking location and/or expansion space.</p>	<p>The 2014-2015 Adopted Operating Budget adds one-time funding of \$100,000 for a communications campaign targeted at Silicon Valley driving industry companies seeking location and expansion space with a target launch date of July 1, 2014.</p>
<p>Keeping Downtown Safe and Clean – Make ongoing the one-time funding which was provided to the San Jose Downtown Association (SJDA) the previous two years and review the cuts in City and Redevelopment Agency funding over the last decade to determine if funding for some of the work being done by the SJDA should be included in the base budget to offset some of the expenses SJDA incurs.</p>	<p>The 2014-2015 Adopted Operating Budget makes the previous one-time funding of \$250,000 for SJDA ongoing, funded by the General Purpose Parking Fund (\$210,000) and the Transient Occupancy Fund (\$40,000). Combined with the ongoing \$70,000 paid to SJDA from the General Purpose Parking Fund that is included in the Department of Transportation’s Non-Personal/Equipment budget, the total ongoing annual support provided by the City to SJDA will be \$320,000. In addition, \$100,000 from the General Fund is allocated toward capital improvements to Downtown Ice, the holiday ice rink at the Circle of Palms. In partnership with SJDA, who will contribute approximately one-half of the total \$200,000 project cost, the improvements include dasher board rehabilitation, lighting upgrades, and other miscellaneous equipment replacement and enhancement.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>SAP Center Renegotiation – Allocate the necessary one-time funding to ensure that the City is positioned for the renegotiation process and - as accepted into the record during the adoption of the Mayor’s Message on March 18, 2014 - work with the San José Sharks to develop a ten-year capital improvement plan that would be funded through revenues generated by the Center.</p>	<p>The 2014-2015 Adopted Budget allocates one-time funding of \$100,000 for outside expertise to ensure that the City is well-positioned for the lease negotiations and to assess the SAP Center’s capital needs over the coming months. The Administration will work with the San José Sharks as directed on a ten-year capital improvement plan.</p>
<p>Diridon Area Community Parking District – Explore the use of a Community Parking District supported by revenues from new parking meters in the Diridon Area to support a new parking facility as part of the work on Community Parking Districts as previously directed by the City Council.</p>	<p>Manager’s Budget Addendum #18, Parking Meters, Rates and Community Parking Districts, responded to this direction and, with its incorporation into the City Council approved Mayor’s June Budget Message, authorized parking meter rate changes and established two new reserves with the additional revenue from the meter rate changes: the Downtown Parking Investment Reserve (\$350,000) and the SAP Center Area Parking Reserve (\$350,000).</p>
<p>Preventative Maintenance Program – Explore the continuation of the Program as part of the 2014-2015 budget process.</p>	<p>The 2014-2015 Adopted Budget provides additional funding of \$1.3 million (\$800,000 ongoing) to extend the current Preventative Maintenance Program (funded at \$1.8 million since 2012-2013), which includes adding three ongoing positions (1.0 Building Maintenance Superintendent and 2.0 Facility Repair Workers), one-time funding for overtime (\$270,000), and funding for contractual services (\$650,000 in total, \$418,000 ongoing) to manage this program. This action will allow the overall preventative maintenance of City facilities to be maintained at the industry standard of 80% annual preventative maintenance needs for 2014-2015 (60-65% ongoing) by utilizing a combination of staff, overtime, and contractual services for maintaining the HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems.</p>

Status of Mayor and City Council Referrals

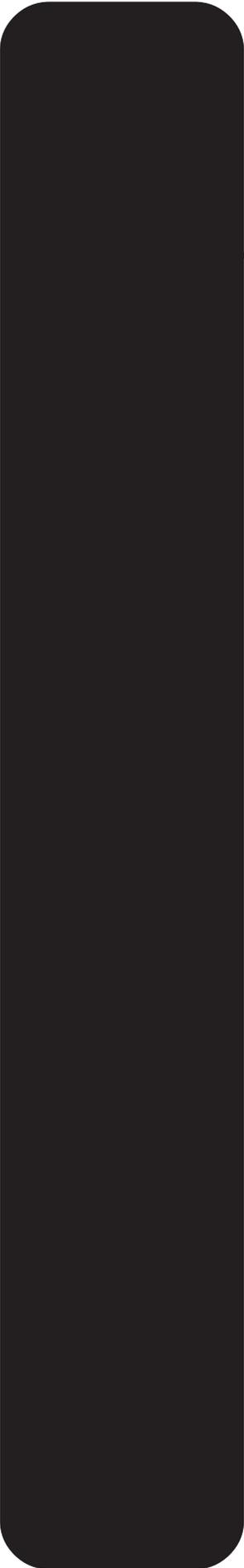
2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Review of One-Time Funded Services from 2013-2014 – Review one-time funded services that were included in the 2013-2014 Adopted Budget for continuation again in Fiscal Year 2014-2015, where appropriate. This review should also include any programs funded for two years using one-time funds that were included in the 2013-2014 Adopted Budget.</p>	<p>All services funded one-time in 2013-2014 were re-evaluated as part of the development of the 2014-2015 Adopted Budget. Most services were continued on an ongoing basis or a two-year basis.</p>
<p>Essential Services Reserve – Set aside \$2 million one-time funds that may be used for the purpose of supporting services that are of essential importance to our residents.</p>	<p>The 2014-2015 Proposed Budget included a \$2.0 million Essential Services Earmarked Reserve that was allocated by the City Council later in the 2014-2015 Adopted Budget.</p>
<p>Civic Innovation Staffing – Fund a Civic Innovation Position in the City Manager’s Office on an ongoing basis to manage projects done with skills-based volunteers.</p>	<p>The 2014-2015 Adopted Budget provides funding for 1.0 Senior Executive Analyst to manage skills-based volunteers for the City of San José through the Silicon Valley Talent Partnership. This position will be responsible for continuing to foster relationships between the City and the community in order to effectively leverage resources and maximize the City's ability to use skilled volunteers in various capacities throughout City operations.</p>
<p>Google Fiber – Explore what resources, including staffing, might be necessary to support the Google Fiber project. In addition, and as a part of this analysis, prepare a plan to streamline permitting while still maintaining full cost recovery for the project.</p>	<p>The 2014-2015 Adopted Budget allocates one-time funding of \$100,000 to support the Google Fiber project. At its meeting on June 17, 2014, the City Council accepted a status report on the Google Fiber project and adopted a resolution approving the form of a master Network Hut License Agreement that provides an overall framework for terms regarding the future installation of essential elements of a community-wide, residential high-speed fiber network.</p>

Status of Mayor and City Council Referrals

2014-2015 Adopted Operating Budget

Referral	Resolution
<p>Council General Phase Out – The 2014-2015 Base Budget will reflect the phase out of Council General to increase spending transparency. Going forward, the Council Office budgets should be set equally. Administrative costs should be set at the average cost of projected payroll.</p>	<p>The Council General Phase Out was completed and incorporated as part of the 2014-2015 Adopted Budget and the Council Office budgets have been set according to this direction.</p>
<p>Future Deficit Reserve – Use a two-year approach to ensure that there is sufficient Future Deficit Reserves remaining in order to cover the projected General Fund deficit in 2015-2016 if necessary that year as a stopgap measure.</p>	<p>The 2014-2015 Adopted Budget incorporates this direction and establishes a 2015-2016 Future Deficit Reserve in the amount of \$2.4 million to address the projected shortfall in that year.</p>
<p>Potential Ballot Measures – Allocate appropriate funding to conduct further polling and continue to work with the Mayor’s Office on the development of the polling.</p>	<p>The 2014-2015 Adopted Budget provides one-time funding of \$50,000 for potential ballot measure polling and the Administration will work with the Mayor’s Office on poll development.</p>
<p>Budget Balancing Strategy Guidelines – Use the 2014-2015 Budget Balancing Strategy Guidelines as detailed in Attachment A to the March Budget Message Memorandum to develop a balanced budget for the next fiscal year.</p>	<p>The 2014-2015 Adopted Budget incorporates this direction.</p>



2014-2015

OPERATING BUDGET

**ATTACHMENT C -
STATUS OF
CITY AUDITOR
RECOMMENDATIONS
WITH
FUNDING IMPACT**

Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

There are a number of audit recommendations that are incorporated into actions included in the 2014-2015 Adopted Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2014-2015, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2014-2015 Adopted Budget. The City Auditor's Office reports on all outstanding audit recommendations on a semi-annual basis. These status reports can be found on the Auditor's Office website at: <http://www.sanjoseca.gov/index.aspx?nid=309>.

Department	Item	Remarks
Police	Audit of Civilianization Opportunities in the San José Police Department – Develop short, medium, and long-term plans to civilianize the positions identified in this audit and/or other positions identified by the Police Department (Issued 1/14/10, #9)	<p>The 2014-2015 Adopted Budget includes the addition of 7.0 Community Service Officers (CSOs) and associated academy funding and vehicles (\$641,000 ongoing), building on the 21.0 CSOs authorized with the 2013-2014 Adopted Budget. Under this model, each of the four Police Divisions will be assigned 7.0 CSOs. The CSO Academy graduated 25 CSO positions in September 2014.</p> <p>These positions perform non-sworn technical and administrative support services (interviewing witnesses, photographing crime scenes, collecting evidence, taking telephone reports, conducting follow-up investigations, and fingerprinting).</p> <p>This action will enhance the Department's ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work.</p>

**Status of City Auditor Recommendations With Funding Impact
2014-2015 Adopted Operating Budget**

Department	Item	Remarks
Police	<p>Audit of Civilianization Opportunities in the San José Police Department – Identify partial administrative roles filled by sworn and consider options for civilianization. (Issued 1/14/10, #10)</p>	<p>The 2014-2015 Adopted Budget includes the addition of 1.0 Crime Prevention Specialist (CPS) and 1.0 Analyst II (\$176,000 ongoing) to increase community outreach, disseminate crime prevention information to City residents through presentations, and respond to residents' concerns about crime. The Crime Prevention Unit currently has 7.0 CPS to cover the four Police Patrol Divisions. The additional 1.0 CPS position will allow the Crime Prevention Unit to provide each of the four Patrol Divisions with 2.0 CPS positions. The CPS currently report to a Sergeant and their respective Patrol Captains, but the addition of an Analyst II will allow the CPS to report solely to a civilian supervisor, which will free up sworn staff for Patrol functions.</p>

Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

Department	Item	Remarks
Information Technology	<p>Audit of Information Technology General Controls - ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to:</p> <ul style="list-style-type: none"> a) better evaluate purchasing needs, b) identify opportunities to redistribute and/or share equipment and software, and, c) to the extent possible, ITD should pursue opportunities to centrally-install packages, rather than installing packages at individual workstations. <p>(Issued 1/18/12, #9)</p>	<p>As noted in the December 2013 update, the Information Technology Department is in the process of a city-wide rollout of Office 365 and has included Adobe Acrobat in its Ricoh contract, which will eliminate the need for an Adobe Acrobat installation.</p> <p>The 2014-2015 Adopted Budget includes: funding for the virtualization of desktop infrastructure to centrally store software, including operating systems and applications, thereby extending the lifecycle of the City's desktop PCs (\$500,000 one-time); the addition of 2.0 Network Technician positions for modernization of the desktop environment for Public Works and for the Development Services Partners to enhance the service delivery of desktop services (\$155,000 ongoing); and technical staff training for the implementation and support of new technologies (\$100,000 one-time).</p>

Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

Department	Item	Remarks
Environmental Services/Human Resources/City Manager– Office of Employee Relations	Environmental Services: A Department at a Critical Juncture – The Administration should continue pursuing ways to retain high-performing, critical Plant staff, such as skill-specific, time-limited retention incentives/ bonuses, requesting the Department of Human Resources/Office of Employee Relations conduct formal salary surveys for critical Plant work sections, and working with the Office of Employee Relations on potential meet-and-confer issues that such changes would present. (Issued 8/8/12, #1)	<p>The reclassifications and salary adjustments for a variety of personnel related to the Water Pollution Control Plant that were adopted by the City Council at its meeting on August 27, 2013 have been incorporated into the 2014-2015 Base Budget. The vacancy rate at the Water Pollution Control Plant was 19% in September 2014, down from the 27% measured in September 2013.</p> <p>The 2014-2015 Adopted Budget adds 9.0 Wastewater Attendant positions and eliminates 2.0 vacant Assistant Heavy Equipment Operators and 1.0 Maintenance Worker to help address chronic vacancies for WPCP Mechanic positions by: 1) creating additional points of entry into careers at the Regional Wastewater Facility and 2) help obtain a qualified candidate pool for existing Wastewater Operator Trainee, Apprentice Wastewater Mechanic, Industrial Electrician, Instrument Control Technician, and Heavy Equipment Operator positions (\$300,000 ongoing).</p>

Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

Department	Item	Remarks
Environmental Services Department	Environmental Services: A Critical Juncture – The Environmental Services Department should explore opportunities to increase revenues or reduce costs to achieve full cost recovery of South Bay Water Recycling (SBWR) operations and minimize the cost to sanitary sewer ratepayers. (Issued 8/8/12, #18)	At its meeting on April 29, 2014, the City Council approved wholesale recycled water rates – as recommended by the Transportation and Environment Committee on April 7, 2014 – that continues the discount for irrigation users and reduces the discount for industrial and agricultural users to ensure cost competitiveness. Based upon weather and individual customer usage, the additional revenue in 2014-2015 will range from \$50,000 to \$300,000, which will for the first time cover SBWR's operating and maintenance and capital costs.
Fire/Police	Fire Department Injuries: A More Coordinated Response and Better Follow-up is Needed – Subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability. (Issued 9/12/2012, #15)	Achieved during arbitration, premium pay will be discontinued for Police sworn employees during the second consecutive pay period in which an employee reports 80 hours of leave that follows a pay period where the employee reported 80 hours of leave. In this case, the employee would not receive premium pay in the second consecutive pay period where 80 hours of leave are reported and the loss of premium pay shall continue until the pay period the employee returns to work. No such agreement has been reached with the International Association of Firefighters, Local 230 (IAFF) for sworn fire employees.

Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

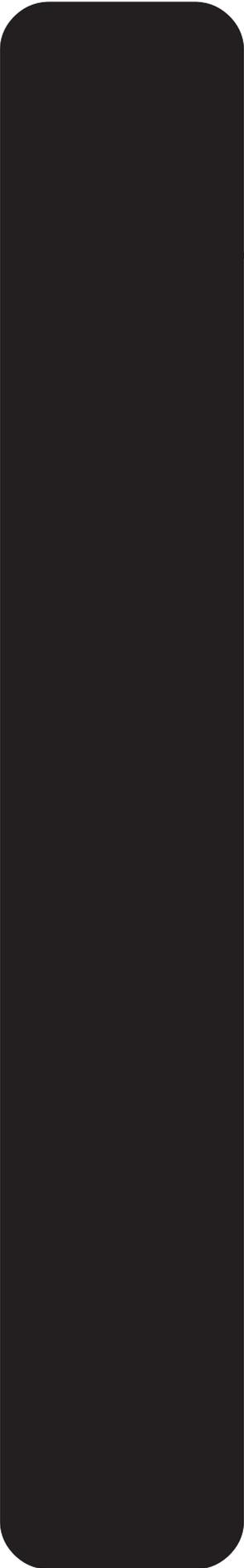
Department	Item	Remarks
Fire	<p>Fire Prevention: Improve Follow-up on Fire Code Violations, Prioritize Inspections, and Target Public Education to Reduce Fire Risk – The Fire Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk. (Issued 4/10/13, #9)</p>	<p>The 2014-2015 Adopted Budget adds \$40,000 (one-time) for consultant services to conduct a fee study of the Fire Non-Development Fee Program. A consultant will analyze the current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust the fees accordingly.</p>
Police	<p>Taxi Service and Regulation in San José: An Opportunity to Reevaluate City Priorities and Oversight – The City Council should determine its cost recovery goal for the City’s taxi-related activities as a whole, and direct the Administration to propose revenues as well as cost savings for these activities. (Issued 5/24/2013, #5)</p>	<p>Due to the civilianization efforts undertaken by the Police Department, various duties related to the permitting of taxis are now performed by non-sworn personnel. As a result, the 2014-2015 Adopted Budget includes reductions for Taxi Driver’s Permit – New/ Renewal/ Retest and Taxicab Vehicle Inspection/ Reinspection fees as described in the 2014-2015 Fees and Charges document released under separate cover.</p>
Planning, Building and Code Enforcement	<p>Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – Code Enforcement’s Multiple Housing Program should adopt a risk-based inspection process. The risk profile should include risk factors such as history of complaints, problems discovered in prior inspections, response time of the landlord or the property manager in fixing violations, and age of property. (Issued 11/14/13, #9)</p>	<p>The 2014-2015 Adopted Budget adds five positions (4.0 Code Enforcement Inspector I/II’s and 1.0 Code Enforcement Supervisor) to implement a three-tiered program for Multiple Housing Occupancy Permits that is a risk-based, proactive inspection process with a self-certification component (\$468,725 ongoing, offset by fees).</p> <p>Manager’s Budget Addendum #7, Multiple Housing Residential Occupancy Permit Program, fully describes this program.</p>

**Status of City Auditor Recommendations With Funding Impact
2014-2015 Adopted Operating Budget**

Department	Item	Remarks
Planning, Building and Code Enforcement	Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – Code Enforcement should work with the Budget Office to determine if the Residential Occupancy Permit fees can be rebudgeted to pay for multiple housing program efficiencies such as upgrading computer systems and increasing Fire department inspections. (Issued 11/14/13, #15)	As described in Manager's Budget Addendum #27, Recommended Amendments to the 2014-2015 Proposed Operating and Capital Budgets, the 2014- 2015 Adopted Budget included the rebudget of Multiple Residential Housing Occupancy fees for non-personal/ equipment funding for the replacement of Multiple Housing Code vehicles (\$101,000) and Solid Waste Code vehicles (\$101,000), as well as Multiple Housing Code programming services that includes improved informational technology resources (\$110,000).
Planning, Building and Code Enforcement	Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – To improve the cost recovery of the Abandoned Cart program, the Administration should review the feasibility of increasing the number of participating companies in the program and/or increasing its annual fees. (Issued 11/14/13, #22)	As described in Manager's Budget Addendum #26, Abandoned Shopping Cart Program, the 2014-2015 Adopted Budget includes an increase to the Abandoned Cart Program fee from \$200 per year to \$345 per year to improve the cost recovery rate. This constitutes the first year of a planned five-year phase-in to reach cost recovery, with a reevaluation of the program costs and revenues annually.

Status of City Auditor Recommendations With Funding Impact
2014-2015 Adopted Operating Budget

Department	Item	Remarks
Finance	Indirect Cost Allocation: Improved Procedures and Better Communication Needed (Issued 11/14/2013)	<p>The 2014-2015 Adopted Budget adds 1.0 Accountant position to provide needed support – as identified in many of the audit’s recommendations – for the City’s multiple Cost Allocation Plans as well as financial reporting requirements (\$86,000 ongoing). This position adds capacity to help address a number of the audit’s recommendations.</p> <p>In particular, this addition will eliminate the reliance on a single position for the Cost Allocation Plan preparation, create capacity to address audit recommendations, and add the ability to implement and document more robust processes and procedures. The position will also be responsible for responding to questions from internal and external customers regarding the Cost Allocation Plans.</p>



2014-2015

OPERATING BUDGET

COMMUNITY PROFILE

**COMMUNITY
PROFILE**

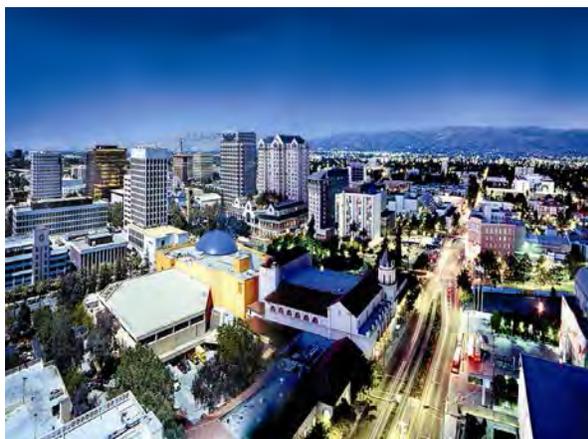
CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

STRATEGIC LOCATION

Situated between the Diablo and Santa Cruz mountain ranges, the City of San José encompasses 180.2 square miles at the southern tip of the San Francisco Bay. San José's central location between San Francisco to the north and Monterey/Carmel to the south makes the "Capital of Silicon Valley" a gateway to adventures throughout California.



With a population of 1,000,536, San José is the 10th largest city in the nation.¹ Over 1.8 million people reside in Santa Clara County, of which San José is the county seat.

HISTORY

In November 1777, El Pueblo San José de Guadalupe became the first civil settlement in California. The settlement was mostly occupied by the Ohlone Indians along the Guadalupe River and Spanish settlers. At that time, San José was a farming community cultivating a number of different crops, which served the military communities in San Francisco and Monterey. In 1850, San José became the first capital of California, but this honor remained for only two years due to the lack of hotel capacity and flooding in downtown. Furthering San José's difficulties, the City was plagued with floods, earthquakes, and fires in the early 1900s. However, over the next century, San José experienced one of the most significant economic changes in California history, transforming from an agricultural community to what is known today as the "Capital of Silicon Valley."

QUALITY OF LIFE

San José's quality of life is unsurpassed. With an average of 300 days of sunshine a year, and temperatures varying from an average of 50 degrees in January to an average of 70 degrees in July, those living and working in San José can enjoy the City's many attractions, cultural and performing arts, sports and recreation opportunities, and year-round festivals and celebrations. San José has received accolades from Forbes, the Atlantic, and other national media as the place to live and do business.

DIVERSITY

Diversity is a hallmark of San José. San José is a city proud of the cultural and ethnic diversity of its population and workforce and the rich cultural identity of its many neighborhoods. City residents speak more than 50 different languages.



¹ State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2013 and 2014. (Released May 2014)

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

DIVERSITY

Japantown is a popular tourist stop and a cornerstone neighborhood full of tradition. Little Saigon is a haven of Vietnamese owned and operated businesses where customers and tourists can experience unique shopping experiences and diverse restaurants. Biblioteca Latinoamericana, one of the City's innovative library branches, boasts one of the largest collections of Spanish language materials in northern California. The City hosts many cultural festivals and numerous ethnic chambers of commerce are active in the community. According to the 2012 American Community Survey demographics, residents of the City are 33.2% Hispanic, 32.8% Asian, 27.6% White, 2.8% African American, and 3.6% other.

EDUCATION

Sixteen public school districts and an estimated 300 private and parochial schools provide families with a range of educational choices. Innovative programs in local school districts include a nationally acclaimed performing arts magnet and concentrations in aerospace, international studies, math and science, and radio and television.



Higher education facilities in and around San José are superior. San José State University (SJSU) is California's oldest public university, founded in 1857. It offers strong programs in business, information technology, journalism, mass communications, and engineering, with SJSU graduating twice as many engineers annually as any nearby university. In addition, the collaboration between SJSU and the City of San José to construct and operate the Dr. Martin Luther King, Jr. Library (King Library), the first joint City/University library, earned the prestigious national title of Gale/Library Journal 2004 Library

of the Year. The King Library also received the National Medal for Museum and Library Service from the Institute of Museum and Library Services in 2011.

Area colleges include Santa Clara University, the State's oldest institution of higher private education, founded in 1851. Other excellent nearby universities include Stanford University, University of California at Berkeley, University of California at San Francisco, and University of California at Santa Cruz.

Seven community colleges serve the County of Santa Clara, offering a variety of two-year programs and work-ready certificate programs. Community-based programs like Metropolitan Education District and the Center for Employment Training fill the need for basic skills and job training.

ECONOMIC DIVERSITY

Perhaps more important than rankings and statistics, the term "Capital of Silicon Valley" describes not only a city and geographic region, but also a culture, an entrepreneurial energy, a spirit of innovation, and a symbol of opportunity. That entrepreneurial spirit led to the launch of several

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

ECONOMIC DIVERSITY

business incubators, accelerators, and co-working spaces throughout San José. This entrepreneurial ecosystem provides access to a range of services and offerings for any type of business. For instance, the San José Biocube provides space for 21 high-potential startup companies involved in a diverse range of bio-convergence industry sectors. The City continued to build on its early success with the development of incubators by adopting a Green Vision, which aggressively promotes the growth of ‘clean technology’ companies that are developing alternative energy, energy efficiency, and transportation innovations of tomorrow. There are 124 clean tech companies in San José employing over 11,888 residents. Additional investments by the City include a 46,000 square foot building that will house ProspectSV, which is intended to strengthen San José’s leadership in clean technology demonstration. While San José and Silicon Valley are largely associated with the technology industry, the City’s business profile is diverse and healthy. Commercial, retail, industrial, professional, and service businesses all thrive in San José. The area is rich with research and development resources, as San José area companies receive on average about one-third of the nation’s venture capital investments each year.

INTERNATIONAL

On the international front, San José attracts significant foreign investment from throughout the globe, particularly in information technology industrial sectors. San José is also a leading city in exporting goods and services. To expand international economic ties, the City maintains Economic Partnership Agreements with key international cities and regions that complement San José’s economic profile in technological innovation and entrepreneurship.

TOURISM

Residents and visitors enjoy the City’s many attractions year-round: museums, parks, sports, multicultural festivals, theme parks, shopping, and of course, great hotels and restaurants. Attractions include the Tech Museum of Innovation, San José Museum of Art, Raging Waters, Happy Hollow Park and Zoo, the Japanese Friendship Garden, the Winchester Mystery House, and the Children’s Discovery Museum of San José.

SPORTS

Several professional sports teams call San José home: the Sharks, National Hockey League; the Earthquakes, Major League Soccer; the SaberCats, Arena Football League; and the Giants, Minor League Baseball. The City also has a state-of-the-art community ice center, golf courses, and parklands, including 55 miles of beautiful walking and biking trails.



TRANSPORTATION

San José/Silicon Valley has the following mass transportation options:

- The Norman Y. Mineta San José International Airport, located within minutes of downtown, serving over 9.1 million passengers annually, with 10 major passenger airlines operating service to 26 U.S. cities and three international destinations.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

TRANSPORTATION

- The Santa Clara Valley Transportation Authority's (VTA) 42-mile light rail service with 62 stations, serving over ten million passengers annually. VTA's active fleet of 431 buses serving 32 million annual riders with 70 routes and over 3,804 stops.
- Caltrain, a commuter rail service, with 32 stations, runs from Gilroy through San José and north to San Francisco, with an average weekday ridership of 57,170. Caltrain operates 92 weekday trains, including 22 Baby Bullet express route trains that travel from San José to San Francisco in less than an hour.
- Bay Area Rapid Transit (BART) and California High-Speed Rail both have planned routes to San José. In April 2012, construction began on phase one of the BART Silicon Valley Extension. Significant construction activities are underway, including major utility relocation throughout the project corridor, trench work at major project intersections, and ongoing construction at future station sites. Estimated passenger service is scheduled to begin in 2017-2018.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE 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

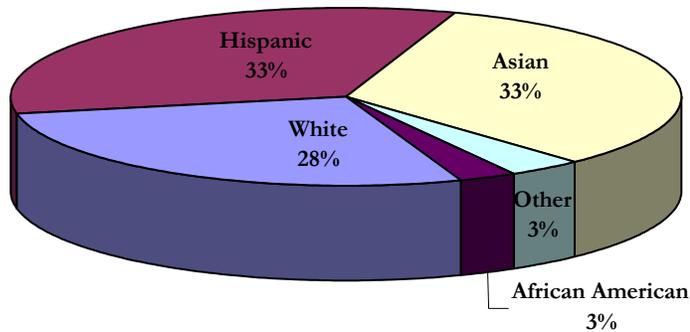
GENERAL DATA

Population ²	1,000,536
Registered Voters	412,375
Median Household Income	\$81,349
Miles of Streets	2,415
Miles of Alleys	2
Area of City (square miles)	180.2
Land Use:	
Single-Family	33.3%
Two-Family	2.3%
Multi-Family	6.5%
Mobile Home	0.8%
Commercial	5.1%
Industrial	7.6%
Government Institutions	2.8%
Airports	1.2%
Schools	4.5%
Parks/Open Space	8.6%
Roadways	20.9%
Mixed Use	0.8%
Undeveloped	5.6%



DEMOGRAPHICS

Breakdown of Race/Ethnicities (U.S. Census Bureau, 2012 American Community Survey)

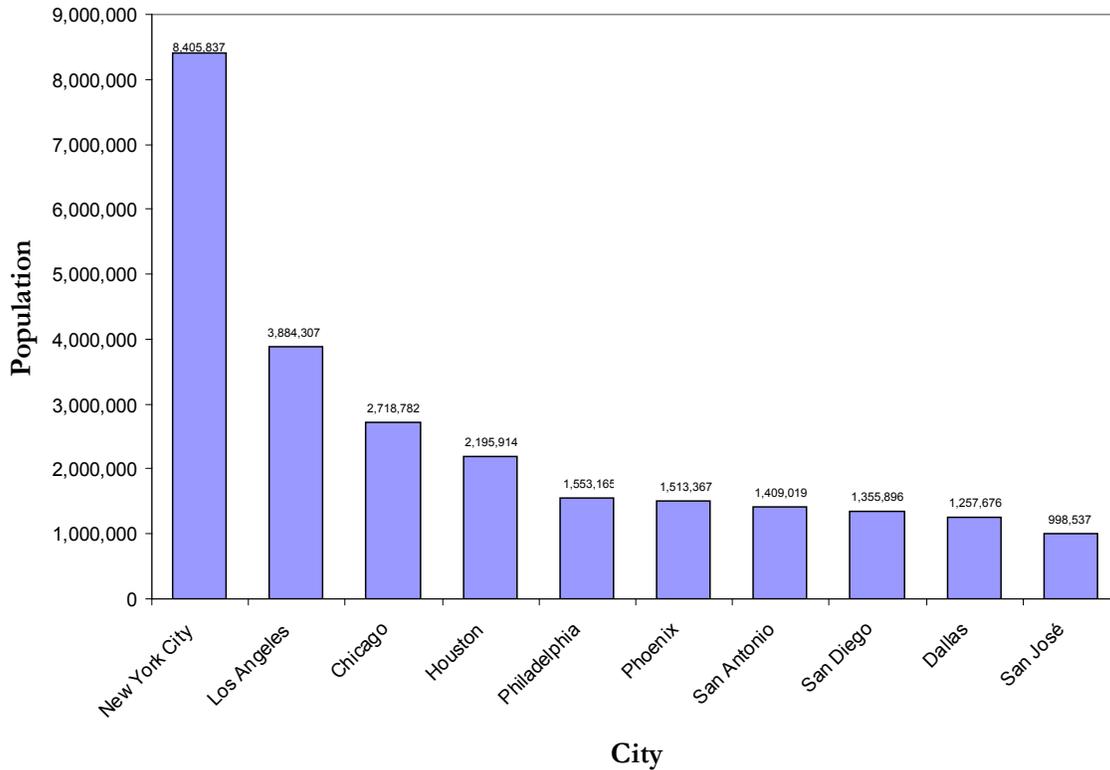


² State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2013 and 2014. (Released May 1, 2014)

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

POPULATION OF 10 LARGEST U.S. CITIES



Source: U.S. Census Bureau, Population Division (July 2014)

MAJOR EMPLOYERS

<u>Company</u>	<u>Number of Employees</u>
Cisco Systems	16,100
Santa Clara County	15,766
eBay/Paypal, Inc.	5,860
City of San José*	5,759
IBM Corporation	3,920
US Postal Service	3,900
San José State University	3,800
Western Digital/Hitachi	2,540
San José Unified School District	2,320
Kaiser Permanente	2,300
Adobe Systems Inc.	2,060
Good Samaritan Health System	2,000
Brocade Communication	1,980
Target Corporation	1,900
Cadence Design Systems Inc.	1,580

Source: City of San José, Office of Economic Development

* 2014-2015 Adopted Operating Budget

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

SAN JOSE METROPOLITAN STATISTICAL AREA (MSA) EMPLOYED RESIDENTS*



* The San José, Sunnyvale, and Santa Clara Metropolitan Statistical Area (MSA) includes Santa Clara and San Benito Counties
Source: U.S. Census Bureau, California Employment Development Department (Released July 2014).

ANNUAL UNEMPLOYMENT RATES**

Unemployment Rates***	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> (as of July 2014)
San José MSA	6.1%	11.0%	11.2%	9.9%	8.6%	7.0%	5.9%
State	7.2%	11.3%	12.4%	11.7%	10.5%	8.9%	7.9%
National	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.5%

** Average annual rates based on monthly employment statistics

*** Unadjusted unemployment rates

Source: U.S. Census Bureau, California Employment Development Department (Released July 2014)

CITY OF SAN JOSE 2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

AIRPORT

Size	1,050	Approx. Acres
Terminals	2	
Runways	3	
Hours of Operation	24	
Flights in 2013-2014:		
Commercial Airline Operations	73,596	
Cargo Commercial Airlines Operations	1,468	
Taxi/Commuter Commercial	17,460	
General Aviation	29,619	
Military Flights	208	
Landings per Day in 2013-2014:		
Commercial	125	
General Aviation	41	
Number of Passengers in 2013-2014:	9.06	Million
Public Parking Spaces:		
Hourly Parking	2,500	
Daily Parking	1,360	
Economy Parking	1,670	
Services:		
Passenger Airlines	10	
All-Cargo Airlines	2	
General Aviation Based Aircraft	64	



ENVIRONMENT AND UTILITIES

Miles of Municipal Sewer Mains		2,294
Number of Water Pollution Control Plants ³		1
Number of Square Miles the Sanitary Sewer System Spans		179.8
Gallons of Wastewater the Plant has the Capacity to Treat Per Day		167.0 Million
Gallons of Wastewater Treated Per Day		102.8 Million
Number of Municipal Water Systems ⁴		1
Water Services in Municipal Service Water Area		26,700
Miles of Water Mains		345
Gallons of Potable Municipal Water Delivered		6.8 Billion
Gallons of Recycled Municipal Water Delivered		1.4 Billion
2013-2014 Recycled Materials:		
Tons of Paper	58,000	
Tons of Glass	17,000	
Tons of Cardboard	14,000	
Tons of Metals	4,000	
Tons of Plastics	7,000	
Tons of Other Materials	<u>3,000</u>	
Total Tons of Recyclables	103,000	



³ Serving the San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno areas.

⁴ Serving the Evergreen, North San José, Alviso, Edenvale, and Coyote Valley areas. Other areas served by private water companies.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SAN JOSE AT A GLANCE

ENVIRONMENT AND UTILITIES

2013-2014 Recycled Materials:	
Multi-Family Dwelling Tons	
Composted	55,000
Tons of Yard Trimmings	129,000
Tons of Used Motor Oil	273

FIRE

Fire Stations	33
Companies	40
Squad Cars	5
Equipment	
Engines:	
Front Line	30
Relief	15
Trucks:	
Front Line	9
Relief	4
Brush Patrol Apparatus:	
Front Line	7
Relief	6
Aircraft Rescue and Firefighting Apparatus:	
Front Line	2
Relief	1
Urban Search/Rescue and Hazmat Apparatus:	
Front Line	3
Auxiliary Apparatus	131
Emergency Medical Calls	49,000
Fire Safety Code Inspections	12,368
Fires	1,930



LIBRARIES

Number of Outlets:	
Main Library	1
Branches	22
Items Checked Out (Circulation)	10,491,139
Books (Inventory)	1,733,389
Audio Visual Materials (Inventory)	368,330
Reference Questions	548,062



PARKING

Parking Meters	2,628
Parking Lots (1,308 total spaces)	6
Parking Garages (6,172 total spaces)	8

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

SAN JOSE AT A GLANCE

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

Park Sites*	194
Basketball Courts	95.5
Bocce Ball Courts	12
Exercise Courses	34
Handball Courts	7
Horseshoe Pits	17
Lawn Bowling Greens	13
Sand Volleyball Courts	9
Skate Parks	6
Softball/Baseball/T-Ball Fields	52
Swimming Pools	6
Tennis Courts	93
Soccer Fields	46
Park Acreage*	3,436
Playgrounds*	263
City Operated Community Centers	12
Partner Operated Re-Use Sites	42
Public Golf Courses	3
Gymnasiums	7
Fitness Rooms	5
Youth Centers	6
Walking and Biking Trails (miles)	55
Total Participation in Recreation Programs at Community Centers	555,000
Total Participation in Recreation Programs at Re-Use Centers	20,000



POLICE

Police Stations	1
Community Policing Centers	3
Police Marked Vehicles	317
Motorcycles	52
Horses	5
Dogs	13
Aircraft:	
Helicopter	1
Fixed Wing	1
Number of Emergency Calls Received	549,000
Number of Non-Emergency Calls Received	368,000
Cases Assigned Per Year	22,300



* Data represents City services (excludes school data)

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

ROSTER OF ELECTED OFFICIALS

CITY COUNCIL	DISTRICT	TELEPHONE	E-MAIL
Chuck Reed	Mayor	535-4800	mayoremail@sanjoseca.gov
Pete Constant	1	535-4901	district1@sanjoseca.gov
Ash Kalra	2	535-4902	ash.kalra@sanjoseca.gov
Sam Liccardo	3	535-4903	district3@sanjoseca.gov
Kansen Chu	4	535-4904	district4@sanjoseca.gov
Xavier Campos	5	535-4905	district5@sanjoseca.gov
Pierluigi Oliverio	6	535-4906	pierluigi.oliverio@sanjoseca.gov
Madison P. Nguyen	7	535-4907	district7@sanjoseca.gov
Rose Herrera	8	535-4908	rose.herrera@sanjoseca.gov
Donald Rocha	9	535-4909	district9@sanjoseca.gov
Johnny Khamis	10	535-4910	district10@sanjoseca.gov



CITY COUNCIL MEETINGS

- Every Tuesday at 1:30 p.m. in the Council Chambers.
- Evening meetings at 7:00 p.m. in addition to the afternoon meeting once a month, as listed in the approved City Council Meeting Schedule, in the Council Chambers.
- Closed sessions every Tuesday at 9:30 a.m. in the Council Chambers conference rooms.
- No meetings are held in July when the City Council is in recess.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

Following is a list of significant State and local voter-approved initiatives.

2010s Initiatives

Measure D requires the payment of minimum wages in San José at \$10 per hour with an annual increase, if any, based on the Consumer Price Index beginning January 1, 2014; City enforcement through fines, penalties, civil actions, or revocation or suspension of permits or licenses; voter approval of substantive changes to the ordinance; and allows private enforcement through civil actions.

Measure B allowed the City Charter to be amended to modify retirement benefits of City employees and retirees by: increasing employees' contributions, establishing a voluntary reduced pension plan for current employees, establishing pension cost and benefit limitations for new employees, modifying disability retirement procedures, temporarily suspending retiree COLAs during emergencies, and requiring voter approval for increases in future pension benefits. Measure B was passed by the voters in 2012.

Measure K increased the Cardroom Tax rate on gross revenues from 13% to 15%, allowed each cardroom to seek City approval to increase the number of tables from 40 to 49, removed the limit on the number of permissible card games to allow any card game permissible under State law consistent with City regulations, and increased the betting limit from \$200 to that allowed under State law. Measure K was passed by the voters in 2010.

Measure U allowed the City Council to impose a business tax on marijuana businesses in San José at a rate of up to 10% of gross receipts. The revenues from the marijuana business tax are subject to an annual audit. Measure U was passed by the voters in 2010.

Measure V changed the mandatory arbitration process regarding the selection of the Chair of the Board and required all hearings and documents submitted in arbitration to be accessible to the public. Further, it requires that the Arbitration Board consider the City's financial condition and ability to pay; provide consideration to the rate of increase or decrease of compensation approved by the City Council for other bargaining units; be precluded from rendering a decision, or issuing an award that increases the projected cost of compensation at a rate that exceeds the rate of increase in certain revenues, retroactively increases or decreases compensation, creates a new or additional unfunded liability; and interferes with the discretion of the Police or Fire Department to make managerial, operational, or staffing decisions. Measure V was passed by the voters in 2010.

Measure W allowed the City Council to adopt an ordinance to exclude future City officers and employees from any existing retirement plans or benefits and to establish retirement plans for future employees that do not provide for the current minimum requirements set forth in the San José City Charter. Measure W was passed by the voters in 2010.

Proposition 22 reduces or eliminates the State's authority to delay or redirect the distribution of tax revenues for transportation, redevelopment, or local government projects and services, even during periods of severe fiscal hardship. The proposition requires the State Controller to reimburse local governments or accounts, if a court rules that the State violated a provision of Proposition 22. Proposition 22 was passed by the voters in 2010.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

2010s Initiatives

Proposition 26 requires that certain State fees be approved by a two-thirds vote of the Legislature and certain local fees be approved by two-thirds of voters. The proposition broadened the definition of a State or local tax to include some fees and charges that governments previously could impose with a majority vote. Proposition 26 was passed by the voters in 2010.

2000s Initiatives

Measure J replaced the Emergency Communication System Support Fee of \$1.75 per telephone line per month with a tax of \$1.57 per telephone line per month. The City ceased collecting the fee and began collecting the tax on April 1, 2009. The tax is collected from telephone users on their phone bills. Exemptions to the tax include low-income seniors and disabled persons who receive lifeline telephone service. Measure J was passed by the voters in 2008.

Measure K reduced the telephone utility rate from 5% to 4.5% (10% reduction) in San José. This measure broadened the base for the utility tax and the definition of technologies covered by the tax. The utility company collects the tax from consumers on a monthly basis and is required to remit the tax to the City by the 25th of the following month. The tax is not applicable to State, County, or City agencies. Measure K was passed by the voters in 2008.

Proposition 1A prohibits the State from reducing local governments' property tax revenue. The provisions may be suspended only if the Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension. Suspended funds must be repaid within three years. Proposition 1A also requires local sales tax revenues to remain with local governments, and for the State to fund legislative

mandates. Proposition 1A was passed by the voters in 2004 but became effective 2006.

Measure S authorized the collection of a parcel tax to enhance the City's library services and facilities. The tax is collected twice per year on each parcel of real property and deposited into the Library Parcel Tax Fund. All proceeds, including interest, must be expended for Library purposes. This tax sunsets in 2014. Measure S was passed by voters in 2004.

Measure A, the Airport Security and Traffic Relief Act, authorized the City to implement infrastructure improvements at the Airport to meet federally mandated security requirements, improve passenger facilities, and add nine new gates once the Airport street system is within three years of completion and funding has been identified for the implementation of the Airport People Mover transit connection. Measure A was passed by the voters in 2003.

Measure O authorized the issuance of a \$159 million general obligation bond (Neighborhood Security Act Bond Measure) to improve San José's fire, police, and paramedic response times by adding and improving fire stations and police stations, training facilities, and creating state-of-the-art 9-1-1 communications facilities. Measure O was passed by the voters in 2001.

Measure K approved an update to San José's General Plan to modify greenline/urban boundaries. Measure K was passed by the voters in 2000.

Measure O authorized the issuance of \$212 million in bonds over 10 years for the establishment of six new and 14 expanded branch libraries in San José. Measure O was passed by the voters in 2000.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

2000s Initiatives

Measure P authorized the issuance of \$228 million in general obligation bonds for the establishment of new and improved existing public parks and facilities in San José. Measure P was passed by the voters in 2000.

1990s Initiatives

Measure I authorized the construction of a new City Hall, located in downtown San José. Measure I was passed by the voters in 1996.

Proposition 218 extended the two-thirds majority vote requirement for any new user fees or new taxes to be levied at the local level. Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing. Proposition 218 was passed by the voters in 1996.

Proposition 172 enacted a half-cent sales tax increase. Monies derived from this tax must be utilized solely for public safety services. Revenue is distributed to cities and counties for purposes such as police, sheriffs, fire, district attorneys, and corrections. Proposition 172 was passed by the voters in 1993.

Measure I established term limits for the City. City Council members and the Mayor can only serve for two successive four-year terms in office. Measure I was passed by the voters in 1990.

Proposition 8 allowed a property owner to file an assessment appeal when the market value of the property is less than the current assessed value. If the appeal is successful, the assessed valuation is lowered to reflect current market conditions. Proposition 8 also provided that the value of reassessed properties may be increased

to previous levels when market values increase. Proposition 8 was passed by the voters in 1990.

Proposition 111 enacted a statewide traffic congestion relief program and changed the procedures for calculating the Gann Limit by updating the spending limit on state and local government to better reflect the needs of a growing California population. It provided new revenues to reduce traffic congestion by building state highways, local streets and roads, and public mass transit facilities. Proposition 111 was passed by the voters in 1990.

1980s Initiatives

Measure C authorized the City to use public funds to build low-rent housing. Measure C was passed by the voters in 1988.

Measure H authorized the City to build a sports arena, currently known as the SAP Center at San José. Measure H was passed by the voters in 1988.

1970s Initiatives

Proposition 4, otherwise known as the “Gann Limit,” stipulated that the City must compute an annual appropriations limit, which places a ceiling on the total amount of tax revenues the City can appropriate annually. The limit is adjusted each year using the following criteria: (1) the percentage change in California Per Capita Income or the change in the City’s Assessed Valuation due to new non-residential construction, whichever is greater and (2) the percentage change in the city-wide population, whichever is greater. Proposition 4 was passed by the voters in 1979.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

1970s Initiatives

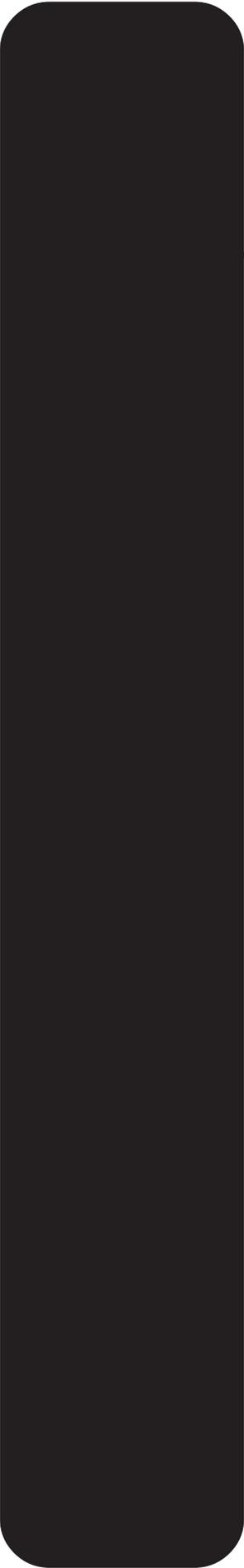
Proposition 13 placed a substantial limitation on the ability of local governments to collect sufficient property taxes commensurate with the historical role this revenue source has played in funding both municipal operations and new public facilities. Proposition 13 specified that an assessed value may increase at the rate of the Consumer Price Index, not to exceed two percent per year based on the 1979 value, unless the property is improved or sold aligning the newly assessed value to the market value. Proposition 13 was passed by the voters in 1979.

1890 – 1970 Initiatives

1965 – Passed by the voters in 1965, the City Charter reaffirms the Council-Manager form of government in San José. The City consists of 10 council members elected by district and a Mayor elected at large.

1897 – The City Charter was adopted in 1897. The Charter generally establishes the organization and structure of City government. The Charter also empowers the City Council to make and enforce all ordinances and regulations with respect to municipal affairs subject only to the limitations specified in the Charter.

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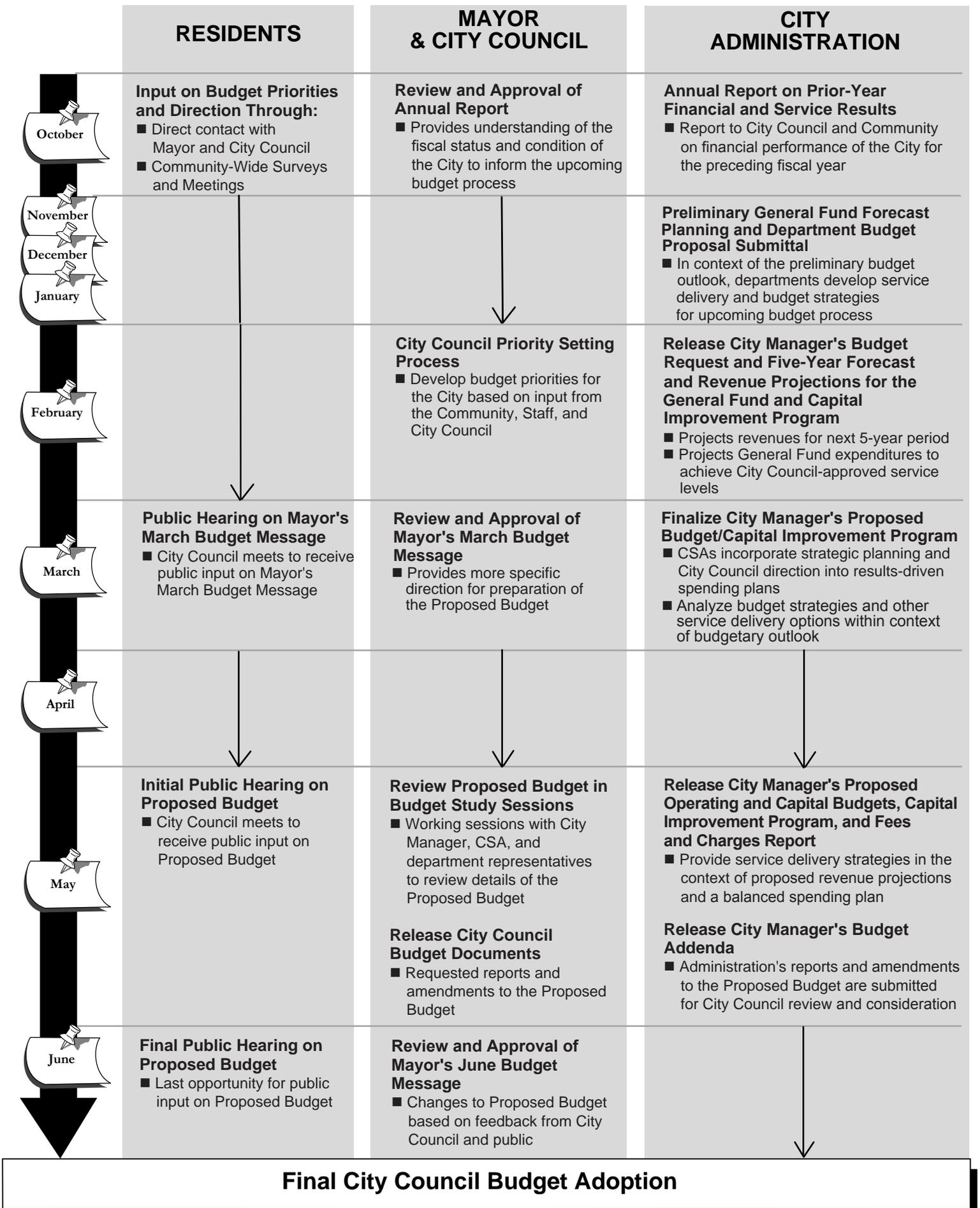
2014-2015

OPERATING BUDGET

**BUDGET
GUIDE**

BUDGET GUIDE

CITY OF SAN JOSE ANNUAL BUDGET PROCESS



**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

CITY ORGANIZATION BY CITY SERVICE AREA

**Community and Economic
Development**

City Manager - Economic Development

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

Fire

Fire Safety Code Compliance

Housing

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

Planning, Building and Code Enforcement

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

Public Works

Regulate/Facilitate Private Development

Environmental and Utility 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

Public Safety

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

Neighborhood Services

Library

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

Parks, Recreation and

Neighborhood Services

Parks Maintenance and Operations
Recreation and Community Services

Planning, Building and Code

Enforcement

Community Code Enforcement

Public Works

Animal Care and Services

**Transportation and Aviation
Services**

Airport

Airport Business Development
Airport Facilities Maintenance
Airport Operations
Airport Planning and Capital Development

Police

Traffic Safety Services

Transportation

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

Strategic Support

Finance

Disbursements
Financial Reporting
Purchasing and Risk Management
Revenue Management
Treasury Management

Human Resources

Employee Benefits
Employment Services
Health and Safety
Training and Development

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 Services

Retirement Plan Administration

Mayor, City Council, and Appointees

Mayor and City Council

Office of the Mayor
City Council

City Attorney

Legal Representation
Legal Transactions

City Auditor

Audit Services

City Clerk

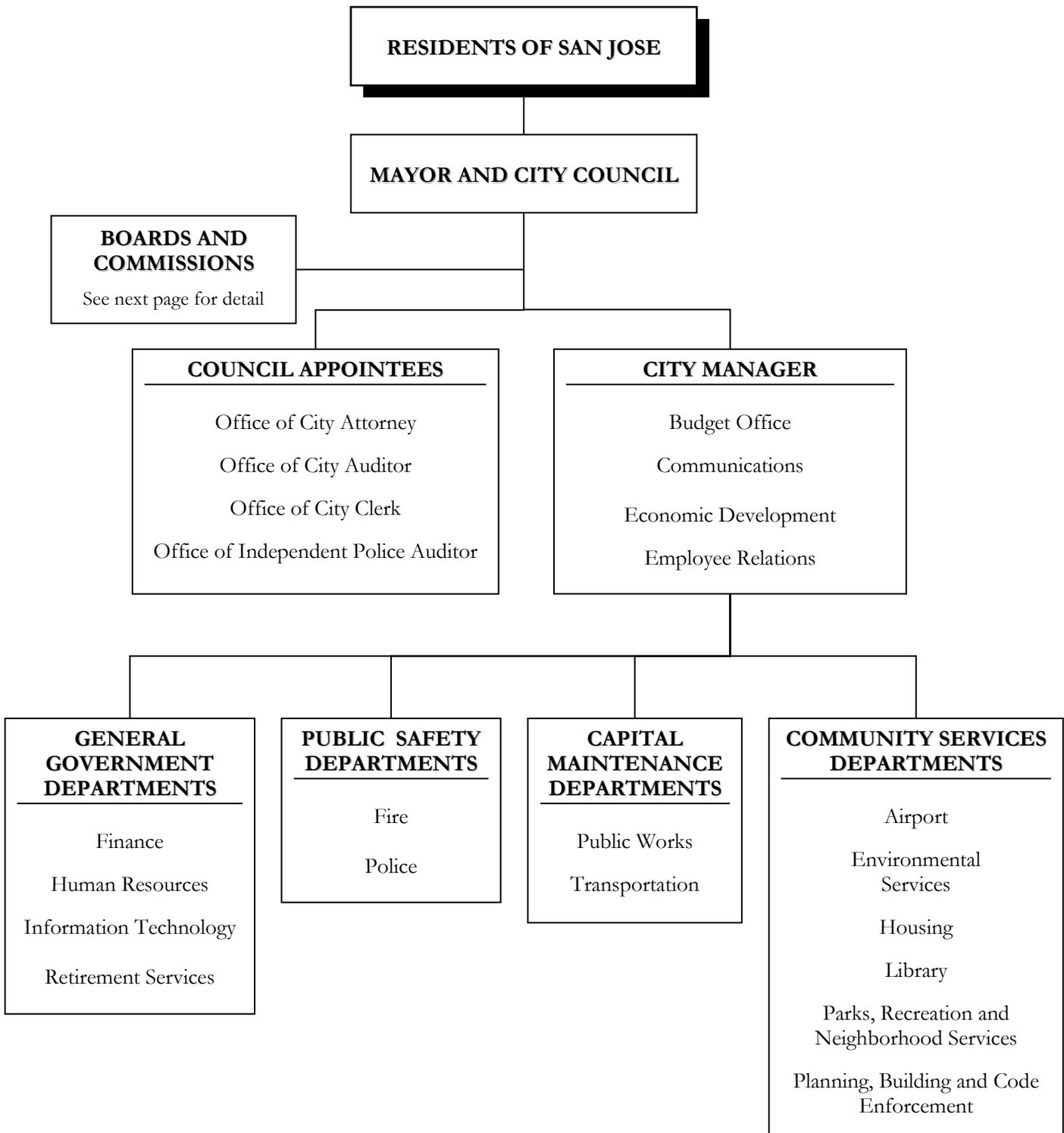
Facilitate the City's Legislative Process

City Manager

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

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

CITY ORGANIZATION BY FUNCTION



CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

BOARDS AND COMMISSIONS

Airport Commission Appeals Hearing Board
Arts Commission
Civil Service Commission
Council Appointment Advisory Commission
Council Salary Setting Commission
Disabled Access Board
Downtown Parking Board
Ethics Commission
Federated City Employees Retirement System Board of Administration
Historic Landmarks Commission
Housing and Community Development Commission
Human Services Commission
Library and Early Education Commission
Mayor's Gang Prevention Task Force
Neighborhoods Commission
Parks and Recreation Commission
Planning Commission
Police and Fire Department Retirement Plan Board of Administration
Senior Citizens Commission
Work2Future Board
Youth Commission

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

OPERATING BUDGET GUIDE

The Operating Budget document includes the **City Manager's Budget Message**, outlining major policy issues and changes to City programs, including the General Fund Balancing Strategy Detail, status of Mayor and City Council referrals, and status of City Auditor recommendations with funding impact. The **Community Profile** section includes basic City information and data, the roster of elected officials, as well as a listing of State and local legislative highlights. The **Budget Guide** section provides a flow chart of the City of San José's annual budget process, City organization charts by City Service Area and function, this operating budget guide, fund descriptions, a glossary of terms, and an acronyms index. **Summary Information** of expected revenues and expenditures is then presented, along with comparative five-year **History and Trend** information on revenues, expenditures, and staffing. The **Budget Policies and Practices** section includes budgeting policies, a City Service Area policy framework, significant accounting practices, and information regarding debt service obligations. The **General Fund Revenue Estimates** section contains assumptions used in budget development, as well as descriptions of major General Fund revenue sources. The remaining Operating Budget document is organized by the following sections as discussed below.

City Service Areas (CSAs) align services provided in individual departments into the City's six key lines of business as viewed from the community's perspective. A collection of core services from various partner departments, CSAs show the results of the collaboration among the departments at a higher organizational level:

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

Strategic Support represents functions that provide organization-wide guidance and support to enable the delivery of the City's direct services.

As an introduction to the CSA section, an **Overview** of the CSA concept, structure, and role in strategic planning and cross-departmental management of service delivery is included. Also, **City Service Area Budget** and **Position Summary** charts, including information regarding total operations and staffing, and a **City Service Area/Core Service Map** are provided.

CITY SERVICE AREAS (CSA)

Individual sections on each of the six CSAs follow. Each individual CSA section begins with a **Cover Page** that lists the **CSA Mission Statement**, **Outcomes**, and **Primary Partners**, followed by a **Service Delivery Framework** that maps the linkage between the CSA mission, outcomes, and core services. A **Budget Summary** follows, which includes the CSA's **Expected 2014-2015 Service Delivery** and **2014-2015 Budget Actions** for the next year, a chart dividing the CSA's

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

OPERATING BUDGET GUIDE

CITY SERVICE AREAS (CSA)

Total Operations by Core Service, and a detailed **City Service Area Budget Summary**.

The CSA Budget Summary is followed by a **CSA Overview** that includes highlights of the CSA's **Service Delivery Accomplishments, Service Delivery Environment, and Priorities/Key Services**. The CSA Overview continues with the **Budget Dollars At Work: Performance Goals** section, which focuses on strategic goals and performance measures by outcome. A chart is displayed under each outcome outlining the current year, subsequent year, and five-year Strategic Goals and associated performance measures. Below the charts, key highlights are discussed that help explain service delivery objectives related to current and planned performance (the "ends" toward which the plans, efforts, and resources of the CSA are directed); performance and budget changes in that outcome; the CSA's strategy to achieve strategic goals with available resources; and/or explanations of performance data variances or adjusted targets to reflect program changes. The **Budget Changes** section provides a listing of actions including position and budget changes.

CITY DEPARTMENTS/COUNCIL APPOINTEES

Next, the **City Departments** section, organized alphabetically, reflects technical budget information for each department and provides a full description of budget changes. Each department section begins with a brief synopsis of the department, including the department's **Mission Statement**, listing of the **City Service Areas** supported by the department, and listing and description of the department's **Core Services**. A **Service Delivery Framework** follows, which maps the linkage between the department's **Core Services** and **Key Operational Services**.

This framework is followed by a **Department Budget Summary**, which includes a summary description of expected 2014-2015 service delivery, impacts of 2014-2015 key budget actions, and a list of operating funds managed by the department (if applicable). A table reflecting funding by core service, category, and funding source for four separate points in time: 2012-2013 Actual Expenditures, 2013-2014 Adopted Budget, 2014-2015 Forecast (Base Budget), and 2014-2015 Adopted Budget, follows. Total Authorized Positions by Core Service are also provided.

Next, the **Budget Reconciliation** is presented, providing significant Base Budget adjustments (such as negotiated salary and benefit changes and contractual obligations) from the prior year's Adopted Budget and a listing of Budget Proposals approved for 2014-2015.

The details of **Budget Changes by Department** are provided next. Included for each change is a budget action title; the action's impact on positions, all funds, and the General Fund; a list of the CSAs and core services impacted; followed by a description of what will be added or deleted, the need for the change, the amount and nature of the funding involved; and performance results expected to occur when the action is implemented. The **Performance Results** describe in quantitative terms, wherever possible, the expected outcome of the recommended action. This information is characterized by one or more of the four key measurement areas: Quality, Cost, Cycle Time, and/or Customer Satisfaction.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

OPERATING BUDGET GUIDE

CITY DEPARTMENTS/COUNCIL APPOINTEES

The **Performance Summary** charts are next. These charts present the measures and data used in evaluating core service results. Most core services include performance measures that describe expected results in four key measurement areas:



Quality – How well is the service doing what it is intended to do?



Cost – What resources are used to achieve results?



Cycle Time – Timeliness of service delivery.



Customer Satisfaction – How customers view the City's service efforts.

Attempts were made to limit the total number of measures shown by combining similar types, such as Customer Satisfaction measures, for all operational services within the core service.

Any performance measures that are new, revised, or deleted from the prior year are highlighted in footnotes underneath the Performance Summary chart. The following footnote symbols delineate the type of change, followed by a rationale and additional information where applicable: **+** New, **U** Revised, **X** Deleted.

The **Activity and Workload Highlights** chart shows the scope and extent of the workload demand and the activities completed. For example, while the Performance Summary section focuses on percentages of workload accomplished successfully, the Activity and Workload Highlights section may provide a count of the total workload attempted/completed. As with performance measures, any activity and workload highlights that are new, revised, or deleted from the prior year are highlighted in footnotes with the same footnote symbols as described above.

The City Departments section ends with a **Departmental Position Detail** that provides the authorized positions for the department and a one-year history of changes.

CITY-WIDE

The next major section of the budget document includes technical budget information. **City-Wide Expenses** are General Fund allocations that relate to more than one department or are not directly associated with ongoing departmental operations. These expenses are categorized to align to the CSAs to which they primarily contribute. **General Fund Capital, Transfers, and Reserves** includes budget information regarding capital contributions, transfers to other funds, earmarked reserves, and the contingency reserve. Both the City-Wide Expenses and General Fund Capital, Transfers, and Reserves sections include a **Mission Statement**, listing of **City Service Areas** and **Programs** supported by these allocations, **Budget Summary**, **Budget Reconciliation**, **Budget Changes by Program**, and **Detail of Costs Description** (a listing of all allocations for each Program).

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

OPERATING BUDGET GUIDE

SELECTED SPECIAL FUNDS SUMMARIES

The **Selected Special Funds Summaries** section provides budget summary information for certain special funds, including the Community Development Block Grant Fund, Integrated Waste Management Fund, Sewer Service and Use Charge Fund, Storm Sewer Operating Fund, and Transient Occupancy Tax Fund. These funds support activities in several CSAs and departments. Each summary provides the fund's **Mission Statement**, **Budget Summary**, **Budget Highlights**, a **Budget Byte** (a graph or chart that communicates key information for the fund, such as growth in demand, progress toward multi-year goals, or benchmarking comparisons), a **Fund Overview** (an overview of the fund's status and performance and service delivery issues for the upcoming year), a **Fund Summary** (detail on the major areas of each fund's sources and uses), a **Budget Category Overview** (providing a high-level description of the budget category), and a **Budget Category Summary** (a listing of allocations for the next year).

SOURCE AND USE OF FUNDS STATEMENTS

The **Source and Use of Funds Statements** detail projected revenues, expenditures, and fund balances and are included for all budgeted special funds.

APPENDICES

In the Proposed Budget, the appendices section includes the Mayor's March Budget Message. In the Adopted Budget, the Mayor's March and June Budget Messages and the Gann Limit Compliance Memorandum are included.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Airport Capital Funds

These Enterprise Funds account for the Airport's capital expenditures and revenues and consist of the following: Airport Capital Improvement Fund; Airport Revenue Bond Improvement Fund; Airport Renewal and Replacement Fund; and Airport Passenger Facility Charge Fund.

Airport Operating Funds

These Enterprise Funds account for the operation of the Airport and consist of the following: Airport Revenue Fund; Airport Maintenance and Operation Fund; Airport Surplus Revenue Fund; Airport Customer Facility and Transportation Fee Fund; and the Airport Fiscal Agent Fund.

Benefit Funds

These Internal Service Funds account for the provision and financing of benefits to City employees, retirees, and their dependents. It consists of the Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, and Benefit Fund.

Branch Libraries Bond Projects Fund

This Special Revenue Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure O). The use of this fund is restricted to the acquisition of property and the expansion and construction of branch libraries.

Building and Structure Construction Tax Fund

This Capital Fund accounts for the tax on residential, commercial, and industrial development. The use of these funds, along with grant revenues, is restricted to traffic capital improvements on major arterials and collectors, including bridges, culverts, lighting, and traffic control systems.

Business Improvement District Fund

This Special Revenue Fund accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

In the City's Comprehensive Annual Financial Report, this fund is grouped with the City's General Fund. This accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

City Hall Debt Service Fund

This Special Revenue Fund accounts for the debt service payments for City Hall, the City Hall off-site parking garage, and City Hall furniture, fixtures, and equipment. This fund receives transfers from the General Fund, special funds, and capital funds in amounts sufficient to cover the debt service payments.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Civic Center Construction Fund

This Capital Fund accounts for the revenues and construction costs related to the construction of City Hall.

Community Development Block Grant Fund

This Special Revenue Fund accounts for federal grant monies received from the U.S. Department of Housing and Urban Development under Title II Housing and Community Development Act of 1974 and Rental Rehabilitation Program funds.

Community Facilities and Maintenance Districts Funds

These Special Revenue Funds account for the maintenance and administration of assessment districts throughout the City.

Community Facilities Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Hayes Mansion operations and provides for the accumulation and transfer of base rental income to the appropriate debt service funds for repayment of facilities-related debts.

Construction and Conveyance Tax Funds

These Capital Funds account for Construction and Conveyance tax receipts. The Construction Tax is a flat rate assessed to residential, commercial, and industrial development. The Conveyance Tax is a fee imposed at a rate of \$3.30 for each \$1,000 of the value of property conveyed. Construction and Conveyance Tax Funds are dedicated to the Parks and Community Facilities Development, Communications, Public Safety (for Fire capital purposes), Library, and Service Yards Capital Programs.

Construction Excise Tax Fund

This Capital Fund accounts for the tax on the construction of residential, commercial, and mobile home developments (also referred to as the Commercial, Residential, Mobile Home Park Building Tax). This general purpose tax is based on building valuation, with the majority of the revenues in the fund historically being used for traffic improvements.

Contingent Lien District Fund

This Capital Fund accounts for cost sharing agreements through special districts between private parties in regards to the construction of public improvements as required by the City for development purposes. The use of this fund is restricted to completing any unconstructed improvements specified in the engineer's report as approved by the City Council.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Convention and Cultural Affairs Fund

This Special Revenue Fund accounts for the costs of managing and operating the San José McEnery Convention Center, California Theatre, Center for the Performing Arts (CPA), California Theatre, Civic Auditorium, Montgomery Theatre, Parkside Hall, South Hall, and their related facilities and grounds.

Convention Center Facilities District Project Fund

This Special Revenue Fund accounts for the bond proceeds and construction costs related to the expansion and renovation of the San José McEnery Convention Center.

Convention Center Facilities District Revenue Fund

This Special Revenue Fund accounts for Special Tax revenues collected by the City on behalf of the Convention Center Facilities District No. 2008-1.

Downtown Property and Business Improvement District Fund

This Special Revenue Fund accounts for revenue collected and expenses related to maintaining and operating any public improvements, which are payable from annual assessments apportioned among the several lots of parcels or property within the Downtown area.

Economic Development Administration Loan Fund

This Special Revenue Fund accounts for federal funds and loan repayments associated with the economic development administration program, which provides loans to small businesses for business expansion, remodeling, working capital, equipment or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José.

Economic Development Enhancement Fund

This Special Revenue Fund accounts for grants and interest income to assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards and provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested.

Edward Byrne Memorial Justice Assistance Grant Trust Fund

This Special Revenue Fund accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Emergency Reserve Fund

This Special Revenue Fund accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

This Capital Fund accounts for the development and improvement of the Emma Prusch Memorial Park.

Federal Drug Forfeiture Fund

This Special Revenue Fund accounts for federal drug forfeiture monies received pursuant to the drug abuse prevention and control provisions of Title 21, Chapter 13 of the United States Code. Federal guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Fiber Optics Development Fund

This Special Revenue Fund accounts for the repayment of a loan from the Sewage Treatment Plant Connection Fee Fund for the installation of a fiber optic conduit system owned by the City. The loan was repaid prior to July 1, 2013.

Gas Tax Maintenance and Construction Fund

This Special Revenue Fund accounts for the City's portion of the State collected Gas Tax. Revenues are restricted for acquisition, construction, improvement, and maintenance of public streets subject to provisions of the Streets and Highways Code of the State of California and to provide for traffic capital improvements.

General Purpose Parking Fund

This Enterprise Fund accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

Gift Trust Fund

This Special Revenue Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City.

Home Investment Partnership Program Trust Fund

This Special Revenue Fund accounts for all monies allocated to the City by the U.S. Department of Housing and Urban Development for affordable housing projects pursuant to the HOME Investment Partnership Act.

Housing Trust Fund

This Special Revenue Fund accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Ice Centre Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Ice Centre operations and provides for the accumulation and transfer of base income to the appropriate debt service funds for repayment of facilities-related debts, as well as facility capital repair and renovation.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Improvement District Fund

This Special Revenue Fund accounts for revenues and expenditures related to the acquisition and construction of a variety of public infrastructure projects for which individual improvement districts were formed.

Integrated Waste Management Fund

This Special Revenue Fund accounts for activities related to the Integrated Waste Management Program, which includes garbage collection, recycling services, and related billing operations. The fund collects revenues from the City's Recycle Plus program. These funds are expended for programs related to the City's efforts to comply with State law requiring cities to reduce waste sent to landfills along with other integrated waste management services.

Interim City Facilities Improvement Fund

This Capital Fund accounts for expenditures related to programming, relocation services, technology, furniture and equipment, and improvements to existing facilities to complete the City's interim space plan.

Lake Cunningham Fund

This Capital Fund accounts for the parking fees and lease payment revenues used for the purchase of equipment, maintenance, and operations at Lake Cunningham Park.

Library Parcel Tax Fund

This Special Revenue Fund accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

Low and Moderate Income Housing Asset Fund

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund provides funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future.

Major Collectors and Arterial Fund

This Capital Fund accounts for the collection of monies owed by developers for previously completed street improvements.

Major Facilities Fund

This Capital Fund accounts for fees associated with the connection of municipal water activities for many water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas. These fees are assessed for the future construction of large water mains, reservoirs, and other large projects.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Multi-Source Housing Fund

This Special Revenue Fund accounts for grants, inclusionary fees, and rental dispute mediation fees to support the rental rights and referrals program, to expand the supply of affordable housing for low and very-low income residents by providing both financial and technical assistance to non-profit organizations in the production and operation of affordable housing, and to preserve the existing supply of affordable housing by providing rehabilitation grants and loans to low and moderate income homeowners.

Municipal Golf Course Fund

This Special Revenue Fund accounts for the construction, management, and operation of various City golf courses, including the San José Municipal Golf Course, Los Lagos Golf Course, and Rancho del Pueblo Golf Course.

Neighborhood Security Act Bond Fund

This Capital Fund accounts for General Obligation Bond proceeds authorized by voters on the March 2002 ballot (Measure O). This fund is dedicated for the acquisition of real property and construction and rehabilitation of public safety-related facilities.

Parks and Recreation Bond Projects Fund

This Capital Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure P). The use of this fund is restricted to acquisition of property, upgrades, and construction of neighborhood parks, community centers, trails, regional parks, and sports complexes.

Public Works Program Support Fund

This Internal Service Fund accounts for Public Works administrative costs, compensated absences, unfunded activities, and non-personal costs. An annual cost allocation plan is utilized to equitably allocate these costs to capital programs on the basis of service levels received as compensated time-off is earned rather than charging the costs when the time-off is taken. Various capital projects are charged a rate for each hour Public Works' staff spends on the project and corresponding revenue is received by this fund.

Residential Construction Tax Contribution Fund

This Capital Fund accounts for taxes imposed upon the construction of single-family dwelling units or any mobile home lots in the City. The tax is used to reimburse developers who have constructed that portion of an arterial street that is wider than what is normally required in connection with residential development. The funds are also used to construct median island landscaping and other street improvements.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Retirement Funds

These Trustee Funds account for the accumulation of resources to be used for retirement annuity payments and consist of the following: Federated Retiree Health Care Trust Fund; Federated Retirement Fund; Fire Retiree Health Care Trust Fund; Police Retiree Health Care Trust Fund; and Police and Fire Retirement Fund.

San José Arena Capital Reserve Fund

This Capital Fund provides funding for repairs and replacements of capital items at the San José Arena, including fixtures, machinery, and equipment. The fund receives revenues from San José Arena Management, the ownership group of the San Jose Sharks, and a General Fund contribution supported by revenue generated from the Arena. The amount of funding and the eligible capital repair items are specified by agreement between the City of San José and the San José Arena Management.

San José Arena Enhancement Fund

This Special Revenue Fund accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena.

San José Diridon Development Authority Fund

This Special Revenue Fund accounts for revenues and expenditures associated with the San José Diridon Development Authority and certain properties in the area.

San José Municipal Stadium Capital Fund

This Special Revenue Fund accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company for the use, operation, and management of the Municipal Stadium.

San José-Santa Clara Treatment Plant Capital Fund

This Capital Fund accounts for the construction of improvements to the San José/Santa Clara Water Pollution Control Plant (WPCP), and the purchase of equipment through contributions from the City of Santa Clara and other tributary agencies and transfers from the Sewer Service and Use Charge Fund.

San José-Santa Clara Treatment Plant Income Fund

This Enterprise Fund accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. It contains the City's share of revenue from activities such as land rentals, legal settlements, and purchase of land located at the WPCP.

San José-Santa Clara Treatment Plant Operating Fund

This Enterprise Fund accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Sanitary Sewer Connection Fee Fund

This Capital Fund accounts for connection fees charged to developers for access to the City's sanitary sewer system. Funds are restricted to the construction and reconstruction of the sewer system.

Sewage Treatment Plant Connection Fee Fund

This Enterprise Fund accounts for revenues from new residential, commercial and industrial connections to the WPCP. These revenues pay the City's share of acquisition, construction, reconstruction or enlargement of the WPCP.

Sewer Service and Use Charge Fund

This Enterprise Fund accounts for Sewer Service and Use Charge fees collected from San José property owners to be used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

Sewer Service and Use Charge Capital Improvement Fund

This Capital Fund accounts for the reconstruction of the sanitary sewer system and is funded primarily by annual transfers from the Sewer Service and Use Charge Fund.

State Drug Forfeiture Fund

This Special Revenue Fund accounts for State drug forfeiture monies received whenever the Police Department is involved in asset seizures from convicted drug law violators. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Stores Fund

This Internal Service Fund accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations. In 2011-2012, the City fully transitioned to a vendor-direct purchasing model. This resulted in the closure of the Stores Fund in 2012-2013.

Storm Drainage Fee Fund

This Capital Fund accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for expansion or capacity improvements of the storm drainage system or land acquisition for the system.

Storm Sewer Capital Fund

This Capital Fund accounts for the construction and reconstruction of the storm drainage system, and is funded primarily by transfers from the Storm Sewer Operating Fund.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Storm Sewer Operating Fund

This Special Revenue Fund accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on maintenance and operation of the storm drainage system, as well as non-point source pollution reduction.

Subdivision Park Trust Fund

This Capital Fund accounts for payments of fees in lieu of dedication of land for park and recreation purposes in residential subdivisions. Moneys in the fund, including accrued interest, may be expended solely for the acquisition or development of improvements on parkland to serve the subdivision for which the fees were paid.

Supplemental Law Enforcement Services Fund

This Special Revenue Fund accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

Transient Occupancy Tax Fund

This Special Revenue Fund accounts for receipts generated through the assessment of a percentage of the rental price for transient occupancy lodging charged when the period of occupancy is less than 30 days. The tax rate is currently 10%, 6% of which is placed in this fund and 4% of which is deposited in the General Fund. The uses of revenues from this source are specified by City Ordinance and include grants and rental subsidies for fine arts and cultural programs, and subsidies for the San José Convention and Visitors Bureau and Convention and Cultural Facilities.

Underground Utility Fund

This Capital Fund accounts for fees collected from developers in lieu of placing utility facilities underground at the time of development. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

This Internal Service Fund accounts for the operation, maintenance, and replacement of City vehicles and equipment.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FUND DESCRIPTIONS

Water Utility Capital Fund

This Capital Fund accounts for the acquisition, construction, and installation of water system capital improvements for the Municipal Water System. This system provides water service to North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas and is primarily funded through user charges.

Water Utility Fund

This Enterprise Fund accounts for the operation of five water system districts: North San José, Evergreen, Coyote Valley, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Workforce Investment Act Fund

This Special Revenue Fund accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

GLOSSARY OF TERMS

Accrual Basis

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Appropriation

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

Balanced Budget

Budgeted revenue levels are equivalent to budgeted expenditure levels, including use of reserves and fund balance.

Base Budget

The ongoing expense level necessary to maintain service levels previously authorized by the City Council.

Capital Budget

A financial plan of capital projects and the means of financing them for a given period of time.

Capital Expenditures

Expenditures to acquire, rehabilitate, or construct general fixed assets and major improvements.

Capital Improvement Program (CIP)

On December 18, 1986, the City Council, in order to delineate the purpose of the Five-Year Capital Improvement Plan, adopted the following definition: The Five-Year Capital Improvement Plan (Program) is a long-range study of financial wants, needs, expected revenues, and policy intentions. It provides the necessary information for prudent budget recommendations. It compares the organization's various needs over a period of five years with the various anticipated revenues and puts them into a single focus for analytical purposes. It is not law, such as an annual budget, but a planning tool that provides a collection of facts, trends, and suggestions to the City Administration and Council. After it is adopted by the City Council, it is a non-binding assertion of future intent only. However, when an appropriation for the annual capital budget is adopted as part of the regular budget, it represents the amount which will be used to implement part of the Capital Improvement Plan (Program) in the coming year.

Carryover

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

GLOSSARY OF TERMS

City Service Area (CSA)

City Service Areas integrate Core Services provided by individual departments into the City's key lines of business, as viewed from the community's perspective. CSAs enable the City to plan and show results of the collaboration among the departments at a higher organizational level. There are six CSAs, five of which deliver direct services (Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, and Transportation and Aviation Services). The sixth, Strategic Support, represents functions that provide guidance and support contributing to the delivery of direct services.

CSA Primary Partners

City departments with Core Services most directly responsible for overall CSA service delivery.

CSA Outcome

A desirable overall condition or "Picture of Success." At the CSA level, the specified outcomes are the "ends" toward which the plans, efforts, resources, and results of the CSA are directed.

Contingency Reserve

An appropriation of funds to cover unforeseen events during the budget year, such as emergencies, newly required programs, shortfalls in revenue, or other unforeseen eventualities.

Contractual Services

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

Core Services

The City departments' key lines of business. Core Services produce the primary deliverables of a department.

Debt Service

The amount required to pay interest on and to retire the principal of outstanding debt. A complete discussion of the City's Debt Service Obligations as well as a description of its Debt Management Policy are included in the Budget Policies and Practices section.

Encumbrance

Financial commitments, such as purchase orders or contracts, which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

Fiscal Year

A 12-month accounting period to which the annual budget applies; for San José, it is the period from July 1 through June 30.

Fund

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

GLOSSARY OF TERMS

Fund Balance

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

General Fund

The primary operating fund used to account for all the revenues and expenditures of the City which are not related to special or capital funds.

Infrastructure Management System (IMS)

The City's computerized system used to identify the condition of streets, sewers, and other infrastructure, forecast maintenance needs, and project future replacement expenditures.

Mission

A unifying statement of why an organization exists.

Non-Personal/Equipment Expenses

Operating costs which are not related to personnel, such as supplies, training, contract services, utilities, and vehicles.

Ongoing Cost/Savings

The 12-month value of partial year additions or reductions.

Operating Budget

An annual financial plan for the provision of direct services and support functions to the community. Per the City Charter, it shall begin with a clear general summary of its contents and shall show in detail all estimated income, including the amount proposed to be raised by property taxation, estimated unencumbered balances of funds to be carried over from the preceding year, estimated unencumbered available reserves, and all proposed expenditures, including debt service for the ensuing year.

Operational Services

Elements necessary to accomplish the Core Services of the organization; the "front line" of service delivery.

Overhead

Administrative costs associated with city-wide operations, which cannot be attributed to any specific department (such as Finance or Human Resources). These costs are subject to a city-wide overhead cost allocation plan to distribute costs on an equitable basis to departments and funds that are the beneficiaries of such expenses.

Performance Measure

Measures the results of services delivered to customers. Performance measures fall into the four Key Measurement Areas: Quality; Cost; Cycle Time; and Customer Satisfaction. Performance measures are developed at the CSA, Core Service, and Operational Service levels.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

GLOSSARY OF TERMS

Performance Measure Goals and Targets

Quantitative benchmarks for each Performance Measure (PM). **PM Goals** represent the optimum performance level, or the long-range planned level of performance identified in the CSA Overview. **PM Targets**, for CSAs and departmental Core Services, represent the one-year performance level commitment, given allocated resources.

Personal Services

Salary and fringe benefit costs of City employees.

Program

A group of people working together to deliver a discrete service to identifiable users as part of an operational service.

Rebudget

Unspent or unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

Reserve

Funds budgeted for a particular purpose but not authorized for immediate obligation.

Special Funds

Funds, exclusive of the General Fund and capital funds, which are separately administered because they are associated with a distinct function or enterprise.

Strategic Goals/Objectives

Represent elements or sub-elements of a strategic plan and are the City's planned response to address service delivery needs and priorities. Strategic goals and objectives are guided by the related Outcomes, but represent only the City's contribution toward those Outcomes. Strategic goals and objectives also determine how the City's Core Services, Operational Services, and special projects should be aligned and directed toward producing the planned service delivery response.

Strategic Support

Includes various functions that support and/or guide delivery of direct services. Examples include technology, financial and human resources administration, purchasing, and training, as well as strategic leadership and policy development.

Successor Agency

Successor Agency to the former San Jose Redevelopment Agency, a public entity.

Transfers

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.

Vision

A guiding statement describing a desirable future state toward which efforts should be directed. An effective vision statement inspires creativity while keeping an organization "on track" for the future by aligning its priorities.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

ACRONYMS INDEX

A

ABAG	Association of Bay Area Governments
ACT	Acoustical Treatment Program
ADA	Americans with Disabilities Act
AFR	Automated Field Reporting
AIP	Airport Improvement Program
ARFF	Airport Rescue and Fire Fighting
ARRA	American Recovery and Reinvestment Act

B

BACWA	Bay Area Clean Water Agencies
BART	Bay Area Rapid Transit
BD	Budget Document (Mayor/City Council)
BEST	Bringing Everyone's Strengths Together

C

C&C	Construction and Conveyance
CAD	Computer Aided Dispatch System
CAFR	Comprehensive Annual Financial Report
CAP	Community Action and Pride Grant
CAPS	City Administrative Project System
CBO	Community-Based Organization
CCF	Convention and Cultural Facilities
CDBG	Community Development Block Grant
CDDD	Construction and Demolition Diversion Deposit
CDI	Community Development Improvements
CDLAC	California Debt Limit Allocation Committee
CED	Community and Economic Development CSA
CEQA	California Environmental Quality Act
CFC	Customer Facility Charges
CIO	Chief Information Officer
CIP	Capital Improvement Program
CIWMB	California Integrated Waste Management Board
CNEL	Community Noise Equivalent Level
CNG	Compressed Natural Gas
COPS	Citizens Option for Public Safety (State)
CPE	Cost Per Enplaned Passenger
CPMS	Capital Project Management System
CSA	City Service Area
CSMFO	California Society of Municipal Finance Officers
CVB	Convention and Visitors Bureau
CWFA	Clean Water Finance Authority

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

ACRONYMS INDEX

D

DCAC Deferred Compensation Advisory Committee
DMV Department of Motor Vehicles

E

EUS Environmental and Utility Services CSA
EHS Employee Health Services
EIR Environmental Impact Report
EMS Emergency Medical Services
EOC Emergency Operations Center
EPA Environmental Protection Agency

F

FAA Federal Aviation Administration
FCERS Federated City Employees' Retirement System
FEHA Fair Employment and Housing Act
FF&E Fixtures, Furnishings and Equipment
FMS Financial Management System
FT Full-Time
FTE Full-Time Equivalent

G

GAAP Generally Accepted Accounting Principles
GASB Government Accounting Standards Board
GIS Geographic Information System

H

HBRR Highway Bridge Replacement and Rehabilitation Program
HHW Household Hazardous Waste
HNVF Healthy Neighborhoods Venture Fund
HUD Housing and Urban Development
HVAC Heating, Ventilation, and Air Conditioning

I

I&I Inflow/Infiltration
IBS Integrated Billing System
ICC International Code Council
ICMA International City/County Management Association
IDC International Disposal Corporation
IMS Infrastructure Management System
IPA Independent Police Auditor
ITI Industrial Tool Installation
ITS Intelligent Transportation System
IWM Integrated Waste Management

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

ACRONYMS INDEX

J

K

L

LED	Light Emitting Diode
LEED	Leadership in Energy and Environmental Design Program
LOCC	League of California Cities
LOI	Letter of Intent
LPT	Library Parcel Tax
LRT	Light Rail Transit

M

MBA	Manager's Budget Addendum
MCA	Master Contract Agreement
MFD	Multi-Family Dwelling
MGPTF	Mayor's Gang Prevention Task Force
MMRS	Metropolitan Medical Response System
MWS	Municipal Water System

N

NAC	Neighborhood Action Coalition
NDC	Neighborhood Development Center
NEPA	National Environmental Policy Act
NIMS	National Incident Management System
NPDES	National Pollutant Discharge Elimination System
NS	Neighborhood Services CSA

O

O&M	Operating and Maintenance
OBAG	One Bay Area Grant
OES	Office of Emergency Services
OSA	Open Space Authority
OTS	Office of Traffic Safety

P

P&CFD	Parks and Community Facilities Development
P&F	Police and Fire
PAB	Police Administration Building
PAC	Project Area Committee
PBID	Property and Business Improvement District Fund
PCI	Pavement Condition Index
PDO	Parkland Dedication Ordinance
PG&E	Pacific Gas and Electric Company
PIO	Park Impact Ordinance

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

ACRONYMS INDEX

P

PLF	Public Library Fund
PM	Performance Measure
PMMS	Parks Maintenance Management System
PMP	Parking Management Plan
PMP	Plant Master Plan
PS	Public Safety CSA
PT	Part-Time
PWCAP	Public Works Cost Allocation Plan

Q

R

RCTCF	Residential Construction Tax Contribution Fund
RECS	Registration and E-Commerce System
RFP	Request for Proposal
RFQ	Request for Quote
RLF	Revolving Loan Fund
RMS	Records Management System
RSBAP	Revised South Bay Action Plan
RWF	Regional Wastewater Facility
RWQCB	Regional Water Quality Control Board
RZH	Robert-Z'berg-Harris Urban Open Space and Recreation Grant

S

SAFER	Staffing for Adequate Fire and Emergency Response
SAN	Storage Area Network
SARA	Successor Agency to the Redevelopment Agency of the City of San José, a public entity
SBAP	South Bay Action Plan
SBWR	South Bay Water Recycling
SCADA	Supervisory Control and Data Acquisition
SCBA	Self Contained Breathing Apparatus
SCVWD	Santa Clara Valley Water District
SDMS	Storm Drain Management System
SERAF	Supplemental Education Revenue Augmentation Fund
SFD	Single-Family Dwelling
SJDA	San José Downtown Association
SJMWS	San José Municipal Water System
SJPD	San José Police Department
SJRA	San Jose Redevelopment Agency
SJSU	San José State University
SNI	Strong Neighborhood Initiative

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

ACRONYMS INDEX

S

SRTF	Sunshine Reform Task Force
SS	Strategic Support CSA
SS&UC	Sewer Service and Use Charge
SSMP	Sanitary Sewer Management Plan
SSO	Sanitary Sewer Overflow
STI	Special Tenant Improvements
SUASI	Super Urban Area Security Initiative
SV-ITS	Silicon Valley Intelligent Transportation Systems
SVRIA	Silicon Valley Regional Interoperability Authority
SVWIN	Silicon Valley Workforce Investment Network
SWRCB	State Water Resources Control Board

T

TAS	Transportation and Aviation Services CSA
TiMC	Transportation Incident Management Center
TLC	Technology Leadership Council
TOT	Transient Occupancy Tax
TSA	Transportation Security Administration
TSJ	Team San Jose

U

UAAL	Unfunded Accrued Actuarial Liability
UASI	Urban Area Security Initiative
URMP	Urban Runoff Management Plan
USGBC	United States Green Building Council
UUT	Utility Users Tax

V

VoIP	Voice over Internet Protocol
VTA	Valley Transportation Authority (Santa Clara)

W

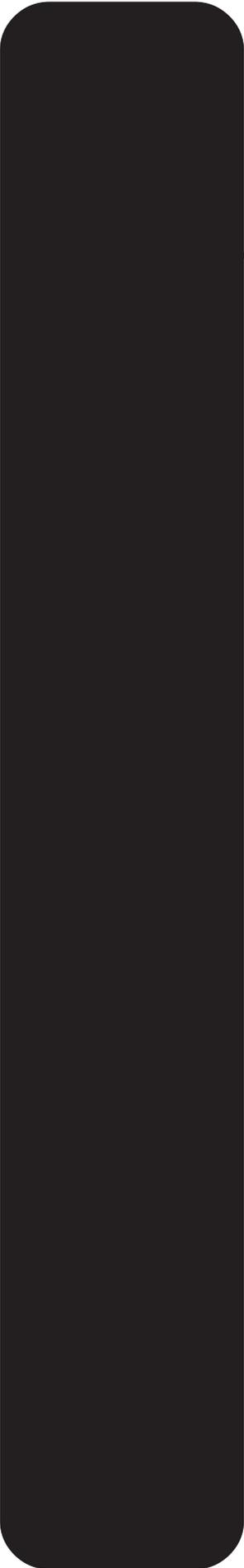
WEP	Water Efficiency Program
WIA	Workforce Investment Act
WIB	Workforce Investment Board (work2future Board)
WPCP	Water Pollution Control Plant (SJ/SC)

X

Y

Z

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2014-2015

OPERATING BUDGET

**SUMMARY
INFORMATION**

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
GENERAL FUND			
Fund Balance			
Encumbrance Reserve	\$ 20,880,882	\$ 20,423,841	\$ 19,650,300
Carryover	155,467,037	213,005,681	253,067,514
Beginning Fund Balance	\$ 176,347,919	\$ 233,429,522	\$ 272,717,814
General Revenue			
Property Tax	\$ 202,925,000	\$ 220,850,000	\$ 233,973,240
Sales Tax	152,680,000	167,710,000	180,024,000
Transient Occupancy Tax	8,715,000	10,600,000	11,750,000
Franchise Fees	43,625,000	43,923,000	45,346,879
Utility Tax	91,855,000	91,895,000	94,825,000
Telephone Line Tax	20,525,000	20,600,000	20,700,000
Business Taxes	40,550,000	42,435,000	43,700,000
Licenses and Permits	37,812,739	40,278,246	46,375,293
Fines, Forfeitures, and Penalties	16,708,500	15,862,200	14,205,334
Revenue from the Use of Money/Property	2,910,500	2,673,000	2,847,000
Revenue from Local Agencies	29,250,390	24,835,589	22,612,276
Revenue from the State of CA	10,686,292	11,377,531	11,194,473
Revenue from the State of CA - Recovery and Reinvestment Act	60,590	0	0
Revenue from Federal Government	13,287,954	11,042,469	4,170,953
Revenue from Federal Gov. - Recovery and Reinvestment Act	3,322,706	10,000	0
Departmental Charges	32,126,081	35,449,213	39,163,435
Other Revenue	16,270,331	17,646,265	15,161,073
Subtotal General Revenue	\$ 723,311,083	\$ 757,187,513	\$ 786,048,956
Transfers and Reimbursements			
Overhead Reimbursements	\$ 32,348,979	\$ 36,996,081	\$ 39,000,348
Transfers	18,998,020	16,161,778	19,138,313
Reimbursements for Services	15,684,579	15,242,833	15,775,406
Subtotal Transfers and Reimbursements	\$ 67,031,578	\$ 68,400,692	\$ 73,914,067
Total General Fund	\$ 966,690,580	\$ 1,059,017,727	\$ 1,132,680,837
Less Transfers, Loans, and Contributions	(106,897,718)	(122,528,625)	(142,673,172)
NET GENERAL FUND TOTAL	\$ 859,792,862	\$ 936,489,102	\$ 990,007,665

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Adopted</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2014-2015</u> <u>Adopted</u>
SPECIAL FUNDS			
Airport Customer Facility and Transportation Fee Fund	\$ 21,281,588	\$ 23,328,091	\$ 27,281,610
Airport Fiscal Agent Fund	190,725,592	182,491,328	183,610,198
Airport Maintenance and Operation Fund	99,699,712	107,307,118	111,577,643
Airport Revenue Fund	170,829,070	170,772,244	183,630,254
Airport Surplus Revenue Fund	16,193,720	19,547,075	23,164,481
Benefit Funds - Benefit Fund	60,054,103	68,527,913	59,746,861
Benefit Funds - Dental Insurance Fund	16,100,212	16,589,670	15,520,937
Benefit Funds - Life Insurance Fund	1,124,447	1,151,119	1,136,334
Benefit Funds - Unemployment Insurance Fund	6,647,196	5,117,691	3,916,454
Business Improvement District Fund	3,010,722	3,910,491	4,839,065
Cash Reserve Fund	5,567	5,579	5,607
City Hall Debt Service Fund	22,732,565	22,447,100	23,895,500
Community Development Block Grant Fund	15,097,000	16,670,211	15,719,595
Community Facilities Revenue Fund	10,561,265	11,395,005	9,994,401
Convention and Cultural Affairs Fund	35,974,690	45,046,707	14,684,347
Convention Center Facilities District Revenue Fund	28,299,614	30,713,842	34,290,127
Downtown Property and Business Improvement District Fund	3,529,708	3,653,602	3,725,500
Economic Development Administration Loan Fund	73,045	63,477	79,164
Economic Development Enhancement Fund	650,737	0	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	348,933	509,864	310,028
Emergency Reserve Fund	3,397,532	3,392,532	3,395,032
Federal Drug Forfeiture Fund	2,426,980	3,156,897	3,492,093
Fiber Optics Development Fund	2,279,000	0	0
Gas Tax Maintenance and Construction Fund - 1943	6,950,000	6,800,000	7,200,000
Gas Tax Maintenance and Construction Fund - 1964	3,350,000	3,300,000	3,400,000
Gas Tax Maintenance and Construction Fund - 1990	4,700,000	4,400,000	4,400,000
General Purpose Parking Fund	22,985,186	24,772,808	32,003,275
Gift Trust Fund	3,785,566	3,206,297	3,956,997
Home Investment Partnership Program Trust Fund	14,677,361	3,211,519	15,376,452
Housing Trust Fund	2,366,421	3,227,810	3,172,756
Ice Centre Revenue Fund	6,109,756	7,091,152	10,695,215
Integrated Waste Management Fund	141,102,905	143,349,028	145,242,102
Library Parcel Tax Fund	13,445,418	15,608,644	16,662,297
Low and Moderate Income Housing Fund*	19,560,248	0	0
Low and Moderate Income Housing Asset Fund*	26,338,719	31,812,422	34,161,662
Multi-Source Housing Fund	27,353,052	45,286,944	26,916,098
Municipal Golf Course Fund	2,709,231	2,895,482	2,750,707
Public Works Program Support Fund	15,957,561	16,151,348	16,560,067
San José Arena Capital Reserve Fund	0	2,834,752	1,335,687
San José Arena Enhancement Fund	2,597,255	2,022,678	1,027,000
San José Diridon Development Authority Fund	392,700	0	0
San José Municipal Stadium Capital Fund	29,000	30,000	35,000
San José-Santa Clara Treatment Plant Income Fund	28,318	28,727	28,624

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
SPECIAL FUNDS			
San José-Santa Clara Treatment Plant Operating Fund	\$ 106,310,619	\$ 108,727,773	\$ 121,816,457
Sewage Treatment Plant Connection Fee Fund	10,891,855	9,209,676	19,839,242
Sewer Service and Use Charge Fund	166,329,161	172,455,053	188,328,697
Special Assessment Maintenance District Funds:			
Community Facilities District No. 1 (Capitol Auto Mall) Fund	546,531	643,324	713,662
Community Facilities District No. 2 (Aborn - Murillo) and No. 3 (Silverland - Capriana) Fund	3,153,730	3,343,271	3,325,780
Community Facilities District No. 8 (Communications Hill) Fund	3,796,188	4,047,421	3,975,224
Community Facilities District No. 11 (Adeline - Mary Helen) Fund	265,489	285,437	308,350
Community Facilities District No. 12 (Basking Ridge) Fund	1,340,807	1,515,424	1,615,980
Community Facilities District No. 13 (Guadalupe Mines) Fund	0	131,726	117,136
Community Facilities District No. 14 (Raleigh - Charlotte) Fund	674,813	715,334	936,182
Maint. District No. 1 (Los Paseos) Fund	978,499	1,029,795	881,920
Maint. District No. 2 (Trade Zone Blvd. - Lundy Ave.) Fund	155,009	176,570	161,458
Maint. District No. 5 (Orchard Parkway - Plumeria Dr.) Fund	414,400	439,400	389,338
Maint. District No. 8 (Zanker - Montague) Fund	350,956	383,311	394,491
Maint. District No. 9 (Santa Teresa - Great Oaks) Fund	565,619	576,258	467,066
Maint. District No. 11 (Brokaw Rd. from Junction Ave. to Old Oakland Rd.) Fund	278,659	289,621	303,001
Maint. District No. 13 (Karina - Onel) Fund	98,633	114,443	113,535
Maint. District No. 15 (Silver Creek Valley) Fund	5,540,150	6,016,260	5,453,240
Maint. District No. 18 (The Meadowlands) Fund	143,756	159,951	148,982
Maint. District No. 19 (River Oaks Area Landscaping) Fund	347,564	365,611	295,148
Maint. District No. 20 (Renaissance - N. First Landscaping) Fund	413,851	431,310	411,118
Maint. District No. 21 (Gateway Place - Airport Parkway) Fund	357,840	390,632	322,301
Maint. District No. 22 (Hellyer Ave. - Silver Creek Valley Rd.) Fund	381,088	380,350	293,057
State Drug Forfeiture Fund	1,580,749	954,066	678,357
Stores Fund	249,009	0	0
Storm Sewer Operating Fund	51,088,395	57,768,340	49,385,156
Supplemental Law Enforcement Services Fund	1,713,515	2,405,938	1,540,185
Transient Occupancy Tax Fund	15,462,659	19,955,871	20,583,105
Vehicle Maintenance and Operations Fund	22,680,977	25,274,423	24,491,372
Water Utility Fund	35,322,754	40,071,769	46,382,782
Workforce Investment Act Fund	15,335,012	11,062,301	10,202,210
Total Special Funds	\$ 1,472,249,982	\$ 1,521,147,826	\$ 1,552,813,702
Less Transfers, Loans, and Contributions	(414,901,525)	(441,825,758)	(456,057,676)
 NET SPECIAL REVENUE FUNDS TOTAL	 \$ 1,057,348,457	 \$ 1,079,322,068	 \$ 1,096,756,026
 CAPITAL IMPROVEMENT PROGRAM FUNDS			
Beginning Fund Balance	\$ 616,340,027	\$ 590,190,718	\$ 579,779,187
Sale of Bonds	9,230,000	9,230,000	9,230,000
Fees and Charges	44,990,000	56,125,000	78,525,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Revenue from Other Agencies	\$ 69,000,000	\$ 88,268,308	\$ 91,763,000
Transfers, Loans, and Contributions	98,959,500	140,368,734	154,073,500
Interest Income	1,289,000	1,494,000	1,815,000
Miscellaneous Revenue	20,233,000	18,579,000	21,709,000
Development Contribution	3,680,000	1,000,000	1,000,000
Total Capital Improvement Program Funds	\$ 863,721,527	\$ 905,255,760	\$ 937,894,687
Less Transfers, Loans, and Contributions	(3,941,000)	(8,482,000)	(14,293,000)
NET CAPITAL FUNDS TOTAL	\$ 859,780,527	\$ 896,773,760	\$ 923,601,687
NET CITY SOURCE OF FUNDS	\$ 2,776,921,846	\$ 2,912,584,930	\$ 3,010,365,378
GENERAL FUND EXPENDITURES			
City Attorney	\$ 12,114,436	\$ 12,375,897	\$ 13,294,574
City Auditor	2,010,679	2,114,135	2,289,489
City Clerk	2,069,210	2,256,211	2,512,130
City Manager	10,758,802	11,067,874	12,481,748
Economic Development	5,254,549	3,694,009	4,296,840
Environmental Services	427,752	1,033,661	703,456
Finance	12,275,583	12,771,696	14,024,104
Fire	151,324,065	163,499,035	174,283,010
Housing	253,862	242,297	238,047
Human Resources	5,982,542	6,370,944	7,226,032
Independent Police Auditor	1,065,761	1,076,906	1,177,134
Information Technology	13,361,856	14,330,471	15,402,395
Library	24,030,561	26,066,596	27,664,331
Mayor and City Council	11,022,359	11,104,900	11,280,532
Parks, Recreation and Neighborhood Services	49,381,157	51,919,273	56,065,473
Planning, Building and Code Enforcement	33,926,588	37,673,353	42,578,056
Police	294,752,941	306,848,315	326,289,104
Public Works	30,600,031	34,789,387	36,838,035
Transportation	25,906,405	27,226,351	28,343,511
Subtotal Departmental Charges	\$ 686,519,139	\$ 726,461,311	\$ 776,988,001
City-Wide Expenses	\$ 109,864,148	\$ 109,587,585	\$ 103,789,911
Capital Contributions	15,640,000	29,437,000	34,624,000
Transfers	39,386,581	25,635,266	35,917,380
Earmarked Reserves	65,090,830	118,163,724	129,211,245
Contingency Reserve	29,309,000	29,309,000	32,500,000
Encumbrance Reserve	20,880,882	20,423,841	19,650,300
Subtotal Non-Departmental Charges	\$ 280,171,441	\$ 332,556,416	\$ 355,692,836
Total General Fund Expenditures	\$ 966,690,580	\$ 1,059,017,727	\$ 1,132,680,837

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Adopted</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2014-2015</u> <u>Adopted</u>
SPECIAL FUNDS			
Airport Customer Facility and Transportation Fee Fund	\$ 21,281,588	\$ 23,328,091	\$ 27,281,610
Airport Fiscal Agent Fund	190,725,592	182,491,328	183,610,198
Airport Maintenance and Operation Fund	99,699,712	107,307,118	111,577,643
Airport Revenue Fund	170,829,070	170,772,244	183,630,254
Airport Surplus Revenue Fund	16,193,720	19,547,075	23,164,481
Benefit Funds - Benefit Fund	60,054,103	68,527,913	59,746,861
Benefit Funds - Dental Insurance Fund	16,100,212	16,589,670	15,520,937
Benefit Funds - Life Insurance Fund	1,124,447	1,151,119	1,136,334
Benefit Funds - Unemployment Insurance Fund	6,647,196	5,117,691	3,916,454
Business Improvement District Fund	3,010,722	3,910,491	4,839,065
Cash Reserve Fund	5,567	5,579	5,607
City Hall Debt Service Fund	22,732,565	22,447,100	23,895,500
Community Development Block Grant Fund	15,097,000	16,670,211	15,719,595
Community Facilities Revenue Fund	10,561,265	11,395,005	9,994,401
Convention and Cultural Affairs Fund	35,974,690	45,046,707	14,684,347
Convention Center Facilities District Revenue Fund	28,299,614	30,713,842	34,290,127
Downtown Property and Business Improvement District Fund	3,529,708	3,653,602	3,725,500
Economic Development Administration Loan Fund	73,045	63,477	79,164
Economic Development Enhancement Fund	650,737	0	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	348,933	509,864	310,028
Emergency Reserve Fund	3,397,532	3,392,532	3,395,032
Federal Drug Forfeiture Fund	2,426,980	3,156,897	3,492,093
Fiber Optics Development Fund	2,279,000	0	0
Gas Tax Maintenance and Construction Fund - 1943	6,950,000	6,800,000	7,200,000
Gas Tax Maintenance and Construction Fund - 1964	3,350,000	3,300,000	3,400,000
Gas Tax Maintenance and Construction Fund - 1990	4,700,000	4,400,000	4,400,000
General Purpose Parking Fund	22,985,186	24,772,808	32,003,275
Gift Trust Fund	3,785,566	3,206,297	3,956,997
Home Investment Partnership Program Trust Fund	14,677,361	3,211,519	15,376,452
Housing Trust Fund	2,366,421	3,227,810	3,172,756
Ice Centre Revenue Fund	6,109,756	7,091,152	10,695,215
Integrated Waste Management Fund	141,102,905	143,349,028	145,242,102
Library Parcel Tax Fund	13,445,418	15,608,644	16,662,297
Low and Moderate Income Housing Fund*	19,560,248	0	0
Low and Moderate Income Housing Asset Fund*	26,338,719	31,812,422	34,161,662
Multi-Source Housing Fund	27,353,052	45,286,944	26,916,098
Municipal Golf Course Fund	2,709,231	2,895,482	2,750,707
Public Works Program Support Fund	15,957,561	16,151,348	16,560,067
San José Arena Capital Reserve Fund	0	2,834,752	1,335,687
San José Arena Enhancement Fund	2,597,255	2,022,678	1,027,000
San José Diridon Development Authority Fund	392,700	0	0
San José Municipal Stadium Capital Fund	29,000	30,000	35,000
San José-Santa Clara Treatment Plant Income Fund	28,318	28,727	28,624
San José-Santa Clara Treatment Plant Operating Fund	106,310,619	108,727,773	121,816,457
Sewage Treatment Plant Connection Fee Fund	10,891,855	9,209,676	19,839,242

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Adopted</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2014-2015</u> <u>Adopted</u>
SPECIAL FUNDS			
Sewer Service and Use Charge Fund	\$ 166,329,161	\$ 172,455,053	\$ 188,328,697
Special Assessment Maintenance District Funds:			
Community Facilities District No. 1 (Capitol Auto Mall) Fund	546,531	643,324	713,662
Community Facilities District No. 2 (Aborn - Murillo) and No. 3 (Silverland - Capriana) Fund	3,153,730	3,343,271	3,325,780
Community Facilities District No. 8 (Communications Hill) Fund	3,796,188	4,047,421	3,975,224
Community Facilities District No. 11 (Adeline - Mary Helen) Fund	265,489	285,437	308,350
Community Facilities District No. 12 (Basking Ridge) Fund	1,340,807	1,515,424	1,615,980
Community Facilities District No. 13 (Guadalupe Mines) Fund	0	131,726	117,136
Community Facilities District No. 14 (Raleigh - Charlotte) Fund	674,813	715,334	936,182
Maint. District No. 1 (Los Paseos) Fund	978,499	1,029,795	881,920
Maint. District No. 2 (Trade Zone - Lundy Ave.) Fund	155,009	176,570	161,458
Maint. District No. 5 (Orchard Parkway - Plumeria Drive) Fund	414,400	439,400	389,338
Maint. District No. 8 (Zanker - Montague) Fund	350,956	383,311	394,491
Maint. District No. 9 (Santa Teresa - Great Oaks) Fund	565,619	576,258	467,066
Maint. District No. 11 (Brokaw Rd. from Junction Ave. to Old Oakland Rd.) Fund	278,659	289,621	303,001
Maint. District No. 13 (Karina - Onel) Fund	98,633	114,443	113,535
Maint. District No. 15 (Silver Creek Valley) Fund	5,540,150	6,016,260	5,453,240
Maint. District No. 18 (The Meadows) Fund	143,756	159,951	148,982
Maint. District No. 19 (River Oaks Area Landscaping) Fund	347,564	365,611	295,148
Maint. District No. 20 (Renaissance - N. First Landscaping) Fund	413,851	431,310	411,118
Maint. District No. 21 (Gateway Place - Airport Parkway) Fund	357,840	390,632	322,301
Maint. District No. 22 (Hellyer Ave. - Silver Creek Valley Rd.) Fund	381,088	380,350	293,057
State Drug Forfeiture Fund	1,580,749	954,066	678,357
Stores Fund	249,009	0	0
Storm Sewer Operating Fund	51,088,395	57,768,340	49,385,156
Supplemental Law Enforcement Services Fund	1,713,515	2,405,938	1,540,185
Transient Occupancy Tax Fund	15,462,659	19,955,871	20,583,105
Vehicle Maintenance and Operations Fund	22,680,977	25,274,423	24,491,372
Water Utility Fund	35,322,754	40,071,769	46,382,782
Workforce Investment Act Fund	15,335,012	11,062,301	10,202,210
Total Special Funds	\$ 1,472,249,982	\$ 1,521,147,826	\$ 1,552,813,702
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Airport Capital Improvement Fund	\$ 15,764,385	\$ 13,199,260	\$ 7,311,337
Airport Passenger Facility Charge Fund	55,276,052	50,430,373	43,817,644
Airport Renewal and Replacement Fund	15,489,454	15,216,214	15,174,716
Airport Revenue Bond Improvement Fund	127,832,279	88,176,977	66,981,657
Branch Libraries Bond Projects Fund	19,539,671	16,692,424	15,336,684
Building and Structure Construction Tax Fund	31,669,895	36,608,032	54,333,524
Civic Center Construction Fund	5,697	72,238	0
Construction and Conveyance Tax Funds:			
Communications C&C Tax Fund	3,336,690	2,750,155	3,212,158
District 1 Parks C&C Tax Fund	4,889,409	5,024,354	5,862,021
District 2 Parks C&C Tax Fund	972,170	1,880,878	2,265,140
District 3 Parks C&C Tax Fund	983,790	1,537,027	2,287,441

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Adopted</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2014-2015</u> <u>Adopted</u>
CAPITAL IMPROVEMENT PROGRAM FUNDS			
District 4 Parks C&C Tax Fund	\$ 2,603,493	\$ 8,078,853	\$ 4,782,877
District 5 Parks C&C Tax Fund	2,383,879	5,298,442	5,789,535
District 6 Parks C&C Tax Fund	2,851,261	3,238,595	4,600,265
District 7 Parks C&C Tax Fund	6,417,761	5,759,614	5,109,460
District 8 Parks C&C Tax Fund	3,514,790	5,380,203	5,514,890
District 9 Parks C&C Tax Fund	2,021,712	2,967,542	4,125,799
District 10 Parks C&C Tax Fund	4,423,519	4,971,245	3,750,772
Fire C&C Tax Fund	3,566,107	4,814,455	6,634,852
Library C&C Tax Fund	14,935,719	14,833,213	19,398,356
Park Yards C&C Tax Fund	2,491,341	2,307,764	3,909,282
Parks Central C&C Tax Fund	16,778,647	23,065,033	29,938,358
Parks City-Wide C&C Tax Fund	5,033,074	8,048,619	14,356,724
Service Yards C&C Tax Fund	2,695,074	4,770,809	5,847,742
Construction Excise Tax Fund	77,562,321	104,488,817	129,971,974
Contingent Lien District Fund	0	3,846,291	3,724,291
Convention Center Facilities District Project	14,663,154	2,829,244	0
Emma Prusch Fund	401,596	396,726	447,659
General Fund Capital Improvement	15,640,000	29,437,000	34,624,000
General Purpose Parking Fund	3,335,000	2,382,000	1,770,000
Improvement District Fund	0	0	2,955,000
Lake Cunningham Fund	1,352,431	1,775,934	1,868,339
Library Parcel Tax Fund	3,743,000	4,392,000	3,696,000
Integrated Waste Management Fund	8,411,000	2,350,943	2,873,000
Major Collectors and Arterial Fund	1,012,500	866,402	933,095
Major Facilities Fund	2,958,315	3,548,755	4,236,211
Neighborhood Security Act Bond Fund	10,695,184	9,057,474	4,135,730
Park Trust Fund	70,726,205	68,255,705	71,754,646
Parks and Recreation Bond Projects Fund	34,456,765	19,514,610	20,013,256
Residential Construction Tax Contribution Fund	1,175,765	1,600,944	1,334,505
San José-Santa Clara Treatment Plant Capital Fund	144,338,097	183,480,157	181,615,697
Sanitary Sewer Connection Fee Fund	9,922,982	11,690,728	12,463,795
Sewer Service and Use Charge Capital Improvement Fund	92,106,471	92,943,397	84,972,696
Storm Drainage Fee Fund	459,227	586,232	400,121
Storm Sewer Capital Fund	14,718,624	26,530,905	32,722,794
Underground Utility Fund	2,968,446	1,955,203	4,022,501
Water Utility Capital Fund	7,598,575	8,203,974	7,018,143
Total Capital Improvement Program Funds	\$ 863,721,527	\$ 905,255,760	\$ 937,894,687
GRAND TOTAL (Gross City Use of Funds)	\$ 3,302,662,089	\$ 3,485,421,313	\$ 3,623,389,226
Less Transfers, Loans, and Contributions	(525,740,243)	(572,836,383)	(613,023,848)
NET CITY USE OF FUNDS	\$ 2,776,921,846	\$ 2,912,584,930	\$ 3,010,365,378

* Due to the dissolution of the former San Jose Redevelopment Agency consistent with the passing of AB 1X26, the Low and Moderate Income Housing Fund was eliminated and the Low and Moderate Income Housing Asset Fund was established.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	2014-2015 Adopted
TRANSFERS TO GENERAL FUND FROM:	
Airport Maintenance and Operation Fund	\$ 9,111,152
Community Facilities Revenue Fund	153,033
Construction and Conveyance Tax Funds	4,316,000
Construction Excise Tax Fund	1,750,000
Convention and Cultural Affairs Fund	342,674
Convention Center Facilities District Revenue Fund	150,000
Emergency Reserve Fund	13,500
Gas Tax Maintenance and Construction Fund - 1943	7,200,000
Gas Tax Maintenance and Construction Fund - 1964	3,400,000
Gas Tax Maintenance and Construction Fund - 1990	4,400,000
General Purpose Parking Fund	712,762
Ice Centre Revenue Fund	11,203
Integrated Waste Management Fund	315,563
Lake Cunningham Fund	226,000
Library Parcel Tax Fund	9,586
Low Moderate Income Housing Fund	6,210
Multi-Source Housing Fund	1,465
Overhead from Various Operating Funds	39,000,348
Other Various Capital Funds	48,000
Public Works Program Support Fund	5,712
San José/Santa Clara Treatment Plant Operating Fund	64,554
Sewer Service and Use Charge Fund	22,968
Storm Sewer Operating Fund	18,462
Transient Occupancy Tax Fund	40,000
Vehicle Maintenance and Operations Fund	2,500
Water Utility Fund	281,668
Workforce Investment Act Fund	528,432
 TRANSFER TO AIRPORT FISCAL AGENT FUND FROM:	
Airport Revenue Fund	43,115,459
Airport Capital Improvement Fund	36,846,000
Airport Customer Facility and Transportation Fee Fund	17,412,082
 TRANSFER TO AIRPORT MAINTENANCE AND OPERATION FUND FROM:	
Airport Revenue Fund	77,997,931
 TRANSFER TO AIRPORT REVENUE FUND FROM:	
Airport Fiscal Agent Fund	275,000
 TRANSFER TO AIRPORT SURPLUS REVENUE FUND FROM:	
Airport Customer Facility and Transportation Fee Fund	112,207
Airport Revenue Fund	10,367,761
 TRANSFER TO BENEFIT FUNDS-BENEFIT FUND FROM:	
Various City Funds - Insurance Premium	58,738,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	2014-2015 Adopted
TRANSFER TO BENEFIT FUNDS-DENTAL INSURANCE FUND FROM:	
Various City Funds - Insurance Premium	\$ 5,300,000
TRANSFER TO BENEFIT FUNDS-LIFE INSURANCE FUND FROM:	
Various City Funds - Insurance Premium	425,000
TRANSFER TO BUSINESS IMPROVEMENT DISTRICT FUND FROM:	
General Fund	10,000
TRANSFER TO CITY HALL DEBT SERVICE FUND FROM:	
General Fund	17,701,359
Capital Improvement Program Fund	1,775,000
Various City Funds	4,218,436
TRANSFER TO COMMUNITY FACILITIES DISTRICT FUNDS FROM:	
Storm Sewer Operating Fund	10,121
TRANSFER TO COMMUNITY FACILITIES REVENUE FUND FROM:	
General Fund	3,100,000
TRANSFER TO CONVENTION AND CULTURAL AFFAIRS FUND FROM:	
Transient Occupancy Tax Fund	9,219,864
TRANSFER TO DOWNTOWN PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FUND FROM:	
General Fund	695,415
General Purpose Parking Fund	77,447
TRANSFER TO ICE CENTRE REVENUE FUND FROM:	
General Fund	2,045,000
TRANSFER TO MAINTENANCE DISTRICTS FUNDS FROM:	
General Fund	123,106
Storm Sewer Operating Fund	22,118
TRANSFER TO MUNICIPAL GOLF COURSE FUND FROM:	
General Fund	1,600,000
TRANSFER TO PUBLIC WORKS PROGRAM SUPPORT FUND FROM:	
Various Capital Funds	14,573,000
TRANSFER TO SAN JOSÉ ARENA CAPITAL RESERVE FUND FROM:	
General Fund	250,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	2014-2015 Adopted
TRANSFER TO SAN JOSÉ ARENA ENHANCEMENT FUND FROM:	
General Fund	\$ 1,000,000
TRANSFER TO SAN JOSÉ/SANTA CLARA TREATMENT PLANT OPERATING FUND FROM:	
Sewer Service and Use Charge Fund	52,000,000
TRANSFER TO SEWAGE TREATMENT PLANT CONNECTION FEE FUND FROM:	
General Fund	5,095,000
TRANSFER TO VEHICLE MAINTENANCE AND OPERATIONS FUND FROM:	
Departmental Charges - Operating and Maintenance Costs	18,813,250
Replacement Charges	3,900,000
TRANSFER TO CAPITAL IMPROVEMENT PROGRAM FUNDS FROM:	
General Fund for the following programs:	
Municipal Improvements	20,545,000
Communications	237,500
Parks and Recreation	3,560,000
Public Safety	13,579,000
Airport Operating Funds	4,000,000
General Purpose Parking Fund	1,770,000
Branch Libraries Bond Projects Fund	700,000
Integrated Waste Management Fund	2,873,000
Library Parcel Tax Fund	3,696,000
Parks Central Construction and Conveyance Tax Fund	9,045,000
Parks City-Wide Construction and Conveyance Tax Fund	4,523,000
Sewage Treatment Plant Connection Fee Fund	3,090,000
Sewer Service and Use Charge Fund	71,000,000
Storm Sewer Operating Fund	11,930,000
Various Construction and Conveyance Tax Funds	25,000
Water Utility Fund	3,500,000
TOTAL TRANSFERS TO:	\$ 613,023,848

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	<u>2014-2015 Adopted</u>
TRANSFERS FROM GENERAL FUND TO:	
Business Improvement District Fund	\$ 10,000
City Hall Debt Service Fund	17,701,359
Community Facilities Revenue Fund	3,100,000
Downtown Property and Business Improvement District Fund	695,415
Ice Centre Revenue Fund	2,045,000
Maintenance Districts Funds	123,106
Municipal Golf Course Fund	1,600,000
San José Arena Capital Reserve Fund	250,000
San José Arena Enhancement Fund	1,000,000
Sewer Treatment Plant Connection Fee Fund	5,095,000
Various Capital Improvement Program Funds	37,921,500
Vehicle Maintenance and Operations Fund	1,000,000
 TRANSFER FROM AIRPORT CUSTOMER FACILITY AND TRANSPORTATION FEE FUND TO:	
Airport Fiscal Agent Fund	17,412,082
Airport Surplus Revenue Fund	112,207
 TRANSFER FROM AIRPORT FISCAL AGENT FUND TO:	
Airport Revenue Fund	275,000
 TRANSFER FROM AIRPORT MAINTENANCE AND OPERATION FUND TO:	
General Fund	35,618
General Fund - Aircraft Rescue/Fire Fighting	3,293,417
General Fund - Police Services	5,782,117
 TRANSFER FROM AIRPORT REVENUE FUND TO:	
Airport Fiscal Agent Fund	43,115,459
Airport Maintenance and Operation Fund	77,997,931
Airport Surplus Revenue Fund	10,367,761
 TRANSFER FROM AIRPORT SURPLUS REVENUE FUND TO:	
Capital Improvement Program Fund	4,000,000
 TRANSFER FROM VARIOUS CAPITAL IMPROVEMENT PROGRAM FUNDS TO:	
General Fund	48,000
Airport Fiscal Agent Fund	36,846,000
Branch Library Bond Fund	700,000
City Hall Debt Service Fund	1,775,000
Public Works Program Support Fund	14,573,000
Various Capital Improvement Program Funds	9,070,000
Parks City-Wide Construction and Conveyance Tax Fund	4,523,000
Sewage Treatment Plant Connection Fee Fund	
 TRANSFER FROM COMMUNITY FACILITIES REVENUE FUND TO:	
General Fund	153,033

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	<u>2014-2015 Adopted</u>
TRANSFER FROM CONSTRUCTION AND CONVEYANCE TAX FUND TO:	
General Fund	\$ 4,316,000
TRANSFER FROM CONSTRUCTION EXCISE TAX FUND TO:	
General Fund	1,750,000
TRANSFER FROM CONVENTION AND CULTURAL AFFAIRS FUND TO:	
General Fund	342,674
TRANSFER FROM CONVENTION CENTER FACILITIES DISTRICT REVENUE FUND TO:	
General Fund	150,000
TRANSFER FROM EMERGENCY RESERVE FUND TO:	
General Fund	13,500
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1943 TO:	
General Fund	7,200,000
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1964 TO:	
General Fund	3,400,000
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1990 TO:	
General Fund	4,400,000
TRANSFER FROM GENERAL PURPOSE PARKING FUND TO:	
Capital Improvement Program Fund	1,770,000
Downtown Property and Business Improvement District Fund	77,447
General Fund	712,762
TRANSFER FROM ICE CENTRE REVENUE FUND TO:	
General Fund	11,203
TRANSFER FROM INTEGRATED WASTE MANAGEMENT FUND TO:	
Capital Improvement Program Fund	2,873,000
General Fund	315,563
TRANSFER FROM LAKE CUNNINGHAM FUND TO:	
General Fund	226,000
TRANSFER FROM LIBRARY PARCEL TAX FUND TO:	
General Fund	9,586
Capital Improvement Program Fund	3,696,000
TRANSFER FROM LOW AND MODERATE INCOME HOUSING ASSET FUND TO:	
General Fund	6,210

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TRANSFERS, LOANS, & CONTRIBUTIONS

	<u>2014-2015 Adopted</u>
TRANSFER FROM MULTI-SOURCE HOUSING FUND TO:	
General Fund	1,465
TRANSFER FROM PUBLIC WORKS PROGRAM SUPPORT FUND TO:	
General Fund	\$ 5,712
TRANSFER FROM SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUND TO:	
General Fund	64,554
TRANSFER FROM SEWAGE TREATMENT PLANT CONNECTION FEE FUND TO:	
Capital Improvement Program Fund	3,090,000
TRANSFER FROM SEWER SERVICE AND USE CHARGE FUND TO:	
General Fund	22,968
Capital Improvement Program Funds	48,000,000
San José/Santa Clara Treatment Plant Operating Fund	52,000,000
Sewer Service and Use Charge Capital Improvement Fund	23,000,000
TRANSFER FROM STORM SEWER OPERATING FUND TO:	
Capital Improvement Program Fund	11,930,000
Community Facilities District #13 (Guadalupe-Mines) Fund	10,121
General Fund	18,462
Maintenance District No. 15 Fund	22,118
TRANSFER FROM TRANSIENT OCCUPANCY TAX FUND TO:	
General Fund	40,000
Convention and Cultural Affairs Fund	9,219,864
TRANSFER FROM VEHICLE MAINTENANCE AND OPERATIONS FUND TO:	
General Fund	2,500
TRANSFER FROM WATER UTILITY FUND TO:	
General Fund	281,668
Capital Improvement Program Fund	3,500,000
TRANSFER FROM WORKFORCE INVESTMENT ACT FUND TO:	
General Fund	528,432
TRANSFER FROM VARIOUS CITY FUNDS TO:	
Benefit Funds - Benefit Fund	58,738,000
Benefit Funds - Dental Insurance Fund	5,300,000
Benefit Funds - Life Insurance Fund	425,000
City Hall Debt Service Funds	4,218,436
General Fund - Overhead	39,000,348
Vehicle Maintenance and Operations Fund	21,713,250
TOTAL TRANSFERS FROM:	\$ 613,023,848

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

SUMMARY OF INTERFUND LOANS IN CAPITAL AND OPERATING FUNDS

Receiving Fund	Lending Fund	Amount of Loan/ Issue Date	Loan Description and Terms	Amount Outstanding Est. 6/30/14	2014-2015 Loan Payment to Fund Receiving Loan	2014-2015 Repayment to Fund that Provided Loan
Council District 7 Construction and Conveyance Tax Fund (385)	Subdivision Park Trust Fund (375)	\$1,828,000 June 2012	<p>Long-term loan from the Communications Hill Reserve to finance the construction of the Roberto Antonio Balermino Park. This loan will be repaid upon receipt of grant reimbursements from the Statewide Park Development and Community Revitalization Program (Prop 84, Phase 2). The term of the grant is July 1, 2012 to June 30, 2019; therefore, the interfund loan would expire on June 30, 2019.</p> <p>The loan will be repaid with interest at the City's pooled investment rate. Staff will file for reimbursements with the State on a regular basis and when a significant amount of funds has accumulated, the funds will be transferred to the Subdivision Park Trust Fund Communications Hill Reserve as part of the budget process. A final balloon payment will be required if the loan has not been fully repaid from the grant reimbursements by June 30, 2019.</p>	\$1,851,000	\$0	\$0

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26. As part of the legislation, Successor Agencies are charged with winding down operations and overseeing the dissolution process in an orderly manner. On January 24, 2012, the City Council adopted Resolution No. 76128 documenting its decision to serve as the Successor Agency to the former Redevelopment Agency (“Successor Agency”), a separate public entity. Over the years, the City of San José made a number of loans to the former Redevelopment Agency for specified eligible redevelopment purposes, including loans made to pay debt service and other long-standing obligations. With narrow exceptions, loans between cities and their redevelopment agencies were invalidated by AB X1 26. However, with the approval of AB 1484 in June 2012, loans such as those outlined below may be deemed an enforceable obligation contingent upon 1) the issuance of a Notice of Completion finding by the State Department of Finance (DOF), and 2) a finding by the Oversight Board of the Successor Agency that these loans were for legitimate redevelopment purposes. If a loan is reinstated pursuant to these provisions of AB 1484, the loan terms need to be revised to conform to statutory criteria for interest calculations and repayment priorities. Loans between the Low and Moderate Income Housing Fund and the former Redevelopment Agency, including the Supplemental Educational Revenue Augmentation Fund (SERAF) Loan, are enforceable obligations of the Successor Agency, which must be repaid prior to any other reinstated loans between the City and the Successor Agency. It should be noted that the enforceability of a portion of the SERAF loan repayment by the Successor Agency has been denied by the DOF due to the initial funding mechanism for the loan. The Administration continues to work through these issues. The other City funds portion of the SERAF loan is due and payable beginning in June 2015.

Outlined below are the outstanding loans from the City to the former Redevelopment Agency which remained as of February 1, 2012, upon the dissolution of the former Redevelopment Agency. Currently, they remain unenforceable obligations except where otherwise noted. Unenforceable obligations would be required to be paid in full from an alternative funding source should repayment from the Successor Agency not be legal; under that scenario, repayments would require General Fund support.

The Successor Agency continues to operate with a projected insufficiency of funds in 2014-2015. As a result, the 2014-2015 Adopted Budget provides for the City’s General Fund to pay off the \$10.0 million in loans from other City funds (Interfund Loans) that were used to complete a portion of the former Redevelopment Agency’s SERAF obligation. This action would shift the funding source of this portion (\$10.0 million) of the SERAF loan between the City and the former Redevelopment Agency from the Sewage Treatment Plant Connection Fee Fund (\$5.0 million), Subdivision Park Trust Fund (\$3.0 million), and Ice Centre Revenue Fund (\$2.0 million) to the City’s General Fund. It should be noted that in Fall 2014, the Administration is planning to seek Successor Agency Oversight Board approval to reinstate this \$10.0 million portion of the SERAF loan between the City and the Successor Agency as a valid and binding obligation of the Successor Agency so that the General Fund can eventually be repaid.

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Lending Fund	Outstanding Obligation (June 30, 2014)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Supplemental Educational Revenue Augmentation Fund (SERAF) Loan					
Low and Moderate Income Housing Fund* (443)	\$65,713,079	The Low and Moderate Income Housing Fund and other City funds loaned funding to the former San Jose Redevelopment Agency, (Agency) in order for the former Agency to make the State mandated payments of \$62.0 million and \$13.0 million to the SERAF on May 10, 2010 and May 10, 2011, respectively. Per the Loan Agreement by and among the City, the City of San José Financing Authority, and the former Agency dated May 6, 2010, the Successor Agency must repay the SERAF Loan as follows:	\$0	\$65,713,079	\$65,713,079
Ice Centre Revenue Fund (432)	\$2,029,673	i) \$52.0 million principal plus associated costs due to the Low and Moderate Income Housing Fund by June 30, 2015.	\$2,029,673	\$0	\$2,029,673
Sewage Treatment Plant Connection Fee Fund (539)	\$5,074,182	ii) \$13.0 million principal plus associated costs due to the Low and Moderate Income Housing Fund by June 30, 2016.	\$5,074,182	\$0	\$5,074,182
Subdivision Park Trust Fund (375)	\$3,044,509	iii) \$10.0 million principal plus interest due to the Ice Centre Revenue Fund (\$2.0 million), Sewage Treatment Plant Connection Fee Fund (\$5.0 million), and Subdivision Park Trust Fund (\$3.0 million) by June 30, 2015.	\$3,044,509	\$0	\$3,044,509
Subtotal	\$75,861,443		\$10,148,364	\$65,713,079	\$75,861,443

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Lending Fund	Outstanding Obligation (June 30, 2014)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Parking Fund Loans					
General Purpose Parking Fund (533)	\$6,800,000	<p>In April 2005, the City and former Agency entered into a Loan Agreement whereby the City loaned the former Agency \$6.8 million from the City's Parking Fund, representing approximately two years of debt service the former Agency would be paying on the 4th and San Fernando Street Parking Garage. The loan was requested by the former Agency in response to reductions in its tax increment revenue to "ensure the continuity of Agency projects and essential redevelopment programs." The loan was originally scheduled for repayment in January 2009. In 2007, the loan was amended to defer repayment of the \$6.8 million loan until July 31, 2012 and eliminating the accrual of interest after June 30, 2007 if the loan was repaid by July 31, 2012.</p> <p>In February 2010, the loan was amended again. The principal payment date was extended to be due on or before June 30, 2015. If payment was made by this date, interest on the \$6.8 million would be waived. If not, interest would accrue from June 30, 2007.</p>	\$0	\$6,800,000	\$6,800,000
Parking Capital Development Fund (556)	\$6,728,294	<p>In February 2010, the City Council approved an additional loan to the former Agency for debt service payments on the 4th and San Fernando Street Parking Garage: \$1.7 million for the second debt service payment due in 2009-2010, \$3.4 million in 2010-2011 and \$1.7 million in 2011-2012. An agreement between the City and the Redevelopment Agency calls for a full repayment of this \$6.7 million loan to the Parking Capital Development Fund in 2015-2016. The loaned amounts to the former Agency for these purposes do not accrue interest.</p>	\$0	\$6,728,294	\$6,728,294
Subtotal	\$13,528,294		\$0	\$13,528,294	\$13,528,294

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Lending Fund	Outstanding Obligation (June 30, 2014)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Other Obligations					
Subdivision Park Trust Fund (375)	\$8,111,800	The former Agency owes the City deferred payments under the Parkland In-Lieu Fee for Low-Income Residential Units Voucher Program. In February 2010, the City Council/Agency Board approved scheduling the payment by the Agency for 2015-2016.	\$0	\$8,111,800	\$8,111,800
Total	\$97,501,537		\$10,148,364	\$87,353,173	\$97,501,537

* This portion of the SERAF Loan borrowed from the Low and Moderate Income Housing Fund is an enforceable obligation and repayment is anticipated to be made by the Successor Agency. It should be noted that a finding by the State Department of Finance has denied the enforceability of this obligation in both the Housing Due Diligence Report and the Housing Asset Transfer Report because of the initial funding mechanism of the loan; the Administration continues to work through this issue.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Successor Agency Obligations with City Impacts

As part of determining the current financial state of the Successor Agency, the Administration continues to project future property tax increment revenues and analyze the current level of enforceable obligations. Based on that analysis, the 2015-2019 February Forecast projected that there would not be sufficient property tax increment revenue to pay all of the enforceable obligations in the foreseeable future. This analysis assumed the continued withholding of the PERS and Water District levies due to the continued uncertainty surrounding litigation between the Successor Agency and the County of Santa Clara (County) in regards to these monies and the priority of enforceable obligations of the Successor Agency.

Based on current projections, it is assumed that City funds would be used to ensure adequate funding for City contractually obligated Successor Agency obligations as well as administrative expenses in 2014-2015. Despite the continued withholding of the PERS levy by the County, based on a recent review of financial cash flow of funds, anticipated 2014-2015 administrative expenditures, and Recognized Obligation Payments (ROPS) next year, included in this 2014-2015 Adopted Operating Budget is a subsidy level of \$1.3 million.

The City is not legally obligated to assume all of the Successor Agency obligations, but there may be policy reasons for the City Council to continue certain redevelopment obligations. The City is only contractually obligated to make payments for the following Successor Agency enforceable obligations: 4th and San Fernando Parking Garage Debt Service, Convention Center Debt Service, Federal Department of Housing and Urban Development (HUD) Section 108 loan payments, Educational Revenue Augmentation Fund (ERAF) Loan Payments, and Interfund Loans made in connection with the SERAF Loan (as discussed above). In addition, due to the projected insufficient redevelopment tax increment revenues to provide funding for all obligations, the City has assumed payment of administrative costs until sufficient tax increment is received.

Should the Successor Agency be unable to complete the loan repayment for the HUD Section 108 loan program to the Federal Department of Housing and Urban Development, Community Development Block Grant (CDBG) funds may be used to cover this payment. Per the bond covenants for the 4th and San Fernando Parking Garage, revenues of both the Successor Agency and the General Purpose Parking Fund are pledged to make the loan repayment for the annual debt service of \$3.4 million related to this facility. If the Successor Agency has insufficient revenues to make the payment, the General Purpose Parking Fund is required to cover the payment.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

Reimbursement Agreement between the Successor Agency and the City of San José

Beginning in 2012-2013, the City provided financial support to the Successor Agency as a result of insufficient property tax increment revenues. Through the 2012-2013 Reimbursement Agreement and the subsequent amended and reinstated Long-Term Reimbursement Agreement (together the “Reimbursement Agreement”) between the City and the Successor Agency, “City Advance Amounts,” as outlined below, are eligible for either inter-year or intra-year reimbursements. As a result of the timing of the distribution of property tax increment revenues, the City may be required to provide cash flow loans as well as structural deficit loans in the event revenues are insufficient to cover all enforceable obligations. The Successor Agency is anticipated to have sufficient funds in 2014-2015 to fully reimburse the General Purpose Parking Fund. Below are the obligations outlined in the Reimbursement Agreement:

- **City Supported Agency Obligations:** City of San José Financing Authority Revenue Bonds Series 2001A (4th and San Fernando Parking Garage) Debt Service; City of San José Financing Authority Lease Revenue Bonds Series 2001F (Convention Center) Debt Service; ERAF payments.
- **Administrative Costs** pursuant to an administrative cost budget approved by the Oversight Board, including employee costs (for administrative, professional, technical, financial, and legal staffing), third party contractual services, office equipment and supplies, (including staffing from the City Manager’s Office, City Clerk’s Office, City Attorney’s Office, Finance Department, and the Housing Department) and other operational costs related to the general winding down of the former Redevelopment Agency.

It should be noted that the HUD Section 108 loan is not included in the Reimbursement Agreement (\$1.9 million contribution in 2012-2013 and a maximum of \$2.1 million contribution in 2013-2014 by the Community Development Block Grant Fund) per a DOF determination. DOF determined that since CDBG funds are an allowable source of funds for payment of the HUD Section 108 loan repayments and the CDBG funds are security for the payment of the HUD Section 108 loans, the City may not be reimbursed for funds advanced for the purpose of repaying the HUD Section 108 loans. In 2014-2015, CDBG funds are once again programmed to complete a maximum of \$2.1 million in loan repayment without an assumption for reimbursement from the Successor Agency.

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

City Financial Support Description	2012-2013 ACTUAL	2013-2014 ACTUAL*
<u>General Fund</u>		
- Convention Center Debt Service	\$10,352,510	\$9,834,157
- Educational Revenue Augmentation Fund (ERAF) Loan	0	1,615,000
- General Fund Subsidy for direct Successor Agency Administrative Costs	1,649,605	1,355,607
- City Support Services: City Attorney's Office, City Clerk's Office, City Manager's Office, Finance Department Staffing (and associated overhead costs)	1,048,033	1,506,789
- Unsecured Enforceable Obligations	341,360	310,236
- City Hall Rent - 14th floor offices	100,000	100,000
<u>General Purpose Parking Fund</u>		
- 4th and San Fernando Parking Garage Debt Service	3,362,653	3,362,653
<u>Low and Moderate Income Housing Asset Fund</u>		
- City Support Services: Housing Department support related to Successor Agency enforceable obligations (and associated overhead costs)	121,110	51,380
Total City Financial Support	\$16,975,271	\$18,135,822
<i>SARA Reimbursement</i>	<i>(11,000,000)</i>	<i>(12,902,222)</i>
Outstanding City Subsidy	\$5,975,271	5,233,600

* The 2013-2014 amounts are unaudited.

City Advance Amount

As a result of the continued projected insufficient property tax increment revenues to fund all enforceable obligations, the City has assumed payment of administrative costs until sufficient property tax increment revenues are received. The net "City Advance Amounts" as outlined in the 2014-2015 Adopted Operating Budget and City Support Services as approved by the Successor Agency Oversight Board for the ROPS 2014-2015A is outlined below. It should be noted that this may be modified during the year through City Council approved action. The "City Advance Amounts" below excludes CDBG funds which are planned to make a maximum of \$2.1 million in HUD Section 108 loan payment in 2014-2015 due to the DOF ruling that the City may not be reimbursed for funds advanced for the purpose of repaying the HUD Section 108 loans.

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OBLIGATIONS AND RISKS TO THE CITY**

**2014-2015 Adopted Budget City Advance Amount
City Support for the Successor Agency**

Description	General Fund	All Funds
<i>General Fund Subsidy for direct Successor Agency Administrative Costs</i>	\$1,300,000	\$1,300,000
<i>General Purpose Parking Fund: 4th Street Garage Debt Service*</i>	0	0
<i>City Support Services: City Attorney's Office, City Clerk's Office, City Manager's Office, Finance and Housing Department staffing (and associated overhead costs)</i>	1,865,578	1,926,022
<i>City Hall Rent - 14th floor offices</i>	100,000	100,000
Total City Support	\$3,265,578	\$3,362,022

* For 2014-2015, it is anticipated that the General Purpose Parking Fund will be fully reimbursed for the 4th and San Fernando Parking Garage debt service payment.

In 2014-2015, it is projected that the Successor Agency will have sufficient property tax increment revenues to complete the 4th and San Fernando Parking Garage debt service payment. On May 22, 2014, the County of Santa Clara Assessor's Office issued updated estimates regarding the 2014-2015 secured real property growth for the Successor Agency, which are projected to increase by nearly 7% in 2014-2015. Based on the Successor Agency's 2014-2015 cash flow of funds, should this higher growth be realized, it is estimated that only a cash flow loan will be necessary from the General Purpose Parking Fund as opposed to the structural deficit subsidy that was provided in 2012-2013 and 2013-2014.

As of June 30th of each fiscal year, the Successor Agency is obligated to reimburse the City up to the eligible intra-year advance amount for that year consistent with the procedures and priority of obligations outlined in the Reimbursement Agreement between the City and the Successor Agency. Any portion that remains outstanding will be accrued as an Enforceable Obligation under the Dissolution Law and repaid as set forth in Health and Safety Code Section 34182 and consistent with the terms outlined in the Reimbursement Agreement between the City and the Successor Agency.

It should be noted that the City Attorney's Office and the Administration continue to review all of the Successor Agency obligations to reduce the impact on the General Fund, the CDBG Fund, and the General Purpose Parking Fund. The funding levels and actions in this document reflect the approved 2012-2013 Reimbursement Agreement beginning July 1, 2012, and the approval of the amended and restated Long-Term Reimbursement Agreement beginning July 1, 2013. These agreements provide a mechanism for reimbursement to the City of all financial support on either a cash flow basis or for a structural deficit once sufficient funding remains in the priority of obligations through December 2015.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

	<u>Beginning Fund Balance 07/01/2014</u>	<u>Revenue and Transfers</u>	<u>Estimated Sources Available</u>	<u>Expenses and Transfers</u>	<u>Ending Fund Balance 06/30/2015</u>	<u>Estimated Uses Available</u>	<u>*</u>
General Fund							
001 General Fund	272,717,814	859,963,023	1,132,680,837	1,113,030,537	19,650,300	1,132,680,837	1
Special Funds							
519 Airport Customer Facility And Transportation Fee Fund	7,424,469	19,857,141	27,281,610	19,884,223	7,397,387	27,281,610	
525 Airport Fiscal Agent Fund	85,936,657	97,673,541	183,610,198	97,647,588	85,962,610	183,610,198	
523 Airport Maintenance And Operation Fund	33,579,712	77,997,931	111,577,643	75,166,171	36,411,472	111,577,643	
521 Airport Revenue Fund	59,925,234	123,705,020	183,630,254	131,481,151	52,149,103	183,630,254	5
524 Airport Surplus Revenue Fund	12,684,513	10,479,968	23,164,481	7,179,968	15,984,513	23,164,481	5
160 Benefit Funds - Benefit Fund	969,861	58,777,000	59,746,861	59,214,900	531,961	59,746,861	4
155 Benefit Funds - Dental Insurance Fund	4,365,937	11,155,000	15,520,937	11,663,871	3,857,066	15,520,937	1
156 Benefit Funds - Life Insurance Fund	114,934	1,021,400	1,136,334	1,033,981	102,353	1,136,334	1
157 Benefit Funds - Unemployment Insurance Fund	3,902,454	14,000	3,916,454	1,215,606	2,700,848	3,916,454	1
351 Business Improvement District Fund	1,047,586	3,791,479	4,839,065	3,791,479	1,047,586	4,839,065	
002 Cash Reserve Fund	5,585	22	5,607	0	5,607	5,607	
210 City Hall Debt Service Fund	160,705	23,734,795	23,895,500	23,895,000	500	23,895,500	3
441 Community Development Block Grant Fund	6,452,817	9,266,778	15,719,595	10,283,957	5,435,638	15,719,595	3
371 Community Facilities Dist #1 (Capitol Auto Mall) Fund	561,162	152,500	713,662	231,470	482,192	713,662	3
369 Community Facilities Dist #2 (Aborn-Murillo) and #3 (Silverland-Capriana) Fund	1,872,980	1,452,800	3,325,780	1,507,196	1,818,584	3,325,780	
373 Community Facilities Dist #8 (Communications Hill) Fund	3,534,624	440,600	3,975,224	793,936	3,181,288	3,975,224	3
374 Community Facilities Dist #11 (Adeline-Mary Helen) Fund	254,150	54,200	308,350	70,767	237,583	308,350	
376 Community Facilities Dist #12 (Basking Ridge) Fund	1,420,680	195,300	1,615,980	243,678	1,372,302	1,615,980	
310 Community Facilities Dist #13 (Guadalupe Mines) Fund	50,415	66,721	117,136	71,846	45,290	117,136	3
379 Community Facilities Dist #14 (Raleigh-Charlotte) Fund	423,982	512,200	936,182	509,694	426,488	936,182	
422 Community Facilities Revenue Fund	1,903,642	8,090,759	9,994,401	9,472,759	521,642	9,994,401	3
536 Convention & Cultural Affairs Fund	5,456,483	9,227,864	14,684,347	9,440,601	5,243,746	14,684,347	
791 Convention Center Facilities District Revenue Fund	23,202,127	11,088,000	34,290,127	11,776,388	22,513,739	34,290,127	
302 Downtown Property & Bus. Improvement District Fund	1,081,557	2,643,943	3,725,500	2,635,000	1,090,500	3,725,500	
444 Economic Development Administration Loan Fund	73,064	6,100	79,164	60,000	19,164	79,164	5
474 Edward Byrne Memorial Justice Assist. Grant Trust Fund	310,028	0	310,028	235,897	74,131	310,028	2

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

	<u>Beginning Fund Balance 07/01/2014</u>	<u>Revenue and Transfers</u>	<u>Estimated Sources Available</u>	<u>Expenses and Transfers</u>	<u>Ending Fund Balance 06/30/2015</u>	<u>Estimated Uses Available</u>	<u>*</u>
Special Funds							
406 Emergency Reserve Fund	3,381,532	13,500	3,395,032	13,500	3,381,532	3,395,032	
419 Federal Drug Forfeiture Fund	3,227,093	265,000	3,492,093	653,848	2,838,245	3,492,093	3
409 Gas Tax Maintenance And Construction Fund - 1943	0	7,200,000	7,200,000	7,200,000	0	7,200,000	
410 Gas Tax Maintenance And Construction Fund - 1964	0	3,400,000	3,400,000	3,400,000	0	3,400,000	
411 Gas Tax Maintenance And Construction Fund - 1990	0	4,400,000	4,400,000	4,400,000	0	4,400,000	
533 General Purpose Parking Fund	14,670,124	17,333,151	32,003,275	14,729,195	17,274,080	32,003,275	3, 5
139 Gift Trust Fund	3,956,997	0	3,956,997	3,921,342	35,655	3,956,997	2
445 Home Investment Partnership Program Trust Fund	2,288,435	13,088,017	15,376,452	12,388,377	2,988,075	15,376,452	5
440 Housing Trust Fund	2,055,756	1,117,000	3,172,756	1,975,973	1,196,783	3,172,756	3
432 Ice Centre Revenue Fund	5,454,498	5,240,717	10,695,215	2,663,717	8,031,498	10,695,215	5
423 Integrated Waste Management Fund	18,976,591	126,265,511	145,242,102	130,456,854	14,785,248	145,242,102	2
418 Library Parcel Tax Fund	8,537,297	8,125,000	16,662,297	8,107,419	8,554,878	16,662,297	
352 Maintenance Dist #1 (Los Paseos) Fund	675,220	206,700	881,920	592,889	289,031	881,920	3
354 Maintenance Dist #2 (Trade Zone Blvd.- Lundy Ave.) Fund	85,550	75,908	161,458	70,641	90,817	161,458	
357 Maintenance Dist #5 (Orchard Prkwy-Plumeria Dr) Fund	327,838	61,500	389,338	118,529	270,809	389,338	3
361 Maintenance Dist #8 (Zanker-Montague) Fund	313,738	80,753	394,491	240,850	153,641	394,491	3
362 Maintenance Dist #9 (Santa Teresa-Great Oaks) Fund	319,586	147,480	467,066	163,622	303,444	467,066	
364 Maintenance Dist #11 (Brokaw Rd. From Junction Ave. To Old Oakland Rd.) Fund	230,847	72,154	303,001	63,756	239,245	303,001	
366 Maintenance Dist #13 (Karina-O'Nel) Fund	66,435	47,100	113,535	43,004	70,531	113,535	
368 Maintenance Dist #15 (Silver Creek Valley) Fund	4,454,586	998,654	5,453,240	1,357,739	4,095,501	5,453,240	
372 Maintenance Dist #18 (The Meadowlands) Fund	56,882	92,100	148,982	112,652	36,330	148,982	3
359 Maintenance Dist #19 (River Oaks Area Landscaping Fund	247,053	48,095	295,148	138,000	157,148	295,148	3
365 Maintenance Dist #20 (Renaissance-N. First Landscaping) Fund	348,757	62,361	411,118	77,575	333,543	411,118	
356 Maintenance Dist #21 (Gateway Pl-Airport Prkwy) Fund	225,305	96,996	322,301	102,491	219,810	322,301	
367 Maintenance Dist #22 (Hellyer Ave-Silver Creek Valley Rd.) Fund	207,034	86,023	293,057	198,019	95,038	293,057	3

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

	<u>Beginning Fund Balance 07/01/2014</u>	<u>Revenue and Transfers</u>	<u>Estimated Sources Available</u>	<u>Expenses and Transfers</u>	<u>Ending Fund Balance 06/30/2015</u>	<u>Estimated Uses Available</u>	<u>*</u>
Special Funds							
346 Low and Moderate Income Housing Asset Fund	17,460,042	16,701,620	34,161,662	24,190,919	9,970,743	34,161,662	3
448 Multi-Source Housing Fund	10,110,968	16,805,130	26,916,098	23,494,040	3,422,058	26,916,098	3
518 Municipal Golf Course Fund	583,707	2,167,000	2,750,707	2,437,000	313,707	2,750,707	5
150 Public Works Program Support Fund	1,977,067	14,583,000	16,560,067	15,080,329	1,479,738	16,560,067	5
459 San Jose Arena Capital Reserve Fund	530,687	805,000	1,335,687	1,200,000	135,687	1,335,687	3
301 San José Arena Enhancement Fund	24,800	1,002,200	1,027,000	1,027,000	0	1,027,000	3
476 San José Municipal Stadium Capital Fund	0	35,000	35,000	35,000	0	35,000	
514 San José/Santa Clara Treatment Plant Income Fund	28,524	100	28,624	0	28,624	28,624	
513 San José/Santa Clara Treatment Plant Operating Fund	36,248,673	85,567,784	121,816,457	91,904,551	29,911,906	121,816,457	5
539 Sewage Treatment Plant Connection Fee Fund	10,396,932	9,442,310	19,839,242	3,363,000	16,476,242	19,839,242	5
541 Sewer Service & Use Charge Fund	55,861,657	132,467,040	188,328,697	154,963,394	33,365,303	188,328,697	1
417 State Drug Forfeiture Fund	473,357	205,000	678,357	139,067	539,290	678,357	5
446 Storm Sewer Operating Fund	17,221,813	32,163,343	49,385,156	37,483,634	11,901,522	49,385,156	5
414 Supplemental Law Enforcement Services Fund	1,540,185	0	1,540,185	1,081,842	458,343	1,540,185	3
461 Transient Occupancy Tax Fund	2,925,105	17,658,000	20,583,105	18,972,999	1,610,106	20,583,105	3
552 Vehicle Maintenance And Operations Fund	1,774,622	22,716,750	24,491,372	23,031,760	1,459,612	24,491,372	4
515 Water Utility Fund	9,488,522	36,894,260	46,382,782	37,572,229	8,810,553	46,382,782	
290 Workforce Investment Act Fund	1,084,851	9,117,359	10,202,210	9,173,064	1,029,146	10,202,210	
Capital Improvement Program Funds							
520 Airport Capital Improvement Fund	3,599,337	3,712,000	7,311,337	3,692,000	3,619,337	7,311,337	
529 Airport Passenger Facility Charge Fund	25,242,644	18,575,000	43,817,644	25,763,000	18,054,644	43,817,644	4
527 Airport Renewal And Replacement Fund	11,025,716	4,149,000	15,174,716	5,185,000	9,989,716	15,174,716	
526 Airport Revenue Bond Improvement Fund	66,909,657	72,000	66,981,657	23,444,000	43,537,657	66,981,657	2
472 Branch Libraries Bond Projects Fund	8,730,684	6,606,000	15,336,684	15,336,684	0	15,336,684	3
429 Building And Structure Construction Tax Fund	25,527,524	28,806,000	54,333,524	53,009,000	1,324,524	54,333,524	2
397 C & C Tax Fund - Communications	1,642,658	1,569,500	3,212,158	1,939,000	1,273,158	3,212,158	3
392 C & C Tax Fund - Fire	3,344,852	3,290,000	6,634,852	6,451,000	183,852	6,634,852	3

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

	<u>Beginning Fund Balance 07/01/2014</u>	<u>Revenue and Transfers</u>	<u>Estimated Sources Available</u>	<u>Expenses and Transfers</u>	<u>Ending Fund Balance 06/30/2015</u>	<u>Estimated Uses Available</u>	<u>*</u>
Capital Improvement Program Funds							
393 C & C Tax Fund - Library	11,976,356	7,422,000	19,398,356	10,161,000	9,237,356	19,398,356	3
398 C & C Tax Fund - Park Yards Maintenance	3,430,282	479,000	3,909,282	3,433,000	476,282	3,909,282	2
390 C & C Tax Fund - Parks Central	4,635,358	25,303,000	29,938,358	26,709,000	3,229,358	29,938,358	2
391 C & C Tax Fund - Parks City Wide	9,583,724	4,773,000	14,356,724	13,015,000	1,341,724	14,356,724	2
377 C & C Tax Fund - Parks District 1	4,996,021	866,000	5,862,021	3,210,000	2,652,021	5,862,021	2
378 C & C Tax Fund - Parks District 2	1,626,140	639,000	2,265,140	1,854,000	411,140	2,265,140	2
380 C & C Tax Fund - Parks District 3	1,292,441	995,000	2,287,441	1,616,000	671,441	2,287,441	2
381 C & C Tax Fund - Parks District 4	4,105,877	677,000	4,782,877	4,244,000	538,877	4,782,877	2
382 C & C Tax Fund - Parks District 5	4,565,535	1,224,000	5,789,535	4,637,000	1,152,535	5,789,535	2
384 C & C Tax Fund - Parks District 6	3,575,265	1,025,000	4,600,265	2,972,000	1,628,265	4,600,265	2
385 C & C Tax Fund - Parks District 7	3,963,460	1,146,000	5,109,460	4,708,000	401,460	5,109,460	2
386 C & C Tax Fund - Parks District 8	4,839,890	675,000	5,514,890	3,080,000	2,434,890	5,514,890	2
388 C & C Tax Fund - Parks District 9	3,039,799	1,086,000	4,125,799	3,027,000	1,098,799	4,125,799	2
389 C & C Tax Fund - Parks District 10	3,038,772	712,000	3,750,772	2,921,000	829,772	3,750,772	2
395 C & C Tax Fund - Service Yards	2,416,742	3,431,000	5,847,742	4,265,000	1,582,742	5,847,742	3
425 Civic Center Construction Fund							
465 Construction Excise Tax Fund	59,510,974	70,461,000	129,971,974	128,599,986	1,371,988	129,971,974	2
634 Contingent Lien District Fund	3,724,291	0	3,724,291	3,664,291	60,000	3,724,291	3
131 Emma Prusch Fund	365,659	82,000	447,659	168,000	279,659	447,659	2
599 Improvement District Fund	2,953,000	2,000	2,955,000	2,000,000	955,000	2,955,000	3
462 Lake Cunningham Fund	1,054,339	814,000	1,868,339	1,219,000	649,339	1,868,339	2
421 Major Collectors And Arterial Fund	929,095	4,000	933,095	52,000	881,095	933,095	
502 Major Facilities Fund	4,224,211	12,000	4,236,211	1,790,000	2,446,211	4,236,211	5
475 Neighborhood Security Act Bond Fund	790,730	3,345,000	4,135,730	3,686,730	449,000	4,135,730	3
375 Park Trust Fund	68,694,646	3,060,000	71,754,646	71,754,646	0	71,754,646	2
471 Parks And Recreation Bond Projects Fund	19,993,256	20,000	20,013,256	19,762,256	251,000	20,013,256	2
420 Residential Construction Tax Contribution Fund	1,105,505	229,000	1,334,505	240,000	1,094,505	1,334,505	3
512 San José/Santa Clara Treatment Plant Capital Fund	105,386,697	76,229,000	181,615,697	121,132,000	60,483,697	181,615,697	2
540 Sanitary Sewer Connection Fee Fund	11,252,795	1,211,000	12,463,795	8,452,000	4,011,795	12,463,795	3
545 Sewer Service And Use Charge Capital Improvement Fund	60,907,696	24,065,000	84,972,696	84,581,000	391,696	84,972,696	3
413 Storm Drainage Fee Fund	243,121	157,000	400,121	261,000	139,121	400,121	3

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

	Beginning Fund Balance 07/01/2014	Revenue and Transfers	Estimated Sources Available	Expenses and Transfers	Ending Fund Balance 06/30/2015	Estimated Uses Available	*
Capital Improvement Program Funds							
469 Storm Sewer Capital Fund	18,963,794	13,759,000	32,722,794	31,958,000	764,794	32,722,794	5
416 Underground Utility Fund	3,211,501	811,000	4,022,501	2,097,000	1,925,501	4,022,501	3
500 Water Utility Capital Fund	3,359,143	3,659,000	7,018,143	6,132,000	886,143	7,018,143	5
TOTAL CITY FUNDS	\$ 1,347,051,025	\$ 2,233,375,201	\$ 3,580,426,226	\$ 2,943,099,077	\$ 637,327,149	\$ 3,580,426,226	

NOTE: The Grand Total in the Total City Source and Use of Funds schedule is higher than the Estimated Sources and Uses Available in the Summary of Fund Activity schedule because the Summary of Fund Activity schedule excludes the following capital improvement program funds to avoid double-counting of the same funds: General Fund Capital Improvement Fund, General Purpose Parking Fund, Integrated Waste Management Fund, and Library Parcel Tax Fund. In the Total City Source and Use of Funds schedule these funds are excluded through the netting of transfers, loans, and contributions.

Reasons for Change Between 2014-2015 Beginning Fund Balance and 2014-2015 Ending Fund Balance at Greater than 10%

Beginning Fund Balance primarily contains funds to support prior year activities. Also surplus revenues and/or expenditure savings were accumulated in the prior year and then utilized for budget balancing purposes.

- 1 Once the rebudgeting of prior year's one-time activities has been removed from the Beginning Fund Balance, change in fund balance is within the 10% change.
- 3 Surplus revenues/and or expenditure savings were accumulated and then used for various one-time uses.
- 4 Fund balances are volatile. Funds utilize expenditure projections based on fees and charges estimates that support planned changes in cost recovery rates.
- 5 Ending Fund Balance is being accumulated to support uses in future years.
- 6 Planned elimination/establishment of fund.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
GENERAL GOVERNMENT			
<i>City Attorney</i> - Departmental Operations	\$ 14,278,401	\$ 14,558,085	\$ 15,588,647
<i>City Auditor</i> - Departmental Operations	2,117,479	2,220,908	2,412,616
<i>City Clerk</i> - Departmental Operations	2,069,210	2,256,211	2,512,130
<i>City Manager</i> - Departmental Operations	11,044,608	11,386,765	12,816,368
<i>Economic Development</i>			
Economic Development - Departmental Operations	11,757,517	8,734,617	9,007,468
Economic Development - Business Improvement Districts	3,010,722	3,910,491	4,839,065
Economic Development - Economic Develop. Enhance Funds	723,782	63,477	79,164
Economic Development - Workforce Investment Act	9,943,207	7,322,081	7,158,166
<i>Finance</i> - Departmental Operations	15,095,430	15,654,084	17,004,877
<i>Human Resources</i>			
Human Resources - Departmental Operations	8,026,791	8,392,082	9,295,560
Human Resources - Employee Benefits	82,542,209	89,995,124	78,844,478
<i>Independent Police Auditor</i> - Departmental Operations	1,065,761	1,076,906	1,177,134
<i>Information Technology</i> - Departmental Operations	17,562,341	18,741,251	19,671,443
<i>Mayor and City Council</i>	11,022,359	11,104,900	11,280,532
Subtotal General Government	\$ 190,259,817	\$ 195,416,982	\$ 191,687,648
PUBLIC SAFETY			
<i>Fire</i> - Departmental Operations	\$ 151,324,065	\$ 163,499,035	\$ 174,283,010
<i>Police</i>			
Police Department - Departmental Operations	296,326,620	309,959,762	328,608,267
Edward Byrne Memorial Justice Assistance Grant Fund	262,382	274,634	74,131
Federal and State Drug Forfeiture Funds	3,480,712	2,607,865	3,377,535
Supplemental Law Enforcement Services Fund	944,609	1,229,247	458,343
Communications - CIP	3,336,690	2,750,155	3,212,158
Public Safety - CIP	22,070,291	25,853,929	24,349,582
Subtotal Public Safety	\$ 477,745,369	\$ 506,174,627	\$ 534,363,026
CAPITAL MAINTENANCE			
<i>Public Works</i>			
Public Works - Departmental Operations	\$ 55,388,319	\$ 61,334,769	\$ 63,885,211
Public Works Program Support Fund	10,975,979	11,010,595	10,665,665
Stores Operations	249,009	0	0
Vehicle Maintenance and Operations	6,399,748	7,387,695	6,774,892
Developer-Assisted Projects - CIP	4,144,211	7,402,438	9,081,297
Municipal Improvements - CIP	29,095,851	22,441,425	23,418,000
Service Yards - CIP	3,995,074	4,770,809	5,847,742
<i>Transportation</i>			
Transportation - Departmental Operations	61,451,398	65,692,465	69,420,996
General Purpose Parking Fund	16,357,298	18,100,386	24,483,653
Maintenance Assessment and Community Facilities Districts	14,902,058	15,339,014	14,234,247
Parking - CIP	3,335,000	2,382,000	1,770,000
Traffic - CIP	110,759,716	142,129,251	188,193,593
Subtotal Capital Maintenance	\$ 317,053,661	\$ 357,990,847	\$ 417,775,296

Note: Departmental Operations include personal services and non-personal/equipment expenditures for all funds excluding capital funds.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
COMMUNITY SERVICES			
<i>Airport</i>			
Airport - Departmental Operations	\$ 60,754,488	\$ 58,837,909	\$ 60,581,266
Airport - Operating Program Expenditures	249,837,335	252,938,220	260,482,088
Airport - Revenue/Surplus Revenue Funds	187,022,790	190,319,319	206,794,735
Airport - CIP	214,362,170	167,022,824	133,285,354
<i>Convention Facilities</i>			
Convention and Cultural Affairs Fund - Program Expenditures	35,969,690	45,037,707	14,679,347
Municipal Golf Course	2,709,231	2,895,482	2,750,707
Transient Occupancy Tax Fund	14,269,789	18,692,852	19,021,284
<i>Environmental Services</i>			
Environmental Services - Departmental Operations	211,268,652	214,562,731	230,358,080
Integrated Waste Management - Operating Program Expenditures	35,032,643	35,703,926	33,849,239
Sanitary Sewer System - Operating Program Expenditures	145,476,754	150,203,698	164,599,097
Sanitary Sewer System - CIP	102,029,453	104,634,125	97,436,491
Storm Sewer System - Operating Program Expenditures	30,346,320	36,685,240	28,229,313
Storm Sewer System - CIP	15,177,851	27,117,137	33,122,915
Water Pollution Control - Operating Program Expenditures	43,465,320	44,268,881	59,953,021
Water Pollution Control - Income Fund	28,318	28,727	28,624
Water Pollution Control - CIP	144,338,097	183,480,157	181,615,697
Water Utility System - Operating Program Expenditures	9,314,866	12,639,690	14,697,448
Water Utility System - CIP	10,556,890	11,752,729	11,254,354
<i>Housing</i>			
Housing - Departmental Operations	9,347,322	8,697,060	9,425,824
Housing Department Funds - Program Expenditures	81,500,073	75,326,019	70,589,574
<i>Library</i>			
Library - Departmental Operations	28,749,187	31,051,031	32,960,215
Library Parcel Tax	8,664,206	10,573,874	11,319,017
Library - CIP	38,218,390	35,917,637	38,431,040
<i>Parks, Recreation and Neighborhood Services</i>			
Parks, Recreation & Neighborhood Svcs - Departmental Operations	50,037,007	52,602,611	56,790,341
Community Development Block Grant Program	12,533,566	14,347,598	13,191,611
Parks and Community Facilities Development - CIP	162,301,843	167,601,144	186,876,464
<i>Planning, Building & Code Enforcement</i> - Departmental Ops	35,400,022	39,051,574	44,191,208
Subtotal Community Services	\$ 1,938,712,273	\$ 1,991,989,902	\$ 2,016,514,354

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2012-2013 Adopted	2013-2014 Adopted	2014-2015 Adopted
OTHER EXPENDITURES			
General Fund - City-Wide Expenses	\$ 109,864,148	\$ 109,587,585	\$ 103,789,911
General Fund - Capital Contributions	15,640,000	29,437,000	34,624,000
General Fund - Earmarked Reserves	65,090,830	118,163,724	129,211,245
General Fund - Contingency Reserve	29,309,000	29,309,000	32,500,000
General Fund - Transfers to Other Funds	39,386,581	25,635,266	35,917,380
General Fund - Encumbrance Balance	20,880,882	20,423,841	19,650,300
Community Facilities Revenue Fund	10,561,265	11,395,005	9,994,401
Convention Center Facilities District Revenue Fund	28,299,614	30,713,842	34,290,127
City Hall Debt Service Fund	22,732,565	22,447,100	23,895,500
Downtown Property and Business Improvement District	3,529,708	3,653,602	3,725,500
Fiber Optics Development Fund	2,279,000	0	0
Gas Tax Funds	15,000,000	14,500,000	15,000,000
General Fund Cash and Emergency Reserves	3,403,099	3,398,111	3,400,639
Gift Trust Fund	3,785,566	3,206,297	3,956,997
Ice Centre Revenue Fund	6,109,756	7,091,152	10,695,215
San José Arena Enhancement Fund	2,597,255	2,022,678	1,027,000
San José Arena Capital Reserve Fund	0	2,834,752	1,335,687
San José Diridon Development Authority Fund	392,700	0	0
San José Municipal Stadium Capital Fund	29,000	30,000	35,000
Subtotal Other Expenditures	\$ 378,890,969	\$ 433,848,955	\$ 463,048,902
GRAND TOTALS	\$ 3,302,662,089	\$ 3,485,421,313	\$ 3,623,389,226
Less Contributions and Transfers:	(525,740,243)	(572,836,383)	(613,023,848)
NET CITY USE OF FUNDS	\$ 2,776,921,846	\$ 2,912,584,930	\$ 3,010,365,378

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

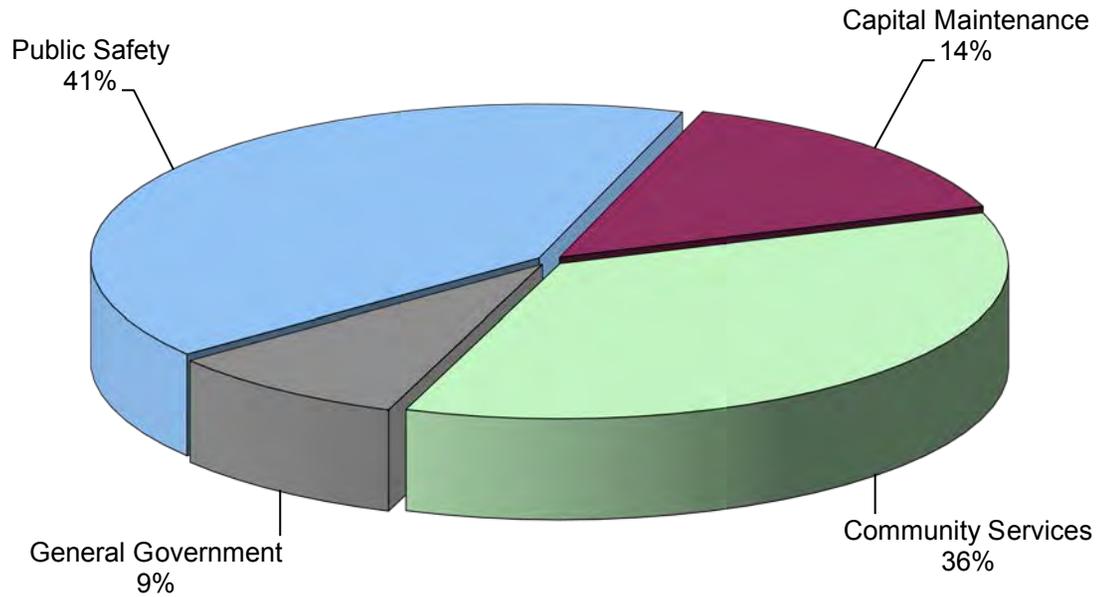
SUMMARY OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Transportation and Public Works Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement Departments.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Finance, Economic Development, Independent Police Auditor, Information Technology, Retirement Services, City Attorney, City Manager, Mayor and City Council, City Auditor, and City Clerk.



TOTAL OPERATIONS \$1,233,242,713

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TOTAL OPERATIONS
 BY DEPARTMENT (ALL FUNDS)*

	<u>General Fund</u>	<u>Special Funds</u>	<u>Capital Funds</u>	<u>TOTAL</u>
GENERAL GOVERNMENT DEPARTMENTS				
City Attorney	\$ 13,294,574	\$ 2,294,073	\$ 383,758	\$ 15,972,405
City Auditor	2,289,489	123,127	0	2,412,616
City Clerk	2,512,130	0	0	2,512,130
City Manager	12,481,748	334,620	0	12,816,368
Economic Development	4,296,840	4,710,628	1,006,859	10,014,327
Finance	14,024,104	2,980,773	0	17,004,877
Human Resources	7,226,032	2,311,353	0	9,537,385
Independent Police Auditor	1,177,134	0	0	1,177,134
Information Technology	15,402,395	4,269,048	0	19,671,443
Mayor and City Council	11,280,532	0	0	11,280,532
Retirement	0	5,975,900	0	5,975,900
Total General Government Departments	\$ 83,984,978	\$ 22,999,522	\$ 1,390,617	\$ 108,375,117
PUBLIC SAFETY DEPARTMENTS				
Fire	\$ 174,283,010	\$ 0	\$ 671,735	\$ 174,954,745
Police	326,289,104	2,319,163	0	328,608,267
Total Public Safety Departments	\$ 500,572,114	\$ 2,319,163	\$ 671,735	\$ 503,563,012

* Department operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

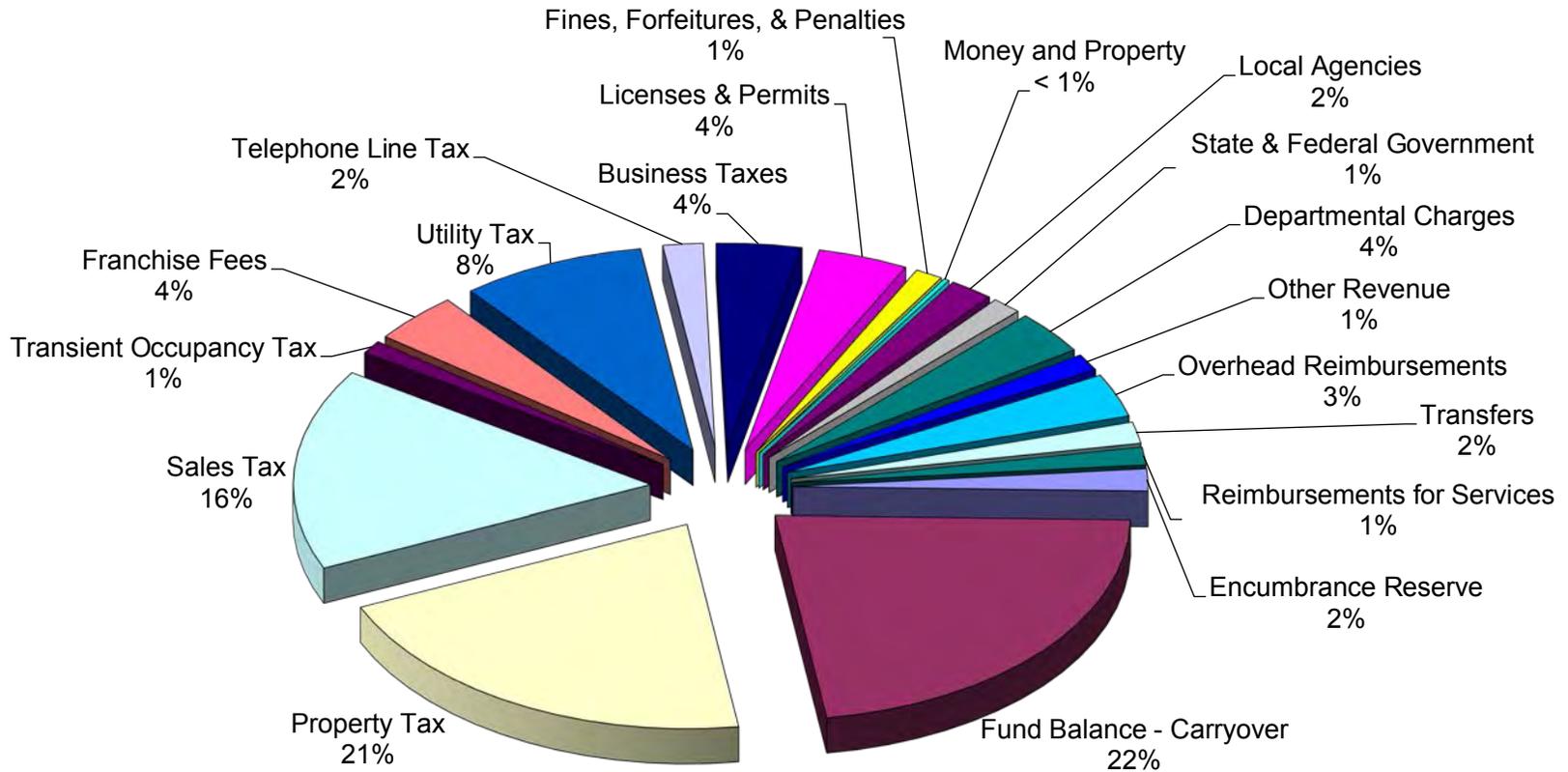
CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TOTAL OPERATIONS
 BY DEPARTMENT (ALL FUNDS)*

	<u>General Fund</u>	<u>Special Funds</u>	<u>Capital Funds</u>	<u>TOTAL</u>
CAPITAL MAINTENANCE DEPARTMENTS				
Public Works	\$ 36,838,035	\$ 27,047,176	\$ 30,026,240	\$ 93,911,451
Transportation	28,343,511	41,077,485	15,030,244	84,451,240
Total Capital Maintenance Departments	\$ 65,181,546	\$ 68,124,661	\$ 45,056,484	\$ 178,362,691
COMMUNITY SERVICES DEPARTMENTS				
Airport	\$ 0	\$ 60,581,266	\$ 0	\$ 60,581,266
Environmental Services	703,456	229,654,624	2,698,158	233,056,238
Housing	238,047	9,187,777	0	9,425,824
Library	27,664,331	5,295,884	282,080	33,242,295
Parks, Recreation and Neighborhood Services	56,065,473	724,868	5,603,582	62,393,923
Planning, Building and Code Enforcement	42,578,056	1,613,152	51,139	44,242,347
Total Community Services Departments	\$ 127,249,363	\$ 307,057,571	\$ 8,634,959	\$ 442,941,893
TOTAL DEPARTMENT USES	\$ 776,988,001	\$ 400,500,917	\$ 55,753,795	\$ 1,233,242,713

* Department operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET
SUMMARY OF GENERAL FUND SOURCES



TOTAL GENERAL FUND SOURCES \$1,132,680,837

For a more detailed discussion on General Fund Sources, please refer to the section entitled "General Fund Revenue Estimates"

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET
SUMMARY OF GENERAL FUND SOURCES

SOURCE OF FUNDS	1 2012-2013 Actuals	2 2013-2014 Adopted Budget	3 2013-2014 Modified Budget*	4 2014-2015 Forecast Budget	5 2014-2015 Adopted Budget	2 TO 5 % Increase/ (Decrease)
FUND BALANCE						
Encumbrance Reserve	\$ 20,423,841	\$ 20,423,841	\$ 19,650,300	\$ 19,650,300	\$ 19,650,300	(3.8%)
Carryover	168,299,570	213,005,681	215,180,741	57,412,989	253,067,514	18.8%
Total Fund Balance	\$ 188,723,411	\$ 233,429,522	\$ 234,831,041	\$ 77,063,289	\$ 272,717,814	16.8%
GENERAL REVENUE						
Property Tax	\$ 205,016,137	\$ 220,850,000	\$ 223,000,000	\$ 228,573,240	\$ 233,973,240	5.9%
Sales Tax	163,751,105	167,710,000	173,760,000	180,024,000	180,024,000	7.3%
Transient Occupancy Tax	10,103,383	10,600,000	11,800,000	11,750,000	11,750,000	10.8%
Franchise Fees	43,741,122	43,923,000	45,353,000	45,185,755	45,346,879	3.2%
Utility Tax	91,108,958	91,895,000	93,795,000	94,825,000	94,825,000	3.2%
Telephone Line Tax	20,640,471	20,600,000	20,600,000	20,700,000	20,700,000	0.5%
Business Taxes	45,140,285	42,435,000	43,735,000	43,700,000	43,700,000	3.0%
Licenses and Permits	46,605,784	40,278,246	50,018,246	45,749,281	46,375,293	15.1%
Fines, Forfeitures, and Penalties	14,554,960	15,862,200	14,262,200	14,174,600	14,205,334	(10.4%)
Revenue from Use of Money/Property	3,890,457	2,673,000	3,228,000	2,799,000	2,847,000	6.5%
Revenue from Local Agencies	34,765,946	24,835,589	47,003,112	22,144,803	22,612,276	(9.0%)
Revenue from the State of CA	16,856,606	11,377,531	11,938,604	10,734,000	11,194,473	(1.6%)
Rev. from the State of CA-Recovery Act	15,061	0	0	0	0	N/A
Revenue from Federal Government	15,993,061	11,042,469	13,538,366	1,473,380	4,170,953	(62.2%)
Rev. from Federal Gov-Recovery Act	3,518,445	10,000	22,075	0	0	(100.0%)
Departmental Charges	38,798,389	35,449,213	40,398,213	39,211,726	39,163,435	10.5%
Other Revenue	121,891,450	17,646,265	147,085,205	14,325,938	15,161,073	(14.1%)
Total General Revenue	\$ 876,391,620	\$ 757,187,513	\$ 939,537,021	\$ 775,370,723	\$ 786,048,956	3.8%
TRANSFERS AND REIMBURSEMENTS						
Overhead Reimbursements	\$ 32,222,629	\$ 36,996,081	\$ 36,297,798	\$ 37,842,650	\$ 39,000,348	5.4%
Transfers	19,487,397	16,161,778	16,992,033	18,412,496	19,138,313	18.4%
Reimbursements for Services	15,736,916	15,242,833	15,942,833	15,787,385	15,775,406	3.5%
Total Transfers and Reimbursements	\$ 67,446,942	\$ 68,400,692	\$ 69,232,664	\$ 72,042,531	\$ 73,914,067	8.1%
TOTAL SOURCE OF FUNDS	\$ 1,132,561,973	\$ 1,059,017,727	\$ 1,243,600,726	\$ 924,476,543	\$ 1,132,680,837	7.0%

* As of June 30, 2014

CITY OF SAN JOSE 2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF GENERAL FUND USES

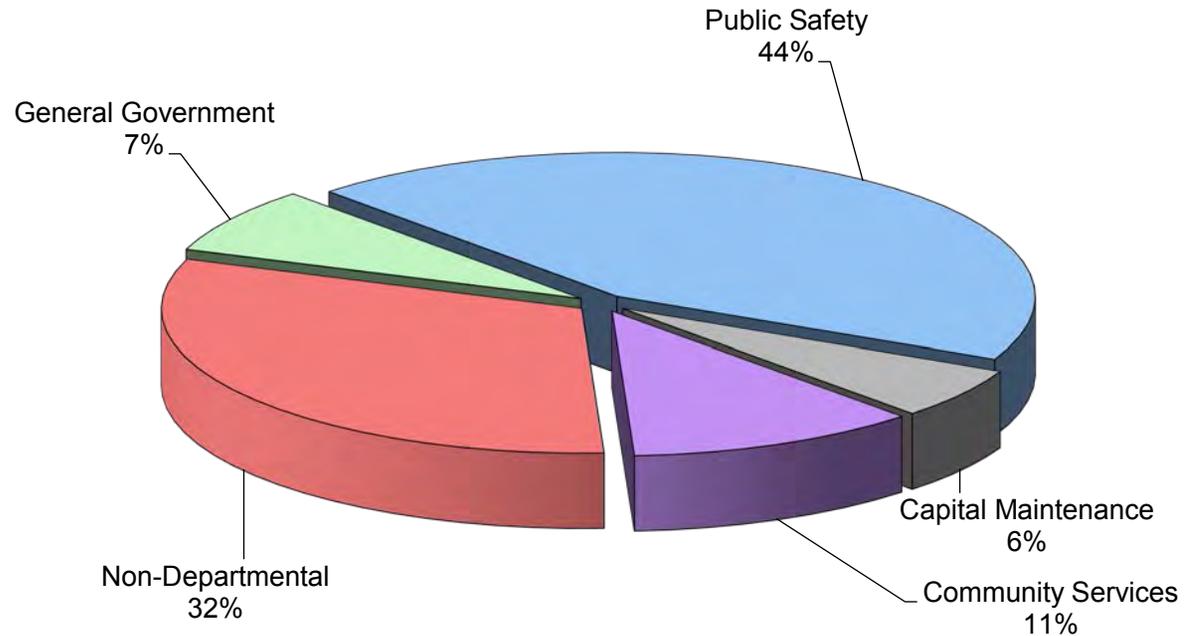
Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Public Works and Transportation Departments.

Community Services Departments - provide programs that affect citizens on a daily basis, such as Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement Departments.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Economic Development, Information Technology, Finance, Independent Police Auditor, City Manager, City Auditor, City Clerk, Mayor and City Council, and City Attorney.

Non-Departmental - include City-Wide expenses, capital contributions, transfers and reserves.



TOTAL GENERAL FUND USES \$1,132,680,837

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF GENERAL FUND USES

	1	2	3	4	5	2 TO 5
	2012-2013	2013-2014	2013-2014	2014-2015	2014-2015	%
	Actuals	Adopted	Modified	Forecast	Adopted	Increase/ (Decrease)
	Budget	Budget*	Budget	Budget	Budget	(Decrease)
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	\$ 11,152,273	\$ 12,375,897	\$ 12,371,298	\$ 12,158,682	\$ 13,294,574	7.4%
City Auditor	1,842,294	2,114,135	2,104,399	2,229,170	2,289,489	8.3%
City Clerk	1,795,183	2,256,211	2,271,489	2,152,002	2,512,130	11.3%
City Manager	9,693,756	11,067,874	10,095,354	11,757,918	12,481,748	12.8%
Economic Development	5,004,714	3,694,009	3,984,509	4,007,009	4,296,840	16.3%
Finance	11,985,358	12,771,696	12,850,783	13,268,462	14,024,104	9.8%
Human Resources	5,423,327	6,370,944	6,125,048	6,423,577	7,226,032	13.4%
Independent Police Auditor	997,044	1,076,906	1,121,775	1,144,221	1,177,134	9.3%
Information Technology	11,066,371	14,330,471	13,433,381	13,558,547	15,402,395	7.5%
Mayor and City Council	8,350,543	11,104,900	11,512,796	10,348,999	11,280,532	1.6%
Total General Government Departments	\$ 67,310,863	\$ 77,163,043	\$ 75,870,832	\$ 77,048,587	\$ 83,984,978	8.8%
PUBLIC SAFETY DEPARTMENTS						
Fire	\$ 152,158,408	\$ 163,499,035	\$ 164,395,320	\$ 171,998,684	\$ 174,283,010	6.6%
Police	283,752,547	306,848,315	309,436,305	317,224,427	326,289,104	6.3%
Total Public Safety Departments	\$ 435,910,955	\$ 470,347,350	\$ 473,831,625	\$ 489,223,111	\$ 500,572,114	6.4%
CAPITAL MAINTENANCE DEPARTMENTS						
Public Works	\$ 30,700,479	\$ 34,789,387	\$ 35,661,811	\$ 34,565,255	\$ 36,838,035	5.9%
Transportation	24,823,011	27,226,351	27,062,104	27,738,320	28,343,511	4.1%
Total Capital Maintenance Departments	\$ 55,523,490	\$ 62,015,738	\$ 62,723,915	\$ 62,303,575	\$ 65,181,546	5.1%

* As of June 30, 2014

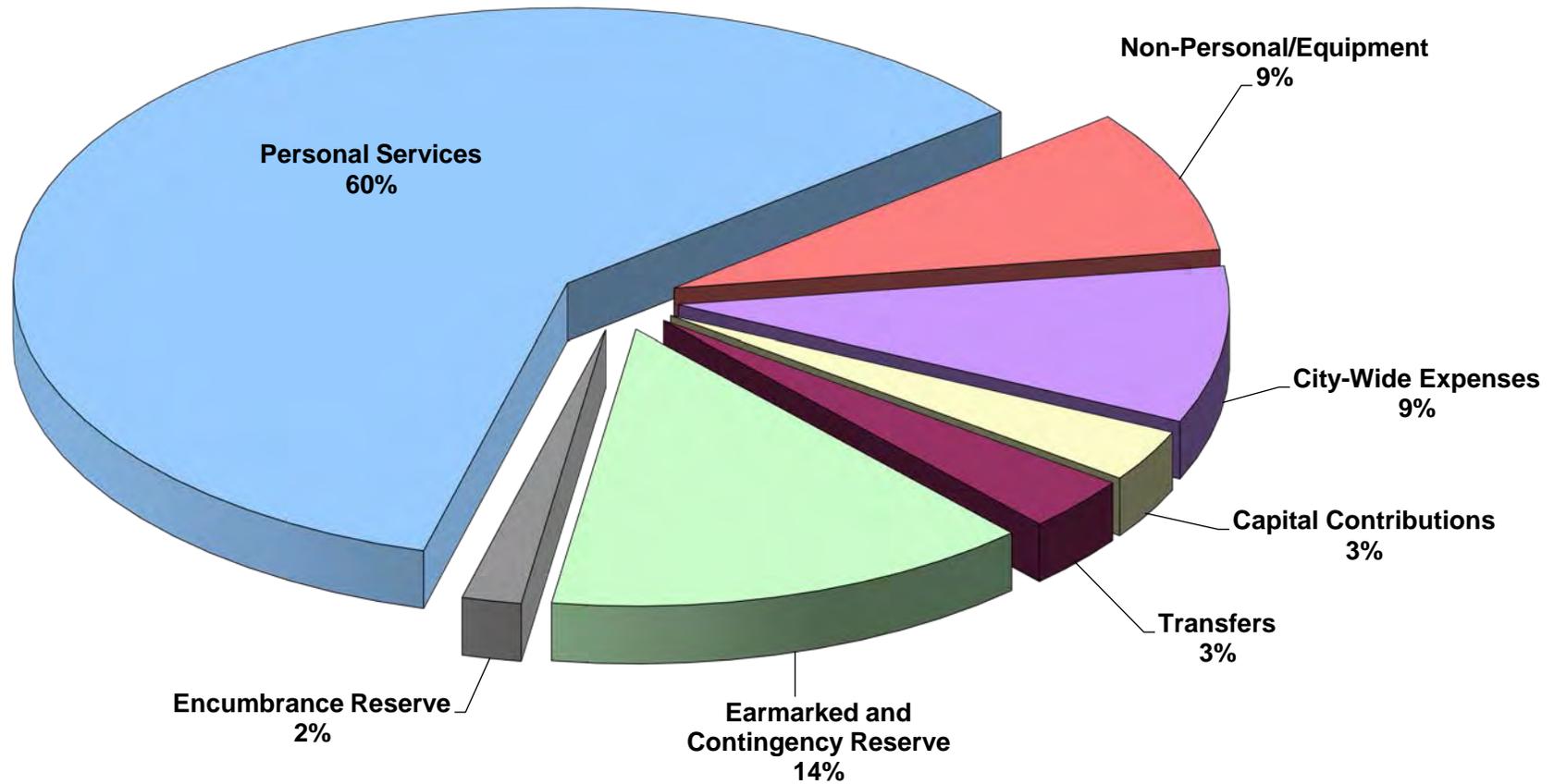
CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF GENERAL FUND USES

	1	2	3	4	5	2 TO 5
	2012-2013	2013-2014	2013-2014	2014-2015	2014-2015	%
	Actuals	Adopted	Modified	Forecast	Adopted	Increase/ (Decrease)
	Actuals	Budget	Budget*	Budget	Budget	(Decrease)
COMMUNITY SERVICES DEPARTMENTS						
Environmental Services	\$ 419,036	\$ 1,033,661	\$ 989,395	\$ 430,207	\$ 703,456	(31.9%)
Housing	241,634	242,297	242,430	235,407	238,047	(1.8%)
Library	23,828,935	26,066,596	26,236,805	26,955,887	27,664,331	6.1%
Parks, Recreation and Neighborhood Services	49,311,193	51,919,273	52,374,790	54,087,855	56,065,473	8.0%
Planning, Building and Code Enforcement	28,732,718	37,673,353	35,521,128	36,784,854	42,578,056	13.0%
Total Community Services Departments	\$ 102,533,516	\$ 116,935,180	\$ 115,364,548	\$ 118,494,210	\$ 127,249,363	8.8%
Total Departmental Uses	\$ 661,278,824	\$ 726,461,311	\$ 727,790,920	\$ 747,069,483	\$ 776,988,001	7.0%
NON-DEPARTMENTAL						
City-Wide Expenses	\$ 201,111,662	\$ 109,587,585	\$ 257,233,363	\$ 73,755,460	\$ 103,789,911	(5.3%)
Capital Contributions	6,178,088	29,437,000	31,270,000	5,250,000	34,624,000	17.6%
Transfers	29,162,358	25,635,266	24,889,553	26,617,380	35,917,380	40.1%
Earmarked Reserves	N/A	118,163,724	151,766,590	18,681,589	129,211,245	9.3%
Contingency Reserve	N/A	29,309,000	31,000,000	31,000,000	32,500,000	10.9%
Encumbrance Reserve	19,650,300	20,423,841	19,650,300	19,650,300	19,650,300	(3.8%)
Total Non-Departmental Uses	\$ 256,102,408	\$ 332,556,416	\$ 515,809,806	\$ 174,954,729	\$ 355,692,836	7.0%
TOTAL USE OF FUNDS	\$ 917,381,232	\$ 1,059,017,727	\$ 1,243,600,726	\$ 922,024,212	\$ 1,132,680,837	7.0%

* As of June 30, 2014

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET
SUMMARY OF GENERAL FUND USES BY CATEGORY



TOTAL GENERAL FUND USES \$1,132,680,837

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF GENERAL FUND USES BY CATEGORY

USE OF FUNDS	1 2012-2013 Actuals	2 2013-2014 Adopted Budget	3 2013-2014 Modified Budget*	4 2014-2015 Proposed Budget	5 Proposed Increase/ (Decrease)	6 2014-2015 Adopted Budget	2 TO 6 % Increase/ (Decrease)
DEPARTMENTAL							
Personal Services	\$ 569,877,451	\$ 630,532,243	\$ 620,258,576	\$ 659,653,783	\$ 21,736,624	\$ 681,390,407	8.1%
Non-Personal/Equipment	91,401,373	95,929,068	107,532,344	87,415,700	8,181,894	95,597,594	(0.3%)
Departmental Total	\$ 661,278,824	\$ 726,461,311	\$ 727,790,920	\$ 747,069,483	\$ 29,918,518	\$ 776,988,001	7.0%
NON-DEPARTMENTAL							
City-Wide Expenses	\$ 201,111,662	\$ 109,587,585	\$ 257,233,363	\$ 73,755,460	\$ 30,034,451	\$ 103,789,911	(5.3%)
Capital Contributions	6,178,088	29,437,000	31,270,000	5,250,000	29,374,000	34,624,000	17.6%
Transfers	29,162,358	25,635,266	24,889,553	26,617,380	9,300,000	35,917,380	40.1%
Earmarked Reserves	N/A	118,163,724	151,766,590	18,681,589	110,529,656	129,211,245	9.3%
Ending Fund Balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contingency Reserve	N/A	29,309,000	31,000,000	31,000,000	1,500,000	32,500,000	10.9%
Encumbrance Reserve	19,650,300	20,423,841	19,650,300	19,650,300	0	19,650,300	(3.8%)
Total Non-Departmental	\$ 256,102,408	\$ 332,556,416	\$ 515,809,806	\$ 174,954,729	\$ 180,738,107	\$ 355,692,836	7.0%
TOTAL EXPENDITURES	\$917,381,232	\$1,059,017,727	\$1,243,600,726	\$922,024,212	\$210,656,625	\$1,132,680,837	7.0%

* As of June 30, 2014

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM SOURCE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
Beginning Fund Balance	579,779,187	182,690,094	148,186,094	272,568,094	160,530,437	579,779,187 *
Sale of Bonds	9,230,000	221,139,000	227,032,000			457,401,000
Revenue from Other Agencies:						
Federal Government	45,179,000	21,463,000	9,889,000	5,421,000	11,532,000	93,484,000
State Government	14,515,000	10,300,000	10,100,000	10,100,000	10,100,000	55,115,000
Water Pollution Control Plant User Agencies	23,931,000	23,242,000	28,415,000	33,384,000	24,221,000	133,193,000
Sanitary Sewer Joint Participation	160,000	160,000	160,000	160,000	160,000	800,000
Santa Clara Valley Water District		300,000				300,000
County of Santa Clara	5,650,000	5,400,000	5,400,000	5,400,000	5,400,000	27,250,000
Valley Transportation Authority	1,367,000	800,000	500,000			2,667,000
Other Agencies	961,000	1,898,000	888,000	129,000	104,000	3,980,000
Taxes, Fees and Charges:						
Building and Structure Construction Tax	17,000,000	13,000,000	12,000,000	12,000,000	12,000,000	66,000,000
Construction Excise Tax	21,000,000	18,000,000	16,000,000	16,000,000	16,000,000	87,000,000
Construction and Conveyance Tax	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	195,000,000
Residential Construction Tax	225,000	200,000	175,000	175,000	175,000	950,000
Sanitary Sewer Connection Fees	1,000,000	800,000	650,000	650,000	650,000	3,750,000
Storm Drainage Fees	150,000	150,000	150,000	150,000	150,000	750,000
Water Utility Fees	150,000	150,000	150,000	150,000	150,000	750,000
Contributions, Loans and Transfers from:						
General Fund	37,921,500	5,575,000	5,625,000	5,675,000	5,725,000	60,521,500
Special Funds	101,859,000	91,579,000	81,616,000	84,184,000	86,388,000	445,626,000

* The 2015-2016 through 2018-2019 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM SOURCE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
Capital Funds	14,293,000	14,024,000	14,017,000	13,830,000	13,607,000	69,771,000
Interest Income	1,815,000	2,234,000	3,205,000	2,987,000	2,936,000	13,177,000
Miscellaneous Revenue	21,709,000	38,168,000	20,678,000	21,189,000	21,699,000	123,443,000
Developer Contributions	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	5,500,000
TOTAL SOURCE OF FUNDS	<u><u>937,894,687</u></u>	<u><u>691,322,094</u></u>	<u><u>624,936,094</u></u>	<u><u>524,302,094</u></u>	<u><u>411,727,437</u></u>	<u><u>2,426,207,687</u></u> *

* The 2015-2016 through 2018-2019 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
<u>Construction Projects</u>						
Airport	20,289,000	11,505,000	20,810,000	9,526,000	17,449,000	79,579,000
Communications	735,000	600,000	600,000	600,000	575,000	3,110,000
Developer Assisted Projects	1,600,000	1,050,000	100,000	1,025,000	1,025,000	4,800,000
Library	11,231,000	740,000	610,000	600,000	600,000	13,781,000
Municipal Improvements	22,903,000	1,100,000	1,100,000	1,100,000	1,100,000	27,303,000
Parking	1,768,000	1,710,000	700,000	801,000	950,000	5,929,000
Parks and Community Facilities Development	42,240,000	4,572,000				46,812,000
Public Safety	3,148,000	1,839,000	470,000	370,000	370,000	6,197,000
Sanitary Sewer System	84,022,000	22,485,000	18,177,000	22,257,000	18,193,000	165,134,000
Service Yards	1,144,000	434,000	434,000	434,000	434,000	2,880,000
Storm Sewer System	15,439,000	10,648,000	2,920,000	3,171,000	2,971,000	35,149,000
Traffic	128,398,000	41,356,000	31,262,000	29,605,000	28,432,000	259,053,000
Water Pollution Control	86,897,000	252,155,000	115,369,000	124,680,000	135,367,000	714,468,000
Water Utility System	2,710,000	3,048,000	1,983,000	2,144,000	2,032,000	11,917,000
Total Construction Projects	422,524,000	353,242,000	194,535,000	196,313,000	209,498,000	1,376,112,000
<u>Non-Construction</u>						
Contributions, Loans and Transfers to Capital Funds						
Library	700,000	700,000	700,000	700,000	678,000	3,478,000
Parks and Community Facilities Development	13,593,000	13,324,000	13,317,000	13,130,000	12,929,000	66,293,000
Total Contributions, Loans and Transfers to Capital Funds	14,293,000	14,024,000	14,017,000	13,830,000	13,607,000	69,771,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
<u>Non-Construction</u>						
Contributions, Loans and Transfers to General Fund						
Communications	6,000	7,000	9,000	9,000	12,000	43,000
Developer Assisted Projects	4,000	3,000	4,000	6,000	8,000	25,000
Library	44,000	51,000	63,000	69,000	91,000	318,000
Parks and Community Facilities Development	4,480,000	4,382,000	4,442,000	4,465,000	4,574,000	22,343,000
Public Safety	15,000	16,000	20,000	22,000	29,000	102,000
Sanitary Sewer System	7,000					7,000
Service Yards	7,000	8,000	10,000	11,000	15,000	51,000
Storm Sewer System	6,000	1,000	1,000	1,000	1,000	10,000
Traffic	1,766,000	1,750,000	1,750,000	1,750,000	1,750,000	8,766,000
Water Pollution Control	4,000					4,000
Water Utility System	1,000					1,000
Total Contributions, Loans and Transfers to General Fund	6,340,000	6,218,000	6,299,000	6,333,000	6,480,000	31,670,000
Contributions, Loans and Transfers to Special Funds						
Airport	36,846,000	36,831,000	28,946,000	36,876,657	20,287,000	159,786,657
Developer Assisted Projects	17,000	18,000	19,000	20,000	21,000	95,000
Library	22,000	23,000	23,000	24,000	26,000	118,000
Parks and Community Facilities Development	257,000	146,000	152,000	158,000	171,000	884,000
Public Safety	69,000	71,000	74,000	76,000	82,000	372,000
Sanitary Sewer System	328,000	335,000	349,000	362,000	392,000	1,766,000
Service Yards	3,000	3,000	3,000	3,000	4,000	16,000
Storm Sewer System	118,000	121,000	126,000	130,000	141,000	636,000
Traffic	858,000	877,000	914,000	948,000	1,024,000	4,621,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
<u>Non-Construction</u>						
Contributions, Loans and Transfers to Special Funds						
Water Pollution Control	96,000	98,000	102,000	106,000	115,000	517,000
Water Utility System	7,000	7,000	7,000	8,000	8,000	37,000
Total Contributions, Loans and Transfers to Special Funds	38,621,000	38,530,000	30,715,000	38,711,657	22,271,000	168,848,657
Other Non-Construction Items						
Airport	949,000	171,000	100,000	145,000	100,000	1,465,000
Communications	1,198,000	1,283,000	1,369,000	1,456,000	1,534,000	6,840,000
Developer Assisted Projects	1,131,000	660,000	669,000	678,000	687,000	3,825,000
Library	11,106,000	6,493,000	6,505,000	6,416,000	6,428,000	36,948,000
Municipal Improvements	515,000	150,000	150,000	150,000	150,000	1,115,000
Parking	2,000	2,000	2,000	2,000	2,000	10,000
Parks and Community Facilities Development	36,144,000	13,558,000	13,427,000	13,520,000	13,738,000	90,387,000
Public Safety	17,037,000	5,843,000	5,856,000	5,870,000	5,883,000	40,489,000
Sanitary Sewer System	8,676,000	8,049,000	6,477,000	6,381,000	6,310,000	35,893,000
Service Yards	3,111,000	20,837,000	3,340,000	3,325,000	3,324,000	33,937,000
Storm Sewer System	4,656,000	2,178,000	2,103,000	1,416,000	1,418,000	11,771,000
Traffic	15,651,000	12,227,000	10,569,000	8,975,000	9,059,000	56,481,000
Water Pollution Control	29,135,000	40,462,000	43,274,000	46,682,000	41,871,000	201,424,000
Water Utility System	1,263,000	1,178,000	1,208,000	1,238,000	1,268,000	6,155,000
Total Other Non-Construction Items	130,574,000	113,091,000	95,049,000	96,254,000	91,772,000	526,740,000
Reserves						
Developer Assisted Projects	3,249,291					3,249,291
Library	6,090,684	520,000	650,000	700,000	678,000	8,638,684

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>5-Year Total</u>
<u>Non-Construction</u>						
Reserves						
Parks and Community Facilities Development	72,115,902	9,040,000	8,040,000	7,790,000	7,790,000	104,775,902
Public Safety	3,447,730		520,000	700,000	400,000	5,067,730
Storm Sewer System	12,000,000					12,000,000
Traffic	37,007,986	8,250,000	2,250,000	2,900,000	4,000,000	54,407,986
Water Pollution Control	5,000,000					5,000,000
Water Utility System	3,941,000	221,000	293,000	240,000	213,000	4,908,000
Total Reserves	142,852,593	18,031,000	11,753,000	12,330,000	13,081,000	198,047,593
Total Non-Construction	332,680,593	189,894,000	157,833,000	167,458,657	147,211,000	995,077,250
<u>Ending Fund Balance</u>						
Airport	75,201,354	56,016,354	38,494,354	21,235,697	22,040,697	22,040,697*
Communications	1,273,158	1,041,158	773,158	468,158	160,158	160,158*
Developer Assisted Projects	3,080,006	2,410,006	2,703,006	2,114,006	1,564,006	1,564,006*
Library	9,237,356	7,007,356	4,765,356	2,571,356	385,356	385,356*
Parks and Community Facilities Development	18,046,562	13,203,562	13,767,562	14,493,562	14,998,562	14,998,562*
Public Safety	632,852	175,852	531,852	791,852	1,332,852	1,332,852*
Sanitary Sewer System	4,403,491	1,639,491	3,627,491	909,491	2,349,491	2,349,491*
Service Yards	1,582,742	1,732,742	1,379,742	1,041,742	703,742	703,742*
Storm Sewer System	903,915	1,127,915	1,149,915	1,605,915	2,248,915	2,248,915*
Traffic	4,512,607	3,066,607	1,776,607	1,621,607	1,382,607	1,382,607*
Water Pollution Control	60,483,697	58,210,697	200,855,697	110,880,697	4,891,697	4,891,697*
Water Utility System	3,332,354	2,554,354	2,743,354	2,796,354	2,960,354	2,960,354*
Total Ending Balance	182,690,094	148,186,094	272,568,094	160,530,437	55,018,437	55,018,437*
TOTAL USE OF FUNDS	937,894,687	691,322,094	624,936,094	524,302,094	411,727,437	2,426,207,687

* The 2014-2015 through 2017-2018 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Airport				
Airfield Improvements	This allocation funds the design and construction of various improvements to correct deficiencies identified by the Federal Aviation Administration's (FAA) certification inspector or the FAA's Runway Safety Action Team (RSAT), and to respond to changes in FAA regulatory requirements.	\$455,000	\$1,255,000	*
Federal Inspection Facility Sterile Corridor Extension	This allocation funds the construction of a secure interior corridor connecting Terminal B Gates 17 and 18 to the ramp which leads deplaning international passengers to the U.S. Customs and Border Protection (CBP) Document Examination Hall. This project will also convert unfinished concessions space across from Gate 18 to additional hold room seating.	\$1,541,000	\$1,541,000	\$2,546,000
Runway Pavement Rehabilitation	This allocation funds the design and reconstruction of an intersection on Runway 30R and Taxiway J. Approximately 40 concrete panels will be removed and replaced. This project is grant eligible and is contingent upon the timing and availability of FAA grant funding.	\$1,800,000	\$1,800,000	\$1,800,000
Taxiway W Improvements	This project funds the design and construction of the phased extension of Taxiway W. Phases I - IV have been completed and Phase V will construct the final portion from Taxiway D to G. Project scope includes removal of existing pavement, excavation and disposal, construction of new taxiways and shoulders, site grading, storm drainage, airfield signage, and lighting. Upon completion, there will be a full length taxiway to serve large aircraft on the Airport's Westside.	\$1,000,000	\$1,000,000	\$45,648,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Airport				
Terminal Area Improvement, Phase I	This allocation funds the terminal area zone projects, including construction of Terminal B, roadway improvements, landscaping, signage, improvements to Terminal A, and teardown of Terminal C. The remaining funds will be used for final close-out and punch list items, and include significant savings.	\$6,918,000	\$6,918,000	\$505,833,000
Terminal Building Modifications	This allocation funds modifications and other minor alterations to accommodate expansions or changes in Airport operations, including maintenance projects, at all Airport buildings and terminals.	\$650,000	\$1,850,000	*
Communications				
Communications Equipment Replacement and Upgrade	This allocation funds the replacement of communications equipment based upon useful life expectancy.	\$725,000	\$3,100,000	*
Developer Assisted Projects				
Underground Utility Administration (20A)	PG&E and other utility companies allocate their own funds to replace existing overhead electrical facilities with underground electrical facilities within the communities they serve. This allocation provides funding for the day-to-day administration of the undergrounding program, including design and plan review, coordination, inspection of undergrounding projects, underground service alert location, and legislation of the Underground Utility Districts.	\$355,000	\$1,825,000	*

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Developer Assisted Projects				
Underground Utility Program (20B)	Rule 20B Underground Utility Districts are established with fees paid to the City when a developer opts out of placing facilities underground at the time of development. Projects are prioritized with a five-year plan based on several criteria, the largest of which is the total amount of fees collected within the Underground District. This allocation is used for the design, construction, and administration of these projects.	\$1,600,000	\$4,800,000	*
Library				
Acquisition of Materials	This allocation provides funding for the acquisition of books, periodical subscriptions, DVDs/Blu-rays, computer disks, and other types of materials for the library's collection.	\$6,246,000	\$25,046,000	*
Automation Projects and System Maintenance	This allocation provides funding for automation equipment to improve information access and electronic processing. Funds may be used to purchase, maintain, and upgrade catalogs, automated reference resources, and costs related to the installation and maintenance of the online system.	\$1,050,000	\$5,050,000	*
Materials Handling Technology	This allocation provides funding to explore and implement a Radio Frequency Identification system for library materials. The check-out and check-in process will be improved by converting current materials to a more technologically advanced method of transfer between branches through the use of radio frequency identification tags. The outcome will enhance the availability of materials to customers and reduce repetitive handling by employees.	\$2,400,000	\$2,400,000	\$2,400,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Library				
Southeast Branch	This project provides funding for the design, construction, and public art for the new 16,000 square foot Southeast Branch Library.	\$10,190,000	\$10,295,000	\$12,570,000
Municipal Improvements				
Household Hazardous Waste Las Plumas Facility	Phase I of this project provided funding for building a temporary Household Hazardous Waste drop-off facility at the old Las Plumas warehouse site. Phase II included renovation of the existing warehouse as well as construction of a new 10,000 square foot permanent Household Hazardous Waste drop-off facility. Funding for 2014-2015 is for punch list items related to the project.	\$2,873,000	\$2,873,000	\$17,218,274
Police Administration Building Visitors Parking Lot and Campus Asphalt Repairs	This project provides funding to remove and replace the asphalt at the Police Administration Building visitors parking lot, which will restore the striping, signs, and markings back to the original configuration.	\$150,000	\$150,000	\$150,000
Police Administration Building/Police Communications Center Chiller Replacements	This allocation provides funding to replace one chiller at the Police Administration Building and two chillers at the Police Communications Center.	\$2,000,000	\$2,000,000	\$2,400,000
Police Communications Center Parking Deck and Ramp Restoration	This project provides funding to restore the parking deck and ramp at the Police Communications Center back to its original condition, which includes extensive preparation of asphalt and concrete surfaces, such as grinding and sealing cracks, to minimize water infiltration to the structure and equipment below.	\$350,000	\$350,000	\$350,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Municipal Improvements				
Police Communications Emergency Uninterrupted Power Supply	This project provides funding for the replacement and upgrade of the Uninterrupted Power Supply (UPS) system at the Police Communications Center to provide emergency power in the case of a loss of power from PG&E. The existing UPS system is insufficient for the needs of a critical facility. With an evaluation of the facility's emergency power needs, it was determined that, at minimum, a redundant UPS system is needed with an adequate battery runtime to ensure continual operation at the facility.	\$3,250,000	\$3,250,000	\$3,754,000
Police Communications Fire Protection System Upgrade	This allocation funds the upgrade of the fire protection system at the Police Communications Center.	\$2,950,000	\$2,950,000	\$3,000,000
United States Patent and Trademark Office - City Staff Relocation	This allocation provides funding for the remodeling of the space within the City Hall Tower to house relocated City staff from the City Hall Wing. This project includes programming, procurement of a design-build vendor, design management, and construction management services and the associated furniture, fixtures, and equipment.	\$4,450,000	\$4,450,000	\$4,450,000
Parking				
Downtown Event Parking Dynamic Message Sign Repair and Upgrades	This project will provide funding to repair and upgrade nine existing electronic message signs that are used to provide real time traffic and parking condition information during Downtown and Arena special events. The nine electronic signs, of which only five are currently operable and functioning, are nearly 20 years old and the parts for these signs have become obsolete.	\$440,000	\$440,000	\$685,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parking				
Minor Parking Facility Improvements	This allocation provides funding for minor repair work that is not part of the annual cleaning and maintenance of downtown facilities. These projects include concrete deck/structural repairs, waterproofing, expansion joint repairs, cable railing replacement, lighting improvements, staircase replacement, security camera replacement, signage, striping, and painting improvements.	\$600,000	\$2,400,000	*
Revenue Control & Meter Upgrades	This project provides funding for replacement meters and upgrades to parking access and revenue control equipment at parking facilities.	\$500,000	\$1,750,000	*
Parks and Community Facilities Development - Bond Projects				
Soccer Complex (Coleman Soccer Fields)	This project provides funding for the construction of a new soccer complex on a City-owned 9.5 acre site near Coleman Avenue. This project provides funding for the development of construction documents, the design and construction of four artificial turf soccer fields with night use lighting and amenities, a concession/restroom and changing room multi-service building, a 54 car parking lot, a decorative metal fence that will incorporate a public art element, irrigation and planting, and removal of hazardous soils as necessary.	\$1,851,000	\$1,851,000	\$16,112,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - City-Wide Parks				
Coleman Soccer Fields	This project provides partial funding for the construction of a new soccer complex on a City-owned 9.5 acre site near Coleman Avenue. This project provides funding for the development of construction documents, the design and construction of four artificial turf soccer fields with night use lighting and amenities, a concession/restroom and changing room multi-service building, a 54 car parking lot, a decorative metal fence that will incorporate a public art element, irrigation and planting, and removal of hazardous soils as necessary.	\$2,339,000	\$2,339,000	\$2,339,000
Family Camp Repairs - Rim Fire	This project provides funding for repairs related to the Rim Fire, which impacted San José Family Camp in August 2013. Project elements include repairs to the potable water well system and holding tanks, irrigation system, electrical system, sewer farm equipment and spray field, tents and other fire-related repairs, and removal of hazardous trees.	\$500,000	\$500,000	\$1,400,000
Happy Hollow Park and Zoo Enhancements	This project provides funding to add a new ride and other minor enhancements to the amusement park at Happy Hollow Park and Zoo. Project elements may include site work preparation, installation of a new ride, installation of a new ride operator booth, construction of new queue lines, installation of shade structures, and installation of new signage.	\$120,000	\$500,000	\$500,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 1				
Mise Park Renovation	This project provides funding for renovations at Mise Park. Project elements may include renovating or constructing a new picnic area, gazebo, pathways, irrigation system, trees, furnishings and other park related minor improvements.	\$775,000	\$775,000	\$775,000
Parks and Community Facilities Development - Council District 10				
Comanche Park Play Area Renovation	This project provides funding for renovations to the existing play area at Comanche Park. Project elements may include replacement of the tot lot play structure, replacement of the drinking fountain, construction of a new youth lot, installation of new picnic tables and benches, modifications to the existing irrigation system, and renovations to the concrete pathway.	\$864,000	\$864,000	\$900,000
Parks and Community Facilities Development - Council District 2				
Silver Leaf Park Renovation	This project provides funding to renovate the existing play area at Silver Leaf Park. Project elements may include replacing the play equipment, re-surfacing the play lots, installing exercise stations, replacing the drinking fountains, and installing security lighting.	\$515,000	\$515,000	\$515,000
Parks and Community Facilities Development - Council District 3				
Roosevelt Park Improvements	This project provides funding for improvements at Roosevelt Park. Project elements may include renovating the existing electrical system, installing night lighting at the roller hockey rink and softball field, removing the scorekeeper booth, renovating the backstop area, and installing a drainage system under the roller hockey rink.	\$80,000	\$550,000	\$550,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 4				
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)	This project provides partial funding for the design and construction of a 0.35 mile paved trail along Penitencia Creek. When completed, this trail will extend from Noble Avenue to Dorel Drive, leading towards Alum Rock Park. Project elements include construction of a 0.35 mile trail, signage, striping, and a gateway. Several sections of trail will be developed as "boardwalk" to minimize damage to endangered California sycamore trees.	\$485,000	\$485,000	\$485,000
Parks and Community Facilities Development - Council District 5				
Hillview Park Renovation	This project provides funding for renovations at Hillview Park. Project elements may include construction of an exercise path/track with directional signage, mileage markers, exercise stations, a concrete pathway, and the relocation of the picnic area and benches.	\$749,000	\$749,000	\$762,000
Plata Arroyo Park Improvements	This project provides funding for improvements at Plata Arroyo Park. Project elements may include renovating the restroom, modifying the concrete pathway, renovating the irrigation system, constructing a concrete sound wall, expanding the existing playground, installing a picnic area shade structure, planting new trees, installing new exercise stations, constructing a new parking lot, and installing new park signage.	\$147,000	\$1,124,000	\$1,124,000
TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)	This project provides partial funding for the design and construction of a new 1.1 mile trail segment along the Lower Silver Creek from Alum Rock Avenue to Highway 680.	\$790,000	\$790,000	\$1,423,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 6				
Bramhall Park Lawn Bowling Green Renovation	This project provides funding for renovations at Bramhall Park. Project elements include replacing the existing turf in the lawn bowling green area with artificial turf, constructing new fencing, and replacing park furniture.	\$130,000	\$850,000	\$850,000
Willow Glen Community Center Improvements	This project provides partial funding for improvements at Willow Glen Community Center. Project elements may include repairing and replacing the air conditioning and heating controls as well as installing double pane windows in the main building of the community center.	\$450,000	\$450,000	\$450,000
Parks and Community Facilities Development - Council District 7				
Dove Hill Park Playground	This project provides funding to renovate the playground at Dove Hill Park. Project elements include removing the existing antiquated play equipment and replacing it with new equipment and play surfacing.	\$783,000	\$783,000	\$854,000
McLaughlin Park Renovation	This project provides funding to renovate McLaughlin Park. Project elements may include replacement of the existing spray park feature, installation of new drinking fountains, construction of a new walkway system, and installation of a new park sign.	\$500,000	\$500,000	\$500,000
Roberto Antonio Balermينو Park	This project provides funding for the design and construction of the Roberto Antonio Balermينو Park. This new 1.8 acre neighborhood park is located on the west side of Almaden Road, one block south of Alma Avenue, in front of a 318 multi-family low-income housing community. Project elements will include a basketball court, a children's playground, two irrigated turf areas for informal play, a plaza area, site furnishings, security lights, fencing, and associated landscaping.	\$358,000	\$358,000	\$2,500,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 7				
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)	This project provides partial funding for the design and construction of a 0.70 mile paved trail along the east bank of Coyote Creek. Project elements include design and construction of the trail, including centerline striping, signage, and decorative gateways. The completed trail reach will link to the existing Coyote Creek Trail within Selma Olinder Park and support future interconnectivity with the future Five Wounds Trail and the planned Coyote Creek Trail south of Story Road.	\$500,000	\$500,000	\$500,000
TRAIL: Three Creeks (Bellevue Park Expansion) Land Acquisition	This allocation provides funding to purchase an existing railroad right-of-way adjacent to Bellevue Park. The purchase of this land will allow for the expansion of Bellevue Park and it will support the future development of the eastern alignment of the Three Creeks Trail.	\$600,000	\$600,000	\$600,000
Parks and Community Facilities Development - Council District 8				
Fowler Creek Park Improvements	This project provides funding to build an additional reservable picnic pavilion and construct a new parking lot at Fowler Creek Park. Project elements may include constructing a new pavilion, installing new park benches, and installing other site furnishings associated with the new pavilion.	\$123,000	\$923,000	\$923,000
TRAIL: Thompson Creek (Tully Road to Quimby Road)	This project provides funding for improvements along Thompson Creek Trail from Tully Road to Quimby Road. Project elements include installing trail signage, repairing the trestle structure, constructing a paved surface upon an existing maintenance road, and installing new fencing.	\$415,000	\$415,000	\$415,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 9				
Camden Pool Renovation	This project provides funding for renovations at the Camden Pool. Project elements include replacing the pool's mechanical, electrical, and chemical equipment, improving the pool's water line, and renovating the building that stores all of the equipment.	\$574,000	\$574,000	\$574,000
Doerr Park Play Area Renovation	This project provides funding for renovations at Doerr Park. Project elements include the installation of new playground equipment and play surfacing, replacing the drainage system, expanding the existing walkway around the playground, planting new trees, and renovating the existing irrigation system.	\$800,000	\$850,000	\$850,000
Parks and Community Facilities Development - Lake Cunningham				
Lake Cunningham Bike Park	This project provides funding for the design and construction of a bike park (Phase I) near the existing skate park at Lake Cunningham Park. Project features may include a pump track, pump park, flow trail, dirt jump area, trials area, freeride area, freeride drop zone, dual slalom course, single track, and walking paths. This allocation only provides funding for Phase I of the project. If additional phases are determined, increased funding would need to be identified.	\$450,000	\$930,000	\$1,180,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
Allen at Steinbeck School Soccer Field	This project provides partial funding for the construction of two lighted artificial turf soccer fields at Allen at Steinbeck School. Construction of these soccer fields are the result of a collaboration between the City of San José, San Jose Unified School District, and a private donor. Per the agreement, the City and the donor will provide funding for the design and construction of the facility and the school district will provide the site. Additional funding of \$4,013,000 is provided in the Council District 10 Construction and Conveyance Tax Fund (Fund 389) for this project.	\$500,000	\$500,000	\$1,253,000
Backesto Park Renovation	This project provides funding for minor improvements at Backesto Park, a 10.5 acre neighborhood park in Council District 3. Improvements include upgrades to the park buildings, play area, picnic facilities, lighting, and exercise equipment.	\$600,000	\$600,000	\$600,000
Cahill Park Turf Renovation	This project provides funding to renovate the turf at Cahill Park, a 3.7 acre neighborhood park in Council District 6. Project elements may include removal of the existing soil and replacement with topsoil, grading, installation of sodded turf, installation of a new irrigation system, and construction of a new sidewalk bisecting the turf area.	\$950,000	\$950,000	\$1,000,000
Council District 4 Dog Park	This project provides funding to design and construct a new dog park in Council District 4. Project elements may include site determination, construction of small and large dog enclosed areas, a seating plaza, a parking lot for approximately 30 cars, and associated landscaping.	\$710,000	\$710,000	\$772,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
Del Monte Park Land Acquisition	This allocation provides funding for acquisition of land in the West Home Street area for the future construction and expansion of Del Monte Park.	\$2,870,000	\$2,870,000	\$2,870,000
Guadalupe River Park Rotary Play Garden	This allocation contributes funding to the Rotary Club for the design and construction of the Rotary Children's Play Garden at Guadalupe River Park and Gardens. The completed garden will include natural features, play structures, and creative opportunities for play for children of all abilities.	\$1,153,000	\$1,153,000	\$1,225,000
Lake Cunningham Bike Park	This project provides funding for the design and construction of a bike park (Phase I) near the existing skate park at Lake Cunningham Park. Project features may include a pump track, pump park, flow trail, dirt jump area, trials area, freeride area, freeride drop zone, dual slalom course, single track, and walking paths. This allocation only provides funding for Phase I of the project. If additional phases are determined, increased funding would need to be identified.	\$2,020,000	\$2,020,000	\$2,020,000
Martin Park Expansion	This project provides funding to expand Martin Park, currently a 9.3 acre neighborhood park in Council District 3. Project elements include capping off the former landfill and providing additional recreational opportunities, including constructing a soccer field, picnic facility, and walkways.	\$2,768,000	\$2,768,000	\$3,038,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
Penitencia Creek Park Playground Renovation	This project provides funding to renovate the youth lot and tot lot at Penitencia Creek Park, a 36.0 acre neighborhood park in Council District 4. Project elements include removal of existing equipment at the play areas, installation of rubber surfacing in the tot lot and swing areas, implementation of a discovery-based play area, installation of half rubber and half fibar in the youth area, and installation of new play equipment including swings.	\$1,300,000	\$1,300,000	\$1,456,000
TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman Drive)	This project provides funding for the design and construction of a 1.1 mile trail along Coyote Creek from the Highway 237 Bikeway to Tasman Drive. Project elements include construction of a 1.1 mile paved trail, installation of gateway signage, and installation of mileage markers.	\$710,000	\$710,000	\$793,000
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)	This project provides partial funding for the design and construction of a 0.70 mile paved trail along the east bank of Coyote Creek. Project elements include design and construction of the trail, including centerline striping, signage, and decorative gateways. The completed trail reach will link to the existing Coyote Creek Trail within Selma Olinder Park and support future interconnectivity with the future Five Wounds Trail and the planned Coyote Creek Trail south of Story Road.	\$1,700,000	\$1,700,000	\$2,000,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)	This project provides partial funding for the design and construction of a 0.35 mile paved trail along Penitencia Creek. When completed, this trail will extend from Noble Avenue to Dorel Drive, leading towards Alum Rock Park. Project elements include construction of a 0.35 mile trail, signage, striping, and a gateway. Several sections of trail will be developed as "boardwalk" to minimize damage to endangered California sycamore trees.	\$1,000,000	\$1,000,000	\$1,948,000
TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge	This project provides partial funding for improvements along the Three Creeks Trail. Project elements include the installation of signage, replacement of the former bridge with a free-span pedestrian bridge, and installation of fencing. These improvements will allow pedestrian and bicyclists to safely access the open space.	\$1,430,000	\$1,430,000	\$2,220,000
Watson Park Improvements	This project provides funding to implement master planned improvements at Watson Park, a 26.6 acre neighborhood park in Council District 3. Project elements may include construction of a group picnic area and volleyball courts, installation of fencing along the Coyote Creek riparian edge, planting of additional trees throughout the park, installation of additional shade structures throughout the park and at the existing play area, and minor renovations to the dog park area.	\$900,000	\$900,000	\$900,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Public Safety				
Fire Apparatus Replacement	This allocation provides funding for scheduled fire apparatus replacement based on the following replacement intervals: overhead vehicles (formerly battalion chief vehicles), 10 years; brush patrols, 12 years; engines, light units, rescue units, USARs, and other special equipment, 20 years; and trucks, 25 years.	\$13,987,000	\$31,587,000	*
Fire Data System	This allocation provides funding for the purchase of additional response data analysis software and ongoing system maintenance costs related to the Computer Aided Dispatch (CAD) system.	\$255,000	\$395,000	*
Fire Station 21 - Relocation (White Road)	This project provides funding for relocation and replacement of existing Fire Station 21, currently located at Mt. Pleasant Road and Mt. Pleasant Court, with a new fire station facility at White Road, south of Cunningham Court.	\$1,106,000	\$1,575,000	\$9,237,000
Sanitary Sewer System				
60" Brick Interceptor, Phase VIA and VIB	This project replaces approximately 5,000 linear feet of existing 54-inch reinforced concrete sanitary sewer with an 84-inch lined reinforced concrete pipe. The start date and completion dates above refer to Phase VIA. The prior year funding in the chart below includes earlier phases of this project, and this CIP only provides funding to complete Phase VIA. Phase VIB will rehabilitate the existing 60-inch brick sewer after the completion of Phase VIA.	\$27,488,000	\$28,686,000	\$66,721,382
Fourth Major Interceptor, Phase IIB/IIIB	This project rehabilitates approximately 3,000 linear feet of 84-inch diameter reinforced concrete pipe along Zanker Road.	\$2,352,000	\$2,648,000	\$2,782,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Sanitary Sewer System				
Rehabilitation of Sanitary Sewer Pump Stations	This allocation is utilized to assess, rehabilitate, and/or replace the mechanical and electrical components of the City's 16 sanitary sewer pump stations. The average age of the City's 16 sanitary sewer pump stations is 29 years. Electrical and mechanical components should be rehabilitated or replaced at a minimum every 25 years.	\$5,800,000	\$5,800,000	\$7,721,000
Service Yards				
Mabury Yard Improvements	This allocation provides funding to address required improvements at the Mabury Yard which include the following: renovate the second floor restroom to replace fixtures, flooring, partitions, and paint; complete remodel of the locker rooms and showers; remodel the kitchen to include new cabinets, counters, a stove/oven, hood and ventilation, additional and upgraded electrical connections, paint, flooring, and address roof penetration; and retrofit an existing space to provide a break area for staff.	\$410,000	\$410,000	\$410,000
Roof Replacement, Painting, and Supplemental Needs	This allocation funds emergency repairs and miscellaneous projects such as parking site improvements and repaving, roof repair and replacement, and painting.	\$375,000	\$1,875,000	*
West Yard - Restroom Retrofit	This allocation funds a restroom retrofit at the West Yard, including design and construction of shower and locker rooms for City staff. This yard currently houses all sewer, landscaping, and roadway crews.	\$300,000	\$300,000	\$300,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Storm Sewer System				
Alviso Storm Pump Station	This project will determine the feasibility and complete initial design of either constructing a new storm pump station or upgrading the existing Gold Street Storm pump station to provide the Alviso area with flood protection from a 10-year storm event.	\$1,000,000	\$1,000,000	\$2,000,000
Charcot Storm Pump Station at Coyote Creek	This project allocates funding for a new pump station on Charcot Avenue at Coyote Creek that will have a capacity of approximately 300 cubic feet per second. Current funding will support the design phase of the project. Additional funding will need to be identified for the construction of the pump station.	\$1,500,000	\$1,500,000	\$1,500,000
Large Trash Capture Devices	This project includes the installation of large trash capture devices throughout the City in order to meet the Municipal Regional Permit Provision C.10 trash reduction requirements.	\$3,628,000	\$11,480,000	\$11,480,000
Storm Sewer Master Plan - City-wide	This allocation funds a master planning effort for the storm sewer system, which involves mapping and identification of existing main storm drainage trunk lines, outfalls, laterals, and other storm system facilities. The report will guide the overall system design for capacity needs. Funding beyond 2015-2016 will provide for updates to the master plan as new developments and projects add or change the infrastructure.	\$2,851,000	\$6,101,000	*

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Traffic				
Autumn Street Extension	This allocation provides funding to extend and construct improvements on Autumn Street including curb, gutter, sidewalk, and lighting between Coleman Avenue and Julian Street as well as begin design and right-of-way acquisition for Phase II between Julian and Santa Clara Streets. This project will enhance connectivity between Coleman Avenue and Julian Street and will provide a new alternative route into west Downtown and the Arena.	\$10,900,000	\$10,900,000	\$13,500,000
Montague Expressway Improvements Phase 2	This allocation provides funding to widen Montague Expressway from six to eight lanes from Lick Mill Boulevard to First Street and River Oaks Parkway to Trade Zone Boulevard. It is anticipated that Santa Clara County will complete this project, however, if no agreement is reached, the City will complete construction of this project.	\$12,000,000	\$12,000,000	\$12,000,000
Pavement Maintenance - City	In March 2012, the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by Construction Excise Tax proceeds, provides funding to seal and resurface streets in the Priority Street Network throughout the City. In 2014-2015, \$16.0 million is added for the maintenance of a small portion of "Other Major Streets" outside the Priority Street Network.	\$20,000,000	\$36,000,000	*

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Traffic				
Pavement Maintenance - Federal (OBAG)	In March 2012, the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by the federal government, provides funding to seal and resurface streets in the Priority Street Network throughout the City.	\$13,581,000	\$13,581,000	\$19,521,000
Pavement Maintenance - Measure B	In March 2012, the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by County Measure B vehicle registration fees, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.	\$5,400,000	\$27,000,000	*
Pavement Maintenance - State Gas Tax	In March 2012, the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by the State Gas Tax, provides funding to seal and resurface streets in the Priority Streets Network throughout the City, repair potholes, and the administration of the pavement program.	\$8,750,000	\$43,750,000	*

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Traffic				
Route 101/Blossom Hill Road Interchange	This allocation provides funding for staff and consultant services for the development of improvements at the Route 101/Blossom Hill Interchange.	\$2,000,000	\$6,504,000	\$6,504,000
Safety - Pedestrian Improvements	This allocation provides funding for traffic safety enhancements focused on improving pedestrian crossings on major roads. Potential improvements include crosswalks enhanced with flashing beacons, high visibility markings, median refuges, and curb return treatments. Other traffic devices having a positive safety impact, such as speed radar signs, will also be considered.	\$1,445,000	\$7,045,000	*
Safety - Traffic Signal Modifications/Construction	This allocation provides funding to enhance traffic safety and mobility along major roadways. Construction of new traffic signal systems or modification to the existing traffic signal system are anticipated to be the main element of this program. Work will also include traffic safety evaluation, data collection, identification of operational improvements, and design and construction of such improvements to better support safer travel across intersections for all modes.	\$2,000,000	\$6,000,000	*

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Water Pollution Control				
Digested Sludge Dewatering Facility	This project will construct a new mechanical dewatering facility and support systems to replace the existing sludge storage lagoons and open air solar drying beds. The size, type, design, and technology selected for the new biosolids dewatering facility will depend on an engineering study currently underway that looks at siting, available technologies, and an evaluation of capital and operational costs for various alternatives. All new mechanical dewatering units, feed tank, storage, conveyance, and chemical dosing facilities will be housed in an odor-controlled building.	\$2,940,000	\$68,230,000	\$69,230,000
Digester and Thickener Facilities Upgrade	This project will rehabilitate up to ten anaerobic digesters through a phased approach. This first phase of the project rehabilitates four digesters. The project also rehabilitates and modifies six dissolved air flotation units, pressure saturation tanks, pipes, pumps, and ancillary equipment. The digester gas conveyance and tunnel systems will also be upgraded to include new pipe support racks, new piping, valves, controls, and safety improvements.	\$1,440,000	\$63,680,000	\$140,686,000
Energy Generation Improvements	This project will install new, lower-emission engine-generators to replace the aged existing engine-generators and allow for the retirement of the aged engine-driven blowers. It includes a new generator building, gas cleaning/condition system, gas blending system, piping, dedicated control system, and motor control centers. Additionally, this project will install emergency diesel generators and storage tanks to provide backup power in the event of an extended power outage from PG&E.	\$25,970,000	\$101,890,000	\$125,806,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Water Pollution Control				
Iron Salt Feed Station	This project constructs a permanent iron salt and polymer dosing station, including a concrete containment structure and ancillary pumping, piping, and instrumentation to deliver chemical solution to incoming wastewater.	\$4,190,000	\$4,480,000	\$5,290,000
New Headworks	This project will construct a new headworks to serve as the Plant's duty headworks. It also involves increasing the equalization basin volume and installing lining and spraydown systems to facilitate cleaning. The project will also install new covers over select areas, such as junction boxes and grit collection, for odor control. New conduits will be installed for the collected foul air, and a new odor treatment facility that could combine biological and/or chemical treatment technology will be provided.	\$2,880,000	\$88,370,000	\$91,217,000
Plant Electrical Reliability	This project replaces substations and switches, modifies power distribution buses and cabling, and provides backup systems to enhance the overall safety and reliability of the Plant electrical systems. The project includes a multi-phase construction schedule based upon a study completed in 2004.	\$8,200,000	\$8,600,000	\$30,915,000
Plant Instrument Air System Upgrade	This project replaces the existing high-pressure Plant instrument air supply system with a new above-grade distributed system. This project also makes electrical upgrades to provide for power and redundancy improvements to the Plant air supply system.	\$8,540,000	\$9,100,000	\$9,100,000

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2014-2015	5-Year CIP	Total Project Budget
Water Pollution Control				
SBWR System Reliability and Infrastructure Replacement	This allocation will be used for system reliability improvements including, but not limited to, rehabilitation and/or replacement of pump station components (pumps, motors, and ancillary equipment), control and communication systems, pipelines, and other system-related infrastructure.	\$3,250,000	\$4,750,000	\$5,388,000
Support Building Improvements	This project constructs various tenant improvements to the administration, operations, engineering, and other support buildings located throughout the Plant. It may include floor, ceiling, wall, partition, plumbing, heating, ventilation and air conditioning upgrades, fire protection, and security improvements, as well as ancillary landscaping improvements. It also constructs new warehousing facilities and an electronic warehouse management system which may include new computers, a central database, barcode scanners, mobile tablets, and other technology improvements. This project will be constructed in phases based on a detailed tenant improvement study, warehouse design study, and priority of needs.	\$490,000	\$22,220,000	\$55,590,000
Water Utility System				
Meter Replacements	This allocation provides funding to replace existing manual-read water meters with remote-read water meters. Approximately 6,300 of the 27,000 meters will be replaced.	\$500,000	\$1,000,000	\$1,500,000
North San José Water Well Evaluation and Rehabilitation	This project rehabilitates existing wells to improve capacity and water quality, and installs new wells to serve future development. Funding will include a pilot program to drill the area to determine if it is a viable location to build a water well.	\$625,000	\$625,000	\$625,000

* Selected budget information is not provided due to the ongoing nature of this project.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

Summary of Operating Budget Impact from Capital Projects

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<u>Library</u>				
Southeast Branch				
Cost Offset	(\$12,000)	(\$35,000)	(\$35,000)	(\$35,000)
Maintenance	\$34,000	\$106,000	\$109,000	\$111,000
Operating	\$215,000	\$665,000	\$683,000	\$703,000
Total Library	\$237,000	\$736,000	\$757,000	\$779,000
 <u>Parks and Community Facilities Development - Bond Projects</u>				
Softball Complex				
Cost Offset			(\$824,000)	(\$858,000)
Maintenance			\$583,000	\$598,000
Operating			\$328,000	\$341,000
Total Parks and Community Facilities Development - Bond Projects			\$87,000	\$81,000
 <u>Parks and Community Facilities Development - Council District 10</u>				
TRAIL: Guadalupe River Under-crossing (Coleman Road)				
Maintenance		\$3,000	\$3,000	\$3,000
Total Parks and Community Facilities Development - Council District 10		\$3,000	\$3,000	\$3,000
 <u>Parks and Community Facilities Development - Council District 4</u>				
TRAIL: Guadalupe River Under-crossing (Tasman Drive)				
Maintenance	\$2,000	\$2,000	\$2,000	\$2,000
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)				
Operating	\$6,000	\$6,000	\$6,000	\$6,000
Maintenance	\$1,000	\$1,000	\$1,000	\$1,000
Total Parks and Community Facilities Development - Council District 4	\$9,000	\$9,000	\$9,000	\$9,000
 <u>Parks and Community Facilities Development - Council District 5</u>				
TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)				
Maintenance		\$5,000	\$5,000	\$5,000
Operating		\$24,000	\$25,000	\$25,000

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

Summary of Operating Budget Impact from Capital Projects

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<u>Parks and Community Facilities Development - Council District 5</u>				
TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)				
Maintenance	\$5,000	\$5,000	\$5,000	\$5,000
Operating	\$1,000	\$1,000	\$1,000	\$1,000
Total Parks and Community Facilities Development - Council District 5	\$6,000	\$35,000	\$36,000	\$36,000
<u>Parks and Community Facilities Development - Council District 6</u>				
TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge				
Maintenance	\$2,000	\$2,000	\$2,000	\$2,000
Total Parks and Community Facilities Development - Council District 6	\$2,000	\$2,000	\$2,000	\$2,000
<u>Parks and Community Facilities Development - Council District 7</u>				
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)				
Maintenance		\$8,000	\$8,000	\$8,000
Operating		\$2,000	\$2,000	\$2,000
Total Parks and Community Facilities Development - Council District 7		\$10,000	\$10,000	\$10,000
<u>Parks and Community Facilities Development - Lake Cunningham</u>				
Lake Cunningham Bike Park				
Cost Offset		(\$106,000)	(\$186,000)	(\$189,000)
Operating		\$80,000	\$163,000	\$172,000
Maintenance		\$46,000	\$81,000	\$82,000
Total Parks and Community Facilities Development - Lake Cunningham		\$20,000	\$58,000	\$65,000
<u>Parks and Community Facilities Development - Park Trust Fund</u>				
Council District 4 Dog Park				
Maintenance	\$10,000	\$10,000	\$11,000	\$11,000
Operating	\$5,000	\$21,000	\$21,000	\$22,000
Martin Park Expansion				
Maintenance	\$23,000	\$47,000	\$48,000	\$49,000
Santana Park Development				
Maintenance			\$4,000	\$9,000
Total Parks and Community Facilities	\$38,000	\$78,000	\$84,000	\$91,000

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

Summary of Operating Budget Impact from Capital Projects

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<u>Parks and Community Facilities Development - Park Trust Fund</u>				
Development - Park Trust Fund				
<u>Public Safety</u>				
Fire Station 21 - Relocation (White Road)				
Maintenance	\$11,000	\$23,000	\$23,000	\$23,000
Total Public Safety	\$11,000	\$23,000	\$23,000	\$23,000
<u>Traffic</u>				
Bus Rapid Transit Program				
Maintenance	\$20,000	\$42,000	\$43,000	\$44,000
Innovative Bicycle Detection System				
Maintenance		\$16,000	\$16,000	\$16,000
Jackson Complete Streets (OBAG)				
Maintenance		\$9,000	\$9,000	\$10,000
LED Streetlight Program				
Maintenance	\$2,000	\$2,000	\$2,000	\$2,000
Ocala Avenue Pedestrian Improvements				
Maintenance		\$5,000	\$5,000	\$5,000
Route 101: Interstate 280 to Yerba Buena				
Maintenance	\$5,000	\$5,000	\$6,000	\$6,000
Route 280/880/Stevens Creek Upgrade				
Maintenance	\$6,000	\$6,000	\$6,000	\$6,000
Safe Pathways to Diridon Station				
Maintenance	\$1,000	\$1,000	\$1,000	\$1,000
Safety - Pedestrian Improvements				
Maintenance	\$12,000	\$20,000	\$26,000	\$37,000
Safety - Traffic Signal Rehabilitation				
Maintenance	\$2,000	\$2,000	\$2,000	\$2,000
The Alameda "Beautiful Way" Phase 2 (OBAG)				
Maintenance		\$4,000	\$4,000	\$5,000
Total Traffic	\$48,000	\$112,000	\$120,000	\$134,000
<u>Water Pollution Control</u>				
Digested Sludge Dewatering Facility				
Operating				\$13,930,000
Digester and Thickener Facilities Upgrade				
Operating				\$420,000

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

Summary of Operating Budget Impact from Capital Projects

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<u>Water Pollution Control</u>				
Energy Generation Improvements				
Operating			\$4,240,000	\$4,323,000
Cost Offset			(\$9,430,000)	(\$9,613,000)
Total Water Pollution Control			(\$5,190,000)	\$9,060,000
Total Operating Budget Impact	<u>\$351,000</u>	<u>\$1,028,000</u>	<u>(\$4,001,000)</u>	<u>\$10,293,000</u>

CITY OF SAN JOSE 2014-2015 ADOPTED OPERATING BUDGET

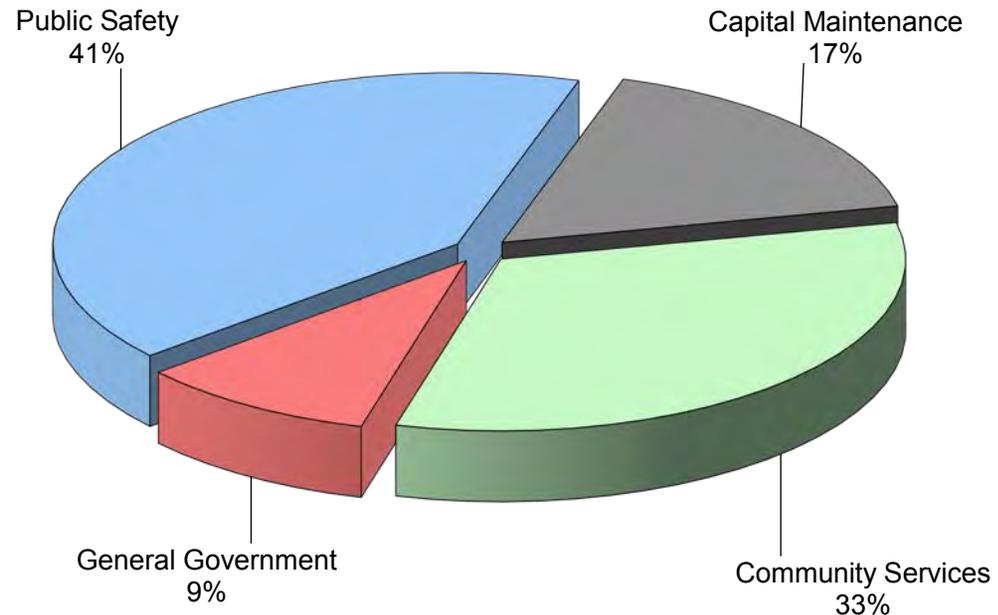
SUMMARY OF TOTAL STAFFING BY DEPARTMENT

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Transportation and Public Works Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement Departments.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Finance, Economic Development, Independent Police Auditor, Information Technology, Retirement Services, City Attorney, City Manager, Mayor and City Council, City Auditor, and City Clerk.



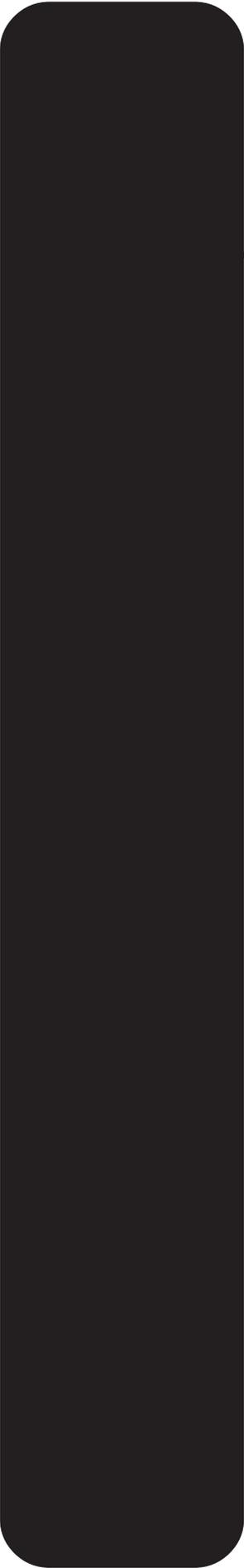
TOTAL STAFFING BY DEPARTMENT 5,759.36

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SUMMARY OF TOTAL STAFFING BY DEPARTMENT

DEPARTMENT	2013-2014 Adopted	Changes in 2014-2015 Forecast	Changes in 2014-2015 Adopted	Net-Zero Inter-department Transfers	Total Changes	2014-2015 Adopted
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	72.00	(2.00)	4.50	0.00	2.50	74.50
City Auditor	15.00	0.00	0.00	0.00	0.00	15.00
City Clerk	15.00	0.00	0.00	0.00	0.00	15.00
City Manager	61.75	0.00	3.75	0.00	3.75	65.50
Economic Development	53.00	0.00	1.00	1.00	2.00	55.00
Finance	115.00	0.00	3.00	0.00	3.00	118.00
Human Resources	48.25	0.00	0.75	0.00	0.75	49.00
Independent Police Auditor	6.00	0.00	0.00	0.00	0.00	6.00
Information Technology	90.50	0.00	(3.00)	0.00	(3.00)	87.50
Mayor and City Council	27.00	0.00	0.00	0.00	0.00	27.00
Retirement	36.50	0.00	2.25	0.00	2.25	38.75
Total General Government Departments	540.00	(2.00)	12.25	1.00	11.25	551.25
PUBLIC SAFETY DEPARTMENTS						
Fire	791.98	(1.00)	2.00	0.00	1.00	792.98
Police	1,572.37	(3.00)	6.30	0.00	3.30	1,575.67
Total Public Safety Departments	2,364.35	(4.00)	8.30	0.00	4.30	2,368.65
CAPITAL MAINTENANCE DEPARTMENTS						
Public Works	525.37	(6.00)	18.50	0.00	12.50	537.87
Transportation	405.50	(1.00)	21.50	0.00	20.50	426.00
Total Capital Maintenance Departments	930.87	(7.00)	40.00	0.00	33.00	963.87
COMMUNITY SERVICES DEPARTMENTS						
Airport	187.00	0.00	0.00	0.00	0.00	187.00
Environmental Services	503.95	(1.00)	11.00	0.00	10.00	513.95
Housing	57.00	0.00	1.00	0.00	1.00	58.00
Library	317.59	(2.51)	2.38	0.00	(0.13)	317.46
Parks, Recreation and Neighborhood Services	493.99	(2.90)	19.59	0.00	16.69	510.68
Planning, Building and Code Enforcement	260.00	(4.00)	33.50	(1.00)	28.50	288.50
Total Community Services Departments	1,819.53	(10.41)	67.47	(1.00)	56.06	1,875.59
TOTAL DEPARTMENT STAFFING	5,654.75	(23.41)	128.02	0.00	104.61	5,759.36

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2014-2015

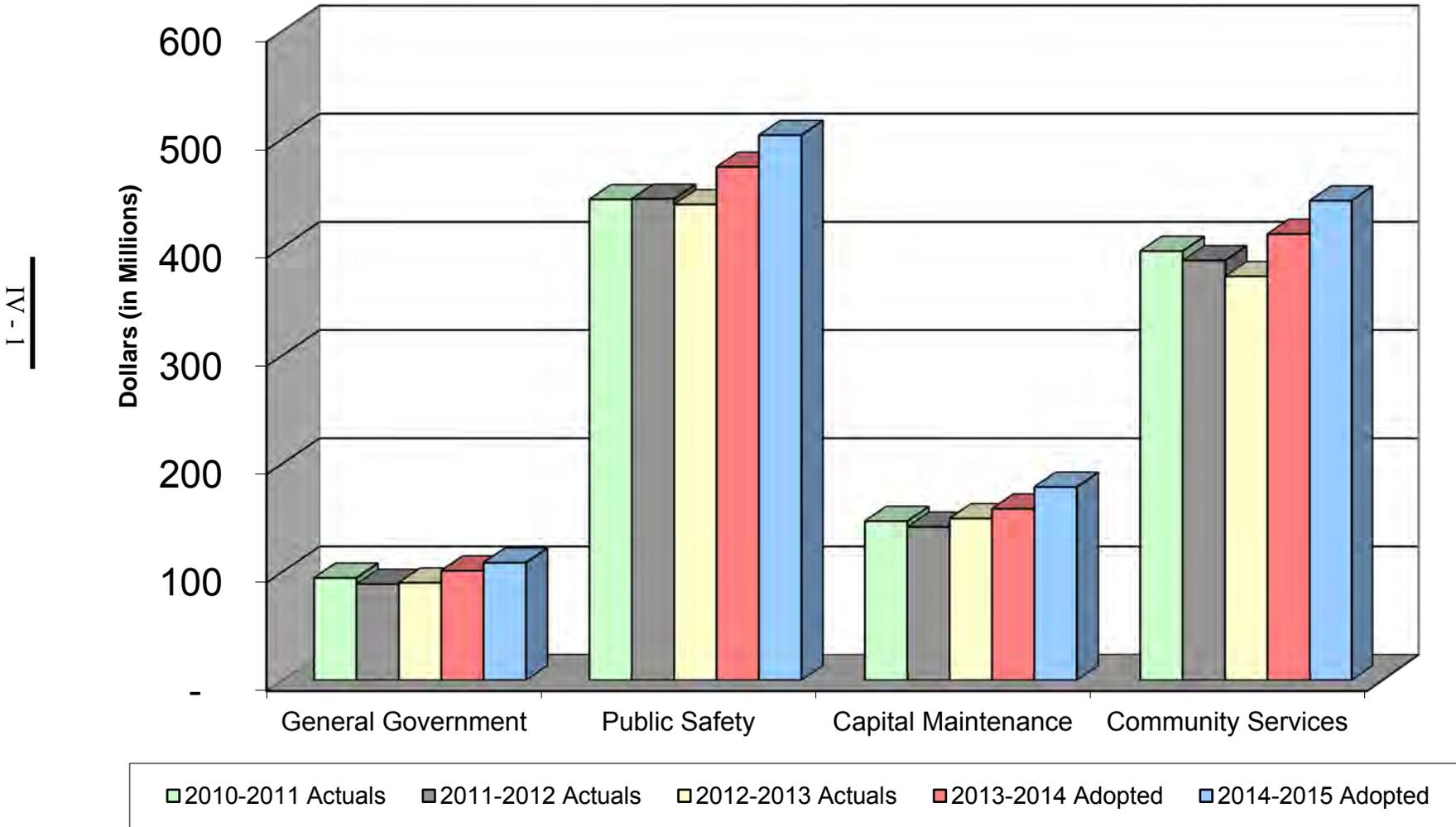
OPERATING BUDGET

**HISTORY AND TREND
INFORMATION**

**HISTORY AND
TREND
INFORMATION**

**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**FIVE-YEAR COMPARISON OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)**



**CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET**

**FIVE-YEAR COMPARISON OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)***

	1	2	3	4	5
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
	<u>ACTUALS</u>	<u>ACTUALS</u>	<u>ACTUALS</u>	<u>ADOPTED</u>	<u>ADOPTED</u>
GENERAL GOVERNMENT					
City Attorney	13,331,015	13,070,085	13,716,858	14,944,169	15,972,405
City Auditor	1,795,654	1,780,723	1,948,886	2,220,908	2,412,616
City Clerk	3,879,638	1,661,969	1,795,183	2,256,211	2,512,130
City Manager	10,449,810	9,953,524	9,959,137	11,386,765	12,816,368
Economic Development	9,169,140	11,916,275	12,566,944	9,969,147	10,014,327
Finance	14,124,733	13,611,934	14,386,100	15,654,084	17,004,877
Human Resources	8,911,328	7,459,095	7,335,927	8,613,737	9,537,385
Independent Police Auditor	823,221	934,379	997,044	1,076,906	1,177,134
Information Technology	19,020,888	15,919,855	15,001,813	18,741,251	19,671,443
Mayor and City Council	7,559,361	8,463,117	8,350,543	11,104,900	11,280,532
Redevelopment Agency**	1,284,425	0	0	0	0
Retirement	4,017,155	3,848,372	3,797,386	5,019,025	5,975,900
Total General Government	94,366,368	88,619,328	89,855,821	100,987,103	108,375,117
PUBLIC SAFETY					
Fire	153,359,783	154,297,611	152,614,589	164,174,937	174,954,745
Police	290,787,311	290,298,883	286,903,343	309,959,762	328,608,267
Total Public Safety	444,147,094	444,596,494	439,517,932	474,134,699	503,563,012
CAPITAL MAINTENANCE					
Public Works***	81,468,376	74,779,737	80,527,512	89,067,825	93,911,451
Transportation	65,319,291	66,677,252	68,747,275	78,547,612	84,451,240
Total Capital Maintenance	146,787,667	141,456,989	149,274,787	167,615,437	178,362,691
COMMUNITY SERVICES					
Airport	64,928,818	57,651,884	53,017,027	58,837,909	60,581,266
Convention Facilities****	20,000,436	22,260,406	0	0	0
Environmental Services	184,380,265	192,191,212	199,568,100	216,648,404	233,056,238
Housing	9,851,681	7,995,491	7,705,417	8,697,060	9,425,824
Library	30,559,210	27,277,529	27,584,037	31,310,951	33,242,295
Parks, Recreation & Neighborhood Services	59,798,119	51,861,309	54,737,935	57,552,478	62,393,923
Planning, Building and Code Enforcement	26,894,298	28,446,014	30,382,428	39,107,918	44,242,347
Total Community Services	396,412,827	387,683,845	372,994,944	412,154,720	442,941,893
TOTAL DEPARTMENT USES	<u>1,081,713,956</u>	<u>1,062,356,656</u>	<u>1,051,643,484</u>	<u>1,154,891,959</u>	<u>1,233,242,713</u>

* Department Operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

** As approved by the City Council on January 24, 2012, the Redevelopment Agency was dissolved consistent with AB X1 26. Therefore, only the 2010-2011 Actuals are reflected as there are no actions or funding beyond this point. The Successor Agency continues to wind down the operations of the former Redevelopment Agency.

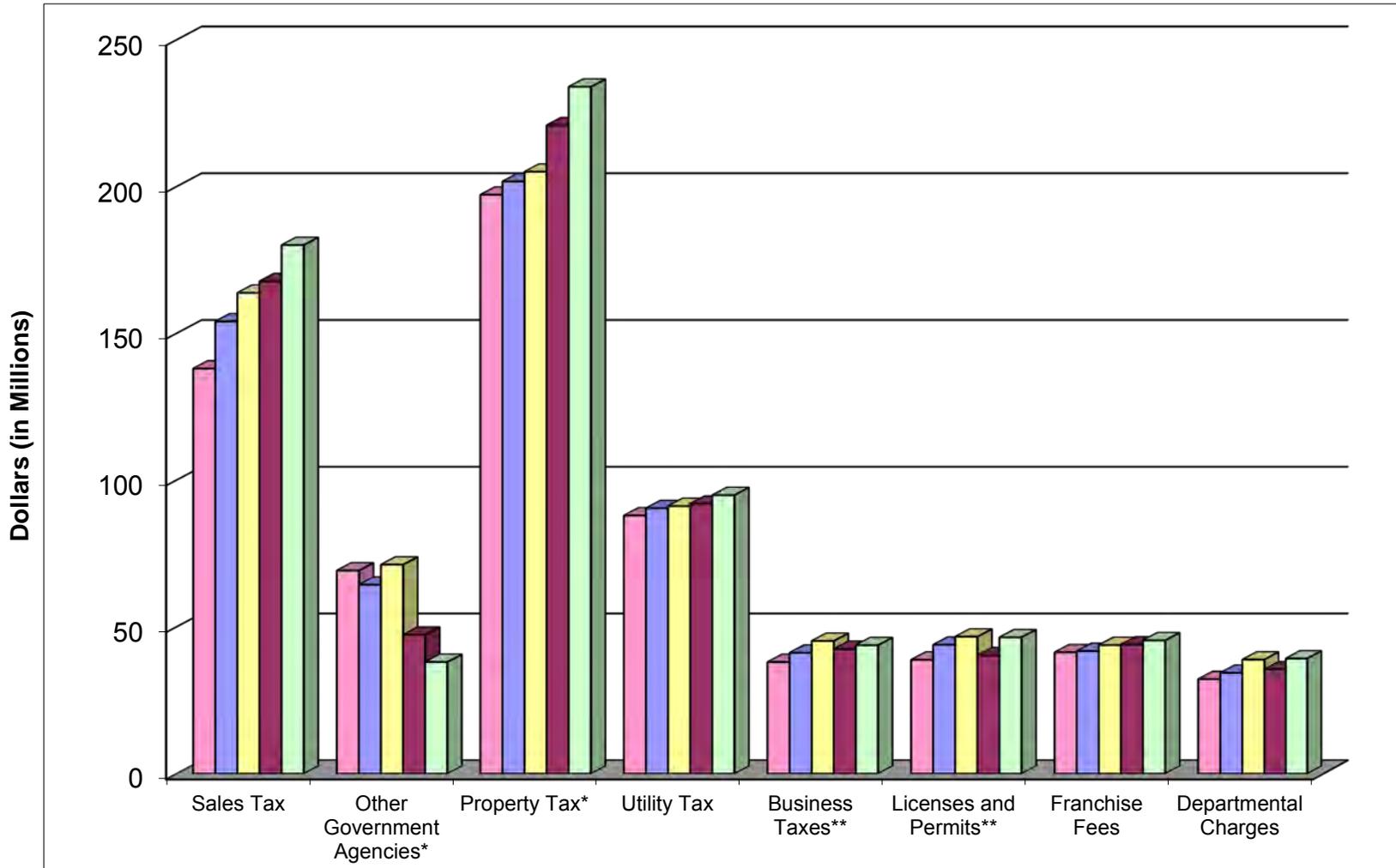
*** In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. The General Services Department is now displayed in the Public Works Department.

**** As part of the 2012-2013 Adopted Budget, the Convention Facilities Department was eliminated.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

FIVE-YEAR COMPARISON OF KEY GENERAL FUND SOURCES



■ 2010-2011 Actuals
 ■ 2011-2012 Actuals
 ■ 2012-2013 Actuals
 ■ 2013-2014 Adopted
 ■ 2014-2015 Adopted

* The Property Tax and Revenue from State Government revenues have been restated to reflect the recategorization of Aircraft Property Tax into the Property Tax category.

** The Business Taxes and Licenses and Permits revenues have been restated to reflect the recategorization of Business Tax, Cardroom Business Tax, and Disposal Facility Tax into the Business Taxes category.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

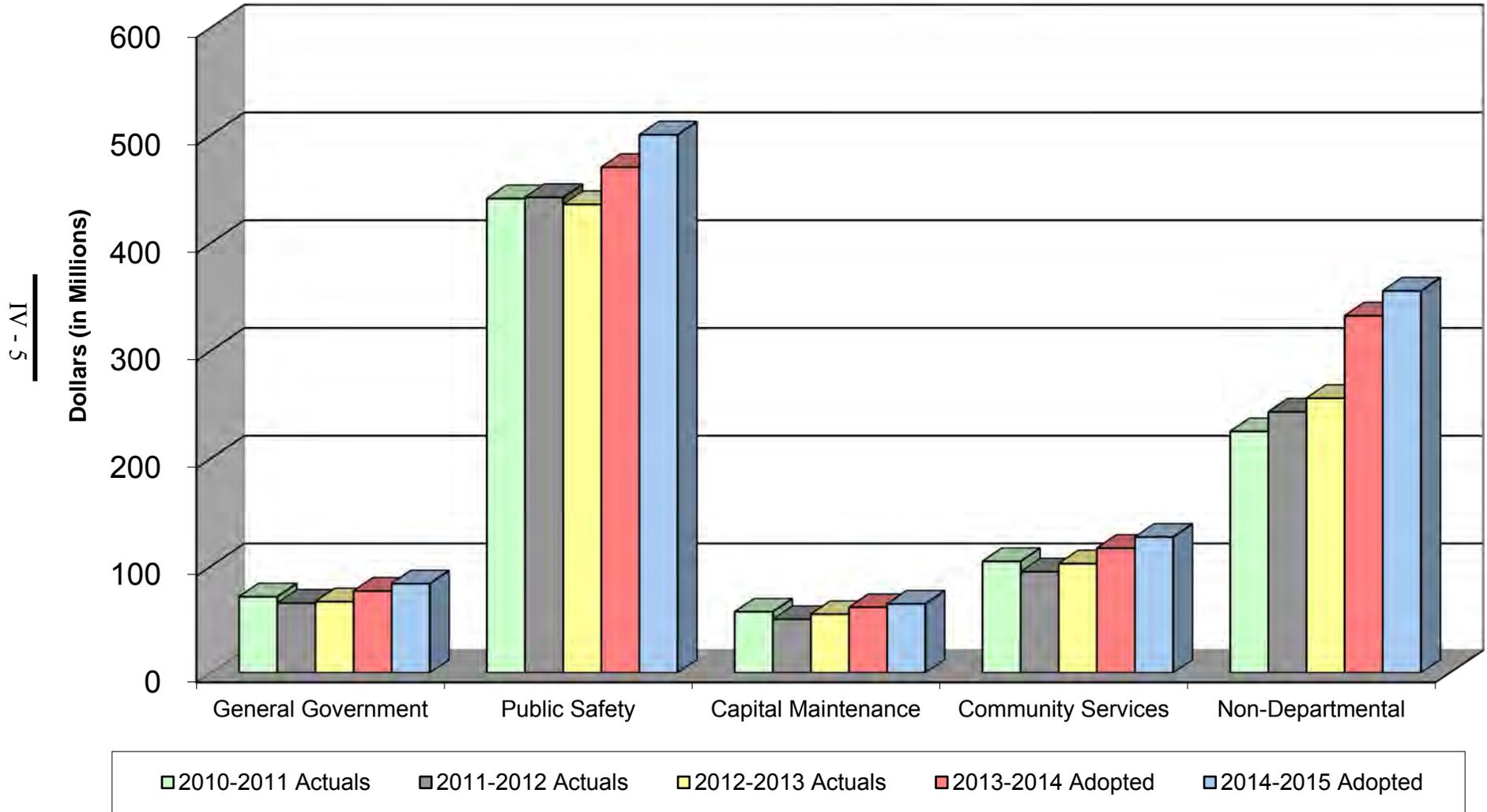
FIVE-YEAR COMPARISON OF GENERAL FUND SOURCES

SOURCE OF FUNDS	1 2010-2011 ACTUALS	2 2011-2012 ACTUALS	3 2012-2013 ACTUALS	4 2013-2014 ADOPTED	5 2014-2015 ADOPTED
FUND BALANCE					
Encumbrance Reserve	20,635,146	20,933,254	20,634,920	20,423,841	19,650,300
Carryover	141,483,795	137,536,794	168,299,570	213,005,681	253,067,514
Total Fund Balance	162,118,941	158,470,048	188,934,490	233,429,522	272,717,814
GENERAL REVENUE					
Property Tax*	197,176,722	201,711,784	205,016,137	220,850,000	233,973,240
Sales Tax	137,969,758	154,026,546	163,751,105	167,710,000	180,024,000
Transient Occupancy Tax	7,221,860	8,983,963	10,103,383	10,600,000	11,750,000
Franchise Fees	41,272,610	41,708,845	43,741,122	43,923,000	45,346,879
Utility Tax	87,884,597	90,382,878	91,108,958	91,895,000	94,825,000
Telephone Line Tax	20,643,328	20,529,291	20,640,471	20,600,000	20,700,000
Business Taxes**	37,959,146	41,131,557	45,140,285	42,435,000	43,700,000
Licenses and Permits**	38,735,094	43,838,469	46,605,784	40,278,246	46,375,293
Fines, Forfeitures, and Penalties	17,925,992	18,358,430	14,554,960	15,862,200	14,205,334
Revenue from Use of Money/Property	3,672,149	3,328,263	3,890,457	2,673,000	2,847,000
Revenue from Local Agencies	44,247,174	30,178,586	34,765,946	24,835,589	22,612,276
Revenue from the State of CA*	15,434,030	14,054,986	16,856,606	11,377,531	11,194,473
Rev. from the State of CA-Recovery Act	128,902	363,603	15,061	0	0
Revenue from Federal Government	5,844,286	15,217,476	15,993,061	11,042,469	4,170,953
Rev. from Fed Gov't-Recovery Act	3,488,382	4,483,666	3,518,445	10,000	0
Departmental Charges	32,148,993	34,276,699	38,798,389	35,449,213	39,163,435
Other Revenue	92,572,585	116,060,672	121,891,450	17,646,265	15,161,073
Total General Revenue	784,325,608	838,635,714	876,391,620	757,187,513	786,048,956
TRANSFERS AND REIMBURSEMENTS					
Overhead Reimbursements	34,480,195	32,374,004	32,214,412	36,996,081	39,000,348
Transfers	41,451,436	21,172,191	19,495,615	16,161,778	19,138,313
Reimbursements for Services	16,125,296	15,458,514	15,736,916	15,242,833	15,775,406
Total Transfers and Reimbursements	92,056,927	69,004,709	67,446,943	68,400,692	73,914,067
TOTAL SOURCE OF FUNDS	1,038,501,476	1,066,110,471	1,132,773,053	1,059,017,727	1,132,680,837

* The Property Tax and Revenue from State Government revenues have been restated to reflect the recategorization of Aircraft Property Tax into the Property Tax category.

** The Business Taxes and Licenses and Permits revenues have been restated to reflect the recategorization of Business Tax, Cardroom Business Tax, and Disposal Facility Tax into the Business Taxes category.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET
 FIVE-YEAR COMPARISON OF GENERAL FUND USES



CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FIVE-YEAR COMPARISON OF GENERAL FUND USES

USE OF FUNDS	1 2010-2011 ACTUALS	2 2011-2012 ACTUALS	3 2012-2013 ACTUALS	4 2013-2014 ADOPTED	5 2014-2015 ADOPTED
GENERAL GOVERNMENT DEPARTMENTS					
City Attorney	11,411,870	10,832,061	11,152,273	12,375,897	13,294,574
City Auditor	1,775,423	1,780,723	1,842,294	2,114,135	2,289,489
City Clerk	3,879,638	1,661,969	1,795,183	2,256,211	2,512,130
City Manager	10,290,784	9,695,693	9,693,756	11,067,874	12,481,748
Economic Development	2,821,174	4,463,879	5,004,714	3,694,009	4,296,840
Finance	10,964,592	10,926,514	11,985,358	12,771,696	14,024,104
Human Resources	6,917,844	5,364,639	5,423,327	6,370,944	7,226,032
Independent Police Auditor	823,221	934,379	997,044	1,076,906	1,177,134
Information Technology	14,154,489	11,953,042	11,066,371	14,330,471	15,402,395
Mayor and City Council	7,559,361	8,463,117	8,350,543	11,104,900	11,280,532
Redevelopment Agency	1,284,425	0		0	0
Total General Government Departments	71,882,821	66,076,016	67,310,863	77,163,043	83,984,978
PUBLIC SAFETY DEPARTMENTS					
Fire	152,743,428	153,789,767	152,158,408	163,499,035	174,283,010
Police	288,598,705	288,670,461	283,752,547	306,848,315	326,289,104
Total Public Safety Departments	441,342,133	442,460,228	435,910,955	470,347,350	500,572,114
CAPITAL MAINTENANCE DEPARTMENTS					
Public Works*	29,705,102	26,523,289	30,700,479	34,789,387	36,838,035
Transportation	28,056,912	24,217,763	24,823,011	27,226,351	28,343,511
Total Capital Maintenance Departments	57,762,014	50,741,052	55,523,490	62,015,738	65,181,546
COMMUNITY SERVICES DEPARTMENTS					
Environmental Services	509,663	389,320	419,036	1,033,661	703,456
Housing	N/A	N/A	241,634	242,297	238,047
Library	24,867,497	21,919,687	23,828,935	26,066,596	27,664,331
Parks, Recreation and Neighborhood Services	55,354,426	47,003,582	49,311,193	51,919,273	56,065,473
Planning, Building and Code Enforcement	23,985,187	25,758,658	28,732,718	37,673,353	42,578,056
Total Community Services Departments	104,716,773	95,071,247	102,533,516	116,935,180	127,249,363
Total Departmental	675,703,741	654,348,543	661,278,824	726,461,311	776,988,001
NON-DEPARTMENTAL					
City-Wide Expenses	171,112,793	187,245,271	201,111,662	109,587,585	103,789,911
Capital Contributions	4,733,102	5,571,227	6,178,088	29,437,000	34,624,000
Transfers	28,534,164	30,222,019	29,162,358	25,635,266	35,917,380
Earmarked Reserves	N/A	N/A	N/A	118,163,724	129,211,245
Contingency Reserve	N/A	N/A	N/A	29,309,000	32,500,000
Encumbrance Reserve	20,880,882	20,423,841	19,650,300	20,423,841	19,650,300
Total Non-Departmental	225,260,941	243,462,358	256,102,408	332,556,416	355,692,836
TOTAL USE OF FUNDS	900,964,682	897,810,901	917,381,232	1,059,017,727	1,132,680,837

* In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. The General Services Department budget is now displayed in the Public Works Department.

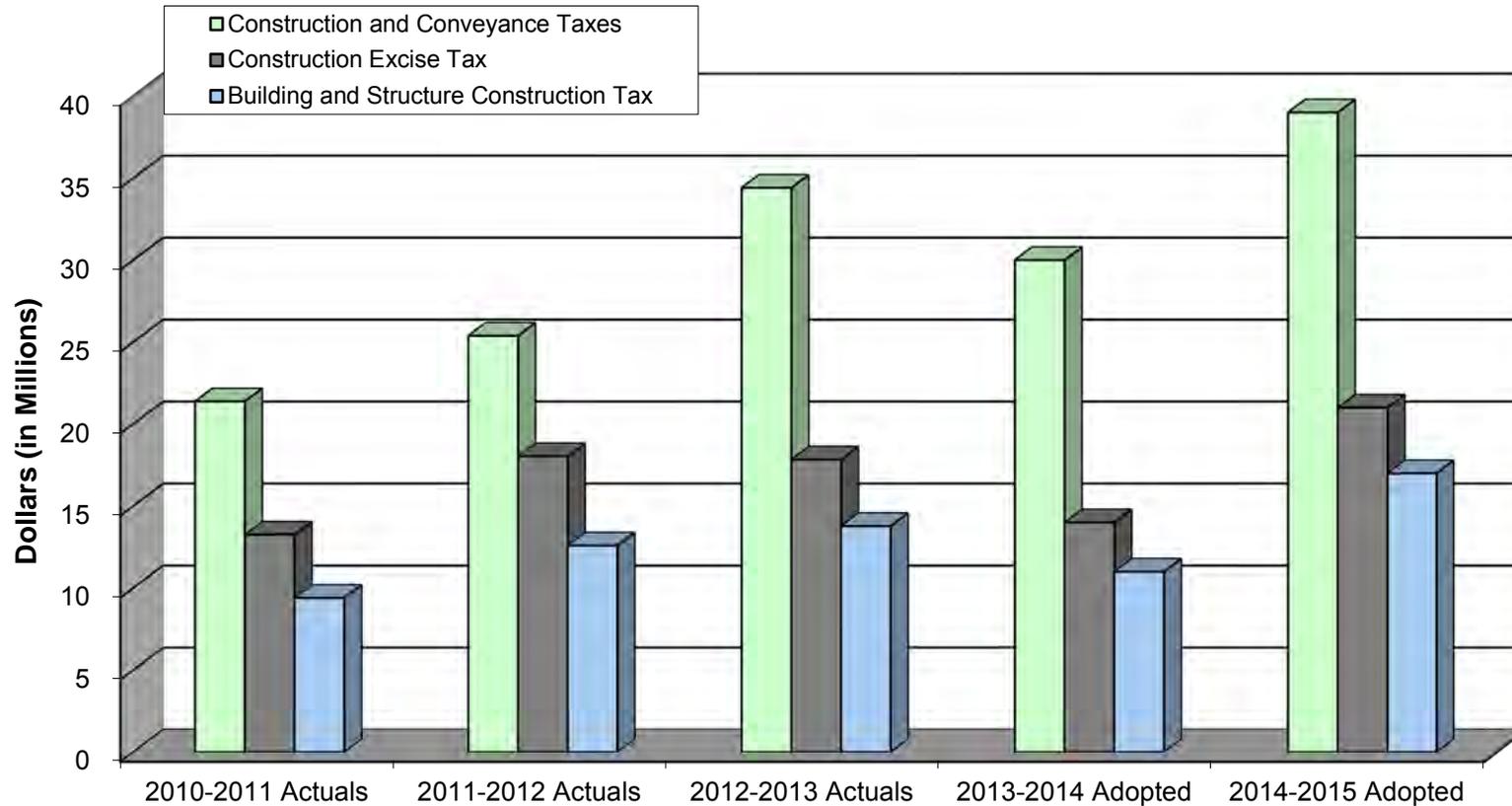
CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FIVE-YEAR COMPARISON OF GENERAL FUND USES BY CATEGORY

USE OF FUNDS	<u>2010-2011 ACTUALS</u>	<u>2011-2012 ACTUALS</u>	<u>2012-2013 ACTUALS</u>	<u>2013-2014 ADOPTED</u>	<u>2013-2014 ADOPTED</u>
DEPARTMENTAL					
Personal Services	591,412,739	581,158,396	578,227,994	630,532,243	681,390,407
Non-Personal/Equipment	84,291,002	73,190,147	83,050,830	95,929,068	95,597,594
Departmental Total	<u>675,703,741</u>	<u>654,348,543</u>	<u>661,278,824</u>	<u>726,461,311</u>	<u>776,988,001</u>
NON-DEPARTMENTAL					
City-Wide Expenses	171,112,793	187,245,271	201,111,662	109,587,585	103,789,911
Capital Contributions	4,733,102	5,571,227	6,178,088	29,437,000	34,624,000
Transfers	28,534,164	30,222,019	29,162,358	25,635,266	35,917,380
Earmarked Reserves	N/A	N/A	N/A	118,163,724	129,211,245
Contingency Reserve	N/A	N/A	N/A	29,309,000	32,500,000
Encumbrance Reserve	20,880,882	20,423,841	19,650,300	20,423,841	19,650,300
Total Non-Departmental	<u>225,260,941</u>	<u>243,462,358</u>	<u>256,102,408</u>	<u>332,556,416</u>	<u>355,692,836</u>
TOTAL EXPENDITURES	<u><u>900,964,682</u></u>	<u><u>897,810,901</u></u>	<u><u>917,381,232</u></u>	<u><u>1,059,017,727</u></u>	<u><u>1,132,680,837</u></u>

CITY OF SAN JOSE 2014-2015 ADOPTED OPERATING BUDGET

FIVE-YEAR COMPARISON OF KEY CAPITAL FUND SOURCES



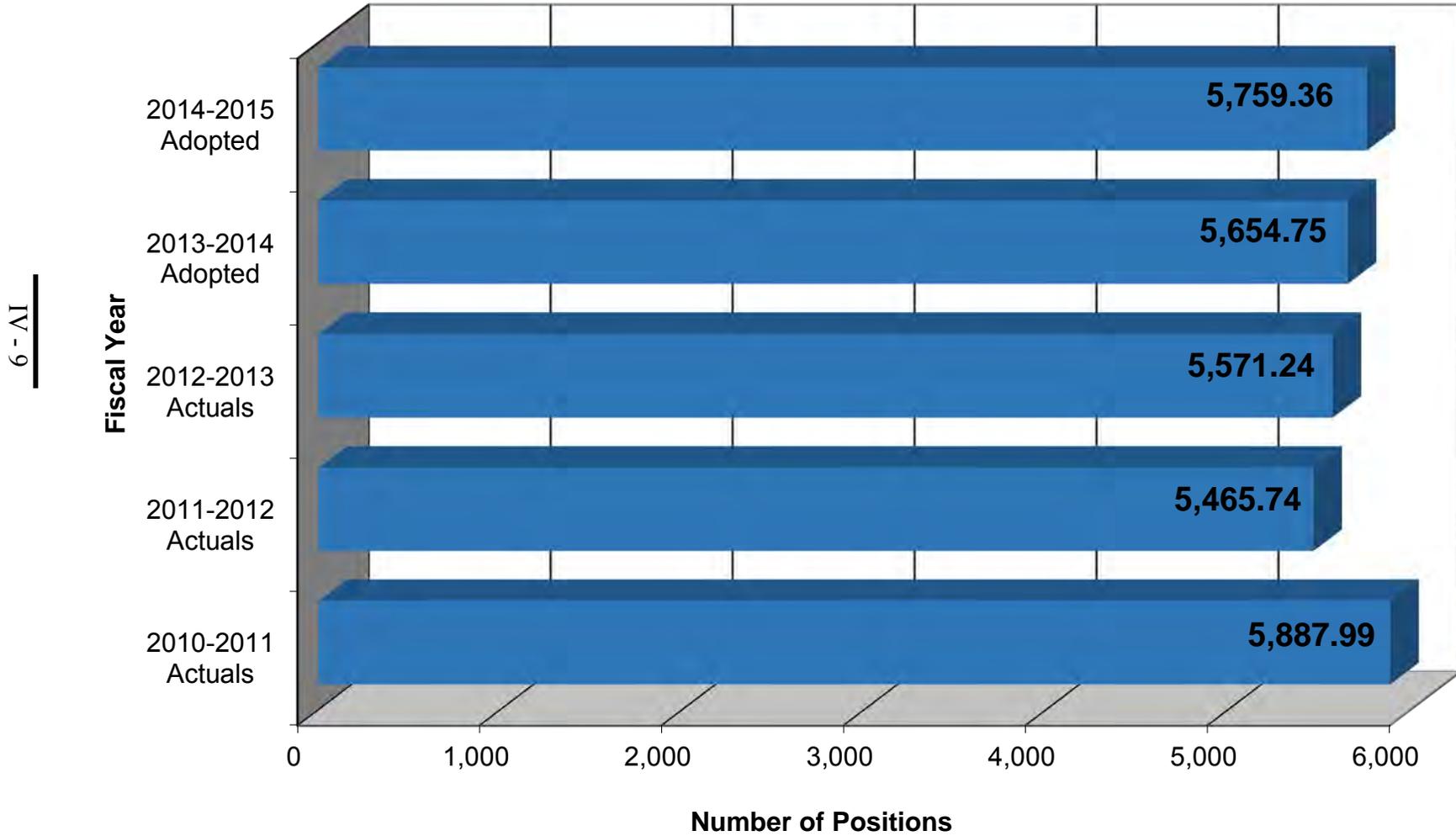
8 - A1

Construction and Conveyance Taxes - The Construction Tax is a flat fee assessed to residential, commercial, and industrial developments. The Conveyance Tax is a fee based on the value of property conveyed. These funds are dedicated to the Parks and Community Facilities Development, Communications, Public Safety, Library, and Service Yards capital programs.

Construction Excise Tax - A tax on the construction of residential, commercial, and mobile home developments. This general tax is based on building valuation, and revenues produced are used primarily for traffic improvements.

Building and Structure Construction Tax - A tax on residential, commercial, and industrial development. These funds are used for traffic capital improvements.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET
FIVE-YEAR COMPARISON OF TOTAL STAFFING



CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

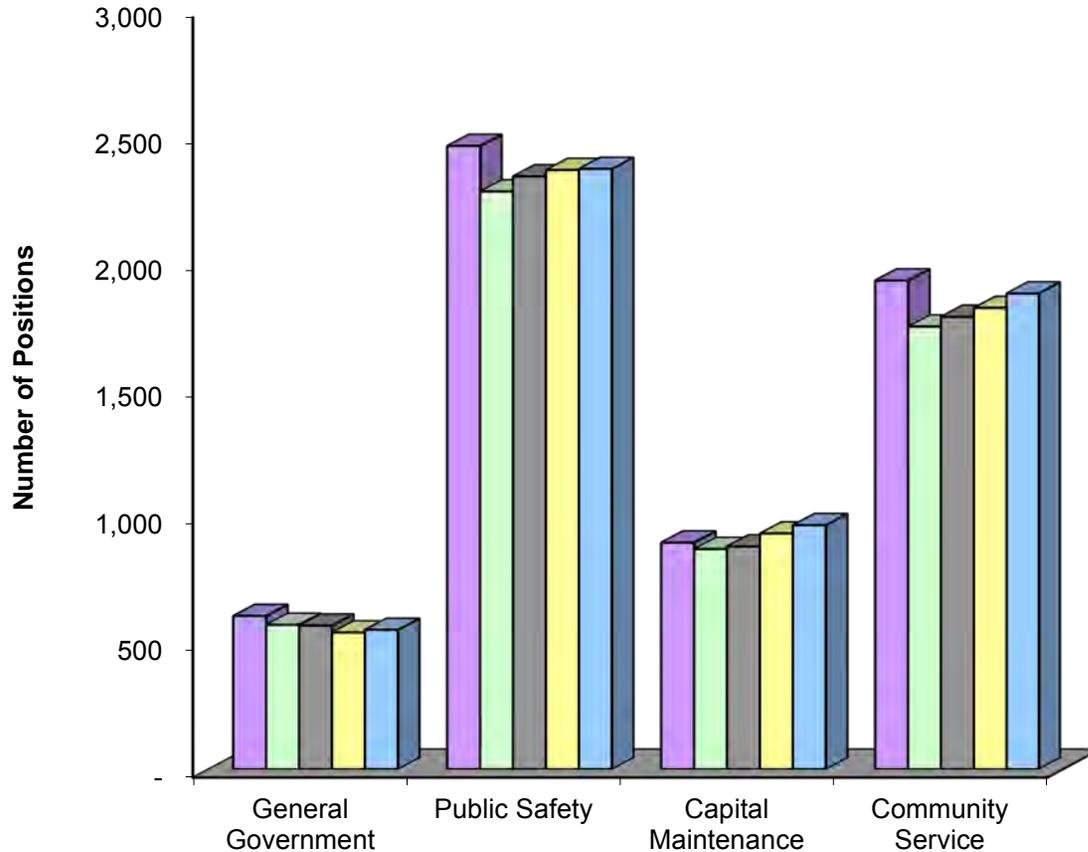
FIVE-YEAR COMPARISON OF TOTAL STAFFING BY DEPARTMENT

General Government Departments provide for the overall management and administrative functions of the City, including Human Resources, Finance, City Manager, City Attorney, City Auditor, City Clerk, Economic Development, Independent Police Auditor, Information Technology, and Retirement.

Public Safety Departments provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments provide for the construction and maintenance of the City's infrastructure by Public Works and Transportation.

Community Services Departments provide programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Library, and Planning, Building and Code Enforcement.



CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

FIVE-YEAR COMPARISON OF TOTAL STAFFING BY DEPARTMENT

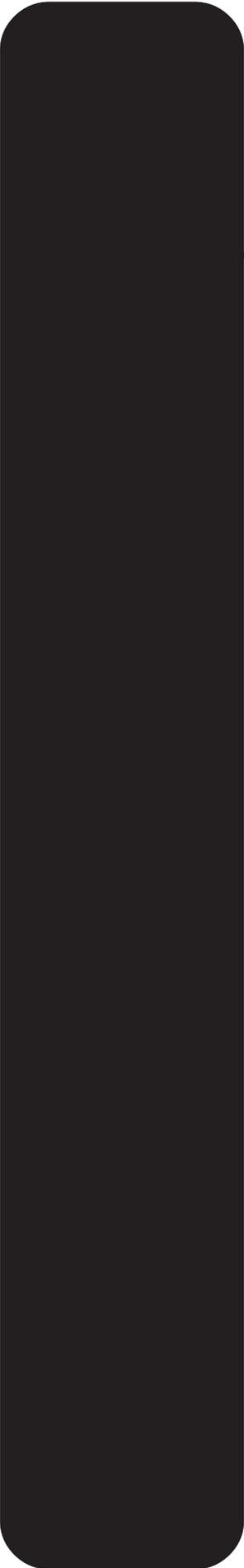
DEPARTMENT	1 2010-2011 ACTUALS	2 2011-2012 ACTUALS	3 2012-2013 ACTUALS	4 2013-2014 ADOPTED	5 2014-2015 ADOPTED
GENERAL GOVERNMENT DEPARTMENTS					
City Attorney	80.00	71.00	72.00	72.00	74.50
City Auditor	15.00	13.00	15.00	15.00	15.00
City Clerk	15.00	13.00	15.00	15.00	15.00
City Manager	72.75	61.75	58.50	61.75	65.50
Economic Development	69.00	75.00	77.00	53.00	54.00
Finance	116.50	116.50	114.50	115.00	118.00
Human Resources	60.50	52.50	54.25	48.25	49.00
Independent Police Auditor	5.00	6.00	7.00	6.00	6.00
Information Technology	106.00	101.00	91.50	90.50	87.50
Mayor and City Council	27.00	27.00	27.00	27.00	27.00
Redevelopment Agency*	5.00	0.00	0.00	0.00	0.00
Retirement	33.50	33.50	35.50	36.50	38.75
Total General Government Departments	605.25	570.25	567.25	540.00	550.25
PUBLIC SAFETY DEPARTMENTS					
Fire	770.48	754.98	790.98	791.98	792.98
Police	1,688.94	1,524.93	1,548.37	1,572.37	1,575.67
Total Public Safety Departments	2,459.42	2,279.91	2,339.35	2,364.35	2,368.65
CAPITAL MAINTENANCE DEPARTMENTS					
Public Works**	487.62	472.62	488.87	525.37	537.87
Transportation	407.50	397.00	391.00	405.50	426.00
Total Capital Maintenance Departments	895.12	869.62	879.87	930.87	963.87
COMMUNITY SERVICES DEPARTMENTS					
Airport	207.00	205.00	187.00	187.00	187.00
Convention Facilities***	9.00	9.00	0.00	0.00	0.00
Environmental Services	500.50	506.95	499.95	503.95	513.95
Housing	76.00	63.00	62.00	57.00	58.00
Library	300.63	271.36	314.63	317.59	317.46
Parks, Recreation and Neighborhood Services	624.07	460.40	480.19	493.99	510.68
Planning, Building and Code Enforcement	211.00	230.25	241.00	260.00	289.50
Total Community Services Departments	1,928.20	1,745.96	1,784.77	1,819.53	1,876.59
TOTAL DEPARTMENT STAFFING	5,887.99	5,465.74	5,571.24	5,654.75	5,759.36

* As approved by the City Council on January 24, 2012, the Redevelopment Agency was dissolved consistent with AB X1 26. Therefore, only the 2010-2011 Actuals are reflected as there are no actions or funding beyond this point.

** In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. The General Services Department positions are now displayed in the Public Works Department.

*** As part of the 2012-2013 Adopted Budget, the Convention Facilities Department was eliminated.

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2014-2015

OPERATING BUDGET

**BUDGET POLICIES
AND
PRACTICES**

**BUDGET POLICIES
AND PRACTICES**

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

BUDGET POLICIES

The Operating and Capital Budgets and the Capital Improvement Program are prepared and administered in accordance with several sources of policy direction. First, the City Charter requires that the budget be balanced, include a complete financial plan for all City funds, and meet certain legal deadlines for submittal. Second, the City Council has established two budget policies: (1) the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18), which includes guidelines, standards, and requirements for preparation and monitoring of both the Operating and Capital Budgets; and (2) the Estimating Construction Costs and Development of Project Budget Policy (Council Policy 8-12), which establishes guidelines for estimating construction project costs and developing project budgets (the complete text of the adopted policies is presented below). Third, the budget is developed in accordance with the Mayor's budget priorities and direction as approved by the City Council in March and June of each year. Fourth, recommendations of special studies by Council-appointed task forces, boards, commissions, and committees may be considered upon the direction of the City Council. Finally, public input is considered throughout the process, with scheduled public hearings at key City Council decision points.

OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY (COUNCIL POLICY 1-18)

OPERATING BUDGET

1. General

The budget should be a performance, financing, and spending plan agreed to by the Mayor, City Council, City Manager, and other Council Appointees. It should contain information and data regarding expected revenues and resources (inputs), expected expenditures, and expected performance (outcomes). During the fiscal year, actual experience (revenues, expenditures, and performance) will be periodically measured against the plan.

The City will prepare and annually refine written goals and policies to guide the preparation of financing, spending, and performance plans for the City budget. Proposed budgets will comply with the adopted budget policies and Council priorities.

The City uses a performance-based budget. The core service is the lowest level in the organization for which budgets are prepared. Each core service budget will include financing and spending plans. Each core service will also propose an annual performance plan. The plan must identify ongoing performance targets and corresponding indicators, which measure performance. The plan should also include specific performance targets, which will have results during the budget year. All performance at the core service level must be consistent with the mission statements at the department level and the outcomes of the City Service Area at the City level, meeting the performance as well as budget goals and policies established by the Mayor and City Council.

Department and program managers will not exceed the Council-approved appropriations in any fund. Appropriations for departmental operations are approved by the City Council in two categories: Personal Services and Non-Personal/Equipment. These appropriations are

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

OPERATING BUDGET

1. *General (Cont'd.)*

shown in the departmental budgets. In addition, appropriations are approved for Capital Projects, City-Wide projects, and other targeted functions with special and capital funds.

The City Council may approve modifications to these appropriations throughout the year as warranted by revenue collections and activity demands.

2. *Fiscal Integrity*

The City will maintain the fiscal integrity of its operating, debt service, and capital improvement budgets, which provide services and maintain public facilities, streets, and utilities.

Ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs. Interfund loans will not be used as a funding mechanism to address ongoing gaps between revenues and costs. If a new program is added on an ongoing basis, an ongoing revenue source will be identified to fund the program costs. Any available carryover balance will only be used to offset one-time costs.

3. *Contingency Funds or Accounts*

Four different contingency funds or accounts are established:

a) Contingency Reserve

For the General Fund, a contingency reserve, which is a minimum of 3% of the operating budget, is established. The purpose of this reserve is to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means. Any use of the General Fund Contingency Reserve shall require two-thirds vote of approval by the City Council.

Appropriate levels of contingency funds will be determined and maintained in the capital and special funds.

b) Cash Reserve Fund

An adequate revolving fund (Cash Reserve Fund 002), as mandated by the City Charter, shall be determined and maintained at an adequate level as determined by the City Council. The purpose of this reserve fund is for the payment of any authorized

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**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
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OPERATING BUDGET

3. Contingency Funds or Accounts (Cont'd.)

b) expenditures of the City for any fiscal year in anticipation of and before the collection of taxes and other revenues of the City for such fiscal year.

c) Emergency Reserve Fund

An adequate emergency reserve fund (Emergency Reserve Fund 406), as mandated by the City Charter, shall be determined and maintained at an adequate level as determined by the City Council. The purpose of this reserve fund is to meet any public emergency involving or threatening the lives, property, or welfare of the people of the City or property of the City.

d) Budget Stabilization Reserve

For the General Fund, a Budget Stabilization Reserve may be maintained at an adequate level as determined by the City Council. The purpose of this reserve is to provide budget stability when there are fluctuations that result in lower than projected revenues and/or higher than projected expenditures that cannot be re-balanced within existing budget resources in any given year. This reserve would provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur.

4. Fund Balance

The appropriation of carryover fund balances must be approved judiciously. This should ensure that ongoing expenditures will be budgeted only to the extent that proven revenue streams exist.

In the annual budget, and in subsequent reports, there will be a presentation on fund balances and their anticipated uses.

a) The first increment of any General Fund “Ending Fund Balance” identified in the City Manager’s Annual Report shall be split 50% for unmet/deferred infrastructure and maintenance needs in the areas of: 1) transportation; 2) technology infrastructure and software upgrades; 3) fleet replacement; and 4) building facilities at the recommendation of the City Manager and approval by the City Council, and 50% to offset any projected deficit for the following fiscal year, after necessary appropriation adjustment actions to re-budget funds, correct errors, or reflect updated cost information have been accounted for in the fund balance reconciliation.

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OPERATING BUDGET

4. *Fund Balance (Cont'd.)*

- b) If the projected deficit is less than the amount allocated for this purpose, the remaining funds shall be allocated for the following uses:
 - 1) Budget Stabilization Reserve.
 - 2) Unmet/deferred infrastructure and maintenance needs.
 - 3) Other one-time urgent funding needs.

- c) Annual surplus funds shall not be used for ongoing expenditures, unless those expenditures can be accommodated in Year Two and possibly Year Three of the five-year financial forecast. Any available carryover balance should only be used to offset one-time costs or to increase revenues.

5. *Mid-Year Adjustments*

Mid-Year budget adjustments recommended by Council Committees, task forces, or the full Council, should be referred to the Mid-Year Budget Review or the annual budget process for consideration along with other competing budgets needs and priorities. In general, ongoing budget changes should be dealt with during the annual budget process while one-time budget changes may be considered during either the Mid-Year Budget Review or during the annual budget process.

The authority to make expenditures in accordance with a City Council-approved spending plan is only valid as long as revenue for the budgets is equal to or greater than estimated expenditures.

All appropriation amendments and revenue estimate changes will be reported in the monthly financial report.

6. *Overhead Cost Allocation*

All overhead costs shall be allocated to the appropriate program within the limits of local, State, and federal laws. The City utilizes a two step method (double step down method) where costs are first allocated among the central service support programs to arrive at the total cost of the central service programs. These total costs are then allocated down in priority order to the departments and funds that are benefitting from their services. The allocating support program costs are charged to the associated departmental funding source and corresponding revenue is received by the General Fund.

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OPERATING BUDGET

7. *Budget System*

The City will maintain a budget control system to adhere to the budget.

There will be delivery of a Proposed Budget, in accordance with the Adopted Budget schedule, that accurately depicts the financial condition and goals of the City. This budget should be in a form that enables decision makers to set the direction and policy of the City.

The Proposed Budget will illustrate the General Fund, special funds, and capital funds so that the entire resources of the City may be viewed comprehensively for decision-making.

Decision-making for capital improvements will be coordinated with the operating budget to make effective use of the City's overall resources for operating and maintaining facilities.

The adoption of the annual appropriations ordinance will coincide with the adoption of the resolution setting forth the annual revenue estimates.

Budget detail shall contain line-item detail for the core service spending plan, a personnel summary report listing the types of positions for each department, and a corresponding core service performance plan. It shall also contain department and fund summaries for spending and personnel as well as a detailed financing plan for the core service.

8. *Debt*

The City Council adopted a Debt Management Policy (Council Policy 1-15) that establishes the following equally important objectives:

- a) Minimize debt service and issuance costs.
- b) Maintain access to cost-effective borrowing.
- c) Achieve the highest practical credit rating.
- d) Full and timely repayment of debt.
- e) Maintain full and complete financial disclosure and reporting.
- f) Ensure compliance with applicable State and Federal laws.

As described in Council Policy 1-15, prior to bringing forward a lease financing (financing the acquisition, construction, or improvement by the City of real property or equipment) to the City Council for approval, the Finance Department shall perform initial due diligence on the project to be financed. The due diligence will include identifying the revenue source for repayment, and performing a feasibility study to determine the volatility of the revenue and

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**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
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OPERATING BUDGET

8. Debt (Cont'd.)

provide a sensitivity analysis on project revenue projections, including worst/best case scenarios and the impact on any repayment source identified as the backstop to the project revenues. In order to proceed with the preparation of the documents necessary for the lease financing, two-thirds majority approval by the City Council of the proposed plan of finance is required. When the lease financing is brought forward for City Council approval, the Finance Department will provide the City Council with an update to the due diligence report and any feasibility study. Approval of the lease financing will require two-thirds majority approval by the City Council. These provisions do not apply to a refunding of a lease financing transaction.

In order to reduce principal on outstanding debt and minimize debt service costs, one-time savings generated from debt restructurings and refundings should be used to pay down the outstanding principal of other existing City debt, whenever possible, taking into consideration any fund restrictions.

9. Self Insurance

The budget will provide for the adequate funding for the City's self-insurance programs.

10. Capital and Equipment Maintenance

The budget will provide for the adequate maintenance and orderly replacement of capital, plant, and equipment.

11. Retirement

The budget will provide for the adequate funding of all retirement systems.

12. Monthly Report

The Administration will prepare regular monthly reports comparing actual revenues and expenditures to budgeted amounts.

The budget will be produced so that it can be directly compared to the actual results of the fiscal year and presented in a timely monthly report.

All budget amendments, both for revenues and expenditures, will be noted in the monthly report.

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BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

OPERATING BUDGET

13. Multi-Year Estimates

Each year the City will update expenditure and revenue projections for the next five years. Projections will include estimated maintenance and operating costs of future capital improvements that are included in the capital budget.

This budget data will be presented to elected officials in a form that will facilitate annual budget decisions, based on a multi-year strategic planning perspective.

14. Performance and Productivity

The City will integrate performance measurement and productivity indicators within the budget. Prior to implementation, performance objectives and service levels will be submitted for all new and existing programs established during the budget process. The selection of performance standards should be made on the basis of information reliability relevance to current year budget change proposals, value to Mayor/City Council decision making, and utility for program management.

The City will promote the understanding that City employees are the most valuable resource of the City and that their understanding and involvement in the budget process is crucial to the City's continuing success on behalf of the community.

The City will employ good management practices when planning for service delivery by including money in budget requests to pursue activities such as:

- a) office automation and computer applications that increase productivity;
- b) equipment modernization;
- c) work-flow simplification;
- d) risk management, exposure reduction, and employee safety;
- e) preventive maintenance;
- f) energy conservation;
- g) life-cycle costing in purchasing of equipment;
- h) lease-purchase options for high-cost equipment and purchases that reduce operating expenses;
- i) performance planning, reporting, and evaluation; and
- j) employee training.

The City will prepare and evaluate program performance plans that relate to financing and spending plans in the annual City budget.

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BUDGET POLICIES

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OPERATING BUDGET

15. Public Involvement

Public involvement shall be encouraged in the annual budget decision making process through public hearings, public outreach and information, and informal meetings.

16. “Distinguished Budget” Presentation

The approved budget shall be submitted to the Government Finance Officers Association and the California Society of Municipal Finance Officers for consideration for professional awards and recognition for Distinguished Budget Presentation.

17. Fees

Fees shall be set to cover 100% of the cost of service delivery, unless such amount prevents residents from obtaining an essential service. Fees or service charges should not be established to generate money in excess of the costs of providing services.

Fees may be less than 100% if Council determines that other factors (e.g. market forces, competitive position, etc.) need to be recognized.

18. Non-Profit Organizations

Future funding decisions regarding non-profit organizations will be based on guidelines, policies and priorities determined by the Mayor/City Council and availability of funding based on spending priorities.

The City shall execute performance contracts with those agencies that receive City funding.

19. Master Plans

Master plans for specific service areas brought forward for Council consideration shall include options for capital and operating financing. Master plans shall be required to propose funding mechanisms for all recommendations.

20. [Reserved]

21. Interfund Loans

Interfund loans are loans from one City fund to another City fund for a designated purpose. To ensure that all interfund loans are appropriate, properly documented, and not established

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OPERATING BUDGET

21. Interfund Loans (Cont'd.)

to the detriment of the fund issuing the loan, the following interfund loan eligibility and documentation requirements are established.

- a) Interfund Loan Eligibility Requirements – Interfund loans may not be used to solve ongoing structural budget problems. Interfund loans must have an identified repayment source and date; include an interest component that equals the investment earnings the fund would have received had the loan not occurred; and be immediately due and payable if needed by the fund that provided the loan.
- b) Interfund Loan Documentation Requirements – Loan amount, term, and repayment source will be identified any time a loan is recommended. Loans will be coordinated with the City Attorney’s Office to ensure compliance with the Municipal Code and will be approved by the City Council. Payments made on outstanding loans shall be reflected in the Proposed and Adopted Budget and Annual Report, as applicable. A summary of all outstanding loans will also be included in the annual Proposed and Adopted Operating Budget and the Comprehensive Annual Financial Report (CAFR). The CAFR will also consistently include the loan term, rate of interest, and the interest amount due in its calculation of the total liability associated with the loan.

CAPITAL IMPROVEMENT PROGRAM

1. Fiscal Policies

- a) Capital project proposals should include complete, reliable, and attainable cost estimates. Based upon a thorough analysis of the project, project cost estimates for the Five-Year Capital Improvement Plan will vary in reliability depending upon whether they are to be undertaken in the first or fifth year of the Plan. Project estimates for the Five-Year Capital Improvement Plan should include the basis on which the project costs were prepared (conceptual design, master plan, etc.), and the relative reliability of those estimated costs.
- b) Capital project proposals should include a comprehensive resource plan. This plan should include the amount and type of resources required, and the funding and financing strategies to be employed. The specific fund and timing should be outlined. The plan should indicate resources needed to complete any given phase of a project in addition to the total project. The City Manager’s Office is responsible and accountable for providing Council with an accurate, comprehensive resource plan.

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BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

CAPITAL IMPROVEMENT PROGRAM

1. Fiscal Policies (Cont'd.)

- c) Changes in project estimates for the comprehensive resource plan shall be fully reported to the City Council for review and approval.
- d) Project proposals should indicate the project impact on the operating budget. Each project that is proposed in any year of the Five-Year Capital Improvement Program shall have an estimate of the costs for furniture, fixtures, equipment, and technology and the annual operations and maintenance costs in the appropriate year of the Operating Budget or in the Five-Year Forecast and Revenue Projections.
- e) During the annual Capital Budget process for multi-year budgeted projects, the City Manager will provide the Council with more information regarding the project including the original budget, budget addendums, and the projected schedule in spreadsheet format.
- f) At the time of award of the construction contract, each project shall include reasonable provision for contingencies.
- g) At the time of award of the construction contract, each project shall include reasonable provisions for furniture, fixtures, equipment, and technology that are separately identified in a line item or items in the construction budget and those costs shall be noted in the staff report to the Council.
- h) At the time of award of the construction contract, each project's estimated annual operating and maintenance costs shall be identified in the staff report to the Council and shall be included in the Operating Budget or in the Five Year Forecast and Revenue Projections for projects expected to be completed after the end of the budget year.
- i) The contingency amounts to be used for various types of projects were approved by the City Council on December 3, 2002 and amended on December 15, 2009, and are as follows:
 - 5% of the total contract for street, sidewalk and park projects;
 - 10% of the total contract amount for trails, utilities and building projects;
 - 15% of the total contract amount for building renovation projects; or
 - Such other amounts as approved by the Mayor/City Council for a particular project.

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BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

CAPITAL IMPROVEMENT PROGRAM

1. Fiscal Policies (Cont'd.)

- j) Project contingencies may, unless otherwise determined by the City Council, be used only to compensate for unforeseen circumstances requiring additional funds to complete the project within the original project scope and identified needs.
- k) For budgeting purposes, project contingencies are a reasonable estimating tool. At the time of contract award, the project's budgeted appropriation, including contingency, will be replaced with a new appropriation equal to the approved project contract contingency developed in the manner described above.
- l) The City Administration shall seek ways of ensuring that administrative costs of carrying out the Capital Improvement Program are kept at appropriate levels.
- m) The Annual Capital Budget shall include only those projects that can reasonably be accomplished in the indicated timeframe. Multi-year budgeting of projects shall be used to ensure a reasonable timeframe for projecting costs. The detail sheet for each budgeted capital project should include a projected schedule.
- n) The status of all capital projects, and the entire Capital Budget, will be monitored by the Mayor/Council as part of the Mid-Year Budget Review. Large projects of crucial importance may be monitored on a more frequent basis as determined by the City Council.
- o) Capital projects that are not encumbered or completed during the fiscal year will be re-budgeted to the next fiscal year except as reported to and subsequently approved by the City Council. All re-budgeted capital projects should be so noted in the Proposed Capital Budget.

2. Capital Improvement Plan Policies

Public participation in the Capital Improvement Program is a priority concern for the City. Among the activities conducted to address this need are the following:

- a) The Capital Improvement Plan shall be provided to the City Council in a timely manner as required by the City Charter to allow for Council members to review the proposal with constituents before it is considered for adoption.

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BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

CAPITAL IMPROVEMENT PROGRAM

2. Capital Improvement Plan Policies (Cont'd.)

- b) Council budget review study sessions on the Capital Improvement Plan shall be open to the public and advertised sufficiently in advance of the meetings to allow for public attendance.
- c) Prior to the adoption of the Capital Improvement Plan, the City Council shall hold noticed public hearings to provide an opportunity for residents to express their opinions on the proposed plan.
- d) The City Planning Commission shall review the proposed Capital Improvement Plan and provide their comments on its contents before the Council considers the plan for final adoption.
 - e) All projects included in the Capital Improvement Program shall be consistent with the City's General Plan and the City's Energy and Water Policies. The goals and policies within the General Plan relating to community development, housing, services and facilities, transportation, solid waste, aesthetic, cultural and recreational resources, natural resources and hazards should be followed in the development of the Capital Improvement Plan. The General Plan service-level goals will be clearly stated in the Capital Improvement Program.
- f) Capital projects shall be financed to the greatest extent possible through user fees and benefit districts where construction of the project results in direct benefit to users.
- g) The Council will annually review and establish criteria for measuring proposed capital improvement projects. Among the factors that will be considered for priority ranking are the following:
 - Projects that have a positive impact on the operating budget, such as reduced expenditures or increased revenues.
 - Projects that are programmed in the Five-Year Operating Budget Forecast.
 - Projects that can be completed or significantly advanced during the Five-Year Capital Improvement Plan.
 - Projects that can realistically be accomplished during the year they are scheduled.
 - Projects that implement prior Council-adopted reports and strategies.
- h) Projects that involve inter-governmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.

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BUDGET POLICIES

**OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM POLICY
(COUNCIL POLICY 1-18)**

CAPITAL IMPROVEMENT PROGRAM

3. Debt

The City Council has adopted a Debt Management Policy (Council Policy 1-15) that establishes the following equally important objectives:

- a) Minimize debt service and issuance costs.
- b) Maintain access to cost-effective borrowing.
- c) Achieve the highest practical credit rating.
- d) Full and timely repayment of debt.
- e) Maintain full and complete financial disclosure and reporting.
- f) Ensure compliance with applicable state and federal laws.

As described in Council Policy 1-15, prior to bringing forward a lease financing (financing the acquisition, construction, or improvement by the City of real property or equipment) to the City Council for approval, the Finance Department shall perform initial due diligence on the project to be financed. The due diligence will include identifying the revenue source for repayment, and performing a feasibility study to determine the volatility of the revenue and provide a sensitivity analysis on project revenue projections, including worst/best case scenarios and the impact on any repayment source identified as the backstop to the project revenues. In order to proceed with the preparation of the documents necessary for the lease financing, two-thirds majority approval by the City Council of the proposed plan of finance is required. When the lease financing is brought forward for City Council approval, the Finance Department will provide the City Council with an update to the due diligence report and any feasibility study. Approval of the lease financing will require two-thirds majority approval by the City Council. These provisions do not apply to a refunding of a lease financing transaction.

In order to reduce the principal on outstanding debt and minimize debt service costs, one-time savings generated from debt restructurings and refundings should be used to pay down the outstanding principal of other existing City debt, whenever possible, taking into consideration any fund restrictions.

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BUDGET POLICIES

ESTIMATING CONSTRUCTION COSTS AND DEVELOPMENT OF PROJECT BUDGET POLICY (COUNCIL POLICY 8-12)

The City Council adopted on August 22, 2000, an Estimating Construction Costs and Development of Project Budget Policy (Council Policy 8-12) to improve the quality and effectiveness of the City's Capital Budget Process and accuracy of capital project construction by assuring that:

1. Capital projects have realistic budgets.
2. The City Council has enough information and data to establish the budget once a project is approved.
3. The public is clearly informed about project "budgets".

This policy improves the Capital planning and budgeting process by setting definitions of project estimation relative to the degree of project design definition and level of completion. The policy establishes a consistent and uniform approach for estimating and reporting construction project costs and establishing realistic construction project budgets.

POLICY

"Program" and "Preliminary" level estimates are useful tools in a long-term capital budget planning process. However, an estimate must have a level of certainty provided by a "Budget" level estimate to realistically establish a final project.

From project initiation as a concept through the award of a construction contract, there are six essential milestones or steps in the development of a project. These steps are shown below.

At various points within these steps, four different kinds of estimates that are prepared as the project progresses from start to finish. As more detail, specificity and definition are developed through the stages of design, these estimates become more certain and realistic as noted below.

The six milestones or steps in a project and the point at which these estimates are prepared are as follows:

<u>Project Milestone/Phase</u>	<u>Type of Estimate</u>
1. Project Initiation	Program Estimate
2. Planning/Programming	Preliminary Estimate
3. Design	
Conceptual Design	
Schematic Design	Budget Estimate
4. Construction Documents/ Bidding/Contract Award	Engineer's Estimate
5. Construction	
6. Occupancy/Opening	

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BUDGET POLICIES

ESTIMATING CONSTRUCTION COSTS AND DEVELOPMENT OF PROJECT BUDGET POLICY (COUNCIL POLICY 8-12)

POLICY (CONT'D.)

The four estimates are defined by this policy as follows:

- **The “Program Estimate”** is created in the Project Initiation Phase for the long-term, multi-year planning and for initial feasibility studies. It is based on a general description of the project as a concept and does not include any design, architectural work or detailed scope. It may typically include components for land acquisition, design, construction, and construction management.
Level of Certainty: ± 35%

- **The “Preliminary Estimate”** is prepared during the Planning/Programming Phase and is based on an initial program containing building and site square footages and general site work. It is typically not based on any formal engineering or architectural work, which usually has not yet occurred. The Preliminary Estimate is most commonly used to develop the next year’s budget or to add a project to a current year budget to allow for further design development. For smaller projects of shorter duration and minimal complexity, the Program Estimate step may be eliminated in favor of the Preliminary Estimate.
Level of Certainty: ± 20%

- **The “Budget Estimate”** is prepared during the Schematic Design Phase and is based on a defined scope and schematic design work. It is prepared using estimated material quantities and unit prices taken from the plans and applying a general unit cost to each item. This estimate includes all changes in definition and scope that have been identified and incorporated into the project design since the Preliminary Estimate. Items associated with the commencement of construction such as bonds, insurance, mobilization and overhead costs are also included. This estimate is used for evaluating project alternatives, value engineering, and evaluation of the project budget established by the Preliminary Estimate in the Planning/Programming Phase. For projects of a multi-year duration, the Budget Estimate should include an inflationary factor that escalates the cost to the dollar value at the mid-point of the construction schedule.
Level of Certainty: ± 10%

- **The “Engineer’s Estimate”** is a detailed estimate prepared using the final construction documents prior to bidding and contract award. It is prepared using unit prices for exact quantities of materials and labor taken from the plans. The Engineer’s Estimate is used to establish the final funding within the budget and to evaluate bids received.
Level of Certainty: ± 5%

Smaller projects of shorter duration may not require all four levels of estimates. In most cases, however, a larger project would require as a minimum “Preliminary”, “Budget”, and “Engineer’s” estimates.

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BUDGET POLICIES

**ESTIMATING CONSTRUCTION COSTS AND DEVELOPMENT OF PROJECT
BUDGET POLICY (COUNCIL POLICY 8-12)**

POLICY (CONT'D.)

To support the establishment and implementation of this policy, a set of detailed administrative procedures to be followed for project managers and staff engaged in capital construction projects will be developed. These procedures are to provide specific and detailed instructions and guidelines on how and when estimates are prepared, reviewed and approved in accordance with this Council Policy.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

CITY SERVICE AREA POLICY FRAMEWORK

A variety of master plans, strategic plans, regulations, and City Council direction comprise a City Service Area policy framework that guides City operations and the development of the Capital and Operating Budgets. A listing of the framework's major components is provided below.

- Airline Master Lease Agreements
- Airport Master Plan
- Airport Public Art Master Plan (2005)
- Airport Security and Traffic Relief Act (ASTRA) Ballot Measure A
- Aquatics Master Plan (2007)
- Blue Ribbon Report (2008)
- Business Process Transformation/Infrastructure Optimization Information Technology 10 Year Investment Roadmap
- City Charter and Municipal Code
- City Council Policies
- City Council Priorities
- City of San José Consolidated Plan
- City of San José Traffic Calming Policy and Traffic Signal Warrant Policy
- City of San José Transportation Impact Policy
- Cultural Connection: San José's Cultural Plan for 2011-2020
- Early Care and Education Investment in the Future Strategic Work Plan (2009-2014)
- Economic Development Strategy
- Environmental Management Policies as set by regulatory agencies including CalTrans Aeronautics Program, California Air Resources Board, Bay Area Air Quality Management District, Regional Water Quality Control Board, California Department of Fish and Game, Santa Clara Valley Water District, and Santa Clara County Department of Environmental Health
- Envision San José 2040 General Plan
- Federal Aviation Administration and Transportation Security Administration Policies and Mandates
- Framework for Evaluating Proposed Conversions of Industrial Lands (updated 2007)
- Greenprint: A 20-Year Strategic Plan for Parks and Community Facilities and Programs (2009)
- Information Technology Operations – Green Technology Initiatives
- Investment and Debt Management Policies
- Local Area Development Policies (i.e. North San José, Edenvale, and Evergreen)
- Mayor's Gang Prevention Task Force Strategic Plan Update (2011-2013)
- National Pollutant Discharge Elimination System Stormwater Permit (2009)
- National Pollutant Discharge Elimination System Wastewater Permit (2009)
- Neighborhood Security Bond Act (2002)
- "One Voice" Economic and Neighborhood Development (2003)
- Parks and Library Bond Measures (2000)
- Priority Street Network (2012)
- Public Art Master Plan (2007)
- Public Art Policy

CITY OF SAN JOSE
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CITY SERVICE AREA POLICY FRAMEWORK

- San José Greater Downtown Strategy for Development: Downtown Parking Management Plan (2007)
- San José Green Vision (2007)
- San José Public Library Master Plan and Branch Facilities Master Plan (2008)
- Santa Clara County Emergency Medical Services contract (2010)
- Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan (2013)
- Schools and City Collaborative Policy
- Strategic Plan for Persons with Disabilities (2000)
- Sustainable City Major Strategy
- Taxi Regulatory and Service Model Study
- Ten-Year Plan to Eliminate Chronic Homelessness in Santa Clara County (2005)
- Ten-Year Strategic Plan to Advance the Well-Being of Older Adults in Santa Clara County
- Trail Master Plans
- Transportation 2035 Plan for the San Francisco Bay Area (Metropolitan Transportation Commission)
- Transportation Level of Service Policy
- Tree Preservation Policy
- Urban Environmental Accords
- Urban Runoff Management Plan (URMP)
- Use of Plant Buffer Lands Policy
- Valley Transportation Plan 2035 (VTA)
- Water Policy Framework (2006)
- Water Pollution Control Plant Master Plan (2011)
- Various City of San José policies, ordinances, and studies

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

SIGNIFICANT ACCOUNTING PRACTICES

The following information summarizes the significant accounting practices of the City of San José.

BUDGETARY BASIS

The budget is prepared in accordance with Generally Accepted Accounting Principles, except for encumbrances being recognized as expenditures. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

FUND STRUCTURE AND BASIS OF ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Under the modified accrual basis of accounting, revenues are recognized only to the extent that they are susceptible to accrual, which means “when they become both measurable and available to be used to finance expenditures of the fiscal period.” Revenue is considered to be available when it is “collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.” If accrued revenue is not yet available, the related receivable is matched by a deferred inflow of resources for unavailable revenue and revenue recognition occurs only when the revenue becomes available. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. The various funds are grouped into three broad fund categories (governmental, proprietary, and fiduciary). A general description of each follows:

- ***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City’s expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds include the General, Special Revenue, Debt Service, and Capital Project funds of the City. These funds are maintained on a modified accrual basis where the measurement focus is on the current financial resources and the recognition of revenue in the period when the revenue becomes both measurable and available to finance expenditures of the fiscal period.

CITY OF SAN JOSE
2014-2015 ADOPTED OPEARATING BUDGET

SIGNIFICANT ACCOUNTING PRACTICES

FUND STRUCTURE AND BASIS OF ACCOUNTING

- *Proprietary Fund Types*

Proprietary funds, which include Enterprise and Internal Service funds, are used to account for the City's business-type activities. Proprietary funds use the economic resources measurement focus and accrual basis of accounting, which is the same as that used for private-sector business enterprises. These funds are used where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- *Fiduciary Fund Types*

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds. Investment trust funds are used to report on the external portion of investment pools. Private-purpose trust funds are used to report on trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and to report the assets and liabilities of the dissolved Redevelopment Agency. Agency funds are used to account for resources held in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

OVERHEAD COST ALLOCATION

All overhead costs are allocated to the appropriate program within the limits of local, state, and federal laws. The City utilizes a two-step method (double step down method) where costs are first allocated among the central service support programs to arrive at the total cost of the central service programs. These total costs are then allocated down to the departments and funds that are benefiting from these expenses. The Finance Department uses this process to develop overhead rates that recover these central support program costs from various funds and fee programs. The corresponding revenue is collected by the General Fund.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

OVERVIEW

The City's debt service obligations include general obligation bonds, revenue bonds (enterprise funds), City of San José Financing Authority revenue and lease revenue bonds, commercial paper, special assessment bonds, community facilities district bonds, and San Jose Redevelopment Agency debt that was transferred to the Successor Agency of the Redevelopment Agency of the City of San José on February 1, 2012.

- **General obligation bonds** are issued to finance various public improvements in the City for which the source for repayment is the levy of additional ad valorem tax on property within the City.
- **Revenue bonds** are issued by the City or one of its related entities to acquire or construct assets owned or co-owned by the City whereby the City or a related entity pledges revenues derived from the asset or enterprise to pay the debt service.
- **City of San José Financing Authority lease revenue bonds** are secured by the Authority's pledge of lease revenues received by the Authority under a Project Lease between the City and the Authority. The City makes the lease payments to the Authority in exchange for use of the leased property and covenants to annually appropriate funds so long as the City has beneficial use of the leased asset. These payments are included in the City budget as part of the annual appropriation process.
- **Commercial paper** is a short-term promissory note issued by the City or its related entities with a maturity of 270 days or less. Maturing commercial paper notes are repaid from the proceeds of sale of new commercial paper notes or bonds, or from other funds provided by the City.
- **Special assessment bonds** are issued to pay for public infrastructure improvement costs in special assessment districts and are fully secured by liens against the privately-owned properties benefited by the improvements for which the bonds were issued.
- **Special tax bonds** are issued to finance the construction and/or acquisition of facilities in community facilities districts, including the City's convention center facilities district. The source of repayment for these types of bonds is a special tax on privately-owned properties within the community facilities districts.
- **A tax and revenue anticipation note** is a short-term promissory note that is issued for cash flow purposes and repaid by the City from ad valorem property tax revenues or other tax and revenues anticipated to be received by the City within the same fiscal year.
- **Lease-purchase agreements** are entered into to finance various public improvements or equipment in the City, including energy conservation equipment installed at City-owned facilities

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

OVERVIEW

and for the replacement of streetlights. The City's lease-purchase agreements for energy conservation equipment are secured by lease payments for the City's beneficial use of the equipment that the City appropriates on an annual basis and which may be offset by utility cost savings and electricity rebates.

- **San Jose Redevelopment Agency debt** was issued to finance redevelopment activities within, or of benefit to, the Agency's Merged Redevelopment Project Area in accordance with California Community Redevelopment Law. The principal source of repayment for San José Redevelopment Agency debt is future property tax increment revenues. No further debt can be issued per State legislation.

The City Council has adopted a general debt management policy, which allows flexibility when opportunities arise, but at the same time establishes parameters for entering into debt/capital lease obligations. In addition, the City Council has approved a supplemental Multi-Family Housing Revenue Bond Policy and Residential Development Guidelines.

The City of San José Charter establishes the following requirements associated with debt limitations:

- Section 1216 sets the bonded debt limit for General Obligation bonds at fifteen percent (15%) of the total assessed valuation of all the real and personal property within the City.
- Section 1220 establishes the power of the City Council to issue revenue bonds to finance the acquisition, construction, establishment, expansion, improvement, maintenance, operation, and administration of off-street vehicular parking facilities within the City or of municipal airport facilities. No additional voter authorization is necessary to issue bonds under this section of the City Charter.
- Section 1221 provides that no revenue bonds may be issued by the City for the purpose of supplying its inhabitants, or any portion thereof, with water, light, heat, power, railroad, motor vehicle transportation services (other than airport service), telephone, telegraph, or wireless communication service unless authorized by the affirmative vote of a majority of the electors voting on such a proposition in each case.
- Section 1222 states that revenue bonds may be issued by the City for purposes other than those specified in Sections 1220 and 1221 only under and pursuant to the laws of the State of California.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

DEBT STATUS AND CAPACITY

The City of San José Charter limits bonded indebtedness for General Obligation bonds to fifteen percent (15%) of the total assessed valuation of all real and personal property within the City. As of June 30, 2014, the total assessed value of taxable property was \$137.0 billion, which results in a total debt limit capacity of approximately \$20.6 billion. As of June 30, 2014, the City had \$421.4 million of General Obligation bonds outstanding which represents approximately 2.1% of the debt limit.

As shown in Table A, the City and related entities (excluding Multi-Family Housing Revenue conduit debt) added \$19.3 million and repaid \$157.7 million of long-term debt in 2013-2014 resulting in a total long-term debt balance of \$4.8 billion as of June 30, 2014. Table B summarizes the City's and related entities' long-term debt (excluding Multi-Family Housing Revenue conduit debt) by issuance and maturity, as well as short-term commercial paper notes for a combined estimated outstanding debt balance of \$4.8 billion as of June 30, 2014. It should be noted that long-term lease obligations are not considered indebtedness under the State Constitution. Table C summarizes the City and related entities' annual requirements to amortize principal and pay interest due on all long-term debt outstanding for each of the next five fiscal years and thereafter.

The Debt Management Policy (Council Policy 1-15) for the City was adopted by the City Council on May 21, 2002, and is affirmed annually by the City Council. The Debt Management Policy was subsequently amended on December 5, 2012 and, most recently June 10, 2014. The first set of program-specific financing policies for debt issued for multifamily housing projects in the City (Council Policy 1-16) was adopted by the City Council on June 11, 2002 and was subsequently amended on December 6, 2005.

Descriptions of City of San José and related entity debt activity for 2013-2014, as well as issues planned for 2014-2015, are provided in the following sections.

2013-2014 DEBT ISSUES

The following debt issues were completed in 2013-2014:

- **2013 Tax and Revenue Anticipation Note** The City issued a short-term note (the "2013 Note") to facilitate the prefunding of employer retirement contributions for 2013-2014. The \$100 million note was purchased by Bank of America, N.A. on July 1, 2013. Security for repayment of the 2013 Note is a pledge of the City's 2013-2014 secured property tax revenues and sales tax revenues plus all other legally available General Fund revenues, if required. The City fully repaid the 2013 Note on February 10, 2014.
- **Lease-Purchase Agreement – Energy Conservation Equipment** The City entered into a \$19.3 million taxable lease-purchase agreement with Banc of America Public Capital Corp on May 29, 2014 to finance the acquisition and installation of energy conservation equipment at City-owned facilities and for the replacement of streetlights.

CITY OF SAN JOSE

2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

2014-2015 PLANNED DEBT ISSUES

The following debt issues are being planned for, or have been completed in, 2014-2015:

- **2014 Tax and Revenue Anticipation Note** The City issued a short-term note (the “2014 Note”) to facilitate the prefunding of employer retirement contributions for 2014-2015. The \$100 million note was purchased by Bank of America, N.A. on July 1, 2014. Security for repayment of the 2014 Note is a pledge of the City’s 2014-2015 secured property tax revenues and sales tax revenues plus all other legally available General Fund revenues, if required.
- **City of San José Airport Revenue Bonds, Series 2014 (Refunding of Series 2001A, Series 2004C and Series 2004D)** The City anticipates refunding Airport Revenue Bonds, Series 2001A, Series 2004C, and Series 2004D based on the economic and financial benefits expected given the current market conditions. The City anticipates the refunding bonds to be issued in fall 2014.
- **Lease-Purchase Agreement – Energy Conservation Equipment** The City anticipates executing an approximately \$7.7 million tax-exempt lease in September 2014 to finance the acquisition and installation of energy conservation equipment at City-owned facilities. The agreement will be executed under the master equipment lease-purchase agreement entered into on May 29, 2014, with Banc of America Public Capital Corp.
- **City of San José General Obligation Bonds, Series 2015 (Libraries and Public Safety Projects)** The City budgeted an issuance of \$9.2 million of General Obligation Bonds in 2014-2015. The issuance would utilize all of the remaining unissued bond authorization approved by voters in November 2000 and March 2002 for libraries and public safety projects. Concurrent with this issuance, the City would likely refund General Obligation Bonds, Series 2001, Series 2002, and Series 2004 if market conditions provide sufficient economic and financial benefits.
- **Multifamily Housing Revenue Bonds** Federal Tax law requires an allocation of the State’s private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City received allocations from the California Debt Limit Allocation Committee (CDLAC) for the following projects:
 - Cambrian Center Apartments (\$41.533 million): CDLAC allocation received May 21, 2014; expected issuance in September 2014.

The City has applied for allocations from CDLAC for the following projects:

- Parkview Family/Senior Apartments (\$29.5 million): expected issuance in November 2014.

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

(A) Summary of Changes in Long-Term Debt for the Year Ending June 30, 2014
(In Thousands of Dollars)

	<u>Balance June 30, 2013</u>	<u>Additions to Long-Term Obligations</u>	<u>Current Maturities and Retirements</u>	<u>Estimated Balance June 30, 2014</u>
GENERAL LONG TERM DEBT				
General Obligation Bonds	\$ 441,025	\$ -	\$ 19,645	\$ 421,380
HUD Section 108 Loan	14,706	-	-	14,706
Special Assessment and Special Tax Bonds with Limited Governmental Commitment	156,545	-	4,210	152,335
Lease-Purchase Agreement (Taxable)	-	19,286	-	19,286
CITY OF SAN JOSE FINANCING AUTHORITY				
Lease Revenue Bonds, Series 2001F	119,870	-	9,570	110,300
Lease Revenue Bonds, Series 2003A	14,470	-	1,070	13,400
Lease Revenue Bonds, Series 2006A	56,125	-	-	56,125
Lease Revenue Bonds, Series 2007A	30,405	-	1,740	28,665
Lease Revenue Bonds, Series 2008C	10,915	-	-	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	38,920	-	10,000	28,920
Lease Revenue Bonds, Series 2008E-1 (Taxable)	11,240	-	665	10,575
Lease Revenue Bonds, Series 2008E-2 (Taxable)	11,230	-	665	10,565
Lease Revenue Bonds, Series 2008F (Taxable)	63,885	-	1,780	62,105
Lease Revenue Bonds, Series 2011A	30,985	-	-	30,985
Lease Revenue Bonds, Series 2013A	305,535	-	-	305,535
Lease Revenue Bonds, Series 2013B	30,445	-	-	30,445
Revenue Bonds, Series 2001A	33,435	-	1,740	31,695
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY				
Housing Tax Allocation Bonds	232,960	-	7,725	225,235
Housing Tax Allocation Bonds (Subordinate)	86,175	-	2,585	83,590
Redevelopment Tax Allocation Bonds	1,610,210	-	54,210	1,556,000
Redevelopment Tax Allocation Bonds (Sub.)	90,355	-	4,700	85,655
HUD Section 108 Loans	28,005	-	1,830	26,175
CSCDA ERAF Loans	10,005	-	3,945	6,060
CITY OF SAN JOSE ENTERPRISE FUNDS				
Airport Revenue Bonds	1,406,955	-	22,275	1,384,680
Sewer Revenue Bonds/State Revolving Fund Loan	65,954	-	9,369	56,585
TOTAL	<u>\$ 4,900,355</u>	<u>\$ 19,286</u>	<u>\$ 157,724</u>	<u>\$ 4,761,917</u>

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

(B) Summary of Bonds and Notes Payable at June 30, 2014 by Individual Issue

	<u>Due To</u>	<u>Effective</u>	<u>Estimated (\$ Thousands)</u>
CITY OF SAN JOSE			
General Obligation Bonds, Series 2001	2031	5.00-5.125%	\$ 42,570
General Obligation Bonds, Series 2002	2032	4.00-5.00%	73,520
General Obligation Bonds, Series 2004	2034	4.00-5.00%	83,105
General Obligation Bonds, Series 2005	2035	4.00-4.50%	33,980
General Obligation Bonds, Series 2006	2036	4.00-5.00%	80,830
General Obligation Bonds, Series 2007	2037	4.00-5.50%	72,000
General Obligation Bonds, Series 2008	2038	4.00-5.00%	27,575
General Obligation Bonds, Series 2009	2039	4.00-5.00%	7,800
HUD Section 108 Loan	2024	Variable Rate	14,706
Lease-Purchase Agreement (Taxable)	2034	3.21-6.01%	19,286
Total City of San José			<u>\$ 455,372</u>
SPECIAL ASSESSMENT AND SPECIAL TAX BONDS WITH LIMITED GOVERNMENTAL COMMITMENT			
	2042	3.00-6.65%	<u>\$ 152,335</u>
CITY OF SAN JOSE FINANCING AUTHORITY			
Lease Revenue Bonds, Series 2001F	2022	5.00%	\$ 110,300
Lease Revenue Bonds, Series 2003A	2023	3.90-4.70%	13,400
Lease Revenue Bonds, Series 2006A	2039	4.125-5.00%	56,125
Lease Revenue Bonds, Series 2007A	2030	4.125-4.75%	28,665
Lease Revenue Bonds, Series 2008C	2027	Variable Rate	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	2023	Variable Rate	28,920
Lease Revenue Bonds, Series 2008E-1 (Taxable)	2025	Variable Rate	10,575
Lease Revenue Bonds, Series 2008E-2 (Taxable)	2025	Variable Rate	10,565
Lease Revenue Bonds, Series 2008F (Taxable)	2034	Variable Rate	62,105
Lease Revenue Bonds, Series 2011A	2042	3.00-5.75%	30,985
Lease Revenue Bonds, Series 2013A	2039	3.00-5.00%	305,535
Lease Revenue Bonds, Series 2013B	2039	3.00-5.00%	30,445
Revenue Bonds, Series 2001A	2026	4.30-5.25%	31,695
Commercial Paper Notes	Short Term	Various	46,403
Total City of San José Financing Authority			<u>\$ 776,633</u>
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY			
Housing Tax Allocation Bonds	2035	3.45-5.85%	\$ 225,235
Housing Tax Allocation Bonds (Sub.)	2035	Variable Rate	83,590
Redevelopment Tax Allocation Bonds	2036	3.75-7.00%	1,556,000
Redevelopment Tax Allocation Bonds (Sub.)	2032	Variable Rate	85,655
HUD Section 108 Loans	2025	Variable Rate	26,175
CSCDA ERAF Loans	2016	4.96-5.67%	6,060
Total Successor Agency to the Redevelopment Agency			<u>\$ 1,982,715</u>

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

(B) Summary of Bonds and Notes Payable at June 30, 2014 by Individual Issue

	Due To	Effective	Estimated (\$ Thousands)
ENTERPRISE FUNDS			
Norman Y. Mineta San José International Airport			
Revenue Bonds, Series 2001A	2031	5.00%	\$ 45,710
Revenue Bonds, Series 2004C (AMT)	2026	4.625-5.25%	69,730
Revenue Bonds, Series 2004D	2028	5.00%	34,270
Revenue Bonds, Series 2007A (AMT)	2047	5.00-6.00%	539,975
Revenue Bonds, Series 2007B	2037	4.25-5.00%	177,015
Revenue Bonds, Series 2011A-1 (AMT)	2034	3.00-6.25%	139,900
Revenue Bonds, Series 2011A-2 (Non-AMT)	2034	3.00-5.25%	80,390
Revenue Bonds, Series 2011B	2041	3.32-6.75%	264,085
Revenue Bonds, Series 2012A	2018	1.53%	33,605
Commercial Paper Notes	Short Term	Various	41,159
San José-Santa Clara Clean Water Financing Authority:			
Revenue Refunding Bonds, Series 2005A	2016	3.75-5.00%	16,445
Revenue Refunding Bonds, Series 2009A	2020	3.00-5.00%	21,420
State of California Revolving Loan	2019	Various	18,720
Total Enterprise Funds			\$ 1,482,424
GRAND TOTAL			\$ 4,849,479

CITY OF SAN JOSE
2014-2015 ADOPTED OPERATING BUDGET

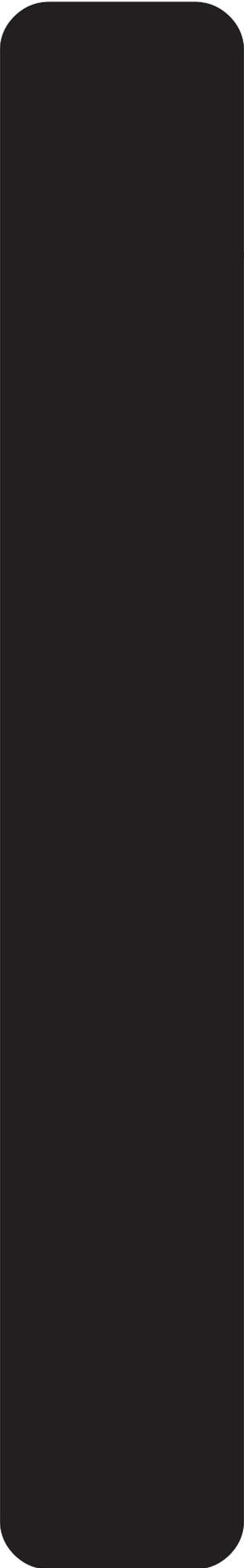
DEBT SERVICE OBLIGATIONS

**(C) Annual Requirements to Amortize Principal and Interest Due on All Long-Term
Debt Outstanding as of June 30, 2014***
(In Thousands of Dollars)

Year Ending June 30	City of San José	Special Assessment and Special Tax Bonds	City of San José Financing Authority	Successor Agency to the Redevelopment Agency	Enterprise Funds
2015	\$ 40,541	\$ 14,641	\$ 53,368	\$ 167,359	\$ 108,752
2016	40,889	14,357	55,294	165,423	109,031
2017	40,288	13,511	57,569	164,295	109,141
2018	40,814	13,509	59,507	164,346	108,527
2019	40,026	13,498	62,292	163,656	102,879
Thereafter	485,386	223,732	829,210	2,145,332	2,212,334
Total	\$ 687,944	\$ 293,248	\$ 1,117,240	\$ 2,970,411	\$ 2,750,664

* The following all-in interest rates were used to project debt service for the City of San José Financing Authority's variable-rate bonds and the City's variable-rate HUD loan:

	Tax-Exempt	Taxable	HUD Section 108
2014-2015	1.46%	1.56%	1.21%
2015-2016	2.07%	2.36%	2.13%
2016-2017	2.80%	3.27%	3.18%
2017-2018	3.42%	4.05%	4.08%
2018-2019	3.83%	4.56%	4.67%
Thereafter	3.83%	4.56%	4.67%



2014-2015

OPERATING BUDGET

**GENERAL FUND
REVENUE
ESTIMATES**

**GENERAL FUND
REVENUE ESTIMATES**

GENERAL FUND REVENUE ESTIMATES

OVERVIEW

For 2014-2015, Adopted General Fund revenue estimates (excluding fund balance) total \$860.0 million, representing a 4.2% increase from the 2013-2014 Adopted Budget level. When Fund Balance-Carryover is included, General Fund resources total \$1.1 billion, which is 7.2% above the prior year.

Estimates for the 2014-2015 Beginning Fund Balance and for over 450 separate General Fund revenue accounts were formulated as part of the 2015-2019 Five-Year Forecast prepared in February 2014. These estimates have been reviewed continually since the Forecast document was released and have been revised again, as appropriate, in this Adopted Budget based on more recent information. Estimates for each account are based upon a careful examination of the collection history and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year. Most estimates involve two projections: an estimate for the amount to be collected in 2013-2014 and an estimate for the increase or decrease in activity and receipts anticipated for 2014-2015. Each source of revenue can be influenced by external (outside of the City's control) and/or internal factors. The 2014-2015 General Fund revenue estimates are summarized below and discussed in detail in the material that follows.

Revenue Category	1 2012-2013 Actuals	2 2013-2014 Adopted	3 2014-2015 Forecast	4 2014-2015 Adopted	2 to 4 % Change	% of Total
Property Tax	205,016,137	220,850,000	228,573,240	233,973,240	5.9%	21.0%
Sales Tax	163,751,105	167,710,000	180,024,000	180,024,000	7.3%	16.2%
Transient Occupancy Tax	10,103,383	10,600,000	11,750,000	11,750,000	10.8%	1.1%
Franchise Fees	43,741,122	43,923,000	45,185,755	45,346,879	3.2%	4.1%
Utility Taxes	91,108,958	91,895,000	94,825,000	94,825,000	3.2%	8.5%
Telephone Tax	20,640,471	20,600,000	20,700,000	20,700,000	0.5%	1.9%
Business Taxes	45,140,285	42,435,000	43,700,000	43,700,000	3.0%	3.9%
Licenses and Permits	46,605,784	40,278,246	45,749,281	46,375,293	15.1%	4.2%
Fines, Forfeitures and Penalties	14,554,960	15,862,200	14,174,600	14,205,334	(10.4%)	1.3%
Rev. from Money and Property	3,890,457	2,673,000	2,799,000	2,847,000	6.5%	0.3%
Rev. from Local Agencies	34,765,946	24,835,589	22,144,803	22,612,276	(9.0%)	2.0%
Rev. from State Government	16,856,606	11,377,531	10,734,000	11,194,473	(1.6%)	1.0%
Rev. from State Govt-Recovery Act	15,061	-	-	-	N/A	0.0%
Rev. from Federal Government	15,993,061	11,042,469	1,473,380	4,170,953	(62.2%)	0.4%
Rev. from Fed Govt-Recovery Act	3,518,445	10,000	-	-	(100.0%)	0.0%
Departmental Charges	38,798,389	35,449,213	39,211,726	39,163,435	10.5%	3.5%
Other Revenue	121,891,450	17,646,265	14,325,938	15,161,073	(14.1%)	1.4%
Transfers and Reimbursements	67,446,942	68,400,692	72,042,531	73,914,067	8.1%	6.6%
Subtotal	943,838,562	825,588,205	847,413,254	859,963,023	4.2%	77.4%
Fund Balance-Carryover (1)	-	213,005,681	57,412,989	253,067,514	18.8%	22.6%
Total General Fund Sources	943,838,562	1,038,593,886	904,826,243	1,113,030,537	7.2%	100.0%

(1) The Fund Balance figure does not include the Reserve for Encumbrances.

GENERAL FUND REVENUE ESTIMATES

OVERVIEW

Economic Performance

The 2014-2015 revenue estimates were built on the assumption that the economy would continue to experience growth, which will positively impact the City's economic performance.

The following is a discussion of both the national and local economic outlooks used to develop the 2014-2015 revenue estimates. Various economic forecasts are reviewed in the development of the revenue estimates, including the national and State economic forecasts produced by the Anderson School of Management at the University of California – Los Angeles (UCLA), California's Legislative Analysts Office, and Beacon Economics. The City also uses various consultants to assist in the development of these revenue estimates.

National Outlook

Moderate economic growth appears likely for the next several years, driven by the housing market, auto sales and energy production, combined with increased business spending and an end to the decline in federal, State and local government spending, according to the UCLA Anderson Business School Forecast. Weighing on the economy, however, is economic weakness abroad, including Europe's slow emergence from its very long recession, and a lower than desired rate of inflation.

A modest rate of inflation is a key driver for business and consumer demand, and for future property and sales taxes. The Federal Reserve Board targets a core annual inflation rate of 2%. The Consumer Price Index (CPI) increased 2.1% from June 2013 to June 2014¹. This low rate is especially notable given the extraordinary efforts the Federal Reserve has undertaken to inject money into the economy. Factors holding inflation down include strong downward pressure on prices coming from the U.S. energy sector as discussed above, the second is wages, which have either remained flat or decreased across most income classifications.

Forces that would work to push prices up include the Federal Reserve itself, which is determined – and has the ability – not to let prices fall, increases in the minimum wage that may be undertaken nationally or across multiple states, and California's drought that will likely impact agricultural prices across the nation. The UCLA Anderson Business School Forecast anticipates that inflation will modestly increase in future years, and thereby contribute to economic growth; therefore, this key economic indicator will continue to be closely followed.

City of San José Outlook

The majority of economic indicators show significant improvement from the same period a year ago. Employment indicators, construction activity, median single-family home prices and days on market have all improved. The June 2014 employment level in the San José – Sunnyvale – Santa Clara Metropolitan Statistical Area (MSA) of 1.0

Monthly Employment Level - San Jose MSA



¹ U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index News Release, July 23, 2014

GENERAL FUND REVENUE ESTIMATES

OVERVIEW

Economic Performance

City of San José Outlook (Cont'd.)

million was 3.5% above the June 2013 level of 969,600. The number of jobs in the San José – Sunnyvale – Santa Clara MSA exceeds the most recent peak of 991,900 in December 2013.

Unemployment Rate (Unadjusted)

	June 2013	May 2014	June 2014**
San José Metropolitan Statistical Area*	7.3%	5.3%	5.5%
State of California	9.2%	7.1%	7.3%
United States	7.8%	6.1%	6.3%

* San Benito and Santa Clara Counties

** June 2014 estimates are preliminary and may be updated

Source: California Employment Development Department

The unemployment rate in the San José metropolitan area continued to improve in 2013-2014, dropping from 7.3% in June 2013 to 5.5% in June 2014. These rates remain well below the double digit levels that had been experienced in recent years. The June 2014 unemployment rate in this region is less than the unadjusted rate for the State (7.3%) and the nation (6.3%).

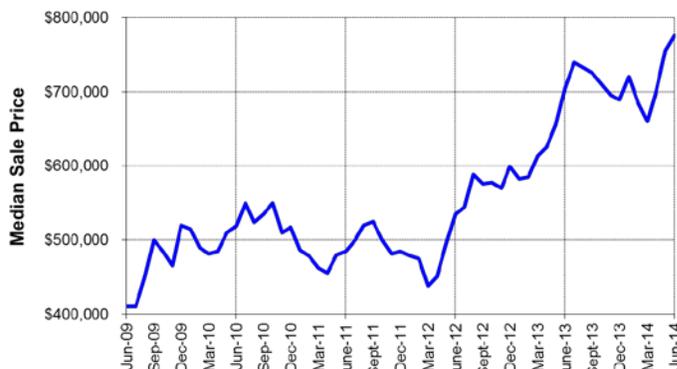
Construction activity was strong in 2013-2014, with total fiscal year-end valuation of \$1.7 billion, a 77% increase from the prior year of nearly \$1.0 billion and a decade-plus high. The strongest performance was in the commercial permit activity, with construction valuation of \$398.5 million, which was up 89% from the prior year valuation level of \$211.2 million as of June 2013. This growth was due primarily to the issuance of building permits for Samsung Semiconductor in August and October 2013.

The number of new residential dwelling units permits issued through June 2014 (4,724) was above the prior year level of 2,702 by 75%, due largely to a high number of permits issued in December 2013 for two downtown high rises and two developments at the Hitachi Site. Overall, this activity drives the revenue collection in several construction tax categories and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

Private Sector Construction Activity (Valuation in \$ Millions)

	YTD June 2013	YTD June 2014	% Increase
Residential	\$ 497.5	\$ 835.6	67.9%
Commercial	\$ 211.2	\$ 398.5	88.7%
Industrial	\$ 247.1	\$ 457.4	85.1%

Median Price - Single Family Homes



The housing market also continued to improve in 2013-2014. The median price for single family homes increased in value, with a median home price in June 2014 of \$795,400, up 8.6% from the June 2013 price of \$732,500. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has decreased in the past year from 22 days in June 2013 to 20 days in June 2014, a 9.1% decrease. The June 2014 figure reflects a new low compared to the

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Economic Performance

City of San José Outlook (Cont'd.)

prior low in June 2013. The number of home sales (single-family and multi-family dwelling units), however, has decreased over the past year (-3.3%) from 8,091 sales in 2012-2013 to 7,824 sales in 2013-2014.

In summary, the recovery from the economic recession is expected to continue to positively impact the City's economic performance in 2014-2015 and beyond. Due to this outlook, the economically sensitive revenues, such as Sales Tax and Property Tax receipts, are expected to experience moderate growth over the forecast period.

Non-Economically Sensitive Revenue Drivers

The economic conditions discussed above are the primary drivers for the economically sensitive revenues, with the most significant impacts in the Sales Tax and Property Tax categories. However, performance in other areas is primarily driven by other factors. For example, the Utility Tax and Franchise Fees categories are more heavily impacted by utility rate changes, energy prices, and consumption levels. Collections from local, State, and federal agencies are primarily driven by the grant and reimbursement funding available from these agencies. As a result, these General Fund revenues experience no significant net gain or loss in times of an economic expansion or slowdown, respectively. Because these revenue sources do not track directly with the performance of the economy, the growth in these areas, even in times of economic strength, can dampen the City's overall revenue growth. Conversely, in an economic slowdown, these categories can act as a buffer, easing the impact of declines in the economically sensitive revenue categories.

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Revised General Fund Forecast

Between the issuance of the February Forecast and the release of the Proposed Budget in May 2014, staff continued to review and update the estimated revenue collections for 2014-2015. Based on this analysis, a number of the revenue estimates presented in the February Forecast were revised in this budget to reflect more recent information. The net result of these revisions is an upward adjustment of \$5.6 million to the Forecast from \$899.2 million to \$904.8 million.

Following is a summary table and descriptions of the changes incorporated into the Revised Forecast that was used as the starting point in preparing the 2014-2015 Adopted Budget.

2014-2015 Revised Forecast Changes

<u>Category</u>	<u>\$ Change</u>
Sales Tax	\$ 2,300,000
Departmental Charges	1,768,480
Transfers and Reimbursements	862,054
Licenses and Permits	694,508
Other Revenue	246,731
Business Taxes	200,000
Beginning Fund Balance	(338,614)
Utility Tax	(125,000)
Total	\$ 5,608,159

A brief discussion of these changes follows.

Sales Tax

- An increase of \$2.3 million to the General Sales Tax revenue estimate to reflect higher than anticipated collections for the second quarter of 2013-2014 (7.9% growth compared to estimated 3.5% growth).

Departmental Charges

- An increase of \$1.05 million to the Public Works Development Fee Program revenue estimate to reflect the anticipated 2014-2015 collection and activity levels.
- An increase of \$446,000 to the Parks, Recreation and Neighborhood Services Departmental Charges aligns revenues with estimated activity levels. The following adjustments are included: a \$244,000 increase in fees and charges activities of which \$64,000 is attributed to senior memberships; a \$219,000 increase in facility rental activities; an \$118,500 increase in Happy Hollow Park and Zoo revenues; a \$15,000 increase in Lake Cunningham Skate Park revenues; and a \$10,000 increase in park permits. These increases are partially offset by the following decreases: a \$100,000 decrease in Family Camp reservations revenue; \$21,000 net decrease in sports fields revenues to adjust for surcharges associated with artificial turf maintenance (-\$200,000), partially offset by increased activity due to the opening of the Coleman Soccer Facility

GENERAL FUND REVENUE ESTIMATES

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Revised General Fund Forecast

Departmental Charges (Cont'd.)

(\$139,000), and increase in sports fields reservations (\$40,000); a decrease in the Summer Swim Program (-\$25,000); and a decrease in gym and fitness memberships (-\$15,000). These actions were partially offset by increases in base costs to administer these services.

- An increase of \$142,000 in Sidewalk Program Administrative charges to align with activity levels. This action was offset by increases in base costs to administer this service.
- An increase of \$122,000 in Solid Waste Fees revenue estimate to align with 2014-2015 base expenditures.
- An increase of \$50,000 in General Plan Update revenue estimate to reflect the anticipated 2014-2015 collection and activity levels. This action was offset by an increase in the General Plan Update Earmarked Reserve.
- A net increase of \$7,000 to reflect the realignment of revenues for various fees and charges revenue estimates with base activity levels. Adjustments include: an increase in the Finance Department Collection Fee revenues (\$12,000) and Administrative Remedies Lien (\$3,000), slightly offset by a decrease in the Clerk's Office Lobbyist Registration Fees (\$8,000).
- A decrease of \$48,000 reflects the restatement of Enterprise Zone Fee revenue to eliminate revenues associated with the payment of 0.20 position and overhead costs from fee activities as this program was expected to be eliminated.

Transfers and Reimbursements

- A net increase of \$735,000 to reflect updated overhead reimbursements from operating funds (\$1.1 million), slightly offset by a reduction in capital (\$377,000) funds based on final 2014-2015 base expenditures and final 2014-2015 overhead rates as provided by the Finance Department.
- An increase of \$150,000 to the estimate for Highway Users Tax Funds (Gas Tax) based on the collection trend experienced in 2013-2014.
- A net reduction of \$23,000 to align transfers with the 2015-2019 Adopted Capital Improvement Program, including a decrease in the Construction Excise Tax Fund (-\$25,000) slightly offset by an increase in the Construction and Conveyance Tax Fund (\$2,000).

Licenses and Permits

- An increase of \$713,000 to the Fire Permits revenue estimate (development related revenues up \$613,000 to \$7.0 million and non-development related revenues up \$100,000 to \$4.0 million) to reflect the anticipated 2014-2015 collection and activity levels.
- An increase of \$4,000 reflects the realignment of revenues for the Finance Department Handbill Permits with base activity levels.
- A decrease of \$23,000 reflects the reallocation of revenues for Office of Economic Development Special Events permit revenues for private and paseo property permits from the General Fund to

GENERAL FUND REVENUE ESTIMATES

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Revised General Fund Forecast

Licenses and Permits (Cont'd.)

the Transient Occupancy Tax Fund. This is consistent with the reallocation of staff costs associated with these services which occurred in the 2014-2015 base budget and ensures the fees reimburse the appropriate funding source.

Other Revenue

- An increase of \$250,000 to reflect the revenue sharing agreement with the City's banking services provider due to a change in the vendor payment process. The new vendor payment process will allow vendors to receive electronic payments in lieu of manual checks, as approved in the 2013-2014 Adopted Budget, which was erroneously excluded. Upon completion of the transition of vendors to the new system, ongoing revenue is estimated at \$500,000 starting in 2015-2016.
- A decrease of \$3,000 to reflect the realignment of Finance Department revenue estimates for the Return Check Fee with base activity levels.

Business Taxes

- An increase of \$200,000 to the estimate for Disposal Facility Tax based on the current collection trend experienced in 2013-2014 which has seen increased activity from neighboring agencies dumping in San José landfills.

Beginning Fund Balance

- A decrease of \$339,000 to the Beginning Fund Balance to reverse the assumed liquidation of the Public Works Development Fee Program Reserve. With the \$1.05 million increase in the Public Works Development Fee Program revenue estimate, the liquidation of the reserve is no longer necessary to ensure the program remains balanced.

Utility Tax

- A net decrease of \$125,000 reflecting a decrease to the estimate for Gas Utility Taxes (\$225,000, from \$9.3 million to \$9.1 million), partially offset by an increase to the estimate for Telephone Utility Taxes (\$100,000 to \$33.0 million from \$33.1 million) based on 2013-2014 collection trends.

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Changes from Forecast to Adopted Budget

From the Revised Forecast of \$904.8 million, a net increase of \$208.2 million to the General Fund revenue estimates were approved, bringing the 2014-2015 Adopted Budget revenue estimate to \$1.1 billion. The components of this increase include an increase to the estimate for 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance (\$195.7 million), and an increase to various revenue categories (\$12.5 million). These changes are summarized in the following table:

2014-2015 Adopted Budget Changes

<u>Category</u>	<u>\$ Millions</u>
Beginning Fund Balance	\$ 195.65
Property Tax	5.40
Revenue from the Federal Government	2.70
Transfers and Reimbursements	1.87
Other Revenue	0.84
Licenses and Permits	0.63
Revenue from Local Agencies	0.47
Revenue from the State of California	0.46
Franchise Fees	0.16
Revenue from the Use of Money/Property	0.05
Fines, Forfeitures and Penalties	0.03
Departmental Charges	(0.05)
Total	\$ 208.21

A brief discussion of these changes follows.

Beginning Fund Balance

- An increase of \$195.65 million from the Revised Forecast is included bringing the estimated 2014-2015 Beginning Fund Balance from \$57.4 million to \$253.1 million. This increase primarily reflects the rebudget of funds for expenditure-related items and unexpended reserves in the amount of \$143.8 million which were brought to City Council at the end of the budget process. The remaining change of \$51.8 million:
 - Liquidation of various reserves including the: \$18.1 million 2014-2015 Future Deficit Reserve, \$8.0 million Successor Agency City Legal Obligations Reserve to repay a portion of the Supplemental Educational Revenue Augmentation Fund (SERAF) Loan, \$4.2 million in Development Fee Program Reserves, \$4.0 million Police Department Overtime Reserve, \$2.0 million 2014-2015 Homeless Rapid Rehousing Reserve, \$1.5 million 2014-2015 Homeless Response Team Reserve, \$1.5 million 2014-2015 San José BEST and Safe Summer Initiative Programs Reserve, \$620,000 Fire Station #37 (Willow Glen) Reserve, \$550,000 2014-2015 Children's Health Initiative Reserve, \$508,000 Aircraft Rescue and Firefighting Services Reserve, \$300,000 Wellness Program Reserve, and \$100,000 2014-2015 Community and Action Pride Grants Reserve.

GENERAL FUND REVENUE ESTIMATES

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Changes from Forecast to Adopted Budget

Beginning Fund Balance (Cont'd.)

- Additional anticipated fund balance of \$8.9 million primarily from increased expectations for expenditure savings and additional revenue in 2013-2014 that will be available for use in 2014-2015. Additional funds are primarily due to additional Sales Tax receipts (\$1.8 million) in the second quarter of 2013-2014 (up 7.9% compared to budgeted growth of 3.5%), additional Property Tax revenues, and additional Solid Waste Fees (\$600,000) above budgeted estimates. The remainder reflects anticipated expenditure savings as a result of higher than budgeted vacancy rates throughout the City, expenditure savings in Council General (\$1.9 million), and City-Wide Expenditures such as workers' compensation claims costs.
- Expenditure savings of \$1.5 million is attributed to anticipated savings in the City's 2013-2014 General Fund Successor Agency City Legal Obligations Subsidy. As a result of the most current projected cash flow, it is anticipated that the current budgeted subsidy of \$3.1 million for 2013-2014 will not be necessary and \$1.5 million in savings can be used to assist in the payment of the May 2010 SERAF Loan due in June 2015.

Property Tax

- An increase of \$5.4 million to the Secured Property Tax estimate reflects information released by the County of Santa Clara Assessor's Office on May 22, 2014 regarding the 2014-2015 secured real property growth for the City of San José as of that date. Based on that information, secured property tax receipts were projected to increase 6.2% in 2014-2015, which was up from the 3.5% growth assumed in the 2014-2015 Proposed Budget. This increase reflects, in large part, the full or partial restoration of property values that had previously been temporarily reassessed downwards under Proposition 8 due to declining market values.

Revenue from the Federal Government

- An increase of \$2.1 reflects the rebudget of grants from 2013-2014 to 2014-2015 (\$1.4 million) as well as the recognition of new grant funding for 2014-2015 (\$677,000):
 - Rebudgeted funds consist of the following: Urban Area Security Initiative Grant – Fire 2013 (\$394,000); Clean Creeks Healthy Communities (\$232,000); 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant (\$215,000); Internet Crimes Against Children Task Force Grant 2011-2012 (\$215,000); Urban Area Security Initiative Grant – Police 2013 (\$105,797); Human Trafficking Prevention Grant 2011 (\$102,000); OJJDP Community-Based Violence Prevention Demonstration Program Grant (\$67,950); National Forum Capacity-Building OJJDP 2012-2015 (\$55,900); and Protecting Children from Commercial Sexual Exploitation Grant 2011 (\$32,120).
 - New grants and reimbursements for the following: 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant (290,000); Northern California Regional Intelligence Center (NCRIC) SUASI – Police (\$242,308); and Urban Area Security Initiative Grant – Fire 2013 (\$145,000).

GENERAL FUND REVENUE ESTIMATES

OVERVIEW

Changes from Forecast to Adopted Budget

Revenue from the Federal Government (Cont'd.)

- One-time increase of \$600,000 in additional revenue from the approved extension of the 2010 COPS grant through August 31, 2015.

Transfers and Reimbursements

- A net increase of \$1.2 million (\$1.0 million ongoing) in anticipated overhead reimbursements to reflect the impact of various budget actions in the Adopted Budget that change the staffing levels funded by special and capital funds.
- A one-time transfer of \$750,000 in revenue from expired special assessment districts. In 2008-2009, Finance staff completed an analysis of 50 expired special assessment districts with remaining cash balances. Based on that review, in accordance with State law, the availability of surplus funds was announced to be claimed by current and former property owners. With the statute of limitations, any unclaimed funds may be transferred to the General Fund. The initial deadline to claim a portion of the surplus funds was in March 2012, after which time unclaimed funds in the amount of \$1.2 million were transferred to the General Fund. The next and final deadline to claim the remaining portion of the surplus funds is in May 2014. It is expected that approximately \$750,000 will remain unclaimed and be available for transfer to the City in 2014-2015.
- An ongoing transfer of \$250,000 from the General Purpose Parking Fund (\$210,000) and the Transient Occupancy Tax Fund (\$40,000) to provide a total 2014-2015 subsidy of \$420,000 to the San José Downtown Association (SJDA). Funding will allow for the continued partnership with the City in activating and promoting downtown.
- A one-time transfer of \$234,000 from various special and capital funds to offset a portion of the \$1.0 million reserve for an alternative solution to the City's current Human Resources/Payroll System.
- A decrease of \$508,000 to the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department. This action is offset by the liquidation of the Aircraft Rescue and Firefighting Services Reserve that was set aside in 2013-2014 from the extension of the Fire SAFER 2011 Grant. This action will maintain sworn firefighter staffing levels in the Fire Department and avoid layoffs.
- A decrease of \$12,000 as a result of staffing adjustments to the Deferred Compensation Program which are reimbursed, as discussed in the Human Resources Department under the City Departments section of this document.

Other Revenue

- An increase of \$1.0 million reflects the rebudget of grants and reimbursements from 2013-2014 to 2014-2015:
 - Rebudgeted funds consist of the following: Sidewalk Repairs (\$600,000); 2013 Silicon Valley Energy Watch Program (\$265,000); Emergency Street Tree Services (\$146,000);

GENERAL FUND REVENUE ESTIMATES

OVERVIEW

Changes from Forecast to Adopted Budget

Other Revenue (Cont'd.)

PG&E Summer Cooling Shelter Program Grant (\$7,000); and 1st Act Silicon Valley Digital Media Grant (\$6,000).

- An increase of \$89,000 to the estimate for Sidewalk Repairs to reflect the anticipated increase in reimbursements from property owners for contractual sidewalk repairs performed by the City on behalf of the property owners as a result of the expanded Sidewalk Repair Program. This increase in revenue is offset by a corresponding expenditure increase (1.0 position) in the City-Wide Expenses allocation for this purpose.
- Increase the estimated reimbursement from Christmas in the Park Foundation by \$17,000. Part-time City staff hours are needed to transport props to and from the City warehouse. Incurred costs are fully reimbursed by the Christmas in the Park Foundation.
- An increase of \$10,000 for Department of Transportation new subdivision traffic control signs and pavement markings revenues to reflect fee adjustments to maintain cost recovery levels.
- A \$300,000 ongoing decrease in wellness program revenues, historically provided by the City's health providers, as negotiated, necessitating a service evaluation to ensure remaining revenues align with the highest program needs. A review of medical services and wellness programs will ensure that current service levels are provided in the most efficient and cost-effective manner.
- A decrease of \$6,000 to the Finance Department Return Check Fee revenue reflects a fee adjustment to maintain 100% cost recovery levels.

Licenses and Permits

- An increase of \$885,000 reflects the implementation of a new three-tier program for Multiple Housing Occupancy Permits offset by additional staffing (5.0 positions).
- An increase of \$125,000 in Fire non-development permits reflecting a 3% increase in fees to offset cost increases and maintain a 100% cost recovery level.
- An increase of \$22,000 in Animal Care and Services Category I miscellaneous permits to reflect increases in various permits.
- An increase of \$13,000 to adjust various Code Fees to bring them to 100% cost recovery.
- A decrease of \$400,000 in Building Permits to reflect two changes in the Building Development Fee Structure: 1) revise the business process to small residential alterations, and 2) reduce the base hours charged for permit issuance by 50%.
- A decrease of \$18,000 to adjust various Police Department permits to reflect various fee revisions and maintain cost recovery levels.
- A decrease of \$1,000 to adjust various Finance Department fees to bring them to 100% cost recovery.

GENERAL FUND REVENUE ESTIMATES

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Changes from Forecast to Adopted Budget

Revenue from Local Agencies

- An increase of \$297,000 reflects the rebudget of grants from 2013-2014 to 2014-2015:
 - Rebudgeted funds consist of the following: EMS Patient Care Data System (\$225,800); Envision San José 2040 General Plan Implementation (\$68,000); and Childcare Portable Debt Service Payments (\$3,673).
- An increase of \$170,000 reflects a payment from the Santa Clara Valley Water District (SCVWD) to partially offset the costs of Park Ranger positions that were added to support the Homeless Response Team. These positions will help ensure public safety and prevent the destruction of natural resources along local waterways. Efforts will be targeted along the Coyote Creek and Guadalupe River watersheds, which are mutually owned and operated by the City and the SCVWD.

Revenue from the State of California

- An increase of \$460,500 reflects the rebudget of grants from 2013-2014 to 2014-2015 (\$334,800) as well as the recognition of new grant funding for 2014-2015 (\$125,700):
 - Rebudgeted funds consist of the following: Anti-Drug Abuse Grant 2013-2014 (\$98,182); Selective Traffic Enforcement Grant Program 2013-2014 (\$90,665); Mobile ID Phase IV (\$74,569); Sobriety Checkpoint Grant Program 2013-2014 (\$39,545); 2013-2014 Northern California High Intensity Drug Trafficking Area (\$31,203); and Avoid the 13 Grant 2013-2014 (\$654).
 - New grants and reimbursements for the following: Selective Traffic Enforcement Program 2013-2014 (\$61,305); 2013-2014 Northern California High Intensity Drug Trafficking Area (\$33,600); and Sobriety Checkpoint Grant Program 2013-2014 (\$30,750).

Franchise Fees

- An increase of \$161,000 reflects an increase in the Commercial Solid Waste (CSW) fees by 1.46% based on the change in the consumer price index (CPI). In October 2010, the City Council amended the CSW fee to charge franchises based on geographic collection districts rather than volume. The fee structure is \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and South District. The revised structure is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. It should be noted that the City did not increase this fee in 2013-2014.

Revenue from the Use of Money/Property

- A one-time increase of \$48,000 reflects the lease of the City's suite at SAP Center (formerly HP Pavilion) at San José for eight San José Sharks home games in 2014-2015. This increase is offset by a corresponding increase to the City-Wide Expenses Arena Authority budget in the 2014-2015 Operating Budget.

GENERAL FUND REVENUE ESTIMATES

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Changes from Forecast to Adopted Budget

Fines, Forfeitures and Penalties

- An increase of \$31,000 in parking citations revenue is offset by a corresponding addition of 1.0 Parking Traffic Control Officer to enforce 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts. This action is expected to reduce the City's trash load and produce cleaner streets.

Departmental Charges

- An increase of \$429,000 (\$220,000 ongoing) to the Parks, Recreation and Neighborhood Services Department Charges estimate reflects the following: increase in sports fields reservations to be set aside in a reserve for artificial turf field replacements (\$200,000 one-time); continues the Get Fit Summer Camps for Kids program that was piloted in 2013-2014 and associated increased fee activity (\$198,000 ongoing); increased picnic reservations (\$20,000 ongoing); and revenue associated with new facilities that are scheduled to come on-line in 2014-2015 (\$11,000).
- An increase of \$99,000 to the Transportation Department fees and charges to reflect various fee revisions and maintain cost recovery levels.
- An increase of \$32,000 to the Police Department fees and charges to reflect various fee revisions.
- An increase of \$26,000 reflects approved changes to the Abandoned Cart Program Fee, increasing the fee from \$200 per year to \$345 per year.
- An increase of \$10,000 reflects additional revenues from Animal Care Services to reflect increases in various fees and charges.
- An increase of \$9,000 in City Clerk's Lobbyist registration fees to maintain 100% cost recovery levels.
- A decrease of \$310,000 adjusts the Solid Waste Enforcement Fee down to maintain 100% cost recovery levels; an 11.5% reduction from \$1.31 per ton to \$1.16 per ton.
- A decrease in the Public Works Development Program revenue estimate of \$146,000 by adjusting targeted fees in the following categories: Common Interest Development Engineering and Inspection; Erosion and Sediment Control; Grading Permit/Plan Checking; and the Private Utility Permits (targeted to residential customers/streamlined service opportunities).
- A decrease of \$135,000 eliminates revenues associated with the Enterprise Zone Incentive program that was designed to encourage business investment and promote job creation. However, this program was terminated on December 31, 2013 by the passage of AB93 and SB90. A corresponding elimination of 1.0 position and contractual services offsets this loss for a net zero impact.
- A net decrease of \$61,000 reflects a decrease in the Finance Department Collection Fee (\$62,000) offset by other miscellaneous departmental fee increases (\$1,000) to maintain 100% cost recovery levels.

GENERAL FUND REVENUE ESTIMATES

PROPERTY TAX

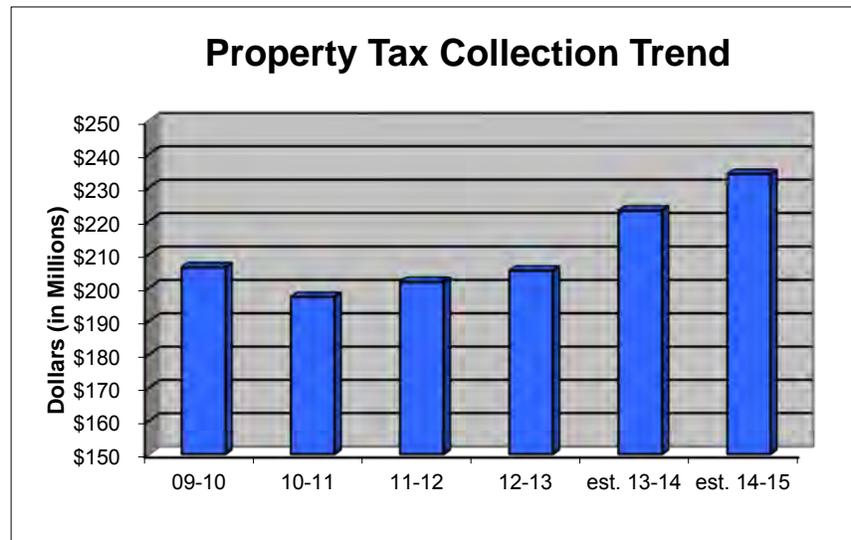
2012-2013 Actual	\$ 205,016,137
2013-2014 Adopted	\$ 220,850,000
2014-2015 Forecast	\$ 228,573,240
2014-2015 Adopted	\$ 233,973,240
% of General Fund	21.0 %
% Change from 2013-2014 Adopted	5.9 %

Major Categories:

- Current Secured Property Tax
- Current and Prior Unsecured Property Tax
- Current SB 813 Property Tax (retroactive collections for reassessments of value due to property resale)
- Aircraft Property Tax
- Homeowner's Property Tax Relief Exemption

Revenue Estimates:

Property Tax receipts of \$223.0 million are projected for 2013-2014, which represents 8.8% growth from the prior year and is in-line with the modified budget estimate of \$223.0 million. This projected increase is much stronger than the modest



growth seen in 2011-2012 and 2012-2013 respectively, where actual Property Tax receipts were up 2.3% and 1.6% year-over-year for the first time since 2008-2009. Growth is reflected primarily in the SB 813, Secured, and Airplane Property Tax categories with a minor decline in Homeowners Property Tax Relief and in Unsecured Property Tax.

Overall, in 2014-2015, collections are expected to continue to increase but at a slightly more moderate pace of 4.9% to \$234.0 million due, in part, to only a 0.45% California Consumer Price Index (CCPI) increase, which will be assessed in the Secured Property Tax category.

GENERAL FUND REVENUE ESTIMATES

PROPERTY TAX

Revenue Estimates

Secured Property Tax

Secured Property Taxes account for over 90% of the revenues in this category. In 2013-2014, Secured Property Tax receipts are expected to total \$203.1 million, reflecting an increase of 9.1% from the 2012-2013 collection level. This projected increase can be attributed to three primary factors: 1) the net increase in residential and commercial valuation resulting from the full or partial restoration of property values that were previously temporarily reassessed downwards under Proposition 8 due to the declining market values; 2) the change in the California Consumer Price Index (CCPI) of 2.0% for the 2013-2014 tax roll; and 3) a one-time adjustment reflecting excess 2012-2013 Educational Revenue Augmentation Fund (ERAF). This is the first year that estimated receipts are anticipated to exceed the peak of \$192.3 million in 2008-2009.

In 2014-2015, Secured Property Tax receipts, which will be based on real estate activity through January 1, 2014, are expected to increase by approximately 6% to \$215.2 million (once adjusted for the one-time payment of excess 2012-2013 ERAF received in 2013-2014) based on an analysis of the information provided by the Santa Clara County Assessor's Office on May 22, 2014. Throughout the County of Santa Clara, the majority of the 2014-2015 roll growth can be attributed to changes in ownership (42.9%) and Proposition 8 (33.4%) adjustments. The remainder of the growth in assessed value reflects the impact of new construction, corrections and other adjustments, business personal property, and the CCPI inflation factor. With the continued recovery in the real estate market, approximately 21,000 of the properties in San José that were valued at less than their purchase price in 2013-2014 were adjusted upwards in 2014-2015, restoring \$1.6 billion in assessed value. There are approximately 24,000 properties that continue to receive Proposition 8 adjustments in 2014-2015 as these properties are valued at less than their purchase price.

Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CCPI adjustment for the 2014-2015 tax roll is an increase of 0.45%, significantly below the prior year level of 2.0%. All properties that have received a reduction under Proposition 8 do not automatically receive the CCPI adjustment as these properties are assessed annually and adjusted upward or downward depending on the changes to property values.

Unsecured Property Tax

Unsecured Property Taxes are the second largest revenue source in this category. Growth in this category is driven primarily by increases in the value of personal property (e.g. equipment and machinery used by business and industry for manufacturing and production). During the last decade, performance in this category has been volatile with annual growth or declines reaching double-digit levels based primarily on the strength of the local business sector. Based on current year tracking, Unsecured Property Tax receipts are estimated at \$12.5 million in 2013-2014, which is slightly below the prior year level and most recent peak of \$12.6 million. Collections are expected to increase 3.0% in 2014-2015 to \$12.9 million based on improving business conditions and increasing employment. In 2014-2015 estimates exceed the recent peak of \$12.6 million in 2012-2013, however, remain below the peak of \$14.1 million in 2002-2003.

GENERAL FUND REVENUE ESTIMATES

PROPERTY TAX

Revenue Estimates

SB 813 Property Tax (Property Resales)

SB 813 Property Taxes (supplemental taxes) represent payments for taxes owed on recent housing resales. In recent years, collections in this category had fallen significantly, due, in part, to a substantial number of refunds that were due to property owners as a result of declining home values. In 2013-2014, receipts are estimated at \$3.4 million, which is above the collection levels in both 2012-2013 (\$3.0 million) and 2011-2012 (\$3.3 million). However, collections are expected to remain well below the peak of \$10.1 million received in 2005-2006 and below levels seen just a few years ago (e.g., \$8.0 million in 2006-2007 and \$7.9 million in 2007-2008).

In 2014-2015, collections in this category are projected to decrease approximately 17.6% to \$2.8 million due to an anticipated change in methodology for the SB 813 distribution. In 2004-2005, the State Motor Vehicle In-Lieu (VLF) Swap involved the permanent conversion of VLF backfill funds to Property Tax that was part of the approved State budget. Since SB 813 Property Tax receipts are pooled receipts that are allocated to each jurisdiction based on their share of secured property taxes, an increase in the City's Secured Property Taxes increased the City's share of SB 813 receipts. Per conversations with the County of Santa Clara, it is anticipated that beginning in 2014-2015, VLF receipts associated with the swap will not be considered Property Tax for the SB 813 calculation and, therefore, will reduce the City's relative share of this tax. This decrease is anticipated to be partially offset by the growth in property assessed value as discussed in the Secured Property Tax section.

Aircraft Property Tax

The Aircraft Property Tax payment is estimated at \$2.15 million in 2013-2014, a 3.2% increase from the 2012-2013 receipts of \$2.08 million. In 2014-2015, collections are expected to remain flat at \$2.15 million based on information from the County of Santa Clara Assessor's Office.

Homeowners Property Tax

The Homeowners Property Tax Relief category is projected at \$1.03 million for 2014-2015, which is consistent with the 2013-2014 revenue estimate and 2012-2013 actual collections.

GENERAL FUND REVENUE ESTIMATES

SALES TAX

2012-2013 Actual	\$ 163,751,105
2013-2014 Adopted	\$ 167,710,000
2014-2015 Forecast*	\$ 180,024,000
2014-2015 Adopted	\$ 180,024,000
% of General Fund	16.2 %
% Change from 2013-2014 Adopted	7.3 %

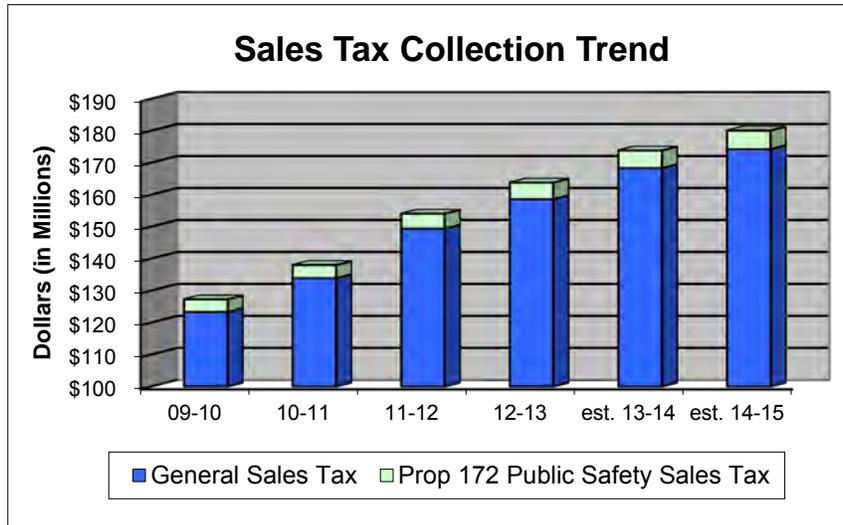
* The 2014-2015 Forecast was increased \$2.3 million from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- General Sales Tax
- Public Safety (Proposition 172) Sales Tax

Distribution of Sales Tax:

As shown in the following table, the City receives 1.0% of the 8.75% Sales Tax collected for items sold in San José. In addition, the City receives a portion of the Public Safety Fund (Proposition 172) Sales Tax collected State-wide.



Agency	Percentage
State of California	5.750%
City of San José	1.000%
Santa Clara County	0.875%
Santa Clara Valley Transportation Authority	0.625%
Public Safety Fund (Proposition 172)	0.500%
Total Sales Tax Rate	8.750%

Starting in 2004-2005, the City was impacted by the State action known as the “Triple Flip,” which affects the timing of actual sales tax receipts. As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), 0.25% of the City’s one percent Bradley Burns sales tax has been temporarily suspended and replaced dollar-for-

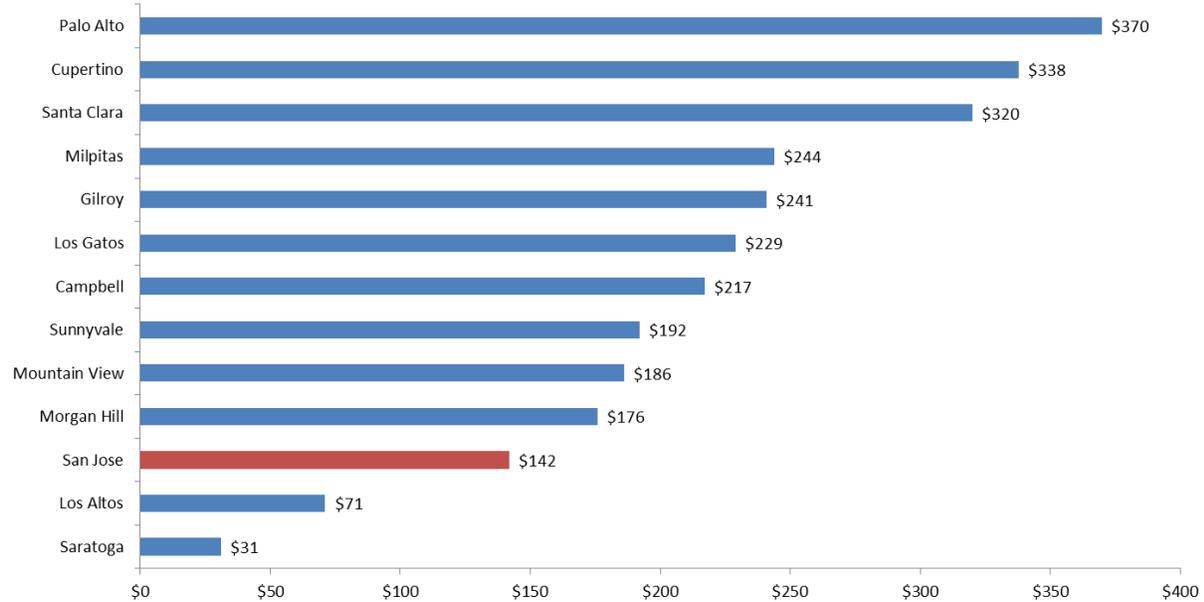
dollar with property tax revenue. This action, which went into effect on July 1, 2004, will remain in effect until the State’s bond obligations have been satisfied. However, the City will continue to record the replacement property tax revenues as sales tax because the growth formula for these receipts is tied to sales tax and this action is considered a temporary property tax in lieu of sales tax.

GENERAL FUND REVENUE ESTIMATES

SALES TAX

Collection Trend:

As shown in the chart below, the per capita Sales Tax in San José is significantly lower than in neighboring cities, up to 61.6% below the highest level of \$370 per capita in Palo Alto.



Source: MuniServices, Cash Receipts 1st Quarter 2014

Revenue Estimates:

Overall, Sales Tax receipts are estimated to generate \$173.8 million in 2013-2014, which is up 6.1% from the 2012-2013 collection level. In 2014-2015, Sales Tax receipts are projected at \$180.0 million, a 3.6% increase from the 2013-2014 estimated collection level.

General Sales Tax

The forecast for the General Sales Tax revenue estimate is built on estimated collections of \$168.3 million in 2013-2014 which reflects a 6.1% increase from the 2012-2013 collection level. This increase is based on actual performance for the first quarter (up 8.5%) and second quarter (up 7.9%), one-time prior year adjustments and true-up payments, and the assumed growth of 3.5% for the remaining two quarters. In 2014-2015, the General Sales Tax revenue estimate is \$174.2 million, reflecting an increase of 3.5% from the estimated 2013-2014 collection level and a 9.8% increase from actual 2012-2013 collections. As shown in the chart above, a number of economic sectors contributed to the total Sales Tax receipts though nearly 75% was generated from General Retail, Transportation, and Business to Business categories.

Sales Tax by Economic Sector

Economic Sector	% of Total Revenue
General Retail	26.1%
Transportation	24.2%
Business to Business	22.1%
Food Products	15.9%
Construction	11.1%
Miscellaneous	0.6%
Total	100.0%

Source: MuniServices, benchmark year ending 1Q 2014

GENERAL FUND REVENUE ESTIMATES

SALES TAX

Revenue Estimates

General Sales Tax (Cont'd.)

For 2014-2015, the General Sales Tax revenue projection of \$174.2 million assumes moderate growth of 4.0% in taxable sales from 2013-2014 levels. Because there are one-time accounting adjustments to reflect prior-year collections, changes in the County pool of tax receipts allocated to the City formulaically, and the “Triple Flip” true-up payment from the State in 2013-2014 that are not reflected in 2014-2015, the year-over-year growth in 2014-2015 is estimated to be approximately 3.5%. To put the 2014-2015 estimate into perspective, the projected revenue of \$174.2 million exceeds the historic peak collection of \$164.3 million in 2000-2001, bringing revenues above pre-recession levels and above levels seen during the dot-com boom (not adjusted for inflation).

Public Safety (Proposition 172) Sales Tax

Proposition 172 Sales Tax collections (representing the one-half cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs) are expected to total \$5.5 million in 2013-2014, which represents a 6.8% increase from the prior year collections of \$5.2 million based on actual collection trends. In 2014-2015, collections are projected to increase 5.9%, to \$5.8 million.

GENERAL FUND REVENUE ESTIMATES

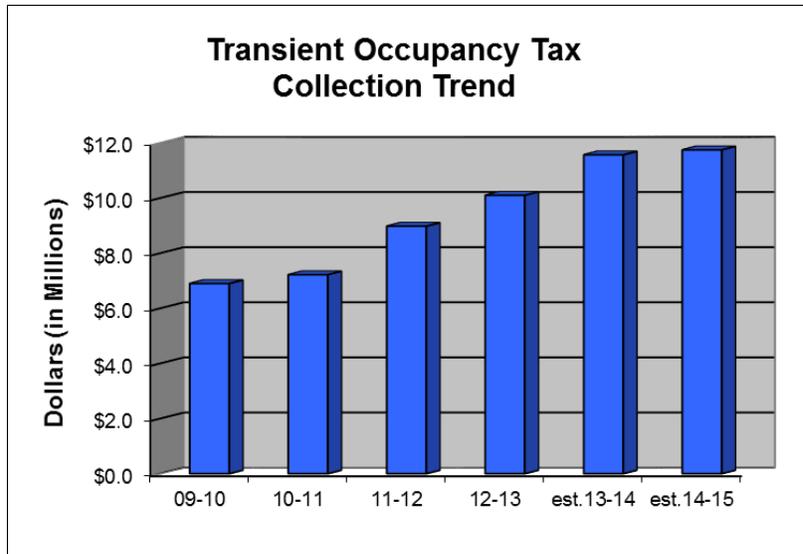
TRANSIENT OCCUPANCY TAX

2012-2013 Actual	\$ 10,103,383
2013-2014 Adopted	\$ 10,600,000
2014-2015 Forecast	\$ 11,750,000
2014-2015 Adopted	\$ 11,750,000
% of General Fund	1.1 %
% Change from 2013-2014 Adopted	10.8 %

Distribution of Transient Occupancy Tax:

The City of San José assesses a ten percent Transient Occupancy Tax (TOT) on the rental price for transient lodging. Of this ten percent, six percent is placed in the Transient Occupancy Tax Fund and four percent is deposited in the General Fund. This discussion addresses the portion of the Transient Occupancy Tax that is allocated to the General Fund.

The allocation of the six percent portion is described in the Selected Special Funds Summary section of this document.



Revenue Estimates:

Transient Occupancy Tax (TOT) receipts in 2013-2014 are projected to reach \$11.6 million, reflecting an increase of 14.8% from the 2012-2013 collection level. Current year receipts mark the fourth year of growth and the third year of double digit strong growth in this category which is in stark contrast to declines of 11.5% and 18.5% in 2009-2010 and 2008-2009, respectively. The completion of the Convention Center renovation and expansion project, which added 125,000 square feet of new flexible space, as well as improvements to the existing space, in September 2013, is expected to continue to support the room night activity in the market. Overall, the hotel industry continues to experience a period of growth with increases in occupancy levels (approximately 4% year-over-year growth) and average daily room rates (approximately 11% growth) with an average revenue-per-available room reflecting an increase of approximately 17% from prior year levels. Projected 2013-2014 receipts exceed the pre-recession level of \$9.6 million collected in 2007-2008 by approximately 21% and are approximately 6% above the historic peak of \$10.9 million in 2000-2001.

GENERAL FUND REVENUE ESTIMATES

TRANSIENT OCCUPANCY TAX

Revenue Estimates

In 2014-2015, growth of 1.7% from the 2013-2014 estimate is anticipated which allows for the stabilization of the current high level of growth. Once adjusted for compliance revenue in 2013-2014, TOT receipts are estimated to grow 4.0% from 2013-2014 levels.

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the estimated revenue growth between 2013-2014 collection and 2014-2015 collections (after excluding compliance revenue) of \$450,000 is allocated to support City-owned cultural and arts facilities' needs. In 2014-2015, these funds were allocated to address capital needs at the Children's Discovery Museum, including replacing two chillers and reroofing the portico. Ongoing, the incremental growth will be set aside in an Cultural and Arts Facilities Capital Replacement and Maintenance Reserve.

GENERAL FUND REVENUE ESTIMATES

FRANCHISE FEES

2012-2013 Actual	\$ 43,741,122
2013-2014 Adopted	\$ 43,923,000
2014-2015 Forecast	\$ 45,185,755
2014-2015 Adopted	\$ 45,346,879
% of General Fund	4.1 %
% Change from 2013-2014 Adopted	3.2 %

Major Categories:

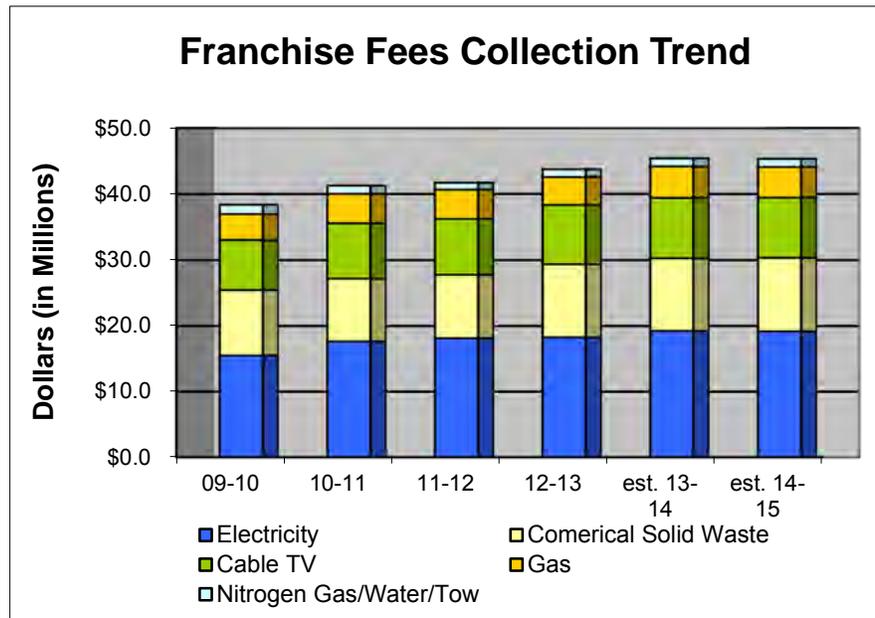
- Electricity, Gas, and Water Utility Services
- Commercial Solid Waste
- Cable Television
- City-Generated Towing
- Nitrogen Pipelines

Revenue Estimates:

Franchise Fees are collected in the Electricity, Gas, Cable, Tow, Commercial Solid Waste, Water, and Nitrogen Gas Pipeline categories. Overall,

collections are projected at \$44.5 million in 2013-2014, an increase of 1.7% from prior year receipts of \$43.7

million. The projected increase in 2013-2014 is primarily due to higher collections in Gas and Electric services. In 2014-2015, Franchise Fees are expected to increase 1.9% to \$45.3 million due to growth in the Gas (5.1%), Cable (2.5%), Commercial Solid Waste (1.5%), and Electric (1.0%) categories, including a \$161,000 increase in Commercial Solid Waste rates approved in 2014-2015.



Electricity, Gas, and Water Utility Services

Franchise Fees for electricity and gas services provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in the calendar year (revenues in 2013-2014 are based on the calendar year 2013). Year-end estimates are typically based upon an examination of electricity and gas rate changes, industry actions, and actual collection patterns in the utility tax categories. When comparing 2012 and 2013 calendar year Utility Tax receipts, Gas receipts showed a significant increase of 6.8% and Electric receipts showed an increase of 4.5%.

GENERAL FUND REVENUE ESTIMATES

FRANCHISE FEES

Revenue Estimates

Electricity, Gas, and Water Utility Services (Cont'd.)

In the Electric Franchise Fee category, collections in 2013-2014 are expected to reach \$19.0 million, reflecting growth of 3.8% compared to actual receipts in 2012-2013 and slightly below the actual growth in Electric Utility Tax receipts in calendar year 2012 compared to 2013. In 2014-2015, growth of 1.0% from 2013-2014 estimates is anticipated reflecting a rate increase of 0.6% in January 2014 per PG&E forecasts. It should be noted that due to the uncertainty regarding the outcome of rate cases, no rate increases associated with any pending rate cases have been assumed.

In the Gas Franchise Fee Category, the 2013-2014 estimated collections of \$4.4 million reflect a 5.0% increase from the \$4.2 million received in the prior year. This is compared to actual Gas Utility Tax receipts in calendar year 2012 compared to 2013 which reflected growth of 6.8%. In 2014-2015, Gas Franchise Fee collections are projected to increase further by 5.1% based on the assumption that costs will continue to rise due to a rate increase of approximately 7.3% in 2014 primarily as the result of rising commodity and transportation costs. It should be noted that due to the uncertainty regarding the outcome of any rate cases, no rate increases associated with pending rate cases have been assumed in 2014-2015.

Water Franchise Fees are expected to total \$290,000 in 2013-2014, a 16.0% increase from the 2012-2013 collection level. This increase is primarily due to an increase in the wholesale price of water. In 2014-2015, estimated collections of \$305,000 reflect the anticipated continued increase in the wholesale price and an anticipated increase in rates.

Commercial Solid Waste

Commercial Solid Waste (CSW) Franchise Fee collections are estimated to reach budgeted levels of \$11.0 million in 2013-2014, consistent with the prior year collections reflecting the recently revised methodology for assessing this fee that became effective July 1, 2012. On October 19, 2010 the City Council amended the CSW fee to charge franchises based on geographic collection districts rather than volume. The new fee structure is \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. This revised structure is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. It should be noted that this increase is not automatic and no increase was approved for 2013-2014. Included in this document is a \$161,000 increase in the revenue estimate, bringing the budgeted estimate to \$11.2 million in 2014-2015. This increase reflects an approved 1.46% increase in the franchise fees based on the consumer price index (CPI) and is based on the percentage change in the annual CPI rate during the prior two calendar years.

Cable Television

The 2013-2014 Cable Television Franchise Fee estimate is \$8.9 million, which is 1.4% below the 2012-2013 actual collection level of \$9.0 million. In 2014-2015, estimated collections of \$9.1 million reflect a year-over-year increase of 2.5%.

GENERAL FUND REVENUE ESTIMATES

FRANCHISE FEES

Revenue Estimates

City-Generated Towing and Nitrogen Pipelines

In the City Generated Tow category, projected revenues of \$850,000 to \$875,000 in 2013-2014 are consistent with prior year levels. Collections are anticipated to remain flat at \$875,000 in 2014-2015 and continue to reflect the change in procedures by the Police Department, which reduced the number of tow and impounds for persons with violations that are not related to serious driving offenses in January 2011. The Nitrogen Pipeline Franchise Fees are anticipated to generate \$66,000 in both 2013-2014 and 2014-2015.

GENERAL FUND REVENUE ESTIMATES

UTILITY TAX

2012-2013 Actual	\$ 91,108,958
2013-2014 Adopted	\$ 91,895,000
2014-2015 Forecast*	\$ 94,825,000
2014-2015 Adopted	\$ 94,825,000
% of General Fund	8.5 %
% Change from 2013-2014 Adopted	3.2 %

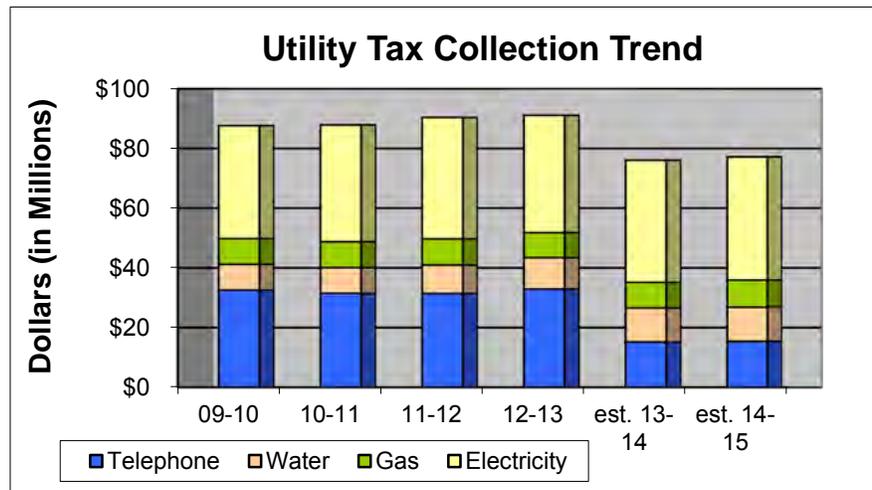
* The 2014-2015 Forecast was decreased \$125,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Electricity Utility Tax
- Gas Utility Tax
- Water Utility Tax
- Telephone Utility Tax

Revenue Estimates:

Utility Taxes are imposed on electricity, gas, water, and telephone usage. Collections in 2013-2014 are anticipated to total \$94.6 million, representing an increase of 3.8% from the



2012-2013 collection level. The majority of this growth is projected in Electricity, Gas, and Water receipts as a result of rate increases, changes in consumption levels, and one-time adjustments.

In 2014-2015, Utility Tax collections are projected to increase 0.2% to \$94.8 million. Overall, there continues to be proposed rate cases that have been filed that would affect electricity, gas, and water rates and consequently revenues. Due to the uncertainty regarding the outcome of rate cases, the Adopted Budget generally does not assume revenue increases associated with pending rate cases. Rate cases will continue to be monitored and adjustments will be brought forward as appropriate based on the final outcomes.

Electricity Utility Tax

The Electricity Utility Tax is anticipated to generate \$41.4 million in 2013-2014, a 5.3% increase from prior year levels. Estimated current year collections reflect a timing difference in payments, an increase of 1% beginning January 2014, as well as actual collection trends. The significant growth in 2013-2014 from prior year levels is partially due to a refund that was processed by Pacific Gas and Electric (PG&E) in 2012-2013 for energy usage from April 2011 through June 2012. In 2014-2015, revenues are estimated to decrease 0.2% to \$41.3 million based on the annualization of the timing difference in

GENERAL FUND REVENUE ESTIMATES

UTILITY TAXES

Revenue Estimates

Electricity Utility Tax (Cont'd.)

payments reflected in 2013-2014, partially offset by the January 2014 rate increase of 0.7% as outlined by PG&E, with minimal changes in anticipated consumption levels.

Gas Utility Tax

Gas Utility Taxes are anticipated to increase to \$8.8 million in 2013-2014, a 4.9% increase from 2012-2013 levels, based on current collection trends. This increase reflects current collection levels as well as the anticipated increase in the commodity and transportation costs and is consistent with information from PG&E on the assumed 7.3% increase in prices in 2014. In 2014-2015, revenues are anticipated to increase by approximately 3.4% to \$9.1 million. Actual collections continue to be subject to significant fluctuations from the impact of weather conditions and/or rate changes, as such no assumptions for changes due to rate cases are included and revenues will be monitored closely for projected performance.

Water Utility Tax

Water Utility Tax receipts of \$11.2 million are anticipated to be received in 2013-2014, a 6.6% increase from 2012-2013, primarily reflecting the rising wholesale price of water and consistent with growth seen over the first half of 2013-2014. In 2014-2015, receipts are expected to increase 1.8% to \$11.4 million based on the continued rising wholesale price of water as well as some growth due to anticipated increases in retail rates. It should be noted that a significant rate case continues to be under review by the Public Utilities Commission and an increase in rates is anticipated; however, only a minimal increase of annualizing an estimated 5% increase January 2014 is included in 2014-2015 projections. The current estimates do not factor in additional rate increases nor a drop in consumption as a result of the current drought.

Telephone Utility Tax

In the Telephone Utility category, revenues are collected on landlines, wireless, and VoIP. Based on current tracking, receipts in 2013-2014 are anticipated to reach \$33.2 million, an approximately 1% increase from 2012-2013 (\$32.9 million) due to one-time accounting adjustments that increased 2013-2014 receipts. In 2014-2015, revenues are estimated to decline slightly to \$33.0 million due to elimination of the one-time accounting adjustments in 2013-2014. Without that adjustment, slight growth of less than 1% is anticipated in 2014-2015.

GENERAL FUND REVENUE ESTIMATES

TELEPHONE LINE TAX

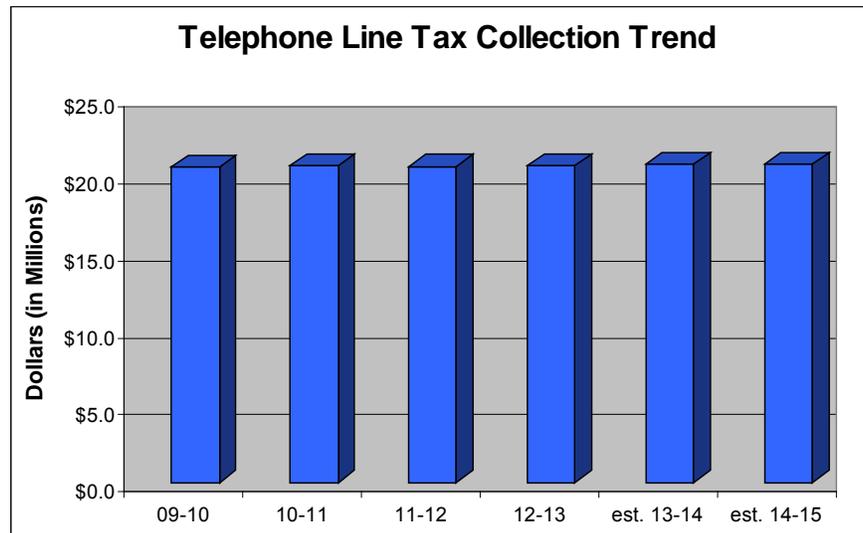
2012-2013 Actual	\$ 20,640,471
2013-2014 Adopted	\$ 20,600,000
2014-2015 Forecast	\$ 20,700,000
2014-2015 Adopted	\$ 20,700,000
% of General Fund	1.9 %
% Change from 2013-2014 Adopted	0.5 %

Major Categories:

- Telephone Line Tax

Revenue Estimates:

Based on the current collection trend, receipts in both 2013-2014 and 2014-2015 are anticipated to total \$20.7 million, which is very close to the collection levels seen since 2009-2010.



GENERAL FUND REVENUE ESTIMATES

BUSINESS TAXES

2012-2013 Actual	\$ 45,140,285
2013-2014 Adopted	\$ 42,435,000
2014-2015 Forecast*	\$ 43,700,000
2014-2015 Adopted	\$ 43,700,000
% of General Fund	3.9 %
% Change from 2013-2014 Adopted	3.0 %

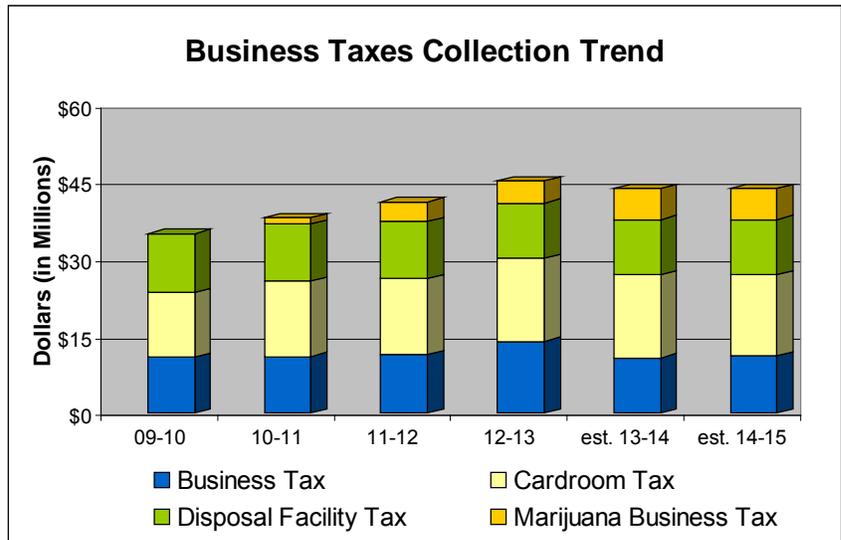
* The 2014-2015 Forecast was increased \$200,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Business Tax
- Cardroom Tax
- Disposal Facility Tax
- Marijuana Business Tax

Revenue Estimates:

In 2013-2014, Business Taxes are estimated to reach \$43.7 million, a 3.2% decrease from prior year levels. Collections were higher in 2012-2013 primarily as a result of the Business Tax Amnesty Program. In 2014-2015, revenues are estimated to remain flat at \$43.7 million.



Business Tax

In 2013-2014, General Business Tax proceeds are expected to reach \$10.7 million, a 22.9% decrease from the prior year level of \$13.9 million. In the development of the 2013-2014 Adopted Budget, it was assumed that receipts would decline to \$11.5 million, 16.9% below the 2012-2013 level, as unusually high activity was experienced in 2012-2013 because of the Business Tax Amnesty Program. However, growth above 2011-2012 levels of \$11.3 million was expected as a result of both the gradual economic recovery, and the ongoing implications of the City Council approved Business Tax Amnesty Program. As part of the Amnesty program, the Finance Department completed a reconciliation of the outstanding accounts, which resulted in a write-off of approximately \$1.0 million. Insufficient reserves were available to offset the majority of this impact, therefore, the write-off did impact current year collections and restates the starting point for 2014-2015. In 2014-2015, receipts are anticipated to increase 2.8% to \$11.0 million, returning to historically normal levels once adjusted for the ongoing impacts of the Amnesty Program, including the reconciliation of all open accounts.

GENERAL FUND REVENUE ESTIMATES

BUSINESS TAXES

Revenue Estimates

Cardroom Tax

Based on current performance, collections in the Cardroom Tax category are estimated at \$16.0 million to \$16.2 million in 2013-2014, a slight decline from the prior year collection level (\$16.3 million). In 2012-2013, there was a baseline rise in activity resulting from the opening of Casino M8trix in August 2012. Receipts are anticipated to remain at 2013-2014 levels in 2014-2015 with estimated collections of \$16.0 million.

Disposal Facility Tax

Disposal Facility Taxes (DFT) are business taxes based on the tons of solid waste disposed at landfills within the City. This revenue stream varies due to factors that affect the amount of waste generated and how it is disposed including: economic activity, weather, diversion programs, and price sensitivity to disposal rates. In recent years, revenues in this category have declined due, in large part, to increased waste diversion and the overall slowdown in the economy. However, in 2013-2014, collections are estimated at \$10.8 million based on current activity levels, which assumes a slight increase (0.8%) from prior year collection levels of \$10.7 million. This increase primarily reflects increased activity from neighboring agencies dumping in San José landfills. In 2014-2015, revenues are projected to decline slightly from current year estimates (0.9%) to \$10.7 million, consistent with 2012-2013 actual collections assuming a slight decline due to increased waste diversion.

Marijuana Business Tax

On November 2, 2010, San José voters approved Ballot Measure U, which allows the City to tax all marijuana businesses at a rate of up to 10% of gross receipts. The City Council approved an increase from 7% to 10% effective July 2013. In 2013-2014, collections are anticipated to reach up to \$6.0 million, reflecting growth of 41.7% from the prior year collection level, primarily reflecting the change in the tax rate as well as increased activity. As a result of the continued uncertainty surrounding this tax and the July 2014 start-up of the Marijuana Regulatory Program, 2014-2015 estimates are anticipated to remain flat at \$6.0 million until more information is known.

GENERAL FUND REVENUE ESTIMATES

LICENSES AND PERMITS

2012-2013 Actual	\$ 46,605,784
2013-2014 Adopted	\$ 40,278,246
2014-2015 Forecast*	\$ 45,749,281
2014-2015 Adopted	\$ 46,375,293
% of General Fund	4.2 %
% Change from 2013-2014 Adopted	15.1 %

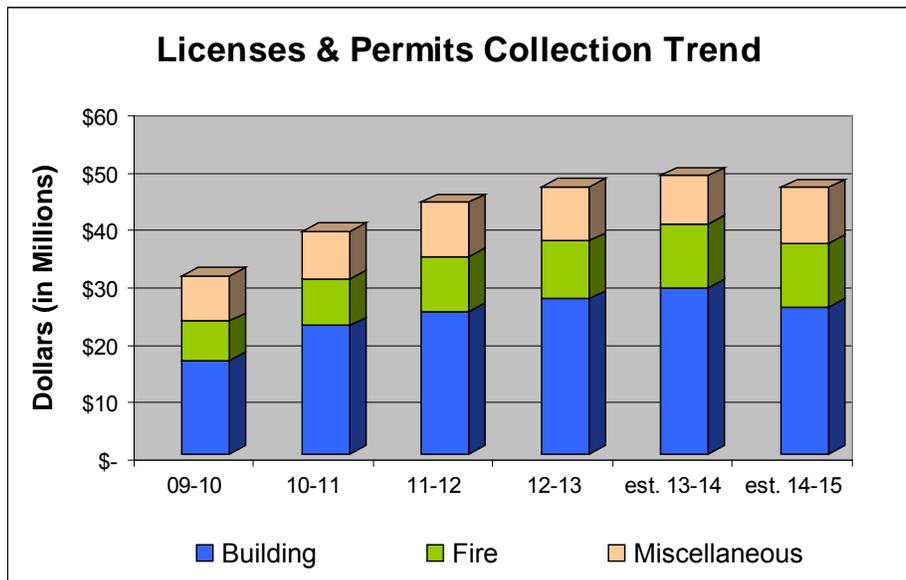
* The 2014-2015 Forecast was increased \$695,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Building Permits
- Fire Permits
- Miscellaneous Other Licenses and Permits

Revenue Estimates:

The Licenses and Permits category contains fees and charges collected by various departments. The most significant revenue sources are development-related fees. Revenue collection levels are projected based on City Council-approved cost-recovery policies with the goal of a net-zero impact on the General Fund.



Building Permits

In 2014-2015, Building Permit revenue is projected to total \$25.6 million, which is below the estimated 2013-2014 collection level of \$29.0 million. The 2014-2015 revenue estimate assumes the continuation of strong development performance, but allows for some drop-off from the high levels experienced in 2013-2014. This collection level, along with the use of a portion of the Building Development Fee Program Reserve, is sufficient to support program additions in 2014-2015. Two fee adjustments are included in this budget: 1) reduce the base hours charged by 50% for any permits purchased online and 2) revise the business process for small residential plan review fees. These two changes to the Building Development Fees will result in an estimated reduction of \$400,000 in revenues.

GENERAL FUND REVENUE ESTIMATES

LICENSES AND PERMITS

Revenue Estimates

Building Permits (Cont'd.)

A number of expenditure actions totaling \$1.8 million are included resulting in the addition of 8.91 positions in order to improve target cycle times and customer service levels. In addition to the \$2.0 million assumed as part of the development of the 2015-2019 February Forecast, the use of an additional \$2.1 million from the Building Development Fee Program Reserve is included to balance this fee program. With these actions, the Building Development Fee Program is expected to remain at 100% cost recovery. After accounting for these adjustments, a remaining Building Development Fee Program Reserve of \$18.8 million at the beginning of 2014-2015, primarily for works-in-progress projects, is estimated.

Additional detail on these budget actions is provided in the Planning, Building and Code Enforcement, Finance, and Information Technology Departments under the City Departments section of this document. A more detailed description of the various fees is provided in the 2014-2015 Fees and Charges document that is released under separate cover.

Fire Permits

In 2014-2015, the Fire Permit revenue estimate of \$11.1 million is slightly below the estimated 2013-2014 collection level of \$11.2 million. This fee program includes both the Development and Non-Development fee areas. To maintain cost recovery in these areas and ensure that service delivery needs are met for 2014-2015, a number of budget actions are included in this Adopted Budget.

In the Development fee area, the 2014-2015 revenue estimate of \$7.0 million is slightly less than the 2013-2014 year-end estimate of \$7.1 million. Strong development activity is expected to continue in 2014-2015 and the projected revenues are sufficient to fund a number of program additions without a general fee increase. In response to the expected development activity, additional resources in the Fire Department's Development Fee Program will improve current cycle time performance in plan check and inspection activities and raise performance levels to meet customer needs. These actions, among others, will result in an estimated remaining Fire Development Fee Program Reserve of \$6.4 million at the beginning of 2014-2015 primarily for works-in-progress projects.

In the Non-Development fee area, the 2014-2015 revenue estimate of \$4.15 million is slightly above the current 2013-2014 estimate of \$4.08 million. Funding for a fee study was approved to analyze current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly. In addition, the elimination of a Hazardous Materials Inspector position and a modest fee increase of 3% were approved to align revenues and costs to bring the program to 100% cost recovery.

Additional detail on these budget actions is provided in the Fire Department under the City Departments section of this document. A more detailed description of the various fees is provided in the 2014-2015 Fees and Charges document that is released under separate cover.

GENERAL FUND REVENUE ESTIMATES

LICENSES AND PERMITS

Revenue Estimates

Miscellaneous Other Licenses and Permits

The 2014-2015 Adopted Budget includes \$9.6 million for a variety of other Licenses and Permits; a net increase of \$902,000 from the 2014-2015 Forecast level of \$8.7 million. This increase primarily reflects an additional \$885,000 for the implementation of a new three tier program for Multiple Housing Occupancy Permits offset by additional staffing (5.0 positions). A Residential Occupancy Permit is required annually for each unit of apartments, hotels, motels, fraternities, sororities, emergency shelters, residential care facilities, and residential service facilities. This new three tier program addresses a recommendation from a Code Enforcement Audit issued on November 21, 2013 that recommends the adoption of a risk-based, proactive inspection process with a self-certification component. The pilot tier program will have three tiers: Tier 1 is identified as no substantiated complaints and is the self-certification component where an audit of 10% of the units and complaint response will be implemented; Tier 2 is identified as medium score on the risk assessment profile and is driven by complaint response and proactive inspection (managers/owners have more than one violation per unit and repairs are completed by due date to maintain this status); and Tier 3 is identified as the highest score on risk assessment profile and is driven by complaint response and proactive inspection (managers/owners are repeat violators and have violations that are health and safety related). The current permit is \$43.81 per unit and all units are inspected on a six-year cycle. With the new pilot tier program, the permits will be \$28.47 per unit for Tier 1 (the self-certification program) with a six-year inspection cycle, \$59.20 per unit for Tier 2 with a five-year inspection cycle, and \$102.67 per unit for Tier 3 with a three-year inspection cycle.

Additional adjustments resulting in a net increase of \$16,000 reflect fee adjustments to maintain 100% cost-recovery and anticipated changes in activity levels. These adjustments include an increase of \$22,000 in Animal Care and Services Category I miscellaneous permits and an increase of \$13,000 to adjust various Code Fees, partially offset by a decrease of \$18,000 in Police Department permits to reflect various fee revisions and a decrease of \$1,000 to adjust various Finance Department fees.

GENERAL FUND REVENUE ESTIMATES

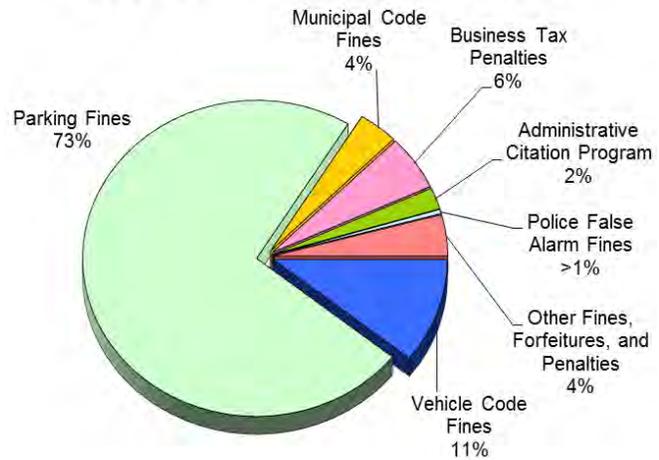
FINES, FORFEITURES, AND PENALTIES
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2012-2013 Actual	\$ 14,554,960
2013-2014 Adopted	\$ 15,862,200
2014-2015 Forecast	\$ 14,174,600
2014-2015 Adopted	\$ 14,205,334
% of General Fund	1.3 %
% Change from 2013-2014 Adopted	(10.4 %)

Major Categories:

- Vehicle Code Fines
- Parking Fines
- Municipal Code Fines
- Business Tax Penalties
- Administrative Citation Program
- Police False Alarm Fines
- Other Fines and Penalties

2014-2015 Major Categories

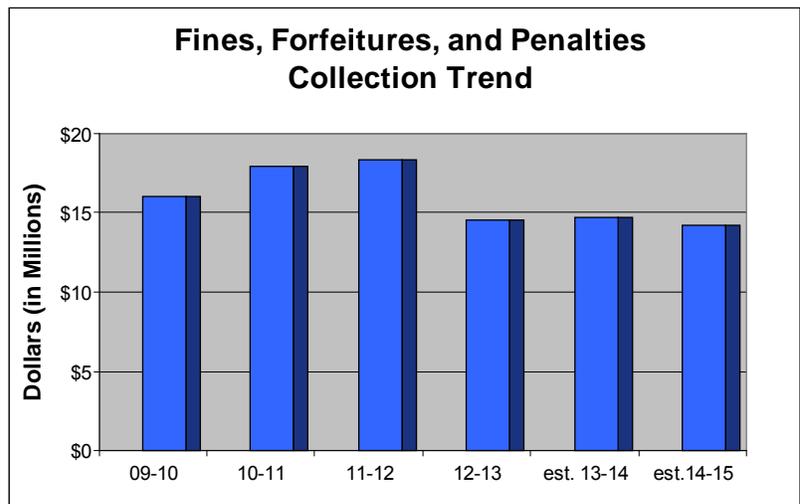


Revenue Estimates:

In 2014-2015, overall collections of \$14.2 million are projected in the Fines, Forfeitures, and Penalties category, which is slightly below the 2013-2014 estimate. Following is a discussion of major components of this category.

Parking Fines

Parking Fines are expected to generate approximately \$10.0 million in 2013-2014, an increase of 6.0% from the 2012-2013 receipts of \$9.4 million. It was assumed that Parking Fines would experience a decline in 2012-2013 as a result of the transition of parking compliance officers that were transferred from the Airport Department to the Department of Transportation and improve in 2013-2014. However, in 2013-2014, revenue continued to track below 2011-2012 collection levels prior to the change in service delivery of \$11.8 million, due to a higher level of staff absences as a result of injuries and non-work related injuries/illnesses.



GENERAL FUND REVENUE ESTIMATES

FINES, FORFEITURES, AND PENALTIES

Revenue Estimates

Parking Fines (Cont'd.)

In 2014-2015, Parking Fines revenues are expected to remain flat; however, a slight increase of \$31,000 is anticipated due to the addition of 1.0 Parking Traffic Control Officer that will enforce 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts. This change is expected to reduce the City's trash load and produce cleaner streets. In addition to parking fines, collections of \$350,000 are anticipated in 2014-2015 from the City's participation in a program under which the State of California Franchise Tax Board collects past-due parking fines on behalf of the City.

Vehicle Code and Municipal Court Fines

In 2014-2015, Vehicle Code Fines are estimated at \$1.5 million and the Municipal Court Fines are expected to reach \$525,000, consistent with current tracking for these categories.

Business Tax Penalties

Business Tax penalties are projected at \$800,000 for 2014-2015, a slight decline from the historic levels of \$1.0 million reflecting the updating of accounts as part of the Business Tax Amnesty Program.

Administrative Citation Program

The 2014-2015 Administrative Citation Program is projected to generate \$315,000 in total collections, including \$200,000 in fines and an additional \$115,000 in penalties. This collection level is consistent with the 2013-2014 year-end estimates.

Police False Alarm Fines

In 2014-2015, Police False Alarm Fines and Penalties are estimated at \$61,000. This figure is consistent with the 2013-2014 year-end estimates.

Other Fines and Penalties

Other Fines and Penalties of \$599,000 are estimated to be received in 2014-2015 and reflect a variety of sources, including \$100,000 for Animal Services citations, \$100,000 from blight fees, and \$260,000 from code enforcement administrative penalties.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM USE OF MONEY AND PROPERTY

2012-2013 Actual	\$ 3,890,457
2013-2014 Adopted	\$ 2,673,000
2014-2015 Forecast	\$ 2,799,000
2014-2015 Adopted	\$ 2,847,000
% of General Fund	0.3 %
% Change from 2013-2014 Adopted	6.5 %

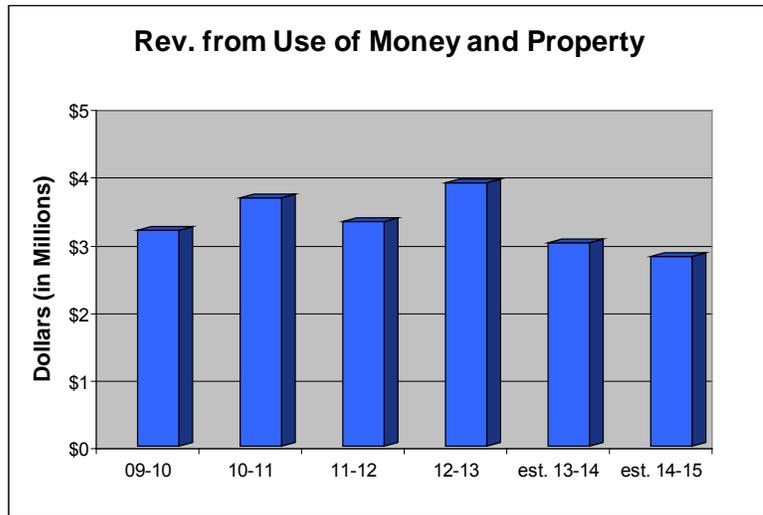
Major Categories:

- Rental of City-Owned Property
- General Fund Interest Earnings
- Miscellaneous Collections

Revenue Estimates:

Rental of City-Owned Property

In 2014-2015, it is anticipated that approximately \$1.8 million will be generated from the rental of City-owned property compared to estimated collections of \$2.1 million in 2013-2014. This decline reflects the loss of the lease from Park N Travel revenue on the Airport West/FMC property as well as the expiration of three telecommunication leases in 2014-2015.



In addition, a one-time increase of \$48,000 reflects the lease of the City's suite at SAP Center (formerly HP Pavilion) at San Jose for eight San Jose Sharks home games in 2014-2015. This additional revenue offsets a corresponding increase to the City-Wide Expenses Arena Authority budget in the 2014-2015 Operating Budget.

General Fund Interest Earnings

The 2014-2015 estimate for interest earnings in the General Fund assumes an average interest rate of only 0.37% applied to an average cash balance of approximately \$115 million for a total collection level of \$425,000. This anticipated collection level is close to the 2013-2014 projected interest earnings of \$475,000.

Miscellaneous Collections

An additional \$537,000 in miscellaneous sources is estimated to be generated in 2014-2015 primarily from Subrogation Recovery (\$350,000) and Property Tax Interest (\$100,000) revenues.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM LOCAL AGENCIES

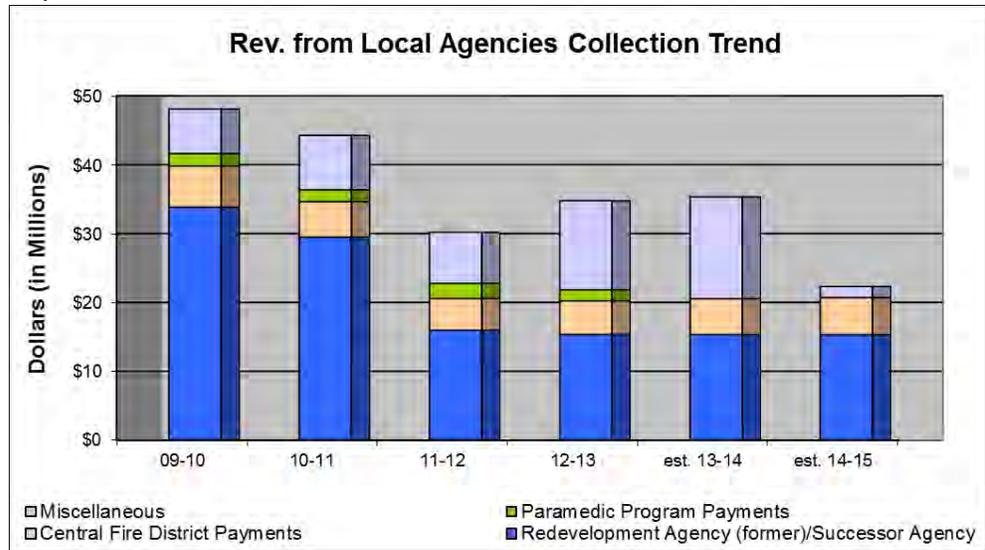
2012-2013 Actual	\$ 34,765,946
2013-2014 Adopted	\$ 24,835,589
2014-2015 Forecast	\$ 22,144,803
2014-2015 Adopted	\$ 22,612,276
% of General Fund	2.0 %
% Change from 2013-2014 Adopted	(9.0 %)

Major Categories:

- Reimbursement from the Successor Agency to the Redevelopment Agency
- Central Fire District Payments
- Paramedic Program
- CAL-ID/SB 720 Payments
- Other Miscellaneous Payments

Revenue Estimates:

In 2014-2015, revenue of \$22.6 million is projected from other local agencies, such as the Successor Agency to the Redevelopment



Agency and Central Fire District, to reimburse the City for services provided.

Successor Agency to the Redevelopment Agency

A reimbursement from the Successor Agency to the Redevelopment Agency of \$15.3 million is budgeted to reimburse the General Fund annually for the Convention Center Lease payments. A corresponding expenditure is assumed in the City-Wide Expenses category for this debt service payment.

This obligation continues to be evaluated as part of the winding down of the Successor Agency and the method, timing, and ability to reimburse the payment continues to be under review; however, it is currently anticipated sufficient funds will be available for reimbursement.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM LOCAL AGENCIES

Revenue Estimates

Central Fire District and Paramedic Program

The City receives reimbursement from the Central Fire District for the County areas covered by the San José Fire Department. These payments are based on the property tax assessments for fire services collected in those areas, which are passed on to the City. Based on an estimate provided by Central Fire District staff, the 2013-2014 payment is expected to total \$5.2 million, reflecting an increase of 6.6% from 2012-2013 levels. In 2014-2015, collections are expected to increase approximately 3.8% to \$5.4 million based on estimated Property Tax growth as well as the assumption that there will be no major annexations during 2014-2015 that would impact collections.

In both 2013-2014 and 2014-2015, payments from the County of Santa Clara for the first responder advanced life support program (Paramedic Program) have been eliminated. In 2013-2014, \$2.2 million in reimbursement from the County was budgeted to offset a portion of the City's paramedic program costs as the delivery of these services is a responsibility of the County. However, because the City has not met the response time performance standards set forth in the agreement with the County, the County has withheld payment for this service. Despite the withholding of payment, the direct incremental cost to the City to provide the advanced life support-level of service totaling over \$5 million annually remains in the budget. The City and County continue to work to address this issue and estimates will be adjusted as appropriate once additional information is known.

Other Miscellaneous Payments

In 2014-2015, other projected payments from local agencies total \$1.6 million, the largest of which are reimbursements for services provided by the Animal Care and Services Program (\$1.1 million) and payments associated with the annexation of the Cambrian area to the City of Campbell (\$199,000). This Adopted Budget includes an increase of \$170,000 to reflect a payment from the Santa Clara Valley Water District (SCVWD) to partially offset the addition of Park Ranger positions that support the Homeless Response Team. These positions will help ensure public safety and prevent the destruction of natural resources along local waterways. Efforts will be targeted along the Coyote Creek and Guadalupe River Park watersheds, which are mutually owned and operated by the City and the SCVWD.

The Adopted Budget includes rebudgets from 2013-2014 to 2014-2015 totaling \$297,000, including:

- EMS Patient Care Data System (\$225,800);
- Envision San José 2040 General Plan Implementation (\$68,000); and
- Child Portable Debt Service Payments (\$3,673).

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE STATE OF CALIFORNIA

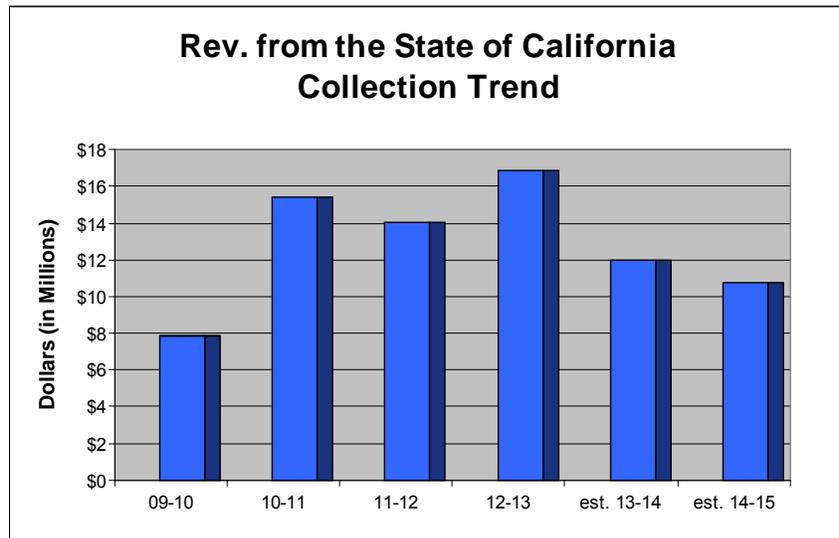
2012-2013 Actual	\$ 16,856,606
2013-2014 Adopted	\$ 11,377,531
2014-2015 Forecast	\$ 10,734,000
2014-2015 Adopted	\$ 11,194,473
% of General Fund	1.0 %
% Change from 2013-2014 Adopted	(1.6 %)

Major Categories:

- Tobacco Settlement Revenue
- State Grants/Reimbursements

Revenue Estimates:

Collections in this category are estimated to reach \$12.0 million in 2013-2014 and decrease to \$11.2 million in 2014-2015. This decrease reflects the elimination of one-time grants and reimbursements.



Tobacco Settlement Revenue

Beginning in 2010-2011, Tobacco Settlement revenue from the State is deposited in the General Fund. Based on the most recent information from the State, the 2013-2014 Tobacco Settlement payments total \$9.0 million, reflecting a significant decrease from the \$13.9 million (-35.1%) received in 2012-2013. This significant decline reflects the one-time settlement of a multi-year dispute related to the Non-Participating Manufacturers Adjustment (a provision in the tobacco Master Settlement Agreement) for claims of sales between 2003 and 2012. The 2013-2014 collections return collection to normal levels, and in 2014-2015, revenues are anticipated to remain flat at \$9.0 million.

State Grants/Reimbursements

On an annual basis, the City receives a number of grants and reimbursements. The following State grants and reimbursements are expected in 2014-2015: Abandoned Vehicles Abatement (\$600,000); Vehicle License Collections in excess (\$435,000); Auto Theft reimbursement (\$370,000); California Gang Reduction, Intervention and Prevention (CALGRIP) Grant (\$224,000); Highway Maintenance Charges reimbursement (\$105,000); Selective Traffic Enforcement Program 2013-2014 (\$61,000); 2013-2014 Northern California High Intensity Drug Trafficking Area (\$33,600); and Sobriety Checkpoint Grant Program 2013-2014 (\$30,750).

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE STATE OF CALIFORNIA

Revenue Estimates

State Grants/Reimbursements (Cont'd.)

The 2014-2015 Adopted Budget also incorporates the rebudget of grant funding from 2013-2014 to 2014-2015 (\$335,000) for the following:

- Anti-Drug Abuse Grant 2013-2014 (\$98,182);
- Selective Traffic Enforcement Grant Program 2013-2014 (\$90,665);
- Mobile ID Phase IV (\$74,569);
- Sobriety Checkpoint Grant Program 2013-2014 (\$39,545);
- 2013-2014 Northern California High Intensity Drug Trafficking Area (\$31,203);
- Avoid the 13 Grant 2013-2014 (\$654).

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE STATE OF CALIFORNIA AMERICAN RECOVERY & REINVESTMENT ACT
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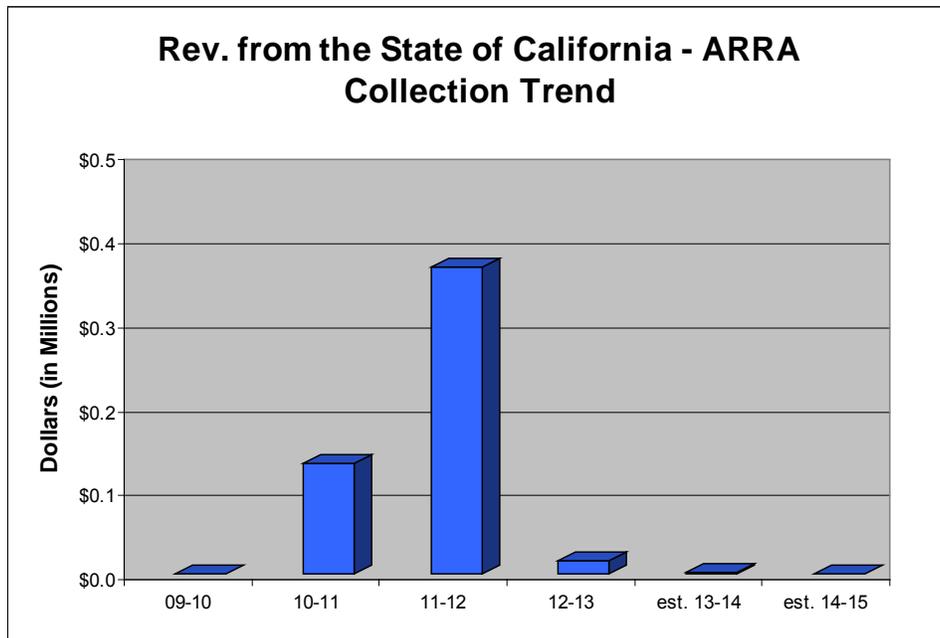
2012-2013 Actual	\$ 15,061
2013-2014 Adopted	\$ 0
2014-2015 Forecast	\$ 0
2014-2015 Adopted	\$ 0
% of General Fund	0.0 %
% Change from 2013-2014 Adopted	N/A

Major Categories:

- American Recovery and Reinvestment Act of 2009

Revenue Estimates:

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 allocated to the City by the State of California that is recorded in the General Fund. No new grant funds are anticipated as this program has sunset.



GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE FEDERAL GOVERNMENT

2012-2013 Actual	\$ 15,993,061
2013-2014 Adopted	\$ 11,042,469
2014-2015 Forecast	\$ 1,473,380
2014-2015 Adopted	\$ 4,170,953
% of General Fund	0.4 %
% Change from 2013-2014 Adopted	(62.2 %)

Major Categories:

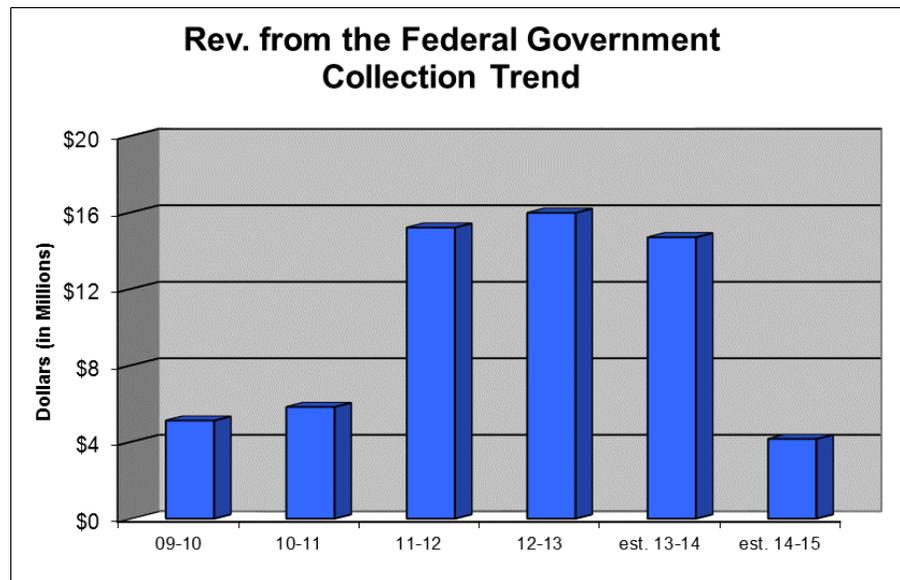
- Police and Fire Related Federal Grants
- Other Federal Grants

Revenue Estimates:

The revenue in this category is received from various grant programs.

The following grants are anticipated in 2014-2015: Fire Staffing for Adequate Fire and Emergency Response Grant (SAFER)

(\$1.0 million); Community Oriented Policing Services (COPS) Hiring Grants (\$668,000); 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant (290,000); Office of Juvenile Justice and Delinquency Prevention Community Based Violence Prevention (\$264,000); Northern California Regional Intelligence Center (NCRIC) SUASI – Police (\$242,000); Urban Area Security Initiative Grant – Fire 2013 (\$145,000); and Office of Juvenile Justice and Delinquency Prevention National Forum Grant (\$142,000).



The figures above incorporate a one-time increase of \$600,000 from the approved extension of the 2010 COPS grant through August 31, 2015. Due to an initial delay in staffing 16 of the police officer positions associated with this grant, excess proceeds remained after the initial grant term. As a result, approximately \$1.2 million of the original grant award remains and has been approved for extension. However, this action only recognizes a portion of this funding as a provision in the initial grant terms only allows costs associated with the first 36 months of filled staffing of a given position. A portion of the reimbursement would be outside this 36-month period. The Police Department is working with the Federal Government to see if there is an exception to this provision. Should an exception be found, additional grant funding of \$646,000 will be brought forward to account for the full original award amount of \$7.2 million.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE FEDERAL GOVERNMENT

Revenue Estimates

The 2014-2015 Adopted Budget also incorporates the rebudget of grant funding from 2013-2014 to 2014-2015 (\$1.4 million) for the following:

- Urban Area Security Initiative Grant – Fire 2013 (\$394,000);
- Clean Creeks Healthy Communities (\$232,000);
- 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant (\$215,000);
- Internet Crimes Against Children Task Force Grant 2011-2012 (\$215,000);
- Urban Area Security Initiative Grant – Police 2013 (\$106,000);
- Human Trafficking Prevention Grant 2011 (\$102,000);
- OJJDP Community-Based Violence Prevention Demonstration Program Grant (\$68,000);
- National Forum Capacity-Building OJJDP 2012-2015 (\$56,000); and
- Protecting Children from Commercial Sexual Exploitation Grant 2011 (\$32,000).

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE FEDERAL GOVERNMENT AMERICAN RECOVERY & REINVESTMENT ACT

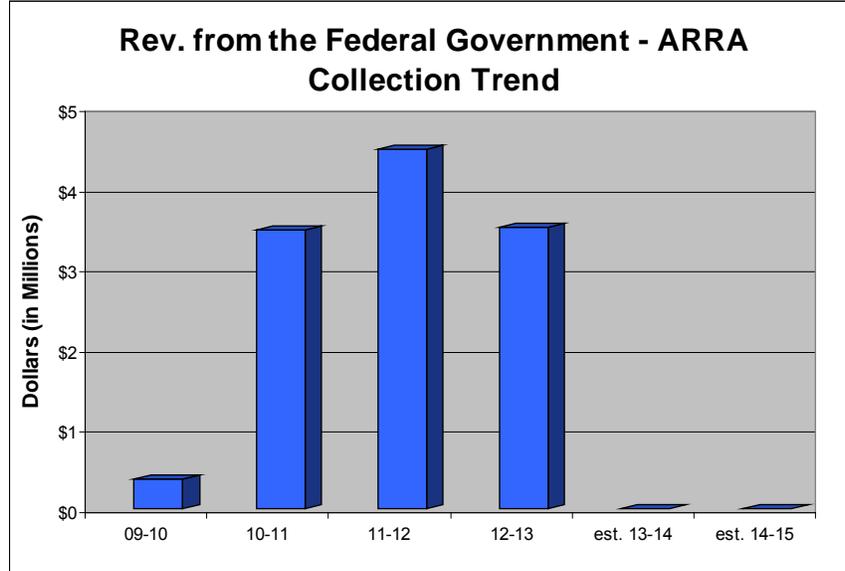
2012-2013 Actual	\$ 3,518,445
2013-2014 Adopted	\$ 10,000
2014-2015 Forecast	\$ 0
2014-2015 Adopted	\$ 0
% of General Fund	0.0 %
% Change from 2013-2014 Adopted	(100.0 %)

Major Categories:

- American Recovery and Reinvestment Act of 2009

Revenue Estimates:

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 allocated to the City by the federal government that is recorded in the General Fund. No new grant funds are anticipated as this program has sunset.



GENERAL FUND REVENUE ESTIMATES

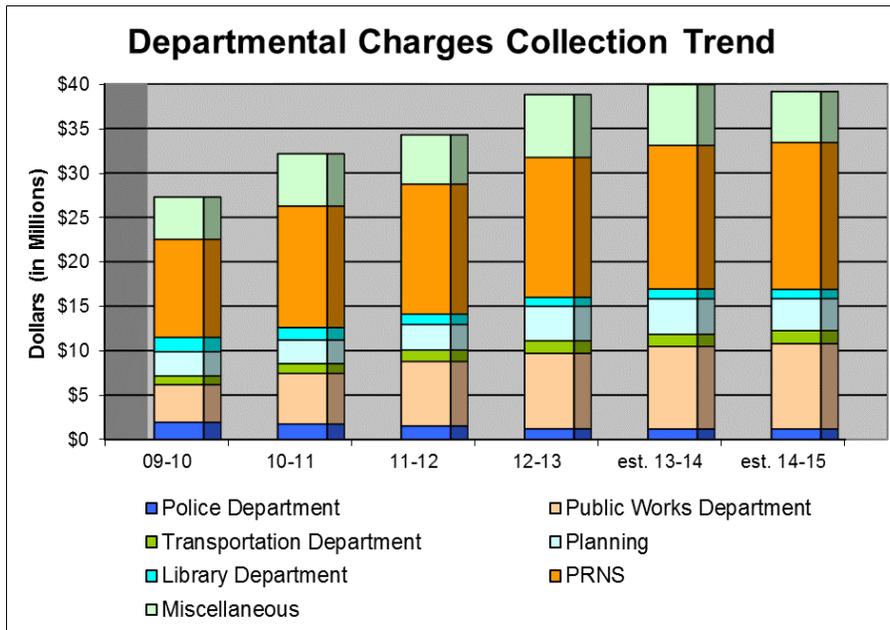
DEPARTMENTAL CHARGES

2012-2013 Actual	\$ 38,798,389
2013-2014 Adopted	\$ 35,449,213
2014-2015 Forecast*	\$ 39,211,726
2014-2015 Adopted	\$ 39,163,435
% of General Fund	3.5 %
% Change from 2013-2014 Adopted	10.5 %

* The 2014-2015 Forecast was increased \$1.8 million from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Library Fees and Fines
- Parks, Recreation and Neighborhood Services Fees
- Planning Fees
- Police Fees
- Public Works Fees
- Transportation Fees
- Miscellaneous Departmental Fees



Revenue Estimates:

Contained in this revenue category are the various fees and charges levied to recover costs of services provided by several City departments. In the 2014-2015 Adopted Budget, estimated Departmental Charges of \$39.2 million are slightly below (approximately \$300,000) 2013-2014 estimated levels.

The Adopted Budget estimate of \$39.2 million

is very close to the 2014-2015 Forecast with some adjustments to the individual categories. Downward adjustments in Miscellaneous Department Fees and Public Works Development Fees categories were almost entirely offset by increases in the Parks, Recreation and Neighborhood Services Fees, Department of Transportation Fees, and Police Department Fees. These adjustments are brought forward to recognize revenues from new fees, maintain cost recovery levels of existing programs, and account for anticipated activity changes in 2014-2015.

GENERAL FUND REVENUE ESTIMATES

DEPARTMENTAL CHARGES

Revenue Estimates

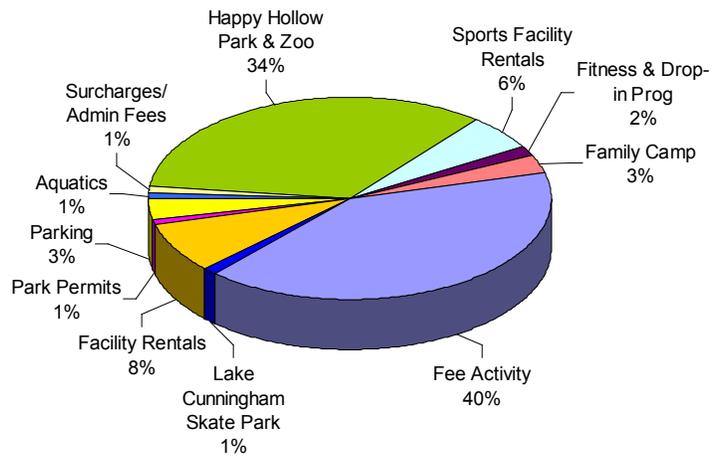
This section highlights the major fee programs in this category. A more detailed description of the changes to various fee programs is available in the Adopted 2014-2015 Fees and Charges document that is released under separate cover.

Library Fees and Fines

Library Department fees and fines for 2014-2015 are estimated at \$1.0 million, consistent with the 2013-2014 estimate. Library fines comprise almost 95% of the Library Fees and Fines and are estimated to remain at prior year levels.

Parks, Recreation and Neighborhood Services Fees

Parks, Recreation and Neighborhood Services Department (PRNS) fee collections are estimated at \$16.5 million in 2014-2015 based on projected activity levels and fees. The 2014-2015 Adopted Operating Budget includes a few upward revenue adjustments totaling \$429,000 reflecting the following: increase in sports fields reservations revenue to be set aside in a reserve for artificial turf field replacements (\$200,000, one-time); continue the Get Fit Summer Camp for Kids program that was piloted in 2013-2014 and associated increased fee activity (\$198,000); increased picnic reservations (\$20,000); and revenue associated with new facilities that are scheduled to come on-line in 2014-2015 (\$11,000).



Planning Fees

The Planning, Building and Code Enforcement Department administers a variety of fees and charges related to the processing of planning permit applications.

In 2014-2015, Planning Fees are anticipated to generate approximately \$3.6 million, a slight decrease from the 2013-2014 estimated collection level of \$4.0 million. The 2014-2015 revenue estimate assumes the continuation of strong development performance, but allows for some drop-off from the high levels experienced in 2013-2014. This collection level, along with the use of a portion of the Planning Development Fee Program Reserve, is sufficient to support program additions in 2014-2015 without any fee increases.

To improve target cycle times and customer service levels, several actions are included in this budget with a net addition of 9.06 positions and one-time non-personal/equipment funding for the implementation of the Geographic Information System, customer service training, and workspace

GENERAL FUND REVENUE ESTIMATES

DEPARTMENTAL CHARGES

Revenue Estimates

Planning Fees (Cont'd.)

improvements. Although there are no adjustments to the fees in the Planning Development Fee Program, one-time non-personal/equipment funding is included in this budget to conduct a study to analyze the program's current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly.

The 2014-2015 estimated collection level is below the projected cost to deliver this program. In order to balance this program and remain at 100% cost recovery, the use of \$1.6 million from the Planning Development Fee Program Reserve is included as part of this budget. This includes \$417,000 that was incorporated into the Forecast and an additional \$1.2 million to provide funding for budget actions in 2014-2015. These actions, among others, will result in an estimated remaining Planning Development Fee Program Reserve of \$710,000 at the beginning of 2014-2015 to be used for works-in-progress projects.

Additional detail on these budget actions is provided in the Planning, Building and Code Enforcement, Finance, and Information Technology Departments under the City Departments section of this document. A more detailed description of the various fees is provided in the 2014-2015 Fees and Charges document that is released under separate cover.

Police Fees

The 2014-2015 revenue estimate totals \$1.2 million, consistent with the 2013-2014 anticipated collection levels. Fee adjustments resulting in a net increase of \$32,000 to various Police fees and charges are included based on an analysis of the cost to deliver various services.

Public Works Fees

In 2014-2015, Public Works fee revenues are projected to total \$9.6 million (\$7.1 million from the Development Fee Program and \$2.5 million from the Utility Fee Program), which is below the 2013-2014 estimated collection level of \$11.0 million. This collection level, along with the use of a portion of the Public Works Development Fee Program Reserve, is sufficient to support the program additions in 2014-2015. No fee increases are included in this budget; however, a number of targeted fee reductions are approved in the following categories resulting in a decrease of \$146,000 in revenues: Common Interest Development Engineering and Inspection; Erosion and Sediment Control; Grading Permit/Plan Checking; and Private Utility Permits. These fee reductions target residential customers and focus on streamlining service opportunities.

A number of expenditure actions totaling \$811,000 are included, resulting in the addition of 6.5 positions in order to improve target cycle times and customer service levels. Use of \$520,000 from the Public Works Development Fee Program Reserve is included to balance these fee programs. These actions, among others, will result in an estimated remaining Public Works Development Fee Program Reserve of \$7.7 million at the beginning of 2014-2015 primarily for works-in-progress projects.

GENERAL FUND REVENUE ESTIMATES

DEPARTMENTAL CHARGES

Revenue Estimates

Public Works Fees (Cont'd.)

Additional detail on these budget actions is provided in the Public Works, Planning, Building, and Code Enforcement, Finance, and Information Technology Departments under the City Departments section of this document. A more detailed description of the various fees is provided in the Adopted 2014-2015 Fees and Charges document that is released under separate cover.

Transportation Fees

Transportation Departmental Charges are expected to generate \$1.5 million in 2014-2015, which is 10.7% above 2013-2014 revenue estimates. Fee adjustments resulting in a net increase of \$99,000 to various Transportation fees and charges are included based on an analysis of the cost to deliver various services.

Miscellaneous Departmental Fees

Collections of \$5.7 million are anticipated in 2014-2015 from a variety of fees and charges. This collection level reflects a net decrease of \$463,000 from the Revised Forecast estimate based on approved fee changes.

The majority of the revenue in this category is generated from the Solid Waste Enforcement Fee (SWEF) Program with a 2014-2015 revenue estimate of \$4.3 million. This revenue estimate reflects a decrease of \$310,000 from the Forecast Base as the fee for this was reduced by 11.5% from \$1.31 per ton to \$1.16 per ton. With the use of \$600,000 of estimated 2014-2015 Beginning Fund Balance to support the program combined with the approved fee decrease, this program is projected to be 100% cost recovery in 2014-2015.

This category includes the Enterprise Zone Incentive Program which was eliminated in the 2014-2015 Adopted Budget, resulting in a revenue reduction of \$135,000. This program was designed to encourage business investment and promote job creation; however, it was terminated on December 31, 2013 by the passage of AB93 and SB90. A corresponding elimination of 1.0 position and contractual services in the Office of Economic Development offsets this loss in revenues.

The remaining portion of the decrease reflects the net impact of a decrease in the Finance Department Collection Fee and other miscellaneous departmental fees to maintain 100% cost recovery levels (\$61,000), partially offset by an increase of \$26,000 to the Abandoned Cart Program Fee to reflect the fee increase from \$200 per year to \$345 per year, a \$10,000 increase in Animal Care Services to reflect increases in various fees and charges, and an increase of \$9,000 in City Clerk's Lobbyist registration fees to maintain 100% cost recovery level.

Animal Control Service Fees included in the category are estimated to total \$651,000 in 2014-2015 including the approved changes.

GENERAL FUND REVENUE ESTIMATES

OTHER REVENUE

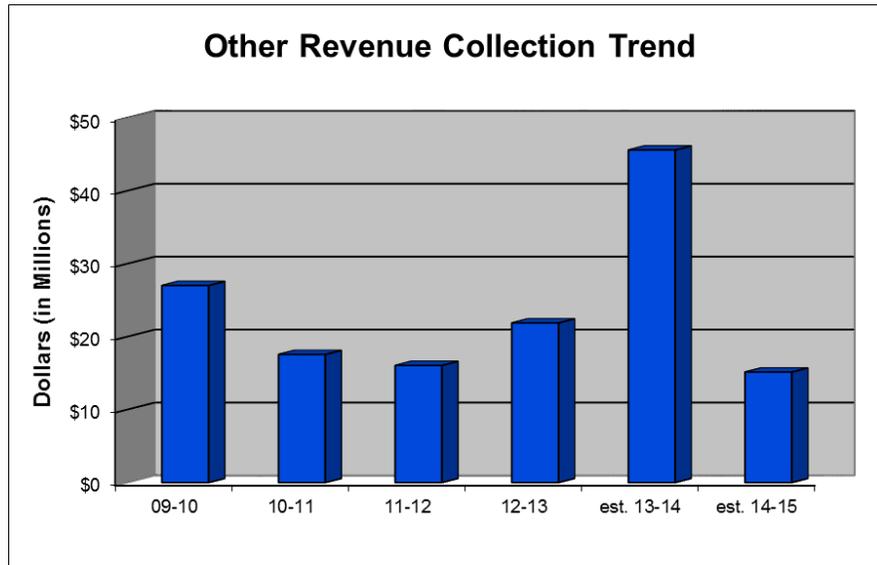
2012-2013 Actual*	\$ 121,891,450
2013-2014 Adopted	\$ 17,646,265
2014-2015 Forecast**	\$ 14,325,938
2014-2015 Adopted	\$ 15,161,073
% of General Fund	1.4 %
% Change from 2013-2014 Adopted	(14.1 %)

* The 2012-2013 Actual includes revenues associated with the issuance of a \$100 million TRANs based on cash flow needs.

** The 2014-2015 Forecast was increased \$247,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Litigation Settlements
- SAP Center at San José Revenues
- Investment Program Reimbursement
- Public, Education, and Government (PEG) Access Facilities
- Sale of Surplus Property
- Sidewalk Repair and Tree Maintenance Activities
- Miscellaneous Other Revenue



* The 2010-2011, 2011-2012, and 2012-2013 revenues have been adjusted to exclude the issuance of the TRANs.

Revenue Estimates:

In 2014-2015 the revenue estimate of \$15.2 million assumes the continuation of current year activity levels with revisions, where appropriate, for 2014-2015 costs or agreements and the elimination of one-time funding sources. This figure excludes revenues associated with the issuance of the TRANs that will be brought forward in 2014-2015 with an offsetting expenditure based on estimated cash flow needs.

Litigation Settlements

In 2013-2014, Litigation Settlements revenue of \$175,000 is estimated based on actual collections, this is compared to the \$403,000 received in 2012-2013. For 2014-2015, Litigation Settlements revenue of \$275,000 is included in the Adopted Budget.

GENERAL FUND REVENUE ESTIMATES

OTHER REVENUE

Revenue Estimates

SAP Center at San José Revenues

The City receives payments from Arena Management associated with the use of SAP Center at San José. In 2014-2015, \$5.5 million is projected from Arena Rental, Suite, Parking, and Naming revenues, this is slightly above the 2013-2014 estimate of \$5.2 million.

Investment Program Reimbursement

The 2014-2015 revenue estimate for this category is \$2.4 million based on the estimated costs of this program that will be reimbursed from investment earnings.

Public, Education, and Government (PEG) Access Facilities

In 2014-2015, payments from Comcast and AT&T required under the Franchise Agreement are estimated at \$1.8 million. As defined in the Franchise Agreement, these funds will be used to support the Public, Education, and Government (PEG) Access facilities. There is an associated City-Wide Expenses allocation for this purpose.

Sale of Surplus Property

In 2014-2015, the proceeds from the Sale of Surplus Property category is estimated at \$1.2 million based on the anticipated assets that will be sold next fiscal year. This figure is down from the 2013-2014 year-end estimate of \$2.25 million.

Sidewalk Repair and Tree Maintenance Activities

When the City performs sidewalk repair services for non-owner occupied residences, the property owners reimburse the City for those costs. The 2014-2015 revenue estimate for this category is \$689,000, which includes an increase of \$89,000 reflecting the anticipated increase in reimbursements from property owners for contractual sidewalk repairs performed by the City on behalf of the property owners as a result of the expansion of the Sidewalk Repair Program. This increase is offset by a corresponding expenditure increase in the City-Wide Expenses allocation, as described in the City-Wide Expenses section of this document.

Property owners are also assessed for the costs of tree services provided by the City. If the City performs emergency tree services, such as removing a tree that has fallen in the street during a storm, the property owner is assessed a fee to cover the cost of this service. This fee is expected to generate \$200,000 in 2014-2015 and there is a corresponding City-Wide Expenses allocation to provide this service.

Miscellaneous Other Revenue

Various other revenue sources are included in this revenue category including: SB90 reimbursements from the State of California (\$300,000), Banking Services vendor payment pilot program (\$250,000);

GENERAL FUND REVENUE ESTIMATES

OTHER REVENUE

Revenue Estimates

Miscellaneous Other Revenue (Cont'd.)

Silicon Valley Energy Watch Grant (\$234,000); Wellness Program payments from the City's healthcare providers (\$200,000), wrecked vehicle sales (\$150,000); Miscellaneous City-Wide Revenues (\$100,000), City Hall parking revenues (\$100,000), Secondary Employer Insurance reimbursement from Police Officers (\$93,000), San José Rep Theater loan repayment (\$77,000 principal and interest); P-Card Incentive Payments (\$75,000), and several smaller revenue categories.

Included in the 2014-2015 Adopted Budget are the following adjustments:

- An increase of \$1.0 million reflects the rebudget of grants and reimbursements from 2013-2014 to 2014-2015. Rebudgeted funds consist of the following: Sidewalk Repairs (\$600,000); 2013 Silicon Valley Energy Watch Program (\$265,000); Emergency Street Tree Services (\$146,000); PG&E Summer Cooling Shelter Program Grant (\$7,000); and 1st Act Silicon Valley Digital Media Grant (\$6,000).
- An ongoing decrease of \$300,000 in Wellness Program revenues from the City's health insurance providers (from \$500,000 to \$200,000), as negotiated, has necessitated a service evaluation to ensure remaining revenues align with the highest program needs. Additional fund balance of \$300,000 reflects the liquidation of a portion of the Wellness Reserve (from \$420,000 to \$120,000) to offset this ongoing reduction in 2014-2015 as discussed in this document. Wellness revenues have reimbursed for 2.8 positions and \$125,000 of non-personal/equipment in the Employee Health Services division in Human Resources. A review of medical services and wellness programs is being completed to ensure that current service levels are provided in the most efficient and cost-effective manner.
- An increase to recognize the anticipated reimbursement from the Christmas in the Park Foundation (\$17,000) for part-time City staff support.
- An increase of \$10,000 for Department of Transportation new subdivision traffic control signs and pavement markings revenues to maintain cost recovery levels.
- A decrease to maintain 100% cost recovery levels for the Return Check Fee (\$6,000).

GENERAL FUND REVENUE ESTIMATES

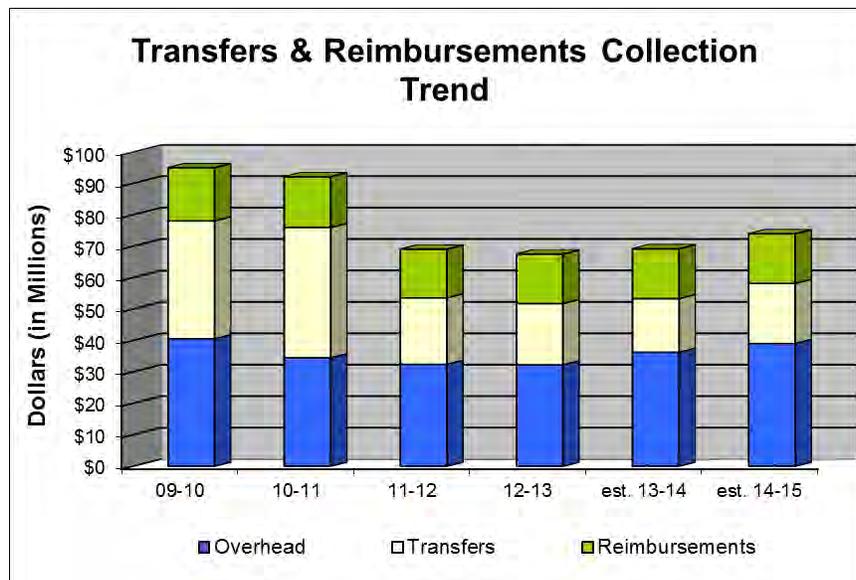
TRANSFERS AND REIMBURSEMENTS

2012-2013 Actual	\$ 67,446,942
2013-2014 Adopted	\$ 68,400,692
2014-2015 Forecast*	\$ 72,042,531
2014-2015 Adopted	\$ 73,914,067
% of General Fund	6.6 %
% Change from 2013-2014 Adopted	8.1 %

* The 2014-2015 Forecast was increased \$862,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Overhead Reimbursements
- Transfers
- Reimbursements for Services



Revenue Estimates:

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including overhead charges, reimbursements for services rendered, or simple transfers. In total, Transfers and Reimbursements are anticipated to generate approximately \$73.9 million in 2014-2015. This amount is above the current 2013-2014 estimate of \$69.2 million primarily due to increased overhead reimbursements and budgeted transfers. The following is a discussion of the three major subcategories, including detail regarding the net increase approved for 2014-2015 of \$1.9 million.

GENERAL FUND REVENUE ESTIMATES

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Overhead Reimbursements

The Overhead Reimbursements category includes overhead reimbursements from both operating and capital funds. In 2014-2015, a total of \$39.0 million in reimbursements are projected based on 2014-2015 overhead rates prepared by the Finance Department applied against the projected 2014-2015 applicable salaries. This figure reflects the following: an increase of \$735,000 incorporated into the Revised Forecast based on final overhead rates and updated allocations of staff across funds; and an increase of \$1.2 million incorporated into the 2014-2015 Adopted Budget (\$1.0 million ongoing) generated from various budget actions that changed the staffing levels funded by capital and special funds. Descriptions of the budget actions that generate these overhead reimbursement changes can be found in the City Departments Section of this document. Following is a summary of the overhead reimbursement changes from the Revised Forecast by fund.

Fund	Adopted Adjustment
Capital Funds	\$ 939,672
San José/Santa Clara Treatment Plant Operating Fund (513)	119,829
Public Works Program Support Fund (150)	53,741
Low and Moderate Income Housing Asset Fund (346)	50,404
Storm Sewer Operating Fund (446)	30,988
Water Utility Fund (515)	29,191
Housing Trust Fund (440)	28,944
Maintenance District Funds (various)	21,230
Sewer Service and Use Charge Fund (541)	16,349
General Purpose Parking Fund (533)	11,230
Benefit Funds - Benefit Fund (160)	2,933
Airport Maintenance and Operating Fund (523)	208
Integrated Waste Management Fund (423)	(71,835)
Multi-Source Housing Fund (448)	(66,849)
Community Development Block Grant Fund (441)	(7,329)
Vehicle Maintenance and Operations Fund (552)	(1,008)
Total Adjustments	\$ 1,157,698

Transfers

The Transfers category is projected at \$19.1 million in 2014-2015. The largest component of this category (\$9.1 million) is a transfer from the Airport Maintenance and Operating Fund to reimburse the General Fund for police and aircraft rescue and firefighting services provided by the Police and Fire Departments. In 2014-2015, these reimbursements have been set to cover the 2014-2015 costs, with revenue from Fire SAFER Grant extension offsetting a portion of the cost for aircraft rescue and firefighting services as discussed in more detail below. Additional large transfers programmed for 2014-2015 include the following: Construction and Conveyance Tax Fund transfer (\$3.9 million) associated with park maintenance costs and methane monitoring; Construction Excise Tax Fund transfer (\$1.8 million); General Purpose Parking Fund (\$707,000); Workforce Investment Act Fund for the reuse of City facilities (\$528,000); Convention and Cultural Facilities Revenue Fund

GENERAL FUND REVENUE ESTIMATES

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Transfers (Cont'd.)

(\$343,000); and Integrated Waste Management Fund transfer (\$300,000) primarily reflecting unclaimed Construction and Demolition Diversion Deposits.

The 2014-2015 Adopted Budget incorporates the following changes from the Revised Forecast that result in a net increase \$726,000:

- A one-time increase of \$750,000 in revenue to be transferred from expired special assessment districts. In 2008-2009, Finance staff completed an analysis of 50 expired special assessment districts with remaining cash balances. Based on that review, in accordance with State law, the availability of surplus funds was announced to be claimed by current and former property owners. With the statute of limitations, any unclaimed funds may be transferred to the General Fund. The initial deadline to claim a portion of the surplus funds was in March 2012, after which time unclaimed funds in the amount of \$1.2 million were transferred to the General Fund. The next and final deadline to claim the remaining portion of the surplus funds is in May 2014. It is expected that approximately \$750,000 will remain unclaimed and be available for transfer to the City in 2014-2015.
- An increase of \$250,000 to the transfer from the General Purpose Parking Fund (\$210,000) and the Transient Occupancy Tax Fund (\$40,000) to provide a total 2014-2015 subsidy of \$420,000 to the San José Downtown Association (SJDA) in 2014-2015. Funding will allow for the continued partnership with the City in activating and promoting downtown.
- A one-time transfer of \$234,000 from various special and capital funds for funding to support an alternative solution to the City's Human Resources/Payroll System.
- A decrease of \$508,000 to the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department. This action is offset by the liquidation of the Aircraft Rescue and Firefighting Services Reserve that was set aside in 2013-2014 from the extension of the Fire SAFER 2011 Grant. This action will maintain sworn firefighter staffing levels in the Fire Department and avoid layoffs.

Reimbursements for Services

Reimbursements for services represent the cost to the General Fund for staff and supplies provided on behalf of other City funds. For 2014-2015, the revenue estimate for this category is \$15.8 million.

The largest single source of revenue in this category is reimbursements from the Gas Tax Funds for the cost of City street-related expenses. In 2014-2015, Gas Tax receipts are projected to reach \$15.0 million, a slight decline of 0.7% from the 2012-2013 actual and 2013-2014 estimate of \$15.1 million. This figure is up from the \$14.85 million assumed in the Forecast based on the actual collection trends.

GENERAL FUND REVENUE ESTIMATES

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Reimbursements for Services (Cont'd.)

The Reimbursements for Services category also includes reimbursement for actual City costs associated with administering the Deferred Compensation Program (\$615,000) and the Maintenance Assessment District Funds (\$160,000). The Deferred Compensation reimbursement reflects a decrease of \$12,000 as a result of staffing adjustments to the Deferred Compensation Program, as discussed in the Human Resources Department under the City Departments section of this document.

GENERAL FUND REVENUE ESTIMATES

BEGINNING FUND BALANCE

Rebudget: Contingency Reserve	\$ 31,000,000
Rebudgets: Expenditure/Earmarked Reserves	\$ 143,823,317
Unexpended Earmarked Reserves*	\$ 43,784,980
2013-2014 Ending Fund Balance Reserve*	\$ 22,000,000
Expenditure Savings/Additional Revenue*	\$ 10,459,217
Liquidation of Prior Year Encumbrances*	\$ 2,000,000
Fund Balance Subtotal:	\$ 253,067,514
Reserve for Encumbrances	\$19,650,300
Fund Balance Total:	\$ 272,717,814
% of General Fund**	22.6%

* Used for 2014-2015 Adopted Budget balancing purposes.

** Excludes Reserve for Encumbrances.

Estimates for both the unrestricted and restricted (reserve for encumbrances) portions of the 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance, totaling \$272.7 million, are included as part of the 2014-2015 Adopted Budget. The estimate for the encumbrance reserve is set at the 2012-2013 actual level (\$19.7 million). The Adopted Budget included a matching expenditure amount intended to reflect the corresponding encumbrances that are estimated for 2014-2015.

The estimate for unrestricted fund balance was set at \$253.1 million, representing a \$195.7 million increase from the revised 2014-2015 Forecast level of \$57.4 million. When the initial Forecast was developed, the fund balance projection totaled \$57.8 million and included the following: an unexpended (rebudgeted) Contingency Reserve estimate of \$31.0 million; a combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances totaling \$24.0 million; and additional funding of approximately \$2.8 million from various reserves to support specific costs programmed in 2014-2015 (\$1.98 million from the Building Development Fee Program Reserve, \$417,000 from the Planning Development Fee Program Reserve, \$339,000 from the Public Works Development Fee Program Reserve, and \$17,000 from the Wellness Program Reserve were included in the fund balance estimate to cover costs associated with these programs in 2014-2015). The Revised Forecast adjusted the unrestricted fund balance down by \$339,000 to reflect a reduction in the use of the Public Works Development Fee Program Reserve to cover necessary 2014-2015 base program costs. Additional Public Works Fee revenue is available to cover these costs.

The \$195.7 million increase in the fund balance projection from the Revised Forecast (from \$57.4 million to \$253.1 million) primarily reflects the rebudget of \$143.8 million for expenditure-related line items and reserves and the additional use of \$41.4 million in unexpended reserves (from \$2.4 million to \$43.8 million). The higher fund balance also includes an increase in expectations for excess revenues and expenditure savings of \$10.5 million (\$22.0 million to \$32.5 million). The majority of the projected excess revenues and expenditure savings was set aside in the 2013-2014 Ending Fund Balance Reserve, which totaled \$22.0 million as shown in the chart above.

GENERAL FUND REVENUE ESTIMATES

BEGINNING FUND BALANCE

Following is a discussion of the fund balance components:

- The Beginning Fund Balance estimate assumed the carryover of the 2013-2014 Contingency Reserve of \$31.0 million, with the assumption that this amount would not be used in 2013-2014 and would be available in 2014-2015. This reserve level complied with the City Council policy to maintain a minimum 3% Contingency Reserve during the development of the 2014-2015 General Fund Forecast. In the 2014-2015 Adopted Budget, the Contingency Reserve was increased by \$1.5 million to \$32.5 million in order to remain in compliance with the City Council policy for the 2014-2015 Adopted Operating Budget. On October 7, 2014, the City Council also approved an additional increase of \$200,000 to the Contingency Reserve based on the final reconciliation of the 2014-2015 Adopted Budget. The Contingency Reserve is approximately enough to cover General Fund payroll costs for less than two and one-half weeks in an emergency.
- Rebudgeted Earmarked Reserves and expenditures totaled \$143.8 million. Details of the Earmarked Reserves of \$95.86 million that are rebudgeted from 2013-2014 to 2014-2015 can be found in the *City-Wide Expenses, Capital, Transfers, and Reserves* section of this document. Major Earmarked Reserve rebudgets include: Development Fee Program Reserves (\$41.3 million – Building \$21.7 million, Fire \$6.4 million, Public Works \$6.0 million, Technology \$5.4 million, Planning \$2.4 million); Workers' Compensation/General Liability Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million reallocation from City-Wide Expenses); and Salaries and Benefits Reserve (\$5.0 million).

Expenditure rebudgets totaled \$47.96 million, the majority of which represent City-Wide Expenses that were not complete in 2013-2014 for which funding was carried over to 2014-2015. A large portion of these rebudgets reflect the carry-over of unexpended grant funding.

- The use of various Unexpended Earmarked Reserves of \$43.8 million: 2014-2015 Future Deficit Reserve (\$18.1 million), Successor Agency City Legal Obligations Reserve (\$8.0 million) to repay a portion of the Supplemental Educational Revenue Augmentation Fund (SERAF) Loan, Development Fee Program Reserves (\$6.6 million - \$4.5 million Building, \$1.6 million Planning, \$520,000 Public Works), Police Department Overtime Reserve (\$4.0 million), 2014-2015 Homeless Rapid Rehousing Reserve (\$2.0 million), 2014-2015 Homeless Response Team (\$1.5 million), 2014-2015 San José BEST and Safe Summer Initiative Programs Reserve (\$1.5 million), Fire Station #37 (Willow Glen) Reserve (\$620,000), 2014-2015 Children's Health Initiative (\$550,000), Aircraft Rescue and Firefighting Services Reserve (\$508,000), Wellness Program Reserve (\$317,000), and 2014-2015 Community and Action Pride Grants Reserve (\$100,000).
- The 2013-2014 Ending Fund Balance Reserve (\$22.0 million) and the Expenditure Savings/Additional Revenue (\$10.5 million) represent the total excess revenues and expenditure savings of \$32.5 million expected to be generated at the end of 2013-2014 for use in 2014-2015. As part of the 2013-2014 Year End Budget Review memorandum approved by the City Council on June 17, 2014, \$22.0 million of the projected excess revenues and expenditure savings was set aside in reserves. This included \$9.8 million in excess revenues

GENERAL FUND REVENUE ESTIMATES

BEGINNING FUND BALANCE

and \$12.2 million in expenditure savings (\$2.0 million Earmarked Reserves, \$4.6 million City-Wide Expenses, and \$5.6 million departmental personal services). The remaining savings of \$10.5 million in excess revenues and expenditures includes:

- \$1.9 million in expenditure savings from the Mayor and City Council, Council General as approved in the Mayor's June Budget Message for Fiscal Year 2014-2015 as approved by the City Council.
 - \$1.5 million in expenditure savings attributed to anticipated savings in the City's 2013-2014 General Fund Successor Agency City Subsidy. As a result of the most current projected cash flow, it is anticipated that the 2013-2014 budgeted subsidy of \$3.1 million will not be necessary and \$1.5 million in savings can be used to assist in the payment of the May 2010 SERAF Loan due in June 2015.
 - \$7.1 million in excess revenues and expenditures from 2013-2014 primarily due to: additional Sales Tax in the second quarter of 2013-2014 (actual growth of 7.9% compared to estimated 3.5% growth), additional Property Taxes, and additional Solid Waste Fees (\$600,000) above budgeted estimates. The remainder reflects anticipated expenditure savings as a result of a continuation of higher than budgeted position vacancy rates throughout the City in addition to unanticipated City-Wide Expenditures savings in various appropriations such as workers' compensation claims costs.
- The Liquidation of Prior Year Encumbrances was estimated at \$2.0 million in 2013-2014 to be available for use in 2014-2015. This is consistent with the level assumed in the Forecast.

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GENERAL FUND REVENUE DESCRIPTIONS

PROPERTY TAX

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution and placed restrictions on the valuation of real property and on the imposition of ad valorem property tax. Under current law, all taxable real and personal property is subject to a tax rate of one percent of the assessed value. (In June 1986, California voters approved a Constitutional Amendment, which provides for an exception to the one-percent limitation. The Amendment allows local governments and school districts to raise property taxes above one percent to finance general obligation bond sales. A tax increase can only occur if two-thirds of those voting in a local election approve the issuance of bonds.) The assessed value of real property that has not changed ownership adjusts by the change in the California Consumer Price Index up to a maximum of two percent per year. Property which changes ownership, property which is substantially altered, newly-constructed property, State-assessed property, and personal property are assessed at the full market value in the first year and subject to the two percent cap, thereafter.

In 1979, in order to mitigate the loss of property tax revenues after approval of Proposition 13, the State legislature approved Assembly Bill 8 (AB 8). This action was approved to provide a permanent method for allocating the proceeds from the one percent property tax rate, by allocating revenues back to local governments based on their historic shares of property tax revenues. AB 8 shifted approximately \$772 million of school district property tax revenue to local governments and backfilled schools' lost revenue with subsidies from the State General Fund. Actions taken by the State in order to balance the 1992-1993 and 1993-1994 State budgets partially reversed the AB 8 formula. The 1992-1993 action reduced the City's Property Tax proceeds by nine percent, and shifted this funding to schools in order to reduce the amount of State backfill required. As part of the State's 1993-1994 Budget, the AB 8 formula was again altered requiring another ongoing shift in City Property Tax revenue to K-12 schools and community colleges.

In November 1993, the City Council elected to participate in the Teeter Plan, which is an alternative method for County property tax apportionment. Under this alternative method authorized by the State legislature in 1949, the County apportions property tax on the basis of the levy without regard for delinquencies. With the adoption of the Teeter Plan in 1993-1994, the City received a one-time buy out of all current, secured property tax delinquencies as of June 30, 1993, which totaled \$3.5 million. Under this system, the City's current secured tax payments are increased for amounts that typically were delinquent and flowed to the secured redemption roll, but the City gave up all future penalties and interest revenue derived from the delinquencies.

In 2004-2005, the State budget included a permanent reduction of the Motor Vehicle In-Lieu (MVLIF) tax rate from 2% to 0.65% (its current effective rate). As part of the State budget action, the loss of MVLIF was approved to be replaced with a like amount of property tax revenue, on a dollar-for-dollar basis, and will now grow based on assessed valuations.

GENERAL FUND REVENUE DESCRIPTIONS

SALES AND USE TAX

The Sales Tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The Use Tax is an excise tax imposed on a person for the storage, use, or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes imposed within the boundaries of San José are distributed by the State to various agencies, with the City of San José receiving one percent.

The current distribution of the sales tax proceeds is outlined below. Recent voter approved changes include: a 1/8 cent increase enacted by the Santa Clara Valley Transportation Authority (VTA) on July 1, 2012 (limited to 30 years) to provide operating and maintenance expenses and capital reserve contribution for the Silicon Valley Rapid Transit Project Extension; a State of California 1/4 cent increase effective January 2013; and a Santa Clara County 1/8 cent increase effective April 2013.

Agency	Distribution Percentage
State of California	5.750%
City of San José*	1.000%
Santa Clara County	0.875%
Santa Clara Valley Transportation Authority	0.625%
Public Safety Fund (Proposition 172)	<u>0.500%</u>
Total Sales Tax	8.750%

Major items, such as services, are exempt from the tax code. As part of a 1991-1992 legislative action, tax exemptions were removed from candy and snack foods, bottled water, newspapers and periodicals, and fuel and petroleum products sold to certain carriers. The removal of these exemptions became effective July 1991. On November 3, 1992, however, the voters approved Proposition 163, which partially repealed the prior action, re-establishing the exemption for snack food, candy, and bottled water effective December 1, 1992.

On November 2, 1993, Proposition 172 was approved allowing for the permanent extension of the half-cent State sales tax that was originally imposed on July 15, 1991, and was to sunset on June 30, 1993. (On July 1, 1993, a six month extension of the tax was granted by the State in order to provide a source of one-time funding for cities and counties to partially offset 1993-1994 ongoing property tax reductions.) The passage of the Proposition 172 legislation, effective January 1, 1994, required that the proceeds from the half-cent tax be diverted from the State to counties and cities on an ongoing basis for funding public safety programs.

The local Sales and Use Tax is collected and administered by the State Board of Equalization and is authorized by the Uniform Local Sales and Use Tax Law and the Bradley-Burns Uniform Local Sales and Use Tax Law.

* Note: As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), starting July 1, 2004, 0.25% of the City's one percent Bradley-Burns sales tax has been temporarily suspended and replaced dollar-for-dollar with property tax revenue (primarily Educational Revenue Augmentation Funds). This action is to last only for the life of the bonds (currently estimated at five to ten years). The City will, however, continue to record the replacement property tax revenues as sales tax receipts because the growth formula for these receipts is tied to sales tax and because this action is considered to be temporary.

GENERAL FUND REVENUE DESCRIPTIONS

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax is assessed as a percentage of the rental price for transient lodging charged when the period of occupancy is 30 days or less. The tax rate is currently ten percent, six percent of which is placed in the Transient Occupancy Tax Fund and four percent of which is deposited in the General Fund. The tax is authorized by Title 4 of the Municipal Code, Section 4.74, Ordinance number 21931.

The expenditure of the Transient Occupancy Tax Fund portion of the revenues (six percent of room rent) is restricted by Title 4 of the Municipal Code, Section 4.72, Ordinance number 23481 to the following uses:

- 1) Funding for the Convention and Visitors Bureau (approximately 25%).
- 2) Funding for the cultural grant program and fine arts division programs, including funding of cultural grants and expenses of the fine arts division, including, but not limited to, personal and non-personal/equipment expenses, fringe benefits, and overhead (approximately 25%).
- 3) Funding for the City's operating subsidy to the convention and cultural facilities of the City of San José (approximately 50%).

The General Fund portion of the Transient Occupancy Tax was enacted as a general tax.

FRANCHISE FEES

The City collects compensation from Pacific Gas and Electric Company (PG&E) for the use of City streets in the distribution of natural **gas** and **electricity**. PG&E is assessed two percent of the gross receipts representing its sale of electricity and natural gas for a calendar year within the City limits. The taxes are authorized by Title 15 of the Municipal Code, Chapter 15.32, and no authorized exemptions exist.

On February 9, 2010, the City Council approved ordinances amending the franchises with PG&E for the sale of natural gas and the sale of electricity. These amendments added a franchise fee surcharge of 0.3%, resulting in a total franchise fee remitted to the City of 2.3% of gross receipts from the sale of gas and electricity in the City through 2021. The 0.3% surcharge was approved by the California Public Utilities Commission (CPUC) effective May 5, 2010. Implementation of the surcharge began in September 2010.

From the sale of **nitrogen gas**, the City collects an annual fee of \$0.119/linear foot of gas-carrying pipe installed within public streets. In addition, each customer is required to pay an annual per connection fee of \$118.76 multiplied by the inside diameter of pipe expressed in inches at the property line. A minimum of \$1,000 total franchise fees per calendar year is required. The fee is authorized by City Ordinance number 20822 and amended by Ordinance 25054, and there are no authorized exemptions.

GENERAL FUND REVENUE DESCRIPTIONS

FRANCHISE FEES

On July 1, 1996, **Commercial Solid Waste** collection franchise fees (CSW) were converted to a volume basis. This revision amended the previous structure (which had been in effect since January 1, 1995) that assessed a franchise fee equal to 28.28% of gross receipts in excess of \$250,000. With that change, fees were set at \$1.64 per cubic yard per collection for cubic yards in excess of 43,000 (the cubic yard basis is tripled if the waste has been compacted) in a fiscal year, and were assessed on any commercial business engaged in the collection, transportation, or disposal of garbage and/or rubbish (solid waste) accumulated or generated in the City of San José. In December 1997, the City Council increased the rate to \$2.41 effective on January 1, 1998. In 1999-2000, this fee was increased to \$2.84 per cubic yard. In 2002-2003, a three year gradual shift in the revenue distribution between the CSW and AB 939 fees (also known as the “commercial source reduction and recycling fee” collected and deposited in the Integrated Waste Management Fund) was approved, that increased the amount collected for CSW to \$3.34 per cubic yard in 2004-2005. In 2005-2006, the City Council increased the fee by 4.5% (\$0.15 per cubic yard) to \$3.49 per cubic yard. In 2006-2007, an additional 5% increase was approved by the City Council, which brings the fee to \$3.67 per cubic yard. In 2009-2010, the elimination of the fee exclusion for the first 20,000 cubic yards hauled in the fiscal year was approved.

On October 19, 2010, the City Council amended the CSW to a fee for franchises based on geographic collection districts rather than volume. The new fee of \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District became effective July 1, 2012, and is subject to an annual consumer price index (CPI) adjustment. The CSW is authorized by Title 9 of the Municipal Code, Chapter 9.08. The 2014-2015 Proposed Budget assumes an increase in the CSW fees of 1.46% based on the consumer price index, consistent with the current structure which is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. Fees would increase to \$5.07 million per year plus a supplemental fee of \$1.01 million.

The City collects a **Cable Television Franchise Fee** from any company that provides cable television (Municipal Code, Title 15, Chapter 15.34). The current fee requires each State video franchise holder to pay the city a franchise fee that is five percent of gross revenues derived from subscriptions. Excluded from the gross receipts are amounts derived from installation, late charges, advertising, taxes, line extensions, and returned check charges.

The **Water Franchise Fee** was established in 1995-1996 (effective July 27, 1995, Title 15 of the Municipal Code, Section 15.40). The assessment of the fee is allowable under State law, which asserts that a city can collect a franchise fee from a water utility company for laying pipelines and operating them in public right-of-ways. The fee is equal to the greater of either: 1) two percent of the utility’s gross annual receipts arising from the use, operation, or possession of facilities located in public streets within the City limits established on or after October 10, 1911, or 2) one percent of all gross receipts derived from the sale of water within the City limits. Those portions of the water company’s system that are established in private right-of-ways or utility easements granted by private developers are exempted from the franchise fee assessment. It should be noted that the City is not assessing a Water Franchise Fee on the San Jose Water Company due to a Santa Clara Superior Court ruling that states San José cannot impose a franchise fee on that company.

GENERAL FUND REVENUE DESCRIPTIONS

UTILITY TAX

The Utility Tax is charged to all users of a given utility (electricity, gas, water, and telephone) other than the corporation providing the utility (e.g., a utility company's consumption of all utilities used in the production or supply of their service is not taxed). For the electricity, gas, and water categories, consumers pay 5% of their utility charges to the utility company that acts as a collection agent for the City. For the telephone utility tax, consumers pay 4.5% on all intrastate, interstate, and international communication services regardless of the technology used to provide such services. Private communication services, voice mail, paging, and text messaging are treated the same as traditional telephone services. In November 2008, voters approved Measure K that reduced the telephone utility rate from 5% to 4.5% and broadened the base for the tax and the definition of technologies covered by the tax. The tax is not applicable to State, County, or City agencies. Also, per State regulations, insurance companies and banks are exempted from the tax. This tax is authorized by Title 4 of the Municipal Code, Section 4.68.

TELEPHONE LINE TAX

In November 2008, voters approved Measure J that replaced the Emergency Communication System Support (ECSS) Fee with a tax in an amount that is 10% less than the ECSS Fee. The tax amount is \$1.57 per telephone line per month and \$11.82 per commercial type trunk line. The City ceased collecting the fee and began collecting the tax by April 1, 2009. The tax is collected from telephone users on their telephone bills. Exemptions to the tax include low-income seniors and disabled persons who receive lifeline telephone service.

BUSINESS TAXES

The **General Business Tax** is assessed according to the following schedule:

Category	Annual Tax
1 – 8 Employees	\$150
9 – 1,388 Employees	\$150 plus \$18 per Employee
1,389 and over Employees	\$25,000

In addition to the rates listed above, City Ordinance number 21518 specifies the assessment of taxes by grouping taxed businesses (each at a different rate) in the following categories: Rental or Lease of Residential or Non-Residential property, Mobile Home Parks, and Water Companies. Rented or leased properties (if three or more residential rental units) are subject to the \$150 minimum tax, but are also assessed \$5/rental unit over 30 units for residential properties and \$0.01 per square foot in excess of 15,000 square feet for non-residential properties. Taxes for both residential and non-residential properties are limited to a maximum of \$5,000. Mobile home parks are treated as residential properties. Water companies are assessed by a schedule that assigns an amount (from \$200 to \$20,000) depending on the number of active metered connections. In November 1996, the rates were increased to reflect an annual inflation factor as part of the New Realities Task Force recommendations contingent on voter approval. Because the voters did not approve the

GENERAL FUND REVENUE DESCRIPTIONS

BUSINESS TAXES

continuation of the increase in November 1998, the rates (as reflected) were returned to the levels prior to November 1996.

There are several exclusions (by federal or State regulations) or exemptions (by the City Council) from the General Business Tax. The major types of exempt organizations include banks and insurance companies, charitable and non-profit organizations, and interstate commerce. On June 8, 1993, the City Council deleted the sunset provision of a business tax exemption for certain artists and craftpersons selling their wares at one location. The Business Tax is authorized by Title 4 of the Municipal Code, Chapter 4.76.

On May 26, 1987, the City Council enacted a new **Disposal Facility Tax** which became effective July 1, 1987. The rate structure is based on the weight of solid waste disposed. On July 1, 1992, the City Council increased the Disposal Facility Tax from \$3.00 per ton of disposed waste to \$13.00 per ton. This tax is assessed on landfills located in the City of San José. Beginning 2002-2003, waste previously classified as alternate daily cover was made subject to the Disposal Facility Tax. After a legal challenge, the City reinstated the alternate daily cover exemption in August 2005.

During 1991-1992, Council approved the establishment of a Cardroom Ordinance which contained the provision of a **Cardroom Business Tax** to tax gross receipts from cardrooms located in the City. On June 9, 1992, the City Council approved an ordinance amending the San José Municipal Code, increasing the tax rate schedule and expanding the permissible games authorized. A gross receipt monthly tax schedule was established with taxes ranging from 1% to 13% of gross receipts. In 1993-1994, Council approved a revision to the Cardroom Ordinance, instituting a flat 13% gross receipts tax for all cardrooms located in the City with annual gross revenues in excess of \$10,000. In June 2010, voters approved a ballot measure that increased the tax rate from 13% to 15% and increased the maximum number of card tables from 80 to 98.

On November 2, 2010, San José voters approved Ballot Measure U, which allows the City to tax all marijuana businesses (medical and non-medical; legal and illegal) at a rate of up to 10% of gross receipts. On December 13, 2010, the City Council approved Ordinance number 28867 which sets the **Marijuana Business Tax** at 7%; and on June 4, 2013, the City Council approved Ordinance 29262 to increase the rate to 10% effective on July 1, 2013. Details of the Marijuana Business Tax are provided in Municipal Code Chapter 4.66. The Marijuana Business Tax became effective on March 1, 2011.

LICENSES AND PERMITS

The City requires payment for the issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits. For most licenses and permits, the various fees charged by a given department are based on full recovery of the estimated costs for providing each service. For example, the City requires fire safety inspections of all commercial property. The fee provides for inspection charges and a number of special charges. Authorized exceptions include the addition and/or alteration of under 20 sprinkler heads and the installation of portable

GENERAL FUND REVENUE DESCRIPTIONS

LICENSES AND PERMITS

extinguishers. The fee is authorized by Title 17 of the Municipal Code, Chapter 17.12. Where appropriate, license and permit fees take into consideration approved exceptions to the City Council's full cost recovery policy, as well as applicable State laws. Specific prices and rates are determined by ordinance and each of the charges is fully explained in the City's Fees and Charges Report, which is released in May of each year.

FINES, FORFEITURES, AND PENALTIES

The City receives a portion of the fines collected in connection with violations of the State Vehicle Code on city streets. Various fines may be assessed in addition to those imposed by the Santa Clara County bail schedule and judges' sentences. The County court system collects the fines as authorized by the State Vehicle Code and makes monthly remittances to the City. Only "on call" emergency vehicles are exempt from Vehicle Code street laws. State legislative action in 1991-1992 reduced the amount (by approximately 50%) of vehicle code fine and forfeiture revenue forwarded to the City. On October 10, 1997, however, the Governor signed Assembly Bill 233 (AB 233) which became effective on July 1, 1998. AB 233 changed how the State and its counties and cities share in traffic citation fine revenues. This legislation essentially resulted in the doubling of the City's revenue collections in this area, reversing the impact of the 1991-1992 State legislative action.

The City receives fines and forfeitures of bail resulting from violation of State Health and Safety Codes and City Ordinances. These fees, authorized by the State Criminal Code and City Ordinances, are collected by the County and remitted to the City on a monthly basis. The City also receives revenue collected in connection with violations of the City's vehicle parking laws. These fines vary according to the nature of the violation. The City pays an agency to process and collect the fines. The only authorized exemption is for "on call" emergency vehicles.

USE OF MONEY AND PROPERTY

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The City has established a formalized and conservative investment policy with objectives emphasizing safety and liquidity. This policy provides guidelines for type, size, maturity, percentage of portfolio, and size of security issuer (among others) of each investment. In addition, the policy statement outlines several responsibilities of the City Council, City Manager, City Auditor, and Finance Director. These policy and monitoring units interact and produce investment performance reports and an annually updated investment policy. All reports and policies must be reviewed and approved by both the City Manager and City Council. Investment of funds is authorized by the City Charter, Section 8066. Revenue is also received from the rental of City-owned property.

GENERAL FUND REVENUE DESCRIPTIONS

REVENUE FROM LOCAL AGENCIES

This revenue category includes revenue received from a variety of other local government agencies. For example, the City receives payments from the Central Fire District for fire services provided to District residents by the San José Fire Department and payments from the County for the Paramedic Program.

REVENUE FROM THE STATE OF CALIFORNIA

The City receives revenue from the State of California in a number of different forms. While the State provides the City with funds through grants and contracts for services, by far the largest source of funds is the Tobacco Settlement payments.

On November 23, 1998, the attorneys general of most states and the major United States tobacco companies signed a Master Settlement Agreement (MSA) to settle more than 40 pending lawsuits brought by states against the tobacco industry. In exchange for the states dropping their lawsuits, and agreeing not to sue in the future, the tobacco companies agreed to pay, in perpetuity, various annual payments to the states to compensate them for some of the medical costs of caring for persons with smoking-related illnesses. Further, the companies have restricted their marketing activities and established new efforts to curb tobacco consumption. The City, along with the other states and local government entities, joined in the settlement. In the MSA, the Original Participating Manufacturers agreed to pay a minimum of \$206 billion over the first twenty-five years of the agreement.

The City has also previously received Motor Vehicle In-Lieu (MVLIF) Tax revenues, which are license fees collected by the California Department of Motor Vehicles (DMV). Until 1998-1999, the annual license fee was two percent of the market value of the vehicle as determined by the DMV. In 1998-1999, the State reduced the license fees by 25%, but agreed to backfill local jurisdictions for the loss in revenue, which represented 67.5% of MVLIF revenues received by the City at the time. In 2004-2005, as part of State budget actions, the MVLIF rate was permanently reduced from 2% to 0.65% and all future receipts of the backfill were approved to be in the form of increased Property Tax receipts and are reflected in that category. Thus, the backfill amount due to the City has permanently become property tax revenue that now grows based on assessed valuations. The State withholds a portion of these fees for the support of the DMV. The remaining fees were divided equally between counties and cities, and their aggregate shares were distributed in proportion to the respective populations of the cities and counties of the State. The exemptions authorized by the State Constitution, Article 13, include vehicles owned by insurance companies and banks, publicly owned vehicles, and vehicles owned by certain veterans with disabilities. The tax is authorized by the State Revenue and Taxation Code. In late June 2011, the State legislature approved SB 89, which shifted over \$130 million in annual General Fund Motor Vehicle In-Lieu revenue from cities to support State law enforcement grants effective July 1, 2011. State legislative action in 1992-1993 eliminated local Trailer Coach In-Lieu Tax revenues. These funds were shifted to the State General Fund.

GENERAL FUND REVENUE DESCRIPTIONS

REVENUE FROM THE FEDERAL GOVERNMENT

Federal grants account for the majority of federal revenues. Grant programs must be specifically outlined and proposed for federal sponsorship. Due to the grant process, the volume of grants and level of revenue has been and will be sporadic.

DEPARTMENTAL CHARGES

Departmental Charges are comprised of fees charged for services which are primarily provided by the following departments: Planning, Building and Code Enforcement; Police; Public Works; Transportation; Library; and Parks, Recreation and Neighborhood Services. The Planning, Building and Code Enforcement Department, for example, charges specific fees for various development fee programs. The fees in this category are determined by ordinance and described in the City's Annual Fees and Charges Report. In addition, it should be noted that the fees assessed by the Parks, Recreation and Neighborhood Services Department can be found on the Internet (www.sanjoseca.gov/prns).

OTHER REVENUE

This revenue category contains revenue received from a variety of miscellaneous sources. Significant sources of revenue include SAP Center rental, parking, suite, and naming revenues and cost reimbursements related to Finance Department staff in the Investment Program. The remaining revenues represent one-time and/or varied levels of reimbursements, sale of surplus property receipts, and miscellaneous revenues associated with the Office of the City Attorney.

TRANSFERS AND REIMBURSEMENTS

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including operating and capital fund overhead charges, transfers, and reimbursements for services rendered.

Overhead charges are assessed to recover the estimated fair share of indirect General Fund support services costs (staff and materials) that benefit other City program and fund activities. Examples of support activities included in the charges are services provided by the following departments: Finance, Human Resources, Information Technology, Mayor and City Council, the Office of the City Manager, and the Office of the City Attorney. Each year the charges are calculated using Finance Department developed overhead rates applied to projected salary costs in most City funds. The most significant sources of overhead reimbursements are the Treatment Plant Operating Fund, the Sewer Service and Use Charge Fund, the Airport Maintenance and Operation Fund, and the Integrated Waste Management Fund.

GENERAL FUND REVENUE DESCRIPTIONS

TRANSFERS AND REIMBURSEMENTS

Transfers consist of both one-time and ongoing revenue sources to the General Fund. Ongoing transfers include capital fund transfers for maintenance and operating expenses incurred by the General Fund. One-time transfers occur on a sporadic basis and have included the disposition of uncommitted fund balances in several special funds and the transfer of monies to fund a variety of City projects.

Reimbursements from other funds represent the cost to the General Fund for services provided on behalf of the other City funds. This category also includes the State Gas Tax funds that are used to reimburse the General Fund for eligible expenditures. The State Gas Tax is described in the following section.

STATE GAS TAX

A portion of the State Gas Tax is shared with cities and counties under separate sections of the Streets and Highways Code. The 1964 Gas Tax (Section 2106) provides for a \$0.0104 charge on every gallon of gasoline. Revenue is then allocated according to the following formula:

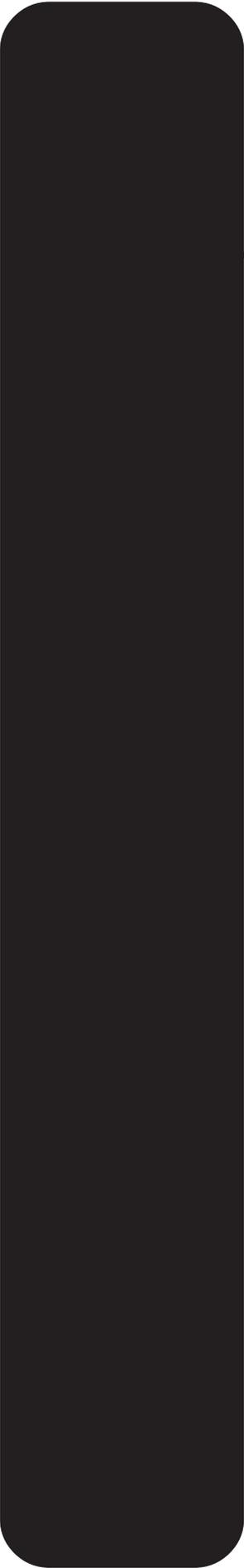
County Allocation : **a** No. of Registered Vehicles in County
 ÷ **b** No. of Registered Vehicles in State
 x c \$0.0104
 x d Gallons of Gas Sold

City Allocation: **a** Incorporated Assessed Value in County
 ÷ **b** Total Assessed Value in County
 x c County Allocation

Individual City Allocation: **a** Population in City
 ÷ **b** Population of all Cities in County
 x c City Allocation

The 1943 Gas Tax (Section 2107) authorized a per gallon charge of \$0.00725. The State allocates part of these revenues for snow removal; the balance is distributed by calculating the portion of the State population represented by the city's population.

As a result of the passage of Proposition 111, gas and diesel taxes were increased \$0.05 per gallon on August 1, 1990, and increased by \$0.01 per gallon each January 1 until January 1, 1994. For the 1990 Gas Tax (Section 2105), cities are apportioned a sum equal to the net revenues derived from 11.5% of highway users taxes in excess of \$0.09 per gallon in the proportion that the total city population bears to the total population of all cities in the State.



2014-2015

OPERATING BUDGET

CITY SERVICE AREAS

**CITY
SERVICE
AREAS**

CITY SERVICE AREAS

Community and Economic
Development

Environmental and Utility
Services

Neighborhood Services

Public Safety

Transportation and Aviation
Services

Strategic Support

What is a City Service Area?

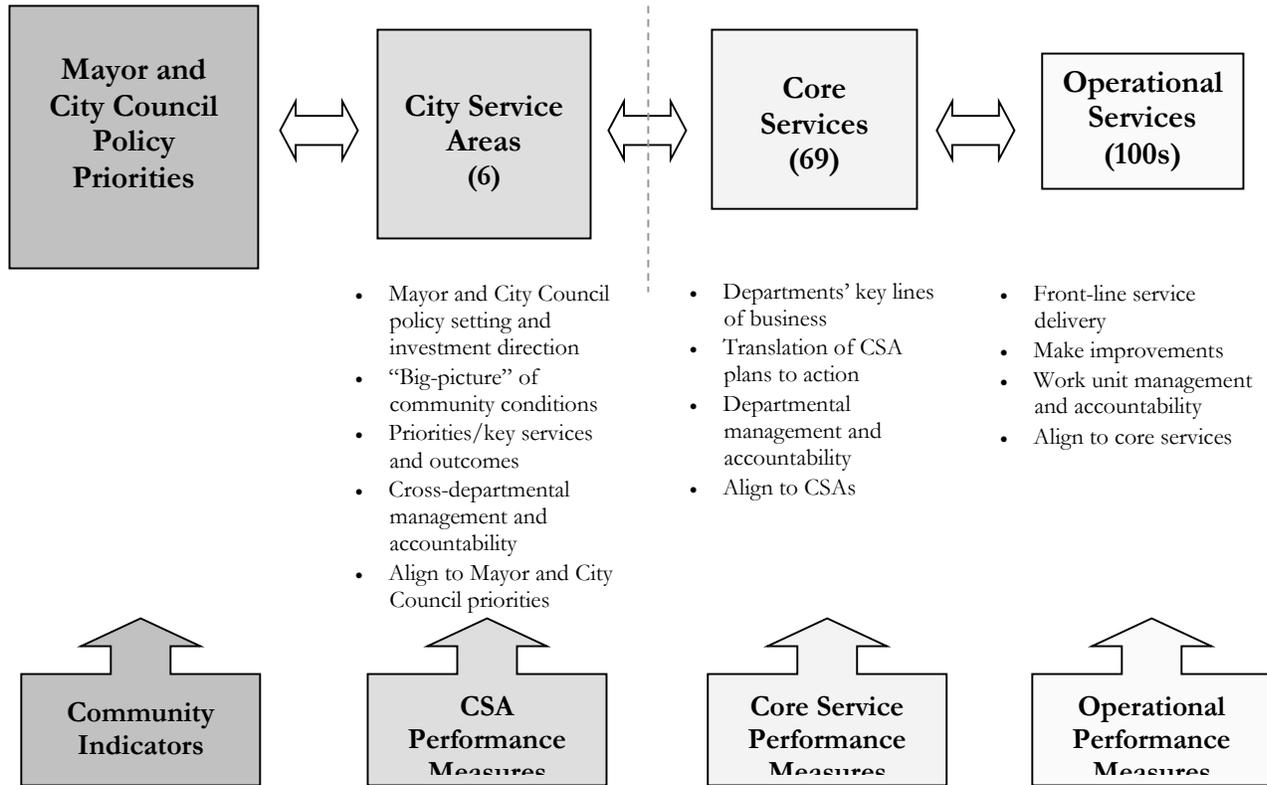
City Service Areas (CSAs) integrate services provided in individual departments into the City's five key lines of business – Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, and Transportation and Aviation Services. An additional CSA, referred to as "Strategic Support," represents the internal functions that enable the other five CSAs to provide services to the community. These cross-departmental CSAs provide a forum for strategic planning and investment decisions within the context of the Mayor and City Council policy priorities. Plans, policies, and investment decisions at the CSA level are then carried out through departmental core and operational services.

Each CSA is guided by a Mission Statement, which is informed by the City's Mission Statement. The City's Mission Statement can be found on the City Service Area – Core Service Map at the end of this section.

The following pages present an overview of the CSA framework and how it is used in San José's operating and capital budgets and in performance reporting to the City Council and the public.

City Service Areas

City of San José's Service Delivery Framework for Performance-Driven Government



The City of San José's Service Delivery Framework for Performance-Driven Government aligns front line (or operational) services to the Mayor and City Council Policy Priorities. This structure acknowledges the complexity of the organization and the wide variety of services delivered and provides tools at all levels of the organization to plan, manage, and measure the results that customers experience.

The 2002-2003 Operating Budget was San José's first performance-based budget developed by City Service Area (CSA). CSAs enable the City to strategically plan and show results of the collaboration among departments. Each CSA aligns the efforts of a number of core services (each with its own set of performance measures) into the City's key lines of business.

Both the operating and capital budget documents are aligned to the CSA framework. A CSA-based capital project reporting system has been implemented along with consistent performance measures to ensure that the City meets its on-time and on-budget goals for project delivery.

CSA Alignment for the Budget Document

The operating budget document reflects San José’s service delivery-based framework for performance-driven government. In that framework, each of the 69 departmental core services is aligned to one of six CSAs to which it contributes. A “map” detailing the alignment of the 69 core services to the six CSAs, including a description of the CSA mission and a listing of the CSA outcomes (the “ends” to which the plans, efforts, resources, and results of the CSA are directed) is provided at the end of this Introduction.

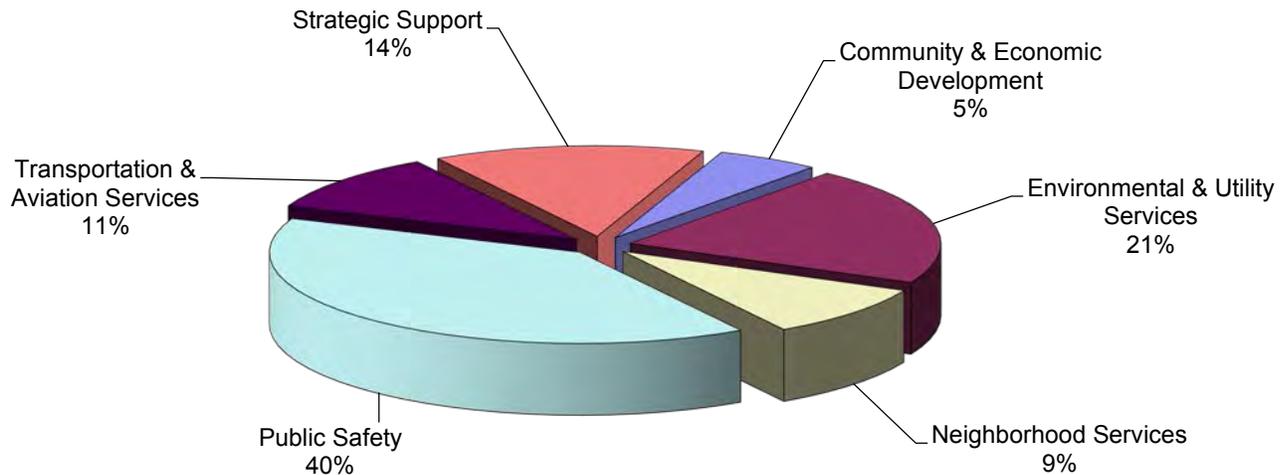
Each of the CSA overview sections that follow includes a description of the CSA’s mission, partner departments, and a CSA outcome listing. The Service Delivery Framework displays the CSA’s mission, outcomes, and the Core Services for each of the partner departments. A Budget Summary displays expected 2014-2015 service delivery and budget actions, followed by the CSA’s total budget by core service and authorized positions. This is followed by a CSA Overview that provides context through a discussion of service delivery accomplishments, the service delivery environment, and the CSA priorities/key services. The final section of the CSA Overview, Budget Dollars at Work: Performance Goals, displays performance data and targets and a discussion of current and planned performance for each of the CSA outcomes and strategic goals. Finally, a CSA budget changes summary provides a snapshot of the actions in this budget.

Resource Allocation by CSA

In the following CSA Budget Summary and in the individual CSA sections which follow, the operating budget resources are presented by CSA and include personal services expenditures for all funds, non-personal/equipment expenditures for all funds with the exception of capital funds, transfers and reserves, and city-wide expenditures. A CSA Position Summary is also included and is presented elsewhere in this document at the core service level.

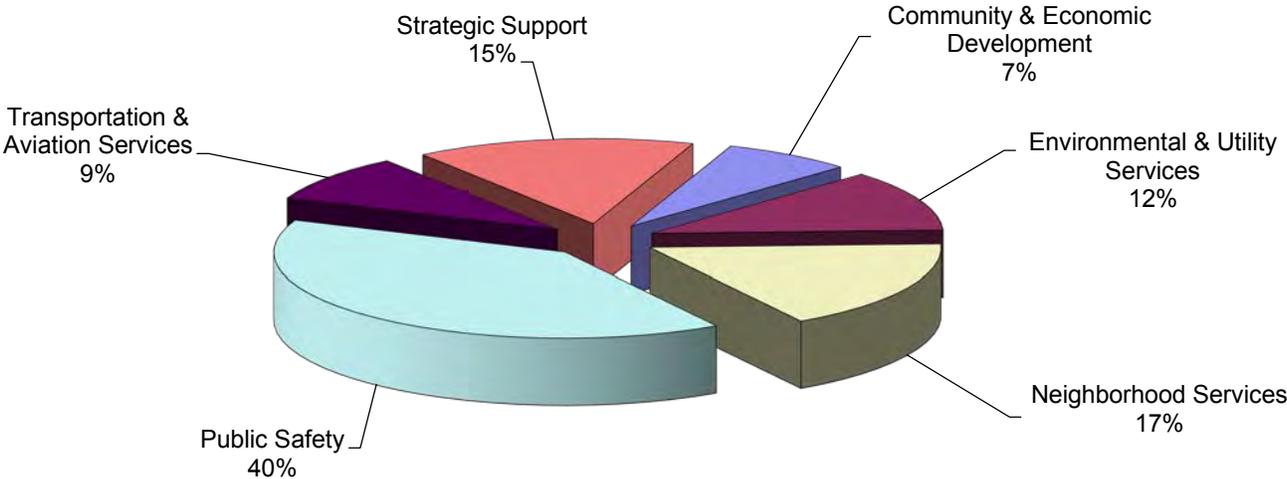
City Service Areas

City Service Area Budget Summary



	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by CSA					
Community & Economic Development	\$ 52,261,266	\$ 61,695,298	\$ 59,978,854	\$ 66,300,101	7.5%
Environmental & Utility Services	221,676,469	242,953,999	248,996,586	260,746,756	7.3%
Neighborhood Services	96,760,667	104,470,716	109,459,476	114,531,678	9.6%
Public Safety	429,244,894	460,019,317	476,812,333	489,546,950	6.4%
Transportation & Aviation Services	107,614,069	121,773,255	121,970,215	127,668,567	4.8%
Strategic Support	144,086,119	163,979,374	164,560,355	174,448,661	6.4%
Total	\$ 1,051,643,484	\$ 1,154,891,959	\$ 1,181,777,819	\$ 1,233,242,713	6.8%

City Service Area Position Summary



	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Staffing by CSA					
Community & Economic Development	393.23	390.84	383.53	416.83	6.6%
Environmental & Utility Services	646.34	654.34	653.34	666.59	1.9%
Neighborhood Services	927.94	948.16	943.47	977.44	3.1%
Public Safety	2,261.35	2,285.35	2,281.74	2,289.04	0.2%
Transportation & Aviation Services	488.61	497.11	496.11	515.36	3.7%
Strategic Support	853.77	878.95	873.15	894.10	1.7%
Total	5,571.24	5,654.75	5,631.34	5,759.36	1.8%

City Service Area – Core Service Map

COMMUNITY AND 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

ECONOMIC DEVELOPMENT

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

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 AND 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 the 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 AND 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 Business Development
- Airport Facilities Maintenance
- Airport Operations
- Airport Planning and Capital 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 Risk 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 of the City organization through leadership, communication, and coordination.

MAYOR AND CITY COUNCIL

- Office of the Mayor
- City Council
- Council General

CITY ATTORNEY

- Legal Representation
- Legal Transactions

CITY AUDITOR

- Audit Services

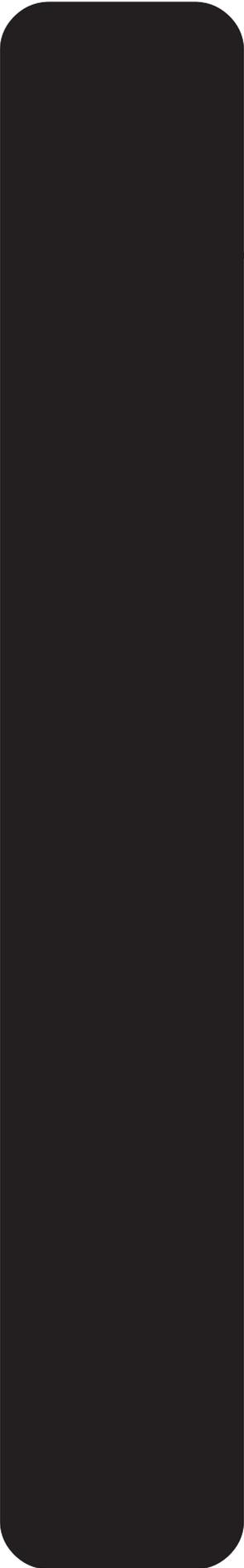
CITY CLERK

- 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

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2014-2015

OPERATING BUDGET

**COMMUNITY AND
ECONOMIC
DEVELOPMENT
CSA**

**COMMUNITY AND ECONOMIC
DEVELOPMENT CSA**

Community and Economic Development



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 employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings*

Primary Partners

Economic Development
Fire
Housing
Planning, Building & Code
Enforcement
Public Works

CSA OUTCOMES

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

City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

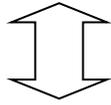
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Community & Economic Development CSA

Mission:

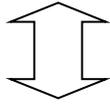
To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings



CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

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



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

City Manager - Office of Economic Development

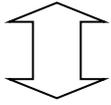
Core Services:

Arts and Cultural Development

Business Development and Economic Strategy

Real Estate Services

Regional Workforce Development



Planning, Building and Code Enforcement Department

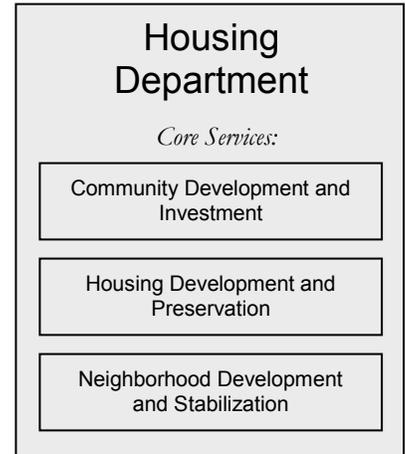
Core Services:

Development Plan Review and Building Construction Inspection

Long Range Land Use Planning

City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

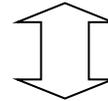
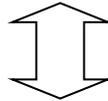
PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes



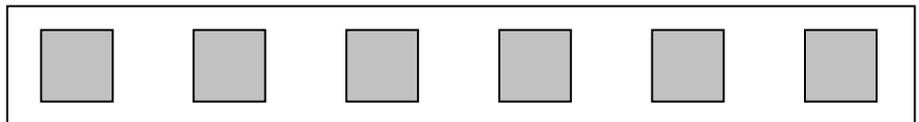
CORE SERVICES
 Primary deliverables of the organization



OPERATIONAL SERVICES
 Elements of Core Services; the “front-line” of service delivery



STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



Community and Economic Development

Expected 2014-2015 Service Delivery

- ❑ Engage and assist companies that can create jobs and expand the City's tax base, with particular focus on emerging growth companies, anchor employers and revenue generators, clean technology firms, and attracting foreign investment.
- ❑ Continue to lead collaborative initiatives such as the City Manager's Downtown Advisory Committee and Silicon Valley Manufacturing Roundtable.
- ❑ Provide a wide range of re-employment services to residents who remain unemployed as the economy recovers.
- ❑ Manage the City's land assets through Real Estate Services with a focus on streamlining the property leasing program management of the City's real estate assets and revenue generation.
- ❑ Manage the City's key operating agreements for the San José Convention Center and Cultural Facilities (Team San José) and SAP Center (Sharks Sports and Entertainment/San José Sharks).
- ❑ Support cultural vibrancy and economic vitality through arts organizations, cultural facilities, and outdoor event producers. Support creative placemaking goals through activation of the public realm and the integration of high-impact public art in high visibility areas.
- ❑ Continue to implement a new event service model that has led to partnering with private companies and organizations for sponsorship funds and/or transferring production of events. The next fiscal year will include continued partnerships to support community-based models, notably with Christmas in the Park.
- ❑ Complete the Diridon Station Implementation Plan by May 2015 and draft Urban Village Plans for the Winchester, Stevens Creek, and Santana Row Urban Villages by June 2015.
- ❑ As activity continues to increase across all Development Services divisions, the Partners will continue to take measures to adjust staffing levels in order to meet performance targets.
- ❑ Meet customers' need for immediately available information in Development Services by expanding the innovative use of technology. Projects include the Planning Chess Clock, implementation of a new Geographic Information System (GIS), and initiation of an electronic plan review process.
- ❑ Further improve the customer experience by investing in customer service training, as well as utilizing workspace consulting services to align workspace with new business processes.
- ❑ Complete the final year of federal investments identified in the 2010-2015 Consolidated Plan and begin preparation of the next five-year plan, which lays out the City's needs and goals for expenditure of federal housing and community development funding.
- ❑ Continue to use available funds to increase the affordable housing supply. Fully fund the remaining pipeline of projects and begin to seek new development opportunities.
- ❑ Partner with the County to move forward several joint affordable housing developments for the homeless. Work with the County and the Housing Authority of Santa Clara County to align efforts around homelessness.
- ❑ Wind down the Housing Department's administration of homebuyer and housing rehabilitation programs. Identify a nonprofit entity to implement single-family lending programs in the future.
- ❑ Partner with Destination: Home, a public-private partnership with the goal of ending chronic homelessness in Santa Clara County, in its regional strategic planning process. Participate in efforts to realign and streamline systems, focus on community-based homeless services, and provide permanent supportive affordable housing opportunities.
- ❑ Continue to implement the Homeless Rapid Rehousing program. Eliminate a targeted encampment by providing supportive housing and services to encampment residents, and by implementing site remediation measures.

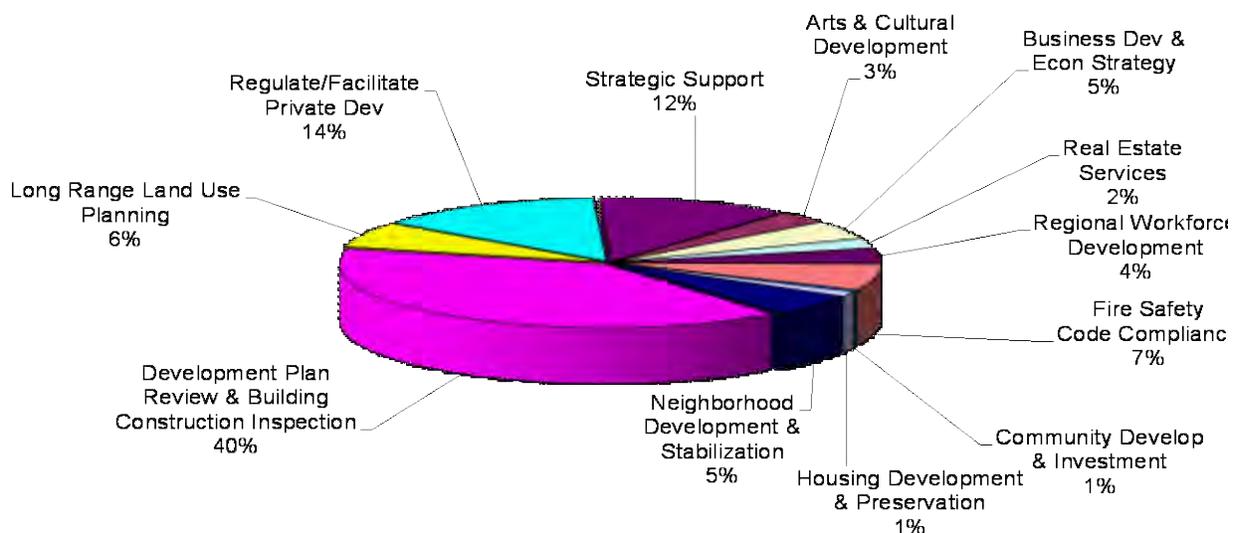
Community and Economic Development

2014-2015 Key Budget Actions

- ❑ The Office of Economic Development will be collaborating and executing a “Move Your Jobs to San José” communications campaign aimed at large and small Silicon Valley driving industry companies seeking new locations.
- ❑ Adds staff to support the Business Cooperation Program, a key business retention and revenue generation tool, that provides businesses a rebate of up to 30% of the local portion of the State collected use tax revenue as a result of the use tax deliberately allocated to San José by participating companies in the acquisition of equipment and/or construction materials in San José.
- ❑ The Housing Department added two positions to support the compliance management of the City’s \$800 million affordable housing loan portfolio and its multi-family housing finance program.
- ❑ Current staffing levels in the Homeless Response Team have been extended; one additional position, and \$1.1 million for encampment clean-up related services have been allocated from the Homeless Response Team Reserve. In addition, one position has been funded through the Housing Trust Fund.
- ❑ A total of \$3.5 million is set aside in reserves to continue the implementation of the homeless response team and the Homeless Rapid Rehousing program for a third year in 2015-2016. This program provides funding for rental subsidies, case management services, and staffing required to coordinate, develop, and implement the overall strategy to find permanent housing for homeless families and individuals living in large San José encampments.
- ❑ Additional Building, Planning, Fire, and Public Works Development Fee program staffing and resources for planning, permit intake, inspection, and plan check are necessary to address the high level of development activity and are expected to result in the City meeting its performance targets.
- ❑ One-time funding is included for initiatives that will provide Development Services with adequate staff, tools, and technology to meet performance targets and increase customer service. These initiatives include funding for customer service training, workspace improvements, and a fee study and works-in-progress analysis.
- ❑ Funding for a GIS initiative will ensure Development Services GIS data is accurate and available for online maps and associated baseline data.

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$66,300,101



City Service Area
Community and Economic Development
BUDGET SUMMARY

City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Economic Development</i>					
Arts & Cultural Development	\$ 2,203,224	\$ 1,831,400	\$ 2,039,774	\$ 2,054,099	12.2%
Business Development & Economic Strategy	1,948,001	2,509,371	2,873,497	3,133,044	24.9%
Real Estate Services*	2,685,650	1,681,797	1,522,448	1,606,175	(4.5%)
Regional Workforce Development	4,890,330	3,243,319	2,553,312	2,598,632	(19.9%)
Strategic Support	839,739	703,260	613,071	622,377	(11.5%)
<i>Fire</i>					
Fire Safety Code Compliance	2,883,598	4,030,406	4,057,347	4,432,509	10.0%
Strategic Support	428,348	468,553	424,130	434,108	(7.4%)
<i>Housing</i>					
Community Develop & Investment	378,174	382,892	294,884	297,220	(22.4%)
Housing Development & Preservation	401,882	775,825	840,688	844,971	8.9%
Neighborhood Development & Stabilization	2,877,982	3,437,927	3,666,764	3,694,071	7.5%
Strategic Support	4,047,379	4,100,416	4,320,308	4,589,562	11.9%
<i>Planning, Bldg & Code Enforcement</i>					
Development Plan Review & Building Construction Inspection	19,626,758	24,317,200	23,963,564	26,270,531	8.0%
Long Range Land Use Planning	1,936,307	4,330,122	2,794,371	4,289,342	(0.9%)
Strategic Support	1,057,852	1,725,677	1,861,565	2,232,848	29.4%
<i>Public Works</i>					
Regulate/Facilitate Private Dev	6,056,042	8,157,133	8,153,131	9,200,612	12.8%
Dollars by Core Service Subtotal	\$ 52,261,266	\$ 61,695,298	\$ 59,978,854	\$ 66,300,101	7.5%
Other Programs					
City-Wide Expenses	\$ 20,031,021	\$ 28,306,766	\$ 21,492,760	\$ 30,127,404	6.4%
General Fund Capital, Transfers and Reserves	2,787,646	33,576,538	1,460,000	49,408,631	47.2%
Other Programs Subtotal	\$ 22,818,667	\$ 61,883,304	\$ 22,952,760	\$ 79,536,035	28.5%
CSA Total	\$ 75,079,933	\$ 123,578,602	\$ 82,931,614	\$ 145,836,136	18.0%
Authorized Positions	393.23	390.84	383.53	416.83	6.6%

* The Real Estate Services Core Service was added in 2012-2013 with a reallocation of funding from Strategic Support.

Service Delivery Accomplishments

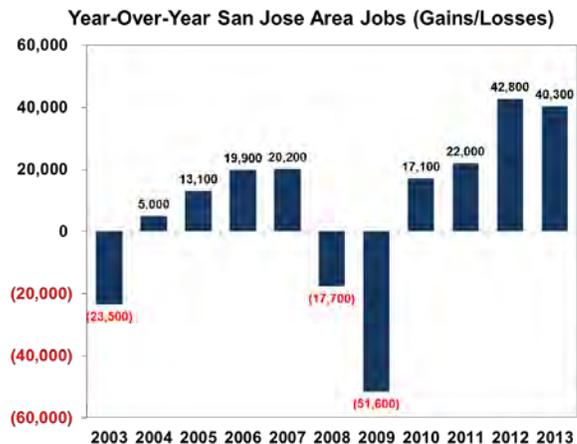
- Successful efforts in 2013-2014 to facilitate corporate and retail expansion/relocation efforts included: Electric Cloud, Apigee, Cisco, Qualcomm, IBM, and Flextronics.
- Real Estate Services generated over \$2.2 million in real estate transactions by disposing of under utilized City properties, the sale of temporary and permanent rights, and the leasing of City owned facilities.
- The Special Tenant Improvement (STI) Program issued permits for approximately 196 projects between July 1, 2013 and June 30, 2014, resulting in the development of approximately 3.5 million square feet of construction space and \$192 million of tenant improvements. Some notable STI projects included Stanford South Bay Cancer Center, Samsung Headquarter TI, Cisco Data Center, IBM-Silicon Valley Lab major building renovations, Equinix Data Center TI, Apigee Office TI, Ernst & Young Office TI, Quantumscape Labs, and various developer's Market Ready Campus upgrades including Divco-MWest, TMG-West Tasman Campus, Boston Properties, Legacy Partners, and Sobrato Offices.
- The Industrial Tools Installation (ITI) Program issued approximately 152 permits between July 1, 2013 and June 30, 2014. Some notable projects that were served by the ITI Program are HGST Labs and Tools, Cisco SJC Labs, Lam Research, IBM – Almaden Research Center, Philips Lumileds, Verizon Data Center, and Newby Island.
- Negotiated an agreement for the United States Patent and Trademark Office to open the Silicon Valley Regional Satellite office in San José City Hall.
- The rezoning of the Alum Rock Avenue Neighborhood District with the Main Street Zoning District was approved by the City Council in October 2013.
- Successful efforts to complete the Diridon Station Area Plan and certify the Environmental Impact Report were accomplished and were approved by the City Council in June 2014.
- Draft Urban Village Plans were completed for West San Carlos and South Bascom, as well as for the Alameda. These plans will be considered by the City Council in December 2014.
- Worked with Destination: Home and other partners on the Housing 1,000 Campaign, housing more than 620 people to date. Housing 1,000 has identified and surveyed more than 2,800 of the County's most vulnerable and long-term homeless individuals, allowing for prioritization of those most in need.
- Managed the installation of 321 mobilehome seismic retrofits, with funding made possible through a grant from the Federal Emergency Management Agency (FEMA). As a result of positive results and cost savings, FEMA approved the funding of an additional 200 homes, bringing the new total for homes to be retrofitted to 850.
- Conducted clean-ups of 48 homeless encampment sites. Deployed outreach and engagement peer workers, in addition to case managers, to connect encampment residents with housing and services. Worked closely with other regional partners to combine efforts and leverage resources.
- Office of Cultural Affairs (OCA) staff is actively implementing the City Council-adopted "Cultural Connection: San José's Cultural Plan for 2011-2020." The plan identified ten goals to help create a more vibrant San José through arts and culture.
- The Outdoor Special Events team in the OCA coordinated 320 cultural and sporting events city-wide, including signature sporting events such as the Rock 'n' Roll Half Marathon and the Amgen Tour of California as well as neighborhood street festivals, farmers markets, and fun runs.
- The OCA continued work on key elements of the Downtown Public Art Focus Plan: it successfully competed for a \$200,000 National Endowment for the Arts "Our Town" grant in collaboration with Movimiento de Arte y Cultura Latino Americana (MACLA), the highest eligible grant amount. The project, entitled *SoFA Creates & Connects* will create a series of public art projects, including a sculptural shade structure for Parque de los Pobladores, and an event series highlighting the work of creative entrepreneurs.

Service Delivery Accomplishments

- With a \$600,000 ArtPlace grant to illuminate downtown, the Public Art Program has been actively developing partnerships with property owners, artists and technology companies to integrate interactive artist lighting projects into downtown locations, aimed at improving the pedestrian experience.
- The Public Art Program completed an iconic artwork, *Idea Tree*, for the expanded Convention Center.
- The OCA piloted Innovation Risk Capital Grants to encourage beta-testing of innovative initiatives in the arts community. Funds for a majority of this grant came from a public-private partnership with the David and Lucile Packard Foundation.
- The OCA also piloted the Creative Industries Incentive Fund, one of the multiple initiatives of the Creative Entrepreneur Project that aligns with the City’s goal to attract, retain, and support creative talent, entrepreneurs and small business owners. Incentive awards provide project support to arts-rooted commercial businesses involved in the production and distribution of the arts.
- The responsibility to manage the six operations and maintenance contracts with the operators of the City-owned cultural facilities was fully transferred to the OCA. The facilities include: the San José Museum of Art, Tech Museum of Innovation, Children’s Discovery Museum, San José Repertory Theatre (Hammer Theatre Center), History San José (History Park, Peralta Adobe and Fallon House), and the Mexican Heritage Plaza.
- The OCA staff worked closely with the Fire, Police, and Transportation Departments to create a “Pavement-to-Plaza” event permit process on South First Street between William and Reed Streets to enable greater activation of the space by SoFA’s arts organizations and businesses. The renovation of this area was part of the “Silicon Valley City’s Center: Big Deals and Small Wonders” strategy adopted by the City Council in 2007.

Service Delivery Environment

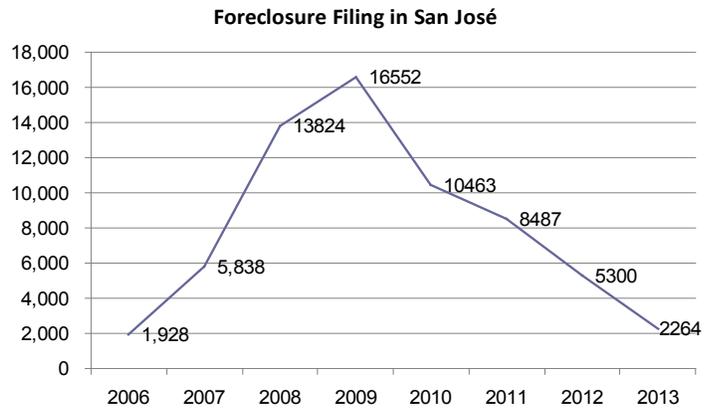
- Economic Trends and Job Growth: After significant job loss in 2008 and 2009, 2013 saw the San José metro area gain 40,300 jobs. As of June 2014, the total number of jobs was 1,002,700, still below the peak level of 1,085,800 achieved in 2000. The unemployment rate, according to the Bureau of Labor Statistics (reported in June 2014), decreased from 7.3% in June 2013 to 5.5% in June 2014 (the nation’s unemployment rate was 6.1%). An estimated 52,300 area residents remain unemployed.
- Housing Affordability: The median sales price of a single family home in San José as of June 2014 was \$795,400, an increase of 8.6% from June 2013’s median sales price of \$732,500. Median sales prices for condominiums/townhomes for the same period increased by 5.3% from \$434,000 to \$457,000. As long as the economy remains robust, the tight housing inventory, historically low interest rates, and strong demand for housing in San José will likely lead to higher housing costs.
- Rental Market: Rents in San José continue to remain among the highest in the nation and, therefore, unaffordable to lower-income residents. The average rent for a one-bedroom for the fourth quarter 2013 was \$1,825, which is an increase of 11% from the fourth quarter in 2012. Over the same time period, the average rent for a two-bedroom was \$2,314, an increase of approximately 10%. Assuming that no more than 30% of income goes to housing costs, a household would need to earn over \$73,000 annually to afford a one-bedroom apartment and over \$92,500 for a two-bedroom apartment in San José. In desirable San José locations such as North San José or



Service Delivery Environment

Santana Row, rental rates are significantly higher than these averages. San José’s overall vacancy rate is 6.9%, which indicates a healthy balance between supply and demand and reflects the new supply of apartment homes that have recently been added to San José’s rental stock.

- **Homelessness:** According to the City’s January 2013 Homeless Census and Survey, there were 4,770 homeless individuals residing in San José, 77% of whom were unsheltered and 23% were sheltered. There were 1,230 homeless individuals in homeless encampments throughout the City.



- **Foreclosures:** San José experienced approximately 2,264 foreclosure filings in 2013, returning to pre-recession levels and down from the peak period in 2009 when an estimated 16,552 foreclosure filings were issued. This decline can be attributed to a number of factors, including increased foreclosure prevention capacity and expertise at the local nonprofit level, an improving economy, and the fact that the majority of subprime adjustable-rate mortgages made during the last housing bubble have passed through the system. There are signs that the current hot housing market reflects inflated conditions, with recent reports indicating that subprime mortgages have slowly returned to the portfolio of mortgage products that lenders are offering.
- **Non-Profit Cultural Organizations:** The economic downturn has greatly affected non-profit arts organizations and event producers, requiring innovation and adaptive change. Foundation support, donations, and earned revenue have not rebounded. Many organizations continue to operate on reduced programs and operations.

CSA Priorities/Key Services

- Engage driving industry and revenue-generating companies to help facilitate their retention and growth in San José.
- Support the start-up and growth of new businesses.
- Continue to provide high quality land-use development and permitting services for all customers.
- Advance Green Vision goals of catalyzing clean technology innovation and creating clean tech jobs.
- Continue to manage the City’s real estate assets.
- Continue to invest in development process improvements in coordination with stakeholders to improve the speed, consistency, predictability, and customer experience.
- Ensure that the City speaks with “one voice” on development issues while improving the speed, consistency, and predictability of the development review process.
- Continue to offer re-employment services to residents and businesses through work2future.
- Support the provision of a range of quality cultural and sports offerings that appeal to San José’s diverse community.
- Identify strategies to fund affordable housing, transportation, and Urban Village infrastructure needs.
- Ensure that residents have a diverse range of housing options by increasing housing opportunities for people of all income levels and household types.
- Increase housing and service opportunities for the City’s homeless residents, including those living in encampments along waterways.

City Service Area
Community and Economic Development
OVERVIEW

Development Services Budget Summary

	Revenue	Cost	% Cost Recovery*	Positions	Works-in-Progress Reserve**
2013-2014 Modified					
Building	\$ 30,500,000	\$ 30,005,335	101.6%	150.47	\$ 26,159,330
Fire	7,100,000	6,300,000	112.7%	29.66	6,435,140
Planning	4,500,000	4,169,238	107.9%	21.72	3,304,416
Public Works	9,475,000	8,067,727	117.4%	50.74	6,490,802
Total	\$ 51,575,000	\$ 48,542,300	106.2%	252.59	\$ 42,389,688
2014-2015 Adopted					
Building	\$ 25,600,000	\$ 30,062,956	85.2%	157.89	\$ 21,696,374
Fire	7,000,000	7,000,000	100.0%	32.61	6,435,140
Planning	3,600,000	5,194,893	69.3%	31.56	1,709,523
Public Works	9,604,000	10,124,209	94.9%	60.38	5,970,594
Total	\$ 45,804,000	\$ 52,382,058	87.4%	282.44	\$ 35,811,631

* Excludes the development fee reserves. In 2013-2014, the excess revenues over expenditures were placed in the development fee reserves, and in 2014-2015, all programs reach 100% cost recovery once the use of reserves is incorporated.

** The Works-in-Progress Reserve for 2014-2015 is the estimated reserve level once 2013-2014 revenue and expenditures are reconciled and 2014-2015 balancing actions are included.

Development Services is a \$52.4 million business for the City of San José, providing integrated technical plan review and inspection services across Planning, Building, Public Works, and Fire (Development Services Partners). Businesses, homeowners, and other customers utilize Development Services when remodeling, building new structures, or making other investments to their properties. These investments bring tax revenue, jobs, and other direct benefits to the City. Development Services are provided in an efficient, thorough, and quality-driven manner. While each partner’s budget is discussed within their particular Department section, all partners are committed to working closely together to provide “one voice” to Development Services customers.

Over the last year, the Development Services Partners have continued to realize a steady and sustained increase in workload activity, with associated increases in Fee Program revenues. In order to continue to operate efficiently and attract further development to the City, a total of 29 new development fee positions are included in this budget (10.05 in Building Development Fee Program, 9.27 in Planning Development Fee Program, 1.46 in Fire Development Fee Program, and 7.93 positions in Public Works Development and Utility Fee Programs). These positions will help improve target cycle times and increase customer service.

Improved staffing, training, and updated technology will be the priorities for the Development Services Partners in 2014-2015 in order to close the gap between customer expectations and service delivery. As a result of a steady increase in activity, included in this budget are additional staffing to support Development Services: an addition of a Public Information Manager to coordinate the communications for Development Services; addition of Accounting Staff to address the cashiering, billing, and revenue monitoring needs; and several key management positions (Planning Official, Building Division Manager, and Building Inspection Manager) are included to provide oversight and span of control. Also, one-time funding of \$25,000 is included to provide customer service training to all the Development Services staff. To address technology needs, the following resources are included in this budget: funding for a Network Technician in the Information Technology Department to modernize the desktop environment and an addition of a Geographic Systems Specialist for the implementation and ongoing support of the Geographic Information System (GIS) data migration project, which will ensure Development Services GIS data is accurate and available for online maps and associated baseline data.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

This CSA generates revenues for the City through its business attraction/retention efforts, sale of permanent and temporary property rights, the leasing of City owned facilities, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning to development private review to programmatic implementation aimed at job creation/retention/expansion; housing development; convention and visitor services; arts, cultural, and special event support and development; and overall quality of life in San José's diverse neighborhoods.

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Facilitate Major Corporate Development	1. Estimated jobs generated/retained by companies that received OED assistance by:					
	Type of Company:					
	- Industrial	3,895	3,500	4,880	3,200	16,000
	- Commercial/Retail	2*	500	44*	800	2,000
	Type of Job:					
	- New	2,038	2,000	4,283	2,200	10,000
	- Retained	1,859	2,000	641	1,800	8,000
	2. # of Clean Tech Jobs generated/retained from City efforts	446	200	72	200	1,500
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social	1,043,842	992,244	1,141,080	1,100,00	N/A**
	- Out of Town	52,660	52,022	59,825	63,400	N/A**
	- Exhibitors	6,988	5,734	5,630	5,600	N/A**
	2. Estimated increases in sales and business taxes from attracted or expanding businesses which previously received assistance from the City (excludes property and utility taxes):					
	- Taxes from new companies	\$1.04 M	\$1.0 M	\$364,572*	\$1.5 M	\$4.5 M
	- Taxes from retained companies	\$1.11 M	\$1.0 M	\$949,061	\$1.0 M	\$4.5 M
Total	\$1.15 M	\$2.0 M	\$1,313,633	\$2.5 M	\$9.0 M	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Retail jobs generated or retained by the Office of Economic Development (OED) as assisted companies has under performed due to a combination of factors including timing of projects, delays in reporting of jobs as well as the amount of jobs directly attributed to assistance by OED. The 2014-2015 Target reflects several retail projects, including Almaden Ranch and the retail portion of the Hitachi mixed-use project that are currently in construction and will be coming online.

** The 5-Year Goal does not have a performance measure because the City is currently working with Team San José, the operator of the City's Convention and Cultural Facilities, and the City's hospitality industry advisor to modify the methodology to reflect changing industry best practices.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	0 jobs* (0 acres)				
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial," and other R&D General Plan land designation (acres converted in parenthesis)	0 jobs* (0 acres)				
	3. Estimated ratio of San José jobs to employed residents	0.84	0.85	0.82	0.84	0.90
Facilitate Small Business Expansion	1. # of Business Owner Space participants receiving assistance, access to capital, technical or human resources support or information	40,578	25,000	38,000	30,000	100,000
	2. Unique website visitors to businessownerspace.com	14,572	32,000	12,000	10,000	50,000
Be Active Partner in Developing a Skilled Workforce	1. Number of work2future clients receiving discrete services (counseling, job placement, and occupational training)	3,627	3,523	3,535	3,230	TBD**
	- Adults	2,521	2,210	2,200	2,000	TBD**
	- Dislocated Workers	851	1,050	1,105	1,000	TBD**
	- Youth	255	263	230	230	TBD**
	2. Estimated % of clients employed six months after initial placement					
	- Adults	79%	78.7%	78.7%	78.7%	TBD**
	(% of target met)	(104%)	(100%)	(102%)	(100%)	(100%)
	- Dislocated Workers	84%	83.79%	82.4%	82.4%	TBD**
	(% of target met)	(101%)	(100%)	(104%)	(100%)	(100%)
	3. Estimated % of clients placed in jobs					
- Adults	49.6%	50.7%	50.7%	50.7%	TBD**	
(% of target met)	(113%)	(100%)	(100%)	(100%)	(100%)	
- Dislocated Workers	59.2%	57.6%	57.6%	57.6%	TBD**	
(% of target met)	(113%)	(100%)	(95%)	(100%)	(100%)	
- Youth	55.9%	67.0%	67.0%	67.0%	TBD**	
(% of target met)	(78%)	(100%)	(100%)	(100%)	(100%)	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No General Plan hearings were scheduled in 2012-2013 and 2013-2014. General Plan hearings took place in August 2014 with the Planning Commission and September 2014 with the City Council. In the General Plan annual review cycle, there were 11 Director/City initiated land use amendments and two Director/City initiated General Plan text amendments, and one privately initiated land use amendment.

** Targets have not been negotiated with the Employment Development Department for 2014-2015 and are expected in fall 2014.

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Corporate Development and Revenue Growth

- ✓ Providing quality development services to support companies relocating, expanding, and staying in San José remains a top priority for this CSA. With the improving construction climate and the recent temporary reductions in the North San José Traffic Impact Fee and limit-dated suspension of construction taxes for industrial projects, the work of the Development Services Project Manager/Expediter will continue to be a critical role helping to facilitate and assist the over 30 economic development proposals proceed through the approval process as quickly as possible.
- ✓ The CSA's Development Services partners will continue improvements through the Administrative Hub, allowing each department to more easily track expenses and align resources accordingly.
- ✓ The CSA's Development Services partners will continue to make ordinance changes to the sign code and zoning that allow for streamlined processing of planning development applications. The changes will continue to further job and revenue generation for the City.
- ✓ Development Services will continue to provide expedited and other service options to assist companies going through the permitting process. The Small Business Services Ally continues to provide a single point of contact for small businesses going through the Development Services permitting process.
- ✓ Staff is involved in regional and State-wide conversations about influencing financing tools needed for infrastructure, housing, and economic development after the dissolution of the former San Jose Redevelopment Agency. Staff will continue to respond to and influence State legislation and strategy to improve the State's partnership with regions and cities in ways that benefit Silicon Valley.
- ✓ Work2future will continue to improve service offerings through businessownerspace.com, a small business network of nearly 40 service providers. In addition, work2future will continue to provide a platform for small businesses to market and promote their business through the recent launch of the shopsanjose.biz website.
- ✓ Consumer spending has rebounded and sales tax revenues have shown improvement. Focused efforts on retail attraction and retention have improved the mixture of retail offering within the City leading to an increased tax base. City staff will continue to work with developers on bringing retail development to the City.
- ✓ The CSA will continue to encourage sporting/cultural events and athletic teams to locate in San José in an effort to raise the image of San José as a national destination and generate revenues by increasing tourism.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/maintenance in new development in their neighborhood as good or better	N/A*	70%	N/A*	70%	70%
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	0**	0**	0**	0**	0**
	2. San José housing production compared to regional fair share number target (in parenthesis)	2,702 units (3,750)	2,250 units (3,750)	3,500 units (3,750)	3,000 units (3,750)	14,000 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	90% (3,000 units)	75% (3,000 units)	117% (3,000 units)	100% (3,000 units)	93% (13,000 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	N/A***	65%	N/A***	65%	75%
	- Construction Process	N/A***	80%	N/A***	80%	80%
	2. Ratio of current year fee revenue to fee program cost	100%	100%	100%	100%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	75%	77%	90%	85%	85%
	- Construction Process:					
	- Plan Check	86%	85%	84%	85%	85%
	- Inspections in 24 hours	36%	75%	56%****	75%	80%
	- Inspections in 48 hours	63%	92%	85%****	92%	95%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	68%	75%	70%	75%	75%
	5. % of customers surveyed rating service as good or better					
- Discretionary*****	62%	70%	76%	70%	80%	
- Ministerial*****	73%	75%	76%	75%	80%	
6. % of customers surveyed who indicate the City has improved customer service in the past 12 months						
- Discretionary*****	51%	60%	70%	60%	80%	
- Ministerial*****	70%	65%	71%	65%	80%	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Staffing vacancies have reduced capacity for soliciting feedback on new development projects.

** No General Plan hearings were scheduled in 2012-2013 and 2013-2014. General Plan hearings took place in August 2014 with the Planning Commission and September 2014 with the City Council. In the General Plan annual review cycle, there were 11 Director/City initiated Land Use amendments and two Director/City initiated General Plan text amendments, and one privately initiated Land Use amendment.

*** Staff are focused on front line service delivery and have not had capacity to collect data. The Department will evaluate and change the methodology of the performance measure and will bring forward recommendations as part of the 2015-2016 budget process.

**** Additional positions were added in 2013-2014 and some positions were filled; however, vacancies still remain as a result of the difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions.

***** Discretionary projects are those that require a public hearing (e.g. zoning change, General Plan amendment).

***** Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement).

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Seamless and Effective Development Review

- ✓ The five-year goal for the development process is to make San José the best place in America to conduct business by:
 - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing “one voice” service delivery, and updating policies and codes;
 - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
 - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service; and
 - Continually improving processes and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey.
- ✓ Stable staffing levels will be a focus as this will likely lead to improved customer service according to the most recent customer survey.
- ✓ The Development Services partners (Building, Fire, Planning, and Public Works) continue to work together to provide consistent services to development applicants. The partners will continue to consolidate resources with the goal of building a high-performing, integrated Administrative Hub and Project Management Team.
- ✓ The City Council adopted the comprehensive update to the General Plan on November 1, 2011. The Envision San José 2040 General Plan is a “jobs first” plan, with aggressive transportation mode shift and environmental sustainability goals while continuing to meet the City’s housing needs. The 2014-2015 Budget supports ongoing implementation of the Plan to facilitate development in San José.
- ✓ Staff is working closely with the Valley Transportation Authority to bring Bay Area Rapid Transit (BART) and High Speed Rail to San José.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

5 Year Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for completion of affordable housing (housing units)	49.4% (248)	100% (565)	83% (471)	100% (94)	100% (1,732)
Direct Significant Affordable Housing Resources to Lower-Income Households	2. % of Housing Department funds reserved by income levels over 5 years: - Very Low (<=50% of median) - Extremely Low (<=30% of median) - Very Low (31-50% of median) - Low (51-80% of median) - Moderate (81-120% of median)	82% 17% 65% 11% 7%	60% 30% 30% 25% 15%	19% 7% 12% 30% 51%	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

- ✓ The Department is identifying creative ways to fund pipeline projects, using program income from loans in the City’s loan portfolio, developer negotiated payments, and federal HOME Investment Partnership Program funds, among others. In 2014-2015, the City will invest approximately \$61.2 million in housing programs throughout the City, including an estimated \$12.2 million in federal housing and community development entitlement program funding.
- ✓ In order to continue to fund new affordable housing developments in the post redevelopment world, new local and State funding sources and tools need to be identified. The City will continue to advocate for new State funding sources, including the Permanent Source, work to implement the City-wide Inclusionary Housing Ordinance, and investigate the possibility of a local Housing Impact Fee. New funds will be focused on supportive housing, and rental housing with deep income targeting.
- ✓ The City will continue to implement a place-based, neighborhood focused strategy using CDBG Community Development Improvement funds in three neighborhoods (Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace).
- ✓ The Homeless Rapid Rehousing program will place at least 100 homeless individuals living in encampments in permanent housing with ongoing subsidies provided by the City, County, or other partners.
- ✓ The City will work in partnership with the Santa Clara Valley Water District, the County of Santa Clara, and other agencies to abate 48 encampment sites, and provide outreach, case management, housing, and service opportunities to encampment residents.
- ✓ The Housing Department will continue to partner with Destination: Home and Housing 1,000 to reach the goal of housing 1,000 chronically homeless people by 2014-2015.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

- ✓ A total of \$61.2 million in Housing Program funds will be available in 2014-2015 as displayed in the following chart.

2014-2015 Housing Program Funds	
\$ 26,180,000	Housing Loans and Grants
9,554,000	HOME Investment Partnership Program Fund
8,141,778	Community Development Block Grant (CDBG) Program
5,350,000	Neighborhood Stabilization Program
2,000,000	Tenant Based Rental Assistance
1,950,000	CalHome
1,670,000	Homeless Response Team (reflected in City-Wide Expenses Section)
1,400,000	BEGIN
849,228	Rental Rights and Referrals Program
846,484	Housing Opportunities for People with AIDS (HOPWA)
620,642	Emergency Shelter Grant (ESG)
603,000	Housing and Homeless Projects
600,000	Destination: Home
448,156	HOPWA Special Projects
330,000	Inclusionary Project
325,000	Hazard Mitigation Grant Program
250,000	Homeless Services
50,000	Emergency Assistance
\$ 61,168,288	Total Housing Program Funding Sources

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

5 Year Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of quality arts and cultural activities in the City as good or excellent	42%	55%	N/A*	55%	55%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	47%	50%	N/A*	50%	50%
	2. Estimated City revenue from signature events (events and festivals solicited and supported by the City)	\$1.1 M	\$1.1 M	\$1.1 M	\$750,000	\$5.0 M

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

Public Art and Design Amenities

- ✓ During 2014-2015, the Public Art Program will prioritize projects in high traffic transportation corridors, pedestrian areas, and in key areas of city development such as Urban Villages.
- ✓ The program will continue implementation of the Focus Plans for Downtown. The program will advance Phase 1 of the Illuminating Downtown Project, comprised of a series of interactive artist lighting projects.
- ✓ Other significant activities will include projects in collaboration with the Environmental Services Department, aimed at community awareness of the sewer collection systems, and art in key transportation projects such as Berryessa BART and Bus Rapid Transit. The program will focus efforts on developing strong partnerships, continuing its work with San José State University, San José Downtown Association, and the private sector.

Arts Grants and Creative Entrepreneurs

- ✓ The City awards arts grants through the *Cultural Funding Portfolio: Investments in Art, Creativity and Culture* administered by the OCA. This includes the three core grant programs: Festivals, Parades and Celebrations; *take pART*, cultural participation project grants; and Operating Grants. The OCA will foster cultural vibrancy and understanding through investments in community-based arts partners. The OCA will foster a vibrant, sustainable ecosystem of healthy nonprofit arts and cultural organization through the provision of training for nonprofit arts and cultural organizations.
- ✓ The OCA will enhance support for creative entrepreneurs and the commercial creative sector through professional development grants and the Creative Industry Incentive Fund.

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

Cultural Facilities

- ✓ Stewarding the sustainability of City-owned cultural facilities will be a goal, which will be to identify funding mechanisms to meet maintenance and capital needs. The OCA, in partnership with the Department of Public Works, will work with non-profit cultural facility operators to prioritize maintenance and capital repair projects.

Special Events

- ✓ Fostering destination quality events in San José is a goal of the City. OCA cultivates partnerships with event organizers, such as the new Silicon Valley Contemporary and the Downtown Rotary, to support the successful launch of new events.
- ✓ The City continues the private-public partnership with the Christmas in the Park Board to continue the production of Christmas in the Park (CITP), after a transition to a community-based production model. CITP intends to grow sponsorships, concessions, and other revenues to sustain the finances needed to produce this holiday festivity.
- ✓ Staff continues to create ways to develop public policy and strategies to support outdoor public venues and cultural enrichment. Strategies may include lowering costs related to the production of outdoor special events for event organizers by offering different models and venues to event organizers, and updating and reviewing pertinent policies with various City Departments. One of the most significant efforts underway, in conjunction with the Police and Transportation Departments' staff, is the solidification of a new traffic control model for street closures.
- ✓ Staff implemented the City's first Urban Activation Zone in St. James Park in summer and fall 2014. This included an interdepartmental approach to remove barriers for activation and coordination of events and programming in the park.

City Service Area

Community and Economic Development

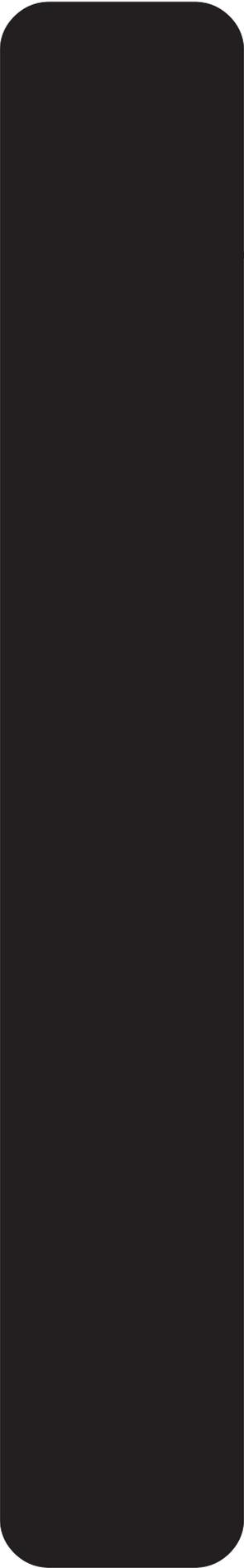
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
ECONOMIC DEVELOPMENT			
• Office of Economic Development Salary Program		173,688	88,294
• Urban Design Staffing	1.00	136,725	136,725
• Airport Public Art Maintenance		37,000	0
• Business Development and Economic Strategy Staffing	1.00	0	0
• Enterprise Zone Program Elimination	(1.00)	(135,188)	(135,188)
• Rebudget: Real Estate Services Document Imaging and Records Retention System		200,000	200,000
<i>Subtotal</i>	1.00	412,225	289,831
FIRE			
• Fire Development Fee Program	1.00	348,921	348,921
• Fire Department Salary Program		36,219	36,219
<i>Subtotal</i>	1.00	385,140	385,140
HOUSING			
• Rental Rights and Referral Program		195,000	0
• Housing Department Salary Program		146,296	2,640
• Homeless Response Team	2.00	130,098	0
• Housing Asset Management Program	1.00	109,452	0
• Nexus Study		25,000	0
• Housing Department Staff Funding Realignment	0.00	0	0
• Housing Analytical Staffing Realignment	(2.00)	(302,666)	0
<i>Subtotal</i>	1.00	303,180	2,640
PLANNING, BUILDING AND CODE ENFORCEMENT			
• Building Development Fee Program	8.91	1,773,370	1,773,370
• Planning Development Fee Program	9.06	1,012,378	1,012,378
• Fire and Public Works Development Fee Programs and Other Programs	1.33	402,604	420,048
• Planning, Building and Code Enforcement Department Salary Program		330,976	320,751
• Urban Villages Implementation Staffing	2.50	302,732	302,732
• Urban Design Staffing	(1.00)	(136,725)	(136,725)
• Rebudget: Envision San José 2040 General Plan Implementation	1.00	469,386	469,386
• Rebudget: Bay Area Air Quality Management District		18,500	18,500
<i>Subtotal</i>	21.80	4,173,221	4,180,440
PUBLIC WORKS			
• Public Works Development Fee Program	6.50	704,909	704,909
• Public Works Department Salary Program		133,657	129,954
• Public Works Utility Fee Program	1.00	106,213	106,213
• Urban Villages Implementation - Public Works Staffing	1.00	97,299	97,299
• Electric Vehicle Lease Renewal		5,403	5,403
<i>Subtotal</i>	8.50	1,047,481	1,043,778
Subtotal Departments	33.30	6,321,247	5,901,829

City Service Area
Community and Economic Development
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
CITY-WIDE EXPENSES			
• Arena Authority		48,000	48,000
• CommUniverCity Program		100,000	100,000
• Cultural and Arts Facilities Capital Replacement and Maintenance		0	0
• Downtown Streets Monterey Road Pilot Program		68,300	68,300
• Economic Development/Incentive Fund		1,000,000	1,000,000
• Homeless Rapid Rehousing		2,000,000	2,000,000
• Homeless Response Team		1,670,000	1,670,000
• Move Your Jobs to San José Communications		100,000	100,000
• Property Leases		(271,156)	(271,156)
• Responsible Landlord Engagement Initiative (RLEI)		25,000	25,000
• San José Downtown Association		250,000	250,000
• SAP Center Renegotiation		100,000	100,000
• Sports Authority		100,000	100,000
• Miscellaneous Rebudgets		3,444,500	3,444,500
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Transfers to Other Funds: Ice Centre Revenue Fund - Former RDA SERAF Loan Repayment		2,045,000	2,045,000
• Earmarked Reserves: 2015-2016 Homeless Rapid Rehousing Reserve		2,000,000	2,000,000
• Earmarked Reserves: 2015-2016 Homeless Response Team Reserve		1,500,000	1,500,000
• Earmarked Reserves: Airport West Property Reserve		1,000,000	1,000,000
• Earmarked Reserves: Building Development Fee Program Reserve		21,696,374	21,696,374
• Earmarked Reserves: Development Fee Programs Technology Reserve		5,445,000	5,445,000
• Earmarked Reserves: Fire Development Fee Program Reserve		6,435,140	6,435,140
• Earmarked Reserves: General Plan Update Reserve		147,000	147,000
• Earmarked Reserves: Planning Development Fee Program Reserve		1,709,523	1,709,523
• Earmarked Reserves: Public Works Development Fee Program Reserve		5,970,594	5,970,594
Subtotal Other Changes	0.00	56,583,275	56,583,275
Total Adopted Budget Changes	33.30	62,904,522	62,485,104

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2014-2015

OPERATING BUDGET

**ENVIRONMENTAL
AND
UTILITY SERVICES
CSA**

Environmental and Utility Services



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

Primary Partners

Environmental
Services
Transportation

CSA OUTCOMES

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

City Service Area
Environmental and Utility Services
SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's six key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Environmental & Utility Services CSA

Mission:

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

CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

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

PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

Environmental Services Department

Core Services:

Natural and Energy Resources Protection

Potable Water Delivery

Recycled Water Management

Recycling and Garbage Services

Stormwater Management

Wastewater Management

Transportation Department

Core Services:

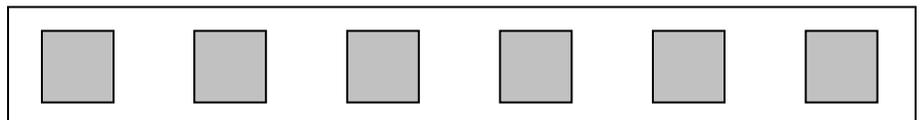
Sanitary Sewer Maintenance

Storm Sewer Management

CORE SERVICES
 Primary deliverables of the organization

OPERATIONAL SERVICES
 Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



Environmental and Utility Services

Expected 2014-2015 Service Delivery

- ❑ **Utility Infrastructure Management** – 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.
- ❑ **Pollution Prevention, Water Quality, and Habitat Protection** – Promote the health of the environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff.
- ❑ **Solid Waste Diversion** – Oversee programs to collect, recycle, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment.
- ❑ **Promote Sustainability in the Community** – Support sustainable infrastructure, equipment, and behaviors throughout the community through education, public-private partnerships, and leadership of the City’s Green Vision.
- ❑ **Customer Service** – Explore the efficient use of technology while providing excellent customer service to City residents and businesses.

2014-2015 Key Budget Actions

- ❑ **Sewer Service Rates** – No increases to the Sewer Service and Use Charge rates are scheduled for 2014-2015. The current residential rate levels are sufficient to allow for continued rehabilitation and replacement of critical infrastructure and equipment at the Water Pollution Control Treatment Plant (Plant) and the sanitary sewer collection system. Current projections suggest no rate increases will be needed until 2015-2016, when a Sewer Service and Use Charge increase of approximately 5% would be required. This estimate is preliminary and may change as the implementation timing of sanitary sewer improvements and Plant Capital Improvement Program (CIP) projects is refined, and development of a long-term funding strategy that will allow for a predictable base level of future investments nears completion.
- ❑ **Storm Sewer Service Rates** – No increases to the Storm Sewer Service Charge rates are scheduled for 2014-2015. However, rates will be reassessed in 2015-2016 upon completion of the initial recommendations from the Storm Sewer Master Plan that are anticipated to be completed in 2016, as described in the 2015-2019 Adopted Storm Sewer System CIP.
- ❑ **Water Rates** – Municipal Water System rates will increase 11.0% in 2014-2015 due to wholesale cost increases and increased operating costs.
- ❑ **South Bay Water Recycling Wholesale Recycled Water Rates** – The wholesale discount provided to water retailers for industrial recycled water users will be reduced to support cost recovery of system operations and maintenance.
- ❑ **Recycle Plus Rates** – A 3% increase in single-family dwelling (SFD) Recycle Plus rates will fund sorting of garbage to collect recycling and is estimated to achieve an approximate 65% diversion rate in the SFD sector. A 5% increase in multi-family dwelling (MFD) rates will fund the large item collection program that will provide more convenient access to these services for property managers.

Environmental and Utility Services

2014-2015 Key Budget Actions

- ❑ **Sanitary Sewer Overflows** – An operational and well maintained fleet is critical to reducing the quantity of and response times to Sanitary Sewer Overflows and other reported sewer problems. Funding is included to replace several vehicles which will further improve the fleet’s reliability and operational efficiency, and increase the productivity of the sewer maintenance crews. Implemented in 2011-2012, the Sanitary Sewer Condition Assessment Program coupled video inspection of the collection system with computerized data analysis to provide early detection of deficiencies in the sanitary sewer system, thereby enabling more targeted and effective system cleaning, maintenance, and repair.
- ❑ **Sewer Pump Crew Maintenance** – Adds ongoing funding for one pump maintenance crew to maintain service levels at existing sanitary and storm pump stations and better position the City to address future expansion. The City currently has 20 sanitary sewer pump stations and 28 storm sewer pump stations, each with daily, monthly, and annual maintenance schedules. In addition, several new pump stations are expected to come online in the near future. Properly maintaining the pump stations is critical, as these stations ensure sewage flows to the Plant and storm water makes it into creeks and the Bay. The additional pump maintenance crew will improve service levels to existing pump stations and ensure the City will be able to meet demand that will result from growth in the near future.
- ❑ **Maintenance and Equipment** – To improve operational efficiency at the Plant, outdated equipment will be replaced or upgraded with current technology. Additionally, funding will be allocated for repair and maintenance of Plant infrastructure to avoid the greater repair costs that would result if this were deferred.
- ❑ **Plant CIP Delivery** – A top priority is to ensure the necessary program management, engineering, and technical support resources for planning and implementation of the Plant CIP are available. Following City Council approval of the Plant Master Plan (PMP) in November 2013, City staff engaged in a project validation process to confirm project needs, validate project assumptions, and evaluate the potential for packaging approximately 120 discrete projects to most effectively deliver the program. With program management support from MWH Americas, the project validation effort was completed in February 2014 and identified 32 construction projects and 10 programmatic studies that will be initiated over the next ten years. These projects translate into \$1.4 billion in investment, with the majority being expended within the next decade. The City’s funding portion for these projects is included in the Adopted 2015-2019 CIP, and funding options, including bond financing, are continuing to be evaluated by staff. With the addition of several positions in 2014-2015, the City is proactively planning for the delivery of critical Plant CIP projects identified through the PMP and project validation process. Staff is conducting a thorough resource analysis and will bring forward additional proposals for resource augmentations to ensure effective delivery of Plant CIP projects.
- ❑ **Water Pollution Control Plant – Plant Attendant Staffing** – The Plant continues to experience challenges in hiring for journey level positions in a variety of professional trade groups—Mechanic, Operator, Instrument Control Technicians, and Heavy Equipment Operator. Funding for 9.0 Plant Attendant positions will create additional points of entry into all of these positions, expand the pool of qualified candidates for existing Plant Operator Trainee, Mechanic-In-Training, Instrument Control Technician, and Heavy Equipment Operator positions. These changes will be offset by the elimination of two Assistant Heavy Equipment Operators and one Maintenance Worker position. The additional Plant Attendant positions will also support knowledge retention as journey level staff transfer their knowledge to entry level personnel.
- ❑ **Compliance with Permit Requirements** – Staffing adjustments will be made to better position the City in meeting the future requirements of the City’s National Pollution Discharge Elimination System (NPDES) permit for stormwater. The provisions of the permit require the City to participate in and support pollutant reduction activities and studies on a local, regional, and state-wide level. The current permit expires in late 2014 and

Environmental and Utility Services

2014-2015 Key Budget Actions

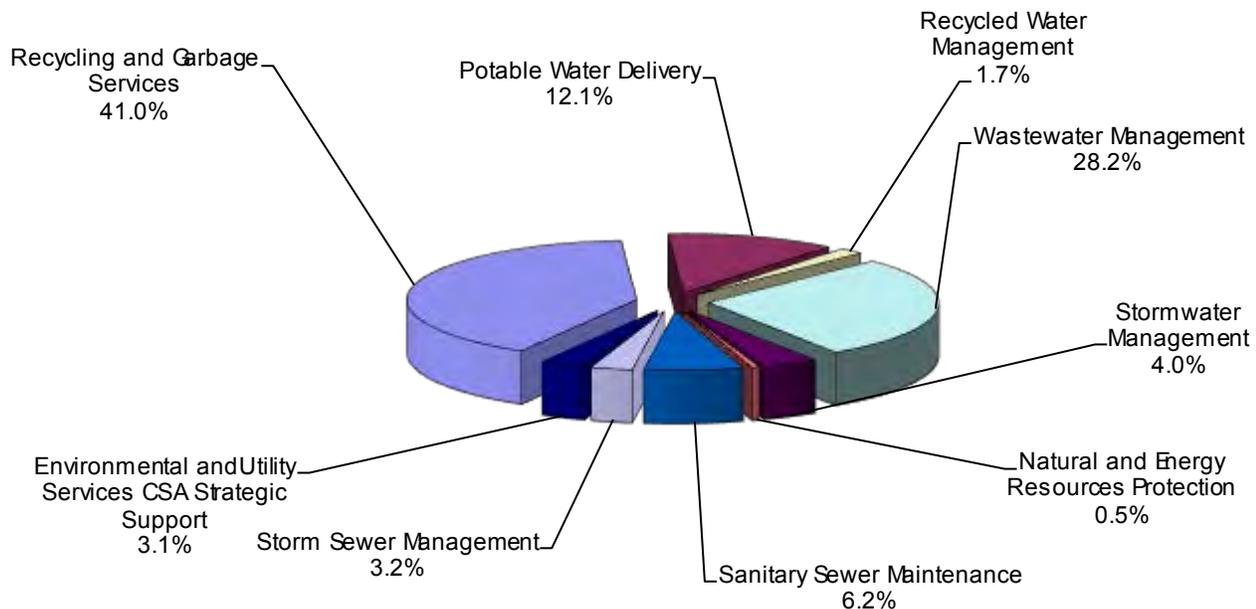
discussions are underway to shape requirements for reissuance. The staffing adjustments will allow greater flexibility in meeting technical and programmatic requirements of the current and future permit.

- ❑ **Enhanced Street Sweeping Parking Prohibition Program** – The ability to achieve and maintain clean streets throughout the City improves quality of life and assists in environmental compliance. The City provides street sweeping services to the approximate 3,000 curb miles of residential streets once a month through contractual services. To enhance the City’s current program that prohibits parking on street sweeping days in specific areas, funding has been allocated to install up to 40 curb miles of prohibitive parking signs on residential streets that experience high parking impacts.

- ❑ **Sorting of Residential Solid Waste** – To support the City’s efforts in achieving the Green Vision goal of diverting 100% of waste from landfills by 2022, funding is included to implement an initial phase of a residential conversion program whereby all waste materials collected from single-family residences are sorted and processed by the contractor prior to landfill conveyance. The goal of this program, commonly referred to as “back-end processing”, would be to significantly increase the amount of materials recycled and the overall diversion rate of waste sent to landfills. Funding in 2014-2015 will support the initial phase of this residential conversion program and consists of a single service area comprising roughly 20% of the City’s total single-family residences. Staff estimates an increase in diversion rate from 60% to 80%, which would position this service area to achieve one of the highest recycling rates in the country. The end goal is to strategically add hauler districts over the next seven years to include all residences.

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$266,930,756



City Service Area
Environmental and Utility Services
OVERVIEW

City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Environmental Services</i>					
Natural and Energy Resources Protection	\$ 1,211,225	\$ 1,770,965	\$ 1,147,722	\$ 1,372,869	(22.5%)
Potable Water Delivery	25,672,136	26,996,004	30,634,774	31,109,073	15.2%
Recycled Water Management	2,882,980	4,316,420	4,408,867	4,431,360	2.7%
Recycling and Garbage Services	97,753,247	101,735,151	102,464,357	105,503,449	3.7%
Stormwater Management	9,103,710	10,178,493	10,210,309	10,275,480	1.0%
Wastewater Management	56,903,910	64,789,300	69,853,813	73,162,524	12.9%
Strategic Support	6,040,892	6,862,071	7,046,745	7,201,483	4.9%
<i>Transportation</i>					
Sanitary Sewer Maintenance	13,899,400	16,786,322	14,447,115	18,164,900	8.2%
Storm Sewer Management	7,235,938	8,499,796	7,666,745	8,388,401	(1.3%)
Strategic Support	973,031	1,019,477	1,116,139	1,137,217	11.5%
Dollars by Core Service Subtotal	\$ 221,676,469	\$ 242,953,999	\$ 248,996,586	\$ 260,746,756	7.3%
Other Programs					
City-Wide Expenses	\$ 4,305,332	\$ 2,416,484	\$ 257,000	\$ 1,089,000	(54.9%)
General Fund Capital, Transfers & Reserves	0	0	0	5,095,000	N/A
Other Programs Subtotal	\$ 4,305,332	\$ 2,416,484	\$ 257,000	\$ 6,184,000	155.9%
CSA Total	\$ 225,981,801	\$ 245,370,483	\$ 249,253,586	\$ 266,930,756	8.8%
Authorized Positions	646.34	654.34	653.34	666.59	1.9%

Service Delivery Accomplishments

- 82.7 million gallons per day (mgd) were discharged from the Treatment Plant to the San Francisco Bay during summer 2013. This was well below the 120 mgd summer flow trigger, meeting all National Pollutant Discharge Elimination System (NPDES) Permit requirements.
- Major Plant maintenance overhaul projects to the existing engine generators in building 40 were completed and are fully operational.
- Various maintenance projects to Plant headworks were completed. These included improvements to the ferric chloride dosing station, major repairs project for barscreens, detritor, and grit classifiers.
- Four clarifiers in the nitrification area of the Plant were sandblasted, painted, and mechanical components were repaired and painted.
- In the primary treatment area of the Plant, two of the east primary tanks were overhauled for various mechanical components, one scum pump station was replaced with new pumps and equipment.
- The Sanitary Sewer Condition Assessment program video inspected pipes that are near surface waters and pipes deemed to cause frequent maintenance schedules.
- In September 2013, City Council adopted an ordinance to phase out Expanded Polystyrene (EPS) foam food service ware used by San José restaurants and food vendors. The first phase of the ordinance became effective on

Service Delivery Accomplishments

January 1, 2014 for multi-state restaurants and will begin at all other restaurants and smaller establishments, including mobile and street vendors, on January 1, 2015.

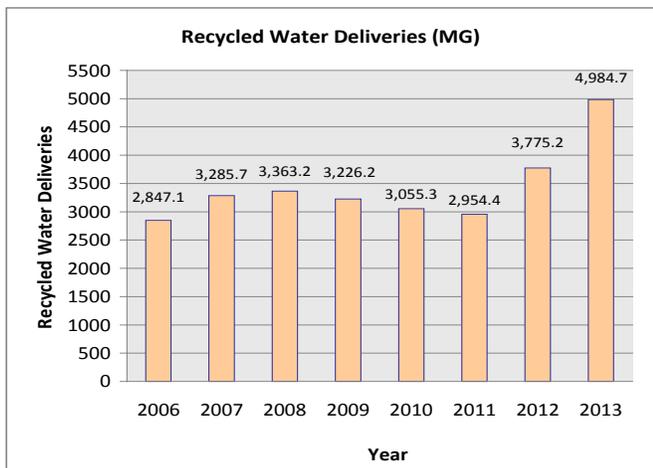
- In October 2013, City Council approved an amendment to the San José Municipal Code to update the single-use carryout bag regulations to eliminate the automatic increase to 25 cents and retain the required minimum charge of 10 cents for recycled content paper bags. Based on field observations, the prevalence of single-use bags has reduced significantly, indicating that the 10 cent minimum charge has had the intended effect.
- Following an inspection of the City's Sanitary Sewer Collection System by the Environmental Protection Agency, the State Water Resources Control Board, and the Regional Water Quality Control Board in 2010, the City continued to implement and refine several operational changes to improve sanitary sewer overflows (SSO) response and reporting. Through the implementation of these changes, the Department of Transportation is working towards achieving the five-year Strategic Plan goal of three SSOs per 100 miles of sewer line.
- The funding and implementation of several critical SSO reduction strategies occurred in 2013-2014, including an increase in the amount of sewer line cleaning performed on problematic sewer lines, chemical treatment of sewer lines to eliminate tree root intrusion and growth, and further analysis of sewer lines and maintenance practices to improve the efficiency and effectiveness of the preventive maintenance program.
- In 2013-2014, the Environmental Services Department modified the Food Service Establishment (FSE) Inspection Program to include an SSO adaptive risk-based approach. This approach prioritizes FSE inspections based upon whether the site is grease producing, has adequate pretreatment, the likelihood of an SSO to occur in that area (termed Collection System Risk, or CSR), and the potential for the site to generate grease (termed Fats, Oils, and Grease (FOG) Discharge Risk, or FDR), in addition to FOG violation history and last inspection date. This risk-based approach has increased inspection frequencies at locations most likely to cause or contribute to SSOs in San José, while maintaining a minimum frequency of at least once every five years at lower risk grease producing locations.
- The Department of Transportation, in coordination with the Environmental Services Department and the community, identified approximately 40 miles of streets where monthly street sweeping was not being effective in removing pollutants and debris due to a high percentage of the curbs being blocked by parked cars on sweep day. The installation of no parking signs on sweep days to reduce the number of parked cars and allow for effective sweeping was completed in summer 2013.
- In 2013-2014, the Environmental Services Department updated the Sewer Use Ordinance to implement the Environmental Protection Agency's 2006 Streamlining Rules. Implementing the Streamlining Rules allows industrial users to apply for a waiver of sampling requirements for pollutants not present in their wastewater discharge, thereby reducing unnecessary sampling and costs.
- During 2013-2014, improvements to stormwater drainage systems included the completion of storm sewer improvement projects in the Lincoln/San Carlos and Bird Avenue areas to address localized ponding and drainage problems.
- During 2013-2014, approximately 43,000 feet of sanitary sewers were rehabilitated and/or replaced. In addition, the Sanitary Sewer Condition Assessment Program is progressing to meet the plan to clean and inspect 10-percent (200 miles) of the collection system annually.

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Service Delivery Accomplishments



- South Bay Water Recycling (SBWR) water deliveries for summer 2013 averaged 19.3 mgd (13.7 mgd on an annual basis). This was up from the 15.8 mgd average in the summer of 2012 (10.3 mgd on an annual basis). Recycled water delivery has rebounded appreciably between calendar years 2012 and 2013. The growth in 2013 recycled water delivery is attributed to warmer temperatures and below average rainfall, substantial local economic recovery, and an increase in recycled water demand by two power generating facilities, which are SBWR's largest customers.

- The Treatment Plant's conversion to a Computerized Maintenance Management System (CMMS) continues to progress, bringing the Treatment Plant closer to the overall goal of establishing a comprehensive, long-term Asset Management Program.
- During 2013-2014, the Municipal Water System delivered approximately 6.7 billion gallons of potable water to customers in North San José, Alviso, Evergreen, Edenvale, and Coyote Valley. Improvements to the potable water distribution system included main extensions to improve reliability and rehabilitation of reservoirs providing fire protection.
- Solid waste recycling and landfill diversion rates remain among the highest achieved by any large city in the country, with an estimated diversion rate of 74%.
- The new Zero Waste Energy Development Facility was completed and began receiving material for processing in December 2013. The Phase I facility is being commissioned to process up to 90,000 tons of organic waste annually, which will allow all of the organic waste from the commercial collection system to be handled in an enclosed facility.
- During 2013-2014, the City began accepting bulky expanded polystyrene (EPS) as an acceptable recyclable material at Neighborhood Clean-Up events and introduced 56 new compressed natural gas (CNG) vehicles to the single-family residential collection fleet.
- The City continued implementation of the EPA grant funded Clean Creeks, Healthy Communities (CCHC) project. The objective of CCHC is to reduce trash through addressing homelessness, community engagement, and illegal dumping prevention. To date, the CCHC has participated in or organized 74 outreach events and reached an estimated 4,600 residents and students with their watershed protection and anti-litter messages. Most recent survey results reveal that 76% of residents are aware that their personal conduct can result in litter in Coyote Creek; an increase from 58% in the baseline survey.

Service Delivery Environment

Aging storm sewer, sanitary sewer, and Treatment Plant infrastructure result in increased maintenance and rehabilitation/replacement costs. Master Plans for these systems help identify necessary long-term improvements. The initial recommendations from the City-wide Storm Master Plan are anticipated to be completed in 2016. The Sanitary Sewer Master Plan was completed in 2011-2012, with subsequent updates on an as-needed basis. The Plant Master Plan was adopted by the City Council in November 2013 and identified 114 projects and over a \$2.2 billion investment to rebuild and rehabilitate the aging infrastructure at the Plant and make technology changes to benefit the community. Between October 2013 and February 2014, City staff worked with program management firm MWH Americas to validate project assumptions, confirm project needs and operational constraints, and evaluate the potential for packaging the projects identified in the Plant Master Plan to most effectively deliver the program. The project validation was completed in February 2014 and identified 32 construction projects and 10 programmatic studies that will be initiated over the next ten years. These projects translate into \$1.4 billion in investment, the majority of which will be expended in the next decade.

Wastewater

- The U.S. Environmental Protection Agency (EPA), the State Water Resources Control Board, and the Regional Water Quality Control Board are continuing to ramp up their regulatory and enforcement efforts to ensure that local agencies are in full compliance with the State-wide General Waste Discharge Requirements for Sanitary Sewer Collection Systems, and that agencies are effectively implementing a Sanitary Sewer Management Plan for reducing SSOs.
- The vast majority of the sanitary sewer collection system (80%) consists of small (6-inch and 8-inch diameter) sewer mains that serve established residential neighborhoods. These small diameter neighborhood sewer systems are the most common locations for blockage and sewer backups.
- The City's 15 sanitary sewer pump stations are on average 30 years old. The standard design life of the mechanical and electrical components of a pump station is up to 25 years, and as such, a pump station should be rehabilitated with new pumps, motors, and control systems at least every 25 years.
- The Sanitary Sewer Master Plan Report, completed in September 2011, identified city-wide trunk sewer system deficiencies for existing, near-term and long-term (i.e. City of San José Envision 2040 General Plan) land use scenarios, and recommended 93 capacity improvement projects totaling approximately \$170 million. The near-term projects will be phased over a 20-year period.
- Over the last five years, the Treatment Plant has seen an unprecedented decline in staffing resources in all areas of engineering, operations, and maintenance. These declines are severely impacting the ability to deliver on long-term project planning and capital improvement projects recommended by the Plant Master Plan and through the project validation effort.
- The City continues to participate in the State and federal planning process for restoration of the South Bay Salt Ponds (16,500 acres) and the U.S. Army Corps of Engineers Shoreline Study to ensure that the City's interests are considered. These interests include protecting Alviso and the Treatment Plant from any potential tidal impacts, ensuring that Moseley Tract and Pond A18 issues are considered and addressed, and providing habitat for endangered species.
- Treatment Plant pollutant removal performance is monitored in accordance with the NPDES permit provisions that govern what pollutants must be monitored, how frequently, and from which sample points (effluent and/or influent). Currently, there are no permit requirements to monitor nitrate, nitrite, or phosphate in the Plant final effluent. However, the Plant routinely monitors these nutrients to assess removal

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Service Delivery Environment

Wastewater (Cont'd.)

performance and assure quality for recycled water. Current regulatory initiatives by Federal EPA and the California State Water Board have started a process for determining if water quality objectives should be established for nutrients, other than those already listed as conventional pollutants. A Water Board-stakeholder process including publically owned treatment plants to conduct nutrient studies in San Francisco Bay began in 2011 under the project title “Numeric Nutrient Endpoint” (NNE).

Stormwater Management

- On October 14, 2009, the Regional Water Quality Control Board adopted a new NPDES Stormwater Permit (Stormwater Permit) to regulate 77 municipalities in the Bay Area. The Stormwater Permit included more specific guidelines for existing programs and required new or expanded efforts. City staff, in conjunction with other regional stormwater agencies, are actively engaged in discussions with San Francisco Regional Water Board staff to frame the requirements of the next Stormwater Permit which is anticipated to be adopted in fall 2014.
- The Stormwater Permit requires the City to reduce trash loads from the storm sewer system by 40% by 2014 and sets goals for a 70% reduction by 2017 and “no adverse impact” by 2022. In January 2014, City Council approved the Clean Waterways, Healthy City: Long-Term Trash Load Reduction Plan, which provides an update on implementation of the Short-Term Trash Load Reduction Plan and a roadmap for achieving the permit specified trash reduction goals. Highlights of Short-Term Plan actions completed include installation of structural controls, adoption of an ordinance to phase out the use of polystyrene food ware at restaurants, and the Bring Your Own Bag Ordinance which was amended to eliminate the scheduled increase to a required minimum charge for recycled content paper bags. The Long-Term Trash Load Reduction Plan includes a continuation of Short-Term efforts and focuses on implementing community engagement and outreach pilot programs.
- The City will continue implementation of Litter Outreach Strategy with the objective to raise public awareness regarding the problem of litter and foster community engagement and action. The strategy includes a combination of new and ongoing tactics. Among the new tactics is a partnership with Litterati to host a trash photo contest utilizing Instagram as a way of increasing public awareness of litter using social media. Additionally, the City launched a three-year partnership with the San José Earthquakes to promote environmental topics, including anti-litter messaging.
- An aging storm sewer infrastructure unsuitable for accommodating planned growth and increased regulatory interest in using “green infrastructure” approaches to address stormwater issues are driving the need for a multi-year master planning effort for the storm sewer system.
- The City will continue to actively pursue grant opportunities that will support Permit compliance efforts and promote the City’s sustainability and watershed protection goals.

Solid Waste

- On September 17, 2013, the City Council approved a service delivery strategy to collect Recycle Plus payments for garbage and recycling services for all single-family residential households through the Santa Clara County Secured Property Tax Bill beginning July 2015.
- In order to encourage proper disposal of large items and promote the large item collection program, a large item collection service was added and its cost was incorporated into the multi-family service rate.

Service Delivery Environment

Solid Waste (Cont'd.)

- A grand opening for the Environmental Innovation Center (EIC) was held on May 30, 2014. The original contractual completion date for construction was December 20, 2012. However, due to several issues, including the evaluation and remediation of lead-containing paint and bankruptcy of the original general contractor, completion of the project was delayed. Construction included the renovation of an existing warehouse for use as a Habitat for Humanity ReStore and Prospect Silicon Valley Demonstration Center, as well as the addition of a new 7,000 square foot building to serve as the largest permanent household hazardous waste drop-off facility in Santa Clara County. The EIC advances many of the City's Green Vision goals.
- On March 18, 2014, the City Council directed staff to proceed with a new technology vendor to help the City implement a California Energy Commission grant funded demonstration that would determine if gasification is a viable solution for the management of biosolids (sludge) from the Treatment Plant and biomass. Biomass is the woody fractions from the residential yard waste collection program and is currently trucked to the Central Valley and used as boiler fuel.
- San José's exclusive commercial wet/dry solid waste processing system has been underway for almost two years and has achieved a 70% diversion rate. Staff anticipates achieving an approximately 75% diversion rate by the end of 2014-2015. The service generates green recycling jobs, provides feedstock for potential waste to energy operations, continues to provide stable franchise fee revenue for the General Fund, and accelerates progress toward renewable energy goals. Additionally, the Construction and Demolition Diversion (CDD) program has achieved a 75% diversion rate for facilities that are certified by the City. Due to the State Cal Green requirements, fewer City construction projects need to participate in the City's CDD program.

Sustainability

- In support of Green Vision Goal #2, *reduce per capita energy use by 50%*, the Silicon Valley Energy Watch Partnership with PG&E, which enables staff to provide extensive energy efficiency education and outreach to the community, has been administered by ESD since 2004. The program is fully funded through 2014 and staff anticipates additional funding will be made available near the end of this calendar year for 2015.
- Staff monitors emerging solar and other renewable energy technologies for possible implementation in the City, seeks to leverage scalable model programs to promote the advancement of renewable energy, and monitors city-wide solar installation activities. These activities support Green Vision Goal #3, *receive 100% of our electrical power from clean renewable resources*.

CSA Priorities/Key Services

- Operate and maintain the City's utilities – storm sewer, sanitary sewer, Treatment Plant, potable water, and recycled water – reliably and efficiently.
- Make strategic investments to increase service levels and maintenance activity on the City's Sanitary Sewer Collection System in order to reduce the number and mitigate the impacts of Sanitary Sewer Overflows (SSOs).
- Continue to invest in capacity and condition assessments for the sanitary sewer collection system to reduce SSOs and support economic development and build-out of the General Plan.
- Continue to meet National Pollutant Discharge Elimination System (NPDES) wastewater and stormwater permit compliance.

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CSA Priorities/Key Services

- Implement the strategies outlined in the Clean Waterways, Healthy City: Long-Term Trash Load Reduction Plan in order to achieve the trash load reduction goals specified in the Stormwater Permit.
- Continue to partner with other agencies and pursue grants to promote energy efficiency and clean, renewable energy in the community, and to support stormwater pollution prevention programming.
- Develop a Strategic/Master Plan to guide the expansion, oversight, and fiscal integrity of the recycled water system into the future.
- Continue to implement solid waste reduction programs in order to achieve Zero Waste by 2022.
- Ensure a smooth transition of Recycle Plus billing to the Santa Clara County Secured Property Tax Bill in July 2015.
- Create recycling infrastructure jobs in San José and support public/private partnerships through the processing of twenty percent of the single-family garbage stream beginning in July 2014.
- Increase awareness of proper disposal of large items through the incorporation of large item collections in the multi-family garbage service rates.
- Complete construction and commissioning of the Zero Waste Energy Development's dry fermentation anaerobic digestion and create energy from organic portions of San José commercial sector waste. Support the permitted expansion of this facility to allow organic waste from the residential sector and neighboring jurisdictions. Install and operate the Gasification Demonstration Project and prepare a long-term feasibility study with the California Energy Commission and partner technology providers.

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Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

The utility infrastructure in San José, which includes the Water Pollution Control Plant (Plant), sanitary sewer system, storm sewer system, and water distribution system, is aging and requires increased maintenance. To maintain system reliability and minimize maintenance costs, the older infrastructure must be rehabilitated or replaced. For the Plant, the 2015-2019 Adopted Capital Improvement Program (CIP) includes funding of \$926.3 million to rehabilitate and upgrade the infrastructure, including the headworks, primary and secondary tanks and clarifiers, digesters and gas lines, electrical motor control centers and switchgears, engines and generators, a new biosolids facility, and numerous other improvements. The 2015-2019 Sanitary Sewer System Adopted CIP provides funding of \$205.1 million, of which \$84.0 million is allocated in 2014-2015 to upgrade the existing pipe network to support the build-out of the General Plan, and to evaluate and rehabilitate the existing sanitary sewers, pump stations, and other infrastructure. The 2015-2019 Storm Sewer System Adopted CIP provides funding of \$61.8 million, of which \$33.1 million is allocated in 2014-2015 for master planning and improvements of the Storm Sewer System. For the collection system, investments in fleet replacement and pump station maintenance are included in this budget to improve the efficiency and effectiveness of maintenance activities that reduce the number of SSOs. The 2015-2019 Adopted Water Utility System CIP provides funding of \$26.0 million for maintenance of existing infrastructure, and improvements to the Water Utility System facilities, with \$11.3 million allocated in 2014-2015.

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:					
	- SJ/SC Water Pollution Control Plant	99%*	95%	98%	95%	95%
	- Storm Sewer lines	97%	95%	99%	95%	95%
	- SJ Municipal Water	97%	98%	98%	98%	98%
	- South Bay Water Recycling	100%	98%	98%	98%	98%
	2. Ratio of Municipal Water System average residential water bill to weighted average residential water bill of the San José water retailers**	74%	<100%	<100%	<100%	<100%
	3. Number of SSOs per 100 miles of sewer lines	6.8	5.0	4.4	4.0	3.0
Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)					
	- Overall	71%	75%	73%	75%	77%
	- Residential	60%	61%	60%	63%	68%
	- Commercial	70%	75%	73%	75%	80%
	- City Facilities	90%	89%	91%	91%	91%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* The % of utility assets in working condition for the SJ/SC Water Pollution Control Plant is calculated based on an average number of hours critical equipment are unavailable during the year due to repairs.

** Other San José water retailers include: San José Water Company and Great Oaks Water Company.

¹Changes to Performance Measures from 2013-2014 Adopted Budget:

✗ “% of customers rating service as good, based on reliability, ease of system use and lack of disruption” was deleted because it is a duplicate of a measure reported in the Environmental Services Department Core Services Potable Water Delivery and Recycled Water Management.

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Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *San José/Santa Clara Water Pollution Control Plant Infrastructure*

- A three-year Treatment Plant master planning process resulted in City Council adoption of the Plant Master Plan (PMP) in November 2013. The PMP recommended 114 projects and a \$2.2 billion investment to rebuild and rehabilitate the aging infrastructure of the Treatment Plant and to make technology changes to benefit the community. In anticipation of the significant capital improvement program, in October 2013, the City awarded a contract for program management services to MWH Americas (MWH). Between October 2013 and February 2014, MWH worked with City staff to validate project assumptions, confirm project needs and operational constraints, and evaluate the potential for packaging the projects identified in the PMP to most effectively deliver the program. The project validation was completed in February 2014 and identified 32 construction projects and 10 programmatic studies that will be initiated over the next ten years. These projects translate into \$1.4 billion in investment, the majority of which will be expended in the next decade. The 2015-2019 Adopted CIP provides funding of \$926.3 million, of which \$181.6 million is allocated in 2014-2015 to address critical infrastructure rehabilitation, replacement needs, and capital improvements at the Plant. Projects in the CIP include projects related to the future transition to a new biosolids management process (\$146.8 million); Electrical Systems and Power Generation projects (\$112.2 million); a new headworks facility (\$88.4 million); Advanced Process Control and Automation upgrades (\$33.6 million); Secondary Wastewater Treatment projects (\$75.5 million); East Primary Rehabilitation, Seismic Retrofit, and Odor Control (\$42.2 million); and other various improvements.

✓ *Sanitary Sewer Infrastructure*

Preventing and reducing the number of SSOs that occur in the City's Sanitary Sewer Collection System is critically important.

In order to address critical infrastructure needs in the sanitary sewer system, the following projects are included in the 2014-2015 Adopted Operating Budget and 2015-2019 Adopted CIP:

- Funding of \$91.4 million for design and construction of the Capacity Improvement Projects to support economic developments, of which \$28.7 million is programmed to complete work on the interceptor project.
- Funding of \$71.8 million for design and construction of Rehabilitation Projects which are selected based on hydrogen sulfide studies that analyze pipe corrosion, condition assessment studies, video inspections, maintenance records and reports, and actual pipe failures, whether due to pipe corrosion or other physical deficiencies.
- Ongoing funding of \$1.2 million to replace aging sewer cleaning equipment (combination cleaning utility and maintenance trucks) in the Department of Transportation to continue to improve the effectiveness and efficiency of sewer line cleaning, blockage removal, and SSO response.
- Funding of \$303,000 to increase resources in the Department of Transportation to maintain the storm and sanitary sewer pump stations. The inventory is increasing and one additional two-person crew is needed to ensure all pump stations are properly maintained.
- One-time funding of \$300,000 for the establishment of a sewer lateral repair grant for qualifying residents to provide partial funding for costly repairs to the sewer lines under homeowner properties.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *Storm Sewer Infrastructure*

In order to address critical infrastructure needs in the storm sewer system and meet the percentage of utility assets in working condition goal, transfers from operating funds to the 2015-2019 Adopted CIP are included in the 2014-2015 Adopted Operating Budget. Major items funded by this transfer include:

- Initiation of design for the Charcot Pump Station at Coyote Creek and continuation of design for the Alviso Pump Station (\$2.5 million). \$9.0 million will remain in a reserve for construction of the Alviso Pump Station. The full cost of designing and constructing these pump stations and altering the associated pipe system is expected to total \$52.0 million.
- Funding of \$11.5 million for the purchase and installation of up to 20 Large Trash Capture Devices at various locations within the City.
- Funding of \$1.4 million for the Willow Glen-Guadalupe Phase III project.
- Continued funding to repair and restructure outfalls along local rivers and creeks (\$2.8 million).
- Funding of \$1.2 million for the Park Avenue Green Avenue Storm Sewer Improvements project.
- Continued funding to develop and maintain updates to a City-wide Master Plan and associated Flow Monitoring Program (\$7.7 million).
- Funding of \$4.5 million for Urgent Flood Prevention and Repair projects.

✓ *Water Supply Infrastructure*

- The Municipal Water System's rates still remain well below those of other San José retailers, even after a rate increase of 11.0% to account for higher wholesale water costs and increased operating costs.
- Municipal Water continues to meet its goal for the performance measure “% of utility assets in working condition.”

✓ *Solid Waste Management Infrastructure*

To continue increasing solid waste diversion and meeting the Green Vision goal of Zero Waste by 2022, new solid waste management infrastructure and programs will be necessary in the coming decade. The private sector has invested over \$100 million in recycling facilities in San José since 2007, and this investment will need to continue.

- Zero Waste Energy Development has completed Phase One construction and is digesting organic material from San José businesses as it completes the commissioning process and moves toward full capacity. It will process waste from other sources in San José and the region when Phase Two and Three of construction are completed.
- The Habitat for Humanity's ReStore and the County's Household Hazardous Waste operations at the EIC will divert furniture, appliances, and building materials from landfills as well as provide residents with a convenient and safe means to dispose of common toxic items.
- Environmental Inspectors will work to identify businesses that are not receiving service through the new commercial solid waste collection system to ensure they are included in the program.

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Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *Solid Waste Management Infrastructure*

- Commencement of the design and construction of the small-scale Gasification Demonstration unit is expected to be underway during summer 2014. With data from the demonstration study, the City will prepare a feasibility study that will help to determine if gasification is a viable solution for the commercial management of biosolids and biomass.
- The City has made progress in replacing and converting the Recycle Plus residential collection vehicles used by GreenTeam of San José and Garden City Sanitation to compressed natural gas (CNG) power. Fifty-six CNG powered collection vehicles went into service in 2013-2014, servicing GreenTeam's multi-family and single-family collection routes and Garden City's single family collection routes. By the end of 2013-2014, staff expects to have a total of 63 CNG collection vehicles. GreenTeam and Garden City Sanitation's fleet will be fully replaced or converted to CNG powered vehicles by June 2015.

Budget Dollars at Work: Performance Goals

OUTCOME 2: HEALTHY STREAMS, RIVERS, MARSH AND BAY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Manage stormwater for suitable discharge into creeks, rivers, and the Bay	1. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	N/A*	55%	49%	55%	60%
Manage wastewater for suitable discharge into the Bay	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	85 mgd	<120 mgd	82 mgd	<120 mgd	<120 mgd**
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%	100%
Develop, operate, and maintain a recycled water system that reduces effluent to the Bay	1. Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period***	15.8 mgd	13.1 mgd	14 mgd	14 mgd	14 mgd

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No survey conducted in 2012-2013 due to availability of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

** In accordance with the NPDES permit, the maximum annual discharge is 120 mgd.

*** Dry weather period is defined as the lowest continuous three months average rainfall between May and October, which during the fiscal year report period is July – September.

✓ *Wastewater Program Implementation*

Since 1990, the City has invested considerable efforts in protecting local streams, rivers, and the San Francisco Bay salt marsh habitat. The Treatment Plant’s average dry-weather effluent flow was 85 mgd in 2012 and 82 mgd in 2013. These numbers are well below the 120 mgd trigger set by the State to protect wildlife habitat. The Plant continues to consistently meet permit discharge requirements.

Salt marsh habitat protection is a key element of San José’s watershed protection efforts. City staff actively participates in the South Bay Salt Pond Restoration Project, which aims to restore former salt ponds to salt marshes or managed pond habitat, as well as the South San Francisco Bay Shoreline Study, which studies flood protection requirements for the area.

The City continues to expand programs and partnerships to address priority pollutants and emerging threats to water quality. Residential thermometer exchange and dental amalgam programs aim to reduce mercury discharge, and the City’s efforts to provide safe and convenient disposal for unused medications are critical to addressing the emerging concern of the effects of these medications on water quality.

The NPDES stormwater permit, adopted in October 2009, directs significant enhancements to municipal maintenance activities, water quality monitoring, enforcement programs, and application of treatment and flow control measures to development projects. The City continues to review opportunities to realign operations to deliver new requirements, and has developed new and expanded programs, procured new monitoring equipment, and refined program and operational data tracking.

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Budget Dollars at Work: Performance Goals

OUTCOME 2: HEALTHY STREAMS, RIVERS, MARSH AND BAY

✓ *Stormwater Program Implementation*

As a requirement of the permit, the City conducts activities to limit non-stormwater discharges to the storm sewer system, and to implement “Best Management Practices” (BMPs) to reduce pollutants such as mercury, pesticides, and trash.

This includes implementing BMPs for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, and educating property owners on how to protect water quality.

Trash generation correlates with many other community conditions including graffiti and gang violence and lower participation in other municipal environmental programs such as curbside recycling and household hazardous waste disposal. These correlations are at the center of San José’s strategy to broaden the capacity of the City to reach a greater audience in the community as well as our ability to leverage resources of other public and non-governmental agencies who are already working to improve the quality of life in San José neighborhoods. Examples of how the City is using a collaborative approach with other City Departments and/or other outside organizations to reduce trash and improve community well-being include:

- Anti-Gang & Blight Coordination
- Place-Based Neighborhoods Program Art Project
- Clean Creeks, Healthy Communities

The initial partnerships identified in this plan are key first steps to the long-term success and sustainability of the City’s trash reduction efforts. The City will continue to seek out new and innovative partnerships with local organizations and agencies to further broaden our resource base with those entities that share the common goal of improving community health and well-being.

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Budget Dollars at Work: Performance Goals

OUTCOME 3: “CLEAN AND SUSTAINABLE” AIR, LAND, AND ENERGY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Reduce, reuse, and recycle solid waste at home, work, and play	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	N/A*	75%	54%	60%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No survey was conducted in 2012-2013 due to availability of staff resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

- ✓ The City’s Green Vision Goal #2 is to reduce the community’s electrical energy use by 50% by 2022. To accomplish this, the City is exploring expanded partnerships, including the Local Government Partnership Program with PG&E, funded by the California Public Utilities Commission. The Silicon Valley Energy Watch Program (SVEW) provides technical assistance, educational events and workshops, and marketing and outreach, and coordinates energy efficiency services within Santa Clara County. The City is also exploring foundation/grant funding opportunities and funding made available by the State of California, through Cap & Trade revenues. The City continues to implement energy efficiency measures in its own buildings and will have enhanced capacity to accelerate projects now that an Energy Service Company has been retained to help identify and finance projects. Through a Federal grant, 71 energy efficiency projects on City facilities were completed in 2013.
- ✓ The City of San José achieved a solid waste diversion rate of 74% for 2013-2014 through administration of its residential, commercial, and civic garbage and recycling programs. San José has one of the highest diversion rates among large cities in the country. The structure of the City’s commercial and residential programs facilitate effective sorting of garbage and recycling by residents and businesses. In 2014-2015, innovations in the new commercial system will be piloted in the residential sector to help move the City closer to its zero-waste goal. Customer outreach to neighborhoods, schools, and businesses will continue to help reduce recycle cart contamination and blight, as well as ensure that commercial customers are accounted for.

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Budget Dollars at Work: Performance Goals

OUTCOME 4: SAFE, RELIABLE AND SUFFICIENT WATER SUPPLY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Ensure availability of future water supplies.	1. Mgd of water conserved and recycled *	21.4	69	69	72	89
Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources*	1. % of Municipal Water System customers demonstrating water conservation knowledge**	N/A**	40%	75%	78%	90%
	2. % of Municipal Water System customers with water saving fixtures in their home or property**	N/A**	50%	64%	66%	75%
	3. % of residents who are in favor of using recycled water*	N/A**	75%	78%	80%	90%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Through 2012-2013, data reported was based on WPCP Tributary-wide flow savings from a subset of indoor water conservation programs and Tributary-wide recycled water use. Starting in 2013-2014, data reported is based on County-wide water savings from both indoor and outdoor water conservation programs, passive water savings (from behavioral, policies, and code changes), and recycled water use. The County-wide data is collected and provided by SCVWD.

** No survey was conducted in 2012-2013 due to availability of staff resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

¹Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊆ “% of residents demonstrating water conservation knowledge” was revised to “% of Municipal Water System customers demonstrating water conservation knowledge” to reflect the fact that the water conservation program is specific to Municipal Water System customers.
- ⊆ “% of residents with water saving fixtures in their home” was revised to “% of Municipal Water System customers with water saving fixtures in their home or property” to reflect the fact this measure pertains to residential and non-residential Muni Water System customers.
- ✗ “% of San José Municipal Water System drinking water samples meeting or surpassing State and federal water quality” was deleted because it is a duplicate of a measure reported in the Environmental Services Department Core Service Potable Water Delivery.

- ✓ The South Bay Water Recycling Program (SBWR) delivers more than 10,000 acre foot per year of recycled water from the Treatment Plant to over 700 customers for reuse in irrigation, industrial cooling, and other beneficial purposes. SBWR supplies more than 75% of all recycled water used in Santa Clara County.
- ✓ An ongoing joint effort between City staff and the Santa Clara Valley Water District to develop a comprehensive SBWR master plan in 2014-2015 will address future improvements and recommend a long-term rate approach to support system maintenance and capital investment.

City Service Area

Environmental and Utility Services
ADOPTED BUDGET CHANGES

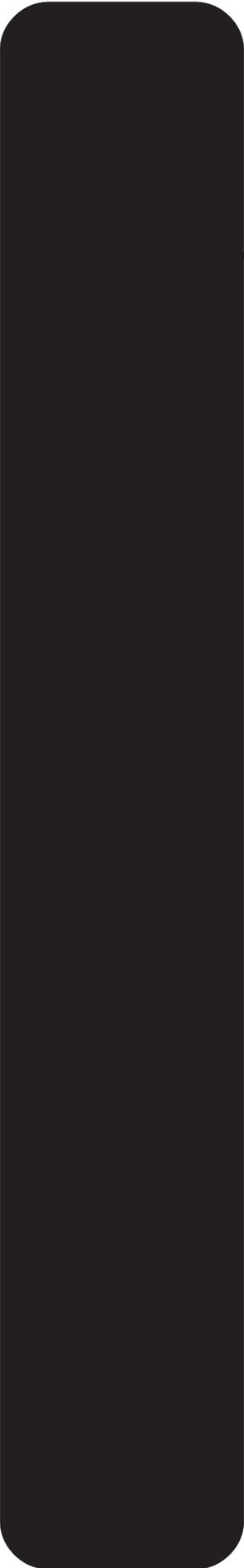
Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
ENVIRONMENTAL SERVICES DEPARTMENT			
• Single Family Dwelling Waste Materials Processing - Phase I		2,500,000	0
• Environmental Services Department (ESD) Salary Program		1,219,872	8,249
• Water Pollution Control Plant Vehicles		550,000	0
• Water Pollution Control Plant Filter Maintenance		475,000	0
• Multi-Family Dwelling Bulky Goods Collections		410,000	0
• Water Pollution Control Plant Capital Improvement Program Staffing	4.00	408,460	0
• Water Pollution Control Plant Safety Support		375,000	0
• Water Pollution Control Plant Wastewater Attendant Staffing	6.00	299,610	0
• Water Pollution Control Plant Process Control Upgrade		250,000	0
• Municipal Water Staffing	1.00	185,164	0
• Municipal Water Vehicles		150,000	0
• Water Pollution Control Plant Power and Air System Support		150,000	0
• Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support	1.00	120,398	0
• Nine Par Landfill Groundwater Contamination Clean-Up		113,400	0
• Water Pollution Control Plant Fiscal Staffing	1.00	85,282	0
• Municipal Water Conservation Outreach and Activities		75,000	0
• Electric Vehicle Lease Renewal		12,000	0
• Environmental Services Department Administrative Services Support and Watershed Protection Division Staffing	(2.00)	(156,766)	0
• Sewer Service Conservation Program Elimination		(149,553)	0
• Integrated Billing System Transition Staffing		(48,216)	0
• Rebudget: ESD Personal Services and Non-Personal/Equipment (2013 Silicon Valley Energy Watch Program)		265,000	265,000
<i>Subtotal</i>	11.00	7,289,651	273,249

City Service Area

Environmental and Utility Services

ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
TRANSPORTATION DEPARTMENT			
• Sanitary Sewer and Storm Sewer Programs Fleet Replacement		1,200,000	0
• Transportation Department Salary Program		379,176	0
• Sanitary Sewer and Storm Sewer Pump Crew Maintenance	2.00	303,335	0
• Sewer Lateral Replacement Grant		300,000	0
• Street Sweeping Signage	0.25	275,008	35,000
• Electric Vehicle Lease Renewal		3,000	0
• Rebudget: Department of Transportation Non-Personal/Equipment (Combination Cleaner Vehicles)		1,750,000	
• Rebudget: Department of Transportation Non-Personal/Equipment (Computerized Maintenance Management System)		250,000	0
<i>Subtotal</i>	2.25	4,460,519	35,000
<i>Subtotal Departments</i>	13.25	11,750,170	308,249
CITY-WIDE EXPENSES			
• Miscellaneous Rebudgets		832,000	832,000
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Transfers to Other Funds: Sewage Treatment Plant Connection Fee Fund - Former RDA SERAF Loan Repayment		5,095,000	0
<i>Subtotal Other Charges</i>	0.00	5,927,000	832,000
Total Adopted Budget Changes	13.25	17,677,170	1,140,249



2014-2015

OPERATING BUDGET

**NEIGHBORHOOD
SERVICES CSA**

**NEIGHBORHOOD
SERVICES
CSA**

City Service Area Neighborhood Services



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

Primary Partners

Library
Parks, Recreation and
Neighborhood Services
Planning, Building and
Code Enforcement
Public Works

CSA OUTCOMES

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

City Service Area
Neighborhood Services
SERVICE DELIVERY FRAMEWORK

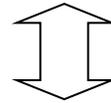
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Neighborhood Services CSA

Mission:

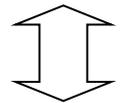
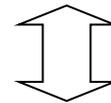
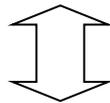
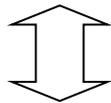
To serve, foster, and strengthen the community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods



Outcomes:

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

CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA

Library Department

Core Services:

Access to Information, Library Materials, and Digital Resources

Formal and Lifelong Self-Directed Education

Parks, Recreation and Neighborhood Services Department

Core Services:

Parks Maintenance and Operations

Recreation and Community Services

Planning, Building and Code Enforcement Department

Core Services:

Community Code Enforcement

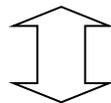
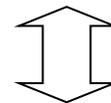
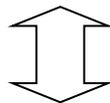
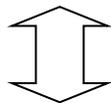
Public Works Department

Core Services:

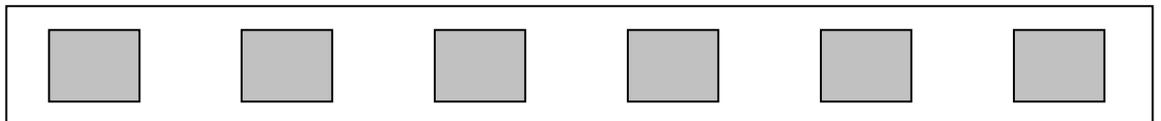
Animal Care and Services

CORE SERVICES
 Primary deliverables of the organization

OPERATIONAL SERVICES
 Elements of Core Services; the "front-line" of service delivery



STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



Neighborhood Services

Expected 2014-2015 Service Delivery

- ❑ The City's partnership with Santa Clara Valley Water District has helped increase the Park Ranger presence along the watersheds to protect water quality and improve public safety. The Homeless Response Team will continue to work with the California Department of Fish and Wildlife, Santa Clara Valley Water District, San Jose Conservation Corps, Housing and Environmental Services Departments, Adopt-A-Trail volunteers, and volunteer organizations such as Friends of Los Gatos Creek and Restore Coyote Creek to further preserve and improve local watersheds. Additional partnerships under development to expand these efforts include the City of Campbell, as well as Santa Clara County Park Rangers and Santa Clara County Sheriff's Department, who, along with San José Park Rangers, will patrol the two-mile stretch of the Los Gatos Creek Trail and assist with clean-up efforts.
- ❑ San José has one of the nation's largest trail networks with 55 miles already providing access throughout the City. The Green Vision advances development of an interconnected, 100-mile network by 2022.
- ❑ Parks, Recreation and Neighborhood Services (PRNS) will continue to use a multi-service community center "hub" model that sustains access for all ages by balancing fees and scholarships supporting the deployment of resources to meet service delivery demands of residents. Community center services are provided at hub community centers (one in each Council District), Grace Community Center (Therapeutic Services), Bascom Joint Community Center, and 42 reuse sites.
- ❑ The implementation of a new web-based data system developed by the PRNS Business Intelligence (BI) Technical Advisory Committee now allows staff to more accurately determine the costs of maintaining parks at various service levels and budget for newly-designed parks as they come online.
- ❑ PRNS will continue to implement its pricing and revenue structure to make programs more self-supporting and less dependent on the General Fund.
- ❑ The Library will maintain existing branch library days and hours, with the exception of a one-time increase at Evergreen Branch Library. Branch libraries open on a Monday-Thursday schedule will maintain 34 hours of weekly service, and branches open on a Wednesday-Saturday schedule will maintain 33 hours of weekly service. The Evergreen Branch Library will be open 42 hours per week, open Monday-Thursday and Saturday. The Dr. Martin Luther King Jr. Library hours remain unchanged, operating every day of the week for a total of 77 hours per week.
- ❑ The San José Public Library will continue operating as a model of efficiency with a lower staff to square footage ratio compared to other large California public library systems with a population over 400,000.
- ❑ The Library will continue to engage adult and teen volunteers in a variety of positions to support and enhance Library operations. Traditional volunteer opportunities consist of adult literacy tutors, one-to-one computer mentors, trained readers to children, shelf readers, program assistants, teachers of citizenship classes, and ESL Conversation Club facilitators.
- ❑ Staff will target improvements to safety and programming for teens and youth at the Dr. Martin Luther King Jr. Library.
- ❑ The Library continues its effort to increase technology and efficiency by upgrading its online customer and materials database. At least one more Automated Materials Handling System will be added at the Willow Glen Branch Library in 2014-2015 and staff will continue to assess the cost/benefit of additional machines at other locations.

Neighborhood Services

Expected 2014-2015 Service Delivery

- ❑ The Library launched its first custom-built application for smart phones in support of its annual Summer Reading program. Built in partnership with developers from eBay/PayPal, this “App” allows participants to engage in an online game that promotes family literacy and learning.
- ❑ Animal Care and Services field staff will focus on health and safety-related calls such as aggressive animals, injured animals, public safety assists, dead animal removal, and confined stray animals. Shelter services will include the continuation of low cost and free spay neuter services for the public, adoption services, and care of homeless animals.
- ❑ Code Enforcement field inspection services for Emergency and Priority complaints will be completed within 24 and 72 hours, respectively.
- ❑ Neighborhood clean-ups for all of San José’s neighborhoods will continue to be provided on a 3-year cycle.
- ❑ Code Enforcement will implement a new Multiple Housing Inspection Program that includes more frequent inspection of problematic properties and self-certification for properties that do not have a history of violations and are properly maintained.
- ❑ The City will increase its focus on abating “illegal dumping” by installing deterrent infrastructure and signage in certain “hot spots,” providing additional rapid response pick-ups and neighborhood removals, increasing educational outreach activities, and identifying best practices from other jurisdictions to reduce illegal dumping across the City over the long term.

2014-2015 Key Budget Actions

- ❑ PRNS will continue to partner with the Santa Clara Valley Water District (SCVWD), and Housing and Environmental Services Departments to deliver the Homeless Response Team services. This budget action, with a partial reimbursement from the SCVWD, extends funding for 2.0 Park Ranger positions through June 30, 2015, which, combined with 2.0 Park Rangers currently funded through June 30, 2016, of which 1.0 Senior Park Ranger was reallocated to 1.0 Park Ranger, will continue the patrol and enforcement of illegal camping and protection of water quality and wildlife along Coyote Creek and the Guadalupe River Park corridors.
- ❑ Youth summer programming, including Franklin McKinley Children’s Initiative and Get Fit Camp, will be funded ongoing beginning in 2014-2015. Both programs were piloted in 2013-2014 with one-time funds to support Pop-Up Parks in the Santee Neighborhood of the Franklin McKinley School District and summer camps that educate kids about healthy eating and exercising to prevent obesity and diabetes.
- ❑ Adds 1.0 Senior Park Ranger and 6.0 Park Ranger positions to protect and preserve parks, open spaces and waterways in specific areas of San José including Guadalupe River Park and Gardens, Plaza de Cesar Chavez, and St. James Park. Park Ranger staff may also be deployed to neighborhood park hot spots such as De Anza, Paul Moore, Plata Arroyo, Shady Oaks Parks, and the Los Gatos Creek Trail.
- ❑ Continues ongoing funding for gas cards and provides additional funding to serve those seniors currently on a wait list for transportation to and from 14 senior nutrition sites. Funding will be provided to relieve seniors currently on a wait list for gas cards, bus passes, and van service.

Neighborhood Services

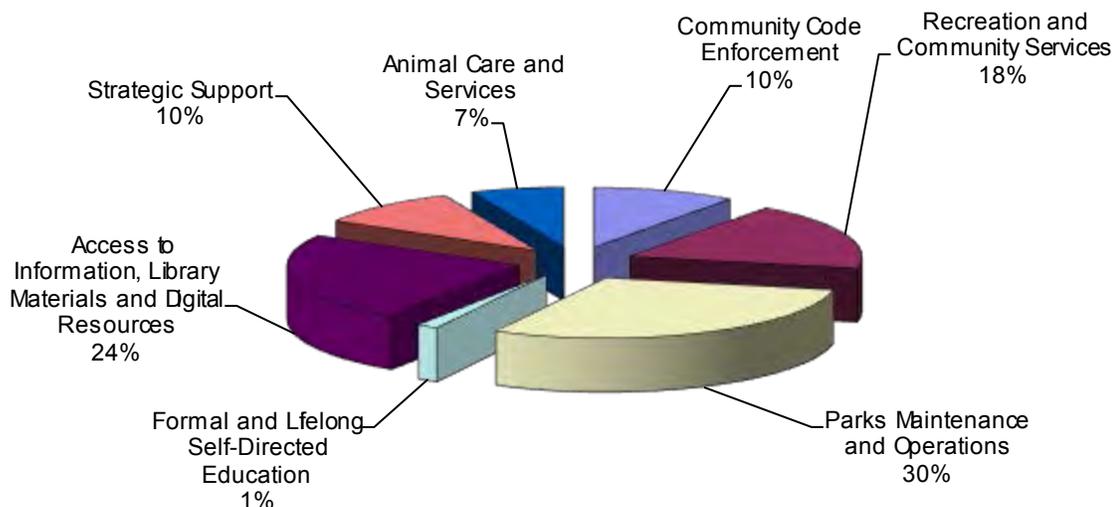
2014-2015 Key Budget Actions

- ❑ Due to marked interest from the community, adds six new reservable picnic sites, including one at Emma Prusch Farm Park and five at Frank Bramhall Park, which are expected to generate approximately \$20,000 in new revenue. PRNS continues the expansion of the Double H Catering Program provided by Happy Hollow Park & Zoo to City departments for meetings and special occasions at City Hall and other private functions.
- ❑ Adds part-time Maintenance Assistants at the Calabazas BMX Bike Park to maintain health, safety, and design integrity standards during daily use, special events, and programs at the bike park.
- ❑ Adds ongoing funding to support a summer recreational swim program in the Evergreen community at Overfelt High School. Also adds one-time funding to extend the summer swim season at Mayfair Community Center.
- ❑ To support Animal Care and Services, adds funding to upgrade some critical technology areas and adds a full-time volunteer coordinator. This program will continue to focus on increasing overall cost recovery through licensing, contracting, and grants/fundraising.
- ❑ Adds one-time funding for targeted actions to reduce illegal dumping in the short term and for consultant services to help identify best practices and provide recommendations to address illegal dumping issues throughout the City over the long term.
- ❑ Adds ongoing funding to continue Spartan Keyes Neighborhood Action Center services. Ongoing funding for the McKinley Neighborhood Center is also included to continue after-school programming for middle school youth.
- ❑ Continues one-time funding to provide for Saturday operations at the Evergreen Branch Library through March 31, 2016, at which time the new Southeast Branch Library is anticipated to open.
- ❑ Adds additional staff to increase safety and positive programming for teens and youth at the Dr. Martin Luther King, Jr. Library.
- ❑ Adds 1.0 Analyst position in the Library Department to centralize contract and procurement functions across the Library organization, ensuring proper adherence to the contract and procurement process and requirements.
- ❑ Allocates \$1.5 million in funding from an Earmarked Reserve and provides an additional \$1 million in one-time funding in 2014-2015 for the San José BEST/Safe Summer Initiative Programs. This funding brings the total allocation for San José BEST/Safe Summer Initiative Programs to \$5.6 million for 2014-2015. The 2015-2016 San José BEST and Safe Summer Initiative Programs Reserve of \$1.5 million is set aside for 2015-2016 to maintain funding at the \$4.6 million level to support San José BEST/Safe Summer Initiative Programs.
- ❑ Adds 3.0 General Code Enforcement Inspector positions to the Planning, Building and Code Enforcement Department to improve the response and resolution of general routine complaints city-wide. This additional staffing will reduce the time to open a case beginning from the initial day of complaint from 21 days to 14 days and the average number of days to close out a case from 90 days to 30 days.

City Service Area
Neighborhood Services
BUDGET SUMMARY

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$114,531,678



City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Public Works</i>					
Animal Care and Services	\$ 6,677,184	\$ 6,872,368	\$ 7,257,360	\$ 7,445,834	8.3%
<i>Library</i>					
Access to Information, Library Materials and Digital Resources	23,263,445	25,574,470	26,998,834	27,535,798	7.7%
Formal and Lifelong Self-Directed Education	1,468,786	1,857,638	1,498,153	1,672,513	(10.0%)
Strategic Support	2,851,806	3,878,843	3,938,411	4,033,984	4.0%
<i>Parks, Recreation and Neighborhood Services</i>					
Parks Maintenance and Operations	30,612,623	32,304,513	31,222,093	33,894,580	4.9%
Recreation and Community Services	18,224,469	18,674,557	21,455,605	20,839,672	11.6%
Strategic Support	5,900,843	6,573,408	7,376,441	7,659,671	16.5%
<i>Planning, Building and Code Enforcement</i>					
Community Code Enforcement	7,761,511	8,734,919	9,712,579	11,449,626	31.1%
Dollars by Core Service Subtotal	\$ 96,760,667	\$ 104,470,716	\$ 109,459,476	\$ 114,531,678	9.6%
Other Programs					
City-Wide Expenses	\$ 8,356,352	\$ 8,732,567	\$ 5,189,700	\$ 9,164,476	4.9%
General Fund Capital, Transfers & Reserves	2,118,626	4,525,000	1,793,000	7,354,845	62.5%
Other Programs Subtotal	\$ 10,474,978	\$ 13,257,567	\$ 6,982,700	\$ 16,519,321	24.6%
CSA Total	\$ 107,235,645	\$ 117,728,283	\$ 116,442,176	\$ 131,050,999	11.3%
Authorized Positions	927.94	948.16	943.47	977.44	3.1%

Service Delivery Accomplishments

- The Homeless Response Team, comprised of San José Park Rangers, Housing Department staff, Environmental Services Department staff, and the Santa Clara Valley Water District and California Department of Fish and Wildlife, was formed in fall 2013 to address the community's concerns about the growing and visible homeless encampments. The Park Rangers have been successful in addressing public safety and criminal activity along the watersheds, reducing and suppressing illegal camping and dumping, preventing re-encampments, reducing stream pollutants and litter in the riparian corridor, protecting the water quality, fish, and wildlife, and providing flood protection along the watersheds. Within 10 months, 1,709 Park Ranger hours have been spent to deter 504 encampments, issue 565 violation warnings and 74 citations, conduct 13 arrests, provide 435 referrals to the Emergency Housing Consortium, and remove 328 cubic yards of trash.
- PRNS piloted its "Fit Camp" program at the Mayfair, Bascom, Seven Trees, and Willow Glen community centers, providing recreational activities during the summer that promote active living and healthy eating, thereby increasing access to physical activity and healthy food options for approximately 230 youth.
- The Senior Nutrition Program supplied enhanced meal options two times per month, which included ribs, pork chops, and salmon.
- In 2013, the Parks Volunteer Management Unit organized 93 community clean-up days where volunteers enhanced the work of park staff by picking up litter, sweeping, mulching, painting, dead-heading roses, and spreading play area fiber. An additional 75 parks are supported by Adopt-A-Park volunteers who provide ongoing volunteer support. Combined, a total of 24,176 hours of service were donated, valued at approximately \$592,000, to help make the San José parks and trails beautiful, green, and clean.
- This year the City made significant progress toward implementing the North San José Neighborhood Plan, which calls for development of up to 77 acres of parks to support growth approved as part of the North San José Policy. The City partnered with the Santa Clara Unified School District to purchase the 81-acre former Agnews Developmental Center Property on Zanker Road. The City's 21.6 acres of land will be used for development of a community serving park.
- This year the City Council approved selection of the Arcadia development site as the best site for the bond-funded softball facility. The City will proceed with negotiations with the developers to acquire enough land to build a four-field facility at the corner of Quimby Road and Capitol Expressway.
- Coleman Soccer Facility construction started on the four-field soccer facility to be located adjacent to the proposed Earthquake's soccer stadium on Coleman Road. The project will open to the public mid-2015 and the Earthquakes have been selected to operate and maintain the facility for the City.
- The Minor Capital Projects Team was successful in completing and delivering over 200 projects in PRNS, totaling over \$4.3 million. The projects varied from concrete and asphalt repairs, to resilient and hard court resurfacing, to renovations and repairs at the various community centers. Additionally, to assist the department in achieving its revenue targets, the in-house construction crew successfully installed five more reservable picnic sites, completed renovation of The Tea House at the Japanese Friendship Garden, and replaced two playgrounds.
- Last year, Parks Maintenance teams removed approximately 20 million gallons of trash (equivalent to the amount of water that flows over Niagara Falls every two minutes) and edged 852 miles of turf - the distance from San José to New Mexico. In addition, as part of the green initiative, the teams piloted the use of fewer chemicals at the parks in one Park Maintenance District. The cost of chemical application was reduced from 53% to 12% of the total cost for weed and pest abatement in San José parks. Non-chemical applications included the installation of mulch, chips or sand, and the use of alternative removal methods.

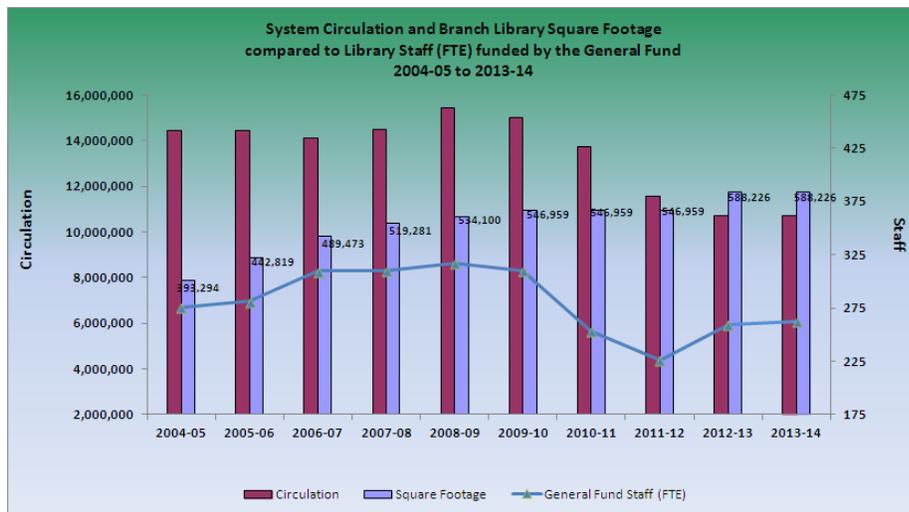
City Service Area
Neighborhood Services
OVERVIEW

Service Delivery Accomplishments

- Happy Hollow Park & Zoo (HHPZ) continues to maintain its efficiency by maximizing operational resources and expanding program offerings, while still maintaining excellent services to the more than 460,000 patrons served annually. During this past year, the Summer Animal Show was launched in July and August 2013; over 24,000 guests enjoyed the show. HHPZ's Education Department provided educational opportunities to over 10,000 school-aged children through their offerings of education outreach programs, school assemblies, zoo camps and sleepovers. Zoo staff remains committed to participating in Species Survival Plans, to help ensure the survival of selected species in zoos and aquariums, most of which are threatened or endangered in the wild. Through a partnership with the Happy Hollow Foundation, a generous donation was received to assist with the renovation of several animal exhibits in the Lower Zoo. The Happy Hollow Foundation also continues to pursue grants and donations, and received a \$50,000 grant award from Kaiser Permanente for the "Eat Like a Lemur Program" that includes "Walk Like a Lemur" and "Senior Safari Walkabouts" for another year; both programs promote walking and exercising for all ages. Kaiser Permanente will also continue to fund a healthy eating program into next year. By optimizing marketing efforts, Danny the Dragon was seen around town on a full bus wrap and on billboards off Highway 101. Special Events were offered throughout the year to expand HHPZ's reach into the Bay Area community as well as its global efforts to support conservation of endangered species.
- Approximately 554,800 participants enrolled in a variety of PRNS classes including sports leagues, dance, early childhood education, camps, and health and fitness classes.
- The four newly-built Library Bond funded facilities – Seven Trees, Bascom, Educational Park, and Calabazas Branch libraries – celebrated a full year of operation in 2013-2014. The last of the Library Bond funded projects, Southeast Branch Library, has been designed and the project has been put out to bid. The Southeast Branch Library is scheduled to open in winter 2016.
- For 2013-2014, 2,000 library volunteers contributed an average of 6,000 hours of service per month (an increase of 25%) in a variety of roles at public libraries across the City.
- Visitor attendance at the main and branch libraries increased by 5% with a total of 6.3 million visitors in 2013-2014 and 10.5 million items checked out.
- The self-check out system and Automated Materials Handling (AMH) systems continued to positively impact Library efficiency, with 95% of materials borrowed through self-check and 60% of materials returned, checked-in, and sorted through the AMH devices.
- In 2013-2014, the Library installed three more AMH machines (at the Pearl Avenue, Edenvale, and Alum Rock branches); AMH machines are now installed at 14 branch libraries.
- In 2013-2014, the Library replaced 415 of 1,279 (32%) of the public access computers with modern/consumer standard systems, along with adding 61 more laptops and 20 Chromebooks in the branches for patrons to use.
- In 2013-2014, Code Enforcement responded within 24 hours to approximately 95% of the *Emergency Complaints*, conditions that pose an imminent threat to life and/or property. Code Enforcement's response time to *Priority Complaints* within 72 hours, such as sub-standard housing conditions, fell to a rate of 65% for 2013-2014 due to several Inspector position vacancies. The response time target for *Priority Complaints* is still set at 75%, in anticipation of all Inspector positions being fully staffed in 2014-2015.
- Animal Care and Services estimates the live release rate for animals entering the Animal Care Center will be 80% in 2014-2015, which exceeds the 2013-2014 estimate of 75%. In addition, response rates to all types of calls for service in the field have improved, or at least were maintained, with 95% of Priority 1 calls (for injured or aggressive animals or public safety assists) responded to within one hour in 2013-2014 as compared to the 2013-2014 target of 93%.

Service Delivery Environment

- The Library Parcel Tax, which was set to sunset at the end of 2014-2015, was renewed by voters in the June 2014 election. These funds provide approximately 16% of the Library Department’s operating budget.
- PRNS has consistently exceeded budgeted revenue estimates and steadily increased its General Fund cost-recovery rate. This has enabled PRNS to continue to decrease its reliance on the General Fund by ensuring that a significant portion of the revenues brought in are sustaining existing services as opposed to creating new General Fund obligations.
- While in-house computer use at libraries and visits to the library website grew through 2009-2010 when new branches were opening and hours were stable, usage decreased some in the years following the economic downturn as hours and services were reduced. However, twenty-two branches were operating in 2013-2014 and computer usage is on the rise once again.
- Library staffing has historically kept up with growth in system-wide circulation and library square footage. Budget reductions to the Library Department in recent years have resulted in decreased staffing levels to reflect the reduction in hours of operation. As new branches opened in 2012-2013, staffing increased.



- Targeted response times for 2014-2015 for Code Enforcement Emergency Cases (respond within 24 hours 98% of the time) will remain unchanged from the 2013-2014 target. While 3.0 additional Code Inspector positions have been added in 2014-2015, some Routine Complaints, which involve issues impacting the quality of neighborhoods and business districts, will not receive field inspection services. In 2011-2012, Code Enforcement implemented a new service model that relies on courtesy/warning letters being sent to the alleged violator in response to Routine Complaints received. In addition, a letter is sent to residents requesting service, advising them of this service delivery model. Performance data for Code Enforcement response times are included in the Performance Goals table in CSA Outcome 3: Healthy Neighborhoods and Capable Communities.

City Service Area
Neighborhood Services
OVERVIEW

CSA Priorities/Key Services

- ✓ Expand the number of productive partnerships to maintain quality service levels while minimizing the impact to the General Fund.
- ✓ Increase financial sustainability of PRNS by improving cost-recovery rates of programs.
- ✓ Clean, safe, and accessible parks, trails, and open space for the public to enjoy.
- ✓ Ensure the continuance of quality neighborhood livability and community strengthening through graffiti and litter abatement, education, and enforcement.
- ✓ Community engagement and investment through volunteer opportunities and special events and festivals.
- ✓ Provide facilities for recreational opportunities such as sports fields for youth and adult leagues, walking and hiking trails for outdoor enthusiasts, parks for avid skateboarders and bikers, playgrounds for toddlers and youth, lakes, dog parks, and community garden plots for all to enjoy.
- ✓ Provide an affordable, sustainable, conservation-centered outdoor amusement park for families with children at Happy Hollow Park & Zoo.
- ✓ Foster lifelong learning through programming focused on early education, love of reading, literacy assistance, and access to information and digital resources.
- ✓ Provide access to a vast array of information in a variety of formats to better enable all members of the community to make informed choices about their lives, careers, and family decisions.
- ✓ Offer inviting and well-maintained library and community center buildings that serve as comfortable community gathering points.
- ✓ Provide safe and healthy opportunities for youth, seniors, and persons with disabilities.
- ✓ Combat gang activity through the Mayor's Gang Prevention Task Force, youth intervention services, and school-based collaborations.
- ✓ Provide animal licensing, rabies vaccination compliance, and animal control in the community.
- ✓ Provide housing and care for stray animals, outreach regarding responsible animal ownership, increase grant funding, and continue operation of a low cost public spay/neuter clinic.
- ✓ Build capacity of community-based organizations by developing collaborations that support residents' needs.
- ✓ Provide responsive inspection services to ensure safe and sanitary housing and quality neighborhoods and business districts for the residents of San José.
- ✓ Provide infrastructure assets that are sustainable, both environmentally and financially.
- ✓ Timely health and safety checks on all facilities and completion of associated mandated tasks.
- ✓ Provide inspection services for all multi-family buildings to ensure that tenants are living in units that are safe and sanitary.

Budget Dollars at Work: Performance Goals

OUTCOME 1: SAFE AND CLEAN PARKS, FACILITIES AND ATTRACTIONS

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
All parks and facilities will be safe, clean and well maintained	1. % of residents rating performance in maintaining public parks in good physical condition as good or better	58%	68%	N/A*	60%	68%
	2. % of residents that rate the appearance of public parks as good or better	65%	72%	N/A*	65%	72%
	3. % of residents reporting they visited a regional park more than three times in the last year	40%	45%	N/A*	40%	45%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

- ✓ A long history of partnerships, in support of quality parks and recreational services, exists between the City and private companies, non-profits, volunteers, and residents in the San José community. PRNS will build on that foundation and use the updated Greenprint to develop new/alternative sources for funding, expand institutional arrangements, and solidify an appropriate user fee structure. Additionally, the non-profit organizations *Happy Hollow Foundation, Guadalupe River Park Conservancy, and San José Parks Foundation*, exist to preserve, promote and enhance city parks, facilities, and programs through encouraging and soliciting support for the City's parks system.
- ✓ The Parks Division in PRNS is moving forward by implementing Business Intelligence as a strategy that will enable the department to determine a more accurate cost of maintaining parks at various service levels. Business Intelligence identifies areas of improvement in time management and service delivery costs.

City Service Area
Neighborhood Services
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 2: VIBRANT CULTURAL, LEARNING, RECREATION AND LEISURE OPPORTUNITIES

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Provide a full range of affordable and accessible learning and leisure opportunities which fulfill customer and residents' needs for lifelong learning and well being	1. % of community center participants reporting that services improved their quality of life	93%	85%	93%	90%	90%
	2. % of customers and residents rating library services as good or better					
	* Point of Service	90%	85%	85%	90%	90%
	* Community Survey	62%	62%	N/A*	62%	62%
	3. % of customers and residents rating City efforts at providing recreational opportunities and programs at parks and recreation centers as good or better					
	* Point of Service	95%	85%	85%	88%	88%
	* Community Survey	44%	54%	N/A*	62%	62%
Offer programs and services that support successful youth and their families	1. % of parents and caregivers who report reading more to their children following participation in a library program or activity	76%	85%	85%	85%	85%
Provide services and programs that promote independent living for City seniors and persons with disabilities	1. % of senior participants and persons with disabilities that feel connected to resources	NEW	NEW	NEW	90%	90%
	2. % of residents rating City efforts at providing programs to help seniors that live on their own, as good or excellent	25%	53%	N/A*	25%	53%
	3. # of participants in programs for seniors or persons with disabilities	20,117	21,500	21,188	22,000	22,500

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹Changes to Performance Measures from 2013-2014 Adopted Budget:

- × “% of students entering kindergarten from Smart Start San José programs with the foundation needed for academic and social success” was deleted since Smart Start program funding ended in 2012-2013.
- × “% of seniors and persons with disabilities who report that participation in community center programs increased their quality of life” was deleted since measuring one’s “increased quality of life” has proven difficult to capture and the measure is very subjective. This measure is being replaced with “% of senior participants and persons with disabilities that feel connected to resources.”
- + “% of senior participants and persons with disabilities that feel connected to resources” was added to replace the “% of seniors and persons with disabilities who report that participation in community center programs increased their quality of life.”

Budget Dollars at Work: Performance Goals

OUTCOME 2: VIBRANT CULTURAL, LEARNING, RECREATION AND LEISURE OPPORTUNITIES

- ✓ Seniors, youth, and those who are disabled will continue to be a top priority for this CSA. PRNS will maintain a continuum of recreation services that will serve the recreational needs of all residents, primarily delivered through the 10 Community Center hubs, the Grace Community Center, and the Bascom Joint Community Center/Library as well as other department programs. The Re-Use Program will continue to offer facilities at no cost, low cost, or full market rate leases to qualifying organizations.
- ✓ The Safe Summer Initiative Program will continue to provide safe and fun alternatives to all youth with an emphasis on gang-impacted or gang-involved youth through prevention, intervention, after-care and suppression services. Services may include, but are not limited to, youth outings, street outreach, block parties, extended recreational opportunities for youth, and sports tournaments. Funding for this program will be included in the San José BEST and Safe Summer Initiative Programs appropriation and is programmed through 2015-2016 and beyond.
- ✓ PRNS continues to place a strong emphasis on increasing cost recovery rates to a level comparable with other large cities. The Department's Pricing and Revenue strategy allows flexibility and responsiveness to market conditions and opportunities to maximize revenues. Changes to parking, picnic reservations, swim fees, fee class rates, and fitness membership fees, as well as aggressive marketing efforts, are driving increased performance of revenues. Grants, partnerships, and scholarship opportunities are also being implemented to help mitigate impacts of fee increases on low-income participants and support accessibility of City programs.

City Service Area
Neighborhood Services
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 3: HEALTHY NEIGHBORHOODS AND CAPABLE COMMUNITIES

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Establish San José as a "Graffiti-Free and Litter-Free City"	1. % of graffiti service requests completed within 48 hours (service requests reported by the public)	75%	91%	75%	75%	95%
	2. % of customers rating City efforts at removing graffiti as good or better	91%	95%	95%	95%	95%
	3. % of Litter Hot Spots rated a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful Index	88%	85%	85%	85%	85%
Residents will perceive that their neighborhood has improved	1. % of Safe School Campus Initiative school clients rating City efforts at keeping schools safe good or better	96%	95%	85%	85%	100%
	2. % of school/community crisis incidents responded to within 30 minutes	100%	100%	100%	100%	100%
	3. % of residents indicating that the physical condition of the neighborhood has gotten somewhat better over the last two years	33%	30%	N/A*	33%	30%
Provide effective animal care and control for residents of San José	1. % of Priority 1 calls with response time in one hour or less (Priority 1: injured or aggressive animal, or public safety assist)	96%	93%	95%	95%	95%
	2. Animal Care Center Live Release Rate	73%	75%	75%	80%	80%
Ensure safe, decent and sanitary housing through routine inspections in Multi-Family dwellings	1. % of buildings receiving a routine inspection within a six-year cycle	98%	98%	98%	98%	97%
Revitalize and Rehabilitate Uses, Sites, and Structures in Neighborhoods, Commercial, and Industrial Areas	1. % of residents who indicate that the physical condition of the neighborhood is about the same or better (Annual Code Enforcement Survey)	74%	80%	80%	80%	85%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹Changes to Performance Measures from 2013-2014 Adopted Budget:

✘ “% of volunteers rating their Litter Hot Spot as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful Index” was deleted since volunteers no longer rate Litter Hot Spots.

Budget Dollars at Work: Performance Goals

OUTCOME 3: HEALTHY NEIGHBORHOODS AND CAPABLE COMMUNITIES

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents rating their neighborhood in "good" or "better" physical condition based on the biennial Community Survey	69%	70%	N/A*	70%	70%
	2. % of time inspection/assessment for Code cases occurs within targeted times:					
	- Emergency Cases (within 24 hours)	100%	98%	95%	98%	98%
	- Priority Cases (within 72 hours)	68%	75%	65%	68%	75%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

- ✓ The eradication portion of the anti-graffiti program will continue to be provided in 2014-2015 through an outside provider who is responsible for removal of graffiti on city-owned properties and public right-of-ways. City staff will retain ownership of contract management, quality assurance, and building business/community partnerships. The update to the Mayor's Gang Prevention Task Force Strategic Plan has resulted in a city-wide Intervention Strategy that leverages existing community resources and creates a better coordinated intervention strategy.
- ✓ The CSA will continue to provide gang intervention services to youth exhibiting high-risk behaviors or to youth in potentially high-risk environments and situations in San José. An increase in funding of \$4.0 million, including \$2.5 million in 2014-2015 and \$1.5 million in 2015-2016, continues support of programs that serve these youth. Included in the total allocation and approved as part of the Mayor's June Budget Message for Fiscal Year 2014-2015, \$1.0 million was added one-time to address issues related to females in gangs and to pilot a program for after school homework assistance for youth. In 2014-2015, San José BEST will be in its second year of a triennial Request for Qualification (RFQ) process through which qualified service providers will be selected.
- ✓ Animal Care and Services (ACS) will continue to focus on low cost spay and neuter services, increasing animal adoptions, and collaborating with rescue partners to reduce/stabilize the number of incoming animals. Two large grants were awarded to ACS in 2013-2014 that will help increase the total live release rate from the 2012-2013 actual of 73% to 75% in 2013-2014 and 80% in 2014-2015, and provide free spay and neuter services in targeted neighborhoods.
- ✓ Code Enforcement will continue to respond to Emergency complaints within 24 hours and Priority complaints within 72 hours. For Routine Complaints, Code Enforcement will continue to rely on courtesy/warning letters being sent to the alleged violator advising them of the complaint and suggested corrective action. In addition, the resident requesting service will be sent a letter advising this new service delivery and a postcard to be returned to Code Enforcement if the alleged violation has not been corrected within 60 days. An action to add 3.0 Code Enforcement Inspectors is included that will reduce the time to open a complaint case from 21 days to 14 days and to close a case from 90 days to 30 days.

City Service Area

Neighborhood Services

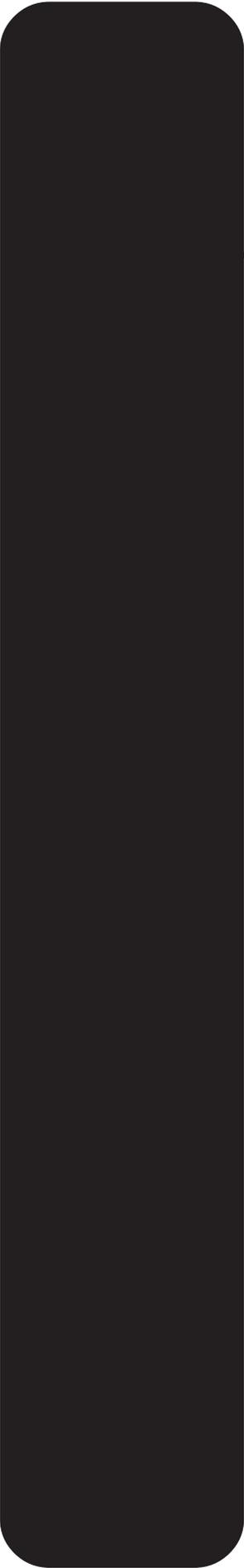
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
LIBRARY			
• Library Department Salary Program		657,243	543,635
• Evergreen Branch Library Saturday Hours	2.88	157,188	157,188
• Library Contract Management Staffing	(0.50)	25,065	25,065
• Dr. Martin Luther King, Jr. Library's Teen Center Staffing	0.00	(32,599)	(17,444)
<i>Subtotal</i>	<u>2.38</u>	<u>806,897</u>	<u>708,444</u>
PARKS, RECREATION AND NEIGHBORHOOD SERVICES DEPARTMENT			
• Parks, Recreation and Neighborhood Services Department Salary Program		854,321	749,519
• Park Ranger Staffing	7.00	740,106	740,106
• New Parks and Recreation Facilities Maintenance and Operations	2.83	204,000	204,000
• Fit Camp Summer Program	2.50	140,475	140,475
• Christmas in the Park and Capital Program Staff Support	1.36	103,200	16,618
• Urban Villages Implementation Staffing - PRNS Senior Planner	1.00	97,807	0
• PRNS Capital Program Support	1.00	72,975	0
• Senior Transportation Services		60,000	60,000
• Mayfair and Overfelt Summer Swim Programs	0.30	32,900	32,900
• Franklin McKinley Children's Initiative Summer Programming		25,000	25,000
• Electric Vehicle Lease Renewal		9,000	9,000
• Calabazas Bike Park Maintenance Staffing	1.60	0	0
• Homeless Response Team Rangers	2.00	0	0
• Recreation and Community Services Analyst		0	0
• Spartan Keyes Neighborhood Action Center		0	0
<i>Subtotal</i>	<u>19.59</u>	<u>2,339,784</u>	<u>1,977,618</u>
PLANNING, BUILDING AND CODE ENFORCEMENT DEPARTMENT			
• Multiple Housing Tier Program	5.00	468,725	468,725
• General Code Enforcement Staffing	3.00	274,086	274,086
• Illegal Dumping Rapid Response Pilot		250,000	150,000
• Planning, Building and Code Enforcement Department Salary Program		234,952	210,667
• Rebudget: Code Enforcement Vehicles		210,000	210,000
• Rebudget: Multiple Housing Code Programming Services		110,000	110,000
• Fire and Public Works Development Fee Programs and Other Programs	0.70	83,230	83,230
• Medical Marijuana Enforcement	1.00	75,000	75,000
• Rebudget: Computers and Monitors		17,000	17,000
• Public Right-of-Way Clean-Ups and Illegal Dumping	2.00	14,054	14,054
• Code Enforcement Inspection Staffing Reallocation	0.00	0	0
<i>Subtotal</i>	<u>11.70</u>	<u>1,737,047</u>	<u>1,612,762</u>

City Service Area
Neighborhood Services
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
PUBLIC WORKS DEPARTMENT			
• Public Works Department Salary Program		132,327	132,327
• Animal Care and Services Technology Upgrade		80,000	80,000
• Animal Care and Services Volunteer Outreach Program	0.30	(23,853)	(23,853)
<i>Subtotal</i>	0.30	188,474	188,474
<i>Subtotal Departments</i>	33.97	5,072,202	4,487,298
CITY-WIDE EXPENSES			
• Children's Health Initiative		550,000	550,000
• Community Action and Pride Grants		100,000	100,000
• Health Trust Corner Store Program		50,000	50,000
• San José BEST and Safe Summer Initiative Programs		2,500,000	2,500,000
• Miscellaneous Rebudgets		774,776	774,776
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Rebudget: Kelley House Demolition		400,000	400,000
• Capital Contributions: Rebudget: San Tomas Aquino Pedestrian Improvements		100,000	100,000
• Transfers to Other Funds: Subdivision Park Trust Fund - Former RDA SERAF Loan Repayment		3,060,000	3,060,000
• Earmarked Reserves: 2015-2016 San José BEST and Safe Summer Initiative Programs Reserve		1,500,000	1,500,000
• Earmarked Reserves: 2015-2016 Children's Health Initiative Reserve		275,000	275,000
• Earmarked Reserves: Artificial Turf Capital Replacement Reserve		200,000	200,000
• Earmarked Reserves: 2015-2016 Evergreen Branch Library Saturday Hours Reserve		119,845	119,845
• Earmarked Reserves: 2015-2016 Community Action and Pride Grants Reserve		100,000	100,000
• Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Elimination		(193,000)	(193,000)
<i>Subtotal Other Changes</i>		9,536,621	9,536,621
Total Adopted Budget Changes	33.97	14,608,823	14,023,919

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2014-2015

OPERATING BUDGET

**PUBLIC SAFETY
CSA**

PUBLIC SAFETY CSA

City Service Area Public Safety



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

Primary Partners

Fire
Independent Police
Auditor
Police

CSA OUTCOMES

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

City Service Area
Public Safety
SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's six key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Public Safety CSA

Mission:

Provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations

CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

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

PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

Fire Department

Core Services:

Emergency Response

Fire Prevention

Police Department

Core Services:

Crime Prevention and Community Education

Investigative Services

Regulatory Services

Respond to Calls for Service

Special Events Services

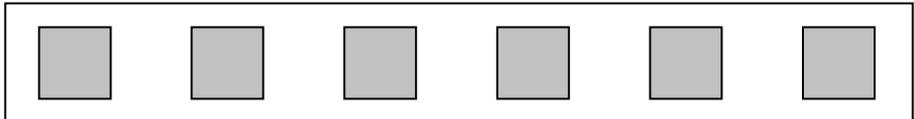
Independent Police Auditor

Core Services:

Independent Police Oversight

OPERATIONAL SERVICES
 Elements of Core Services; the "front line" of service delivery

STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery





Public Safety

Expected 2014-2015 Service Delivery

- ❑ Provide essential emergency services (patrol, fire suppression, and emergency medical services) in a timely and effective manner.
- ❑ Effectively investigate crimes and seek successful prosecution of suspects.
- ❑ Continue efforts to deter gang violence.
- ❑ Continue regional all-hazard emergency management.
- ❑ Provide a police misconduct complaint process that is thorough, objective, and fair.

2014-2015 Key Budget Actions

- ❑ A one-time augmentation to the Police Department's overtime budget will provide funding to backfill for vacant patrol positions, maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, and backfill for civilian vacancies as needed. Overtime funding will also support a downtown foot patrol program.
- ❑ The opening of the repurposed South San José Police Substation is scheduled for fall 2014 and will allow the Police Department to relocate the Training Unit from leased space to the facility, provide a facility for an additional Police Recruit Academy, house the Community Service Officers, and serve as the alternate Public Safety Answering Point (PSAP). However, Southern Patrol Division will not shift to the Substation until staffing numbers stabilize.
- ❑ Police Patrol staffing will be augmented by the addition of 28.0 Community Service Officers in August 2014. Of these positions, 21.0 were approved in 2013-2014 and 7.0 were approved for 2014-2015. The recruitment process began in fall 2013, with the first training academy held in July 2014. These positions will be responsible for supporting sworn Patrol Police Officers by providing responses to lower priority service calls and non-enforcement duties.
- ❑ The one-time extension of 2.0 Latent Fingerprint Examiners will allow the Central Identification Unit to continue to address the backlog of latent print cases.
- ❑ Resources to support a third Police Recruit Academy are included for 2014-2015 in order to accelerate sworn hiring.
- ❑ One-time augmentations to the Police Recruiting and Backgrounding Units will allow the units to continue the high volume of recruiting, hiring, and backgrounding that is necessary for upcoming Police Recruit Academies.
- ❑ Staffing restorations in the School Safety and Education Unit and the Crime Prevention Unit will continue the rebuilding of the Police Department's Community Services Division. Staffing restorations include 1.0 School Safety Supervisor and 3.3 School Crossing Guards PT to support the Adult Crossing Guard Program, and 1.0 Crime Prevention Specialist and 1.0 Analyst II to support the Crime Prevention Program.



Public Safety

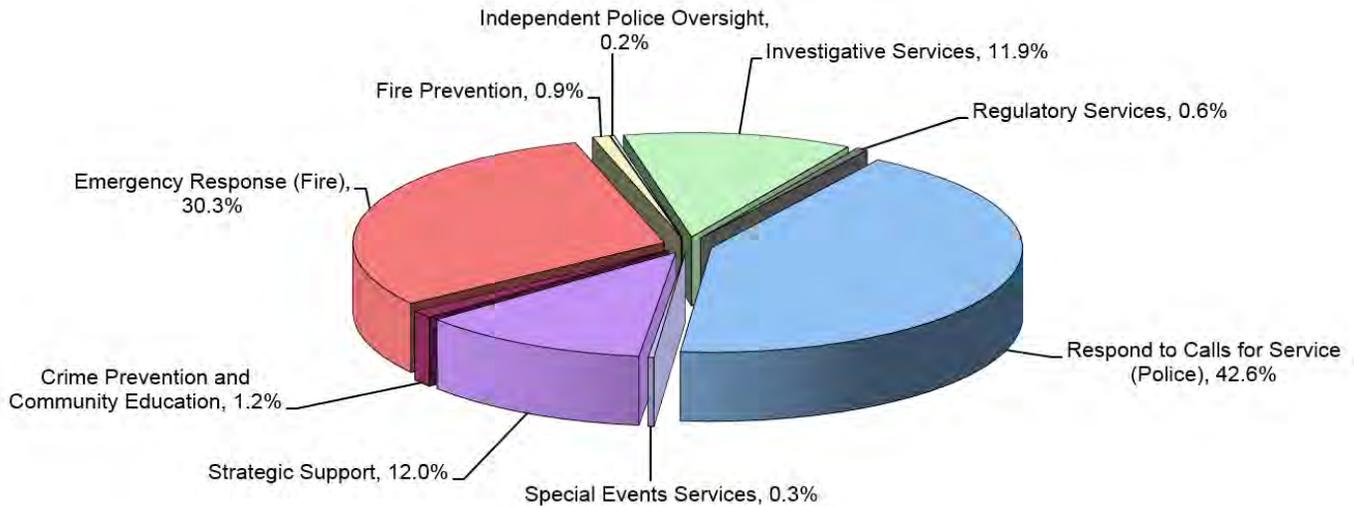
2014-2015 Key Budget Actions

- ❑ The addition of a Senior Geographic Systems Specialist will improve the Fire Department's data analysis capacity and will help provide information to assist Fire Department senior staff in more effectively monitoring operations and allocating resources. In addition, this position will assist in the implementation of Computer-Aided Dispatch (CAD) system software in order to improve automation (funding allocated in the Public Safety Capital Program) and accuracy of reporting.
- ❑ Actions to balance the Non-Development Fee Program include a 3% general fee increase, the elimination of a vacant Hazardous Materials Inspector position, and the addition of funding to conduct a fee study to analyze the current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust the fees accordingly.
- ❑ One-time funding will allow the Police Department to continue to combat human trafficking and assist victims while both State and Federal funds are pursued over the coming months.
- ❑ Realignment of staffing for the Fire Fighter and Fire Engineer classifications will balance relief positions. This action will increase Fire Engineer positions by 12 relief (offset by a reduction of 12 Fire Fighter relief positions and a reduction in overtime for minimum staffing for Fire Engineers), and will address the current relief staffing needs.
- ❑ Comprehensive organizational review will analyze current workload activities by type of services delivered, evaluate resource allocation to align with an outcomes-based service model, and recommend options to current resource allocation/deployment to improve delivery of services and align all services.
- ❑ Continued funding for a Senior Analyst position on a temporary basis through June 30, 2015, will support grant activities in the Office of Emergency Services.
- ❑ The establishment of a Police Department Staffing Reserve of \$10.0 million will set aside funding to support a Police Staffing Restoration Strategy to reach a level of 1,250 officers, an increase of 141 positions from the current staffing level. Funding will be set aside annually until the 141 positions have been funded on an ongoing basis. Funding will be provided from ongoing cost savings from new Police Officers who receive Tier 2 retirement benefits as well as actual savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs.

City Service Area
Public Safety
BUDGET SUMMARY

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$489,546,950



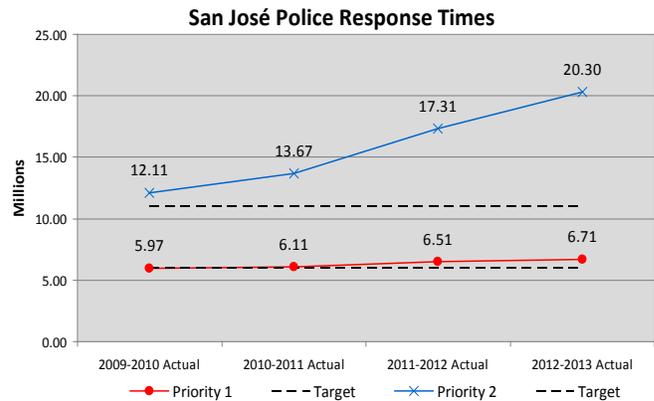
City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Fire</i>					
Emergency Response	\$ 133,581,895	\$ 139,387,801	\$ 146,750,541	\$ 148,134,731	6.3%
Fire Prevention	3,176,259	4,339,427	4,229,128	4,169,430	(3.9%)
Strategic Support	12,544,489	15,948,750	17,199,927	17,783,967	11.5%
<i>Independent Police Auditor</i>					
Independent Police Oversight	996,753	970,392	1,030,772	1,060,533	9.3%
Strategic Support	291	106,514	113,449	116,601	9.5%
<i>Police</i>					
Crime Prevention & Community Education	7,139,868	4,801,201	5,345,670	5,763,245	20.0%
Investigative Services	52,183,633	54,795,202	57,239,846	58,242,106	6.3%
Regulatory Services	2,914,649	3,240,673	2,893,739	3,027,804	(6.6%)
Respond to Calls for Service	174,956,328	196,566,795	202,351,001	208,378,754	6.0%
Special Events Services	1,641,398	1,339,686	1,470,072	1,474,871	10.1%
Strategic Support	40,109,331	38,522,876	38,188,188	41,394,908	7.5%
Dollars by Core Service Subtotal	\$ 429,244,894	\$ 460,019,317	\$ 476,812,333	\$ 489,546,950	6.4%
Other Programs					
City-Wide Expenses	\$ 22,095,695	\$ 19,782,098	\$ 16,491,000	\$ 19,466,912	(1.6%)
General Fund Capital, Transfers & Reserves	3,888,982	16,609,751	4,000,000	27,581,200	66.1%
Other Programs Subtotal	\$ 25,984,677	\$ 36,391,849	\$ 20,491,000	\$ 47,048,112	29.3%
CSA Total	\$ 455,229,571	\$ 496,411,166	\$ 497,303,333	\$ 536,595,062	8.1%
Authorized Positions	2,261.35	2,285.35	2,281.74	2,289.04	0.2%

City Service Area
Public Safety
OVERVIEW

Service Delivery Accomplishments

- For Priority One calls (present or imminent danger to life or major damage/loss of property), the Police Department responded on average in 6.71 minutes in 2012-2013. This response time is expected to slightly decrease in 2013-2014 to 6.68 minutes.
- The Police Department response times for Priority Two calls (injury or property damage or potential for either to occur) averaged 20.30 minutes during 2012-2013 and the average is estimated to slightly decrease to 20.03 minutes in 2013-2014.
- The Police Department investigated 38 homicides in 2013. In many of these homicides, the cases were resolved as a result of community members coming forward and working with both patrol officers and detectives to bring the suspects to justice.
- In September 2012, the Police Department began a new service delivery model for Police Recruit training by partnering with the South Bay Public Safety Regional Training consortium to provide a POST certified Academy. This partnership continues to be successful as three academies have been held which has seen 149 Police Recruits hired. The next academy is scheduled for October 2014.
- The Fire Department’s goal is to respond timely to critical emergencies, including fire and priority emergency medical calls. The first emergency response vehicle should arrive on the scene within eight minutes 80% of the time. In April 2014, the Department completed its efforts at validating and ensuring accuracy of response-time performance data. These efforts were reviewed and validated by an independent entity. A presentation of these findings was made at a City Council Study Session in May 2014.
- To provide staffing to meet service needs, the Fire Department continues with its efforts to provide leadership and supervisory training for newly promoted Officers. Leadership classes were provided utilizing one-time 2013-2014 funds.



- The Fire Department's Labor-Management Team completed the final draft of the 2020 Fire Department Strategic Plan. The Department will reach out to stake holders but expects to complete the process by fall 2014.
- The Fire Department estimates a decrease in initial workers' compensation claims and a decrease in costs related to initial service claims in 2013-2014, compared to 2012-2013. In 2013-2014, the Department conducted health risk and fitness assessments, participated in the city-wide workers' compensation third party administrator pilot program, and established the Functional Movement Screening (FMS) assessment.

Service Delivery Accomplishments

- Office of Emergency Services continued to coordinate and represent the City at county-wide and regional Homeland Security catastrophic planning and interoperable communications systems with other governing bodies. Furthermore, staff completed the administration of several homeland security grants, which provided personnel and equipment to the Fire Department.
- In response to Audit recommendations, the Bureau of Fire Prevention completed documentation of its processes to ensure consistency in inspection processes. In addition, reallocation of civilian staff functions was implemented to enhance support for Inspectors.
- The Police Department received 2011 Community Oriented Policing Services (COPS) Grant funding from the Department of Justice, COPS Office to reinstate three Police Officer positions. Similar to the 2010 COPS Grant, which reinstated 16 Police Officer positions, funding was awarded to pay for salaries and benefits of entry-level officer positions for a three-year period. The City is responsible for all other costs related to the positions, and must retain them for an additional year after the three year grant reimbursement period has expired. Grant funding for this program will end in 2014-2015.

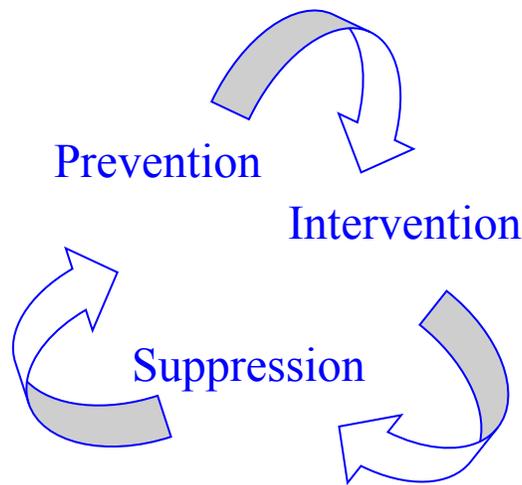


- The Independent Police Auditor (IPA) continued to fulfill all requirements mandated by the San José Municipal Code and City Charter. The IPA formally presented an audit of the more than 100 recommendations that the Office has made to the Police Department between 1993 and 2009 to assess implementation status. The Student Guide Initiative was completed by providing over 8,000 copies of the IPA publication *Students' Guide to Police Practices* to local school districts along with DVDs to teachers that provided direction on how to explain the Guides. In addition to "IPA Roadshow" presentations at community meetings and on CreaTV, informational inserts about the IPA Office were included in utility bill mailings to over 190,000 households in the City.



Service Delivery Environment

- Public Safety is focused on responding to crime, fire, emergency medical, hazardous, and disaster-related needs of the San José community.
- A major contributing factor to the overall effectiveness and efficiency of the Public Safety CSA in recent years has been the creative and collaborative nature in which public safety members have applied limited resources toward a wide range of prevention, intervention, and suppression strategies.
- Based on the CQ Press City Crime Rankings 2014, for cities with a population of 500,000 or more, San José is ranked eighth behind El Paso, New York, Austin, San Diego, Los Angeles, Charlotte, and Portland. While San José has comparatively low sworn staffing among major cities, success can be attributed to its business model, which is based on a three-prong strategy of prevention, intervention, and suppression.
- San José needs to be able to respond to major city crime such as gang-related crimes, drug trafficking, armed robberies, assaults, and other violent crimes and needs to prepare itself for these major crimes and events by having staff available, trained, and ready to prevent as well as respond. As a result of prior reductions, the focus of the Police Department has shifted from one that is proactive to one that relies upon reacting to crime already committed.
- The community plays an important role in the safety of the City. On many occasions, cases were resolved as a result of community members coming forward and working with both patrol officers and detectives to bring suspects to justice. The relationship the community has with the Police Department is critical in investigating crimes and patrolling the City. An open and positive community relationship can assist in quickly resolving the most serious crimes.
- The Police Department continues to collaborate with an advisory board of community members to help the Department on solving issues and defining what community policing should look like in the City of San José.
- The CSA will strive to maintain core service levels, especially in responding to calls for both Police and Fire and in detective units that investigate crimes against persons.
- With an improved economic climate, staff anticipates renewed residential and commercial/industrial development, increased traffic congestion, and human activities which are expected to place additional service demands on public safety. While welcomed, these anticipated increases for police and fire service will challenge the CSA's ability to meet performance objectives with fewer resources.
- The Fire Department will conduct a comprehensive review of the organization. With an anticipated completion date of winter 2015, the Fire Department will analyze the following areas: review of staff workload and service outcomes achieved based upon the type of Fire Department services delivered; assess the appropriateness of fire response time performance targets based upon the type of service call; review alternative service/staffing deployment options; assess apparatus types and locations throughout the City; and explore pre-emption systems to improve travel time performance.
- Increased surface street congestion will continue to impact travel times for the Fire Department. The Department's travel time objective is four minutes for 80% of emergencies.



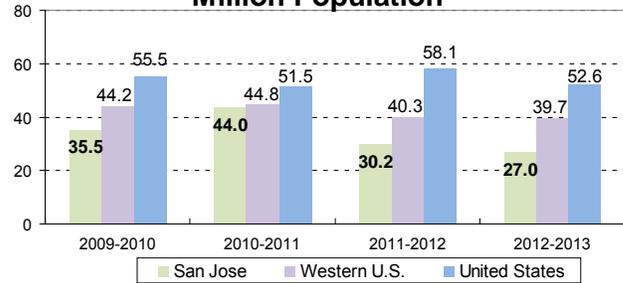
Service Delivery Environment

- The Bureau of Fire Prevention successfully focused efforts and resources towards improving building fire safety throughout the City by increasing the number of inspections that are conducted in existing occupancies and buildings.
- The Bay Area’s Urban Area Security Initiative (UASI) and Emergency Management Performance Grant (EPMG) provide funding for staff to develop emergency plans, protocols, and exercises, and for the delivery of emergency preparedness workshops and trainings, as well as funding for equipment required to support emergency response and mitigation needs of the City. Both grant programs, funded by the Department of Homeland Security, are expected to be continued through 2014-2015.

Civilian Fire Death Rates per 1 Million Population



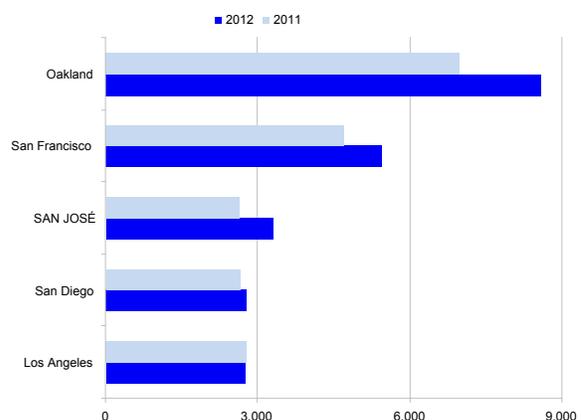
Civilian Fire Injury Rates per 1 Million Population



(Source: NFPA National Fire Experience Survey, 2012)

- From 2008 to 2012, San José experienced lower fire-related injury rates per million population than the western United States and national averages. In 2012 however, the City had five fatalities, same level as Western United States.
- The Fire Department’s Arson Investigation Unit continues to actively pursue arson cases. In 2012-2013, about \$4 million in loss was estimated due to arson. The Fire Department remains vigilant in pursuing arson investigations.
- San José continues to experience a rise in select crime rates. San José’s Part 1 crime rate of 3,278 incidents per 100,000 inhabitants was 1% above the national level of 3,246 incidents in 2012 and 3% above the California level of 3,181 incidents.
- From 2011-2012 to 2012-2013, residential burglaries increased by 23.8%, sexual assaults increased by 11.2%, and domestic violence increased by 16.9%. However, gang related incidents declined by 3.1%.
- The crime rate for major violent and property crimes per 100,000 population in San José increased 24.8% in 2012 compared to the previous year.
- From 2012-2013 to 2013-2014 total Police related emergency calls are tracking approximately 20% higher. With the current tracking, total emergency calls are estimated to increase by 10% in 2014-2015.

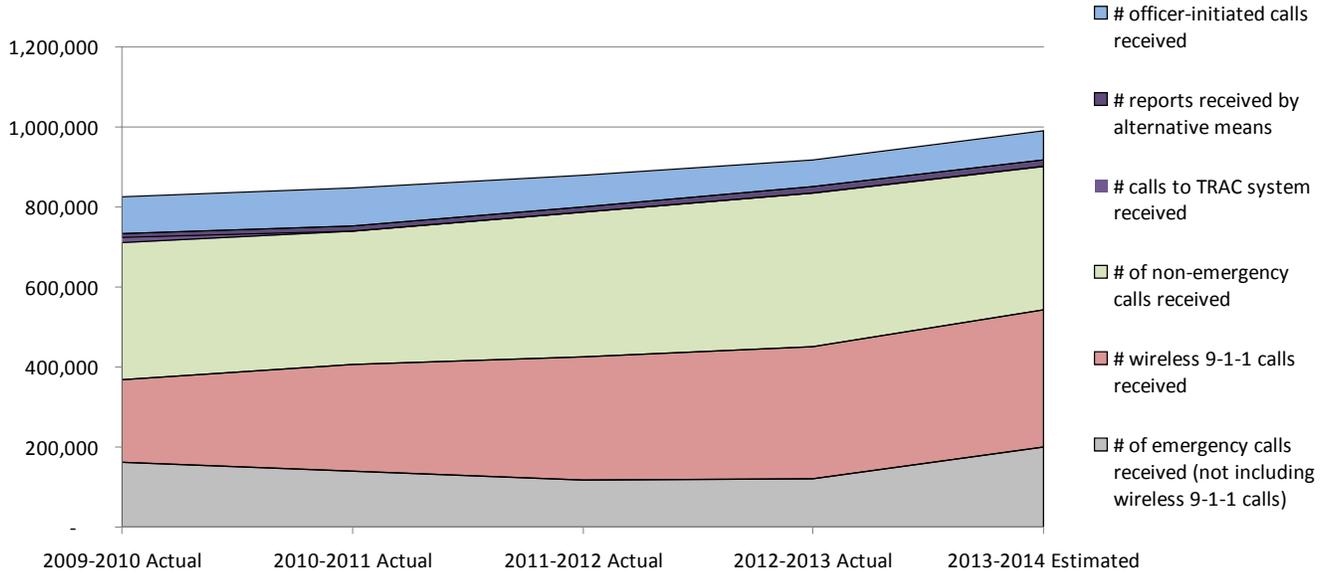
Major Violent and Property Crimes per 100,000 residents*



City Service Area
Public Safety
OVERVIEW

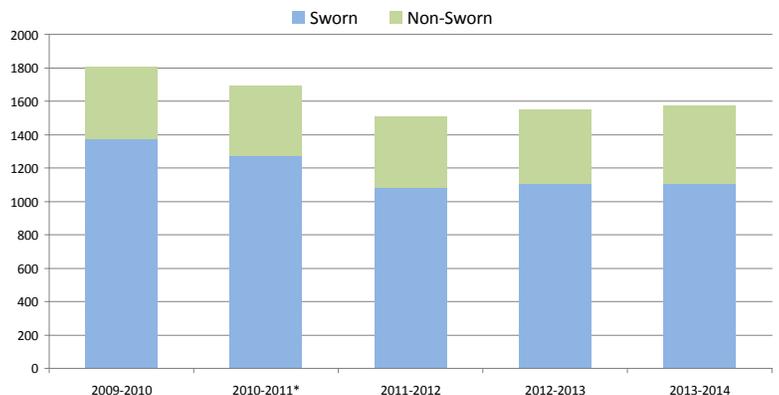
Service Delivery Environment

Police Department Number of Calls for Service by Call Type



- The Police service delivery model in this budget includes 1,109 authorized sworn (the same number as the 2013-2014 Adopted Budget levels) deployed in four Bureaus and the Chief's Office, supported by approximately 465 civilians. As part of this document, the civilian complement has a net increase and includes the addition of 7.0 Community Service Officers to handle lower priority patrol calls and increase capacity for existing sworn patrol positions to respond to higher priority calls and conduct proactive police work, as well as 6.3 staff to help restore the Crime Prevention and School Safety and Education programs.
- The focus for response to calls will be on Priority 1 and Priority 2 calls for service. Policy changes that limit or eliminate patrol response for lower priority calls and offer the community an alternative for reporting were implemented in 2011-2012, including non-injury vehicle accidents, music or party disturbance calls, and non-gang related vandalism (non-graffiti).

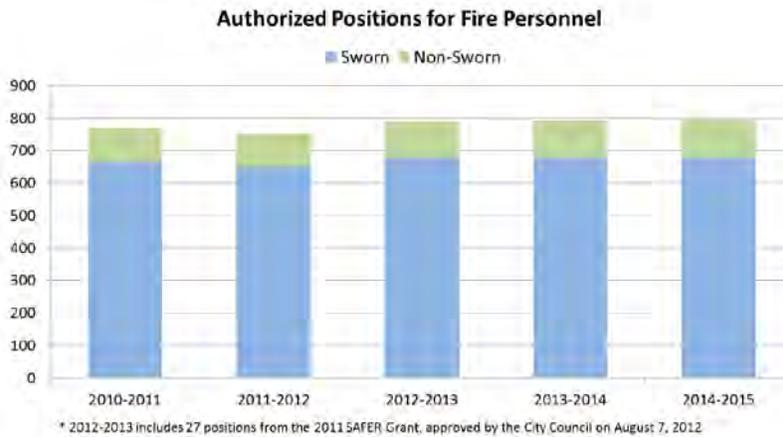
Authorized Positions for Police Personnel *



* 2010-2011 includes 70 Police Officer positions restored on August 3, 2010.

Service Delivery Environment

- In September 2012, the first Police Recruit Academy in three years was held in collaboration with the South Bay Regional Public Safety Consortium. The Department has ramped up recruiting efforts and continues to seek out, and has been successful in attracting, high caliber candidates. High standards are set for recruits and minimum qualifications have not been reduced. Since 2012, the Department has hired 149 Police Recruits with 107 currently still employed as of April 2014. The Adopted Budget includes funding for a third academy annually in order to accelerate the recruitment and hiring process. Based on current projected attrition levels, hiring, and academy/departmental training capacity, it is anticipated that the Department will remain at the current street ready staffing levels through 2014-2015.



- The Fire Department staffing in 2014-2015 includes 679 sworn positions and 114 civilian positions. This includes the addition of a Senior Geographic Systems Specialist to support the Department's information needs, the addition of an Associate Engineer position to support development services activities, and the elimination of a vacant Hazardous Materials Inspector position to balance the Non-Development Fee Program.

City Service Area
Public Safety
OVERVIEW

CSA Priorities/Key Services



- Continue to maintain the safety of residents throughout the City by keeping crime rates down, reducing and investigating crimes, continuing to attract businesses, and maintaining a vibrant, safe community for the residents.
 - Continue to provide quality Police response to Priority One and Priority Two calls for service and visible patrol throughout the City.
 - Continue efforts to deter gang problems.
 - Continue to provide effective and timely response for major incidents.
- Maximize the capacity of annual Police Recruit Academies through enhanced recruiting and backgrounding resources to fill all authorized sworn positions.
 - Continue the implementation of the next phases of the AFR/RMS that will provide Patrol officers direct access to crime-related data and ensure data is accurate, timely, and accessible throughout the entire organization.
 - Continue to provide civilian oversight of the Police misconduct complaint process to ensure its fairness, thoroughness, and objectivity.
 - Continue providing high-quality fire suppression and Emergency Medical Services (EMS).
 - Continue to provide effective and timely responses for all emergencies.
 - Activate the Emergency Operations Center when a disaster occurs, develop and maintain emergency plans, and train City staff in disaster mitigation, preparedness, response, and recovery strategies.
 - Continue San José's leadership role as one of 11 voting members of the Bay Area's UASI Approval Authority.
 - Continue to offer emergency preparedness training through neighborhood outreach and trained volunteers.
 - Fully implement response time improvements to meet City and County EMS requirements and improve services provided to our community.
 - Determine steps necessary to improve Fire GPS routing software and enhance user friendliness.
 - Determine steps necessary to fully implement closest unit dispatch capability and function.
 - Conduct Regional Fire and EMS Communications Center feasibility study and, if viable, develop implementation plan.
 - Complete all State mandated and high risk building inspections.
 - Implement the 2020 Fire Department Strategic Plan.
 - Complete full implementation of Fire Department emergency response time reporting.
 - Pursue opportunities to drop boundaries between adjacent fire operations (San José, Santa Clara County, Mountain View, and Palo Alto).



Budget Dollars at Work: Performance Goals

The Public Safety CSA encompasses City services focusing on crime, fire, emergency medical, hazardous, and disaster-related needs of the San José community. The CSA partners continuously evaluate public safety data to assess operational changes necessary to resolve crime, medical, or fire-related situations successfully. Despite the challenges of staff reductions and increased demand for service, the CSA is engaged in an ongoing effort to organize and analyze data in the development of resource deployment strategies.

OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSÉ

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Achieve safe neighborhoods throughout the City	1. % change in incidents of selected crime types (change in # of incidents)					
	- Gang Related Incidents	-3.1%	0% change	3.1%	0% change	0% change
	- Domestic Violence	16.9%	0% change	-18.0%	0% change	0% change
	- Residential Burglaries	23.8%	0% change	-16.2%	0% change	0% change
	- Strong-Arm Robbery	7.5%	0% change	-0.2%	0% change	0% change
	- Sexual Assault	11.2%	0% change	-4.0%	0% change	0% change
	- Traffic Accidents	TBD*	0% change	N/A	0% change	0% change
	- Fire Arson	0.6%	0% change	-8.7%	0% change	0% change
	2. % of residents surveyed who perceive themselves to be "Safe" or "Very Safe" walking during the day/night					
	- in their neighborhood	91% / 65%	90% / 70%	90% / 70%	90% / 70%	90% / 70%
- in the City park closest to residence	83% / 44%	85% / 50%	85% / 50%	85% / 50%	85% / 50%	
- in the Downtown area	72% / 36%	75% / 45%	75% / 45%	75% / 45%	75% / 45%	

* Data pending additional department analysis; it is projected to be resolved in time for the 2015-2016 Proposed Budget.

- ✓ Preserving emergency response capacity remains the highest priority of the CSA.
- ✓ Resources will continue to focus on providing essential emergency services in a timely manner in order to protect life, property, and the environment.
- ✓ The CSA continually evaluates emergency response activities (Patrol, Fire Suppression, and EMS) with the goal of maintaining response time objectives.
- ✓ Police response time performance is below targeted levels (70%) for Priority One calls at 65% within six minutes estimated for 2013-2014.
- ✓ Clearance rates of Part 1 crimes are expected to increase in 2013-2014 over the 2012-2013 actual performance.

City Service Area
Public Safety
OVERVIEW

Budget Dollars at Work: Performance Goals

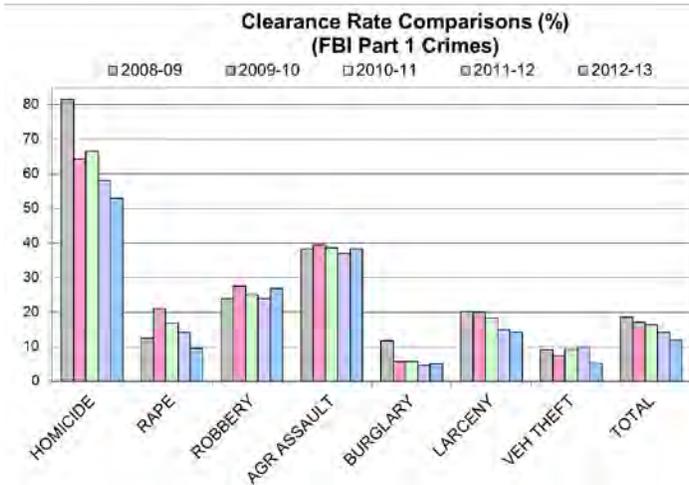
OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSÉ

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Maintain/Reduce response times	1. % of time the initial responding Fire unit arrives within eight minutes after 9-1-1 call is received	72%	80%	68%	80%	80%
	2. % of time first dispatched Police unit arrives within six minutes to Priority One calls (life threatening) (dispatch to arrival)	65%	70%	65%	70%	60%
	3. % of time the initial responding Fire unit arrives within thirteen minutes to Priority Two calls (no lights & siren)	84%	80%	84%	80%	80%
	4. % of time first dispatched Police unit arrives within eleven minutes to Priority Two calls (crime in progress or just occurred) (dispatch to arrival)	60%	70%	60%	70%	60%
Increase investigative & inspection efforts (Police Investigations)	1. Clearance Rates of Part 1 crimes (total cases/# cleared)					
	- Homicide	52.9% (51/27)	Maintain current rates	62.5% (32/20)	Maintain current rates	Maintain current rates
	- Rape	9.5% (275/26)	Maintain current rates	15.9% (271/43)	Maintain current rates	Maintain current rates
	- Robbery	26.9% (1,120/301)	Maintain current rates	29.8% (1,156/345)	Maintain current rates	Maintain current rates
	- Aggravated Assault	38.3% (1,914/733)	Maintain current rates	45.1% (1,825/823)	Maintain current rates	Maintain current rates
	- Burglary	5.1% (5,401/278)	Maintain current rates	5.3% (5,145/275)	Maintain current rates	Maintain current rates
	- Larceny	14.2% (13,902/1,968)	Maintain current rates	16.2% (11,920/1,965)	Maintain current rates	Maintain current rates
	- Vehicle Theft	5.2% (9,778/513)	Maintain current rates	5.6% (7,459/416)	Maintain current rates	Maintain current rates
	- Overall	11.9% (32,441/3,846)	Maintain current rates	14.0% (27,808/3,887)	Maintain current rates	Maintain current rates

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

Budget Dollars at Work: Performance Goals

OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSÉ



✓ The Police Department's Automated Field Reporting/Records Management System (AFR/RMS) came online in July 2012. The system increases the flow of information between Patrol and Investigations and addresses the need for storage of all records required for measurement statistics, court retention, paperless report filing, web inquiries, AFR, Case Management Solutions, improved responses to public record act requests, and expanded analytical elements.

✓ The Fire Department continues to work on achieving its performance goal of arriving at the scene of a Priority 1 (red lights and siren) within 8 minutes 80% of the time. To ensure accuracy

of response times reporting, the Department recently completed its methodology for data analysis to measure performance. This methodology was independently reviewed and validated by an outside agency. To augment the Department's data analysis capability, resources to improve response times reporting are included in the 2014-2015 Adopted Operating and Capital budgets. The Department will continue to build on its capabilities to provide data analysis to evaluate staffing and resource deployment models to improve response times performance.

City Service Area
Public Safety
OVERVIEW

Budget Dollars at Work: Performance Goals

Residents are a critical link to community disaster preparedness in areas where first response may be several minutes away, requiring some self-reliance at the neighborhood level. The goal of crime, fire, and life safety education is to provide awareness and informational services to the community through multiple programs, including San José Prepared!, police oversight, Police Volunteer Program, and Neighborhood Watch.

OUTCOME 2: RESIDENTS SHARE THE RESPONSIBILITY FOR PUBLIC SAFETY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Increase public education & awareness through a variety of community services and education programs	1. % of San José households with demonstrated emergency preparedness action plan					
	-Have three gallons of bottled water per person per household	58%	65%	58%	65%	65%
	-Have three day supply of medicine	73%	75%	73%	75%	75%
	-Have designated an outside of area contact person	71%	70%	71%	70%	70%
	2. % of households who feel they are very or somewhat well-informed about what to do during and after an emergency or disaster	85%	88%	85%	88%	88%
Empower residents to respond appropriately to emergencies and disasters	1. # of residents receiving "San José Prepared!" training (20-hour and 2-hour) this year	937	1,000	1,000	1,000	5,000
	2. Number of residents who actively participate in volunteer programs (VOLT, RACES, Search & Rescue, Neighborhood Watch, SJ Prepared!)	5100	4,900	3,500	4,900	24,500
Explore and secure alternate funding to supplement public safety responsiveness and resources	1. % of grants awarded	94.12%	100%	88%	100%	100%
	2. Number of grants successfully completed as compared to # of grants with funds returned to the grantor*	21/0	22/0	18/0	23/0	49/0
	3. Dollar value of grants awarded**	\$4,035,306	\$11,310,000	\$13,649,274	9,568,487	\$47,500,000

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Grant funds are commonly returned due to interest earnings, cost savings, and/or short grant periods. Grants are therefore considered "successfully completed" if less than 10% of grant funds are unused.

** The 2011-2012 Actual and the 5-Year Goal amounts include funding from the 2011 Staffing for Adequate Fire and Emergency Response (SAFER) grant. This grant was awarded to the City in June 2012.

- ✓ Police participation with the Mayor's Gang Prevention Task Force, combined with the Truancy Abatement Burglary Suppression (TABS) program, helps address gang violence and residential burglaries.
- ✓ San José Prepared! will continue to leverage City resources with community or volunteer-initiated emergency training efforts.

Budget Dollars at Work: Performance Goals

OUTCOME 2: RESIDENTS SHARE THE RESPONSIBILITY FOR PUBLIC SAFETY

- ✓ While all law enforcement agencies are reactive by nature, the Police Department's Community Policing Plan emphasizes the guiding principle of being proactive. The Police Department has worked jointly with the community to initiate crime prevention actions, develop useful intelligence about crime and disorder issues, foster earned trust, respond quickly and effectively to identified problems, and gain the overwhelming and active support of approximately one million persons that reside in the City. By leveraging this collaborative network, the Department realizes a significant multiplier effect towards preventing crime, intervening criminal activity, and enforcing the law on identified criminals to reduce the harm incurred by victims and communities.
- ✓ Given resource constraints, the CSA will continue to leverage alternative service delivery methods and look to create working partnerships to participate in the safety of the community.
- ✓ The Community Advisory Board brings together a broad group of community members to collaborate with the Police Department on solving issues and addressing community interests and concerns.
- ✓ The Bay Area UASI includes continuing participation of the Public Safety CSA staff in the development and administration of grant-funded projects to enhance homeland security in the Bay Area region.
- ✓ Outreach is a primary focus of the IPA Office, with the goal to inform the community about the police misconduct complaint process and the services provided by the IPA office. In addition to the IPA's traditional outreach efforts, community meetings and school presentations, the IPA continued many innovative programs into 2013-2014 including the Teen Leadership Council, "The IPA Roadshow," and the Student Guide Initiative. Informational inserts about the IPA Office were also included with utility bills mailed citywide. The IPA Year End Report focused on transparency by providing an expanded picture of the audit procedure and the IPA's role in the oversight process. The IPA will continue to identify new and cost-effective ways to inform San José residents about the IPA Office and the services it provides.



Public Safety

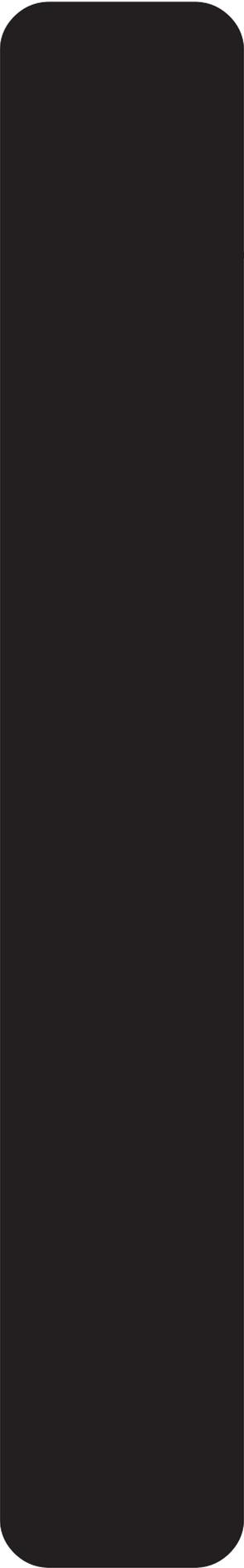
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
FIRE DEPARTMENT			
• Fire Department Salary Program		351,037	341,691
• Fire Department Organizational Review		150,000	150,000
• Fire Department Information Technology Staffing	1.00	89,992	89,992
• Emergency Services and Preparedness Grant Staffing	1.00	0	0
• Fire Department Relief Staffing Alignment		0	0
• Fire Non-Development Fee Program	(1.00)	(70,297)	(70,297)
• Rebudget: Fire Fighter Recruit Academy		977,000	977,000
• Rebudget: EMS Patient Care Data System		225,800	225,800
• Rebudget: Hazardous Materials Incident Responses Training		65,000	65,000
• Rebudget: Fire Engineer Academy		57,000	57,000
• Rebudget: Regional Dispatch		50,000	50,000
• Rebudget: 2013 Assistance to Fire Fighters Grant		13,000	13,000
<i>Subtotal</i>	1.00	1,908,532	1,899,186
POLICE DEPARTMENT			
• Police Overtime		3,754,029	3,754,029
• Police Department Salary Program		1,242,141	1,242,141
• Police Field Patrol Community Service Officers	7.00	967,057	967,057
• Police Recruitment and Background Services		710,000	710,000
• Third Police Officer Recruit Academy		639,967	639,967
• Downtown Foot Patrol Program		525,000	525,000
• Central ID Unit Staffing Extension	2.00	249,982	249,982
• School Safety and Education Unit	4.30	187,989	187,989
• Crime Prevention Staffing Program	2.00	159,829	159,829
• Anti-Human Trafficking Task Force		150,000	150,000
• Medical Marijuana Enforcement		100,000	100,000
• 13-14 NorCal HIDTA		33,600	33,600
• South San José Police Substation Repurpose	(9.00)	(1,000,031)	(1,000,031)
• Rebudget and Technical Adjustment: Supplemental Law Enforcement Services (SLES) Grant		1,081,842	-
• Rebudget: South San José Police Substation		615,248	-
• Rebudget: Unmarked Vehicles		300,000	300,000
• Rebudget: Fixed Cameras		250,000	250,000
• Rebudget: Edward Byrne Memorial Justice Assistance Grant (JAG)		235,897	-
• Rebudget: Substation Vehicle O&M		176,250	176,250
• Rebudget: Substation Retrofits		150,000	150,000
• Rebudget: Mobile ID Phase IV		74,569	74,569
• Rebudget: Children's Interview Center		60,000	60,000
• Rebudget: Riot Helmets		60,000	60,000
• Rebudget: Parcel Post Interdiction		38,600	-
• Rebudget: 13-14 NorCal HIDTA		31,203	31,203
<i>Subtotal</i>	6.30	10,793,172	8,821,585

City Service Area
Public Safety
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
INDEPENDENT POLICE AUDITOR			
• Office of the Independent Police Auditor Salary Program		31,713	31,713
• Rebudget: Student Guide to Police Practices Printing		1,200	1,200
<i>Subtotal</i>	0.00	32,913	32,913
<i>Subtotal Departments</i>	7.30	12,734,617	10,753,684
CITY-WIDE EXPENSES			
• 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant		289,713	289,713
• Northern California Regional Intelligence Center SUASI - Police		242,308	242,308
• Urban Area Security Initiative Grant - Fire 2013		145,000	145,000
• Selective Traffic Enforcement Grant Program 2013-2014		61,305	61,305
• La Raza Study/Harvard Study Consensus Building Project		50,000	50,000
• Sobriety Checkpoint Grant Program 2013-2014		30,750	30,750
• Miscellaneous Rebudgets		2,156,836	2,156,836
<i>Subtotal Other Changes</i>	0.00	2,975,912	2,975,912
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Rebudgets		9,579,000	9,579,000
• Earmarked Reserves: Police Department Staffing Reserve		10,002,200	10,002,200
• Earmarked Reserves: 2014-2015 Police Sworn Hire Ahead Program		3,000,000	3,000,000
• Earmarked Reserves: Rebudgets		1,000,000	1,000,000
<i>Subtotal Other Changes</i>	0.00	23,581,200	23,581,200
Total Adopted Budget Changes	7.30	39,291,729	37,310,796

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2014-2015

OPERATING BUDGET

**TRANSPORTATION
AND
AVIATION
SERVICES
CSA**

**TRANSPORTATION AND AVIATION
SERVICES CSA**

Transportation and Aviation Services



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

CSA OUTCOMES

Primary Partners

Airport
Police
Transportation

- 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

City Service Area
Transportation and Aviation Services
SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

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



CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

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



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

Airport Department

Core Services:

Airport Business Development

Airport Facilities Maintenance

Airport Operations

Airport Planning and Capital Development

Transportation Department

Core Services:

Parking Services

Pavement Maintenance

Street Landscape Maintenance

Traffic Maintenance

Transportation Operations

Transportation Planning and Project Delivery

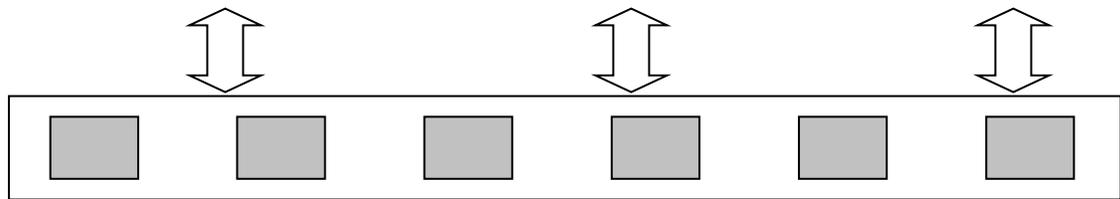
Police Department

Core Services:

Traffic Safety Services

OPERATIONAL SERVICES
 Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



Transportation and Aviation Services



Expected 2014-2015 Service Delivery

- ❑ Provide a safe transportation system for the traveling public through effective engineering, education, and enforcement.
- ❑ Focus limited available funding for street infrastructure maintenance efforts on facilities having the highest use and economic significance.
- ❑ Build and encourage use of multi-modal transportation options supporting economic development and the Envision San José 2040 General Plan.
- ❑ Operate the Norman Y. Mineta San José International Airport (SJC) in a safe and efficient manner. Maintain and improve security, safety, and regulatory compliance for air service operations.
- ❑ Deliver positive, reliable, and convenient air traveler services and amenities while preserving Airport assets and facilities through cost effective maintenance and operations.
- ❑ Provide Airport services and infrastructure to support and promote a strong economy and enhance community vitality.

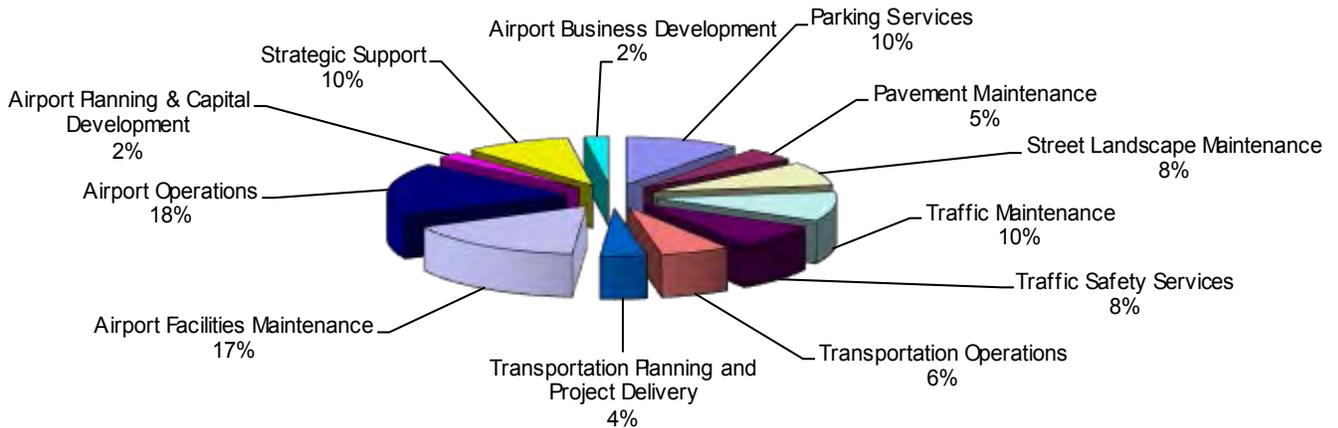
2014-2015 Key Budget Actions

- ❑ Significant funding to support the safety of the transportation system was added in the Traffic Capital Improvement Program (CIP) with an emphasis on traffic safety education and enhanced pedestrian crossings on major roadways.
- ❑ Additional funding for pavement and traffic signal maintenance, streetlight and sidewalk repairs, LED streetlight retrofits, and renovation projects in special landscape assessment districts for specific transportation infrastructure improvement.
- ❑ To support the City's Envision San José 2040 General Plan multi-modal transportation and economic goals, positions were added to deliver the expanded Traffic CIP. Furthermore, funding was restored for the City's Employee Commute Program.
- ❑ Enhanced business development efforts with a focus on increasing revenue generation opportunities and passenger levels by participating in a worldwide aviation industry survey that could provide insight into customer satisfaction and identify key areas to direct improvement efforts.
- ❑ Competition for air service continues by keeping costs to airlines at competitive levels while offering exceptional service and modern facilities. Energies are focused on engaging airlines to expand air service choices for travelers.
- ❑ Improving operational efficiencies, increasing productivity, and enhancing customer service are all expected to result from harnessing technology improvements and continuing the lease of electric vehicles.

City Service Area
Transportation and Aviation Services
BUDGET SUMMARY

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$127,668,567



City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Airport</i>					
Airport Business Development*	\$ 0	\$ 0	\$ 1,933,303	\$ 2,822,809	N/A
Airport Facilities Maintenance	17,855,754	19,936,421	20,905,720	21,058,336	5.6%
Airport Operations	20,262,876	22,406,524	23,162,319	23,239,115	3.7%
Airport Planning & Capital Development	2,332,612	2,702,432	2,843,615	2,888,965	6.9%
Strategic Support*	12,565,785	13,792,532	10,354,575	10,572,041	(23.3%)
<i>Police</i>					
Traffic Safety Services	7,958,136	10,693,329	10,080,608	10,326,579	(3.4%)
<i>Transportation</i>					
Parking Services	11,486,668	11,803,247	12,636,483	13,140,582	11.3%
Pavement Maintenance	5,609,969	5,632,297	5,641,404	5,747,915	2.1%
Street Landscape Maintenance	7,264,910	9,699,151	8,649,451	10,297,500	6.2%
Traffic Maintenance	11,800,807	12,438,851	12,234,754	12,586,042	1.2%
Transportation Operations	5,142,621	6,487,865	7,310,245	7,998,558	23.3%
Transportation Planning and Project Delivery	4,042,892	4,807,288	4,677,946	5,356,990	11.4%
Strategic Support	1,291,039	1,373,318	1,539,792	1,633,135	18.9%
Dollars by Core Service Subtotal	\$ 107,614,069	\$ 121,773,255	\$ 121,970,215	\$ 127,668,567	4.8%
Other Programs					
City-Wide Expenses	\$ 4,799,750	\$ 6,866,175	\$ 4,571,000	\$ 5,903,175	(14.0%)
General Fund Capital, Transfers and Reserves	1,080,458	984,287	829,521	1,818,521	84.8%
Other Programs Subtotal	\$ 5,880,208	\$ 7,850,462	\$ 5,400,521	\$ 7,721,696	(1.6%)
CSA Total	\$ 113,494,277	\$ 129,623,717	\$ 127,370,736	\$ 135,390,263	4.4%
Authorized Positions	488.61	497.11	496.11	515.36	3.7%

* The Airport Business Development Core Service was added as part of the 2014-2015 Adopted Budget. Funding for this core service was previously included in the Strategic Support Core Service.

Service Delivery Accomplishments

Air Transportation

- In December 2013, the San José City Council approved a 50-year ground lease agreement with Signature Flight Support for its proposed 29-acre, \$82.0 million fixed base operation (FBO) facility on the Westside of the Airport campus. This development will bring key economic benefits to SJC, the City, and the region with roughly \$2.6 million in annual revenue to the Airport and hundreds of construction and on-Airport jobs. The facility will have seven hangar spaces that will house aircraft operated by Blue City Holdings and other Signature customers, an executive passenger terminal, aircraft servicing facilities, ramp space, and additional amenities. In February 2014, Signature Flight Support broke ground with construction anticipated to continue through 2015.



- “Fly San Jose” is a multiple media marketing campaign developed to highlight the benefits of flying out of SJC versus other Bay Area airports and support SJC airline partners. The campaign highlights the compelling reasons to choose Silicon Valley’s airport including the best on-time record for Bay Area and California medium-to-large size airports with more than 300 sunny days per year and an average of only five days of weather-related flight delays. By generating demand for flights at SJC, capturing market share leaking to other Bay Area airports, and drawing in new customers from Opportunity Zones, the campaign seeks to meet the Mayor’s direction to focus on successful launches of new air service to and from SJC. The attention-grabbing advertisements and creative messaging included images such as “Fly Fog-Free from SJC,” “Easy Come. Easy Go. Fly SJC to LAX,” “Don’t you love fog-free flying?,” “Why drive north to fly south? Fly SJC to LAX.” As of March 2014, the cumulative impressions for radio, print, online, digital board, and Pandora were approximately 22.3 million. Continuation of the campaign into 2014-2015 will strive to capture audiences through radio advertisements, large scale placement of billboards and digital displays, print advertisements, online advertising and social media messages.



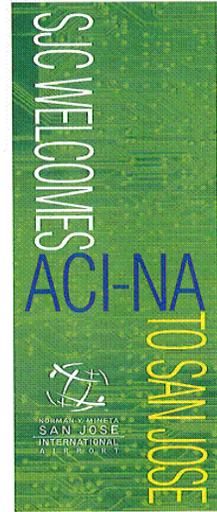
- The Airport is gratified to participate in and contribute to the community and appreciates awards to acknowledge the efforts. Awards received in 2013 include: the Transportation Security Administration partnership award (SJPD-AD); Silicon Valley Leadership Group “Turning Red Tape to Red Carpet” award; Pride of San José award; and partnership recognition with the Cops Care Cancer Foundation for the “Fantasy Flight to the North Pole” event.

City Service Area
Transportation and Aviation Services
OVERVIEW

Service Delivery Accomplishments

Air Transportation

- SJC hosted the 2013 Airports Council International – North America (ACI-NA) Annual Conference and Exhibition in September 2013. More than 1,700 attendees and 200 exhibitors gathered to network, showcase, and discover the latest trends and innovations transforming the airport industry. The Airport was able to highlight the improvements at SJC as well as debut the newly renovated and expanded San José McEnery Convention Center. ACI-NA represents local, regional, and state governing bodies that own and operate commercial airports in the United States and Canada. Member airports enplane more than 95% of domestic and virtually all international airline passenger and cargo traffic in North America. The conference was projected to generate more than \$4.0 million in economic activity for the City and the Silicon Valley region.



Surface Transportation

- Beginning in 2012-2013, the Traffic CIP has included significant funding for transportation system safety measures. Through 2013-2014, the following have been completed or programmed for implementation: traffic safety education for over 57,000 children, 1,400 school parents, and 3,100 senior residents; 41 crosswalks enhanced with safety treatments including high visibility crosswalk markings and signs, flashing beacons, and median refuge islands and bulb-outs; 20 radar speed feedback signs to make drivers aware of when they may be exceeding the posted speed limit; and six new signalized intersections and upgrades at six other signalized intersections to enhance pedestrian mobility and traffic flow.
- During the 2013 paving season, 25 miles of arterial roads received a surface seal treatment and five miles received a resurfacing treatment. Cost-effective and environmentally friendly Cold In-Place Recycling continued to be used for pavement rehabilitation. A total of 10,330 potholes were filled in 2013-2014.
- In 2013-2014, 5,741 traffic control signs and 1.3 million square feet of roadway markings were preventatively maintained, 15,945 streetlight repair requests were completed, 154 street tree emergencies were responded to, and 6,296 sidewalk repairs were completed.
- The City has converted 3,500 existing Low Pressure Sodium streetlights to adaptive “smart” LED streetlights that use less energy, are equipped with a monitoring and control system, require less maintenance, and improve visibility. Approximately 3,000 more lights on major street corridors throughout the City are funded through the Community Development Block Grant Fund and Traffic CIP funds for completion by 2015. Through an agreement with Chevron Energy Solutions, an additional 18,000 LED conversions are planned.



Service Delivery Accomplishments

Surface Transportation

- In early 2014, the City Council allocated additional funding to address the steady increase of copper wire theft. This expanded the number of crews replacing stolen streetlight wire from one to three, and provided funding for the installation of locking devices on approximately 500 electrical box access points to deter continued wire theft in selected areas. As a result, a total of 549 wire theft locations were repaired in 2013-2014. However, a backlog of 189 locations involving 743 lights still remains. Staff is working to develop a multi-year and multi-pronged strategy to effectively eliminate the backlog of outages and achieve acceptable repair response time standards for all types of outages.
- In support of a balanced transportation system, 13 miles of bike lanes and numerous pedestrian improvements were installed, and the Walk n' Roll San José program is currently working with 35 elementary schools to encourage walking and biking to school as a way to reduce greenhouse gas emissions, ease traffic congestion, and create a safer environment in school zones. As part of the Bay Area Bike Share program, 150 public bikes are available from 15 stations in the Downtown San José area.
- The recently completed Traffic Light Synchronization Project (TLSP) provided for major improvement of the City's traffic signal system. The modernized system now consists of over 900 upgraded traffic signal controllers, approximately 200 intersections with traffic surveillance cameras, and over 90 miles of fiber optic communication cable to support real time traffic monitoring and management. This advanced traffic signal control system will serve as an integral tool in the new state-of-the-art Transportation Incident Management Center (TiMC) that is under construction. Upon completion in 2014, the TiMC will be the nerve center for roadway monitoring and operations, facilitating the flow of traffic in the region. The federally-funded facility will enable staff to quickly verify and address traffic signal malfunctions and reports of operational inefficiencies along key commute corridors; monitor traffic and identify problems using traffic surveillance cameras and third party predictive and historical traffic information to improve mobility; coordinate with the Public Works Department and support construction related roadway impacts; and actively manage event traffic within the Downtown and in surrounding areas.
- The City continues to support the advancement of a number of significant regional transportation projects including the ongoing construction of the BART extension to Berryessa; VTA's Bus Rapid Transit program; and interchanges for Route 280/880/Stevens Creek, Route 101 from Interstate 280 to Yerba Buena, and Route 101/Mabury.
- The Parking Incentive Program continues to support the attraction and retention of businesses in Downtown San José with free and discounted monthly parking, thereby reducing the office vacancy rate. Since its inception in April 2010, staff has executed parking leases with nearly 160 businesses connected to over 550,000 square feet of leased commercial space, and provided parking for over 1,340 employees. In addition, 1,200 Downtown core parking meters were upgraded to "Smart Meter" technology that allows the City to meet customer desires for reliable and easy to use meters that accept credit and debit cards.
- Staff from the Department of Transportation (DOT), Police Department, and the Office of Economic Development collaborated to create a new model to implement street closures during special events. The new deployment model utilizes equipment and increased use of Parking and Traffic Compliance Officers for traffic management during outdoor special events, resulting in cost savings to event organizers.



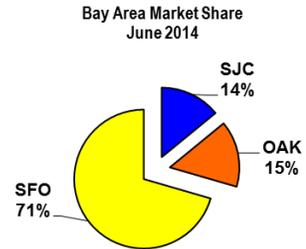
City Service Area
Transportation and Aviation Services
OVERVIEW

Service Delivery Environment

Air Transportation

- Norman Y. Mineta San José International Airport’s (SJC) close proximity to San Francisco (SFO) and Oakland (OAK) International airports influences our service environment. Whereas SJC’s terminals and roadway systems provide very convenient and technologically advanced facilities with the best on-time performance of the three Bay Area airports, San Francisco’s global reputation and highly competitive air carrier market has led to 71% of Bay Area passengers flying to and from SFO.

	SJC	OAK	SFO
Domestic Destinations	26	27	74
International Destinations	3	2	33
Operating Airlines	11	10	36
Total Passengers CY 2013	8,783,319	9,742,887	45,011,764
Total Operations CY 2013	122,947	201,231	421,400



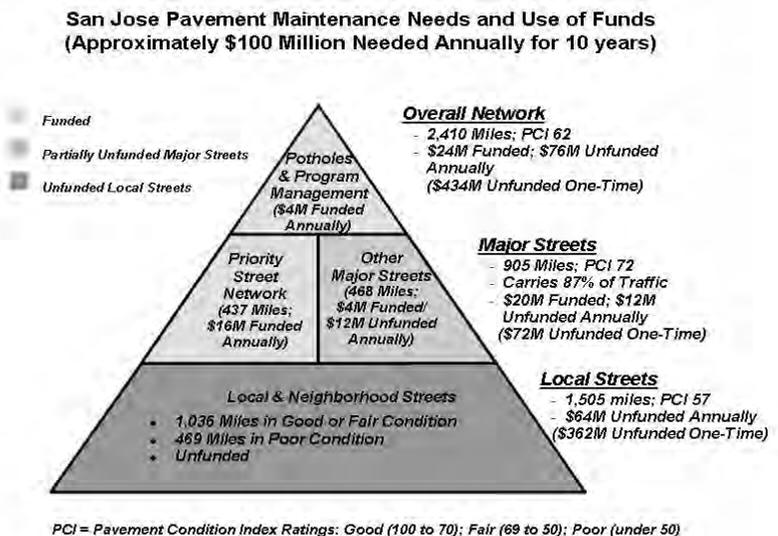
- Year-to-date through June 2014, SJC’s passenger traffic is up by 6.8% as compared to 2012-2013, while SFO’s passenger traffic increased by 3.2%, and OAK’s traffic decreased by 0.6%. SJC was recently recognized as the second fastest growing medium hub airport in the U.S. for passengers served in 2013 by Airline Network News & Analysis. SJC was the only California airport to be recognized among 630 U.S. airports evaluated.
- Financial sustainability is a prevalent topic at SJC, as well as in the aviation industry, as many partners and customers are currently experiencing volatility. This volatility can be attributed to the following: airlines continue to merge and evolve in order to maintain viability; the Federal government, including Customs and Border Protection, Federal Aviation Administration (FAA), and Transportation Security Administration (TSA), continue to experience budget cuts; and competitive air service job market continues to be a challenge with retaining and recruiting qualified staff.
- Sustainability is fundamental to the Airport’s 2014-2015 priorities and is especially challenging while our industry partners and customers are in the midst of flux. To combat the challenges, SJC is committed to strategic planning for the future. Key areas include strategies to ensure the Airport is resilient to changing circumstances, optimizing existing facilities, technology, staff and funding sources, and having the ability to operate quickly and independently.
- Expeditious passenger processing is a critical service in the current aviation environment and pursuing all available options is essential. For departing passengers, TSA opened **PreCheck** at SJC in November 2013 which expedites security screening for passengers pre-approved by airlines and cleared by TSA. **PreCheck** allows passengers to leave on their shoes, light outerwear, and belt, keep their laptop in its case, and their 3-1-1 compliant liquids and gels bag in a carry-on, as well as utilize a designated security lane. SJC also has a membership based traveler program, **CLEAR**, to provide expedited security processing. SJC is actively exploring options for speeding arriving passengers through Customs and Border Control processing with enhancements such as the **Global Entry** program and automated passport control kiosks. Providing technology-driven trusted traveler programs will help expedite arrivals at the international terminal and reduce wait times for all arriving passengers. The Airport is committed to looking at all available alternatives to reduce wait times and increase safe, efficient passenger processing.

Service Delivery Environment

Surface Transportation

- Overall, the transportation system remains one of the safest in the country. However, San José is experiencing an increase in the number of bicyclist and pedestrian fatalities, particularly in our older population. With increased investments in building and encouraging the use of multi-modal facilities, special care must be made to ensure the continued safety of pedestrians and bicyclists. Continued funding in the Traffic CIP for safety enhancements will provide a variety of improvements on major roadways where most crashes occur, while funding for safety programs will continue to provide education to school children, parents, and seniors.
- The decline in traditional State and federal revenues, and historic lack of adequate funding, continues to delay preventive maintenance for the City’s transportation infrastructure, exacerbating the significant one-time deferred maintenance and annual ongoing maintenance funding needs. In an update to the Transportation and Environment Committee on May 5, 2014, DOT staff reported that the one-time deferred maintenance needs are currently estimated at almost \$587.0 million, with pavement maintenance having a \$434.0 million backlog. The deferred maintenance needs for sidewalks, curbs and gutters, and trees, which are the responsibility of property owners, are estimated to cost an additional \$60.3 million. The annual ongoing shortfall of funding needed to maintain the City’s transportation assets in good condition is estimated at \$85.5 million.

- Although funding for pavement maintenance is increasing to nearly \$48.0 million in 2014-2015, it is still well below the approximately \$100.0 million needed annually for ten years. Four categories of pavement maintenance and the associated funding requirements have been identified to better define the City’s total annual funding need. In sequential priority order, the first category covers city-wide pothole repairs and basic management of the pavement system at a cost of \$4.0 million annually, which is fully funded. The second category is the 437-mile Priority Street Network which is also fully funded at \$16.0 million. The remaining 1,973 miles of roadway receive no dedicated pavement maintenance funding; however, a portion of the additional development tax dollars are funding some of these needs on a one-time basis. The City Council has directed staff to pursue new local, regional, State, and federal funding sources through potential ballot initiatives and or legislative actions that would provide ongoing funding for these remaining two categories (Other Major Streets and Local/Neighborhood Streets).



- The dissolution of the former San José Redevelopment Agency has resulted in increased demands on the Traffic CIP and Parking Fund to meet previous redevelopment funding commitments. The continued absorption of necessary expenses such as the 4th Street Parking Garage debt service payments, along with meeting prior transportation improvements in North San José, Downtown, and Edenvale, have required a significant allocation of funding.

Service Delivery Environment

Surface Transportation

- The Department will focus on the delivery and implementation of the Envision San José 2040 General Plan. The General Plan provides a set of balanced, multi-modal transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. Key elements include: reduce vehicle travel by 50% by increasing bicycle, pedestrian, and transit use; implement the “Complete Streets” policy; maximize connectivity to transit services to increase ridership; and develop Urban Village master plans.
- The improving economy has resulted in the increase in traffic and growing concerns with congestion. The City’s recent investment in significant upgrades to the traffic signal system under the Traffic Light Synchronization Project (TLSP), and the construction of the Transportation Incident Management Center (TiMC) will give the City modern tools to help address traffic concerns and more effectively manage traffic over time.
- As the Downtown office vacancy rate has declined, there has been a corresponding increase in peak occupancy in the City’s parking facilities. As peak occupancy exceeds 80% in a given facility, the ability to offer additional parking incentives is being closely evaluated. Staff is focusing on prospective new businesses inquiring about incentives to parking facilities that have availability and remain active in the incentive program.
- The Traffic CIP is experiencing an increase in development tax revenues and grants, requiring additional staffing to deliver projects. Federal and State resources/grants, many with a focus on active transportation, now represent approximately 37% of the Traffic CIP. These grant funds support critical activities such as pavement maintenance, traffic signal upgrades and timing, bike lane and curb ramp construction, school safety programs, street improvements, multi-modal street systems, and enhancement of pedestrian accessibility.

CSA Priorities/Key Services

The Transportation and Aviation Services CSA’s highest priority services are those that support the safety of the traveling public followed by those that support mobility and asset condition. This prioritization aligns with the fundamental elements of the CSA’s Desired Outcomes.

The Airport has identified seven strategic priorities for 2014-2015 and eight Strategic Principles for Competitiveness to ensure the efficient and effective operations of the Airport.

2014-2015 Priorities:

- Retain and Grow Air Service and Passengers.
- Achieve Financial Sustainability.
- Recruit, Develop, and Retain Staff to Achieve Organizational Sustainability.
- Maintain and Improve Security and Safety.
- Improve Organizational and Operational Efficiency.
- Preserve Infrastructure and Focus on Essential Projects.
- Strategically Plan for the Airport’s Future.

CSA Priorities/Key Services

Strategic Principles:

- The Airport must always put operational safety and security first.
- The Airport needs to remain fully functional in its core areas, including operations, maintenance, planning, information technology, finance and administration, and marketing.
- The Airport will seek opportunities to continue to be cost-competitive for airlines and reduce costs allocated to airlines through greater efficiencies and innovative service delivery.
- The Airport will continue to provide an excellent customer experience to remain competitive and provide a good product for both passengers and airlines.
- The Airport will continue to aggressively seek to increase air service in partnership with the community to gain more routes, frequencies, and carriers that meet the needs of Silicon Valley businesses and residents. To increase passenger traffic, the Airport needs to attract more flights. This requires active marketing to airlines and the development of more effective community and business engagement to help achieve this goal.
- The Airport will continue to seek opportunities to increase revenues.
- The Airport will work in partnership with carriers to minimize obstacles to doing business at the Airport. *Business goes where it is welcome and stays where it is appreciated.* In that regard, the airlines' perspective, ideas, and suggestions for improvement are essential to the Airport's success.
- The Airport must take the long-term view on costs and opportunities. Policy changes and investments may take time to realize benefits, and short-term solutions to long-term challenges may be counterproductive to long-term competitiveness.

The Department of Transportation's key services are consistent with the priorities identified below.

- Traffic Safety – Provide the safest large city transportation system in the nation, including: enforcement, crash investigations, education, and traffic control.
- Traffic Maintenance – Provide well-maintained and effective traffic signals, signs, and roadway markings which are critical to ensuring traveler safety.
- Transportation Operations – Evaluate resident and school traffic concerns, and study traffic conditions and accident data to enhance traffic safety and mitigate negative traffic impacts. Monitor and upgrade systems on major commute corridors; improve traffic flow.
- Parking Operations – Provide well maintained and operated parking facilities, support economic development and viability of the Downtown, and encourage compliance with posted parking regulations.
- Transportation Planning – Develop local and regional facilities for travel by pedestrians, bicyclists, people in wheelchairs, vehicles, and transit.
- Pavement Maintenance – Timely and proper maintenance extends the useful life of a street and defers rehabilitation, which can be five times more costly. Travel on smooth streets also improves fuel efficiency and reduces vehicle maintenance, while severely deteriorated streets can make traveling less safe.
- Street Landscape Maintenance – Maintain street landscaping, rights-of-way, street trees, and special landscapes, as well as provide Downtown cleaning, support safe and aesthetically pleasing streetscapes.

City Service Area
Transportation and Aviation Services
OVERVIEW

Budget Dollars at Work: Performance Goals

The Transportation and Aviation Services (TAS) CSA facilitates the movement of people and goods in a manner that both strengthens the economy and enhances the quality of life for San José residents. TAS is responsible for a wide range of services, operations, and infrastructure that support other City Service Areas, chiefly Community and Economic Development and Public Safety.

OUTCOME 1: PROVIDE SAFE AND SECURE TRANSPORTATION SYSTEMS

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target	5-Year Goal
Improve Surface Transportation System Safety	1. % of residents rating traffic conditions as safe while:					
	Driving	82%	82%	N/A*	83%	83%
	Bicycling	44%	47%	N/A*	60%	60%
	Walking	79%	81%	N/A*	81%	81%
	2. # of injury crashes per 1,000 population	2.7	2.6	N/A**	2.6	2.5
	3. # of pedestrian and bicycle-related injury crashes per 1,000 population	0.65	0.67	N/A**	0.66	0.60
Achieve Safe and Secure Air Transportation System and Infrastructure	1. Pass Annual Federal Aviation Regulation FAR 139 inspection with no discrepancies identified	100%	100%	0%	100%	100%

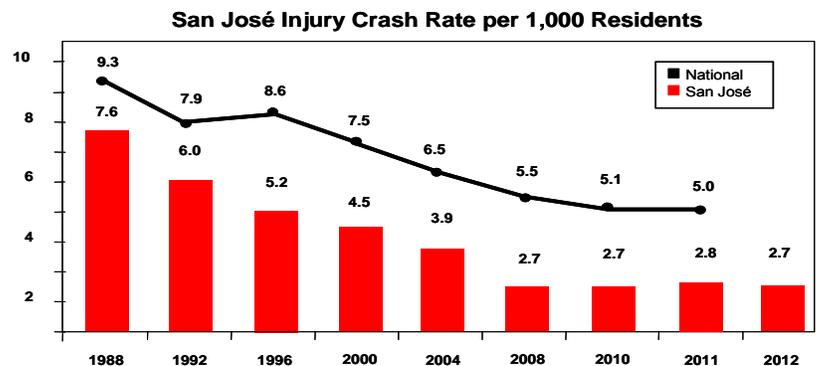
Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

** Data for these measures is not currently available due to staffing vacancies; data is currently available through June 2013.

✓ The Police and Transportation Departments continue to focus on reducing the number of vehicle, bicycle, and pedestrian injury and fatality crashes. Staff continues to enhance safety through enforcement and engineering, including the review of collision reports and CIP development projects to address potential street safety needs. An expanded focus on the implementation of various traffic safety measures, including enhanced pedestrian crossings on major roadways, and modifying existing or constructing new traffic signals continues on an ongoing basis. The Traffic Safety Education Program will continue to provide education to school children, parents, and seniors by using Traffic Capital and grant funds. The Police Department Traffic Enforcement Unit will continue to provide traffic enforcement at high crash locations.

✓ The San José surface transportation injury crash rate was 2.7 occurrences per 1,000 residents in calendar year 2012. The crash rate has remained at this level since 2008, and is still well below the national average of 5.0 occurrences per 1,000 residents, contributing to San José being one of the safest big cities in the nation from a transportation perspective.



* Represents calendar year data where all other years are fiscal year data. The methodology was changed in 2006 to be consistent with State and national data.

Budget Dollars at Work: Performance Goals

OUTCOME 1: PROVIDE SAFE AND SECURE TRANSPORTATION SYSTEMS

- ✓ Over 25,000 children are expected to receive walking and biking traffic safety education in 2014-2015. Traffic safety presentations are also conducted at various schools, reaching over 1,000 parents, with a focus on school zone safety; and traffic safety presentations are provided to over 2,000 senior residents, with a focus on pedestrian safety.
- ✓ Federal Aviation Regulation (FAR) 139 compliance is the Airport's test of conformity with federal aviation regulations. Each year, the FAA performs an extensive review of an airport's compliance with safety and operating criteria with regard to such elements as: infrastructure, maintenance, operations, signage, policies and procedures, reporting, training, and response capability. The most recent inspection was held in January 2014. While the FAA noted three minor discrepancies during the inspection, the Airport was also recognized for having zero lighting outages on the airfield and exemplary teamwork in maintaining the safe operating environment. Measures to remedy the discrepancies are underway and will continue to be closely monitored to prevent reoccurrence. The Airport will continue to rely on the exceptional teamwork and cooperation between various partners to provide the community and customers with an Airport that consistently operates in a safe and secure manner.
- ✓ Aircraft Rescue and Fire Fighting (ARFF) services costs were reduced in 2011-2012, 2012-2013, and 2013-2014 with SAFER 2010 Grant funds that maintained sworn firefighter staffing levels and avoided staffing reductions. The balance of SAFER Grant funds are programmed for use in 2014-2015 and offset 13.4% of anticipated costs for San José Fire Department staff to operate ARFF services at the Airport.

- ✓ Maintaining and responding to safety and security issues is critical to Airport operations in order to meet current and future FAA and TSA safety and security mandates. The Airport continues to work with local, regional, and federal agencies to prepare for changing needs and flexible response plans. To meet the annual commitment for emergency training, a table top exercise was held on March 25, 2014. The scenario involved an aircraft arriving at SJC at nighttime that experienced a fire onboard upon landing, requiring an evacuation of passengers and crew on the runway. Role players included representatives from the Airport, San José Fire Department, San José Police Department, FAA, and a SJC-based airline. The audience included evaluators representing SJC tenants and other regional air carrier airports. With the completion of the drill, SJC affirmed its commitment to safety as the first priority through compliance with FAR Part 139 and the Airport Operating Certificate. Additionally, the Airport Emergency Planning and Management Team coordinated the 2013 Golden Guardian Exercise and Incident Command System (ICS) training for more than two dozen members of SJC's management team in January. The ICS 300 and 400 courses are a mandatory requirement for emergency responders required to work in the Airport's Emergency Operations Center should it be activated. The Airport managers learned to effectively manage an incident within a unified command system in conjunction with the San José Police and Fire departments.



City Service Area
Transportation and Aviation Services
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 2: PROVIDE VIABLE TRANSPORTATION CHOICES THAT PROMOTE A STRONG ECONOMY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target	5-Year Goal
Facilitate Completion of Planned Local and Regional Transportation System	1. % of planned arterial street system complete	98%	98%	98%	98%	98%
	2. % of planned bikeway network complete	55%	62%	58%	65%	78%
	3. % of residents rating the City service in providing bike lanes and paths as good or better	57%	62%	N/A*	57%	70%
Expand Use of Alternate Commute Options	1. % of residents rating access to public transit as "easy"	78%	73%	78%	73%	78%
	2. % of trips by alternative modes of transportation	NEW	NEW	NEW	18%	23%
Meet Communities' Needs for Air Service Destinations and Frequencies	1. % of customers reporting satisfaction with availability of flights and destinations that meet their travel needs**	89%	90%	N/A*	90%	90%
	2. % of regional air service market	13.4%	14.0%	14.0%	14.0%	15.0%
Cost to Airlines of Operating at the Airport is Competitive with other Airports in the Region	1. Airline cost per enplaned passenger	\$11.94	\$11.76	\$11.76	\$10.50	\$12.00

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

** The Airport continues to determine the most effective and economical mechanism to gain information on customer satisfaction with regard to Airport services and facilities. The measure above is included as a question in the biennial City-Wide Survey, and thus provides a very general indication of satisfaction levels within the community. It is anticipated that additional survey information will be made available in the future when ongoing resources and tools are identified to obtain specific and appropriate information.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of established pedestrian corridors meeting design standards” was deleted because the data for this measure is no longer collected. The new Envision San José 2040 General Plan no longer identifies pedestrian corridors; instead, all streets need to provide multi-modal access.
- ✘ “% of planned systems completed: freeway and expressway %” was deleted because there is currently no plan to install additional freeways or expressways.
- ✘ “% of planned systems completed: carpool lane %” was deleted because there is currently no plan to install additional carpool lanes.
- ✘ “% of planned systems completed: rapid transit %” was deleted because the system is managed by the Santa Clara Valley Transportation Authority and the City is not responsible for regional transit system development.
- ✚ “% of trips by alternative modes of transportation” was added to align with the City’s Green Vision goals and the Envision San José 2040 General Plan.

- ✓ Continued partnerships with Caltrans, VTA, and the County will facilitate the Route 280/880/Stevens Creek interchange improvements, the development of other regional transportation improvements that support development in North San José, the BART extension to Berryessa and future extension into Downtown San José, the construction of the Santa Clara/Alum Rock Bus Rapid Transit project, and subsequent expansion of the Bus Rapid Transit program to other corridors in the County.

Budget Dollars at Work: Performance Goals

- ✓ With a significant portion of the arterial and highway system complete, the CSA is ensuring that resources are also directed towards alternate commute options such as bicycle, pedestrian, and transit options. In support of this, staff will continue to develop and implement the City's Primary Bikeway Network. A number of grant-funded projects, such as the One Bay Area Grant (OBAG) Bikeways Program and multi-modal improvements on Park Avenue and St. John Street, are programmed for future enhancements. The City anticipates that additional grant funding will be secured in the out-years to ensure continued improvement and expansion of a multi-modal transportation network.
- ✓ To accelerate the goals and policies of the Envision San José 2040 General Plan and the City's Green Vision, there is a growing demand for transportation planning to achieve mode shift goals, develop Urban Village Plans and area development policies, and convert the City's streetlights with energy saving LED fixtures. Staffing additions will ensure adequate support and timely delivery of projects in this area, and will also allow for the timely delivery of over \$44.7 million in local grant-funded projects over the next two fiscal years. Projects will include bridge replacements on East Santa Clara Street at Coyote Creek and Noble Bridge at Penitencia Creek, and pedestrian, bicycle, and signal systems projects designed to support dense development and the use of alternate modes of transportation.
- ✓ The City's successful Walk n' Roll program worked with 35 elementary schools to encourage more walking and biking to school, and to provide pedestrian and bicyclist safety education through interactive assemblies and bike "rodeos." Walk n' Roll also worked closely with school officials and parents to implement pedestrian safety enhancements around school zones. On average, 3,800 children are participating in monthly Walk-to-School days, with over 2,100 of these children participating in weekly Walk-to-School days. Additional multi-year grant funds have been secured to expand Walk n' Roll in 2014-2015 to an additional 20 schools.
- ✓ Reinstatement of commute assistance funding will also support the City's Envision San José 2040 General Plan multi-modal goals by providing City employees with support for alternative commute options.
- ✓ Parking patrols, with an emphasis on compliance, will continue in the Downtown area, neighborhoods, school zones, and business districts to ensure safe and available parking.

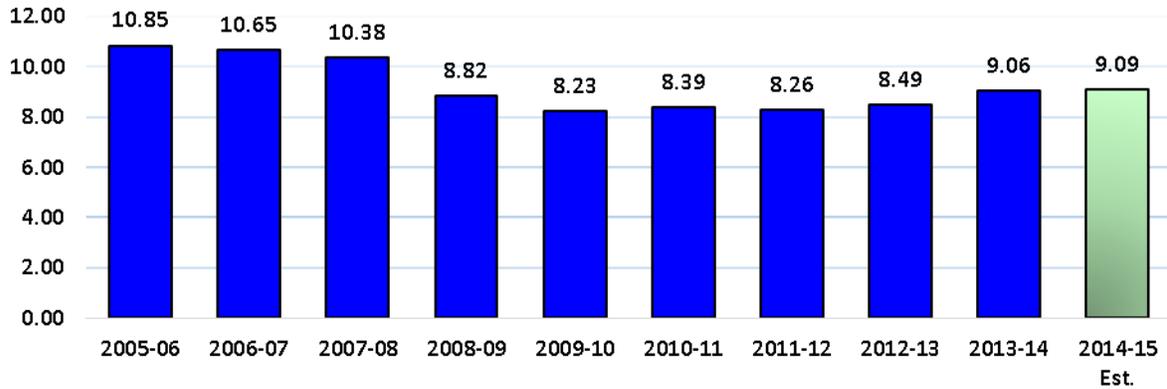


City Service Area
Transportation and Aviation Services
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 2: PROVIDE VIABLE TRANSPORTATION CHOICES THAT PROMOTE A STRONG ECONOMY

**Mineta San José International Airport
Annual Passengers (Millions)**



✓ Passenger traffic at SJC has increased for 18 consecutive months in comparison to the same month in the prior year. Through June 2014, the Airport served 9.1 million passengers compared to 8.5 million year-to-date in June 2013. The ongoing upward trend is encouraging and expected to continue into 2014-2015 because of expanded air service choices for travelers and an improving local and global economy. Airlines initiating new flights from SJC in 2014 include Alaska, Delta, Hawaiian, and Southwest. The trend is positive, but SJC still trails the pre-recession number of passengers and operations. Consequently, significant focus and effort is concentrated on engaging airlines, travelers, and community partners through a newly created Airport Business Development Division. The division is engaged in air service development, effectively communicating with passengers, the public, and the media as well as developing sources of non-airline revenue, including concessions revenue, lease revenue, and parking revenue.

✓ Airlines use “Cost per Enplaned Passenger” (CPE) as an indicator for their decision about where to locate air service. CPE represents the total costs of airport operations that are allocated to airlines and are charged to them in landing fees, rents, or other specific charges, divided by the total number of passengers boarding planes at SJC. The Airport has estimated the airline CPE of \$11.76 for 2013-2014, a 1.5% decrease from the 2012-2013 CPE. The 2014-2015 targeted CPE is \$10.50 which remains consistent with the City Council’s direction to keep the CPE below \$12.00 for the term of the airline agreement. Average terminal rental rates for 2014-2015 decreased from \$159.72 to \$147.68 per square foot. The 2014-2015 landing fee decreased from \$2.22 to \$2.09 per 1,000 lbs.

Cost per Enplaned Passenger



Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target	5-Year Goal
Passengers Have a Positive Experience When Using the Airport	1. % of customers reporting satisfaction with the quality and variety of airport shops and restaurants	87%	85%	N/A*	85%	85%
Improve Traffic Flow on Major Streets	1. % of residents rating commute traffic flow on city streets as "acceptable" or better	63%	60%	N/A*	60%	60%
	2. % of City intersections at Council-adopted level of service	98%	98%	98%	98%	98%
Facilitate Efficient Operations of the Regional Freeway System	1. % of residents rating commute traffic flow on freeways and expressways as "acceptable" or better	43%	40%	N/A*	40%	40%
	2. % of freeways operating below 35 mph during peak hours	34%	34%	34%	35%	35%
Enhance Access to Major Activity Centers and Events	1. % of customers rating access to major activity centers as "easy"					
	Downtown	85%	79%	N/A*	79%	79%
	Airport	87%	79%	N/A*	79%	79%
	SAP Center at San José	77%	72%	N/A*	72%	72%
	Regional Shopping Centers	91%	89%	N/A*	89%	89%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

- ✓ Following a successful pilot at *The Brit*, a second Airport concession implemented the Curb Café concept by creating a patio area that extends into the terminal concourse. *The Sharks Cage* created a penalty box look for its patio area, which provides space for people to sit, relax, and enjoy the Airport surroundings. Passengers are at ease while they dine as they can keep an eye on their gate and hear pertinent announcements. The openness and connection to the terminal is an effective draw to the food and beverage outlet and enhances the terminal streetscape by adding interesting sights, sounds, and scents.



Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

- ✓ Enhancing the customer experience strengthens the Airport's competitiveness in the region and as a commercial enterprise, the Airport searches out conveniences, efficiencies, and customer aids over a wide spectrum of services:
 - Implementation of FlySmart™ at the Airport provides customers a smartphone app with real-time flight notifications, airport information, and features listings for concessions. The app gives travelers free access to information about SJC and over 100 U.S. and international airports before and during their journey, all at their fingertips. Mobile apps for passenger interaction are a fast growing industry trend and are particularly important for the tech-savvy Silicon Valley travelers;
 - Implementation of a Web Content Management system enables further enhancement of passenger interactions with targeted, real-time concession promotions and seamless sharing of content between the Airport website, mobile site, and social media accounts;
 - Interactive wayfinding signage will be installed throughout the Airport utilizing technology to improve customer service, communications, and create revenue generating opportunities with special promotion offers. Touch screen technology provides a simple way for passengers to interact with the facility and its offerings;
 - The parking program is another service the Airport is focused on to enhance the travel experience, make transactions easier for the customer, and optimize revenue. Parking locator signs implemented in the public parking lots enable guests to scan or text in a code and in return receive text messages reminding them where they parked their car. Continued transition to automated pay stations and exit lanes from hourly, daily, and economy public parking lots provide convenience and efficiency for customers. Innovative parking programs and opportunities are being identified and evaluated in a parking operations study and staff is evaluating implementation of a credit card in and out option as an alternative for pulling a parking ticket to enter the parking lots.

- ✓ Great food and drink selections are essential for the Airport to retain passengers and compete with neighboring airports. New concessions under construction in Terminal A include: Red Mango frozen yogurt; Einstein Bros. Bagels serving breakfast items, sandwiches, and drinks; and Sip Savvy serving organic wines, a full bar, appetizers, soups, salads, and sandwiches. Terminal A customers have requested quick and economical food concessions. The development of these concepts in Terminal A will provide fast and appealing offerings with lower price points.

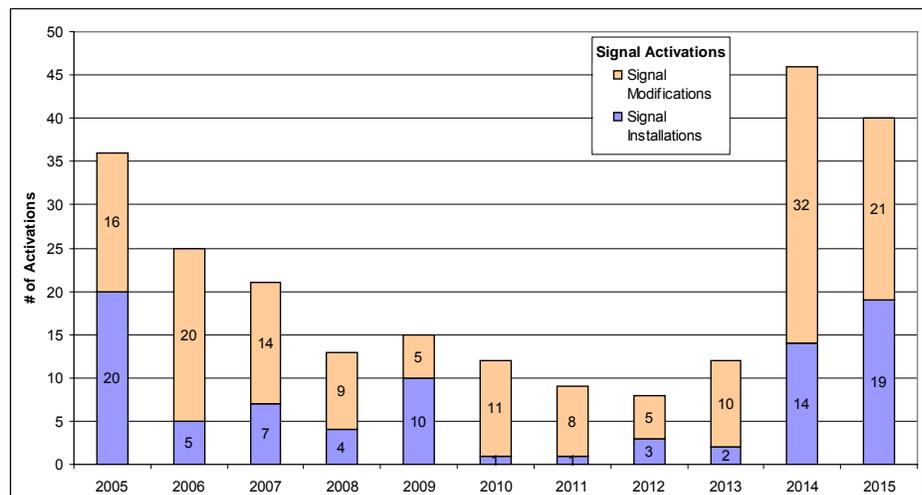


Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

- ✓ Staff continues to operate the intelligent transportation systems to manage incidents and event traffic at major activity centers. The Transportation Incident Management Center (TiMC), when completed in the City Hall Employee Parking Garage in 2014, will better facilitate the flow of traffic in the region, enable staff to effectively manage events ranging from arena concerts to significant emergency situations, and support more timely responses to signal malfunctions. This project will help address feedback from the biennial City-wide Community Survey where improving traffic flow/congestion issues was rated high by residents.
- ✓ Traffic conditions and parking availability play a significant role in creating a positive image of Downtown for workers, visitors, and event attendees. The parking guidance system and continued investment in improved parking garage security and cleanliness support a positive experience for Downtown visitors, and make Downtown an easy place to access. In the coming year, DOT will continue to coordinate with staff from the Police Department, the Office of Cultural Affairs (Office of Economic Development), the Public Works Department, Team San José, San José Downtown Association, and SAP Center at San José to address traffic impacts from Downtown construction, arena events, and special events.
- ✓ The upgrade of 1,200 parking meters in the central Downtown Core with Smart Meter technology and pavement embedded parking sensors allow the City to conveniently provide a variety of customer payment options including credit and debit cards. Additional features of the Smart Meters that benefit customers include the following: a pre-payment feature to enable paying for parking before meter operating hours, a back-lit meter display that can be programmed to display messages, such as “FREE PARKING” on Sundays and City holidays to supplement posted signs, and capability for integration with mobile payment technologies to allow customers to pay or increase their meter time via a smart phone. Downtown-related initiatives such as implementing a mobile payment option and mobile apps for real-time occupancy and directions to Smart Meters, an ongoing partnership with the San José Downtown Association for marketing and Downtown activation support, and a renewed employee commute assistance program will allow a more effective and efficient use of the parking resources.

- ✓ Additional staffing to support Traffic Signal Operations and Management will address rising local traffic signal project work, and provide proactive traffic flow management and regional project support. DOT is seeing a significant increase in related development activity and various grant and CIP projects.



Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

- ✓ Staff will utilize enhanced capabilities of traffic monitoring and management technology made possible by the modernization of the City's traffic signal system to ensure all roadway users are accommodated and have positive travel experiences. Staff will also work closely with the VTA to implement bus rapid transit operations along key regional transit corridors, including Santa Clara Street, Alum Rock Avenue, and Stevens Creek Boulevard to enhance access to transit and improve bus travel time reliability. Advanced traffic management strategies will be implemented along Tully Road and Saratoga Avenue (through the One Bay Area Grant) to ensure traffic signals are responsive to high travel demands throughout the day and/or seasonal traffic peaks due to holidays or special events. Pedestrian signals around community centers, libraries, and senior housing are being reviewed and modified to provide extended crossing times.
- ✓ The TiMC will enable staff to manage traffic flow in the region, respond to traffic signal malfunctions, and report operational inefficiencies. A second phase of the TiMC facility is programmed in 2014-2015 to integrate state-of-the art traffic software with the incident management functionality within the TiMC, which will further enhance staff's ability to facilitate traffic flow.

Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target	5-Year Goal
Maintain Pavement Surfaces in Good Condition	1. % of residents rating "neighborhood" streets in "acceptable" or better condition	55%	83%	N/A*	55%	50%
	2. % of streets rated in "good" or better condition (70 or greater on a 1-100 scale)					
	Major Streets	NEW	NEW	NEW	67%	55%
	Local/Residential Streets	NEW	NEW	NEW	24%	19%
	3. City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 75)	62	62	62	62	55
Maintain Traffic Devices in Good Condition	1. % of traffic signals, signs, and markings in "good" or better condition (visible and functioning properly)	56%	61%	59%	70%	72%
Preserve and Enhance Neighborhood Streetscape	1. % of residents rating streetscapes in "good" or better condition (includes: sidewalks, street lights, landscaping, and trees)	60%	43%	N/A*	60%	65%
	2. % of residents rating adequacy of street lighting as "good" or better	59%	54%	N/A*	59%	60%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- “% of streets rated in “good” or better condition (70 or greater on a 1-100 scale)” was changed to “% of streets rated in “good” or better condition (70 or greater on a 1-100 scale) – Major Streets; - Local/Residential Streets” to reflect the condition of Major Streets and Local/Residential Streets and to better align with the Priority Street Network model.
- ✗ “% of neighborhood street trees in “good” or better structural condition” was deleted because the measure is being reported in the Transportation Core Service Performance Summary section.
- ✗ “% of planned landscaped median island locations complete” was deleted because there are no more landscaped median islands programmed in the Traffic CIP due to the lack of funding for installation or maintenance.

✓ In 2014-2015, DOT expects to preventively maintain 933 traffic signals, replace 7,000 traffic signs, repair 17,000 streetlights, and proactively repaint 1.35 million square feet of roadway markings. Two hundred thirty-eight acres of general benefit and 339 acres of special district landscape will also be maintained by City staff and contractual services. In addition, 12,500 pothole requests, 1,000 larger scheduled corrective pavement repairs, 1,000 emergency street tree responses, and 5,000 sidewalk repairs are anticipated to be completed. Current resources remain available to ensure that safety issues are prioritized and addressed in a timely manner.



City Service Area
Transportation and Aviation Services
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

- ✓ For the next five years, the average annual funding level for City street pavement maintenance is approximately \$24.0 million, or only 24% of the approximately \$100.0 million annual need. The ongoing sources of funding in 2014-2015 primarily include: State Gas Taxes (\$9.5 million), County vehicle registration fees (\$5.4 million), and San José development taxes (\$4.0 million). The one-time allocations include Federal funds through the One Bay Area Grant (OBAG) (\$13.6 million) and additional San José development taxes (\$16.0 million). The ongoing and OBAG funding is being allocated in alignment with the Priority Street Network service delivery model which is intended to maintain the City's most utilized and significant major streets in good condition. A balance of preventative maintenance and rehabilitation treatments, including 23 miles of major street resurfacing using the OBAG funding, will occur during the 2015 construction season. The additional \$16.0 million in one-time development taxes will be used on the City's other major streets not included in the Priority Street Network. This funding will be allocated to perform a balanced set of needed preventative maintenance (30-45 miles of sealing) and critical rehabilitation (10-13 miles of resurfacing) treatments.
- ✓ Staffing resources were added to address the traffic signal maintenance backlog and additional workload programmed in the Traffic CIP without having to sacrifice traffic signal preventative and corrective maintenance activities or rely upon more costly contractual services. Additionally, the Intelligent Transportation System (ITS) upgrades to signalized intersections including traffic monitoring cameras, wireless communication equipment to coordinate traffic flow, and adaptive traffic controls will be adequately maintained to support the efficient flow of traffic on city streets.



- ✓ The allocation of additional investments included in the 2015-2019 Adopted Traffic CIP will continue current efforts related to addressing streetlight wire theft. About 40 new instances of wire theft are occurring each month, and through the end of 2013-2014, there were 189 outstanding locations affected by wire theft. The additional funding will eliminate the backlog by the end of 2014-2015 and allow for timely repairs of new wire theft incidents. These resources will also enable DOT to continue implementing wire theft deterrents such as sealing and utilizing locking mechanisms on streetlight utility boxes.

Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

- ✓ The allocation of additional funding for the Maintenance Assessment Districts will allow for needed renovations and repairs in these specially-funded areas. Key projects address turf conversions to low maintenance landscape designs, irrigation upgrades, and erosion mitigation.
- ✓ The street tree inventory efforts identified approximately 20,000 sidewalk areas in need of inspection and repair. The addition of inspection staffing for the Tree and Sidewalk program will provide the resources necessary to continue a multi-year plan to address this damage to the infrastructure. The increased workload will generate additional permit fee revenue, which will offset the cost of these staffing increases.
- ✓ The Airport Runway Pavement Rehabilitation project is programmed to reconstruct Runway 30R at Taxiway J intersection to replace deficient concrete pavement. The correction will increase passenger riding comfort during takeoff. Additionally, the Taxiway A/B Part 139 Separation project continues to provide striping, signage, edge lighting, and runway guard lights to preclude aircraft movement between Taxiways A and B. These projects are important to maintain safe airfield operations and are contingent upon grant funding from the FAA Airport Improvement Program.
- ✓ The Airport Facilities Team continues to excel in introducing cost containment measures and asset preservation activities. Ongoing improvements include planting seasonal blooms and parasite-resistant shrubs and trees to keep the landscaping lively and enhance the terminals and roadways; touch-up painting to walls, columns, doors to keep the buildings fresh and spotless; cleaning and polishing the terrazzo floors inside the terminals; and nightly power washing of curbsides and sidewalks outside the terminals in preparation for each day's volume of travelers. Keeping restrooms clean is typically one of the top five drivers of customer satisfaction for airports and Airport staff and contractors are credited with keeping the facilities shining. The team will continue to plan and implement programs to keep SJC sparkling.
- ✓ The Airport expects to start the design and renovation of the Terminal A Ground Transportation (GT) Island to increase operational efficiency and more closely emulate the appearance of the Terminal B GT Island. The pavement has reached the end of its useful life and is experiencing failures. The reused bus shelters, location, and layout of the GT Island were designed as an interim solution during the Terminal Area Improvement Program (TAIP). With passenger levels increasing, it is an opportune time to improve the functionality and appearance of the space in order to provide a positive experience for our customers as well as rehabilitate the proximate infrastructure.



Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

- ✓ The Airport continues to look for opportunities to incorporate flexibility in facility projects to provide adaptability in a changing environment. The Federal Inspection Facility (FIS) Sterile Corridor Extension project creates flexibility to use Terminal B gates 17 and 18 for domestic or international flights by extending the interior corridor connecting the gates to the U.S. Customs and Border Protection (CBP) Document Examination Hall. Holding room space reallocated to the corridor was replaced by conversion of the meditation room and vacant concessions space across from Gate 18 to new holdroom seating complete with workstation like counters and comfortable chairs.



- ✓ A planning study to determine the best use of the southeast area of the Airport campus will assess demand, services desired, and alternatives for implementing the redevelopment. Optimizing the use of available space is part of strategically planning for the future, diversifying the revenue base, and focusing on essential projects.

Budget Dollars at Work: Performance Goals

OUTCOME 5: PROVIDE A TRANSPORTATION SYSTEM THAT ENHANCES COMMUNITY LIVABILITY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target	5-Year Goal
Provide Neighborhood-Friendly Traffic Operations	1. % of residents rating traffic impacts in their neighborhood as "acceptable" or better	83%	77%	N/A*	83%	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

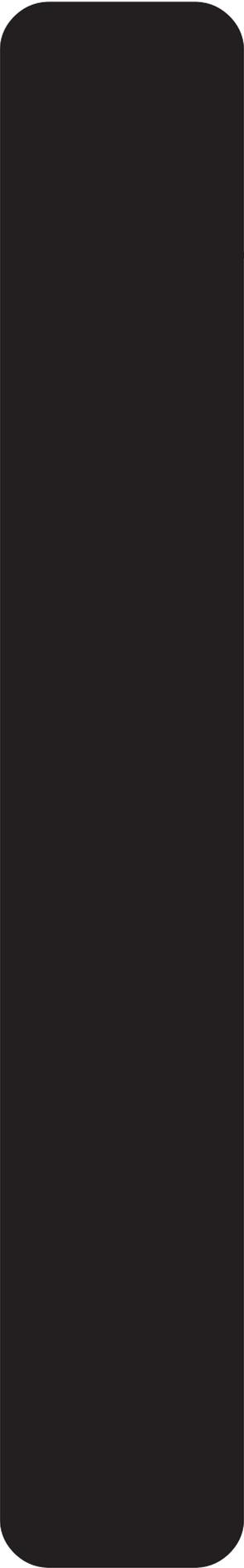
- ✓ Capital funding will provide for continuation of the Pedestrian Safety and Traffic Signal Safety Improvement Programs. Staffing resources will focus on developing and implementing pedestrian crossing improvements on major roads, such as refuge islands, flashing beacons, high visibility signs and markings, and ADA accessible curbs.
- ✓ The two-year neighborhood and school traffic calming program implemented in 2013-2014 will continue to provide for the implementation of approximately 30 projects over the two-year period to address “adverse speeding conditions” or unique school area conditions. Continued resource constraints to implementing traffic calming solutions in neighborhoods beyond the basics (signs and markings and enforcement) may result in lower resident satisfaction levels in future community surveys.
- ✓ Emphasis will continue on parking compliance activities to enhance pedestrian and bicyclist safety in school zones. The Police Department will also continue to support safety in neighborhoods and help to keep the injury crash rate to one of the lowest in the nation.

✓ The Airport has a number of programs in place to mitigate impacts on the community, including programs to protect wildlife, air quality, clean energy use initiatives such as the solar energy system built to support rental car/public parking garage services, use of compressed natural gas shuttles, and recycling programs. Since 1998, the Airport has provided free public transit passes to Airport tenants and Department employees and free transportation connecting Airport terminals and parking lots with Caltrain/VTA train stations via the VTA Flyer. The Eco Pass program is well received and utilized by staff throughout the Airport. Recycled water is utilized for landscape irrigation across the campus and is especially important in years with below average rainfall. Additionally, the department will continue leasing three Mitsubishi plug-in electric vehicles initially obtained in a one-year pilot program. The plug-in electric vehicles are well-suited to Airport’s use of short, local trips, and aligns with the City’s Green Vision goals.



Transportation and Aviation Services
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
AIRPORT DEPARTMENT			
• Airport Passenger Marketing		675,000	0
• Airport Department Salary Program		409,734	0
• Air Service Development Consultant		175,000	0
• Airport Web Content Management System		60,000	0
• Airport Facilities Asset Management System SQL Conversion		35,000	0
• Airports Council International's World Airport Service Quality Program		18,000	0
• Electric Vehicle Lease Renewal		9,000	0
<i>Subtotal</i>	<u>0.00</u>	<u>1,381,734</u>	<u>0</u>
POLICE DEPARTMENT			
• Police Overtime		245,971	245,971
<i>Subtotal</i>	<u>0.00</u>	<u>245,971</u>	<u>245,971</u>
TRANSPORTATION DEPARTMENT			
• Maintenance Assessment Districts and Community Facilities Districts Renovation Projects	0.75	1,326,521	0
• Transportation Department Salary Program		478,531	272,273
• Transportation Local Projects and Private Development Staffing	4.00	406,210	0
• Transportation Planning and Sustainability Group Staffing	3.00	335,610	0
• Traffic Signal and Lighting Maintenance Staffing	3.00	287,011	0
• Traffic Signal Operations and System Management Staffing	3.00	281,187	0
• Employee Commute Program Subsidy		245,000	0
• Walk n' Roll Program Staffing	2.00	193,084	0
• Urban Villages Implementation Staffing	1.00	116,230	0
• Sidewalk Program Expansion	1.00	89,384	89,384
• Street Sweeping Signage	1.00	61,034	41,534
• Overnight Security Patrol		58,000	0
• Smart Meters Staffing	0.50	25,845	0
• New Transportation Infrastructure Operations and Maintenance		11,000	11,000
• Electric Vehicle Lease Renewal		6,000	3,000
• Rebudget: Capitol Expressway Plant Establishment		150,000	150,000
<i>Subtotal</i>	<u>19.25</u>	<u>4,070,647</u>	<u>567,191</u>
<i>Subtotal Departments</i>	19.25	5,698,352	813,162
CITY-WIDE EXPENSES			
• Miscellaneous Rebudgets		1,332,175	1,332,175
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: Air Service Incentive Program Reserve		1,000,000	1,000,000
• Earmarked Reserves: New Traffic Infrastructure Assets Maintenance and Operations Elimination		(11,000)	(11,000)
<i>Subtotal Other Changes</i>	<u>0.00</u>	<u>2,321,175</u>	<u>2,321,175</u>
Total Adopted Budget Changes	19.25	8,019,527	3,134,337



2014-2015

OPERATING BUDGET

STRATEGIC SUPPORT CSA

**STRATEGIC SUPPORT
CSA**

City Service Area Strategic Support



***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*

Primary Partners

Finance
Human Resources
Information
Technology
Public Works
Retirement Services

CSA OUTCOMES

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

City Service Area
Strategic Support
SERVICE DELIVERY FRAMEWORK

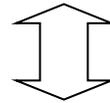
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Strategic Support CSA

Mission:

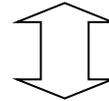
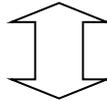
To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.



CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

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



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

Finance Department

Core Services:

Disbursements

Financial Reporting

Purchasing and Risk Management

Revenue Management

Treasury Management

Human Resources Department

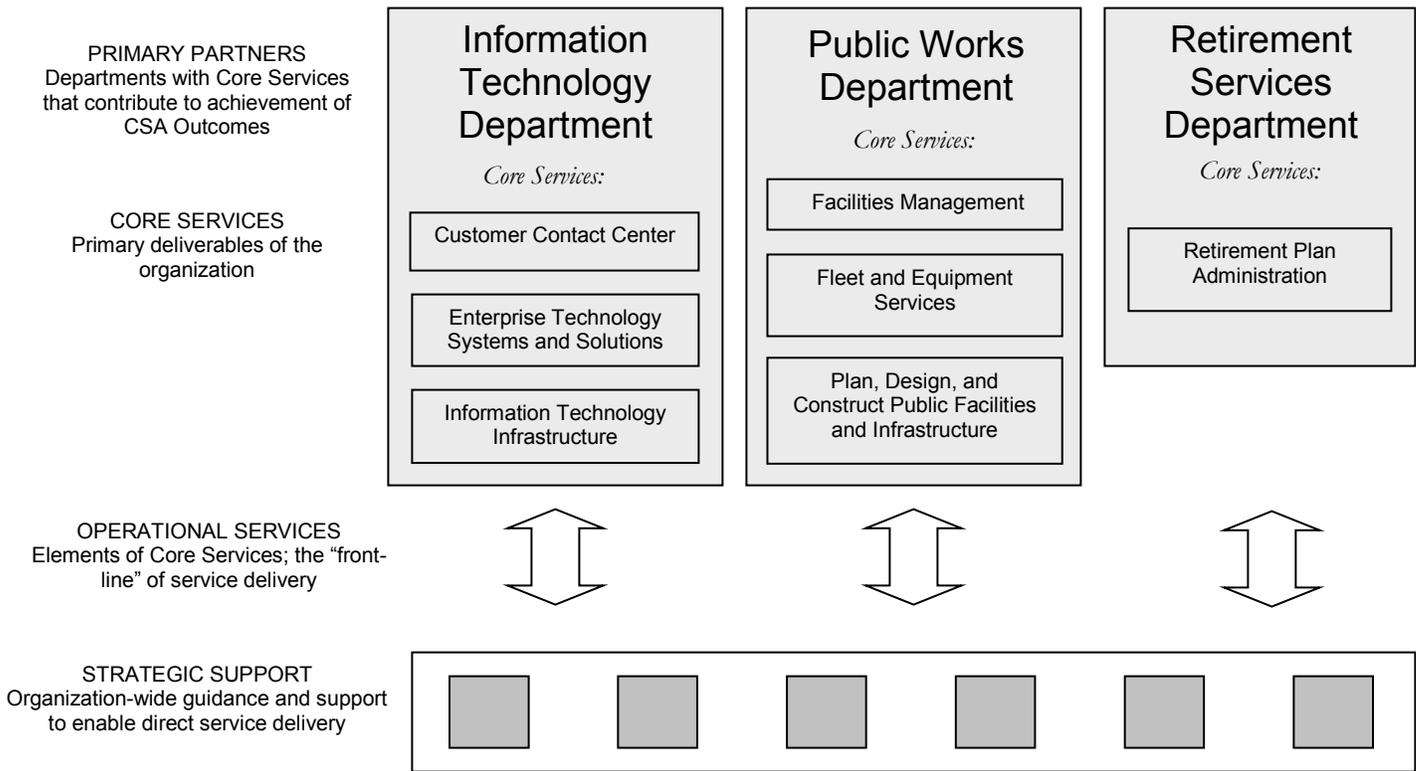
Core Services:

Employee Benefits

Employment Services

Health and Safety

SERVICE DELIVERY FRAMEWORK



Strategic Support

Expected 2014-2015 Service Delivery

- 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.
- Attract and retain qualified employees by continuing to facilitate recruitments and manage hiring processes in partnership with client departments.
- Maintain quality, affordable, and responsive benefit programs.
- Maintain a safe and healthy work environment in compliance with all applicable State and federal regulations related to employee health and safety and continue to minimize liability and loss to the City.
- Review medical services and wellness programs to ensure that current service levels are provided in the most efficient and cost-effective manner.
- Ensure the City's finance and technology resources are protected and available to address the short and long-term needs of the community.
- Manage space usage at City-owned facilities.



2014-2015 Key Budget Impacts

- The addition of a Development Services cashier, funded by the Development Fee Programs, will address the increase in cashiering activity levels of the Development Fee Programs.
- The transition of loan collections for outstanding accounts of the Small Business Loan Program from the Housing Department to the Finance Department will ensure consistency in collection practices and procedures for the outstanding loan portfolio.
- The elimination of six vacant Senior Office Specialists and a vacant Senior Supervisor of Administration will continue to prepare for the transition of garbage and recycling billing for all single family residential households to the Santa Clara property tax roll expected to occur in July 2015.
- Additional one-time funding of \$850,000 will augment existing funding for the replacement of the City's Business Tax System. The City's current Business Tax System is integrated into the City's Integrated Billing System (IBS) used for utility billing. The current billing system will no longer be supported after June 2015 as a result of transitioning the utility billing to the County of Santa Clara Property Tax Roll. Therefore, a new Business Tax

Strategic Support

2014-2015 Key Budget Impacts

System is needed to manage over 84,000 active annual Business tax accounts generating approximately \$11.0 million in revenue annually. The \$850,000 will be combined with the unspent \$1.8 million appropriated for the Business Tax System replacement, during the prior two fiscal years, to establish a Business Tax System Replacement Reserve.

- ❑ One-time funding for two years of necessary tax table updates for the City's Human Resources/Payroll System will ensure the viability of the current system until a replacement system is implemented.
- ❑ Additional one-time funding of \$1.0 million to augment existing funding for a new Human Resources/Payroll System for the City. The Human Resources/Payroll System Team (Finance, Human Resources, and Information Technology Departments) is undergoing an analysis of the replacement for the City's current HR/Payroll system, with an RFP released in April 2014. These funds will be combined with current project funding of \$2.47 million (\$1.82 million in the General Fund) to establish a Human Resources/Payroll System Reserve, which will be utilized to fund the new system once the RFP process is completed and a vendor is selected.
- ❑ The addition of funding for contractual services will enable the Human Resources Department to conduct interviews with Police Officers about what factors motivate them to stay with and succeed in the Police Department.
- ❑ The addition of an Analyst in the Human Resources Health and Safety Division, assigned to the Police Department, will serve as a dedicated resource and the single point of contact for employees in the Police Department. The position will address human resources-related questions and assist with disability retirement issues.
- ❑ A staffing realignment in the Human Resources Benefits Division, resulting in the net elimination of 0.25 positions, will enable the department to realize staffing efficiencies by merging the duties of two part-time positions currently assisting the Deferred Compensation Program and the Benefits Program into a single position.
- ❑ The addition of ongoing funding for the Employee Engagement Program Survey and Training will revamp the employee survey to be used on an annual basis, provide training to managers on the new survey, and enable access to a database of responses.
- ❑ The addition of a limit-dated Program Manager position through June 2015 will assist with city-wide technology procurements to help address the significant backlog of large, complex, and high-profile technology procurements.
- ❑ The addition of one-time funding of \$400,000 for critical technology infrastructure will allow for an expedited retirement of the end-of-life on-premise Storage Area Network (SAN) and the replacement of aging virtual servers. In addition, one time funding of \$100,000 will fund staff training to support new technologies.
- ❑ The addition of two Network Technicians in the Information Technology Department will modernize the desktop environment for the Public Works Department and the Development Services Partners.
- ❑ The addition of an Open Data Architect will provide a dedicated resource to the Open Data initiative, increase transparency, and emphasize accountability by enabling data-driven decisions that impact daily lives.
- ❑ The addition of an Information Technology Business Analyst will enable the analysis of business processes that will lead to accelerating solutions that have the greatest impact on the organization as a whole.

Strategic Support

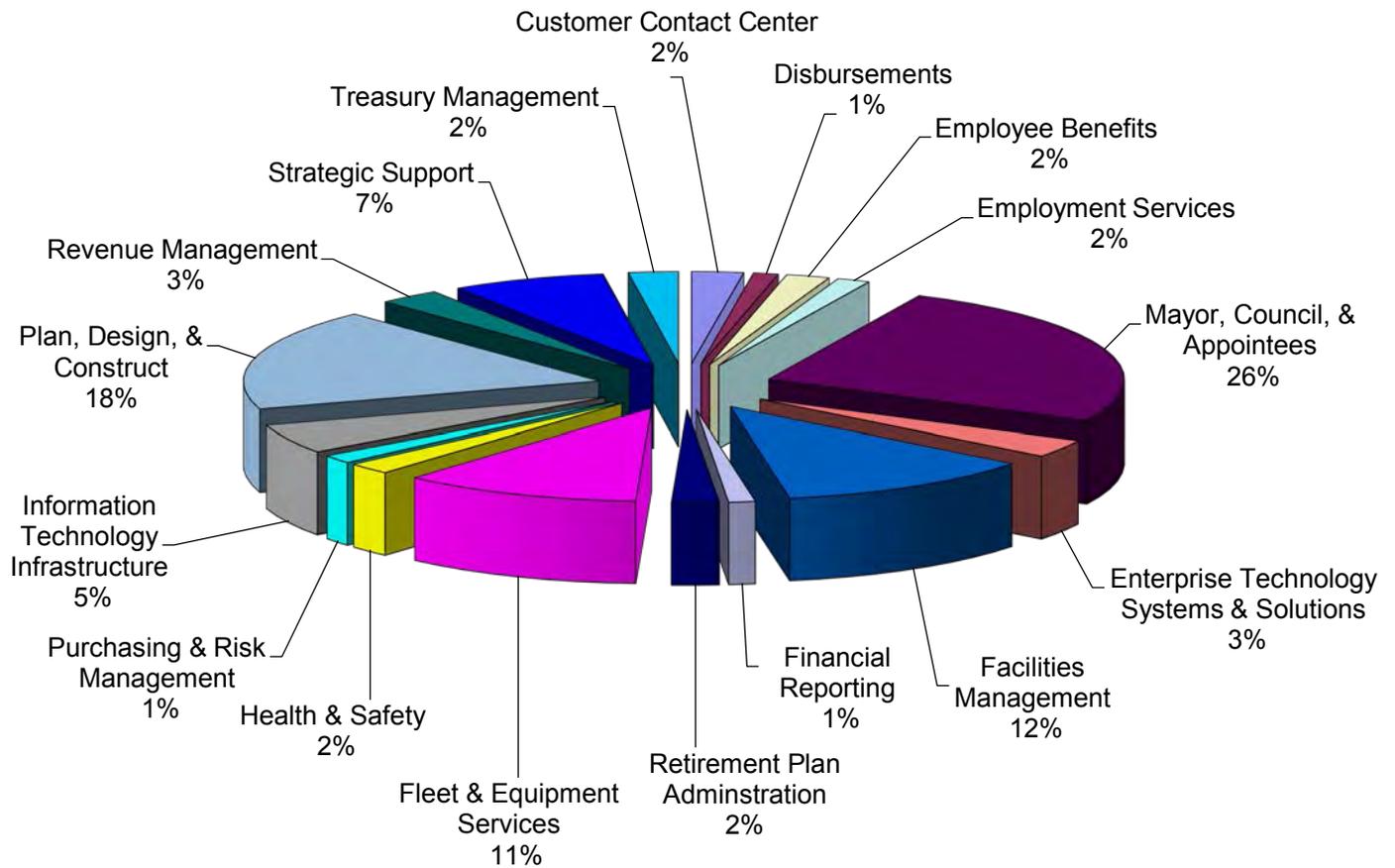
2014-2015 Key Budget Impacts

- ❑ Elimination of a vacant Communications Technician and the addition of an Analyst in Telecommunications Administration appropriately aligns resources with the duties required as a result of the hosted Voice over Internet Protocol (VoIP) system.
- ❑ The elimination of a part-time position in the Public Works Labor Compliance program will align resources needed to support the City's Minimum Wage Ordinance.
- ❑ Continued ongoing and one-time funding for the preventative maintenance program will result in safer, more reliable infrastructure and will ultimately lead to a longer service-life for essential facility infrastructure. Eighty percent, the industry standard, of preventative maintenance work orders will be completed in 2014-2015 with 60-65% ongoing.
- ❑ Additional one-time funding (\$1.6 million) will address some unmet deferred infrastructure needs at several City facilities including the Children's Discovery Museum and the Police Complex (Police Communications Center, Police Administration Building, and the Municipal Garage).
- ❑ Additional capital-funded staffing resources in the Department of Public Works will support increased activity in the Capital Improvement Program. The increased workload will primarily support the ongoing capital projects in the Sanitary and Storm Sewer programs, the Water Pollution Control Plant, BART, and increased capital maintenance.
- ❑ A reduction in facility and vehicle maintenance resources in the Public Works Department that support the South San José Police Substation is possible based on the planned repurpose of that facility in 2014-2015.
- ❑ Additional fleet management funding will renew a two-year lease on 27 electric plug-in vehicles in various departments to be used as a pool by staff to attend to City business activity.
- ❑ Staffing adjustments in Retirement Services will provide the necessary resources required to support the fiduciary and governance requirements of the Retirement Boards and Committees and increase technical support in preparation for the implementation of a new pension administration system.
- ❑ One-time funding of \$120,000 will fund resources necessary to manage the Request for Proposals (RFP) process for the Property Assessed Clean Energy (PACE) Program began in July 2014.

City Service Area
Strategic Support
BUDGET SUMMARY

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$174,448,661
(Includes Mayor, City Council, and Appointees)



City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

Dollars by Core Service	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
<i>Finance</i>					
Disbursements	\$ 1,634,632	\$ 1,685,997	\$ 1,868,863	\$ 2,002,418	18.8%
Financial Reporting	1,623,859	1,859,211	2,005,170	2,130,916	14.6%
Purch. and Risk Management	1,793,456	2,252,693	2,408,074	2,563,255	13.8%
Revenue Management	4,738,081	4,746,783	4,852,283	4,948,877	4.3%
Treasury Management	3,431,979	3,882,312	3,710,446	4,005,684	3.2%
Strategic Support	1,164,093	1,227,088	1,318,287	1,353,727	10.3%
<i>Human Resources</i>					
Employee Benefits	2,199,443	2,258,295	2,366,017	2,401,771	6.4%
Employment Services	1,852,103	2,051,590	2,195,506	2,632,323	28.3%
Health and Safety	2,579,876	3,386,288	3,157,951	3,517,627	3.9%
Strategic Support	704,505	917,564	963,057	985,664	7.4%
<i>Information Technology</i>					
Customer Contact Center	2,873,549	4,582,832	4,565,821	4,168,212	(9.0%)
Enterprise Technology	4,367,513	4,912,126	5,114,056	5,467,087	11.3%
Systems & Solutions					
Info. Technology Infrastructure	7,029,891	8,355,653	7,398,600	8,980,072	7.5%
Strategic Support	730,860	890,640	1,034,447	1,056,072	18.6%
<i>Public Works</i>					
Facilities Management	17,551,340	19,595,260	18,638,367	19,714,043	0.6%
Fleet & Equipment Services	16,610,902	19,281,318	19,010,812	19,211,152	(0.4%)
Plan, Design & Construct Public Facilities & Infrastructure	28,200,809	28,940,203	30,491,456	31,518,217	8.9%
Strategic Support	5,431,235	6,221,543	6,542,662	6,821,593	9.6%
<i>Retirement Services</i>					
Retirement Plan Administration	2,352,736	3,009,342	3,562,239	3,793,931	26.1%
Strategic Support	1,444,650	2,009,683	2,031,022	2,181,969	8.6%
Dollars by Core Service Subtotal	\$ 108,315,512	\$ 122,066,421	\$ 123,235,136	\$ 129,454,610	6.1%
MAYOR, CITY COUNCIL, AND APPOINTEES	\$ 35,770,607	\$ 41,912,953	\$ 41,325,219	\$ 44,994,051	7.4%
<i>Other Programs</i>					
City-Wide Expenses	\$ 141,523,512	\$ 43,483,495	\$ 25,754,000	\$ 38,038,944	(12.5%)
Gen.Fd Cap, Trans & Reserves	25,464,734	146,849,414	73,466,448	140,994,428	(4.0%)
Other Programs Subtotal	\$ 166,988,246	\$ 190,332,909	\$ 99,220,448	\$ 179,033,372	(5.9%)
Total CSA	\$ 311,074,365	\$ 354,312,283	\$ 263,780,803	\$ 353,482,033	(0.2%)
Authorized Positions	853.77	878.95	873.15	894.10	1.7%

Service Delivery Accomplishments

- The City's current general credit rating is Aa1/AA+/AA+ by the three leading national rating agencies. Considering the City's fiscal challenges in recent years, the ratings by the three agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City of San José remains the highest rated large city (with a population over 250,000) in California and the third highest rated among the nation's ten largest cities.
- The Finance Department's focus on improving collection efforts and optimizing staff resources continues to produce an average of eight dollars return on revenue for every dollar spent on direct costs in the Revenue Management Division. Additionally, the Business Tax Amnesty Program successfully brought more businesses into voluntary compliance with the City's Business Tax Ordinance.
- As a result of having additional staffing resources solely dedicated to technology procurements, Finance estimates successful completion of approximately 15 technology procurements in 2013-2014. There are numerous technology procurements anticipated in 2014-2015. Finance anticipates that the need for a dedicated resource to focus on technology procurements will continue as new technology is available and systems require upgrades or replacements.
- Human Resources implemented a two-year Workers' Compensation Service Delivery pilot project in July 2013. This project moved approximately one half of the workers' compensation claims administration to Athens Inc., a third party administrator for bill review, utilization review, and medical management administrative services. Staff continues to evaluate this pilot program and, upon completion, will bring forward a recommendation to either go back to using 100% in-house staff, move completely to a third party administrator for claims administration, or continue the current hybrid model.
- In January 2014, the City implemented a Medical Provider Network (MPN) to treat work-related injuries.
- Technology enhancements implemented, through the City's general banking service provider, have allowed for many manual processes to be performed electronically, providing opportunities to streamline payment processing operations. These efficiencies have mitigated staff reductions; however, the ability to meet service level demands with existing resources continues to be a challenge.
- The Information Technology Department anticipates completing a city-wide email upgrade and migration, moving over 6,000 mailboxes to the cloud. This project modernizes the email platform by three full generations and increases the average mailbox size by 1,000 times.
- The Information Technology Department anticipates completing the city-wide roll-out of hosted Voice over Internet Protocol (VoIP) services in fall 2014. The implementation schedule is prioritized by replacing the most costly legacy systems first, with the remainder of the City's 80+ sites and approximately 6,000 telephone lines to follow.
- The Information Technology Department completed the first phase of migration including user data, shared drives, and documents to a shared cloud solution. This migration has significantly reduced the City's dependence on antiquated tape technology and traditional on-premise storage area networks.
- The capital program at the Airport is winding down with the completed construction of Taxiway W Phase 3 and Phase 4. Taxiway W Phase 5 was completed in summer 2014.
- One other capital improvement project of note is the Convention Center Renovation and Expansion, which was completed in September 2013.
- Continued installation of electric vehicle charging stations at various street side locations aligns with the City's dedication to promote the use of alternative-fuel vehicles.

Service Delivery Accomplishments

- In 2013-2014, the Department of Retirement Services (DRS) implemented the new Tier 2 for Police members of the Police and Fire Department Retirement Plan, established by the City Council on June 18, 2013, to create a second tier of benefits applicable to police plan members hired, rehired, or reinstated on or after August 4, 2013. DRS also implemented the new Tier 2B for the Federated City Employees' Retirement System, established by the City Council on August 27, 2013, to create a new benefit tier, which eliminates retiree medical and dental benefits for employees hired on or after September 27, 2013.

Service Delivery Environment

- The Finance Department has continued to provide financial modeling and analysis as part of its core mandate to meet the increasingly complex needs of the City.
- The Integrated Billing System (IBS) provides City staff with management tools to oversee annual revenues of approximately \$300 million. On September 17, 2013, City Council approved a service delivery strategy to collect Recycle Plus payments for garbage and recycling services for all single family residential households through the Santa Clara County Secured Property Tax Bill effective July 1, 2015.
- The Business Tax Billing System (BTS) provides City staff with management tools to oversee annual revenues of approximately \$11.5 million from approximately 84,000 businesses. Staff issued a RFP in January 2014 to replace the current BTS and anticipates transitioning to a new system in 2014-2015.
- The City continues to face accelerating demands for information technology service delivery and increasing costs for information technology infrastructure maintenance and renewal. Despite one-time funding allocated for technology, the single most significant issue facing the Information Technology Department in its ability to address city-wide technology infrastructure and business needs is identifying sustainable sources of funding.



- As the cost of medical insurance has outpaced both revenues and the cost of living, the Human Resources Department continues to explore opportunities to minimize the impact on the City and its employees. Efforts will be focused on finding ways to minimize utilization that could be avoided through education and healthier lifestyles. One such effort is the Wellness Program; the Human Resources Department will continue to evaluate ongoing solutions and ensure that current service levels are provided in the most efficient and cost effective manner.
- Workers' compensation costs in 2013-2014 were lower than the prior year level of \$19.4 million. Although workers' compensation costs statewide were expected to increase due to medical inflation and increases in temporary and permanent disability benefit rates, the City of San José's costs are on a downward trend primarily due to the implementation of a two year comprehensive workers' compensation reform pilot program. With the transfer of approximately 50% of the City's departments' workers' compensation cases to a new third party claims administrator at the beginning of 2013-2014, the continued reduction in the number of claims, implementation of a Medical Provider Network on January 1, 2014, and other efficiency improvements and management of claims, mitigation of costs should continue.

Service Delivery Environment

- With the deployment of Office 365, the Information Technology Department has begun to establish a city-wide baseline computing environment. Fundamental infrastructure and technology such as networks, desktops, servers, security, and associated staffing may now be considered for centralization and the reduction of redundancies, allowing departments to focus on applications that enhance their service delivery.
- Leveraging the investments that the City has already made in the cloud, the Information Technology Department is able to partner with other City departments, including the Office of Economic Development, to offer programs such as the Downtown high-speed internet pilot. As approved by City Council on February 25, 2014, this pilot project enables the City to assist property owners of high-vacancy buildings in the Downtown area by providing high-speed internet to facilitate leasing of these buildings, and assess the impact of the internet service on accelerated leasing to tenants in efforts to improve economic growth.
- The City has begun receiving at market-rate bids for construction projects due to a less competitive bidding environment. This cost escalation trend is expected to continue.
- Currently, the City's Standard Specifications for construction are undergoing revision and, as green construction becomes mandatory, the City will incorporate specifications that take advantage of emerging sustainable technologies.
- The City's building inventory expanded through the decade of investment. Many of the newer facilities are reaching the five and ten year thresholds when the facilities typically experience an increase in maintenance needs. While funding to address minor repairs and preventative maintenance for new facilities is added as they open, limited funding was available for ongoing maintenance needs due to General Fund shortfalls. Funding for older buildings, which have greater maintenance and repair needs, has also been limited. This has resulted in an increased demand for preventative maintenance activities. Actions included in the 2014-2015 Budget will allow the Department of Public Works to continue the Preventative Maintenance Program at 80% for 2014-2015 and 60-65% thereafter.

CSA Priorities/Key Services

- Provide compensation and payments to City employees and vendors in a timely manner
- Produce legally required, compliance, and regulatory information and financial reports
- Manage multi-billion dollar debt and investment portfolios
- Collect and deposit delinquent accounts receivables due to the City
- Bill and collect City utilities service fees for storm, sewer, water, Recycle Plus, and Business Tax
- Ensure a high degree of compliance through audits and reviews
- Explore further opportunities to maximize tax collections
- Procure goods and services pursuant to City Policies and Initiatives to support City operations in an open and competitive process
- Provide workers' compensation, safety and loss control, and return to work services
- Provide city-wide employment services
- Continue the consolidation of technology functions, focusing on the realignment of IT service delivery from an enterprise perspective, elimination of duplicative work efforts, and lower overall IT costs
- Provide secure and reliable network services
- Maintain enterprise systems such as the City's Financial Management System (FMS), the Integrated Billing System (IBS), and Human Resources/Payroll System and develop migration strategies for enterprise applications to flexible integrated solutions
- Mitigate the City's information security risks
- Provide the primary point of contact for residents, businesses, and employees through the Customer Contact Center
- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- "Greening" the City facilities and the City fleet
- Manage the City's space needs and the use of City-owned properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement services
- Provide mail room services, recycling services, and records management services in support of City policies and city-wide operations
- Provide wage policy compliance
- Manage Retirement Plan assets in an efficient manner to achieve long-term net returns in excess of the actuarial investment return assumption while maintaining a reasonable level of investment risk
- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented the appropriate rates, assumptions, and methodologies to de-risk the plans liabilities/contributions volatility, and reduce intergenerational shifting of liabilities
- Provide quality retirement planning and counseling

Budget Dollars at Work: Performance Goals

Strategic support functions are critical within any organization. Basic core services must be maintained at an effective level, with the adaptability to grow and improve in a timely manner as resources become available.

OUTCOME 1: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Align systems that develop and maintain a high-performing workforce	1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job	N/A*	82%	N/A*	N/A*	82%
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	N/A*	43% / 78%	N/A*	N/A*	43% / 78%
	2. % of employee performance appraisals completed on schedule	45%	60%	68%	75%	100%
Foster a shared vision with employees about the characteristics of a high-performing workforce	1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	N/A*	84%	N/A*	N/A*	90%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the:					
	- timeliness of City employees	74%	83%	N/A**	76%	83%
	- courtesy of City employees	86%	83%	N/A**	88%	83%
	- competency of City employees	76%	83%	N/A**	80%	83%
	3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	N/A*	84%	N/A*	N/A*	84%
4. % of employees who are satisfied or very satisfied with their job	N/A*	60%	N/A*	N/A*	70%	
5. % of employees who agree or strongly agree the City is a good employer	N/A*	60%	N/A*	N/A*	75%	
6. % of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied	N/A*	45%	N/A*	N/A*	45%	
Provide the necessary & required safety & health services that ensure employee health, safety & well-being	1. Number of Workers' compensation claims per 100 FTEs	16.1	17.0	14.0	14.0	14.0

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for these measures was previously collected through the biennial City-Wide Employee Survey. The survey, last issued in 2010-2011, has been temporarily suspended. The 2014-2015 Adopted Budget contains funding for a new employee engagement program survey and training effort as described elsewhere in this document. Possible new performance measures and targets will be developed as a result of this program and will be reported in the 2015-2016 Proposed Budget document as appropriate.

** Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

↳ “% of the public having contact with the City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence” is now displayed as three separate measures to more appropriately reflect the independence of those factors and how the survey captures the responses.

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS

- ✓ Over the next five years, 33% of the City workforce will be eligible for retirement. Strategies are being implemented to develop current employees and attract new talent so that the City’s workforce can continue to deliver top-quality services while meeting changing customer demands.
- ✓ The Human Resources Department will continue to provide services that enhance the organization’s ability to hire and retain a high-performing workforce. Objectives in this area include greater focus on posting recruitments quicker by utilizing technology. Also, classification activities to ensure that duties and skill sets reflect the needs of the workplace and maintaining a streamlined process for conducting executive recruitments remain a high priority for the department. The Human Resources Department will work to ensure recruitment pools have the most qualified candidates available for selection by departments.

OUTCOME 2: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Provide well-maintained facilities that meet customer needs	1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale)	94%	80%	82%	84%	85%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	88%	87%	75%	80%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	95%	95%	87%	88%	95%
	2. % of fleet in compliance with replacement cycle:					
• Emergency Vehicles	100%	100%	100%	100%	100%	
• General Fleet	90%	85%	87%	88%	90%	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

- ✓ The Public Works Department will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that are aligned with City Council priorities, the City’s Master Plans, and comply with the established engineering standards.
- ✓ Past economic challenges have limited the Department of Public Works’ ability to perform preventative maintenance for City facilities and fleet, leaving assets at significant risk. Improvements have been made to the preventative maintenance work completed in City of San José facilities from 38% in 2011-2012 to 80% in 2012-2013 and 2013-2014. The 2014-2015 Adopted Budget continues funding for facilities that will aid in retaining the preventative maintenance performance level achieved in 2013-2014, with the expectation that this funding will help to prolong the life cycle of facility investments, and to some extent, reduce corrective work. The Department will continue to address health and safety related corrective work as first priority with other concerns receiving lower staffing levels commensurate with funding levels.

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT

- ✓ Public Works continues to examine service delivery options, taking advantage of insourcing and outsourcing opportunities to most efficiently deliver services.
- ✓ The Public Works Department will continue to develop mid- and long-range plans for management of City facilities and fleet assets.
- ✓ Efforts will continue to support the development of capital improvement projects that can reduce maintenance and operations costs, extend the service life of City assets, and reduce the deferred maintenance infrastructure backlog.

OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network	99.97%	99.90%	99.50%	99.50%	99.95%
	-Telephones	99.94%	99.90%	99.90%	99.50%	99.95%
	-Enterprise Servers	98.76%	99.90%	99.40%	99.50%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.61%	99.50%	99.80%	99.90%	99.50%
	-Financial Management System	99.60%	99.50%	99.70%	99.50%	99.50%
	-Human Resources/Payroll System	100.00%	99.50%	99.80%	99.50%	99.50%
	-Combined Availability	99.55%	99.50%	99.76%	99.63%	99.65%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

- ✓ With City Council approval to remove the in-house option for replacement of the Integrated Billing System (IBS), the Information Technology Department will focus on the “next generation” Contact Center and deployment of newer and more agile technologies. The future Contact Center will reflect both traditional and modern communication styles such as social media (e.g. Facebook, Twitter, etc.) and web-based chat abilities.
- ✓ Develop a city-wide baseline computing environment to provide modern, consistent tools to enable employee productivity.
- ✓ Deployment of Microsoft Office 365 software (Word, Excel, PowerPoint, etc.), document management, and collaboration features will be enabled for all employees. This will provide enhanced features, such as automated workflows and videoconferencing, with continuous access to the most current versions of office productivity software.

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 4: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating) • Moody's • Standard & Poor's • Fitch	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+
Improve and protect the financial management system and have it available to address short- and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	N/A*	N/A*	N/A*	N/A*	N/A*
Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions	N/A*	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for these measures was previously collected through the biennial City-Wide Employee Survey. The survey, last issued in 2010-2011, has been temporarily suspended. The 2014-2015 Adopted Budget contains funding for a new employee engagement program survey and training effort as described elsewhere in this document. Possible new performance measures and targets will be developed as a result of this program and will be reported in the 2015-2016 Proposed Budget document as appropriate.

- ✓ The Finance Department will continue to ensure that the City's financial resources are protected and available to address the short- and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City; exploring opportunities through coordination with other governmental agencies; leveraging a third-party collection agency to maximize tax collections; facilitating timely and accurate disbursements; investing City funds in accordance with the Investment Policy; managing a multi-billion dollar debt portfolio within federal regulatory requirements; providing accurate and timely financial reports; effectively and efficiently procuring goods and services; and maximizing revenue from the sale of surplus property.
- ✓ The Finance Department will continue to respond to the financial modeling and analysis needs of the City.
- ✓ The City's general credit rating is rated Aa1/AA+/AA+ by all three leading national rating agencies (the highest for a large California city with a population over 250,000). The Finance Department will continue efforts to maintain favorable bond ratings.
- ✓ Retirement Services will continue to seek solutions to increase returns, reduce volatility, and reduce costs while improving risk management and analytics. Retirement Services will work with the Plans' actuaries to ensure the boards have adopted and implemented the appropriate discount rates, assumptions, and methodologies to de-risk the plans liabilities/contributions volatility and reduce intergenerational shifting of liabilities; and provide quality customer service to members. Retirement Services will continue to work with its investment consultants to adopt the appropriate asset allocation and select money managers to meet the assumed actuarial rate of return.

City Service Area
Strategic Support
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
FINANCE DEPARTMENT			
• Finance Department Salary Program		313,239	254,258
• City-Wide Purchasing Support: Information Technology Procurements	1.00	116,327	116,327
• Human Resources/Payroll System Annual Tax Updates		100,000	100,000
• City-Wide Cost Allocation Plan Staffing	1.00	85,641	85,641
• Development Services Cashiering Staffing	1.00	71,547	71,547
• Small Business Loan Program Collections Funding Reallocation	0.00	0	(27,131)
• Rebudget: Cashiering System Integration		105,000	105,000
• Rebudget: Cost Allocation Plan Software		50,000	50,000
<i>Subtotal</i>	3.00	841,754	755,642
HUMAN RESOURCES DEPARTMENT			
• Human Resources Salary Program		146,716	109,470
• Human Resources Retention Interviews (Public Safety)		100,000	100,000
• Human Resources Police Department Liaison	1.00	84,964	84,964
• Benefits Division Staffing Realignment	(0.25)	3,174	(11,979)
• Rebudget: Employment Services Temporary Staffing		170,000	170,000
• Rebudget: Workers' Compensation Audit		100,000	100,000
• Rebudget: Workers' Compensation Backlog Temporary Staffing		100,000	100,000
• Rebudget: Recruitment Advertising and Job Fairs		75,000	75,000
• Rebudget: Hiring Process Review		50,000	50,000
• Rebudget: Technology/Health and Safety Equipment		25,000	25,000
<i>Subtotal</i>	0.75	854,854	802,455
INFORMATION TECHNOLOGY DEPARTMENT			
• Critical Applications Infrastructure Upgrade		400,000	400,000
• Information Technology Department Salary Program		226,778	160,942
• Open Data Initiative	1.00	160,205	160,205
• Departmental Desktop Modernization Staffing	2.00	154,630	77,315
• Information Technology Technical Business Analyst	1.00	110,205	110,205
• Information Technology Technical Staff Training		100,000	100,000
• Customer Contact Center Staffing	(7.00)	(493,216)	(64,736)
• Telecommunications Administration Staffing Realignment	0.00	(75,083)	(75,083)
• Rebudget: Microsoft Office Upgrade		550,000	550,000
• Rebudget: Network Equipment Upgrades		250,000	250,000
• Rebudget: Security Upgrades		175,000	175,000
<i>Subtotal</i>	(3.00)	1,558,519	1,843,848

Strategic Support

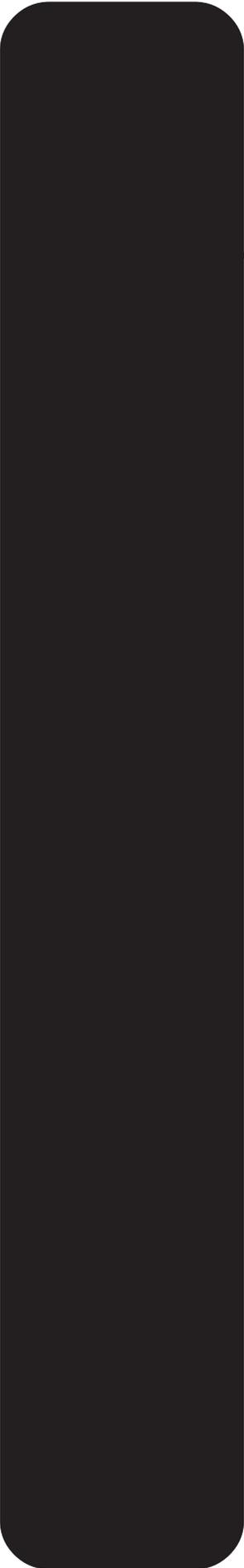
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
PUBLIC WORKS DEPARTMENT			
• Preventative Maintenance Program	3.00	1,300,000	1,300,000
• Public Works Department Salary Program		790,802	164,195
• Public Works Capital Improvement Program Right-Sizing	7.50	632,443	0
• Energy Team Staffing	1.00	112,910	56,029
• Animal Care and Services Volunteer Outreach Program	0.70	109,744	8,154
• Electric Vehicle Lease Renewal		21,597	9,717
• South San José Police Substation	(2.00)	(628,095)	(463,624)
• Minimum Wage Labor Compliance	(0.50)	(33,943)	(33,943)
• Rebudget: South San José Police Substation		176,250	0
• Rebudget: Sewage Geographic Information System		100,000	0
<i>Subtotal</i>	9.70	2,581,708	1,040,528
RETIREMENT SERVICES DEPARTMENT			
• Retirement Services Accounting and Investment Divisions Staffing	2.00	228,648	0
• Retirement Services Department Salary Program		117,771	0
• Retirement Services Information Technology Staffing	0.25	36,220	0
<i>Subtotal</i>	2.25	382,639	0
<i>Subtotal Departments</i>	12.70	6,219,474	4,442,473
CITY-WIDE EXPENSES			
• 2-1-1 Call Center		75,000	75,000
• Ballot Measure Polling		50,000	50,000
• Banking Services		250,000	250,000
• Employee Engagement Program Survey and Training		120,000	120,000
• Google Fiber Project		100,000	100,000
• Information Technology Desktop Modernization		500,000	500,000
• Property Assessed Clean Energy (PACE) Program		120,000	120,000
• Successor Agency City Subsidy		(700,000)	(700,000)
• TRANS Debt Service		(400,000)	(400,000)
• Miscellaneous Rebudgets		12,169,944	12,169,944
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Children's Discovery Museum Chiller Replacements		700,000	700,000
• Capital Contributions: Children's Discovery Museum Portico Reroof		250,000	250,000
• Capital Contributions: City Hall Security Improvements		50,000	50,000
• Capital Contributions: Downtown Ice Rink Improvements		100,000	100,000
• Capital Contributions: Municipal Garage Repainting		120,000	120,000
• Capital Contributions: Police Administration Building Visitors Parking Lot and Campus Asphalt Repairs		150,000	150,000

City Service Area
Strategic Support
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Police Communications Center Parking Deck and Ramp Restoration		350,000	350,000
• Capital Contributions: Unanticipated/Emergency Maintenance		150,000	150,000
• Capital Contributions: United States Patent and Trademark Office - City Staff Relocation		4,450,000	4,450,000
• Capital Contributions: Rebudgets		12,975,000	12,975,000
• Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion		(900,000)	(900,000)
• Earmarked Reserves: 2015-2016 Future Deficit Reserve		2,400,000	2,400,000
• Earmarked Reserves: Business Tax System Replacement Reserve		850,000	850,000
• Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)	(800,000)
• Earmarked Reserves: Fiscal Reform Plan Implementation Reserve		500,000	500,000
• Earmarked Reserves: Human Resources/Payroll System Reserve		1,000,000	1,000,000
• Earmarked Reserves: Salary Program - Employee Compensation Planning Reserve		(5,497,000)	(5,497,000)
• Earmarked Reserves: Rebudgets		49,179,980	49,179,980
• Contingency Reserve Increase		1,500,000	1,500,000
<i>Subtotal Other Changes</i>	0.00	79,812,924	79,812,924
Total Adopted Budget Changes	12.70	86,032,398	84,255,397

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2014-2015

OPERATING BUDGET

**STRATEGIC SUPPORT
CSA**

**MAYOR,
CITY COUNCIL
AND
APPOINTEES**

Mayor, City Council and Appointees



***Mission:** The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees support and advance the collective work of the City organization through leadership, communication, and coordination*

Mayor and City Council

- Office of the Mayor
- City Council

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

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

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Mayor, City Council and Appointees

Expected 2014-2015 Service Delivery

- ❑ The Office of the Mayor provides leadership and guidance to the City Council. Through community-based budgeting and gathering public input, the Mayor's Office will continue to ensure that the City's budget reflects the community's spending priorities and major initiatives of the City, including economic development, green vision, public safety, transportation, and housing.
- ❑ The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions, subject to the provisions of the City Charter and the State Constitution.
- ❑ The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on the development and implementation of these priorities, including fiscal sustainability and other potential ballot measures or initiatives.
- ❑ The City Manager will continue to engage the workforce through ongoing structured communication and the coordination and implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain employees.
- ❑ The City Manager's Office will continue to effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2014-2015 and will develop the 2015-2016 Proposed Budget for City Council consideration. The focus will be on maintaining budget stability and strategically investing the City's limited resources to keep our community safe, invest for our future, and maximize efficiency and effectiveness.
- ❑ The City Manager's Office will continue to cultivate partnerships between the private sector and the public sector to effectively leverage resources and further benefit both the community and the City.
- ❑ The City Attorney's Office will represent the City, its Council, boards and commissions, and employees in all actions; will advocate, defend, and prosecute legal matters on behalf of the City; and will provide advice to the same parties in all matters pertaining to their powers and duties.
- ❑ The City Attorney's Office will continue to provide legal services to wind down the business affairs of the former Redevelopment Agency, including the disposition of assets and enforceable obligations.
- ❑ The City Auditor's Office will conduct program performance audits; identify ways to increase the economy, efficiency, effectiveness, and accountability of City government; and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.
- ❑ The City Auditor's Office will continue to issue the Service Efforts and Accomplishments (SEA) Report annually, detailing the cost, workload, and performance data for City services to improve government transparency and accountability.
- ❑ The City Clerk's Office will maintain compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- ❑ The City Clerk's Office will conduct elections for the Mayor, City Council, Retirement Boards, Civil Service Commission, City Charter amendments, potential issuance of bonds, and ballot measures in accordance with the City Charter and the State of California elections code.
- ❑ The City Clerk's Office and City Manager's Office will create and distribute agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; prepare and distribute minutes for all other Council Committees.

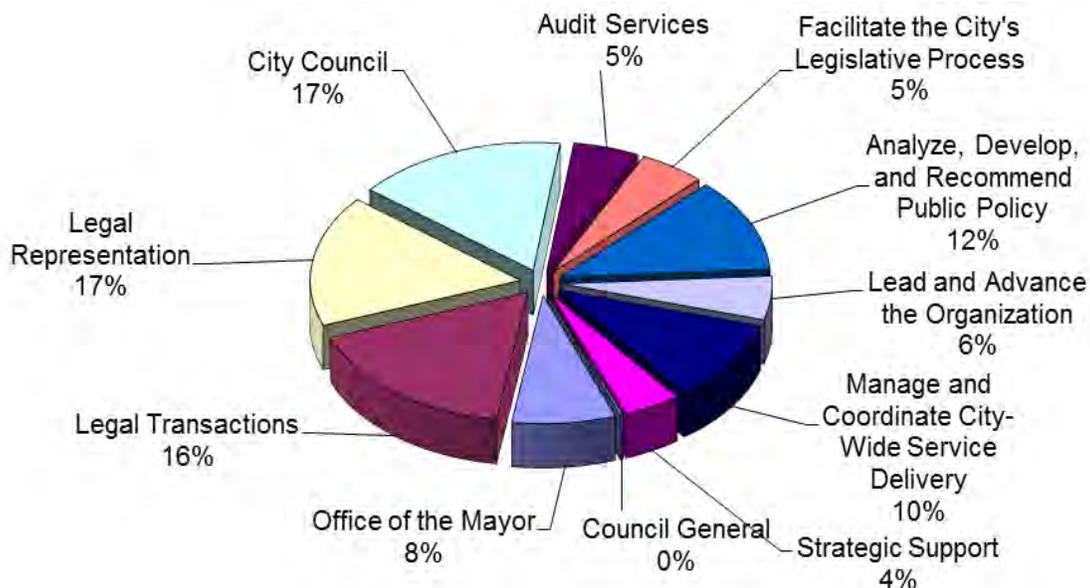
Mayor, City Council and Appointees

2014-2015 Key Budget Actions

- ❑ Continues funding for 1.0 Senior Deputy City Attorney and 1.0 Legal Analyst II through June 30, 2019 in the City Attorney’s Office to provide legal support for the Water Pollution Control and Sanitary Sewer Capital Improvement Programs.
- ❑ As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by City Council, adds funding for 1.0 Deputy City Attorney through June 30, 2015 for Medical Marijuana Enforcement, and 1.0 Legal Analyst II to increase capacity to deal with complex litigation issues.
- ❑ Reallocates funding from non-personal/equipment in the City Attorney’s Office to add a permanent part-time Messenger Clerk to file and serve critical court documents for the Workers’ Compensation Unit.
- ❑ As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by City Council, adds funding for 1.0 Senior Executive Analyst and 1.0 Analyst to conduct data-driven analysis throughout the City and establish best practices for the use of data analytics to be used throughout the City.
- ❑ As directed in the Mayor’s March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, adds 1.0 Senior Executive Analyst in the City Manager’s Office to develop and cultivate partnerships between the private sector and the public sector to benefit both the community and the City.
- ❑ Realigns staffing commensurate with the needs of the City Manager’s Office by eliminating 1.0 Deputy Director and 0.5 Staff Technician PT and adding 1.0 Assistant to the City Manager and 1.0 Staff Technician.
- ❑ Realigns communications staffing in the City Manager’s Office by eliminating 0.75 Secretary PT, adding 1.0 Secretary, and adjusting funding sources for this staffing to appropriately align resources with the required work.

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$44,994,051



Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Mayor, City Council and Appointees Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Mayor and City Council*</i>					
Office of the Mayor	\$ 1,094,270	\$ 1,938,317	\$ 1,489,674	\$ 3,573,019	84.3%
City Council	2,754,908	3,072,330	2,715,377	7,607,513	147.6%
Council General	4,501,365	6,094,253	6,143,948	100,000	(98.4%)
<i>Office of the City Attorney</i>					
Legal Representation	6,082,579	6,332,209	6,717,420	7,450,209	17.7%
Legal Transactions	6,451,071	7,406,038	6,477,024	7,288,858	(1.6%)
Strategic Support	1,183,208	1,205,922	1,195,541	1,233,338	2.3%
<i>Office of the City Auditor</i>					
Audit Services	1,942,883	2,093,302	2,213,907	2,273,822	8.6%
Strategic Support	6,003	127,606	135,166	138,794	8.8%
<i>Office of the City Clerk</i>					
Facilitate the City's Legislative Process	1,565,854	2,165,902	1,937,013	2,291,667	5.8%
Strategic Support	229,329	90,309	214,989	220,463	144.1%
<i>Office of the City Manager</i>					
Analyze, Develop, and Recommend Public Policy	4,708,760	4,938,503	5,057,315	5,319,169	7.7%
Lead and Advance the Organization	1,692,297	2,117,549	2,210,589	2,469,022	16.6%
Manage and Coordinate City-Wide Service Delivery	3,338,859	3,940,461	4,423,923	4,628,590	17.5%
Strategic Support	219,221	390,252	393,333	399,587	2.4%
<i>Office of the Independent Police Auditor **</i>					
Total	\$ 35,770,607	\$ 41,912,953	\$ 41,325,219	\$ 44,994,051	7.4%
Authorized Positions ***	187.50	190.75	188.75	197.00	3.3%

* As directed by the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the ongoing Council General allocation is now allocated to the budgets of the Mayor's Office and City Council Districts to increase transparency. A one-time rebudget approved in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, is included in this transition year. Furthermore, while combined in the presentation above, the City Council budget is divided into ten equal allocations of \$701,634 per Council District, plus appropriate salary and rebudget adjustments per Council District in 2014-2015. Please refer to the Mayor and City Council budget summary section in this document for more details.

** The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

*** Authorized Positions do not include unclassified staff for Office of the Mayor and the City Council Districts.

Strategic Support
Mayor, City Council and Appointees
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
MAYOR AND CITY COUNCIL			
• Office of the Mayor/City Council Salary Program		42,723	42,723
• Rebudget: City Council 2013-2014 Expenditure Savings		564,110	564,110
• Rebudget: Office of the Mayor 2013-2014 Expenditure Savings		224,700	224,700
• Rebudget: Council General 2013-2014 Expenditure Savings		100,000	100,000
<i>Subtotal</i>	0.00	931,533	931,533
OFFICE OF THE CITY ATTORNEY			
• Office of the City Attorney Staffing	1.00	400,000	400,000
• Office of the City Attorney Salary Program		384,418	310,892
• Environmental Services and Public Works Capital Projects Legal Staffing	2.00	373,002	0
• Medical Marijuana Enforcement	1.00	125,000	125,000
• Litigation Support Staffing	0.50	0	0
• Rebudget: Outside Council and Litigation Training		300,000	300,000
<i>Subtotal</i>	4.50	1,582,420	1,135,892
OFFICE OF THE CITY AUDITOR			
• City Auditor's Office Salary Program		63,543	60,319
<i>Subtotal</i>	0.00	63,543	60,319
OFFICE OF THE CITY CLERK			
• Office of the City Clerk Salary Program		52,128	52,128
• Rebudget: Electronic Document Management System		308,000	308,000
<i>Subtotal</i>	0.00	360,128	360,128
OFFICE OF THE CITY MANAGER			
• City Manager's Office Salary Program		242,257	234,879
• Data Analytics Team	2.00	195,000	195,000
• Civic Innovation Staffing	1.00	93,951	93,951
• City Manager's Office Special Projects Staffing Realignment	0.50	0	0
• City Manager's Office Communications Staffing Realignment	0.25	0	0
• Rebudget: Strategic Planning Efforts		200,000	200,000
<i>Subtotal</i>	3.75	731,208	723,830
OFFICE OF THE INDEPENDENT POLICE AUDITOR*			
Total Adopted Budget Changes	8.25	3,668,832	3,211,702

* The Office of the Independent Police Auditor core service is aligned to the Public Safety CSA. Please refer to that section of the document for budget summary information.

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Strategic Support **Mayor and City Council**



***Mission:** The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council

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Strategic Support **Office of the City Attorney**



***Mission:** The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City, with the goal of protecting and advancing its interests in serving the people of San José*

Primary Partners

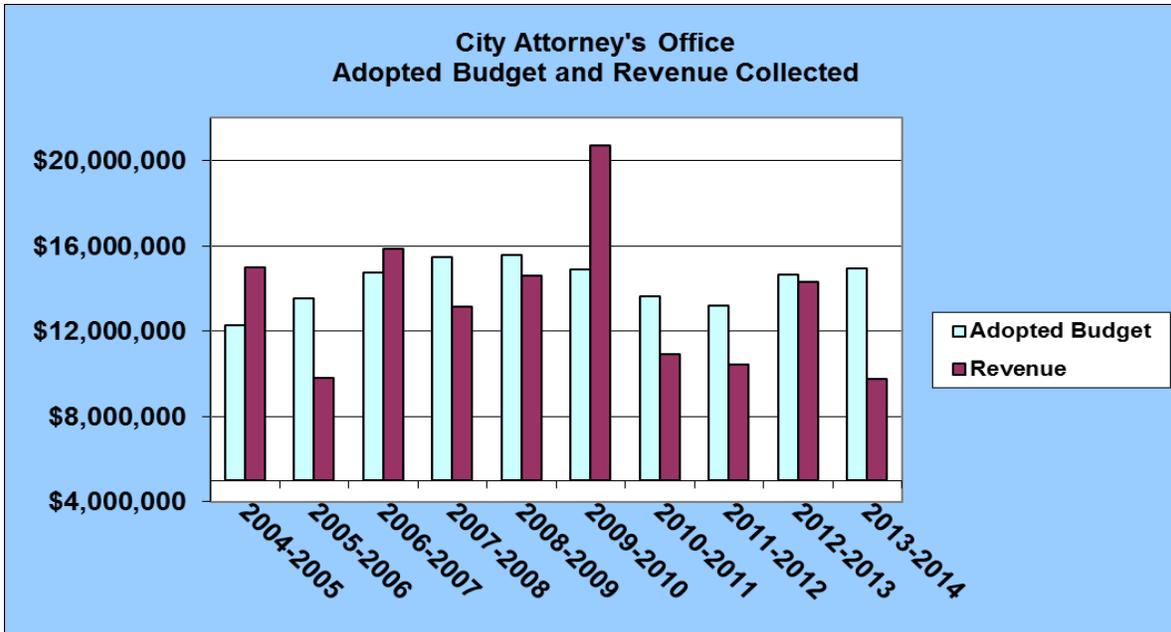
Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent
Police Auditor

CSA OUTCOMES

- City Business is Conducted Lawfully
- City's Interests are Protected and Advanced

Service Delivery Accomplishments

- The 2014 client survey results indicate that 92.5% of the respondents were satisfied with the overall legal services provided by the City Attorney’s Office.
- Annual revenue collections have averaged \$14.5 million over the past ten years, and plaintiff cases handled by the Office in 2013-2014 generated \$9.8 million. Reduced staffing has limited the Office’s ability to proactively pursue all collection matters.

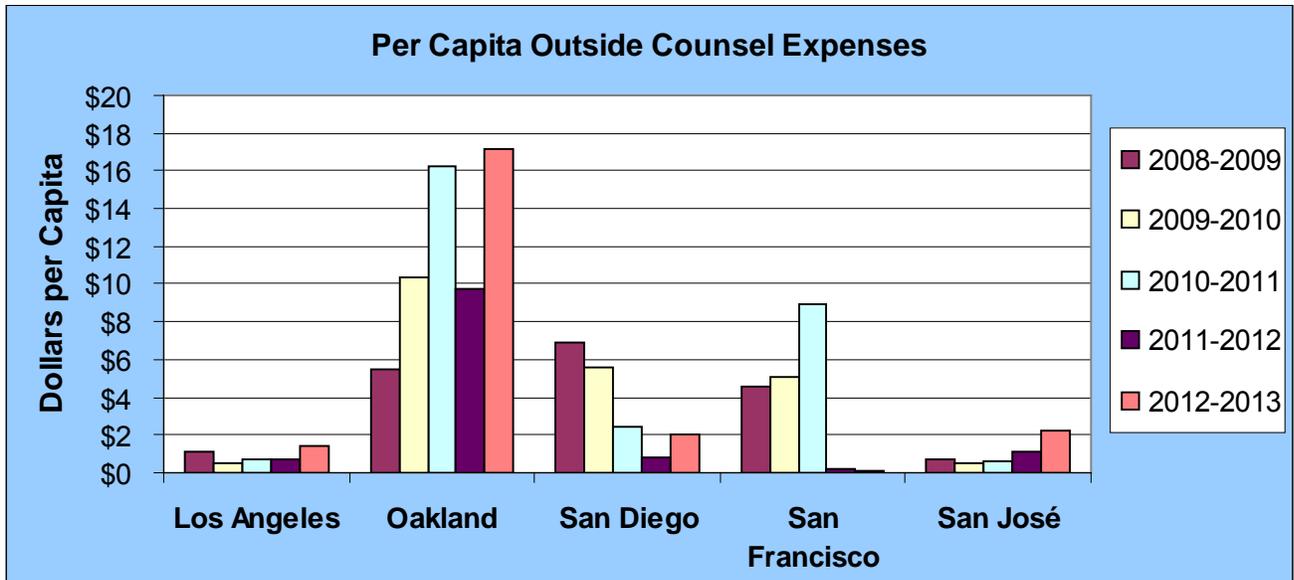


- Legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. However, the need for outside counsel services has risen as a result of decreased staffing, increased volume of employment and labor related matters, and conflicts of interest. The Office spent over \$2.16 million for outside counsel services in 2012-2013, a 102% increase from the prior year, and \$1.92 million in 2013-2014, a decrease of 11% from 2012-2013. This overall rise in expenditures in recent years, as outlined in the table below, are primarily a result of legal services related to labor and fiscal reform implementation efforts.

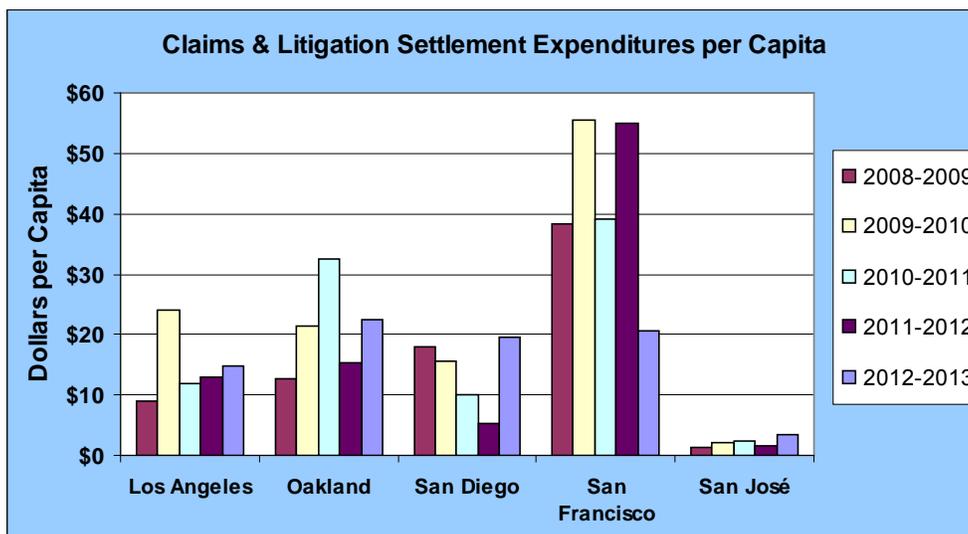


Service Delivery Accomplishments

- Despite the rising costs during 2012-2013, the City of San José paid significantly less for outside counsel than the cities of Los Angeles (\$5.33 million) and Oakland (\$6.86 million). However, at \$2.16 million, the City of San José was comparable to the City of San Diego (\$2.76 million) and was much higher than the City and County of San Francisco (\$84,000). Below is a chart comparing Outside Counsel Expenses per Capita of four large California cities to City of San José.



- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. Over the last five years, San José paid on average \$2.2 million in annual settlement costs. The next lowest average annual payout was \$8.3 million by the City of Oakland. Over the same period, payouts were higher for the cities of Los Angeles (\$55.8 million), San Francisco (\$34.1 million), and San Diego (\$18.2 million). The below chart compares Claims and Litigation Expenditures per Capita of four other large cities to City of San José.



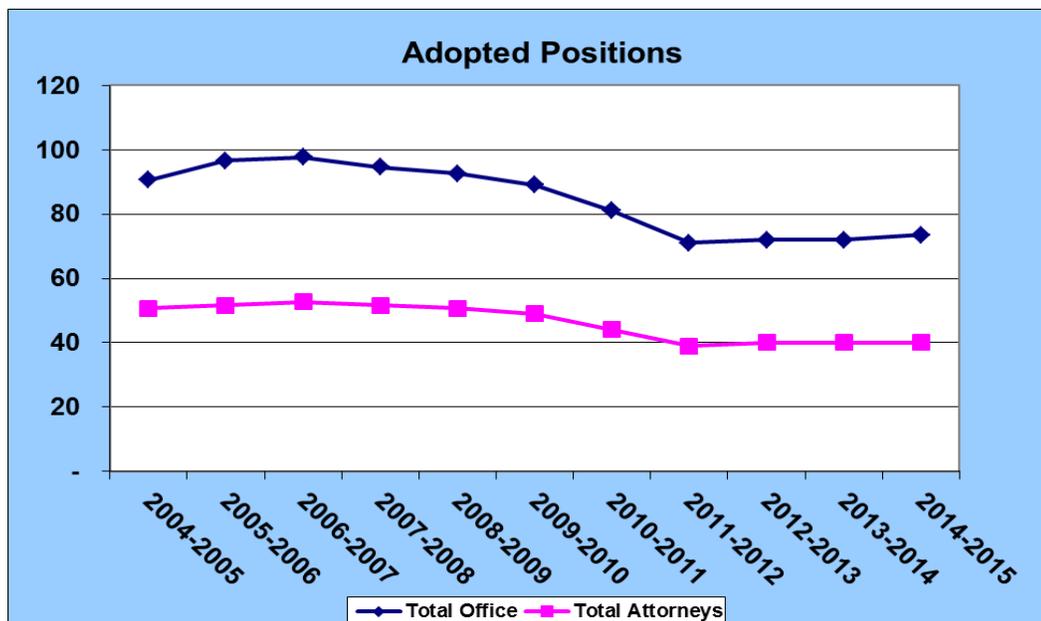
Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Accomplishments

- The Office continues to administer an unpaid internship program for law students and attorneys newly admitted to the California State Bar. The interns and attorney volunteers are given an opportunity to gain practical experience while providing the Office with needed support in handling the high volume of work.
- Although the former San Jose Redevelopment Agency was dissolved in 2011-2012, the Office continues to provide legal services to support the Successor Agency to the Redevelopment Agency of the City of San José and to the Oversight Board in its ongoing dissolution activities.
- The Office continues to take a more pro-active role in assisting the City Manager’s Office and other City Departments in responding to Public Records Act requests.

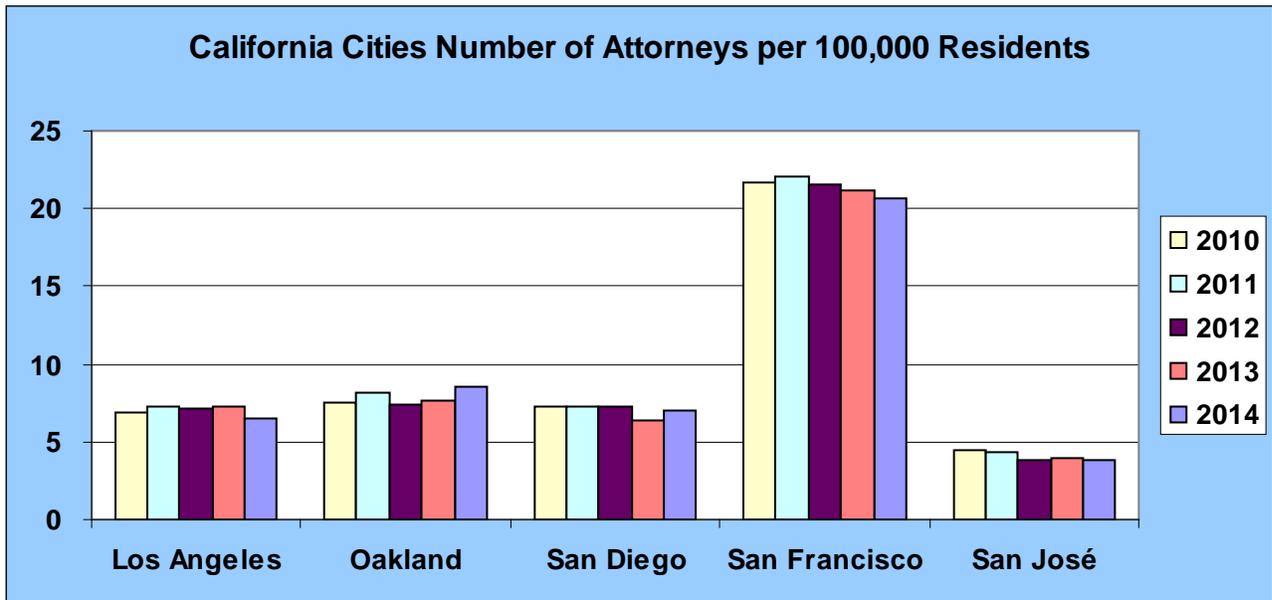
Service Delivery Environment

- The City Charter establishes the duties of the City Attorney’s Office to represent the City, its Council, boards and commissions, and employees in all actions, and to provide advice to the same parties in all matters pertaining to their powers and duties. These are the Office’s core services and fulfilling these legal obligations to the clients requires a level of staffing higher than the existing model.
- General Fund budget reduction actions implemented from 2006 through 2013 decreased Office resources to bare minimum levels. Though staffing levels stopped decreasing in 2012, demand for legal services has remained constant, with increases in demand for some practice areas. With the stabilization of staffing levels and incremental increases in the past two years, the Office is positioned to better meet demand for services.



Service Delivery Environment

- High claims and litigation costs and settlement payments continue to occur. The Office continues to have insufficient staff to proactively defend all lawsuits, which may affect the City’s settlement positions. The lack of staff may also affect the City’s ability to strategically prepare for trial and pretrial motions, and necessitates using outside resources at a higher cost to the City to assist in litigation matters.
- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney’s Office continues to be the lowest among the cities of Los Angeles, Oakland, and San Diego. San Francisco, as a city and a county, has many more attorneys than other California cities.

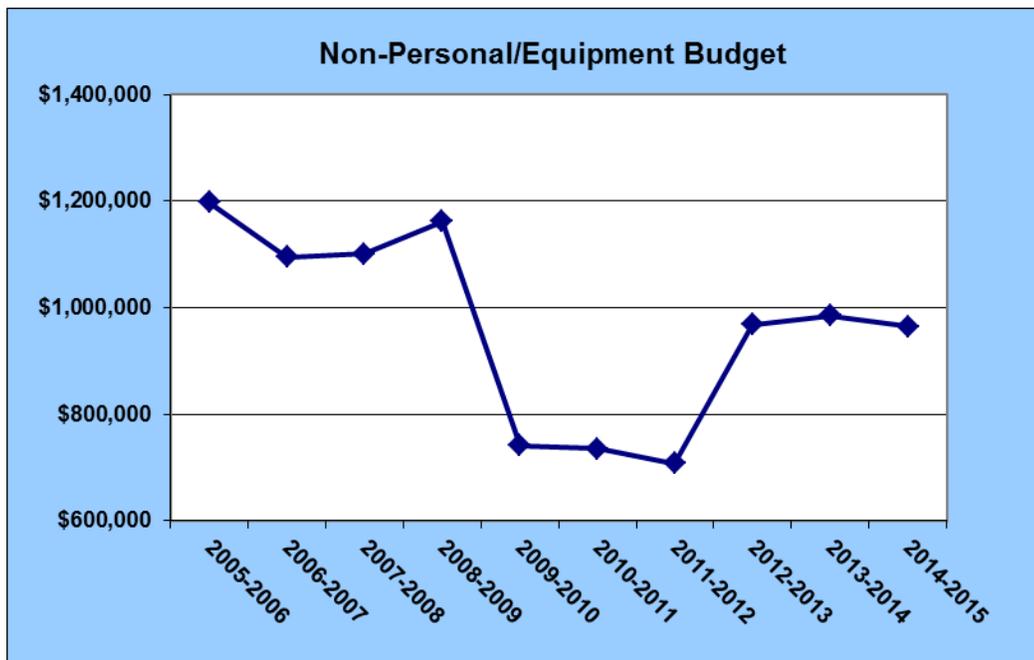


- For the 2014-2015 Adopted Budget, the Office will have 41 attorneys, which is 10.6 fewer attorneys than in 2007-2008. This 20 percent decrease has presented significant challenges for the Office in meeting the legal services demand.

Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Environment

- In 2013-2014, the cost of a Chief Deputy City Attorney (\$283,000) was added to decrease the Office’s reliance on outside legal counsel, offset by a reduction to Non-Personal/Equipment. For the 2014-2015 Budget, the total allocation for the Non-Personal/Equipment appropriation will be \$964,381. A rebudget of \$300,000 was approved as part of the 2014-2015 Adopted Budget to provide funding for litigation costs. The Office will continue to use outside expertise as efficiently as possible in order to manage costs.



- The Office will continue to seek opportunities to streamline processes and work with the Mayor, City Council, and other Council Appointees to identify areas where legal services can be modified so that the Office can control the legal workload, taking into consideration the reduced staffing level.

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

- ✓ Provide legal counsel at all City Council and Council Committee meetings, and certain meetings of major boards and commissions as necessary. The Office continues to provide staffing at all Planning Commission, Civil Service Commission, and Appeals Hearing Board Commission meetings.
- ✓ Perform legal research as necessary.
- ✓ Prepare and review certain legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform legislative analyses.

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

- ✓ Provide oral and written legal advice and opinions.
- ✓ Provide legal services to assist staff in addressing the fiscal challenges faced by the City, including analysis and implementation of revenue sources (e.g. taxes, assessments, and fees).
- ✓ Continued efforts at collaboration with third party partners for the provision of City services and operation of City facilities will require extensive legal work in negotiating and drafting agreements.
- ✓ Continue to provide significant planning and construction related legal services for the adoption and implementation of the Water Pollution Control Capital Program and the Sanitary Sewer System Capital Program.
- ✓ Continue to monitor and coordinate with State and federal entities to prepare for actions that will allow implementation of future medical marijuana regulations.
- ✓ Respond, review, and coordinate complex Public Records Act requests.

OUTCOME 2: CITY'S INTERESTS ARE PROJECTED AND ADVANCED

- ✓ Initiate and defend lawsuits and other legal actions involving the City. Some high exposure and complex cases, as well as conflicts of interest cases, may need to be outsourced to outside counsel.
- ✓ Seek monetary damages on behalf of the City for matters where the debt is over \$100,000.
- ✓ Provide legal representation at administrative hearings as staffing allows.
- ✓ Prosecute select municipal code violations to address serious health and safety concerns.
- ✓ Investigate and respond to claims filed against the City.
- ✓ Conduct and coordinate confidential internal City investigations.
- ✓ Considerable resources are dedicated to responding to increasingly complex discovery and public records requests involving electronic data.
- ✓ Significant legal resources will be necessary to implement the City's economic development strategy.

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Strategic Support
Office of the City Auditor



***Mission:** To independently assess and report on City operations and services*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

- ❑ Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- ❑ Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

Strategic Support
Office of the City Auditor
OVERVIEW

Service Delivery Accomplishments

- Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified program efficiencies, revenue enhancements, and cost savings. In 2013-2014, the City Auditor's Office identified approximately \$4.0 million in cost savings and revenue enhancements, achieving a ratio of about \$1.80 in monetary benefits to every \$1 of audit costs (Target: \$4 to \$1).

During 2013-2014, the Office issued 15 audit reports, or approximately 1.5 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2013-2014 included:

- 2012-2013 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities;
- Audit of Employee Travel Expenditures;
- Children's Health Initiative;
- Code Enforcement Division;
- Department of Housing's Loan Portfolio;
- Indirect Cost Allocation;
- Library's Hours and Staffing;
- Santa Clara County Cities Association Expenditure Review;
- Senior Membership Fee Revenue; and
- Service Efforts and Accomplishments Report 2012-2013.
- The Office issued monthly audit status reports and semi-annual follow-up reports on outstanding audit recommendations to the Public Safety, Finance, and Strategic Support Committee.
- The Office provided oversight of external auditors regarding:
 - Audits of Parks and Recreation bonds, Library bonds, Public Safety bonds, and Parcel Tax funds;
 - City of San José 2013 Annual Financial Audit, Single Audit, and related financial audits; and
 - Semi-Annual Reviews for compliance with the City's Investment Policy.
- In November 2013, the Office received a certificate of compliance with Government Auditing Standards for the period July 1, 2011 through June 30, 2013.

Service Delivery Environment

- As the City continues to look for efficiencies in service delivery, the City Auditor's Office will continue its focus on searching for revenues and cost-savings opportunities, and will work with the City Manager's Office to target areas for audit that are likely to yield the most benefit.

Budget Dollars at Work: Performance Goals

OUTCOME 1: IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT

- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2014-2015 Audit Workplan will target City Council and other City Appointee concerns and areas identified in the City Auditor's City-Wide Risk Assessment model. The City Auditor will continue to focus on ways to reduce costs or increase revenues city-wide.

OUTCOME 2: PROVIDE INDEPENDENT, RELIABLE, ACCURATE, AND TIMELY INFORMATION TO THE CITY COUNCIL AND OTHER STAKEHOLDERS

- ✓ Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. The 2013-2014 Audit Workplan was approved by the City Council in August 2013. The 2014-2015 Proposed Audit Workplan was approved by the City Council in September 2014.
- ✓ Provide performance report. In December 2013, the Office published the City's sixth annual *Service Efforts and Accomplishments Report: 2012-13 Annual Report on City Government Performance*. The Office will continue this project in 2014-2015 and will continue to work with City staff on audit projects designed to improve the City's performance management and reporting systems as outlined in the 2009 *Performance Management and Reporting in San Jose: A Proposal for Improvement* report.
- ✓ Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30 and December 31 each year. Through December 2013, approximately 61% of the 710 recommendations made in the last ten years have been implemented.
- ✓ Continue to improve the website. The Office's website includes copies of audit reports issued by the Office since 1985 and links to the City Council Committee archive video of the hearings where available. The Office will continue to ensure that information on the site is current and relevant.

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Strategic Support **Office of the City Clerk**



***Mission:** Provide strategic support services and leadership to maximize public access to municipal government*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOME

- The Municipal Legislative Process is Accessible and Open to the Community

Strategic Support
Office of the City Clerk
OVERVIEW

Service Delivery Accomplishments

The Office of the City Clerk continued to ensure that mandated services were provided in the most cost effective manner. In 2013-2014, the Office:

- Conducted an election for the Mayor, City Councilmembers and ballot measures; worked with proponents of initiatives in accordance with the City Charter and the State Elections Code; and maintained compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- Prepared and distributed Agenda packets, synopses, and action minutes of City Council, Rules and Open Government Committee meetings, and posted them on the City's website. Prepared and distributed minutes for other City Council Committees, and other entities, such as the Successor Agency to the Redevelopment Agency (SARA), the Oversight Board, and the Financing Authority. All City Council and City Council Committee meetings were web-cast live, indexed, and archived for on-demand replay.
- Provided access to the City's legislative records and documents. Fulfilled requests for the City's legislative records and related public documents under provisions of the California Public Records Act. Updated and posted the Municipal Code, City Charter, and Council Policy Manual on the City's website. Indexed all documents presented to the City Council for storage and retrieval, and made available to the public.
- Provided fiscal, grant, budget, human resources, payroll, administrative, and technical support services for the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- Reviewed and executed all City contracts for administrative compliance, and made them available for review.
- Provided transparent legislative services in accordance with Sunshine/Open Government Reforms, transitioning from more traditional labor and paper-intensive processes to online systems.
- Conducted employee elections to nominate employee representatives for appointment by the City Council to the Retirement Boards. Conducted recruitment efforts and supported the City Council's selection of additional public members for the Retirement Boards, thus assisting in the implementation of governance reforms.
- Provided support for City Council appointments to Boards, Commissions, and Committees, including orientation and training to new Commissions and Commissioners. Provided direct support to the Council Appointment Advisory, and the Civil Service and Ethics Commissions.

Service Delivery Environment

The Office of the City Clerk continues to see heavy workload in all areas of Office operations. As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite services. Specific examples of trends, issues, and opportunities include:

- Continued work on new Open Government policies and procedures based on initiatives such as the "Reed Reforms" and recommendations from the Sunshine Reform Task Force, including disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Councilmembers.
- The Office's need for an improved, less labor intensive process for creating and disseminating City Council meeting agendas and memoranda, as well as the need for improved technology to enhance the public's access to the City's legislative process and records.
- The increased demand for access to a wide variety of public records, including a rising community expectation for online access to candidate and committee campaign disclosure statements and lobbyist activity reports.

Service Delivery Environment

- In addition to providing administrative services for the Mayor and City Council, the Office also posts agendas and minutes, addresses records management and other support services for the Successor Agency to the Redevelopment Agency and the Oversight Board.

Budget Dollars at Work: Performance Goals

OUTCOME: THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY

The Office of the City Clerk has three strategic goals and objectives:

- ✓ Deploy technology resources effectively;
- ✓ Increase efficiency of service delivery; and
- ✓ Maintain high levels of customer service.

The Office of the City Clerk will provide services directly related to its outcome:

- ✓ Successfully conducting municipal elections for the Mayor, City Councilmembers, and ballot measures;
- ✓ Creating and distributing agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; preparing and distributing minutes for all other Council Committees;
- ✓ Posting all changes to the San José Municipal Code and the City Council Policy Manual on the web; publishing and distributing hard-copy supplements;
- ✓ Creating and maintaining a legislative history of City Council, Successor Agency, the Oversight Board, and related entities' actions; and indexing and filing all public records such that the records can be retrieved in a timely manner and the history is readily available;
- ✓ Conducting the recruitment, application, and selection processes for boards and commissions through the Council Appointment Advisory Commission; directing City Council interview and appointment; and facilitating the City Council's appointment of public members to the Retirement Boards and the Civil Service Commission;
- ✓ Conducting employee and retiree elections for the employee and retiree members, as applicable, of both Retirement Boards and the Civil Service Commission;
- ✓ Providing administrative support services to the Elections Commission, Civil Service Commission, Council Salary Setting Commission, and the Council Appointment Advisory Commission;
- ✓ Researching City Council actions and records from the adoption of the City Charter to the present;
- ✓ Providing administrative support for fiscal management, human resources administration, budgeting, grant administration, and procurements for the Mayor and City Council Offices; and
- ✓ Accepting and making available all Statements of Economic Interests campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council members (calendars, fundraising solicitations, and outside income disclosure).

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Strategic Support **Office of the City Manager**



***Mission:** Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police
Auditor

CSA OUTCOMES

- ❑ The Community Receives Customer-Focused, Results-Driven Services
- ❑ The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- ❑ Employees Understand, are Committed to, and Accountable for the City's Vision, and Have the Capacity to Achieve It

Strategic Support
Office of the City Manager
OVERVIEW

Service Delivery Accomplishments

A key focus over the past year for the Office of the City Manager was to continue providing the leadership necessary to stabilize the organization and ensuring that ongoing services are being delivered with the highest standards of quality and customer service. After a decade of General Fund shortfalls, the budget started to stabilize in 2012-2013. Over the next five years, projected General Fund shortfalls/surpluses are within less than 1% of the total budget in each year as presented in the most recent Five-Year Forecast. Leveraging the increasing stability of the City's budget, the City Manager's Office continues to provide focused leadership in change management, building and developing our workforce, and developing the long term strategies in order to invest in our future. The City Manager's Office is also consistently called upon to lead and/or manage unanticipated issues and projects of significant complexity. Following are highlights of the recent service delivery accomplishments:

- Development of the 2014-2015 Adopted Budget, strategically investing in the most critical service needs while ensuring fiscal stability. As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the 2014-2015 Adopted Budget again incorporates a two-year approach to balancing the budget with one-time funds reserved in 2014-2015 to address the projected shortfall in 2015-2016. The three main themes that were central to the development of the 2014-2015 Adopted Budget include: (1) maintaining budget/service level stability; (2) acknowledging that there remains a service level deficiency, as existing resources are not sufficient to address the significant service and infrastructure needs; and (3) strategically investing the City's limited resources to keep our communities safe, invest for our future, enhance our development fee programs, and maximize efficiency and effectiveness in service delivery. The longer term goal continues to be to build capacity to address the City's significant services delivery and infrastructure needs while ensuring the General Fund revenues and expenditures remain in alignment.
- In May 2011, the City Council approved a Fiscal Reform Plan that provided direction to achieve cost savings and pursue revenues in order to restore City services to January 1, 2011 levels. Once the plan was approved by the City Council, the City Administration immediately embarked on the implementation of the plan, much of which required negotiations with the City's 11 bargaining units.

On June 5, 2012, Measure B was passed by San José voters. On June 12, 2012, the City Council approved the implementation of a second tier (Tier 2A) retirement benefit plan for new employees in the Federated City Employees' Retirement System and approved a new low cost healthcare plan. Measure B included the elimination of the Supplemental Retiree Benefit Reserve (SRBR) which was approved by the City Council and by the Retirement Boards in the valuations for Fiscal Year 2013-2014. This resulted in approximately \$20 million in savings when combined with the changes to the low cost healthcare plan.

In addition, the second tier retirement benefit plan and the elimination of the sick leave payout upon retirement benefit were put in place for non-sworn employees hired on or after September 30, 2012. A third tier retirement benefit plan (Tier 3), which is a defined contribution plan, was put into place for unrepresented employees in Unit 99 (hired on or after February 2013), and an additional retirement benefit plan (Tier 2B) was implemented for employees hired on or after September 27, 2013, which does not include retiree healthcare benefits. Furthermore, a second tier retirement plan for sworn employees in the San José Police Department was implemented on August 4, 2013.

Service Delivery Accomplishments

- The Administration initiated a WorkForce Support and Development Strategy to help improve employee engagement, address the City's large numbers of retirements, retain existing employees, and assist in finding talented new employees. Teams of staff from throughout the organization have identified key opportunities to be accomplished in calendar year 2014 in order to build momentum. Many ideas have already been implemented, including a modification to the degree requirements for soon-to-graduate students, a relaunch of the City-wide mentoring programs, and an intranet website rollout. The remaining ideas are well into design and development including several pilots and contests to encourage employee participation. A new employee survey focused on supporting supervisors will be rolled out in fall 2014, and the vision for Phase II of the Strategy will be prepared for presentation to Council in early 2015. The City Manager's Office continued engaging the City's senior, executive, and mid-level managers to ensure open dialogue and expectation-setting, provide support for managers, and encourage ongoing engagement with employees. Engagement included weekly meetings with all Department heads, senior staff planning retreats, and interactive learning sessions with the Department senior leadership teams (140+ people) and with all managers and supervisors (400+ people).
- Although the organization has experienced significant contraction and turnover, the City Manager's Office continues to offer opportunities for employee development through programs like *Employee Mentoring*, which had 58 participants in fall 2012 and 46 participants in spring 2013. A revamp of the *Supervision Academy* was completed which had approximately 43 participants in fall 2012 and occurred again in June 2014 with more than 50 participants. Additionally, the City Manager's Office has continued participation in collaborative regional efforts like the *Santa Clara County Leadership Academy*, a cooperative of ten local agencies to offer a Leadership Academy for emerging leaders.

Furthermore, the City Manager's Office, in coordination with the Human Resources Department, provides *New Employee Orientation* to all new and returning City employees bi-weekly (approximately 64 trainings during 2013-2014). Employees in supervisor or lead classifications also receive training in *Non-Discrimination and Anti-Harassment* as required by California state law upon being newly hired or promoted and every two years thereafter. These trainings are offered quarterly and in 2013-2014 approximately 14 in-person trainings were held in addition to an online course (approximately 2,900 employees received this training in 2013-2014). The City Manager's Office also continues to provide trainings for Departments related to the *Performance Appraisal Process*, *Discipline Process*, *Return-to-Work Process*, *Workplace Violence*, and *Budget Process*, as well as other trainings as requested or required.

- Given the reality of turnover in key leadership positions, the City Manager's Office ensured that transitions were handled strategically and with minimum disruption. In 2013-2014, the Office filled director positions in the following departments: Planning, Building and Code Enforcement, Police, and Airport as well as the Assistant City Manager and Deputy City Manager in the City Manager's Office. Significant efforts were recently completed to fill top positions in the Human Resources Department and are currently underway to address a number of vacancies in key areas throughout the City, such as the Fire Department, and the City's ongoing efforts to recruit additional police officers.
- The City Administration continues to spearhead a workload prioritization effort to address the significant backlog of pending ordinances and policies created due to a high number of position eliminations. Working in collaboration with the City Attorney's Office, the City Administration was able to facilitate Council consideration and prioritization of the pending ordinances and policies in September 2013. The prioritization effort has helped staff focus on the priorities and successfully advance them within the constraints of limited available resources.

Strategic Support
Office of the City Manager
OVERVIEW

Service Delivery Accomplishments

- The City Manager’s Office continues its ongoing focus on ensuring current, accurate, and complete access to online information through the Open Data initiative. To help ensure staff has effective and current tools, the migration to Microsoft Office 365 is underway and will be completed in phases through 2015. The initial move to web-based email is complete and the migration of documents is anticipated to be completed by early 2015. The Administration is also expanding the use of various social media platforms to share information and promote community engagement where appropriate and within staffing resource constraints.
- Six Urban Village plans have been completed to date: Little Portugal, Five Wounds, 24th and William Streets, Roosevelt Park, the Diridon Station Area, and the rezoning of Alum Rock Avenue. Staff continues to develop Village Plans for the following: West San Carlos Street, South Bascom Avenue, and The Alameda with anticipated completion dates in the fall of 2014; Stevens Creek Boulevard, Santana Row/Valley Fair, and Winchester with an anticipated completion date of winter of 2016; and East Santa Clara Street, between City Hall and Coyote Creek, anticipated to be completed in the fall of 2015. Finally, Planning staff is heading a multi-departmental City effort to develop an Implementation and Financing Strategy for the Urban Village Plans to fund proposed infrastructure and other improvements. This effort included conversations with over 25 representatives of the development community.
- On March 18, 2014, the City Council approved the 2013 Annual Green Vision Report and the 2014 Work Plan priorities and implementation framework. Progress on the Green Vision to date includes: 11,888 clean tech jobs in San José; nearly \$2.4 billion in venture capital invested in clean tech; completion of 71 municipal energy efficiency projects saving the City \$486,000 annually in energy costs; installation of 4,100 solar PV systems that collectively generate approximately 94 MW of renewable energy; opening of the world’s largest dry fermentation anaerobic digestion (AD) facility to convert commercial organic waste into 1.6MW of renewable energy and 32,000 tons of compost in partnership with Zero Waste Energy Development Company (ZWED); adoption of the Foam Food Container Phase-Out Ordinance to reduce litter in waterways and minimize harm to fish and wildlife; conversion of nearly 1,400 streetlights to smart Light Emitting Diode (LED) streetlights with approximately 3,900 LED streetlights installed in San José to date, saving over 1.16 million kWh of electricity; and completion of 221 miles of on-street bikeways and 55.3 miles of off-street trails to date.
- Intergovernmental Relations provided city-wide training and, in a timely manner, the necessary information to assist City officials and Departments in evaluating policy issues to allow decision makers the maximum opportunity to be informed, involved, and influential regarding the outcome and development of policy prior to policy adoption. Examples included the ongoing dissolution of the former San Jose Redevelopment Agency, North San Pedro Housing Project, grant funding, Agnews Development Center enabling legislation, and the funding for the new Santa Clara Family Justice Center. The City Council adopted the 2014 Legislative Guiding Principles and Legislative Priorities which provides the City’s lobbyists with direction in Sacramento and in Washington, D.C. The City also participated in a range of State level hearings to provide insight into policy issues affecting the City of San José’s priorities.

Service Delivery Environment

- Public-Private Partnerships are instrumental in sustaining and improving service delivery for San José residents and businesses. The City Manager's Office has taken a leading role in developing partnerships with corporations and various private sector partners to pursue city-wide undertakings related to entrepreneurship and small business, youth programs, veteran services, workforce development, and neighborhood enhancement. Recently forged key partnerships include those related to the development of the on-line small business permitting tool and support for the Silicon Valley Talent Partnership initiative. In addition, the City's Workforce Support and Development initiative is benefiting from key alliances in the private sector which will assist the City to recruit, retain, and effectively engage top talent. Finally, the City Manager's Office continues to provide oversight and guidance for the Non-Profit Strategic Engagement Platform relating to a large portfolio of financial assistance provided to community-based organizations.
- On September 17, 2013, the City Council approved moving to a new service delivery model for Recycle Plus Billing and Customer Service. Staff has implemented the necessary steps to place residential solid waste billing for single-family residential units on the Santa Clara County property tax roll beginning in 2015.
- The Budget Office will continue to effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2014-2015 to ensure the continued fiscal health of the City. The focus will be on maintaining budget stability and strategically investing the City's limited resources to keep our communities safe, invest for our future, enhance the development fee programs, and maximize efficiency and effectiveness in service delivery.
- The Office of Employee Relations will be engaged in a variety of labor relations with the City's 11 bargaining units as needed in 2014-2015.
- Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26. The City Council decided to serve as the Successor Agency to the former Redevelopment Agency and the City Manager to serve as the Executive Director, charged with winding down operations and overseeing the multi-year dissolution process. In this capacity, the City Manager's Office continues to provide leadership and direction by managing the multi-departmental transition team and navigating through the complexities of dissolving an Agency. This transition team provides policy direction and recommendations managing the relationships with the State Department of Finance and the County of Santa Clara, ensuring the Successor Agency and City remain in compliance with the legislation, and balancing the implications to the City as the Successor Agency.

Budget Dollars at Work: Performance Goals

This section organizes the key goals and objectives of the City Manager's Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

OUTCOME 1: THE COMMUNITY RECEIVES CUSTOMER-FOCUSED, RESULTS-DRIVEN SERVICES

- ✓ Continue to focus on providing leadership necessary for organizational initiatives that continue to position the City as a more focused, more efficient, and more sustainable organization for the future.
- ✓ Continue to implement an aggressive communication plan for community outreach.

Budget Dollars at Work: Performance Goals

OUTCOME 1: THE COMMUNITY RECEIVES CUSTOMER-FOCUSED, RESULTS-DRIVEN SERVICES

- ✓ Continue organizational improvement efforts to change the way we do business, streamline processes, increase employee empowerment, and achieve results in an environment of constant change, increasing complexity, and constrained financial resources.
- ✓ Continue to work closely with the community, community-based agencies, faith-based organizations, law enforcement agencies, the County, State, and federal agencies, and youth on public safety issues.
- ✓ Continue to work with regional governance partners on Bay Area interagency issues.
- ✓ Continue to pursue public-private partnerships both directly with community and corporate partners as well as convene City departments and offices to develop more effective workforce support and development practices.

OUTCOME 2: THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS

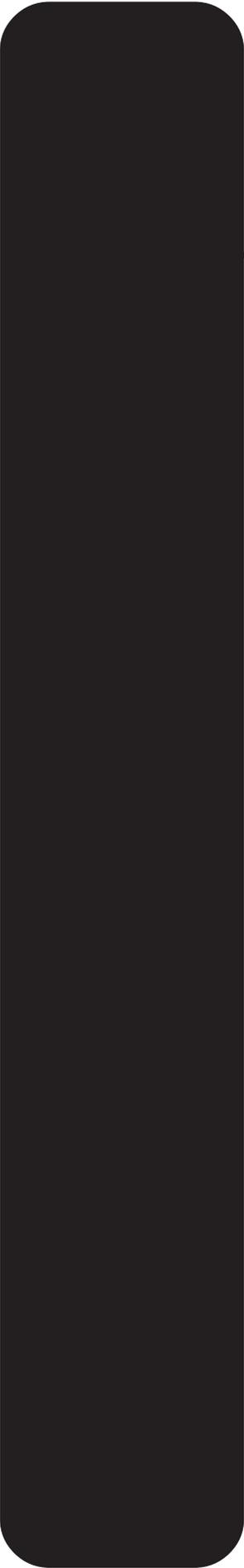
- ✓ Bring forward a balanced budget for the General Fund and all other City funds that reflect City Council and community goals and help ensure fiscal stability.
- ✓ Continue to provide support to the City Council in implementing fiscal sustainability and other potential ballot measures or initiatives.
- ✓ Continue early budget engagement efforts in future budget cycles.
- ✓ Continue to support the City Council on Sunshine Reform implementation.
- ✓ Continue to strengthen the City-County partnership by meeting regularly with the County Executive, supporting meetings between key City and County elected officials, and focusing attention on issues of shared services between the organizations.
- ✓ Aggressively implement the Economic Strategy, including priority strategic goals and workplan actions identified by the City Council.
- ✓ Continue to engage the City Council in prioritizing Policies and Ordinances.
- ✓ Implement streamlined approaches for agenda management, including paperless distribution and use of technology and online agenda management services, as well as timely City Council Referral reports that support the ability to monitor and pace organization workload, reevaluate priorities periodically, and focus resources strategically.
- ✓ Continue investment in intergovernmental relations with the key focus on advocacy for the City's needs at the regional, State, and federal levels and training and coordinating departments to make San José's voice heard.

Budget Dollars at Work: Performance Goals

OUTCOME 3: EMPLOYEES UNDERSTAND, ARE COMMITTED TO, AND ACCOUNTABLE FOR, THE CITY'S VISION, AND HAVE THE CAPACITY TO ACHIEVE IT

- ✓ Despite extremely limited resources, continue to engage the workforce through ongoing structured communication and implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain top talent.
- ✓ Continue to engage the City Council on Green Vision implementation, including policy, advocacy and funding priorities. Recognizing the opportunity to seize a global market opportunity and ensuring San José's position as a model 21st century city, the City Council, in October 2007, adopted San José's Green Vision, a bold roadmap that is intended to model how innovation and environmental responsibility can strengthen economic opportunity and can, in fact, be a vital catalyst for spurring prosperity. Thus, success of the Green Vision will be measured by a triple bottom line: how it strengthens the regional economy, how it creates a more sustainable community, and how it enhances the quality of life for residents.
- ✓ Continue to make pursuing grants and partnerships a top priority given the significantly limited funding available for infrastructure and Green Vision initiatives.
- ✓ Continuing to pace the organization has become more important in day-to-day operations as the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services in an environment of increasing demands and limited resources. During 2014-2015, the City Manager will continue to provide the leadership and strategically target efforts to challenge the organization to continue developing innovative ways to deliver services and streamline operations to be more efficient.
- ✓ Continue to foster constructive and professional working relationships with the City's employee labor unions.
- ✓ Continue to work with employees to develop the organization's capacity in civic engagement and make a difference in the civic life of our community.
- ✓ Build ongoing communication between the City Manager and employees.

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2014-2015

OPERATING BUDGET

**CITY
DEPARTMENTS/
COUNCIL
APPOINTEES**

**CITY DEPARTMENTS/
COUNCIL APPOINTEES**

Airport Department

Kim Becker Aguirre, Director of Aviation

M
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To meet the air transportation needs of Silicon Valley residents and businesses in a safe, efficient, and cost-effective manner

City Service Area

Transportation and Aviation Services

Core Services

Airport Business Development

Provide Airport customers with a wide variety of quality choices for traveler services; attract new air service and airlines to provide business and leisure travelers with options; identify and develop sources of non-airline revenue; communicate effectively with passengers, the public, and the media

Airport Facilities Maintenance

Maintain all Airport facilities including public spaces, electrical and mechanical systems, grounds and landscaping; ensure compliance with applicable regulations for all construction performed by tenants on the Airport

Airport Operations

Day-to-day management and oversight of the Airport to ensure safe and efficient operations such as operation of the airfield, general aviation facilities, emergency planning and coordination, Airport Operations Center, badging and security coordination, parking facilities, shuttle operations, ground transportation, roadway/curbside enforcement programs, and Automatic Vehicle Identification system

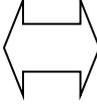
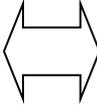
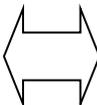
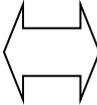
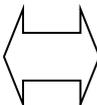
Airport Planning and Capital Development

Implement the Capital Improvement Program; plan and coordinate construction activities at the Airport, compliance with applicable federal, State, and local regulations and environmental requirements; coordinate with the Federal Aviation Administration, regional transportation planning agencies, and providers

Strategic Support: Human Resources, Financial Management, Property Management, Information Technology, and Training

Airport Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Airport Business Development: <i>Provide Airport customers with a wide variety of quality choices for traveler services; attract new air service and airlines to provide business and leisure travelers with options; identify and develop sources of non-airline revenue; communicate effectively with passengers, the public, and the media</i></p>		<ul style="list-style-type: none"> • Public Information • Community Outreach • Air Service Development • Media Relations • Customer Service
<p>Airport Facilities Maintenance: <i>Maintain all Airport facilities including public spaces, electrical and mechanical systems, grounds and landscaping; ensure compliance with applicable regulations for all construction performed by tenants on the Airport</i></p>		<ul style="list-style-type: none"> • Airfield Maintenance • Roadway and Parking Maintenance Services • Building Services • Auxiliary Facilities
<p>Airport Operations: <i>Day-to-day management and oversight of the Airport to ensure safe and efficient operations such as operation of the airfield, general aviation facilities, emergency planning and coordination, Airport Operations Center, badging and security coordination, parking facilities, shuttle operations, ground transportation, roadway/curbside enforcement programs, and Automatic Vehicle Identification system</i></p>		<ul style="list-style-type: none"> • Airport Access • Compressed Natural Gas Station • Parking Operations • Shuttle Bus Management • Ground Transportation Operators • Terminal Operations • Security Operations • Safety Management • Airport Noise Management • Traffic Control and Curb Enforcement
<p>Airport Planning and Capital Development: <i>Implement the Capital Improvement Program; plan and coordinate construction activities at the Airport, compliance with applicable federal, State, and local regulations and environmental requirements; coordinate with the Federal Aviation Administration, regional transportation planning agencies, and providers</i></p>		<ul style="list-style-type: none"> • Airport Facility and Infrastructure Planning • Planning and Development Services for Terminals, Airfield, and Auxiliary Buildings • Airport Air, Land, and Water Management • Regulatory Compliance • Green Initiatives
<p>Strategic Support: <i>Human Resources, Financial Management, Property Management, Information Technology, and Training</i></p>		<ul style="list-style-type: none"> • Information Technology • Employee Resources and Training • Financial Management • Property/Tenant Management

Airport Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Operate Norman Y. Mineta San José International Airport efficiently while meeting all regulatory requirements for security and safety.
- Retain and grow passenger levels; develop and support air service to meet the needs of the Silicon Valley market in order to promote a strong economy and enhance community vitality.
- Deliver competitive, comfortable, convenient, reliable, and efficient services and amenities.
- Operate the Airport as a good neighbor and ensure environmental stewardship of resources.
- Continue to provide efficient and safe services for passengers, airlines, and tenants; regulatory compliance; priority maintenance and operations; and cost-effective operation of the Airport's shared-use model.

2014-2015 Key Budget Actions

- Norman Y. Mineta San José International Airport (SJC) will continue to compete for air service by keeping costs to airlines at competitive levels while offering exceptional service and modern facilities. The 2014-2015 Airport Budget successfully balances costs and service delivery.
- Business development efforts with a focus on increasing revenue generation opportunities and programs will be enhanced. Ongoing funding of \$175,000 for an air service development consultant will support retention and growth of air service destinations, carriers, and flights.
- Efforts to retain and increase passenger levels will continue and be enhanced in 2014-2015. Ongoing funding of \$675,000 for passenger marketing is included. Additionally, to support customer service, \$18,000 of ongoing funding for membership in the Airports Council International's (ACI) World Airport Service Quality is included.
- Increases the non-personal/equipment allocation for improvements that allow the Airport to continue to operate efficiently, including one-time funding of \$35,000 for the conversion of the Airport's Facilities Asset Management System from Oracle to Structured Query Language (SQL) Server, and one-time funding of \$60,000 for a new web content management system to enhance the Airport's website.
- Continues a two-year lease of three electric vehicles at the annual cost of \$9,000.

Operating Funds Managed

- | | |
|--|---|
| <input type="checkbox"/> Airport Customer Facility and Transportation Fee Fund | <input type="checkbox"/> Airport Maintenance and Operation Fund |
| <input type="checkbox"/> Airport Fiscal Agent Fund | <input type="checkbox"/> Airport Revenue Fund |
| | <input type="checkbox"/> Airport Surplus Revenue Fund |

Airport Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Airport Business Development*	\$ 0	\$ 0	\$ 1,933,303	\$ 2,822,809	N/A
Airport Facilities Maintenance	17,855,754	19,936,421	20,905,720	21,058,336	5.6%
Airport Operations	20,262,876	22,406,524	23,162,319	23,239,115	3.7%
Airport Planning & Capital Dev	2,332,612	2,702,432	2,843,615	2,888,965	6.9%
Strategic Support*	12,565,785	13,792,532	10,354,575	10,572,041	(23.3%)
Total	\$ 53,017,027	\$ 58,837,909	\$ 59,199,532	\$ 60,581,266	3.0%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 22,630,861	\$ 24,926,631	\$ 25,789,422	\$ 26,199,156	5.1%
Overtime	274,085	339,959	339,959	339,959	0.0%
Subtotal	\$ 22,904,946	\$ 25,266,590	\$ 26,129,381	\$ 26,539,115	5.0%
Non-Personal/Equipment					
Subtotal	30,112,081	33,571,319	33,070,151	34,042,151	1.4%
Total	\$ 53,017,027	\$ 58,837,909	\$ 59,199,532	\$ 60,581,266	3.0%
Dollars by Fund					
Airport Cust Fac/Trans Fee	\$ 2,268,750	\$ 2,376,911	\$ 2,102,434	\$ 2,102,434	(11.5%)
Airport Maint & Oper	50,748,277	56,460,998	57,097,098	58,478,832	3.6%
Total	\$ 53,017,027	\$ 58,837,909	\$ 59,199,532	\$ 60,581,266	3.0%
Authorized Positions by Core Service					
Airport Business Development*	0.00	0.00	7.00	7.00	N/A
Airport Facilities Maintenance	64.00	64.00	64.00	64.00	0.0%
Airport Operations	51.00	51.00	51.00	51.00	0.0%
Airport Planning & Capital Dev	16.00	16.00	16.00	16.00	0.0%
Strategic Support*	56.00	56.00	49.00	49.00	(12.5%)
Total	187.00	187.00	187.00	187.00	0.0%

* The Airport Business Development Core Service was added as part of the 2014-2015 Adopted Budget. Funding for this core service was previously included in the Strategic Support Core Service.

Airport Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>All Funds (\$)</u>
Prior Year Budget (2013-2014):	187.00	58,837,909
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
● Airport Marketing		(500,000)
● Airport Councils International - North America Conference Funding		(75,000)
One-time Prior Year Expenditures Subtotal:	0.00	(575,000)
Technical Adjustments to Costs of Ongoing Activities		
● Salary/benefit changes and the following position reallocations: - 1.0 Senior Systems Applications Programmer to 1.0 Program Manager I - 1.0 Maintenance Worker II to 1.0 Maintenance Worker I		862,791
● Curbside Management agreement increase		288,205
● Custodial Services agreement increase		210,690
● Baggage Systems maintenance agreement increase		176,100
● Parking Revenue Control System agreement increase		176,021
● Shared-Use agreement increase		149,343
● Compressed Natural Gas station maintenance and taxes adjustments		101,326
● Technology contract adjustments		86,039
● Parking operator and system maintenance agreement increase		60,785
● Dues and subscriptions membership increases		15,261
● Line of credit and commercial paper program fee revisions		(893,975)
● Parking and rental car shuttle bus management and maintenance cost savings		(539,443)
● Airport Concessions Disadvantaged Business Enterprise Program contract cost savings		(119,000)
● Facility operation and maintenance agreements adjustments		(13,975)
● Communications cost savings		(13,500)
● Operations service and maintenance agreements adjustments		(7,606)
● Changes in gas and electricity costs		387,561
● Changes in other utilities costs		44,000
● Changes in vehicle maintenance and operations costs		(33,000)
● Changes in taxes		(1,000)
Technical Adjustments Subtotal:	0.00	936,623
2014-2015 Forecast Base Budget:	187.00	59,199,532
Budget Proposals Approved		
1. Airport Passenger Marketing		675,000
2. Airport Department Salary Program		409,734
3. Air Service Development Consultant		175,000
4. Airport Web Content Management System		60,000

Airport Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>All Funds (\$)</u>
<hr/> Budget Proposals Approved <hr/>		
5. Airport Facilities Asset Management System SQL Conversion		35,000
6. Airports Council International's World Airport Service Quality Program		18,000
7. Electric Vehicle Lease Renewal		9,000
	<hr/>	<hr/>
Total Budget Proposals Approved	0.00	1,381,734
<hr/>		
2014-2015 Adopted Budget Total	187.00	60,581,266

Airport Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
1. Airport Passenger Marketing		675,000

Transportation and Aviation Services CSA
Airport Business Development

This action continues funding of \$500,000 added on a one-time basis in 2013-2014 to support marketing efforts focused on successful launches of new air service at the Airport and adds \$175,000 of contractual services funding (for a total allocation of \$300,000) for advertising and marketing services. New airline service, as well as existing airline service, will be advertised with the goal of increasing the Bay Area market share, which currently stands at 14%. These funds will also support printing and advertising targeted at passengers. As new air service is added, the need to make passengers aware of new and existing flights is essential to ensure the success of the flights. Prior to the expansion of the marketing efforts in 2013-2014, the only passenger-related marketing was public outreach, which informed passengers of major changes happening at the Airport such as the opening of the new terminal, gate assignment changes, or parking lot closures. Funding will be used for advertising campaigns that include purchasing radio spots, online advertising, electronic billboard space leasing, and print advertising in various publications targeted at passenger growth and retention as well as recognizing SJC as a preferred airport for Silicon Valley travelers. (Ongoing costs: \$675,000)

Performance Results:

Quality This action supports the Airport's priorities of retaining and growing air service and passengers, achieving financial sustainability, and strategically planning for the Airport's future.

2. Airport Department Salary Program		409,734
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Transportation and Aviation Services CSA
Airport Business Development
Airport Facilities Maintenance
Airport Operations
Airport Planning and Capital Development
Strategic Support

This action increases the Airport Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$409,734)

Performance Results: N/A (Final Budget Modification)

Airport Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
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3. Air Service Development Consultant		175,000
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Transportation and Aviation Services CSA
Airport Business Development

This action adds \$175,000 in ongoing funding for an air service development consultant. The air service development consultant will supplement current air service recruitment efforts by supporting staff with tasks such as data analysis, revenue forecasting, presentation preparation, and general support at airline conferences and headquarter meetings. Air service development is a leading priority for the department and is the lifeblood of any airport. The consultant will support the recruitment effort that will result in the Airport supporting the travel needs of Silicon Valley's businesses and residents. The key to building revenue is to attract new airlines and new service and to increase flight frequency to underserved destinations. Air service development staff will work in tandem with the consultant to maximize opportunities in recruiting new airlines and bringing new air service to the Airport, which will increase passenger traffic, as customers have more flight options to choose from, and generate more revenue. (Ongoing costs: \$175,000)

Performance Results:

Customer Satisfaction This action supports the percentage of customers reporting satisfaction with availability of flights and destinations to meet their travel needs. New flights increase options for business and leisure travelers and improve tourism for the region and can translate into direct economic benefit to the community and surrounding region.

4. Airport Web Content Management System		60,000
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Transportation and Aviation Services CSA
Strategic Support

This action adds \$60,000 in one-time funding to purchase a web content management system (CMS) software program for the Airport's online communication platforms. An enterprise-oriented CMS is needed to ensure that the Airport's website is operating at the highest level of efficiency and reflects the latest technology. The CMS is a comprehensive solution for digital communication that will allow for more timely updates to be made to the website and the seamless sharing of all content via the Airport's mobile site and social media accounts. The CMS will also allow the Airport to deliver offers, such as coupons at terminal concessionaires, to passengers in real time. The website will be more user-friendly and will support revenue generation goals by also serving as a marketing tool for airport concessions. The one-time cost of \$60,000 covers the software program purchase and implementation and design services as needed. Ongoing costs of \$6,000 beginning in 2015-2016 will support annual maintenance of the system. (Ongoing costs: \$6,000)

Performance Results:

Customer Satisfaction, Cycle Time This action is expected to increase customer satisfaction by providing timely information and offers. This supports the Airport's goal to deliver comfortable, convenient, and efficient services. This action is also in line with the Airport's priority of improving operational efficiency.

Airport Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
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5. Airport Facilities Asset Management System SQL Conversion **35,000**

Transportation and Aviation Services CSA
Strategic Support

This action adds one-time funding of \$35,000 for the conversion of the Airport's Facilities Asset Computerized Maintenance Management System (CMMS) from Oracle to Structured Query Language (SQL) Server. The cost includes consulting services from the current CMMS maintenance vendor to provide technical assistance so the Airport can convert data from Oracle and migrate the data into SQL Server. The conversion to SQL Server is part of the Airport and the Information Technology Department's standardization strategy to move all databases housed in Oracle to SQL Server. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction, Cycle Time This action is in line with the Airport's priorities of improving operational efficiency, preserving infrastructure, and planning for the Airport's future.

6. Airports Council International's World Airport Service Quality Program **18,000**

Transportation and Aviation Services CSA
Airport Business Development

This action adds \$18,000 in ongoing funding for annual membership in the Airports Council International's World Airport Service Quality (ASQ) program. The ASQ program is the leading worldwide airport customer service benchmarking program with over 200 domestic and international airports enrolled. At participating airports, departing passengers are interviewed about their airport experience on that day. Using the same methodology, passengers are surveyed about 34 key aspects of the airport, including thoroughness of security, courtesy of airport staff, cleanliness of the terminal, and quality of restaurant facilities. Membership in the program includes quarterly results that provide service performance comparisons against airports from all over the world, management summaries, tailored reports, analysis tools, and access to the results of all other participating airports. (Ongoing costs: \$18,000)

Performance Results:

Customer Satisfaction Excellent customer service is critical to the continued successful development of air service at the Airport and supports the City's economic goal to build a world-class airport. This action will allow the Airport to participate in worldwide customer service benchmarking to determine levels of customer satisfaction and to assess the quality of the Airport's facilities, amenities and services, in comparison to other airports. ASQ will provide management tools and metrics that will help Airport staff identify key areas to focus and concentrate efforts to enhance and improve the passenger's experience at the Airport.

Airport Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
7. Electric Vehicle Lease Renewal		9,000
<i>Transportation and Aviation Services CSA</i>		
<i>Airport Facilities Maintenance</i>		
<i>Airport Planning and Capital Development</i>		
<i>Strategic Support</i>		
<p>This action provides funding for two years to extend the lease on three Mitsubishi iMiev electric plug-in vehicles for the Airport Department. The current lease expires June 30, 2014, and renewing these vehicles allows the City's fleet program to continue to provide a low-cost, environmentally friendly transportation solution for local City business activity such as offsite meetings, inspections, and local travel needs. In total, the lease extension of 23 electric plug-in vehicles is included city-wide as described in other department sections of this document. (Ongoing costs: \$9,000)</p>		
Performance Results:		
Quality This action is in line with the Airport's priorities of improving operational efficiency. The Airport uses the iMiev as employee pool vehicles for short trips to City Hall and other offsite locations for meetings and trainings. This action also supports the City's Green Vision goal by reducing carbon emission and fuel usage.		
2014-2015 Adopted Budget Changes Total	0.00	1,381,734

Airport Department

Performance Summary

Airport Business Development

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Air service market share	13.4%	14.0%	14.5%	14.0%
 % of customers reporting satisfaction with availability of flights and destinations that meet their travel needs*	89%	90%	N/A	90%
 % of residents reporting satisfaction with the quality and variety of Airport shops and restaurants*	87%	85%	N/A	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “Air service market share” was moved from Strategic Support.
- ⊖ “% of customers reporting satisfaction with availability of flights and destinations that meet their travel needs” was moved from Strategic Support.
- ⊖ “% of residents reporting satisfaction with the quality and variety of Airport shops and restaurants” was moved from Strategic Support.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total regional air service market (passengers)	63.2M	63.8M	64.0M	64.9M
Total number of annual Airport passengers	8.49M	8.43M	8.91M	9.09M

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “Total regional air service market (passengers)” was moved from Strategic Support.
- ⊖ “Total number of annual Airport passengers” was moved from Strategic Support.

Airport Department

Performance Summary

Airport Facilities Maintenance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of residents rating the physical condition of the Airport as good or excellent*	80%	90%	N/A	90%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of customers/passengers rating the general cleanliness of the Public Terminal Areas as good to excellent” was deleted as the data for the measure was collected through the Airport-Wide Customer Website Survey, which is no longer conducted due to limited resources.
- ✘ “% of preventative maintenance work orders completed” was deleted as the data for the measure is unavailable because the Airport Computerized Maintenance Management System does not track completed work orders for all types of preventative maintenance projects.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of facilities maintenance work orders completed	17,823	17,000	21,000	18,000
Number of hours spent addressing Federal Aviation Regulation Part 139 (FAR 139) issue work orders	NEW	NEW	NEW	1,500

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ✚ “Number of hours spent addressing Federal Aviation Regulation Part 139 (FAR 139) issue work orders” was added to demonstrate the work effort towards addressing critical Airport priorities to ensure safety and security and to retain Airport’s operating certification.

Airport Department

Performance Summary

Airport Operations

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of on-time flights	83.91%	85.00%	78.15%	85.00%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of customers/passengers rating their perception of Safety and Security at the Airport as good or excellent” was deleted as the data for the measure was collected through the Airport-Wide Customer Website Survey, which is no longer conducted due to limited resources.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of annual operations (take offs and landings)	120,575	121,373	123,909	126,387
Total number of environmental noise complaints	834	800	830	850
Total number of non-compliant curfew intrusions	29	30	20	30

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Airport Department

Performance Summary

Airport Planning and Capital Development

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of capital projects contingent upon grant funding	21.0%	56.5%	24.9%*	50.2%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* The actual and estimated for this measure include rebudgeted capital projects, while the target does not, resulting in a difference in the total value of capital projects.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Airport Capital Program				
- Construction	\$17.43M	\$16.00M	\$36.98M	\$7.73M
- Non-Construction Projects	\$0.11M	\$1.13M	\$1.89M	\$0.50M
Percent of Airport locations that received fewer than three discrepancies in the County of Santa Clara Hazardous Materials Inspection	NEW	NEW	NEW	90.00%

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ✘ “Percent of total Airport waste recycled” was deleted since the performance data is being reported in the Environmental and Utility Services CSA Performance by Outcome table.
- ✚ “Percent of Airport locations that received fewer than three discrepancies in the County of Santa Clara Hazardous Materials Inspection” was added to demonstrate the Airport’s compliance with the County’s regulatory requirements for hazardous materials as defined by the Department of Environmental Health.

Airport Department

Performance Summary

Strategic Support

Performance Measures

		2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
\$	Airline cost per enplaned passenger*	\$11.94	\$11.76	\$11.76	\$10.50
\$	Food and beverage sales per enplaned passenger*	NEW	NEW	NEW	\$5.89
\$	Retail sales per enplaned passenger*	NEW	NEW	NEW	\$2.98
\$	Parking revenue per enplaned passenger*	NEW	NEW	NEW	\$6.00
\$	Rental car gross revenue per enplaned passenger*	NEW	NEW	NEW	\$30.50

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Enplaned passengers are those passengers boarding an aircraft in scheduled service, including originating, stop-over, or connecting service.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- + “Food and beverage sales per enplaned passenger” was added as an indicator of restaurant facilities activity at the Airport.
- + “Retail sales per enplaned passenger” was added as an indicator of retail sales activity at the Airport.
- + “Parking revenue per enplaned passenger” was added as an indicator of parking activity at the Airport.
- + “Rental car gross revenue per enplaned passenger” was added as an indicator of rental car activity at the Airport.
- ⊖ “Air service market share” was moved to the newly established Airport Business Development Core Service.
- ⊖ “% of customers reporting satisfaction with availability of flights and destinations that meet their travel needs” was moved to the newly established Airport Business Development Core Service.
- ⊖ “% of residents reporting satisfaction with the quality and variety of Airport shops and restaurants” was moved to the newly established Airport Business Development Core Service.
- ✗ “% of customers/passengers rating overall Customer Service in food and beverage shops as good or excellent” was deleted as the data for the measure was collected through the Airport-Wide Customer Website Survey, which is no longer conducted due to limited resources.
- ✗ “% of customers/passengers rating overall Customer Service in retail shops as good or excellent” was deleted as the data for the measure was collected through the Airport-Wide Customer Website Survey, which is no longer conducted due to limited resources.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total airline cost	\$50.6M	\$50.0M	\$51.0M	\$48.0M

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “Total regional air service market (passengers)” was moved to the newly established Airport Business Development Core Service.
- ⊖ “Total number of annual Airport passengers” was moved to the newly established Airport Business Development Core Service.

Airport Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accountant II	1.00	1.00	-
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	4.00	4.00	-
Air Service Development Manager	1.00	1.00	-
Airport Equipment Mechanic	6.00	6.00	-
Airport Maintenance Supervisor	4.00	4.00	-
Airport Operations Manager I/II	4.00	4.00	-
Airport Operations Superintendent	5.00	5.00	-
Airport Operations Supervisor I/II	14.00	14.00	-
Analyst II	5.00	5.00	-
Assistant Director of Aviation	1.00	1.00	-
Assistant to the Director	1.00	1.00	-
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Engineer	1.00	1.00	-
Associate Engineering Technician	2.00	2.00	-
Building Management Administrator	1.00	1.00	-
CADD Technician	1.00	1.00	-
Contract Compliance Coordinator	1.00	1.00	-
Deputy Director of Aviation	5.00	5.00	-
Director of Aviation	1.00	1.00	-
Division Manager	1.00	1.00	-
Electrician	5.00	5.00	-
Engineer II	1.00	1.00	-
Environmental Services Specialist	1.00	1.00	-
Facility Repair Worker	4.00	4.00	-
Geographic Systems Specialist II	1.00	1.00	-
Information Systems Analyst	1.00	1.00	-
Maintenance Contract Supervisor	1.00	1.00	-
Maintenance Supervisor	1.00	1.00	-
Maintenance Worker I	11.00	12.00	1.00
Maintenance Worker II	7.00	6.00	(1.00)
Marketing and Public Outreach Representative II	1.00	1.00	-
Network Engineer	2.00	2.00	-
Network Technician II	2.00	2.00	-
Office Specialist I/II	4.00	4.00	-
Painter	3.00	3.00	-
Principal Accountant	1.00	1.00	-
Program Manager I	1.00	2.00	1.00
Program Manager II	5.00	5.00	-
Property Manager II	4.00	4.00	-
Senior Account Clerk	5.00	5.00	-
Senior Accountant	4.00	4.00	-
Senior Airport Equipment Mechanic	1.00	1.00	-
Senior Airport Operations Specialist I/II	21.00	21.00	-
Senior Analyst	6.00	6.00	-
Senior Electrician	1.00	1.00	-
Senior Electronic Systems Technician	1.00	1.00	-

Airport Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Senior Engineer	2.00	2.00	-
Senior Engineering Technician	3.00	3.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Maintenance Worker	3.00	3.00	-
Senior Office Specialist	2.00	2.00	-
Senior Planner	1.00	1.00	-
Senior Systems Applications Programmer	2.00	1.00	(1.00)
Senior Warehouse Worker	1.00	1.00	-
Sign Shop Technician	1.00	1.00	-
Staff Specialist	7.00	7.00	-
Supervising Applications Analyst	2.00	2.00	-
Supervising Property Manager	1.00	1.00	-
Supervisor, Trades	1.00	1.00	-
Warehouse Supervisor	1.00	1.00	-
Total Positions	187.00	187.00	0.00

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Office of the City Attorney

Richard Doyle, City Attorney

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T*he Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City, with the goal of protecting and advancing its interests in serving the people of San José*

City Service Area

Strategic Support

Core Services

Legal Representation

Advocate, defend, and prosecute on behalf of the City's interests

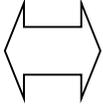
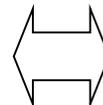
Legal Transactions

Provide oral and written advice on legal issues and prepare documents to implement official City actions

Strategic Support: Office Management and Analysis, Fiscal Control/Budget Preparation, Personnel Administration/Human Resources, Computer Network Management, Facility Management, Records and File Maintenance, Law Library Maintenance, and Contract Administration

Office of the City Attorney

Service Delivery Framework

Core Service		Key Operational Services
<p>Legal Representation: <i>Advocate, defend, and prosecute on behalf of the City's interests</i></p>		<ul style="list-style-type: none"> • Provide Legal Representation for the City, including its Officials and Employees • Prosecute Criminal Proceedings involving Violations of the San José Municipal Code • Pursue Litigation to Abate Nuisances and eliminate Unfair Business Practices to ensure Public Health and Safety • Provide Legal Representation before State, Federal, and Appellate Courts, and various Agencies and Boards • Provide Pre-Litigation Advice and Counsel to avoid Litigation and to protect the City's Interests should Litigation occur • Retain, coordinate, and supervise outside Legal Counsel
<p>Legal Transactions: <i>Provide oral and written advice on legal issues and prepare documents to implement official City actions</i></p>		<ul style="list-style-type: none"> • Preparation of Ordinances, Resolutions, Permits, Contracts, and other Legal Documents • Provision of oral and written legal Counsel and Advice • Performance of Legal Research
<p>Strategic Support: <i>Office Management and Analysis, Fiscal Control/ Budget Preparation, Personnel Administration/ Human Resources, Computer Network Management, Facility Management, Records and File Maintenance, Law Library Maintenance, and Contract Administration</i></p>		<ul style="list-style-type: none"> • Office Management and Analysis • Fiscal Control/Budget Preparation • Personnel Administration/ Human Resources • Records and File Maintenance • Information Systems Management • Facility Management • Law Library Maintenance • Contract Administration • City Council Agenda Documentation Coordination

Office of the City Attorney

Department Budget Summary

Expected 2014-2015 Service Delivery

- The City Attorney's Office will continue to comply with legal requirements while facing the challenge of meeting legal services demand that is largely driven by outside factors. As litigation matters principally originate from claims and lawsuits filed by plaintiffs, and transactional legal assignments are generated by City Council direction and department requests, the Office must comply with legal requirements while managing unpredictable fluctuations in demand.
- Transactional legal services will continue to be delivered by the Office but will be triaged with priority given to matters that present the greatest risk of loss to the City or have the potential for increasing revenue. Low priority assignments will be performed as time allows.
- Litigation services will be provided as broadly and efficiently as possible, given the current staffing level. The net loss of litigation attorney positions, as well as experienced litigators, over the past few years has resulted in decreased service levels and a greater reliance on outside counsel.
- Legal services are required and will be provided to wind down the business affairs of the former Redevelopment Agency through its Successor Agency and Oversight Board, including the disposition of assets and enforceable obligations.
- Due to the increased volume of employment and labor-related matters and conflicts of interest, outside legal counsel will continue to be utilized to handle some of these matters.
- Significant legal resources are dedicated to collecting, reviewing, and responding to time-sensitive Public Records Act requests, which continue to increase in numbers and complexity.

2014-2015 Key Budget Actions

- Continues funding for 1.0 Senior Deputy City Attorney and 1.0 Legal Analyst II through June 30, 2019 to provide legal support for the Water Pollution Control and Sanitary Sewer Capital Improvement Programs.
- Reallocates funding from non-personal/equipment to add a permanent part-time Messenger Clerk to file and serve critical court documents for the Litigation Division.
- Provides one-time funding of \$400,000 to fill critical transition needs in two key operational areas including: complex litigation and legal staffing for Planning, Administrative Hearings, and Environmental Services. In addition, this action provides funding for 1.0 Legal Analyst II, through June 30, 2016, to provide additional legal support for the Urban Villages.
- Provides funding for 1.0 Deputy City Attorney through June 30, 2016 to provide legal support for robust enforcement of restrictions on marijuana growing operations in residential areas.
- Rebudgets \$300,000 in unexpended 2013-2014 funds for outside counsel and litigation costs.

Operating Funds Managed

N/A

Office of the City Attorney

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Legal Representation	\$ 6,082,579	\$ 6,332,209	\$ 6,717,420	\$ 7,450,209	17.7%
Legal Transactions	6,451,071	7,406,038	6,477,024	7,288,858	(1.6%)
Strategic Support	1,183,208	1,205,922	1,195,541	1,233,338	2.3%
Total	\$ 13,716,858	\$ 14,944,169	\$ 14,389,985	\$ 15,972,405	6.9%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 12,993,914	\$ 13,959,489	\$ 13,706,305	\$ 15,008,024	7.5%
Overtime	8,118	0	0	0	N/A
Subtotal	\$ 13,002,032	\$ 13,959,489	\$ 13,706,305	\$ 15,008,024	7.5%
Non-Personal/Equipment					
Total	714,826	984,680	683,680	\$ 964,381	(2.1%)
Total	\$ 13,716,858	\$ 14,944,169	\$ 14,389,985	\$ 15,972,405	6.9%
Dollars by Fund					
General Fund	\$ 11,152,273	\$ 12,375,897	\$ 12,158,682	\$ 13,294,574	7.4%
Airport Maint & Oper	585,372	609,293	582,190	598,615	(1.8%)
Comm Dev Block Grant	4,433	45,892	48,054	49,425	7.7%
Home Invest Partnership	2,915	51,795	54,282	55,811	7.8%
Housing Trust Fund	1,170	27,376	28,836	29,648	8.3%
Integrated Waste Mgmt	40,508	40,978	44,284	45,532	11.1%
Low/Mod Income Hsg Asset*	758,425	573,402	599,389	616,015	7.4%
Multi-Source Housing	0	107,477	113,617	116,876	8.7%
Sewer Svc & Use Charge	484,308	426,615	455,218	468,089	9.7%
SJ/SC Treatment Plant Oper	143,838	96,164	123,097	126,532	31.6%
Workforce Investment Act	175,151	203,196	182,336	187,530	(7.7%)
Capital Funds	368,465	386,084	0	383,758	(0.6%)
Total	\$ 13,716,858	\$ 14,944,169	\$ 14,389,985	\$ 15,972,405	6.9%
Authorized Positions by Core Service					
Legal Representation	31.40	30.50	33.80	32.35	6.1%
Legal Transactions	33.60	34.40	29.35	35.30	2.6%
Strategic Support	7.00	7.10	6.85	6.85	(3.5%)
Total	72.00	72.00	70.00	74.50	3.5%

* This fund was previously named Affordable Housing Investment Fund.

Office of the City Attorney

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	72.00	14,944,169	12,375,897
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
● Environmental Services and Public Works Capital Projects Legal Staffing	(2.00)	(386,084)	0
● Rebudget: Outside Counsel and Litigation Training		(400,000)	(400,000)
One-time Prior Year Expenditures Subtotal:	(2.00)	(786,084)	(400,000)
<hr/> Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes		231,900	182,785
Technical Adjustments Subtotal:	0.00	231,900	182,785
2014-2015 Forecast Base Budget:	70.00	14,389,985	12,158,682
<hr/> Budget Proposals Approved <hr/>			
1. Office of the City Attorney Staffing	1.00	400,000	400,000
2. Office of the City Attorney Salary Program		384,418	310,892
3. Environmental Services and Public Works Capital Projects Legal Staffing	2.00	373,002	0
4. Medical Marijuana Enforcement	1.00	125,000	125,000
5. Litigation Support Staffing	0.50	0	0
6. Rebudget: Outside Counsel and Litigation Costs		300,000	300,000
Total Budget Proposals Approved	4.50	1,582,420	1,135,892
2014-2015 Adopted Budget Total	74.50	15,972,405	13,294,574

Office of the City Attorney

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the City Attorney Staffing	1.00	400,000	400,000

Strategic Support CSA

Legal Transactions

As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides one-time funding (\$180,000) for two rehire retirees to fill critical transition needs in two key operational areas including: complex litigation and legal staffing for Planning, Administrative Hearings, and Environmental Services. In addition, per the Mayor’s Message direction, this action also provides funding (\$220,000) for 1.0 Legal Analyst II (limit-dated through June 30, 2016) to provide additional legal support for the implementation of Urban Villages. (Ongoing costs: \$0)

Performance Results:

Quality, Cost, Customer Satisfaction This action increases capacity for addressing litigation issues and implementation of Urban Villages. This action will increase quality of legal services by providing continuity through oversight for the large number of new staff members and necessary support in the handling of high-exposure litigation matters. Costs will be reduced through this action because necessary legal work will be performed at a significant savings by in-house staff versus outside counsel.

2. Office of the City Attorney Salary Program		384,418	310,892
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Strategic Support CSA

Legal Representation

Legal Transactions

Strategic Support

This action increases the Office of the City Attorney personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees’ Federation (MEF), Confidential Employees’ Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$382,358)

Performance Results: N/A (Final Budget Modification)

3. Environmental Services and Public Works Capital Projects Legal Staffing	2.00	373,002	0
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Strategic Support CSA

Legal Transactions

This action continues funding for two positions (1.0 Senior Deputy City Attorney and 1.0 Legal Analyst II) to provide legal support to the Water Pollution Control and the Sanitary Sewer Capital Improvement Programs through June 30, 2019. Staff assigned to these capital projects will focus on

Office of the City Attorney

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Environmental Services and Public Works Capital Projects Legal Staffing			
consultant and contractor procurement. These positions will continue to be jointly funded, 80% from the San José-Santa Clara Treatment Plant Capital Fund and 20% from the Sewer Service and Use Charge Capital Improvement Fund. (Ongoing costs: \$374,113)			
Performance Results:			
Cost This action allows for the continuation of legal support for the capital projects in a cost-effective manner.			
4. Medical Marijuana Enforcement	1.00	125,000	125,000
Strategic Support CSA <i>Legal Representation</i>			
As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides funding for 1.0 Deputy City Attorney (limit-dated through June 30, 2015) to provide legal support for robust enforcement of restrictions on marijuana growing operations in residential areas. These resources are necessary until the transition to the fee-supported enforcement structure is complete. (Ongoing costs: \$0)			
Performance Results:			
Quality, Customer Satisfaction This action increases investigative and enforcement support for restrictions on marijuana-growing operations.			
5. Litigation Support Staffing	0.50	0	0
Strategic Support CSA <i>Legal Representation</i>			
This action reallocates non-personal/equipment funding to fund 0.5 Messenger Clerk PT position to serve and file critical court documents for the Litigation Division. For several years, the Office of the City Attorney has been using contractual services staffing to provide messenger clerk services. A Messenger Clerk PT position can provide the same quality service in a more flexible and cost-effective manner. (Ongoing costs: \$0)			
Performance Results:			
Cost, Quality This action will provide flexible, cost-effective messenger service for the Litigation Division.			
6. Rebudget: Outside Counsel and Litigation Costs		300,000	300,000
Strategic Support CSA <i>Legal Representation</i>			
This action rebudgets unexpended 2013-2014 personal services funds for consultants, which may include specialized outside counsel legal services (\$254,000) related to litigation including hiring			

Office of the City Attorney

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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6. Rebudget: Outside Counsel and Litigation Costs

expert witnesses, consultant reviews, court reporting, and other matters as necessary. It also provides training and oversight for litigation staff (\$46,000) as there has been significant turnover and funding will ensure continuity in litigation knowledge and skills, providing new litigators with the necessary resources to be successful. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

2014-2015 Adopted Budget Changes Total	4.50	1,582,420	1,135,892
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Office of the City Attorney

Performance Summary

Legal Representation

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of time final case results are within staff analyses and/or recommendations	90%	90%	90%	90%
 Cost of representation compared to law offices of similar size, practice, and expertise, including other governmental law offices				
- City Attorney's Office average hourly rate	\$134	\$134	\$135	\$135
- Outside Legal Counsel average hourly rate	\$480	\$490	\$480	\$480
 % of time client is timely informed of significant developments in a case	70%	80%	80%	80%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	85%	90%	92%	90%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of claims filed against the City	603	700	590	600
# of lawsuits filed against the City	215	260	200	210
# of lawsuits and administrative actions filed or initiated by the City	225	290	190	210

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Office of the City Attorney

Performance Summary

Legal Transactions

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of time final documents accurately reflect the approval of City action	94%	100%	93%	100%
 % of time that advice identifies and analyzes legal issues and risks	82%	85%	90%	85%
 % of time that advice provides alternatives where appropriate	68%	70%	83%	70%
 Cost of advice and documentation compared to law offices of similar size, practice, and expertise including other governmental offices				
- City Attorney's Office average hourly rate	\$134	\$134	\$135	\$135
- Outside Legal Counsel average hourly rate	\$480	\$490	\$480	\$480
 % of time client receives advice/document within mutually accepted time frames	80%	85%	96%	85%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	92%	90%	93%	90%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of Council/Board/Manager memoranda:				
- Prepared	1,017	1,370	1,240	1,130
- Reviewed	662	610	440	550
# of formal Opinions issued	8	18	10	10
# of Resolutions	371	360	340	360
# of Ordinances	185	190	190	190
# of Agreements	2,399	2,340	2,020	2,210

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Office of the City Attorney

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accounting Technician	1.00	1.00	-
Assistant City Attorney	2.00	2.00	-
Associate Deputy City Attorney	1.00	1.00	-
Chief Deputy City Attorney	4.00	4.00	-
City Attorney	1.00	1.00	-
Deputy City Attorney I/II/III/IV	7.00	8.00	1.00
Executive Assistant	1.00	1.00	-
Legal Administrative Assistant	9.00	9.00	-
Legal Analyst II	12.00	13.00	1.00
Legal Services Administrator	1.00	1.00	-
Messenger Clerk PT	0.00	0.50	0.50
Network Engineer	1.00	1.00	-
Office Specialist II	2.00	2.00	-
Police Officer	1.00	1.00	-
Police Sergeant	1.00	1.00	-
Senior Deputy City Attorney I/II/III/IV	25.00	25.00	-
Senior Legal Analyst	3.00	3.00	-
Total Positions	72.00	74.50	2.50

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Office of the City Auditor

Sharon Winslow Erickson, City Auditor

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Independently assess and report on City operations
and services

City Service Area

Strategic Support

Core Service

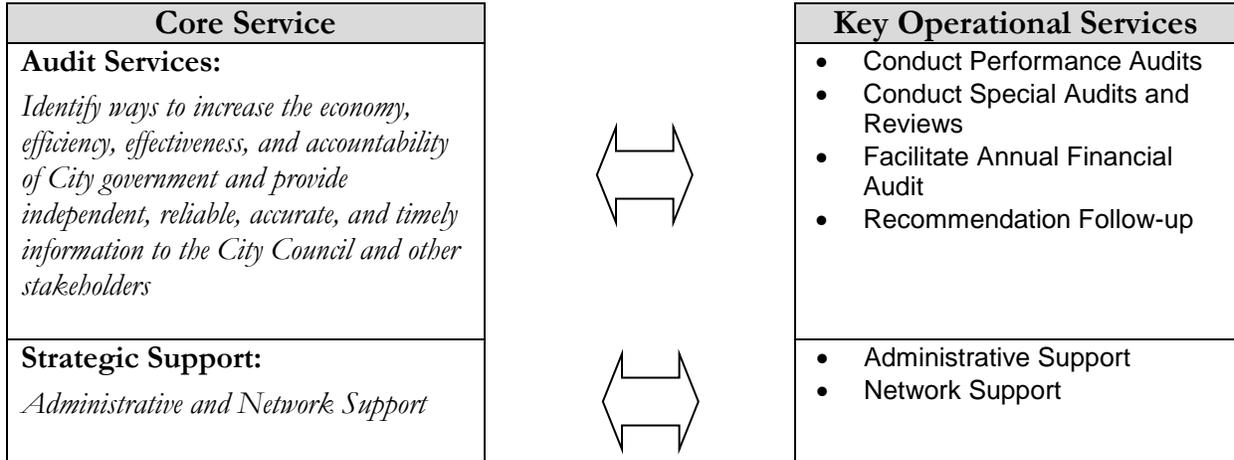
Audit Services

Identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders

Strategic Support: Administrative and Network Support

Office of the City Auditor

Service Delivery Framework



Office of the City Auditor

Department Budget Summary

Expected 2014-2015 Service Delivery

- ❑ In 2014-2015, the Auditor's Office will continue conducting program performance audits identifying ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The 2014-2015 Audit Workplan was submitted to the Rules and Open Government Committee in August 2014 with a continued focus on searching for revenues and cost-savings opportunities.
- ❑ The Auditor's Office will continue to issue the Service Efforts and Accomplishments (SEA) Report annually. This report details the cost, workload, and performance data for City services and is intended to improve government transparency and accountability and provide consolidated performance information to the public, allowing informed decision making by City officials, staff, and the public.
- ❑ The Auditor's Office will continue to provide oversight of external auditors on the City of San José Annual Financial Audit and Single Audit; the Audits of Parks and Recreation Bond, Library Bond, Public Safety Bond, and Parcel Tax Funds; and the Semi-Annual Reviews for Compliance with the City's Investment Policy.

2014-2015 Key Budget Actions

N/A

Operating Funds Managed

N/A

Office of the City Auditor

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Audit Services	\$ 1,942,883	\$ 2,093,302	\$ 2,213,907	\$ 2,273,822	8.6%
Strategic Support	6,003	127,606	135,166	138,794	8.8%
Total	\$ 1,948,886	\$ 2,220,908	\$ 2,349,073	\$ 2,412,616	8.6%
Dollars by Category					
Personal Services	\$ 1,898,746	\$ 2,151,755	\$ 2,279,920	\$ 2,343,463	8.9%
Non-Personal/Equipment	50,140	69,153	69,153	69,153	0.0%
Total	\$ 1,948,886	\$ 2,220,908	\$ 2,349,073	\$ 2,412,616	8.6%
Dollars by Fund					
General Fund	\$ 1,842,294	\$ 2,114,135	\$ 2,229,170	\$ 2,289,489	8.3%
Integrated Waste Mgmt	11,725	11,745	13,189	13,545	15.3%
Sewer Svc & Use Charge	8,527	8,542	9,592	9,850	15.3%
SJ/SC Treatment Plant Oper	69,285	69,402	77,938	80,033	15.3%
Storm Sewer Operating	10,659	10,677	11,990	12,313	15.3%
Water Utility	6,396	6,407	7,194	7,386	15.3%
Total	\$ 1,948,886	\$ 2,220,908	\$ 2,349,073	\$ 2,412,616	8.6%
Authorized Positions by Core Service					
Audit Services	14.00	14.00	14.00	14.00	0.0%
Strategic Support	1.00	1.00	1.00	1.00	0.0%
Total	15.00	15.00	15.00	15.00	0.0%

Office of the City Auditor

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	15.00	2,220,908	2,114,135
<hr/> Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		128,165	115,035
Technical Adjustments Subtotal:	0.00	128,165	115,035
2014-2015 Forecast Base Budget:	15.00	2,349,073	2,229,170
<hr/> Budget Proposals Approved			
1. Office of the City Auditor Salary Program		63,543	60,319
Total Budget Proposals Approved	0.00	63,543	60,319
2014-2015 Adopted Budget Total:	15.00	2,412,616	2,289,489

Office of the City Auditor

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the City Auditor Salary Program		63,543	60,319
Strategic Support CSA			
<i>Audit Services</i>			
<i>Strategic Support</i>			
<p>This action increases the Office of the City Auditor personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$63,543)</p>			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total	0.00	63,543	60,319

Office of the City Auditor

Performance Summary

Audit Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of audit recommendations implemented (cumulative over 10 years)	68%	80%	61%	80%
 Ratio identified monetary benefit to audit cost	\$1.70 to 1	\$4.00 to 1	\$1.80 to 1	\$4.00 to 1
 % of approved workplan completed or substantially completed during the fiscal year	72%	80%	84%	80%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of audit reports issued	18	18	15	18
# of audit recommendations adopted	124	50	75	50
# of audit reports per auditor	1.7 to 1	1.5 to 1	1.5 to 1	1.5 to 1
Identified monetary benefits (i.e., revenue enhancements and cost savings)	\$3,173,000	\$8,000,000	\$4,006,017	\$8,000,000

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: No

Office of the City Auditor

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I	4.00	4.00	-
Program Performance Auditor II	3.00	3.00	-
Senior Office Specialist	1.00	1.00	-
Senior Program Performance Auditor	5.00	5.00	-
Total Positions	15.00	15.00	0.00

Office of the
City Clerk
Toni J. Taber, City Clerk

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Maximize public access to municipal government

City Service Area

Strategic Support

Core Service

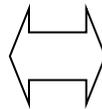
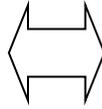
Facilitate the City's Legislative Process
Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws

Strategic Support: Financial Management and Human Resources

Office of the City Clerk

Service Delivery Framework

Core Service
Facilitate the City's Legislative Process: <i>Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws</i>
Strategic Support: <i>Financial Management and Human Resources</i>



Key Operational Services
<ul style="list-style-type: none">• Provide Legislative, Technical, and Administrative Support to the Mayor, City Council, Boards, Commissions, and Committees• Improve and Preserve Public Access to the City's Legislative Records and Documents• Ensure Compliance with Open Government, Campaign Finance, Lobbyist Registration, and Other Public Disclosure Requirements• Conduct Elections
<ul style="list-style-type: none">• Financial Management• Human Resources

Office of the City Clerk

Department Budget Summary

Expected 2014-2015 Service Delivery

- Maintain Sunshine/Open Government Reforms to provide transparent legislative services.
- Create and distribute agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings. In addition, prepare and distribute minutes for all other Council Committees.
- Provide fiscal, grant, budget, human resources, payroll, administrative, and technical support services to the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- Provide access to the City's legislative records and documents.
- Maintain and improve compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- Conduct elections for City Council, Retirement Boards, Civil Service Commission, City Charter amendments, potential issuance of bonds, and ballot measures in accordance with City Charter and State of California elections code.
- Proceed with the consolidation of several of the City's Boards and Commissions with an eye on efficiency and enhanced service delivery.

2014-2015 Key Budget Actions

- The rebudget of \$308,000 for an Electronic Document Management System (EDMS) will allow the Office of the City Clerk to continue to procure a system that will increase efficiency, allow City staff and the public to access documents, promote more transparency, and address the current backlog of documents to be scanned and converted.

Operating Funds Managed

N/A

Office of the City Clerk

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Facilitate the City's Legislative Process	\$ 1,565,854	\$ 2,165,902	\$ 1,937,013	\$ 2,291,667	5.8%
Strategic Support	229,329	90,309	214,989	220,463	144.1%
Total	\$ 1,795,183	\$ 2,256,211	\$ 2,152,002	\$ 2,512,130	11.3%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 1,585,451	\$ 1,813,281	\$ 1,909,072	\$ 1,961,200	8.2%
Overtime	4,621	0	0	0	N/A
Subtotal	\$ 1,590,072	\$ 1,813,281	\$ 1,909,072	\$ 1,961,200	8.2%
Non-Personal/Equipment					
	205,111	442,930	242,930	550,930	24.4%
Total	\$ 1,795,183	\$ 2,256,211	\$ 2,152,002	\$ 2,512,130	11.3%
Dollars by Fund					
General Fund	\$ 1,795,183	\$ 2,256,211	\$ 2,152,002	\$ 2,512,130	11.3%
Total	\$ 1,795,183	\$ 2,256,211	\$ 2,152,002	\$ 2,512,130	11.3%
Authorized Positions by Core Service					
Facilitate the City's Legislative Process	14.00	14.00	13.00	13.00	(7.1%)
Strategic Support	1.00	1.00	2.00	2.00	100.0%
Total	15.00	15.00	15.00	15.00	0.0%

Office of the City Clerk

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	15.00	2,256,211	2,256,211
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Electronic Document Management System		(200,000)	(200,000)
One-time Prior Year Expenditures Subtotal:	0.00	(200,000)	(200,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		95,791	95,791
Technical Adjustments Subtotal:	0.00	95,791	95,791
2014-2015 Forecast Base Budget:	15.00	2,152,002	2,152,002
<hr/> Budget Proposals Approved <hr/>			
1. Office of the City Clerk Salary Program		52,128	52,128
2. Rebudget: Electronic Document Management System		308,000	308,000
Total Budget Proposals Approved	0.00	360,128	360,128
2014-2015 Adopted Budget Total	15.00	2,512,130	2,512,130

Office of the City Clerk

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the City Clerk Salary Program		52,128	52,128
Strategic Support CSA <i>Facilitate the City's Legislative Process</i> <i>Strategic Support</i>			
<p>This action increases the Office of the City Clerk personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$52,128)</p>			
Performance Results: N/A (Final Budget Modification)			
2. Rebudget: Electronic Document Management System		308,000	308,000
Strategic Support CSA <i>Facilitate the City's Legislative Process</i>			
<p>This action rebudgets unexpended 2013-2014 funds for an Electronic Document Management System (EDMS), which will speed up scanning and conversion of existing hardcopy documents. The EDMS will increase efficiency, allow City staff and the public to access documents, and promote more transparency. This funding will also be used to address the current backlog of documents to be scanned and converted. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total	0.00	360,128	360,128

Office of the City Clerk

Performance Summary

Facilitate the City's Legislative Process

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of complete City Council Agenda packets available online 10 days prior to Council meeting	95%	95%	95%	95%
 Estimated cost to document and track legislative actions per Council meeting	\$3,250	\$3,250	\$3,250	\$3,250
 % of Public Records Act requests received and fulfilled by the Clerk's Office within 10 days of request	98%	98%	98%	98%
 % City contracts that have all required documents after compliance check	85%	85%	85%	85%
 % of Council synopses completed and posted online within three business days after the Council meeting	60%*	90%	85%	95%
 % of Resolutions/Ordinances posted online within 3 business days of receipt from the City Attorney's Office	95%	95%	95%	95%
 % of customers rating customer service experience with the Clerk's Office as good or excellent	N/A**	100%	N/A**	100%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* The 2012-2013 Actual was low due to a combination of staffing turnover and increased workload; however, the Office of the City Clerk expects to end 2013-2014 at 85%.

** Data collection and methodology are currently under review by the Office of the City Clerk.

Office of the City Clerk

Performance Summary

Facilitate the City's Legislative Process

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of meetings staffed*	212	272	289	272
# of board/commission applications processed	300	100	106	100
# of contracts processed**	1,667	1,300	1,300	1,300
# of grants processed (Council Office and Arena Community Fund)	600	700	670	700
# of Statements of Economic Interests processed	2,163	1,100	1,100	1,100
# of campaign filings processed	556	550	560	550
# of ads placed in legal publications	241	295	250	295
# of Lobbyist Reports processed	285	320	320	320
# of Ordinances and Resolutions processed	534	500	500	500
# of Council Actions recorded, processed, and tracked	1,105	1,050	901	1,050
# of Public Records Act requests processed	1,163	1,100	1,100	1,100
# of internal requests for information/ documents processed	1,116	1,200	1,200	1,200

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Meetings defined as City Council meetings and study sessions; Council Committees; Civil Service, Elections, and Council Salary Setting Commissions; and Project Diversity Screening Committee.

** Data includes contracts and grants processed.

Office of the City Clerk

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Analyst II	4.00	4.00	-
Assistant City Clerk	1.00	1.00	-
City Clerk	1.00	1.00	-
Legislative Secretary	4.00	4.00	-
Office Specialist II	1.00	1.00	-
Staff Technician	3.00	3.00	-
Total Positions	15.00	15.00	0.00

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Office of the City Manager

Edward K. Shikada, City Manager

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Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs

City Service Area

Strategic Support

Core Services

Analyze, Develop, and Recommend Public Policy
Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy

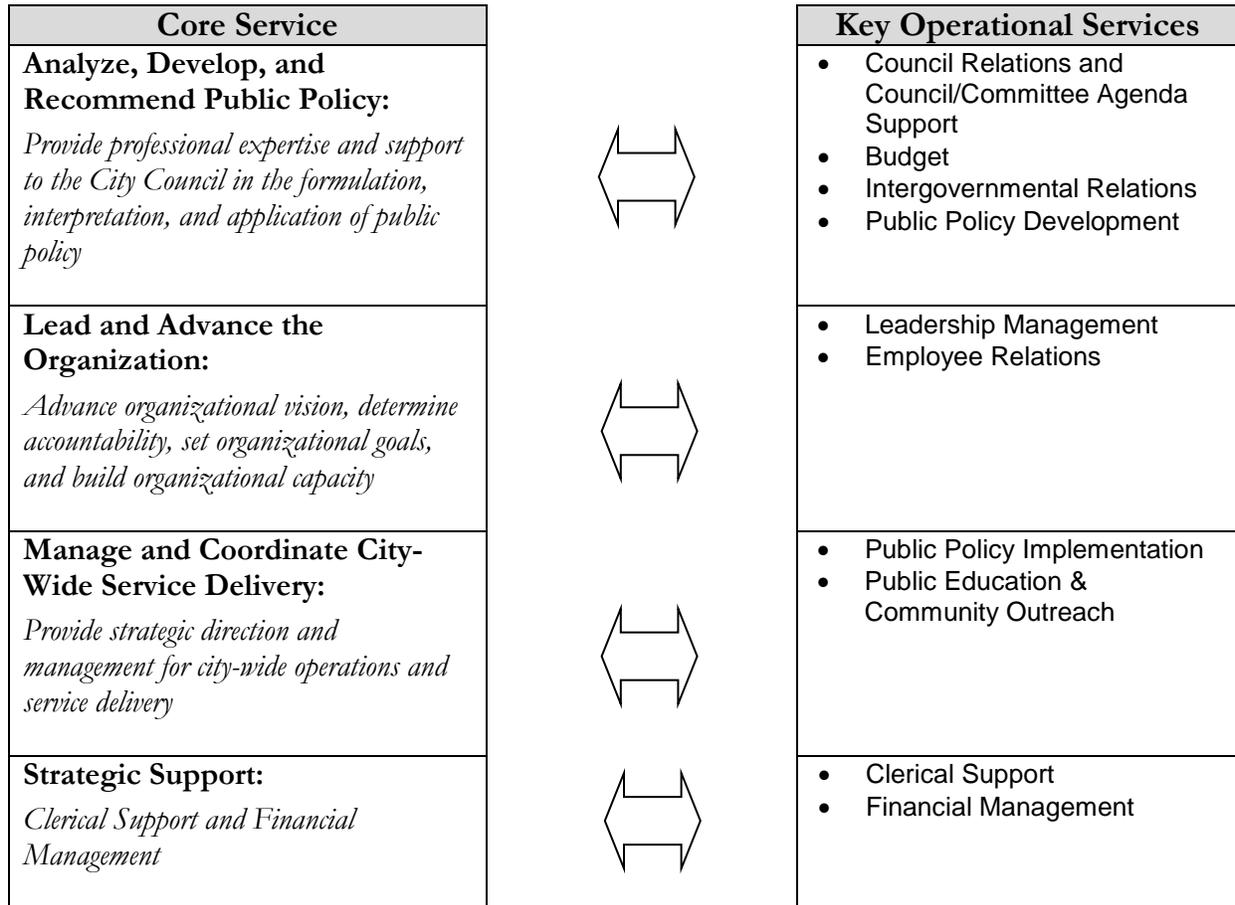
Lead and Advance the Organization
Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity

Manage and Coordinate City-Wide Service Delivery
Provide strategic direction and management for city-wide operations and service delivery

Strategic Support: Clerical Support and Financial Management

Office of the City Manager

Service Delivery Framework



Office of the City Manager

Department Budget Summary

Expected 2014-2015 Service Delivery

- The City Manager will continue to provide strategic leadership that supports the Mayor and City Council and challenges the organization to deliver high-quality, cost-effective services that meet the needs of the community.
- The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on the development and implementation of these priorities.
- The City Manager's Office will continue to provide support to the City Council in implementing fiscal sustainability and other potential ballot measures or initiatives.
- The City Manager will continue to engage the workforce through ongoing structured communication and the coordination and implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain employees.
- The Budget Office will continue to effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2014-2015 and will develop the 2015-2016 Proposed Budget for City Council consideration. The focus will be on maintaining budget stability and strategically investing the City's limited resources to keep our community safe, invest for our future, and maximize efficiency and effectiveness.
- The Office of Employee Relations will be engaged in a variety of labor relations with the City's 11 bargaining units as needed in 2014-2015.
- Intergovernmental Relations (IGR) will continue to pursue and protect the best interest of the City through legislative advocacy at the regional, state and federal levels with resources dedicated in the Office of the City Manager and the Sacramento Legislative Office. In addition, the City will continue to contract with a firm to represent the City in Washington, D.C.
- The City Manager's Office will continue to oversee the medical marijuana program and cardrooms, providing leadership and direction for these programs as well as other priority issues.
- The City Manager's Office will continue to cultivate partnerships between the private sector and the public sector to effectively leverage resources and further benefit both the community and the City.
- The City Manager's Office will continue to move the City forward by pursuing opportunities that keep the City on the front line of innovation.

2014-2015 Key Budget Actions

- Adds 1.0 Senior Executive Analyst to develop and manage relationships with private sector talent to creatively solve problems where internal staff or capacity has been diminished.
- Adds 1.0 Senior Executive Analyst and 1.0 Analyst to add capacity to conduct data-driven analysis throughout the City and develop best practices for the use of data analytics throughout the City.
- Realigns staffing commensurate with the needs of the office by eliminating 1.0 Deputy Director, adding 1.0 Assistant to the City Manager, deleting 0.5 Staff Technician and adding 1.0 Staff Technician.
- Realigns communications staffing by eliminating 0.75 Secretary PT and adding 1.0 Secretary and adjusts funding sources for this staff to more appropriately align resources with the required work.

Operating Funds Managed

- Ice Centre Revenue Fund
- San José Municipal Stadium Capital Fund

Office of the City Manager

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Analyze, Develop, and Recommend Public Policy	\$ 4,708,760	\$ 4,938,503	\$ 5,057,315	\$ 5,319,169	7.7%
Lead and Advance the Organization	1,692,297	2,117,549	2,210,589	2,469,022	16.6%
Manage and Coordinate City-Wide Service Delivery	3,338,859	3,940,461	4,423,923	4,628,590	17.5%
Strategic Support	219,221	390,252	393,333	399,587	2.4%
Total	\$ 9,959,137	\$ 11,386,765	\$ 12,085,160	\$ 12,816,368	12.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 8,972,051	\$ 10,319,086	\$ 11,009,874	\$ 11,541,082	11.8%
Overtime	39,745	62,478	62,478	62,478	0.0%
Subtotal	\$ 9,011,796	\$ 10,381,564	\$ 11,072,352	\$ 11,603,560	11.8%
Non-Personal/Equipment					
Subtotal	947,341	1,005,201	1,012,808	1,212,808	20.7%
Total	\$ 9,959,137	\$ 11,386,765	\$ 12,085,160	\$ 12,816,368	12.6%
Dollars by Fund					
General Fund	\$ 9,693,756	\$ 11,067,874	\$ 11,757,918	\$ 12,481,748	12.8%
Airport Maint & Oper	163,492	210,524	214,614	220,087	4.5%
Integrated Waste Mgmt	(178)	0	0	0	N/A
Low/Mod Income Hsg Asset*	43,188	45,722	47,542	48,352	5.8%
Sewer Svc & Use Charge	22,202	23,477	24,623	25,123	7.0%
SJ/SC Treatment Plant Oper	36,743	39,168	40,463	41,058	4.8%
Water Utility	(67)	0	0	0	N/A
Total	\$ 9,959,137	\$ 11,386,765	\$ 12,085,160	\$ 12,816,368	12.6%
Authorized Positions by Core Service					
Analyze, Develop, and Recommend Public Policy	27.50	27.40	26.40	28.40	3.6%
Lead and Advance the Organization	10.75	12.90	12.90	12.90	0.0%
Manage and Coordinate City-Wide Service Delivery	18.25	19.45	20.45	22.20	14.1%
Strategic Support	2.00	2.00	2.00	2.00	0.0%
Total	58.50	61.75	61.75	65.50	6.1%

* This fund was previously named Affordable Housing Investment Fund.

Office of the City Manager

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	61.75	11,386,765	11,067,874
<hr/> Base Adjustments <hr/>			
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations: - 1.0 Audiovisual Engineer to Program Manager I - 1.0 Principal Office Specialist to Staff Technician		691,788	683,437
● Webstreaming software and hosting services		6,700	6,700
● City hosted web maintenance and support		907	907
● Changes to professional development funding		(1,000)	(1,000)
Technical Adjustments Subtotal:	0.00	698,395	690,044
2014-2015 Forecast Base Budget:	61.75	12,085,160	11,757,918
<hr/> Budget Proposals Approved <hr/>			
1. City Manager's Office Salary Program		242,257	234,879
2. Data Analytics Team	2.00	195,000	195,000
3. Civic Innovation Staffing	1.00	93,951	93,951
4. City Manager's Office Special Projects Staffing Realignment	0.50	0	0
5. City Manager's Office Communications Staffing Realignment	0.25	0	0
6. Rebudget: Strategic Planning Efforts		200,000	200,000
Total Budget Proposals Approved	3.75	731,208	723,830
2014-2015 Adopted Budget Total	65.50	12,816,368	12,481,748

Office of the City Manager

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. City Manager's Office Salary Program		242,257	234,879

Strategic Support CSA

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

This action increases the City Manager's Office personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$242,257)

Performance Results: N/A (Final Budget Adjustment)

2. Data Analytics Team	2.00	195,000	195,000
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Strategic Support CSA

Analyze, Develop, and Recommend Public Policy

As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action adds funding for 1.0 Senior Executive Analyst and 1.0 Analyst to conduct data analytics throughout the City. These positions will add capacity to use additional data and data analytics to increase the effectiveness and efficiency of the decision-making process and improve outcomes. These positions will execute data analysis projects directly, undertake a review of all City departments and their existing analytic capability, and develop best practices for the use of data analytics across the City. (Ongoing cost: \$209,000)

Performance Results:

Quality, Customer Satisfaction This action provides a higher level of support to City departments by providing additional resources to facilitate increased use of data analytics to improve service delivery.

3. Civic Innovation Staffing	1.00	93,951	93,951
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Strategic Support CSA

Manage and Coordinate City-Wide Service Delivery

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides funding for 1.0 Senior Executive Analyst to manage skills-based volunteers for the City of San José through the Silicon Valley Talent Partnership. Through this program, the City has been able to access private sector talent and innovative problem solving to address issues and has used skilled volunteers in various capacities throughout the City. This is particularly helpful given the loss of City staffing and capacity due to budget reductions. This position will be responsible for continuing to foster relationships between the City and the community in order

Office of the City Manager

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Civic Innovation Staffing

to effectively leverage resources and maximize the City's ability to use skilled volunteers in various capacities throughout City operations. (Ongoing costs: \$103,695)

Performance Results:

Quality This action will continue to improve the quality of services by further leveraging community and private sector resources to creatively solve problems and deliver services to the community.

4. City Manager's Office Special Projects Staffing Realignment	0.50	0	0
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Strategic Support CSA

*Analyze, Develop, and Recommend Public Policy
Manage and Coordinate City-Wide Service Delivery*

This action eliminates 1.0 Deputy Director and 0.5 Staff Technician PT, and adds 1.0 Assistant to the City Manager and 1.0 Staff Technician, for a net-zero impact on the General Fund, to better align current resource needs with staffing responsibilities. The Assistant to the City Manager position supports both the Transportation and Aviation City Services Area and the Environmental and Utility Services City Service Areas. In addition, this position supports complex multi-departmental projects that require City Manager's Office guidance. The Assistant to the City Manager classification, rather than the Deputy Director, is more commensurate with this role and the responsibilities of this position. The addition of 1.0 Staff Technician and deletion of the part-time position better aligns the position with the necessary duties and provides consistent administrative support to multiple management staff in the City Manager's Office responsible for intergovernmental relations, the medical marijuana program, cardrooms oversight, and public safety initiatives. This maintains and makes permanent current temporary staffing levels for these programs. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action ensures appropriate support to the City Manager's Office, timely and quality services and documents, and effective coordination with both internal and external stakeholders.

5. City Manager's Office Communications Staffing Realignment	0.25	0	0
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Strategic Support CSA

Manage and Coordinate City-Wide Service Delivery

This action eliminates 0.75 Secretary PT, adds 1.0 Secretary, and reallocates funding sources for Communications staffing to better align current resource needs with staffing responsibilities. The addition of the Secretary and deletion of the part-time position better aligns the position with the necessary duties and provides consistent administrative support to Communications staff (5.0 positions). This position will be funded primarily by the City Manager's Office Personal Services budget, with a small portion funded by the City Outreach and Education Efforts City-Wide Expenses allocation. The realignment of funding of 1.0 Program Manager from 50% City Manager's Office General Fund personal services and 50% Government Access – Capital Expenditures City-Wide Expenses appropriation will be adjusted to 38%/62%. This position is responsible for administering Public, Educational, and Governmental (PEG) Access and Capital Improvements and the funding

Office of the City Manager

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. City Manager's Office Communications Staffing Realignment			
adjustment more accurately aligns with the body of work performed. Overall, this action has no net impact to the General Fund. (Ongoing costs: \$0)			
Performance Results:			
Quality, Customer Satisfaction This action ensures appropriate support to the City Manager's Communications staff, timely and quality services and documents, and improved interaction with both internal and external stakeholders.			
6. Rebudget: Strategic Planning Efforts		200,000	200,000
Strategic Support CSA <i>Lead and Advance the Organization</i>			
This action rebudgets funding for strategic planning efforts. The City Manager's Office is currently undertaking significant strategic projects that were delayed due to vacancies in the Office during 2013-2014. Now that a number of key positions have been filled, those efforts will continue to be implemented through 2014-2015. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
<hr/>			
2014-2015 Adopted Budget Changes Total	3.75	731,208	723,830

Office of the City Manager

Performance Summary

Analyze, Develop and Recommend Public Policy

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of City Council agenda reports approved	811	800	800	825
# of City Council referrals assigned	73	80	75	80
# of City-sponsored bills	2	5	5	4
# of legislative items reviewed	5,166	5,000	4,263	4,800

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Office of the City Manager

Performance Summary

Lead and Advance the Organization

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	N/A*	N/A*	N/A*	N/A*
 % of employees who say they utilize performance measures to track results and make improvements	N/A*	N/A*	N/A*	N/A*
 % of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	N/A*	N/A*	N/A*	N/A*
 % of employees who are satisfied or very satisfied with the recognition received for doing a good job	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for these measures was previously collected through the biennial City-Wide Employee Survey. The survey, last issued in 2010-2011, has been temporarily suspended. The 2014-2015 Proposed Budget contains a recommendation to add funding for a new annual employee engagement program survey and training effort as described elsewhere in this document. Possible new performance measures and targets will be developed as a result of this program and will be reported in the 2015-2016 Proposed Budget document as appropriate.

Activity and Workload Highlights

Activity & Workload Highlights	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of "Step 3" grievances received*	13	25	10	15
# of training sessions offered by the Office of Employee Relations	49	40	80	60
# of formal disciplines received	45	60	35	45
# of external fair employment complaints filed	9	20	8	10

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Office of the City Manager

Performance Summary

Manage and Coordinate City-Wide Service Delivery

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of core services meeting or exceeding levels established by the City Council	48%	60%	57%	60%
 % of core services meeting or exceeding their cycle time targets	44%	55%	47%	55%
 % of residents that are satisfied or very satisfied with the quality of City services	70%	78%	N/A*	75%*
 % of residents contacting the City who say they are satisfied or very satisfied with the:				
- timeliness of City employees	74%	N/A**	N/A*	76%
- courtesy of City employees	86%	N/A**	N/A*	88%
- competency of City employees	76%	N/A**	N/A*	78%
 % of residents rating the quality of life in San José as good or excellent	76%	80%	N/A*	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015.

** In the 2013-2014 Adopted Budget, targets were not set for the individual components of this performance measure.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- U “% of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy, and competence, of City employees” is now displayed as three separate measures to more appropriately reflect the independence of those factors and how the survey captures the responses.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of contracts/agreements approved	1,125	1,400	1,100	1,250

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Office of the City Manager

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Assistant	1.00	1.00	-
Analyst I/II	6.00	7.00	1.00
Assistant Budget Director	1.00	1.00	-
Assistant City Manager	1.00	1.00	-
Assistant to the City Manager	9.00	10.00	1.00
Audiovisual Engineer	1.00	0.00	(1.00)
Budget Director	1.00	1.00	-
City Manager	1.00	1.00	-
Deputy City Manager	3.00	3.00	-
Deputy Director	3.00	2.00	(1.00)
Director of Communication	1.00	1.00	-
Employee Relations Director*	0.00	0.00	-
Executive Analyst I/II	5.00	5.00	-
Executive Assistant	2.00	2.00	-
Executive Assistant to the City Manager	1.00	1.00	-
Legislative Research Specialist	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Principal Office Specialist	1.00	0.00	(1.00)
Program Manager I	0.00	1.00	1.00
Secretary	0.00	1.00	1.00
Secretary PT	1.25	0.50	(0.75)
Senior Executive Analyst	17.00	19.00	2.00
Senior Supervisor, Administration	1.00	1.00	-
Staff Technician	3.00	5.00	2.00
Staff Technician PT	0.50	0.00	(0.50)
Total Positions	61.75	65.50	3.75

* This position is currently defunded on an ongoing basis pending further analysis.

**City Manager -
Office of
Economic Development**
Kim Walesh, Director

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Catalyze job creation, private investment,
revenue generation, and talent development
and attraction

City Service Area

Community and Economic Development

Core Services

Arts and Cultural Development

Support diverse cultural amenities, offerings and organizations, and authorize and coordinate outdoor special events on public and private property

Business Development and Economic Strategy

Assist business location and expansion, advance San José's Economic Strategy, and support council policy-making

Real Estate Services

Manage the City's real estate assets and facilitate real estate-related transactions to support City projects and generate revenue

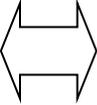
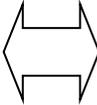
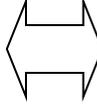
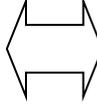
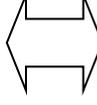
Regional Workforce Development

Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training

Strategic Support: Budget/Fiscal Management and Administrative Support

City Manager – Office of Economic Development

Service Delivery Framework

Core Service		Key Operational Services
<p>Arts and Cultural Development: <i>Support diverse cultural amenities, offerings and organizations, and authorize and coordinate outdoor special events on public and private property</i></p>		<ul style="list-style-type: none"> • Arts/Festival Grants and Assistance • Cultural Facilities • Cultural Planning, Policy and Initiatives/Arts Commission Support • Public Art & Design: Master Plan Implementation/Inter-Agency Coordination • Public Art Project Management • Event Authorization • Inter-Departmental and External-Agency Coordination
<p>Business Development and Economic Strategy: <i>Assist business location and expansion, advance San José's Economic Strategy, and support council policy-making</i></p>		<ul style="list-style-type: none"> • Economic Strategy and Policy • Business Outreach, Retention, and Attraction • Development Project Facilitation • Clean-Tech Strategy • Downtown Management • Incentive Programs • Business Communication • Air Service Development
<p>Real Estate Services: <i>Manage the City's real estate assets and facilitate real estate-related transactions to support City projects and generate revenue</i></p>		<ul style="list-style-type: none"> • Asset Management • Property Sales • Acquisitions • Easements • Right of Way • Leasing
<p>Regional Workforce Development: <i>Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training</i></p>		<ul style="list-style-type: none"> • Business Services • work2future Program Administration
<p>Strategic Support: <i>Budget/Fiscal Management and Administrative Support</i></p>		<ul style="list-style-type: none"> • Budget/Fiscal Management • Administrative Support

City Manager – Office of Economic Development

Department Budget Summary

Expected 2014-2015 Service Delivery

- Engage and assist companies that can create jobs and expand the City's tax base, with particular focus on emerging growth companies, anchor employers and revenue-generators, clean technology firms, and incoming foreign investment.
- Facilitate development projects that generate property tax and sales tax revenue.
- Advance development of clean tech cluster through industry engagement, demonstration partnerships, and advocacy.
- Provide a range of re-employment services to residents who continue to remain unemployed as the economy continues to recover.
- Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in fiscally challenging times.
- Manage the City's real estate assets with a focus on revenue generation, cost minimization, and timely transaction services.

2014-2015 Key Budget Actions

- The addition of a Senior Executive Analyst to support the Business Cooperation Program (BCP) is included. The BCP is a key business retention and revenue generation tool that provides businesses a rebate of up to 30% of the local portion of the State collected use tax revenue as a result of the use tax deliberately allocated to San José by participating companies in the acquisition of equipment and/or construction materials.
- San José's Enterprise Zone (EZ) program, a fee-based business incentive program, was eliminated by the State in December 2013, resulting in the elimination of EZ staffing and contractual services funding as well as fee revenue associated with the program.
- The reallocation of a Senior Architect/Landscape Architect (transferred from the Planning, Building and Code Enforcement Department) to a Senior Executive Analyst to lead an inter-departmental team to help implement the Envision San José 2040 General Plan and provide urban design review and policy development for the City's private and public projects is included.
- Restored funding for oversight, management, and maintenance of existing Public Art exhibits at the Norman Y. Mineta San José International Airport is included.
- The rebudget of \$200,000 will provide funding for the development and implementation of a document imaging and records management system that meets the need of City's Real Estate Services.

Operating Funds Managed

- | | |
|--|--|
| <input type="checkbox"/> Business Improvement District Fund | <input type="checkbox"/> San José Diridon Development Authority Fund |
| <input type="checkbox"/> San José Arena Capital Reserve Fund | <input type="checkbox"/> Transient Occupancy Tax Fund |
| <input type="checkbox"/> San José Arena Enhancement Fund | <input type="checkbox"/> Workforce Investment Act Fund |

City Manager - Office of Economic Development

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	\$ 2,203,224	\$ 1,831,400	\$ 2,039,774	\$ 2,054,099	12.2%
Business Development and Economic Strategy	1,948,001	2,509,371	2,873,497	3,133,044	24.9%
Real Estate Services	2,685,650	1,681,797	1,522,448	1,606,175	(4.5%)
Regional Workforce Development	4,890,330	3,243,319	2,553,312	2,598,632	(19.9%)
Strategic Support	839,739	703,260	613,071	622,377	(11.5%)
Total	\$ 12,566,944	\$ 9,969,147	\$ 9,602,102	\$ 10,014,327	0.5%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 10,271,931	\$ 8,808,493	\$ 8,640,448	\$ 9,029,160	2.5%
Overtime	2,076	0	0	0	0.0%
Subtotal	\$ 10,274,007	\$ 8,808,493	\$ 8,640,448	\$ 9,029,160	2.5%
Non-Personal/Equipment					
Total	2,292,937	1,160,654	961,654	985,167	(15.1%)
Total	\$ 12,566,944	\$ 9,969,147	\$ 9,602,102	\$ 10,014,327	0.5%
Dollars by Fund					
General Fund	\$ 5,004,714	\$ 3,694,009	\$ 4,007,009	\$ 4,296,840	16.3%
Airport Maint & Oper	0	139,214	140,814	181,639	30.5%
Integrated Waste Mgmt	44,997	57,107	69,558	71,575	25.3%
SJ/SC Treatment Plant Oper	41,038	44,244	38,059	39,079	(11.7%)
Transient Occupancy Tax	1,078,164	1,263,019	1,548,253	1,561,821	23.7%
Workforce Investment Act	5,216,445	3,537,024	2,806,003	2,856,514	(19.2%)
Capital Funds	1,181,586	1,234,530	992,406	1,006,859	(18.4%)
Total	\$ 12,566,944	\$ 9,969,147	\$ 9,602,102	\$ 10,014,327	0.5%
Authorized Positions by Core Service					
Arts and Cultural Development	10.00	10.00	11.03	11.03	10.3%
Business Development and Economic Strategy	14.10	14.10	14.50	15.50	9.9%
Real Estate Services	8.10	8.10	7.70	7.70	(4.9%)
Regional Workforce Development	40.60	16.60	16.60	16.60	0.0%
Strategic Support	4.20	4.20	3.17	3.17	(24.5%)
Total	77.00	53.00	53.00	54.00	1.9%

City Manager - Office of Economic Development

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	53.00	9,969,147	3,694,009
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Real Estate Services Document Imaging and Records Retention System		(200,000)	(200,000)
One-time Prior Year Expenditures Subtotal:		(200,000)	(200,000)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocation: - 1.0 Staff Specialist to 1.0 Secretary		785,587	513,000
● Annualization of work2future - Service Delivery Model Change		(953,632)	0
● Changes in vehicle maintenance and operation costs		1,000	0
Technical Adjustments Subtotal:	0.00	(167,045)	513,000
2014-2015 Forecast Base Budget:	53.00	9,602,102	4,007,009
Budget Proposals Approved			
1. Office of Economic Development Salary Program		173,688	88,294
2. Urban Design Staffing	1.00	136,725	136,725
3. Airport Public Art Maintenance		37,000	0
4. Business Development and Economic Strategy Staffing	1.00	0	0
5. Enterprise Zone Program Elimination	(1.00)	(135,188)	(135,188)
6. Rebudget: Real Estate Services Document Imaging and Records Retention System		200,000	200,000
Total Budget Proposals Approved	1.00	412,225	289,831
2014-2015 Adopted Budget Total	54.00	10,014,327	4,296,840

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of Economic Development Salary Program <i>Community and Economic Development CSA</i> <i>Arts and Cultural Development</i> <i>Business Development and Economic Strategy</i> <i>Real Estate Services</i> <i>Regional Workforce Development</i> <i>Strategic Support</i>		173,688	88,294

This action increases the Office of Economic Development personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$173,688)

Performance Results: N/A (Final Budget Modification)

2. Urban Design Staffing <i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i>	1.00	136,725	136,725
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This action shifts 1.0 Senior Architect/Landscape Architect to the Office of Economic Development (OED) from the Planning, Building and Code Enforcement Department and reallocates this position to a Senior Executive Analyst (SEA). The SEA classification reports to an assigned manager in the City Manager's Office. This position will lead an interdepartmental team and have cross-disciplinary responsibility to help implement the Envision San José 2040 General Plan and provide urban design review and policy development for the City's private and public projects. (Ongoing costs: \$137,514)

Performance Results:

Quality, Customer Satisfaction This action supports the Envision San José 2040 General Plan with the implementation of several Urban Villages.

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Airport Public Art Maintenance		37,000	0
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Community and Economic Development CSA
Business Development and Economic Strategy

This action provides personal services funding for oversight and management (\$32,000) and contractual services (\$5,000) for the maintenance of existing Public Art exhibits at the Norman Y. Mineta San José International Airport (SJC). (Ongoing costs: \$37,000)

Performance Results:

Customer Satisfaction, Quality This action supports the annual maintenance and management of public artworks at SJC.

4. Business Development and Economic Strategy Staffing	1.00	0	0
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Community and Economic Development CSA
Business Development and Economic Strategy
Real Estate Services

This action adds 1.0 Senior Executive Analyst position in the Business Development Division, offset by a non-personal/equipment reduction of \$146,912 for a net-zero impact on the General Fund. The position will support the Business Cooperation Program (BCP), a key business retention and revenue generation tool that provides businesses a rebate of up to 30% of the local portion of the State collected use tax revenue as a result of the use tax deliberately allocated to San José by participating companies in the acquisition of equipment and/or construction materials. While BCP was being developed, the Real Estate Services Division was exploring ways to streamline real estate transactions with a focus on reducing reliance on external resources for property appraisal, title company, and brokerage services. The Real Estate team has expanded their services by completing property valuation estimates and property title searches when appropriate. Due to the internal knowledge, experience, and change in business model, OED is able to reduce its non-personal/equipment funding with no service level impact anticipated. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction The BCP is one of the tools that the Business Development Division utilizes to assist in retention and growth of businesses in San José. This action supports and promotes this business incentive program as an innovative solution to generate jobs and revenues for the City.

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>5. Enterprise Zone Program Elimination</p> <p><i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i></p> <p>This action eliminates 1.0 Senior Executive Analyst position and contractual services funding of \$34,575 for the Enterprise Zone Program, offset by a corresponding reduction in associated fee revenue for a net-zero impact on the General Fund. The Enterprise Zone, designed to encourage business investment and promote job creation in economically distressed areas throughout California, was terminated on December 31, 2013 by the passage of AB93 and SB90. (Ongoing savings: \$135,514)</p> <p>Performance Results: Cost The termination of this fee-funded program by the State of California will have some impact to the businesses that could have benefited from the special tax incentives, which were designed to stimulate economic development. City staff finished processing the applications that were received through December 2013 and is currently awaiting payments from applicants.</p>	(1.00)	(135,188)	(135,188)
<p>6. Rebudget: Real Estate Services Document Imaging and Records Retention System</p> <p><i>Community and Economic Development CSA</i> <i>Real Estate Services</i></p> <p>This action rebudgets unexpended 2013-2014 non-personal/equipment funds for the implementation of a document imaging and records management system which has been identified as a critical component in establishing a streamlined asset management system for the City's real estate portfolio. The system will ensure the safe keeping of vital records related to City-owned properties and leases. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>		200,000	200,000
2014-2015 Adopted Budget Changes Total	1.00	412,225	289,831

City Manager – Office of Economic Development

Performance Summary

Arts and Cultural Development

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of public art works that are in the City's permanent collection that are in good to excellent condition based on their physical and operational condition	80%	80%	80%	80%
 Total OCA grant awards	\$2.4 million	\$2.4 million	\$2.5 million	\$2.75 million
 % of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness	85%	85%	94%	90%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent*	41%	40%	N/A*	42%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- U “% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness, timeliness, and integrity” was revised to “% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness” to reflect the actual survey question.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of arts and cultural grants awarded	70	70	80	88
# of public art works in the City's permanent collection	267	273	267	273
# of outdoor special events coordinated by OCA	400	385	320*	320
# of reported attendees at OCA coordinated events	1,800,000	1,700,000	1,400,000*	1,300,000
Grant funding for special events	\$300,000	\$289,000	\$300,000	\$300,000

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No

* The 2013-2014 Forecast for the number of outdoor special events and number of reported attendees are higher than estimated due to a change in reporting methodology by several organizers including the San José Jazz Festival. Information Only events were excluded in the 2013-2014 Estimate and 2014-2015 Forecast numbers.

City Manager – Office of Economic Development

Performance Summary

Business Development and Economic Strategy

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Estimated jobs generated/retained by companies that received OED assistance	3,919	4,000	3,919	4,000
 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	2:3	2:1	2.3:1	2:1
 Ratio of City's investments per job generated	NEW	NEW	NEW	\$608:1

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- + “Ratio of City’s investments per job generated” was added to measure the economic impact of the City’s financial incentives programs (through equipment reimbursement agreements and grants) by tracking the net new jobs created of participating companies that moved into or expanded in San José through this program.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of companies receiving permitting assistance	25	25	25	25
# of firms with which OED held meetings	245	250	245	250
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	NEW	NEW	NEW	10

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- + “# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)” was added to inform City Council of the impact of business assistance programs on businesses.

City Manager – Office of Economic Development

Performance Summary

Real Estate Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
\$ Revenue Generated:				
a) Leases	\$921,851	\$805,000	\$805,000	\$605,000*
b) Telecom	\$1,240,682	\$1,200,000	\$1,200,000	\$1,000,000**
c) Surplus property sales	\$6,197,831***	\$1,320,000	\$1,320,000	\$1,220,000

Changes to Performance Measures from 2013-2014 Adopted Budget: No

- * The lower revenue projection reflects the loss of the lease from Park N Travel due to the sale of the Airport West/FMC property.
 ** The lower revenue projection reflects various telecommunication leases that are set to expire in 2014-2015.
 *** The number includes revenue of \$4.97 million for sale of the Airport West/FMC property received in 2012-2013.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of properties managed	50	50	50	48
# of real estate transactions within 12 months	146	120	120	118

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No

City Manager – Office of Economic Development

Performance Summary

Regional Workforce Development

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated*	2014-2015 Target
 Estimated % of clients placed in jobs		Goals set annually by State of CA	Goals set annually by State of CA	
- Adults	50%	50.7%	49.6%	TBD**
- Dislocated workers	59%	57.6%	59.2%	TBD**
- Youth	56%	67.0%	58%	TBD**
 Estimated % of clients employed six months after initial placement		Goals set annually by State of CA	Goals set annually by State of CA	
- Adults	79%	78.7%	79%	TBD**
- Dislocated workers	84%	82.4%	84%	TBD**

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Estimated percentages reflect the estimated attainment by work2future's performance outcomes, which are expected to be higher than the goals set by the State.

** Targets have not been negotiated with the Employment Development Department for 2014-2015 and are expected in fall 2014.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of business clients served by the Business Services Unit	506	350	450	250*

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No

* The 2014-2015 Forecast for the number of business clients served is expected to decline due to the work2future – Service Delivery Model Change and continued decline of grant funding.

City Manager - Office of Economic Development

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accountant II	2.00	2.00	-
Analyst I/II	6.00	6.00	-
Assistant Director	1.00	1.00	-
Assistant to the City Manager	2.00	2.00	-
Deputy Director	2.00	2.00	-
Director, Economic Development	1.00	1.00	-
Division Manager	2.00	2.00	-
Economic Development Officer	1.00	1.00	-
Events Coordinator II	1.00	1.00	-
Executive Analyst II	1.00	1.00	-
Executive Assistant	1.00	1.00	-
Real Property Agent II	4.00	4.00	-
Secretary	0.00	1.00	1.00
Section Manager	2.00	2.00	-
Senior Account Clerk	2.00	2.00	-
Senior Analyst	4.00	4.00	-
Senior Arts Program Coordinator	5.00	5.00	-
Senior Events Coordinator	1.00	1.00	-
Senior Executive Analyst	10.00	11.00	1.00
Staff Specialist	2.00	1.00	(1.00)
Staff Technician	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	53.00	54.00	1.00

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Environmental Services Department

Kerrie Romanow, Director

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Delivering world class utility services and programs to improve our health, environment, and economy

City Service Areas

Environmental and Utility Services

Core Services

Natural and Energy Resources Protection

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources

Recycling and Garbage Services

Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment

Potable Water Delivery

Develop, operate, and maintain the City's municipal potable water system

Stormwater Management

Protect the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways

Recycled Water Management

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply

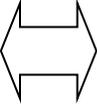
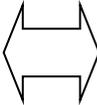
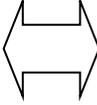
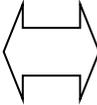
Wastewater Management

Manage wastewater for suitable discharge into the south San Francisco Bay and for beneficial reuse to protect the environment and public health

Strategic Support: Public Education, Long Range Planning, Human Resources, Facility Management, Financial Management, Information Technology Services, Clerical Support, and Materials Management

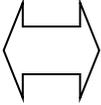
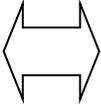
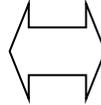
Environmental Services Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Natural and Energy Resources Protection: <i>Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources</i></p>		<ul style="list-style-type: none"> • Sustainable Energy Practices Implementation • Improved Air Quality Promotion • Implementation of Development Review and Land Use Policies • Groundwater Quality Protection and Monitoring • National Pollutant Discharge Elimination System (NPDES) Permit Development and Implementation • Habitat Protection • Urban Environmental Accords Implementation • Environmentally Preferable Procurement Policy Implementation • Grant Development • Green Vision Implementation
<p>Potable Water Delivery: <i>Develop, operate, and maintain the City's municipal potable water system</i></p>		<ul style="list-style-type: none"> • System Operations • System Maintenance • Regulatory Compliance • Customer Service • System Expansion • System Improvements • Water Conservation
<p>Recycled Water Management: <i>Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply</i></p>		<ul style="list-style-type: none"> • System Operations and Maintenance • Regulatory Compliance • Customer Connection Services
<p>Recycling and Garbage Services: <i>Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment</i></p>		<ul style="list-style-type: none"> • Waste Reduction Programs Development and Service Delivery • Customer Service and Billing Support • Collection, Processing, and Disposal Contracts Management • Education and Marketing

Environmental Services Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Stormwater Management: <i>Protect the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways</i></p>		<ul style="list-style-type: none"> • Municipal Regional Stormwater NPDES Permit Compliance • Litter Reduction Program Development and Implementation • Illegal Discharge Response • Commercial, Industrial, and Construction Inspection • Water Quality Monitoring • Low Impact Development Oversight • Inter-Departmental Technical Support • Inter-Agency Collaboration • Education and Outreach
<p>Wastewater Management: <i>Manage wastewater for suitable discharge into the south San Francisco Bay and for beneficial reuse to protect the environment and public health</i></p>		<ul style="list-style-type: none"> • Source Management and Control • Operation of Treatment System and Processes • Equipment and Facilities Maintenance • Regulatory Compliance • Regulatory Development and Technical Guidance • Process Control Monitoring • System Improvements
<p>Strategic Support: <i>Public Education, Long Range Planning, Human Resources, Facility Management, Financial Management, Information Technology Services, Clerical Support, and Materials Management</i></p>		<ul style="list-style-type: none"> • Public Education • Long Range Planning • Employee Services • Facility Management • Financial Management • Information Technology Services • Clerical Support • Materials Management

Environmental Services Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Build, operate, and maintain the City's wastewater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety.
- Promote the health of the environment and South Bay watershed through collection, treatment, and management of wastewater and stormwater runoff.
- Oversee programs to collect, recycle, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment.
- Reduce the City's environmental footprint through energy efficiency, waste reduction, and environmentally preferable purchases.
- Support sustainable infrastructure, equipment, and behaviors throughout the community through education, and public-private partnerships.
- Lead implementation on four Green Vision goals (Goal 2: Reduce per capita energy use by 50 percent; Goal 3: Receive 100 percent of our electrical power from clean renewable sources; Goal 5: Divert 100 percent of the waste from our landfill; and Goal 6: Recycle or beneficially reuse 100 percent of our wastewater); and coordinate city-wide efforts on the overall Green Vision.

2014-2015 Key Budget Actions

- No increases are included for 2014-2015 for the Sewer Service and Use Charge rate or Storm Sewer Service Charge rate.
- Recycle Plus rates will increase 3% for single-family households and 5% for multi-family households due to the increased costs associated with residential haulers providing garbage and recycling services and service enhancements.
- Municipal Water System rates will increase 11% due to wholesale water cost increases and increased operating costs.
- With the addition of several positions (Accountant II, Associate Engineering Technician, Geographic Systems Specialist I, Principal Engineer, and Wastewater Operations Superintendent), resources will be available to begin the delivery of over \$1.0 billion in Water Pollution Control Plant Capital Improvement Program (CIP) projects over the next ten years.
- Funding to replace outdated equipment with current technology will help improve operational efficiency at the Water Pollution Control Plant, and help mitigate greater repair costs in the future.
- The addition of an Environmental Services Specialist will better position the City to comply with the provisions of the future National Pollutant Discharge Elimination System (NPDES) permit for stormwater that will take effect in late 2014-2015.
- Funding will support the initial phase of a single-family residential garbage conversion program, commonly referred to as "back-end processing", that will significantly increase the amount of materials recycled and the overall diversion rate of waste sent to landfills.

Operating Funds Managed

- | | |
|--|---|
| <input type="checkbox"/> Integrated Waste Management Fund | <input type="checkbox"/> Sewage Treatment Plant Connection Fee Fund |
| <input type="checkbox"/> San José-Santa Clara Treatment Plant Income Fund | <input type="checkbox"/> Sewer Service and Use Charge Fund |
| <input type="checkbox"/> San José-Santa Clara Treatment Plant Operating Fund | <input type="checkbox"/> Storm Sewer Operating Fund |
| | <input type="checkbox"/> Water Utility Fund |

Environmental Services Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2013-2014 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Natural and Energy Resources Protection	\$ 1,211,225	\$ 1,770,965	\$ 1,147,722	\$ 1,372,869	(22.5%)
Potable Water Delivery	25,672,136	26,996,004	30,634,774	31,109,073	15.2%
Recycled Water Management	2,882,980	4,316,420	4,408,867	4,431,360	2.7%
Recycling and Garbage Services	97,753,247	101,735,151	102,464,357	105,503,449	3.7%
Stormwater Management	9,103,710	10,178,493	10,210,309	10,275,480	1.0%
Wastewater Management	56,903,910	64,789,300	69,853,813	73,162,524	12.9%
Strategic Support	6,040,892	6,862,071	7,046,745	7,201,483	4.9%
Total	\$ 199,568,100	\$ 216,648,404	\$ 225,766,587	\$ 233,056,238	7.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 53,745,633	\$ 63,361,598	\$ 67,929,381	\$ 70,126,185	10.7%
Overtime	2,255,033	873,314	873,314	873,314	0.0%
Subtotal	\$ 56,000,666	\$ 64,234,912	\$ 68,802,695	\$ 70,999,499	10.5%
Non-Personal/Equipment					
	143,567,434	152,413,492	156,963,892	162,056,739	6.3%
Total	\$ 199,568,100	\$ 216,648,404	\$ 225,766,587	\$ 233,056,238	7.6%
Dollars by Fund					
General Fund	\$ 419,036	\$ 1,033,661	\$ 430,207	\$ 703,456	(31.9%)
Integrated Waste Mgmt	98,421,313	102,346,706	103,139,002	106,184,223	3.7%
Sewer Svc & Use Charge	955,769	972,607	934,312	929,313	(4.5%)
SJ/SC Treatment Plant Oper	62,393,686	72,302,529	77,087,544	80,356,488	11.1%
Storm Sewer Operating	9,753,881	11,084,254	11,055,268	11,126,927	0.4%
Water Utility	25,571,535	26,822,974	30,583,435	31,057,673	15.8%
Capital Funds	2,052,880	2,085,673	2,536,819	2,698,158	29.4%
Total	\$ 199,568,100	\$ 216,648,404	\$ 225,766,587	\$ 233,056,238	7.6%
Authorized Positions by Core Service					
Natural and Energy Resources Protection	4.73	4.73	4.97	4.97	5.1%
Potable Water Delivery	32.50	33.56	33.68	34.68	3.3%
Recycled Water Management	15.20	15.05	14.05	14.05	(6.6%)
Recycling and Garbage Services	46.37	46.59	46.17	46.17	(0.9%)
Stormwater Management	41.66	41.24	40.43	39.93	(3.2%)
Wastewater Management	310.49	312.78	316.65	327.15	4.6%
Strategic Support	49.00	50.00	47.00	47.00	(6.0%)
Total	499.95	503.95	502.95	513.95	2.0%

Environmental Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	503.95	216,648,404	1,033,661
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: 2013 Silicon Valley Energy Watch Program		(70,000)	(70,000)
● Rebudget: Water Pollution Control Plant Training		(43,011)	0
● 2013 Silicon Valley Energy Watch Program		(778,720)	(778,720)
● Wastewater Chemical and Biological Study		(150,000)	0
● Municipal Water Vehicles and Equipment Replacement		(140,000)	0
● Solid Waste Code and Contract Compliance Staffing		(45,000)	0
● Recycle Plus Billing Transition Project Staffing		(5,750)	0
One-Time Prior Year Expenditures Subtotal:	0.00	(1,232,481)	(848,720)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		4,936,717	105,906
- 1.0 Engineering Technician II to 1.0 Associate Engineering Technician			
- 1.0 Supervising Environmental Services Specialist to 1.0 Supervising Environmental Services Program Manager			
- 1.0 Financial Analyst to 1.0 Supervising Environmental Services Specialist			
- 13.0 Heavy Diesel Equipment Operator Mechanic to 13.0 Wastewater Mechanic I/II			
- 1.0 Heavy Diesel Equipment Supervisor to 1.0 Wastewater Mechanical Supervisor I			
- 2.0 Maintenance Superintendent to 2.0 Wastewater Maintenance Superintendent			
- 6.0 Plant Assistant Operations Manager I/II to 6.0 Wastewater Operations Superintendent I/II			
- 9.0 Plant Attendant to 9.0 Wastewater Attendant			
- 20.0 Plant Mechanic to 20.0 Wastewater Mechanic I/II			
- 5.0 Plant Mechanical Supervisor to 5.0 Wastewater Mechanical Supervisor I/II			
- 34.0 Plant Operator I/II/III to 34.0 Wastewater Operator I/II/III			
- 7.0 Plant Shift Supervisor I/II to 7.0 Wastewater Operations Foreperson I/II			
- 3.0 Senior Heavy Diesel Equipment Operator Mechanic to 3.0 Wastewater Senior Mechanic I/II			
- 8.0 Senior Plant Mechanic to 8.0 Wastewater Senior Mechanic I/II			
- 13.0 Senior Plant Operator I/II to 13.0 Wastewater Operations Foreperson I/II			
- 1.0 Senior Engineer to 1.0 Principal Engineer/Architect			
- 1.0 Warehouse Worker I to 1.0 Senior Warehouse Worker			

Environmental Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
- 1.0 Electrician to 1.0 Senior Warehouse Worker			
- 1.0 Biologist to 1.0 Environmental Services Specialist			
- 1.0 Program Manager II to 1.0 Public Information Manager			
● 1.0 Systems Applications Programmer II (expiration of limit-dated Stormwater Permit position)	(1.00)	0	0
● Staffing adjustment for Silicon Valley Energy Watch Program Grant (3rd year grant expires December 31, 2014)		139,360	139,360
● Vacancy factor adjustment		(71,693)	0
● Wholesale water cost increase		3,535,000	0
● Yard Trimmings/Street Sweeping contract adjustments		422,117	0
● Multi-Family Dwelling garbage contract adjustments		318,046	0
● Street Sweeping Services adjustments		62,876	0
● City Facilities waste collection adjustments		24,935	0
● Non-Personal/Equipment adjustments in the Integrated Waste Management Fund, San José/Santa Clara Treatment Plant Operating Fund, Storm Sewer Operating Fund, and Sewer Service and Use Charge Fund to align budget with historical spending levels		(203,549)	0
● Single-Family Dwelling garbage contract adjustments		(201,145)	0
● Changes in electricity costs		993,000	0
● Changes in gas costs		287,000	0
● Changes in vehicle maintenance and operations costs		108,000	0
Technical Adjustments Subtotal:	(1.00)	10,350,664	245,266
2014-2015 Forecast Base Budget:	502.95	225,766,587	430,207
	Positions	All Funds (\$)	General Fund (\$)
Budget Proposals Approved			
1. Single-Family Dwelling Waste Materials Processing - Phase I		2,500,000	0
2. Environmental Services Department Salary Program		1,219,872	8,249
3. Water Pollution Control Plant Vehicles		550,000	0
4. Water Pollution Control Plant Filter Maintenance		475,000	0
5. Multi-Family Dwelling Bulky Goods Collections		410,000	0
6. Water Pollution Control Plant Capital Improvement Program Staffing	4.00	408,460	0
7. Water Pollution Control Plant Safety Support		375,000	0
8. Water Pollution Control Plant Wastewater Attendant Staffing	6.00	299,610	0
9. Water Pollution Control Plant Process Control Upgrade		250,000	0
10. Municipal Water Staffing	1.00	185,164	0

Environmental Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Budget Proposals Approved			
11. Municipal Water Vehicles		150,000	0
12. Water Pollution Control Plant Power and Air System Support		150,000	0
13. Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support	1.00	120,398	0
14. Nine Par Landfill Groundwater Contamination Clean-Up		113,400	0
15. Water Pollution Control Plant Fiscal Staffing	1.00	85,282	0
16. Municipal Water Conservation Outreach and Activities		75,000	0
17. Electrical Vehicle Lease Renewal		12,000	0
18. Environmental Services Department Administrative Services Support and Watershed Protection Division Staffing	(2.00)	(156,766)	0
19. Sewer Service Conservation Program Elimination		(149,553)	0
20. Integrated Billing System Transition Staffing		(48,216)	0
21. Rebudget: 2013 Silicon Valley Energy Watch Program		265,000	265,000
Total Budget Proposals Approved	11.00	7,289,651	273,249
2014-2015 Adopted Budget Total	513.95	233,056,238	703,456

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Single-Family Dwelling Waste Materials Processing – Phase I		2,500,000	0

Environmental and Utility Services CSA
Recycling and Garbage Services

This action provides funding of \$2.5 million for the sorting and processing of all waste materials collected from single-family residences, commonly referred to as “back-end processing,” prior to landfill conveyance, with the goal of significantly increasing the amount of materials recycled, and diverting waste sent to the landfills. The initial phase of this conversion consists of a single service area comprising roughly 20% of the City’s single-family residences, with the goal of serving all single-family homes over the next seven years. Under State guidelines, cities and counties must meet a diversion rate of 50% and future mandates require a 75% or better rate by 2020. The City’s Green Vision Goals includes a diversion-rate goal of 100% by 2022 (currently at 60%). This cost will be partially offset by a \$1.0 million reduction in disposal costs (recognized separately in this document as part of the Integrated Waste Management Source and Use of Funds Statement). (Ongoing costs: \$2,500,000)

Performance Results:

Quality This action will help the City achieve State diversion rates and City Green Vision Goal #5 (Divert 100 percent of the waste from our landfill) and Goal #3 (Receive 100 percent of our electrical power from clean renewable sources).

2. Environmental Services Department Salary Program		1,219,872	8,249
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Environmental and Utility Services CSA
Natural and Energy Resources Protection
Potable Water Delivery
Recycled Water Management
Recycling and Garbage Services
Stormwater Management
Strategic Support
Wastewater Management

This action increases the Environmental Services Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees’ Federation (MEF), Confidential Employees’ Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memoranda necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$1,219,872)

Performance Results: N/A (Final Budget Modification)

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. **Water Pollution Control Plant Vehicles** 550,000 0

Environmental and Utility Services CSA
Wastewater Management

This action provides funding to purchase an additional Caterpillar 980 Front Loader to move weighted tie down bins at each end of the sludge lagoons when the dredges need to be pulled over. This will increase the front loader fleet to two at the Water Pollution Control Plant and will be used to reduce back and forth driving which will minimize deterioration and damage to the unpaved levee roads. (Ongoing costs: \$0)

Performance Results:

Cost, Quality This action will prevent increased costs to the Water Pollution Control Plant over the long term by reducing rental costs for the front loader and operational efficiencies will be ensured by having the equipment available at all times.

4. **Water Pollution Control Plant Filter Maintenance** 475,000 0

Environmental and Utility Services CSA
Wastewater Management

This action provides funding to rehabilitate three tertiary filters that are used in the normal course of wastewater treatment and for recycled water production. Filtration is provided by 16 Dual Media filters that remove suspended solids from the secondary process effluent. Rehabilitation is needed for three filters to ensure secondary effluent properly flows through the filter before it is disposed into the Bay or reused through the recycled water system. (Ongoing costs: \$0)

Performance Results:

Quality This action will increase reliability and preserve quality of service by protecting the Bay and reducing the possibility of potential flooding issues and permit violations.

5. **Multi-Family Dwelling Bulky Goods Collections** 410,000 0

Environmental and Utility Services CSA
Recycling and Garbage Services

This action provides funding to enhance the bulky item collections at multi-family dwellings (MFDs) by offering two separate bulky item collections requests (1-3 items per request) each year. The increased collections will be funded by increasing the MFD base rate by a flat monthly charge of \$9.82 per MFD complex. In total, the 2014-2015 MFD rate is estimated to increase by \$10.07 per month, or 5%, from \$201.54 to \$211.61. (Ongoing costs: \$410,000)

Performance Results:

Quality This action will increase the awareness of the bulky item program and make it easier for property managers to request collection. This action also protects the City's storm drains from aggravated pollution as part of the Stormwater Permit strategy.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
6. Water Pollution Control Plant Capital Improvement Program Staffing	4.00	408,460	0

Environmental and Utility Services CSA
Wastewater Management

This action adds 1.0 Wastewater Operations Superintendent, 1.0 Principal Engineer, 1.0 Associate Engineering Technician, and 1.0 Geographic Systems Specialist II positions at the Water Pollution Control Plant (Plant) for various capital improvement projects. The City Council-approved Plant Master Plan identifies over \$1.0 billion in Plant capital improvements over the next 10-15 years. The Wastewater Operations Superintendent will provide operational expertise to Capital Improvement Program (CIP) staff during project planning and construction. The Principal Engineer will serve as a key member of the CIP project delivery team and will be responsible for managing engineering support services for various capital projects. The Associate Engineering Technician will assist with plan and submittal reviews, bidding, preparation of contract documents, and other miscellaneous duties related to project management support. The Geographic Systems Specialist II will identify and locate buried underground utilities and provide support to reduce the backlog of projects related to interior and underground infrastructure. (Ongoing costs: \$472,791)

Performance Results:

Cost, Quality This action will provide staffing support for the Plant CIP as it ramps up implementation of the Plant Master Plan.

7. Water Pollution Control Plant Safety Support		375,000	0
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Environmental and Utility Services CSA
Wastewater Management

This action provides funding for industrial health sampling services used to assess health hazards associated with industrial operations, asbestos sampling and monitoring services, confined space rescue team services that are required by OSHA, and safety consultant services to provide additional safety resources. (Ongoing costs: \$375,000)

Performance Results:

Cost, Quality This action will help to identify and remediate health risks to staff, lower injury-related absences, and protect critical infrastructure, which will enable the Plant to deliver high-quality utility services to the public.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
8. Water Pollution Control Plant Wastewater Attendant Staffing	6.00	299,610	0

Environmental and Utility Services CSA
Wastewater Management

This action adds 9.0 Wastewater Attendant positions and eliminates 2.0 vacant Assistant Heavy Equipment Operators and 1.0 Maintenance Worker I to help address chronic vacancies (15% vacancy rate in April 2014) for Water Pollution Control Plant (Plant) Mechanic positions by: 1) creating additional points of entry into careers at the Plant, and 2) help obtain a qualified candidate pool for existing Wastewater Operator Trainee, Apprentice Wastewater Mechanic, Industrial Electrician, Instrument Control Technician, and Heavy Equipment Operator positions. The Wastewater Attendants will perform lower level tasks and will learn various job functions at the Plant. (Ongoing costs: \$361,238)

Performance Results:

Cost, Quality These positions will be able to rotate through various career fields at the Plant and help create a pool of candidates over time for future hire into various trades positions at the Plant.

9. Water Pollution Control Plant Process Control Upgrade		250,000	0
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Environmental and Utility Services CSA
Wastewater Management

This action provides funding for Water Pollution Control Plant (Plant) Process Control Room system upgrades. The control room requires an update due to the changing monitoring systems installed throughout the Plant that comply with the Plant's operating permit. The new monitoring system control stations include tilting large flat panel displays, computers, power-adjustable tables, ergonomic chairs, and control panels. The control room is occupied 24 hours a day, 365 days a year and staff monitor and direct the operation of the Plant from the control room using the renovated distributed control system. (Ongoing costs: \$0)

Performance Results:

Quality This action will improve operations at the Plant by replacing outdated equipment in the Plant Process Control Room with updated technology, thereby providing for more efficient Plant operations.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
10. Municipal Water Staffing	1.00	185,164	0

Environmental and Utility Services CSA

Potable Water Delivery

This action adds 1.0 Senior Engineer position to manage the Strategic Planning and Reliability Section of the Municipal Water System and provides one-time funding for temporary administrative staffing. The Senior Engineer will be responsible for water supply master planning, new infrastructure development, facilitate development in North San José, alternative water supplies, conservation and drought response, implementing water efficient studies such as leak detection and meter accuracy testing, emergency management and response, and local and regional water coordination. The temporary Office Specialist will provide support to the current billing system, including work order generation, and update the database as meter readers are replaced. (Ongoing costs: \$127,082)

Performance Results:

Customer Satisfaction This action will increase water supply master planning efforts, develop and secure a permanent water supply in North San José, develop and implement conservation and drought efforts, and implement maintenance and water supply reliability projects.

11. Municipal Water Vehicles		150,000	0
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Environmental and Utility Services CSA

Potable Water Delivery

This action provides funding for three light pickup trucks and a van to support Municipal Water System (Muni Water) operations. The vehicles are necessary for the Water Systems Technicians and Inspectors to provide service on construction sites and to customers in the Muni Water service area. (Ongoing costs: \$0)

Performance Results:

Cost, Customer Satisfaction These vehicles will replace non-operable vehicles or vehicles with repair costs that exceed the value of the vehicle. The replacement vehicles will also ensure technicians and inspectors can maintain service levels by avoiding delays caused by unreliable equipment.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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12. Water Pollution Control Plant Power and Air System Support		150,000	0
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Environmental and Utility Services CSA
Wastewater Management

This action provides funding to repair and operate blowers that provide air throughout the Water Pollution Control Plant (Plant), control tools, and treatment plant processes. Additionally, funding will be provided to repair critical gas compressors used to compress digester gas that fuel engines and generate electrical power for the Plant. (Ongoing costs: \$150,000)

Performance Results:

Cost, Quality This action will improve operations at the Water Pollution Control Plant by repairing outdated equipment, thereby providing for more efficient and reliable Plant operations.

13. Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support	1.00	120,398	0
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Environmental and Utility Services CSA
Stormwater Management
Wastewater Management

This action adds 1.0 Marketing & Public Outreach Representative II for a three-year period (limited to June 30, 2017) to the Communications Division to support critical outreach projects in the Watershed Protection Division and Water Pollution Control Plant (Plant) Capital Improvement Program. Outreach efforts will include implementation of the Long-Term Trash Load Reduction Plan (Plan). The Plan includes litter-related education campaign and pollution prevention activities, as well as the dissemination of capital project information at the Plant. This outreach will be extremely important as the City will be implementing Plant capital improvements of over \$1.0 billion over the next 10-15 years. (Ongoing costs: \$128,486)

Performance Results:

Cost, Cycle Time This position will provide in-house staff to execute critical outreach and communication plans. This will include the implementation of education and outreach efforts in support of the Stormwater Permit obligations, the City's long-term trash load reduction plan, and Plant capital projects, and ensure that that communication to stakeholders and the general public is provided in a timely manner.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
14. Nine Par Landfill Groundwater Contamination Clean-Up		113,400	0

*Environmental and Utility Services CSA
Natural and Energy Resources Protection
Recycling and Garbage Services*

This action provides funding for an extraction well and holding tanks at the former Nine Par landfill site to remove a concentrated area of the solvent trichloroethylene (TCE). The former landfill is located directly across Los Esteros Road (Plant bufferlands), and a clean-up plan for this chemical concentration is required by the Regional Water Quality Control Board. (Ongoing costs: \$0)

Performance Results:

Quality This action will ensure compliance with Regional Water Quality Board direction and groundwater quality.

15. Water Pollution Control Plant Fiscal Staffing	1.00	85,282	0
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*Environmental and Utility Services CSA
Strategic Support*

This action adds 1.0 Accountant II position in the Administrative Services Division effective January 1, 2015, to support the Water Pollution Control Plant (Plant) Fiscal Unit. This position will perform accounting functions and develop internal controls that will be necessary to support the large Plant CIP in the next 10-15 years. This position will provide additional budgetary support for an expanded Plant capital program, including managing and tracking the external financing for the Plant capital projects. (Ongoing costs: \$139,471)

Performance Results:

Quality This action will ensure appropriate fiscal internal controls, compliance, and annual audit issues are maintained to effectively administer the complex Plant CIP.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
16. Municipal Water Conservation Outreach and Activities		75,000	0

Environmental and Utility Services CSA
Potable Water Delivery

This action provides funding for conservation efforts for customers in the water utility system. The water utility system has a goal of reducing water demands by 10% by 2015 and 20% by 2020. Conservation efforts will include cost sharing agreements between the City and the Santa Clara Valley Water District to provide customer rebates for the implementation of water efficient toilets, dishwasher machines, gray water systems, and the implementation of landscape replacement to low or water free landscaping such as rock gardens. Conservation efforts will also include community meetings and distribution of material on water saving tips. (Ongoing costs: \$75,000)

Performance Results:

Customer Satisfaction This action will enable staff to provide public education and outreach, and continue to implement measures to increase water use efficiency. This action will also support the Performance Measure "(Water) % of Municipal Water customers demonstrating water conservation knowledge."

17. Electrical Vehicle Lease Renewal		12,000	0
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Environmental and Utility Services CSA
Wastewater Management

This action provides funding for two years to extend the lease on four Mitsubishi iMiev electric plug-in vehicles beyond June 30, 2014. Renewing these vehicles will allow the City's fleet program to continue to provide a low-cost, environmentally friendly transportation solution for local City business activity such as offsite meetings, inspections, and local travel needs. In total, the lease extension of 27 electric plug-in vehicles was approved city-wide as described in other department sections of this document. (Ongoing costs: \$12,000)

Performance Results:

Quality This action will support Green Vision Goal #8 "Ensure that 100% of public fleet vehicles run on alternative fuels".

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
18. Environmental Services Department Administrative Services Support and Watershed Protection Division Staffing	(2.00)	(156,766)	0

*Environmental and Utility Services CSA
Stormwater Management
Strategic Support*

This action eliminates 1.0 vacant Office Specialist II position in the Administrative Services Division and 1.0 vacant Engineer II position in the Watershed Protection Division. The duties of the Office Specialist II position have been redistributed among other clerical and administrative staff within the division. The duties of the Engineer II position have been absorbed by staff in the Public Works Department who have developed expertise in the design and engineering of storm water treatment control measures. (Ongoing savings: \$157,956)

Performance Results:

No impacts to current service levels are anticipated as a result of this action.

19. Sewer Service Conservation Program Elimination		(149,553)	0
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*Environmental and Utility Services CSA
Natural and Energy Resources Protection*

This action eliminates funding for wastewater flow reduction efforts in the Tributary service areas that are no longer necessary as a result of significantly reduced waterflows to the bay. This includes a cost sharing agreement with the Santa Clara Valley Water District that reduces indoor water conservation, water efficient technology program used to incentivize businesses to replace water-using equipment with technologies or equipment that discharge less water to the sanitary sewer, outreach efforts in the Tributary service area to reduce wastewater flows to the bay, and a reduction in programs for schools/educators to educate youth about water conservation. (Ongoing savings: \$149,553)

Performance Results:

Conservation outreach and activities within the Plant's tributary area have been successful and have met or exceeded government requirements. As a result, the tributary area conservation outreach and activities were discontinued in 2013-2014.

Environmental Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>20. Integrated Billing System Transition Staffing</p> <p><i>Environmental and Utility Services CSA</i> <i>Potable Water Delivery</i> <i>Recycling and Garbage Services</i> <i>Stormwater Management</i> <i>Wastewater Management</i></p> <p>This action adds 1.0 Program Manager position to oversee the Integrated Billing System (IBS) conversion project and manage ESD's four utility billing programs – Recycle Plus, Municipal Water, Storm and Sanitary Sewer. This action also eliminates 1.0 Senior Accountant position responsible for overseeing the accounting for the Environmental Innovation Center that was completed in spring 2014 and oversight of the IBS project. On September 17, 2013, the City Council approved the collection of Recycle Plus payments for garbage and recycling services for all single family residential households through the County Secured Property Tax Bill, effective July 1, 2015. (Ongoing savings: \$37,875)</p> <p>Performance Results: Cost, Quality This action will provide management oversight to ensure proper implementation of a new collection process that will safeguard City revenues approaching \$300 million per year. No impacts to current service levels are anticipated with the elimination of the Senior Accountant position.</p>		(48,216)	0
<p>21. Rebudget: 2013 Silicon Valley Energy Watch Program</p> <p><i>Environmental and Utility Services CSA</i> <i>Natural and Energy Resources Protection</i></p> <p>This rebudget of unexpended 2013-2014 funding will allow for the continuation of the Silicon Valley Energy Watch program using dedicated grant funding. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>		265,000	265,000
2014-2015 Adopted Budget Changes Total	11.00	7,289,651	273,249

Environmental Services Department

Performance Summary

Natural and Energy Resources Protection

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
(Energy) % of energy used at the Water Pollution Control Plant that is renewable*	57%	60%	38%*	40%
(Water) % of Municipal Water System customers demonstrating water conservation knowledge**	N/A	40%	75%	78%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* The 2013-2014 Estimated and 2014-2015 Target are based on improved data interpretation and a more accurate calculation approach for deriving percent of renewable energy used at the Water Pollution Control Plant.

** No survey was conducted in 2012-2013 due to lack of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- “% of residents demonstrating water conservation knowledge” was revised to “% of Municipal Water System customers demonstrating water conservation knowledge” to reflect the fact that the water conservation program is specific to Municipal Water System customers.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Green Vision Activity and Workload Highlights will be established as part of the 2015-2016 Proposed Operating Budget				

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ✘ “# of United Nations Urban Environmental Accords Implemented (of 21 total Actions)” was deleted from the Environmental Services Department because the tracking of progress on the UN Accords is redundant and no longer needed. The reporting of the UN Accords has been replaced by the Green Vision annual report. It is anticipated that the 2015-2016 Proposed Operating Budget will include revised Performance Measures that relate to the City’s Green Vision goals.

Environmental Services Department

Performance Summary

Potable Water Delivery

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of water samples meeting or surpassing State and federal water quality standards	99.7%	100.0%	99.6%	100.0%
 Ratio of Municipal Water System (MWS) average residential water bill to weighted average residential water bill of other San José water retailers*	74%	<100%	85%	<100%
 % of customer service requests handled within 24 hours	76%	86%	76%	78%
 % of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness**	N/A	90%	74%	78%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* San José water retailers include: San José Water Company and Great Oaks Water Company.

** No survey was conducted in 2012-2013 due to lack of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Millions of gallons of water delivered per year to MWS customers	7,724	8,000	8,000	7,700
Total number of MWS customers	26,700	26,500	26,700	26,750

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Environmental Services Department

Performance Summary

Recycled Water Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Millions of gallons of recycled water delivered annually	4,346	4,000	5,050	5,000
 % of time recycled water quality standards are met or surpassed	100%	100%	99.9%	100%
 % of wastewater influent recycled for beneficial purposes during the dry weather period*	15%	12%	18%	15%
 Cost per million gallons of recycled water delivered	\$1,382	\$2,306	\$1,475	\$1,830
 % of recycled water customers rating service as good or excellent based on reliability, water quality, and responsiveness**	N/A	85%	85%	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Dry weather period is defined as the lowest continuous three month average rainfall between May and October, which during the fiscal year reporting period is July-September.

** No survey was conducted in 2012-2013 due to lack of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of South Bay Water Recycling customers	724	725	749	775

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Environmental Services Department

Performance Summary

Recycling and Garbage Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 # of household hazardous waste disposal appointments available for San José				
- Residents	8,972	15,000	10,756	11,000
- Small Businesses	211	1,000	372	500
 % of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption				
- Single-Family Dwelling*	N/A	75%	86%	85%
- Multi-Family Dwelling*	N/A	75%	76%	75%
- Commercial Facilities*	N/A	75%	70%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No survey was conducted in 2012-2013 due to lack of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total tons of residential solid waste diverted from landfills	285,121	288,500	277,800	299,500
Total tons of residential solid waste landfilled	189,443	190,000	198,100	178,800
Total number of residential households served	313,707	313,000	315,900	317,500
# of residential pickups not completed as scheduled*	103	140	174	140

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Average per week; pickup completed next day.

Environmental Services Department

Performance Summary

Stormwater Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Annual cost per residential unit	\$94.44	\$94.44	94.44	94.44
 % of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system*	N/A	55%	49%	55%
 % trash reduced from the storm sewer system	54%	40%	55%**	40%***
 % Stormwater violations identified at industrial/commercial facilities resolved within ten business days	98%	99%	97%	99%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No survey was conducted in 2012-2013 due to lack of staffing resources. Data for this measure was collected from a new survey conducted in early 2014, and those results are reflected in the 2013-2014 Estimated column.

** This is an estimate of Trash Load Reduction based on a new methodology developed collaboratively by the Bay Area Stormwater Management Agencies Association (BASMAA) and the Water Board in FY 13-14.

*** The next regulatory goal for trash load reduction is currently 70% by 2017.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Tons of trash/litter collected by City led creek cleanup efforts	294	200	56*	53

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* The Memorandum of Agreement with the Santa Clara Valley Water District expired on June 30, 2013. The Housing Department has taken over the Homeless Encampment Cleanups and cleanups in this CSA have been reduced.

Environmental Services Department

Performance Summary

Wastewater Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	85 mgd	<120 mgd	82 mgd	<120 mgd
% of time pollutant discharge requirements are met or surpassed	100%	100%	100%	100%
# of requirement violations				
-Pollutant discharge	0	0	0	0
-Air emissions	0	0	0	0
% of significant industrial facilities in consistent compliance with federal pretreatment requirements	95.7%	90%	93%	90%
Cost per million gallons treated	\$1,150	\$1,300	\$1,270	\$1,300

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Average dry weather season is defined as the lowest three month continuous average between May and October, which during the fiscal year reporting period is July-September.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pretreatment services” was deleted because the measure does not provide meaningful information about the program. Permitted dischargers ratings could be dependent upon their compliance status. For example, a discharger who received a violation may be inclined to erroneously rate service as poor strictly because a violation was received, not because service was poor. Furthermore, data previously collected was inaccurately stated. It is anticipated that the 2015-2016 Proposed Operating Budget will include revised Performance Measures that will provide more detailed information regarding the services and/or programs provided by the San José – Santa Clara Water Pollution Control Plant.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Average millions of gallons per day treated	105.7	116	107	107
Total population in service area*	1,364,000	1,391,400	1,391,400	1,405,300

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* The San José/Santa Clara Water Pollution Control Plant (Plant) is a regional wastewater treatment facility serving eight South Bay cities and four sanitation districts including: San José, Santa Clara, Milpitas, Cupertino Sanitation District (Cupertino), West Valley Sanitation District (Campbell, Los Gatos, Monte Sereno and Saratoga), County Sanitation Districts 2-3 (unincorporated), and Burbank Sanitary District (unincorporated).

Environmental Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Accountant II	1.00	2.00	1.00
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	3.00	3.00	-
Analyst I/II	16.00	16.00	-
Aquatic Toxicologist	1.00	1.00	-
Assistant Director	1.00	1.00	-
Assistant Heavy Diesel Equipment Operator Mechanic	3.00	1.00	(2.00)
Associate Construction Inspector	1.00	1.00	-
Associate Engineer	16.00	16.00	-
Associate Engineering Technician	5.00	7.00	2.00
Associate Environmental Services Specialist	3.00	3.00	-
Biologist	5.00	4.00	(1.00)
Chemist	9.00	9.00	-
Community Activity Worker PT	0.95	0.95	-
Cross Connection Specialist	1.00	1.00	-
Deputy Director	4.00	4.00	-
Director Environmental Services	1.00	1.00	-
Division Manager	6.00	6.00	-
Electrician	1.00	0.00	(1.00)
Engineer II	3.00	2.00	(1.00)
Engineering Technician II	4.00	3.00	(1.00)
Environmental Compliance Officer	1.00	1.00	-
Environmental Inspector I/II	37.00	37.00	-
Environmental Inspector, Assistant	5.00	5.00	-
Environmental Inspector, Senior	4.00	4.00	-
Environmental Laboratory Manager	1.00	1.00	-
Environmental Laboratory Supervisor	2.00	2.00	-
Environmental Services Program Manager	7.00	8.00	1.00
Environmental Services Specialist	36.00	37.00	1.00
Environmental Sustainability Manager	1.00	1.00	-
Financial Analyst	1.00	0.00	(1.00)
Geographic Systems Specialist II	1.00	2.00	1.00
Groundswoker	1.00	1.00	-
Heavy Diesel Equipment Operator Mechanic	13.00	0.00	(13.00)
Heavy Diesel Equipment Supervisor	1.00	0.00	(1.00)
Heavy Equipment Operator	5.00	5.00	-
Industrial Electrician	8.00	8.00	-
Industrial Electrician Supervisor	1.00	1.00	-
Information Systems Analyst	2.00	2.00	-
Instrument Control Supervisor	1.00	1.00	-
Instrument Control Technician	8.00	8.00	-
Laboratory Technician I/II	14.00	14.00	-
Maintenance Assistant	1.00	1.00	-
Maintenance Superintendent	4.00	2.00	(2.00)
Maintenance Supervisor	3.00	3.00	-
Maintenance Worker I	2.00	1.00	(1.00)

Environmental Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Marketing and Public Outreach Manager	1.00	1.00	-
Marketing and Public Outreach Representative I/II	5.00	6.00	1.00
Microbiologist	2.00	2.00	-
Network Engineer	1.00	1.00	-
Network Technician II	2.00	2.00	-
Office Specialist II	9.00	8.00	(1.00)
Painter Supervisor Water Pollution Control	1.00	1.00	-
Painter Water Pollution Control	6.00	6.00	-
Plant Assistant Operations Manager I/II	6.00	0.00	(6.00)
Plant Attendant	9.00	0.00	(9.00)
Plant Mechanic	20.00	0.00	(20.00)
Plant Mechanical Supervisor	5.00	0.00	(5.00)
Plant Operator I/II/III	34.00	0.00	(34.00)
Plant Shift Supervisor I/II	7.00	0.00	(7.00)
Principal Accountant	1.00	1.00	-
Principal Construction Inspector	1.00	1.00	-
Principal Engineer/Architect	1.00	3.00	2.00
Principal Office Specialist	4.00	4.00	-
Process and Systems Specialist II	2.00	2.00	-
Program Manager I/II	1.00	1.00	-
Public Information Manager	0.00	1.00	1.00
Sanitary Engineer	7.00	7.00	-
Secretary	1.00	1.00	-
Senior Account Clerk	4.00	4.00	-
Senior Accountant	5.00	4.00	(1.00)
Senior Air Conditioning Mechanic	1.00	1.00	-
Senior Analyst	8.00	8.00	-
Senior Construction Inspector	2.00	2.00	-
Senior Engineer	8.00	8.00	-
Senior Engineering Technician	6.00	6.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Heavy Diesel Equipment Operator Mechanic	3.00	0.00	(3.00)
Senior Heavy Equipment Operator	2.00	2.00	-
Senior Industrial Electrician	2.00	2.00	-
Senior Instrument Control Technician	2.00	3.00	1.00
Senior Maintenance Worker	3.00	3.00	-
Senior Office Specialist	8.00	8.00	-
Senior Painter	1.00	1.00	-
Senior Plant Mechanic	8.00	0.00	(8.00)
Senior Plant Operator I/II	13.00	0.00	(13.00)
Senior Process and Systems Specialist	3.00	3.00	-
Senior Warehouse Worker	0.00	1.00	1.00
Senior Water Systems Technician	3.00	3.00	-
Staff Specialist	6.00	6.00	-
Staff Technician	2.00	2.00	-
Supervising Applications Analyst	2.00	2.00	-
Supervising Environmental Services Specialist	14.00	14.00	-
Supply Clerk	1.00	1.00	-
Systems Applications Programmer II	3.00	2.00	(1.00)

Environmental Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Warehouse Supervisor	1.00	1.00	-
Warehouse Worker I	2.00	1.00	(1.00)
Warehouse Worker II	2.00	2.00	-
Wastewater Attendant	0.00	18.00	18.00
Wastewater Maintenance Superintendent	0.00	2.00	2.00
Wastewater Mechanic I/II	0.00	33.00	33.00
Wastewater Mechanical Supervisor I/II	0.00	6.00	6.00
Wastewater Operations Foreperson I/II	0.00	20.00	20.00
Wastewater Operations Superintendent I/II	0.00	7.00	7.00
Wastewater Operator I/II/III	0.00	34.00	34.00
Wastewater Senior Mechanic I/II	0.00	11.00	11.00
Water Meter Reader	3.00	3.00	-
Water Systems Technician	9.00	9.00	-
Total Positions	503.95	513.95	10.00

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Finance Department

Julia H. Cooper, Director

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T*o manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for residents, businesses, and investors*

City Service Area

Strategic Support

Core Services

Disbursements

Facilitate timely and accurate payment of the City's financial obligations

Financial Reporting

Provide accurate and meaningful reporting on the City's financial condition

Purchasing and Risk Management

Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets

Revenue Management

Bill and collect the City's resources to enhance the City's financial condition

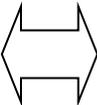
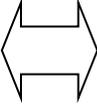
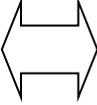
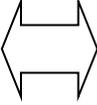
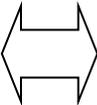
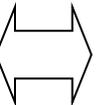
Treasury Management

Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition

Strategic Support: Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support

Finance Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Disbursements: <i>Facilitate timely and accurate payment of the City's financial obligations</i></p>		<ul style="list-style-type: none"> • Accounts Payable • Payroll
<p>Financial Reporting: <i>Provide accurate and meaningful reporting on the City's financial condition</i></p>		<ul style="list-style-type: none"> • General Accounting and Analysis • Special Accounting
<p>Purchasing and Risk Management: <i>Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets</i></p>		<ul style="list-style-type: none"> • Procurement • Risk Management (insurance)
<p>Revenue Management: <i>Bill and collect the City's resources to enhance the City's financial condition</i></p>		<ul style="list-style-type: none"> • Accounts Receivable Collections • Business Tax Compliance • Integrated Billing System • Revenue Compliance and Monitoring
<p>Treasury Management: <i>Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition</i></p>		<ul style="list-style-type: none"> • Debt Management • Investment Management • Cash Management/Payment Processing
<p>Strategic Support: <i>Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support</i></p>		<ul style="list-style-type: none"> • Analytical Support • Budget/Fiscal Management • Contract Administration • Website Services • Administrative Support

Finance Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Ensure that the City's financial resources are protected and available to address the short-term and long-term needs of the community; accurate and timely payments to City employees and vendors; accurate and timely financial reports; and efficient business systems and processes for timely billing and collection efforts.
- Ensure prudent utilization of public funds through competitive processes and cooperative purchasing with other government agencies.
- Maintain favorable bond ratings to ensure lowest cost of capital; provide financial modeling and analysis to meet the increasingly complex needs of the City; and ensure effective management of the City's investment portfolio.
- Manage enterprise systems, including the Financial Management System (FMS), the Integrated Billing System (IBS), and the Oracle PeopleSoft Human Resources (HR)/Payroll System. The Finance Department is responsible for the current procurement process to replace some of these major systems, including the IBS and the HR/Payroll System.
- Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible.

2014-2015 Key Budget Actions

- The addition of 1.0 limit-dated Program Manager position through June 2015 will assist with city-wide technology procurements to help address the significant backlog of large, complex, and high-profile technology procurements, such as the Traffic Incident Management Center Event Tracking System, Human Resources/Payroll System, and Operating/Capital Budget System.
- One-time funding for two years of necessary tax table updates for the City's Human Resources/Payroll System will ensure the viability of the current system until a replacement system is implemented.
- The addition of 1.0 Accountant will serve as a dedicated resource for the City-Wide Cost Allocation Plan, working to improve the transparency of the City's cost allocation plans and enable the Finance Department to document more robust processes and procedures.
- The addition of 1.0 Senior Account Clerk will serve as a Development Services cashier, funded by the Development Fee Programs. This position will address the steady increase in cashiering activity levels of the Development Fee Programs.
- The transition of loan collections of the outstanding accounts of the Small Business Loan Program from the Housing Department to the Finance Department will ensure consistency in collection practices and procedures for the outstanding loan portfolio.
- A rebudget of \$155,000 will support the Cashiering and Payment Processing System (\$105,000), which will provide efficiency in cashiering, payment processing, and account reconciliation, as well as the upgrade or replacement of the current cost allocation software (\$50,000).

Operating Funds Managed

- | | |
|---|---|
| <input type="checkbox"/> Cash Reserve Fund | <input type="checkbox"/> Convention Centre Facilities District Revenue Fund |
| <input type="checkbox"/> City Hall Debt Service Fund | <input type="checkbox"/> Emergency Reserve Fund |
| <input type="checkbox"/> Community Facilities Revenue Fund | <input type="checkbox"/> Gift Trust Fund |
| <input type="checkbox"/> Convention and Cultural Affairs Fund | |

Finance Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Disbursements	\$ 1,634,632	\$ 1,685,997	\$ 1,868,863	\$ 2,002,418	18.8%
Financial Reporting	1,623,859	1,859,211	2,005,170	2,130,916	14.6%
Purchasing and Risk Management*	1,793,456	2,252,693	2,408,074	2,563,255	13.8%
Revenue Management	4,738,081	4,746,783	4,852,283	4,948,877	4.3%
Treasury Management	3,431,979	3,882,312	3,710,446	4,005,684	3.2%
Strategic Support	1,164,093	1,227,088	1,318,287	1,353,727	10.3%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 17,004,877	8.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 12,576,032	\$ 14,472,964	\$ 15,015,919	\$ 15,602,673	7.8%
Overtime	38,043	48,615	48,615	48,615	0.0%
Subtotal	\$ 12,614,075	\$ 14,521,579	\$ 15,064,534	\$ 15,651,288	7.8%
Non-Personal/Equipment					
Total	\$ 1,772,025	1,132,505	1,098,589	1,353,589	19.5%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 17,004,877	8.6%
Dollars by Fund					
General Fund	\$ 11,985,358	\$ 12,771,696	\$ 13,268,462	\$ 14,024,104	9.8%
Integrated Waste Mgmt	1,352,214	1,354,874	1,413,673	1,443,626	6.6%
Low/Mod Income Hsg Asset**	134,569	89,576	76,613	106,518	18.9%
PW Program Support	64,612	66,145	57,134	57,134	(13.6%)
Sewer Svc & Use Charge	454,671	515,633	518,102	530,146	2.8%
SJ/SC Treatment Plant Oper	193,536	528,159	487,936	496,547	(6.0%)
Stores Fund	(12,107)	0	0	0	N/A
Storm Sewer Operating	26,787	50,402	51,217	51,988	3.1%
Water Utility	186,460	277,599	289,986	294,814	6.2%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 17,004,877	8.6%
Authorized Positions by Core Service					
Disbursements	13.50	13.50	14.50	14.50	7.4%
Financial Reporting	12.08	13.25	14.02	15.02	13.4%
Purchasing and Risk Management*	16.19	17.41	17.41	18.41	5.7%
Revenue Management	38.81	35.59	35.59	35.59	0.0%
Treasury Management	27.57	28.40	26.63	27.63	(2.7%)
Strategic Support	6.35	6.85	6.85	6.85	0.0%
Total	114.50	115.00	115.00	118.00	2.6%

* This core service was previously named Purchasing and Materials Management.

** This fund was previously named Affordable Housing Investment Fund.

Finance Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	115.00	15,654,084	12,771,696
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Business Tax Amnesty Program		(60,000)	(60,000)
One-time Prior Year Expenditures Subtotal:	0.00	(60,000)	(60,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		544,315	532,042
- 1.0 Accountant II to 1.0 Senior Accountant			
- 2.0 Division Manager to 2.0 Deputy Director			
- 1.0 Financial Analyst to 1.0 Program Manager I			
- 1.0 Financial Analyst to 1.0 Senior Analyst			
- 1.0 Senior Accountant to 1.0 Supervising Accountant			
• Vacancy factor adjustment		640	640
• Purchasing peak staff levels contractual support		19,000	19,000
• Comprehensive Annual Financial Report software licenses		7,500	7,500
• Investment service software contractual services		5,000	5,000
• Revenue management software contractual services		5,000	5,000
• General Fund non-personal/equipment funding realignment		(17,211)	(17,211)
• Changes in vehicle maintenance and operations costs		6,795	6,795
• Changes in professional development program funding		(2,000)	(2,000)
Technical Adjustments Subtotal:	0.00	569,039	556,766
2014-2015 Forecast Base Budget:	115.00	16,163,123	13,268,462
Budget Proposals Approved			
1. Finance Department Salary Program		313,239	254,258
2. City-Wide Purchasing Support: Information Technology Procurements	1.00	116,327	116,327
3. Human Resources/Payroll System Annual Tax Updates		100,000	100,000
4. City-Wide Cost Allocation Plan Staffing	1.00	85,641	85,641
5. Development Services Cashiering Staffing	1.00	71,547	71,547
6. Small Business Loan Program Collections Funding Reallocation		0	(27,131)
7. Rebudget: Cashiering System Integration		105,000	105,000
8. Rebudget: Cost Allocation Plan Software		50,000	50,000
Total Budget Proposals Approved	3.00	841,754	755,642
2014-2015 Adopted Budget Total	118.00	17,004,877	14,024,104

Finance Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Finance Department Salary Program <i>Strategic Support CSA</i> <i>Disbursements</i> <i>Financial Reporting</i> <i>Purchasing and Risk Management</i> <i>Revenue Management</i> <i>Treasury Management</i> <i>Strategic Support</i>		313,239	254,258

This action increases the Finance Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$313,239)

Performance Results: N/A (Final Budget Modification)

2. City-Wide Purchasing Support: Information Technology Procurements <i>Strategic Support CSA</i> <i>Purchasing and Risk Management</i>	1.00	116,327	116,327
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This action adds 1.0 limit-dated Program Manager through June 30, 2015 to assist in the city-wide procurement of information technology systems. There continues to be a significant backlog of large, complex, and high-profile technology procurements in the Purchasing Division and new projects are expected to go through the Request for Proposal (RFP) process during 2014-2015. Existing purchasing staff does not have the capacity to support these initiatives. The typical timeline for a technical RFP process ranges from 6-12 months and the typical implementation can range from 6-18 months. This position will ensure the continuation of dedicated support necessary to address this backlog, which includes major projects such as the Traffic Incident Management Center Event Tracking System, Human Resources/Payroll System, and Operating/Capital Budget System. The ongoing workload will continue to be analyzed in 2014-2015 to determine if a budget proposal will be brought forward to continue support past June 2015. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction, Cycle Time This action continues resources that were included on a temporary basis in 2013-2014 to maintain the current performance levels for the City's technology procurement activities. This will continue to ensure timely and proper procurement of information technology systems.

Finance Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Human Resources/Payroll System Annual Tax Updates		100,000	100,000

Strategic Support CSA
Disbursements

This action provides \$100,000 in one-time non-personal/equipment funding to purchase the necessary tax table updates for the City's Human Resources/Payroll System for the next two years. As a result of discontinuation of support for the current Human Resources/Payroll System software in December 2012, annual payroll tax updates are necessary to ensure the viability of the current system. The Administration issued a Phase II RFP to replace the Human Resources/Payroll System in April 2014; however, due to the estimated acquisition and implementation timeline, an additional two years of tax table updates are anticipated. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction This action will guarantee continued timely tax data updates for the City's current Human Resources/Payroll System, ensuring the data being recorded is accurate.

4. City-Wide Cost Allocation Plan Staffing	1.00	85,641	85,641
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Strategic Support CSA
Financial Reporting

This action adds 1.0 Accountant to assist with the cost allocation plan preparation and address the audit recommendations in the "*Indirect Cost Allocation: Improved Procedures and Better Communication Needed*" audit ("Cost Allocation Audit") prepared by the City Auditor and approved by the City Council on December 10, 2013. The addition of this position will eliminate the reliance on a single position for Cost Allocation Plan preparation, create capacity to address the audit recommendations, and add the ability to document and implement more robust processes and procedures. Additionally, this resource will assist in the timely production of all four cost allocation plans to the stakeholders such as the City Manager's Budget Office and city-wide departments. (Ongoing costs: \$86,589)

Performance Results:

Quality This action will improve the transparency of the City's cost allocation plans as well as create capacity to address the City Auditor's audit recommendations noted in the "*Indirect Cost Allocation: Improved Procedures and Better Communication Needed*" audit.

Finance Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Development Services Cashiering Staffing	1.00	71,547	71,547

Strategic Support CSA
Treasury Management

This action adds 1.0 Senior Account Clerk to administer cashiering for the Development Services Partners. Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering workload. The costs associated with the Senior Account Clerk Position will be fee funded by the Building (64%), Fire (24%), Public Works (8%), and Planning (4%) Development Fee Programs. (Ongoing costs: \$72,552)

Performance Results:

Customer Satisfaction, Cycle Time This action will improve service to the customers of the Development Fee Programs by ensuring timely and accurate cashiering services.

6. Small Business Loan Program Collections Funding Reallocation		0	(27,131)
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Strategic Support CSA
Revenue Management

This action transfers duties and funding for 30% of an Investigator Collector I/II from the General Fund to the Low and Moderate Income Housing Asset Fund in order to administer the collections associated with the Small Business Loan Program, which was previously administered by the Housing Department. This position will oversee the loan collections of the outstanding accounts of the Small Business Loan Program, which is no longer administering new loans. The Finance Department will work closely with the Housing Department to monitor the workload associated with the administration of the loan collection, and will revisit the funding and staffing allocations as necessary to ensure there is no impact to the collection of General Fund revenues. (Ongoing costs: \$0)

Performance Results:

Quality This action will more appropriately align collection activities with the commensurate classification and increase the efficiency of loan collection activities associated with the Small Business Loan Program.

Finance Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
7. Rebudget: Cashiering System Integration		105,000	105,000
<i>Strategic Support CSA</i>			
<i>Treasury Management</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment funding for iNOVAH, a Cashiering and Payment Processing System. Upon implementation of the iNOVAH system, it became clear the system needed to interface with other critical systems within the City, including AMANDA and the Business Tax System, among others. The Finance Department is working to continue procurement of these additional services. The \$105,000 will offset the cost of the contract amendment. This will provide efficiency in cashiering, payment processing, and account reconciliation. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
8. Rebudget: Cost Allocation Plan Software		50,000	50,000
<i>Strategic Support CSA</i>			
<i>Treasury Management</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment funding to upgrade or replace the current software system, New Griffith Cost System II (NGCS II), used for cost allocation plan development. NGCS II has limited functionality and is outdated, compared to newer software; it only runs on the Disk Operating System and the software vendor no longer provides support or updates. Additionally, it requires large amounts of manual data entry and only provides paper printouts of schedules or the entire plan. Upgrading or replacing the current system will allow the Finance Department to reduce its manual data entry and improve its reporting. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total		3.00	841,754
		755,642	

Finance Department

Performance Summary

Disbursements

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of disbursements paid accurately and timely	87%	97%	86%	87%
 % of reimbursements paid to employees accurately and timely	99%	97%	99%	99%
 % of payroll disbursements paid accurately and timely	99%	96%	99%	99%
 Cost per payment	\$7.30	\$6.70	\$7.50	\$8.01
 Average number of days from invoice date to check issuance	33	32	32	32
 % of disbursements paid to vendors accurately and within 30 days	59%	65%	57%	60%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of payments made	223,873	251,694	232,465	239,900
Vendor invoices paid	65,290	73,732	71,690	74,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- ✘ “Total cost for Disbursement services” was deleted as the total cost of these services is displayed on the Budget Summary page of this section as the Disbursements core service.

Finance Department

Performance Summary

Financial Reporting

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of financial reports that are produced accurately and timely	97%	98%	95%	97%
 Cost per report	\$683	\$610	\$588	\$698

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of financial reports provided	3,047	3,050	2,738	2,720

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- ✘ "Total cost for Financial Reporting services" was deleted as the total cost of these services is displayed on the Budget Summary page of this section as the Financial Reporting core service.

Finance Department

Performance Summary

Purchasing and Risk Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of cost savings achieved through the centralized purchasing process	6%	4%	3%	3%
 Cost of purchasing services as a percentage of the total dollars procured	1.25%	1.62%	1.45%	1.58%
 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ \$10K	62%	83%	81%	81%
- 26 business days for POs > \$10K and ≤ \$100K	72%	77%	95%	95%
- 38 business days for POs > \$100K and ≤ \$250K	78%	80%	94%	95%
- 83 business days for POs > \$250K and ≤ \$1.0M	85%	80%	92%	92%
- 108 business days for POs > \$1.0M	100%	100%	100%	100%
 Percentage of contracts processed for insurance clearance within five days of receipt	96%	80%	80%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Finance Department

Performance Summary

Purchasing and Risk Management

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total dollars procured	\$110.3M	\$112.4M	\$116.3M	\$122.2M
Total cost savings achieved through the centralized purchasing process	\$6.30M	\$3.90M	\$3.93M	\$4.13M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ \$10K	286	384	442	460
- 26 business days for POs > \$10K and ≤ \$100K	412	436	535	560
- 38 business days for POs > \$100K and ≤ \$250K	71	160	91	97
- 83 business days for POs > \$250K and ≤ \$1.0M	39	4	33	35
- 108 business days for POs > \$1.0M	4	8	5	6
Total insurable value of the City's assets	\$3.2B	\$2.9B	\$2.9B	\$2.9B
Total number of contracts processed for insurance clearance	514	1,100	1,100	346*

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* Total number of contracts processed for insurance clearance changed from 1,100 for the Proposed to 346 for the Adopted Operating Budget due to incorrect criteria used for the Proposed Operating Budget. This number included counts for insurance clearance for contracts below \$250,000 in reported value, when this number should have only included those at or above \$250,000.

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- ✘ “Total cost for services – Purchasing Services” and “Total cost for services – Risk Insurance Services” were deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Purchasing and Risk Management core service.
- ⊂ “Total cost savings” was changed to “Total cost savings achieved through the centralized purchasing process” to more accurately reflect the methodology of this measure.

Finance Department

Performance Summary

Revenue Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Cost of revenue collection services as a percentage of the City's total accounts receivable	19.86%	22.93%	17.69%	22.11%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
 City's Aging Accounts Receivable Balance				
Current Receivables:				
0 - 30 days	\$2,068,855	\$2,904,099	\$2,229,088	\$2,148,972
31 - 60 days	\$2,178,321	\$1,229,277	\$1,117,389	\$1,647,855
61 - 90 days	\$312,218	\$925,371	\$457,009	\$384,614
Delinquent Receivables:				
91 - 120 days	\$824,016	\$2,259,733	\$1,063,143	\$943,580
121 - 365 days	\$3,320,440	\$2,844,784	\$2,585,681	\$2,953,061
366 - 730 days	\$3,414,118	\$2,455,152	\$5,293,367	\$4,353,742
731 - 999+ days	\$11,745,413	\$9,631,163	\$12,570,365	\$12,157,889

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget:

- ✘ "Total cost for revenue management services" was deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Revenue Management core service.

Finance Department

Performance Summary

Treasury Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 City's General Obligation Bond rating - Moody's - Standard & Poor's - Fitch	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+
 Average return on investments	0.559%	0.500%	0.600%	0.650%
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.043%	0.062%	0.041%	0.059%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total debt portfolio managed	\$5.470B	\$5.420B	\$5.422B	\$5.286B
Total of the City's investment portfolio	\$1.365B	\$1.100B	\$1.300B	\$1.300B

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- ✘ "Total cost for Treasury Management services – Debt Management services" and "Total cost for Treasury Management services – Investment Services" were deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Treasury Management core service.

Finance Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	4.00	4.00	-
Accountant I/II	14.00	14.00	-
Accounting Technician	9.00	9.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	6.00	6.00	-
Assistant Director	1.00	1.00	-
Buyer II	5.00	5.00	-
Debt Administrator	1.00	1.00	-
Deputy Director	0.00	2.00	2.00
Director of Finance	1.00	1.00	-
Division Manager	4.00	2.00	(2.00)
Financial Analyst	7.00	5.00	(2.00)
Investigator Collector I/II	13.00	13.00	-
Investment Officer	1.00	1.00	-
Office Specialist	4.00	4.00	-
Principal Account Clerk	4.00	4.00	-
Principal Accountant	3.00	3.00	-
Program Manager I	2.00	4.00	2.00
Program Manager II	1.00	1.00	-
Risk Manager	1.00	1.00	-
Senior Account Clerk	16.00	17.00	1.00
Senior Accountant	8.00	8.00	-
Senior Analyst	3.00	4.00	1.00
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	2.00	2.00	-
Staff Specialist	1.00	1.00	-
Supervising Accountant	0.00	1.00	1.00
Total Positions	115.00	118.00	3.00

Fire Department

Ruben Torres, Fire Chief

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To serve the community by protecting life, property, and the environment through prevention and response

City Service Areas

Community and Economic Development
Public Safety

Core Services

Emergency Response

Provide comprehensive life safety services to residents and visitors by responding to emergencies in San José's incorporated and the County of Santa Clara's unincorporated areas, totaling approximately 200 square miles; develop and maintain the Emergency Operations Center and its systems in coordination with federal and State requirements

Fire Prevention

Educate the community to reduce injuries, loss of life, and property damage from fires and other accidents; investigate fire cause; provide regulatory enforcement of fire and hazardous materials codes through inspection activities

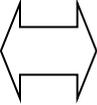
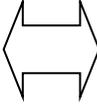
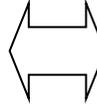
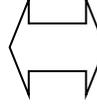
Fire Safety Code Compliance

Minimize loss of life and property from fires and hazardous materials releases; provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical-safe environment

Strategic Support: Administration, Emergency Preparedness Planning and Training, Employee/Volunteer Services, Equipment/Facilities, Homeland Security Programs and Grant Management, Information Technology, Master Planning, Multilingual Services, Safety/Wellness, and Training

Fire Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Emergency Response: <i>Provide comprehensive life safety services to residents and visitors by responding to emergencies in San José's incorporated and the County of Santa Clara's unincorporated areas, totaling approximately 200 square miles; develop and maintain the Emergency Operations Center and its systems in coordination with federal and State requirements</i></p>		<ul style="list-style-type: none"> • Fire Suppression • Public Assist • Emergency Medical Services (EMS) • Emergency Operations Center Readiness • Dispatch • Rescue • Hazardous Materials Mitigation
<p>Fire Prevention: <i>Educate the community to reduce injuries, loss of life, and property damage from fires and other accidents; investigate fire cause; provide regulatory enforcement of fire and hazardous materials codes through inspection activities</i></p>		<ul style="list-style-type: none"> • Fire Cause Investigation • Regulatory Enforcement • Fire and Life Safety Education/Community Outreach
<p>Fire Safety Code Compliance: <i>Minimize loss of life and property from fires and hazardous materials releases; provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical-safe environment</i></p>		<ul style="list-style-type: none"> • Engineering (Development Review) • Hazardous Materials (Development Review)
<p>Strategic Support: <i>Administration, Emergency Preparedness Planning and Training, Employee/Volunteer Services, Equipment/Facilities, Homeland Security Programs and Grant Management, Information Technology, Master Planning, Multilingual Services, Safety/Wellness, and Training</i></p>		<ul style="list-style-type: none"> • Administration • Information Technology • Safety/Wellness • Training • Emergency Preparedness Planning and Training • Employee/Volunteer Services • Equipment/Facilities • Homeland Security Programs and Grants Management • Master Planning • Multilingual Services

Fire Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Provide essential emergency services (fire suppression and emergency medical services) in a timely and effective manner.
- Continue regional all-hazard emergency management and San José Prepared! Program.
- Deliver timely development review and inspection services.
- Provide life safety and fire prevention services to the community.

2014-2015 Key Budget Actions

- The addition of a Senior Geographic Systems Specialist will improve the Fire Department's data analysis capacity and will help provide information to assist Fire Department senior staff in more effectively monitoring operations and allocating resources.
- In response to the growing amount of development activity, additional resources in the Fire Department's Development Fee Program will improve current cycle time performance in plan check and inspection activities and raise performance levels to meet customer needs. A small amount of shared support resources for this program, in the areas of a fee study and work-in-progress analysis, data migration, work space improvement, communications, cashiering, modernization of desktop environments, and training, was also added and can be found in the Planning, Building, and Code Enforcement Department section of this document.
- Elimination of a vacant Hazardous Materials Inspector position and reduction in overtime and non-personal/equipment allocations will align resources to current activity levels in the Fire Department's Non-Development Fee Program. Funding for a fee study is included to analyze current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly. In addition, a modest fee increase was approved to align revenues and costs to bring the program to 100% cost recovery.
- A realignment of relief staffing levels for the Fire Fighter and Fire Engineer classifications will better meet current staffing needs.
- Comprehensive organizational review will provide critical information to support current efforts by improving fire and emergency medical services response time performance.
- Continued funding for a Senior Analyst position on a temporary basis through June 30, 2015 will support grant activities in the Office of Emergency Services.

Operating Funds Managed

N/A

Fire Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Emergency Response	\$ 133,581,895	\$ 139,387,801	\$ 146,750,541	\$ 148,134,731	6.3%
Fire Prevention	3,176,259	4,339,427	4,229,128	4,169,430	(3.9%)
Fire Safety Code Compliance	2,883,598	4,030,406	4,057,347	4,432,509	10.0%
Strategic Support	12,972,837	16,417,303	17,624,057	18,218,075	11.0%
Total	\$ 152,614,589	\$ 164,174,937	\$ 172,661,073	\$ 174,954,745	6.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 138,739,075	\$ 150,601,440	\$ 159,113,255	\$ 161,004,976	6.9%
Overtime	6,930,890	5,416,961	5,605,366	5,403,017	(0.3%)
Subtotal	\$ 145,669,965	\$ 156,018,401	\$ 164,718,621	\$ 166,407,993	6.7%
Non-Personal/Equipment					
	6,944,624	8,156,536	7,942,452	8,546,752	4.8%
Total	\$ 152,614,589	\$ 164,174,937	\$ 172,661,073	\$ 174,954,745	6.6%
Dollars by Fund					
General Fund	\$ 152,158,408	\$ 163,499,035	\$ 171,998,684	\$ 174,283,010	6.6%
Capital Funds	456,181	675,902	662,389	671,735	(0.6%)
Total	\$ 152,614,589	\$ 164,174,937	\$ 172,661,073	\$ 174,954,745	6.6%
Authorized Positions by Core Service					
Emergency Response	687.03	687.03	687.03	687.03	0.0%
Fire Prevention	18.10	18.10	18.10	17.10	(5.5%)
Fire Safety Code Compliance	25.85	25.85	25.84	26.84	3.8%
Strategic Support	60.00	61.00	60.01	62.01	1.7%
Total	790.98	791.98	790.98	792.98	0.1%

Fire Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	791.98	164,174,937	163,499,035
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Leadership Training Program		(300,000)	(300,000)
• Rebudget: Performance Data Improvement Project		(50,000)	(50,000)
• Rebudget: Fire Engineer Evaluations		(10,000)	(10,000)
• Emergency Services and Preparedness Grant Staffing (1.0 Senior Analyst)	(1.00)	0	0
• Santa Clara County Comprehensive Emergency Medical Services (EMS) Patient Care Data System		(225,800)	(225,800)
• Cardiac Monitors/Defibrillators		(195,000)	(195,000)
• Fire Development Fee Program		(161,901)	(161,901)
• Fire Fighter Recruit Testing		(125,000)	(125,000)
• Fire Sworn Functional Movement Screening and Training Program		(100,000)	(100,000)
One-time Prior Year Expenditures Subtotal:	(1.00)	(1,167,701)	(1,167,701)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		7,630,322	7,643,835
• Vacancy factor adjustment		829,958	829,958
• Minimum staffing overtime adjustment		550,000	550,000
• Change in professional development program costs		46,957	46,957
• County database connection agreement		31,000	31,000
• Various maintenance contracts		1,000	1,000
• Changes in vehicle operations and maintenance costs		519,600	519,600
• Changes in gas and electricity costs		45,000	45,000
Technical Adjustments Subtotal:	0.00	9,653,837	9,667,350
2014-2015 Forecast Base Budget:	790.98	172,661,073	171,998,684
Budget Proposals Approved			
1. Fire Department Salary Program		387,256	377,910
2. Fire Development Fee Program	1.00	348,921	348,921
3. Fire Department Organizational Review		150,000	150,000
4. Fire Department Information Technology Staffing	1.00	89,992	89,992
5. Emergency Services and Preparedness Grant Staffing	1.00	0	0
6. Fire Department Relief Staffing Alignment	0.00	0	0
7. Fire Non-Development Fee Program	(1.00)	(70,297)	(70,297)
8. Rebudget: Fire Fighter Recruit Academy		977,000	977,000
9. Rebudget: EMS Patient Care Data System		225,800	225,800
10. Rebudget: Hazardous Materials Incident Responses Training		65,000	65,000
11. Rebudget: Fire Engineer Academy		57,000	57,000
12. Rebudget: Regional Dispatch		50,000	50,000
13. Rebudget: 2013 Assistance to Fire Fighters Grant		13,000	13,000
Total Budget Proposals Approved	2.00	2,293,672	2,284,326
2014-2015 Adopted Budget Total	792.98	174,954,745	174,283,010

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Fire Department Salary Program Community and Economic Development CSA <i>Fire Safety Code Compliance</i> <i>Strategic Support</i> Public Safety CSA <i>Emergency Response</i> <i>Fire Prevention</i> <i>Strategic Support</i>		387,256	377,910
<p>This action increases the Fire Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units including, Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$387,256)</p>			
<p>Performance Results: N/A (Final Budget Modification)</p>			
2. Fire Development Fee Program Community and Economic Development CSA <i>Fire Safety Code Compliance</i>	1.00	348,921	348,921
<p>These actions included in this section, funded by fee activity, support the Fire Department Development Fee Program by improving service levels.</p> <ul style="list-style-type: none"> - Plan Check Staff: Adds 1.0 Associate Engineer (\$97,794) position and associated non-personal/equipment (\$2,500) to conduct architectural and engineering systems plan checks and ensure fire safety code compliance. This position will also help respond to expedited inspections as needed. The Development Fee Program has seen the volume of activities increase from prior year's levels. In 2012-2013, the Department met its fire plan check processing targets 93% of the time. The higher than estimated activity levels in 2013-2014 have resulted in an anticipated drop in this performance to 91%. The addition of an Associate Engineer is expected to return the percentage of completed projects to previous levels. (Ongoing costs: \$108,327) - Inspections: An increase in overtime of \$178,627 (\$100,000 ongoing) will allow the Department to respond to the increased demand for expedited inspections. An increase in non-personal/equipment (\$70,000) will fund the purchase of two vehicles, increasing the number of pool vehicles available for inspection staff from 9 to 11, which will help to meet customer inspection time requests. (Ongoing costs: \$103,000) 			

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Fire Development Fee Program

While not reflected in this section of the document, other actions funded by the Fire Development Fee Program include the following:

- **Fee Study and Works-In-Progress Liability Analysis:** The Fire Development Fee Program will provide funding to the Planning, Building, and Code Enforcement Department for one-time funding (\$250,000, Fire Development Fee Program's portion: \$125,000) for consultant services to conduct a fee study and works-in-progress liability analysis of the Planning and Fire Development Fee Programs. This consultant will analyze current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly. In addition, this consultant will extract and analyze the information in the Development Services database to identify the current works-in-progress liability, develop a works-in-progress policy, and implement an ongoing strategy for identifying the liability amount. (Ongoing costs: \$0)
- **Geographic Information System Implementation:** The Fire Development Fee Program will provide funding to the Planning, Building, and Code Enforcement Department for 1.0 ongoing Geographic Systems Specialist II position (\$96,645, Fire Development Fee Program's portion: \$10,631) for the Geographic Information System (GIS) data migration project that will be funded by the Development Services Partners (74% Building, 11% Planning, 11% Fire, and 4% Public Works) and one-time non-personal/equipment (\$600,000, Fire Development Fee Programs portion: \$66,000). The project will integrate, store, edit, analyze, share, and display geographic information for informed decision making. The Geographic Systems Specialist II will support ongoing data management, provide coordination with planners and development staff, perform quality control and assurance, disseminate data over the web, support monitoring of annexations, and provide key support for the GIS data migration project. (Ongoing costs: \$106,163, Fire Development Fee Program's portion: \$11,688)
- **Workspace Improvements:** The Fire Development Fee Program will provide funding to the Planning, Building, and Code Enforcement Department for one-time funding (\$250,000, Fire Development Fee Program's portion: \$37,500) to hire a consulting architect to conduct a comprehensive analysis of the existing space on City Hall floors 1-3 and provide recommendations for an overhaul of the workspace. Currently, there are spaces that are no longer being used as the business model for Development Services has changed since City Hall was opened. For example, there are counters and workspace for desktop computers on the second floor; however, staff no longer uses these counters for most business transactions as they are now being better handled on the first floor. The consultant will create a master plan, recommending workspace modifications, interior design modifications, and other changes necessary to improve workflow and align the space with current business models. (Ongoing costs: \$0)
- **Communications Staffing:** The Fire Development Fee Program will provide funding to the Planning, Building, and Code Enforcement Department for the addition of 1.0 Public Information Manager (\$139,976, Fire Development Fee Program's portion: \$25,367) to provide coordinated communications for Development Services. This position will be responsible for updating the Development Services websites; developing brochures and other printed media; reviewing customer feedback; and working closely with staff on business process changes to reduce processing time, increase consistency, and improve the customer experience. (Ongoing costs: \$140,457, Fire Development Fee Program's portion: \$25,452)

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Fire Development Fee Program

- **Development Services Cashiering Staffing:** The Fire Development Fee Program will provide funding to the Finance Department for the addition of 1.0 Senior Account Clerk (\$71,547, Fire Development Fee Program's portion: \$17,171) to administer cashiering for the Development Services Partners. Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering activity levels needed by the Development Fee Programs. The costs associated with the Senior Account Clerk position will be fee funded by the Building (64%), Fire (24%), Public Works (8%), and Planning (4%) Development Fee Programs. (Ongoing costs: \$72,552, Fire Development Fee Program's portion: \$17,411)
- **Department Desktop Modernization Staffing:** The Fire Development Fee Program will provide funding to the Information Technology Department for the addition of 1.0 Network Technician position (\$77,315, Fire Development Fee Program's portion: \$13,144) to modernize the desktop environment for the Development Services Partners. Enhanced service delivery of desktop services to the specific departments will include working with the Development Partners' Applications Teams to package department-specific applications and deploying a standardized desktop environment. The Development Services Partners' position will be funded by the Development Fee Programs – 50% Building, 17% Planning, 17% Fire, and 16% Public Works. (Ongoing costs: \$85,697, Fire Development Fee Program's portion: \$14,569)
- **Customer Service Training Funding:** The Fire Development Fee Program will provide funding to the Planning, Building, and Code Enforcement Department for one-time funding (\$25,000, Fire Development Fee Program's portion: \$2,500) to provide customer service training for all employees in Development Services as a result of the high level of customer contact and the emphasized priority on providing good customer service. (Ongoing costs: \$0)

Please note that the projected revenues for this fee program are sufficient to fund the actions in this document without fee increases or the use of the Fire Development Fee Reserve. As a result of these actions and others as described in the Planning, Building, and Code Enforcement Department section, Finance Department section, and Information Technology Department section of this document, the anticipated Development Fee Reserve at the beginning of 2014-2015 is projected at \$6.4 million.

Performance Results:

Cycle Time, Quality, Customer Satisfaction The addition of an Associate Engineer will enable the Department to reduce the cycle time for plan checks, returning the percentage of completed projects to the level of 93%. The additional overtime will enable the Department to keep pace with the additional workload that has been experienced in 2013-2014 and meet customer inspection time requests. Current work levels are expected to continue through 2014-2015.

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Fire Department Organizational Review		150,000	150,000

Public Safety CSA
Strategic Support

This action provides one-time funding to conduct a comprehensive review of the Fire Department's organization. With an anticipated completion date of winter 2015, this funding will allow the Fire Department to analyze the following areas: review of staff workload and service outcomes achieved based upon the type of Fire Department services delivered; assess the appropriateness of fire response time performance targets based upon the type of service call; review alternative service/staffing deployment options; assess apparatus types and locations throughout the City; and explore pre-emption systems to improve travel time performance. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This funding will allow for critical analysis of the Fire Department to determine overall performance and provide improvements to both delivery of services and allocation of resources.

4. Fire Department Information Technology Staffing	1.00	89,992	89,992
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Public Safety CSA
Strategic Support

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action adds 1.0 Senior Geographic Systems Specialist and associated non-personal/equipment (\$3,000) to assist with the data analytic needs within the Fire Department. Major duties of this position will include: incident data analysis, including call volume, call types, and late responses; work with the County of Santa Clara to develop and update mapping and platforms; and the development of tools to help with staff redeployment analysis. In addition, this position will assist in the implementation of Computer-Aided Dispatch (CAD) system software in order to improve automation (\$220,000 is also allocated in the Public Safety Capital Program) and accuracy of reporting. Automation improvements allocated in the Public Safety Capital Program include, but are not limited to, "closest unit" dispatch based on GPS coordinates of apparatus, population density mapping into separate response areas (urban, suburban, and rural), and the customization of data fields in the CAD system. Currently, the Fire Department has six staff members to develop and maintain data systems and provide support to the Fire Department administration and 33 fire stations. (Ongoing costs: \$99,019)

Performance Results:

Quality, Customer Satisfaction The addition of this position will improve the Department's data analysis capacity and will help provide information to assist Fire Department senior staff in more effectively monitoring operations and allocating resources.

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Emergency Services and Preparedness Grant Staffing	1.00	0	0
<i>Public Safety CSA</i> <i>Strategic Support</i>			
<p>This action continues funding for a Senior Analyst position on a temporary basis through June 30, 2015. This position supports the Office of Emergency Services by performing emergency preparedness planning and management of multiple grants, including 2013 Urban Area Security Initiative (UASI) grant, 2013 Metropolitan Medical Response System (MMRS) grant, 2014 Emergency Management Performance (EMP) grant, and Emergency Response and Preparedness appropriation. The funding of this position, which appears in the City-Wide Expenses section of this document, is fully supported by grant revenue in 2014-2015. (Ongoing costs: \$0)</p>			
Performance Results: No change to current service levels are anticipated as a result of this action.			
6. Fire Department Relief Staffing Alignment	0.00	0	0
<i>Public Safety CSA</i> <i>Emergency Response</i>			
<p>This action realigns the current relief staffing levels for the Fire Fighter and Fire Engineer classifications, resulting in a reduction of 12.0 Fire Fighter relief positions and an increase of 12.0 Fire Engineer relief positions. Currently, the 28 relief Fire Engineers are not sufficient, requiring a significant amount of overtime to address the minimum staffing needs. However, there is extra capacity with the 60 relief firefighters. As a result, the staffing realignment will better meet the service demands without a net increase in costs. The difference in cost between the Fire Engineer and the Fire Fighter positions is offset by a reduction to minimum staffing overtime. (Ongoing costs: \$0)</p>			
Performance Results: Cost No changes to current service levels are anticipated as a result of this action. This action would provide the Department with greater flexibility in deploying relief staff and is expected to reduce the need for additional overtime for minimum staffing levels.			
7. Fire Non-Development Fee Program	(1.00)	(70,297)	(70,297)
<i>Public Safety CSA</i> <i>Fire Prevention</i>			

These actions balance the Fire Department Non-Development Fee Program.

- **Staffing and Non-Personal/Equipment:** Eliminates 1.0 vacant Hazardous Materials Inspector II position (\$106,300) and reduces the associated non-personal/equipment expenses (\$4,000) to align costs and revenues to bring the Fire Non-Development Program to 100% cost recovery. In the area of Hazardous Materials inspections, the existing staffing level has been able to address the current workload. (Ongoing savings: \$111,832)

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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7. Fire Non-Development Fee Program

- **Fee Study:** Adds \$40,000 for consultant services to conduct a fee study of the Fire Non-Development Fee Program. A consultant will analyze the current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust the fees accordingly. This study responds to a recommendation included in the Audit of the San Jose Fire Department's Bureau of Fire Prevention (issued in April 2013) to reexamine the non-development fire permit fee structure to charge San José facilities based on fire safety risk. (Ongoing costs: \$0)
- **Fee Increase** - A 3% fee increase was approved to offset cost increases and maintain cost recovery levels. The additional revenue of \$125,000 generated from this increase is reflected in the General Fund revenues and described in the General Fund Revenue Estimates section of this document.

Performance Results:

Cost The elimination of a Hazardous Materials Inspector is not expected to impact current levels of service. The fee study will enable the informed restructuring of the Fire Non-Development fee program fees, as appropriate.

8. **Rebudget: Fire Fighter Recruit Academy** **977,000** **977,000**

Public Safety CSA
Emergency Response
Strategic Support

This action rebudgets unexpended 2013-2014 personal services (\$923,000) and non-personal/equipment (\$54,000) funds to support the Fire Fighter Recruit Academy that will be conducted in September 2014. The 2013-2014 Fire Fighter Recruit Academy was scheduled to take place in June 2014, however, due to the timing of vacancies, as well as completion of comprehensive firefighting recruitment efforts, the Academy scheduled in 2013-2014 will instead be held in mid-September 2014. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

9. **Rebudget: EMS Patient Care Data System** **225,800** **225,800**

Public Safety CSA
Emergency Response

This action rebudgets unexpended 2013-2014 non-personal/equipment funding to purchase computer hardware that would enable the Fire Department to link its Computer-Aided Dispatching (CAD) system with the Santa Clara County Patient Care Reporting System. To offset this cost, in June 2013, the City received revenue of \$225,800 from the County of Santa Clara that it deferred, to fund this project. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

Fire Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
10. Rebudget: Hazardous Materials Incident Responses Training		65,000	65,000
<i>Public Safety CSA</i>			
<i>Emergency Response</i>			
<p>This action rebudgets unexpended 2013-2014 personal services funding to support Hazardous Materials Incident (HIT) Response Training. Staff recently rotated out of their HIT assignments and new HIT staff will require training. Due to the timing of this rotation, funding was moved to 2014-2015. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
11. Rebudget: Fire Engineer Academy		57,000	57,000
<i>Public Safety CSA</i>			
<i>Strategic Support</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment services funding to support the Fire Engineer Academy that will be conducted in early 2014-2015. The second 2013-2014 Fire Engineer Academy was scheduled to take place in late 2013-2014; however, due to the timing of vacancies it was postponed until early 2014-2015. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
12. Rebudget: Regional Dispatch		50,000	50,000
<i>Public Safety CSA</i>			
<i>Strategic Support</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment to fund San José's share of the consultant costs related to the Regional Dispatch feasibility study. The Fire Department is working with the Santa Clara County Fire Department, Mountain View Fire Department, and Palo Alto Fire Department on the feasibility of a combined Fire/Emergency Medical System Communication Center. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
13. Rebudget: 2013 Assistance to Fire Fighters Grant		13,000	13,000
<i>Public Safety CSA</i>			
<i>Emergency Response</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment funding to cover the City's share of the 2013 Assistance to Firefighters Grant (AFG), to replace Level A and Level B hazardous materials suits. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total		2.00	2,284,326

Fire Department

Performance Summary

Emergency Response

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of fires contained: - in room of origin - in structure of origin	73% 97%	85% 90%	73% 91%	85% 90%
 % of hazardous material releases contained to property of origin by Hazardous Incident Team (total # contained)	N/A* N/A*	80% 160	N/A* N/A*	80% N/A*
 % of City employees trained in the State Mandated Standardized Emergency Management System (SEMS) and National Incident Management System (NIMS) ** Senior Staff All other City employees	25% 15%	25% 15%	25% 15%	25% 15%
 Average cost of emergency response (budget/# of emergency responses)	\$1,826***	\$1,833***	\$1,894	\$1,933

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Currently, data are captured manually, requiring staffing resources to gather and process the data. Efforts are, however, underway to enhance the data collection and automate the process. The 2014-2015 Adopted Capital Budget provides one-time funding for additional consultation and software that will automate manual processing of data. Staff expects to have data available in the 2015-2016 Proposed Budget.

** SEMS and NIMS training is provided to all employees every five years and new hires individually through online training.

*** The Department previously reported \$2,548 as average cost of emergency response for 2012-2013 and a 2013-2014 Target of \$2,604. As a result of the analysis conducted on response time reporting, the number of emergencies for 2012-2013 has been updated from 55,499 to 77,481. Updated average cost of emergency response for 2012-2013 of \$1,826 and the 2013-2014 Target of \$1,833 reflects this change in the number of emergencies.

Fire Department

Performance Summary

Emergency Response

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
% of response time compliance - Priority 1 (<8 min) - Priority 2 (<13 min)	72%	80%	68% ^a	80%
% of response time breakdown for Priority 1 - Dispatch time (<2 min) - Turnout time (<2 min) - Travel time (<4 min)	86%	80%	81% ^b	80%
% of EMS response time compliance - EMS Code 3 (<8 min) - EMS Code 2 (<12 min)	89.7%	90-95%	89%	90-95%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

- a. A combination of a change in dispatch policies (early December to mid-March), errors in recording turnout times, and increased travel time resulted in a total year drop. The change in dispatch protocols and more automation in recording turnout times are expected to improve overall performance in 2014-2015. See notes 'b', 'c', and 'd' below.
- b. To maximize utilization of resources, a change in dispatch policies was implemented in early December. This change in policy was expected to temporarily impact call taking time as Dispatchers adapted to the change. The implementation of this change in policy resulted in maximizing squad car utilization. However, the resulting impact on response time compliance necessitated a suspension of this policy in March. In December through late February, dispatch time performance averaged 66%. With the suspension in March, dispatch time performance was at 88% for April to June.
- c. The Department continues to work on technological improvements to record turnout times more accurately. The 2014-2015 Adopted Capital Budget provides one-time funding for additional consultation and software related to Computer Aided Dispatch (CAD) system to improve the department's ability to report performance metrics. In addition, Fire Department Labor-Management Initiative Committee will establish a pilot study on turnout times.
- d. The 2014-2015 Adopted Operating Budget provides funding for an organizational review of the Fire Department which will include exploring pre-emption systems to improve travel time performance.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊆ “% of time the initial responding unit arrives within 8 minutes after an emergency 9-1-1 call is received” has been changed to “% of response time compliance: Priority 1 Emergencies (<8 min) and Priority 2 Emergencies (<13 min)” which provides a clearer description of department performance.
- ✗ “% of time the second response unit arrives within 10 minutes after 9-1-1 call” is being deleted. The addition of the following measures provides a clearer description of department performance.
- + “% of response time breakdown for Priority 1” is added to provide performance compliance for each response time element. This measure will provide more clarity to response time components and compliance.
- + “% of EMS contract response time compliance” is added to provide contract compliance information.

Fire Department

Performance Summary

Emergency Response

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of SJFD Emergency Incidents Dispatched	77,481	NEW	78,550	79,650
# of Priority 1 SJFD Responses (red lights/sirens)	61,432	NEW	62,800	64,200
# of Priority 2 SJFD Responses (no red lights/sirens)	15,687	NEW	15,350	15,000
# of other SJFD Calls (Unclassified)	362	NEW	400	450
# of Squad Car Unit Responses	N/A*	N/A*	N/A*	N/A*
# of Emergencies by Type Found on Arrival	77,481	NEW	78,550	79,650
# Fires	2,008	1,800	1,930	1,885
- structure fires	456	470	470	485
- vehicle/aircraft fires	297	340	310	325
- vegetation fires	372	290	280	215
- other fires	883	700	870	860
- # of medical emergencies	48,343	50,959	49,000	49,700
- # of Rescue, Haz-Mat, USAR and non-fire hazards	6,074	NEW	6,310	6,500
- # of Service Requests & Good Intent	8,047	NEW	8,370	8,525
- # of False Alarm/False Call (Malicious)	896	NEW	930	940
- # of No incident, wrong location, cancelled en route	4,815	NEW	5,700	6,700
- # of Uncategorized	7,298	NEW	6,310	5,400
Total estimated property fire loss (x 1,000)	\$39,794	\$30,000	\$35,000	\$35,000

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* The Fire Department continues with its evaluation of the squad car pilot project. The 2014-2015 Adopted Operating Budget provides funding for an organizational review of the Fire Department which will include a review of alternative service/staffing deployment options.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- + “# of SJFD Emergency Incidents Dispatched” is added to provide information on types of responses at the time of dispatch.
- ⊖ “# of emergencies” is modified to “# of Emergencies by Type Found on Arrival” to provide a better description of the activities and to differentiate between the type of responses at the time of dispatch and the type of responses found on arrival at the scene.
- ⊖ “vehicle fires” is re-titled “vehicle/aircraft fires” to correctly reflect activity described.
- ⊖ “# of Hazardous Materials Incidents” is revised to “# of Rescue, Haz-Mat, USAR, and other non-fire hazards” to capture specialized type of non-fire responses.
- × “# of other emergencies” is deleted to provide better information on the type of other emergency responses.
- + “# of Service Requests & Good Intent” is added to provide information on the Department’s activity level.
- + “# of False Alarm/False Call (Malicious)” is added to provide information on the Department’s activity level.
- + “# of No incident, wrong location, cancelled en route” is added to provide information on calls that did not necessarily result in services provided.
- + “# of Uncategorized” is added to provide information on the activity level. As the Department refines its processes, it is expected that the data displayed in this activity will decrease.

Fire Department

Performance Summary

Fire Prevention

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of arson investigations with determination of cause	67%	80%	65%	80%
 % of inspections not requiring a follow-up inspection	78%	80%	82%	80%
 % of occupancies receiving an inspection:				
- State-mandated	76%	100%	91%	100%
- Assemblies	NEW	NEW	98%	100%
- Non-mandated	59%	80%	74%	80%
 % of code violation complaint investigations initiated within 1 week	92%	100%	92%	100%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⤷ “% of occupancies receiving an inspection” has been modified to exclude Assemblies from State-mandated category. As recommended in the City Auditor’s audit of April 2013, the Fire Department reviewed its methodology for calculating State-mandated inspections. Assemblies are now excluded from the State-mandated inspections. A separate line item for Assemblies will reflect the inspection activities for this category.

Fire Department

Performance Summary

Fire Prevention

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of investigations conducted by Arson Unit	318	301	273	300
# of investigations resulting in arson determination	175	164	137	170
Total number of arson fires in structures	86	60	73	75
Total estimated dollar loss due to arson	\$3,954,240	\$3,015,000	\$10,111,000*	\$5,000,000
Arson fires per 100,000 population	18	17	14	15
Plan reviews performed (special events)	415	400	460	460
# of initial inspections conducted by Firefighters:				
- State-mandated**	5,368	4,900	4,400	4,900
# of initial inspections conducted by Bureau of Fire Prevention staff:				
- State-mandated	1,160	2,130	1,390	1,400
- Assemblies	1,603	NEW	1,488	1,500
- Non-mandated	2,234	900	1,924	1,950
# of re-inspections:				
- State-mandated	1,950	1,212	2,429	2,500
- Assemblies	976	NEW	782	800
- Non-mandated	98	490	85	1000
Total annual permitted occupancies:				
- Hazardous Materials	2,859	2,915	3,171	3,200
- Fire Safety	6,213***	7,400	5,658	6,000
# of complaints investigated	83	105	84	85

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* Significant increase in dollar loss due to arson is estimated in 2013-2014 due to one large commercial fire.

** 2012-2013 State-mandated inspections conducted by Firefighters included assemblies. As recommended in the City Auditor's report of April 2013, assemblies are now excluded from the State-mandated inspections by Firefighters.

*** Number of occupancies in 2012-2013 included cell towers and businesses that have closed but updates were not completed on the system. Staff has been working on updating the system to remove duplicate records. 2013-2014 estimates reflect updates and have excluded cell towers and duplicate records.

¹ Changes to Performance Measures from 2013-2014 Activity and Workload Highlights:

- U “% of occupancies receiving an inspection” has been modified to exclude Assemblies from State-mandated category. As recommended in the City Auditor's audit of April 2013, the Fire Department reviewed its methodology for calculating State-mandated inspections. Assemblies are now excluded from the State-mandated inspections. A separate line item for Assemblies will reflect the inspection activities for category.

Fire Department

Performance Summary

Fire Safety Code Compliance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Ratio of fee revenue to Development Fee Program cost	100%	100%	100%	100%
 Selected cycle time measures for Development services:				
- Fire Plan Check processing targets met	93%	100%	91%	100%
- Fire inspections within 24 hours	100%	100%	100%	100%
 % of Development process participants rating service as good or excellent	91%	90%	89%	90%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of new construction and tenant improvement plan checks performed	4,693	5,100	5,150	5,600
# of new construction and tenant improvement inspections performed	5,915	5,800	7,400	8,100

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: No

Fire Department

Performance Summary

Strategic Support

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 # of Council Districts with at least 5 community members graduated from the 20-hour San José Prepared! course each year	4*	10	7	10

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Council Districts 1, 4, 6, and 9 had at least five community members trained in 2012-2013.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of residents graduating 20-hour San José Prepared! Training annually	65	100	70	100
# of residents attending 2 hour San José Prepared! training (short course)	872	1,000	930	1,000

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: No

Fire Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	2.00	2.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	5.00	5.00	-
Analyst II C PT	0.50	0.50	-
Arson Investigator	3.00	3.00	-
Assistant Fire Chief	1.00	1.00	-
Associate Engineer	14.00	15.00	1.00
Battalion Chief	21.00	21.00	-
Deputy Director	1.00	1.00	-
Deputy Fire Chief	3.00	3.00	-
Director, Emergency Services	1.00	1.00	-
Fire Captain	166.00	166.00	-
Fire Chief	1.00	1.00	-
Fire Division Chief	3.00	3.00	-
Fire Engineer	214.00	226.00	12.00
Fire Equipment Technician	2.00	2.00	-
Fire Fighter	256.00	244.00	(12.00)
Fire Prevention Inspector	11.00	11.00	-
Hazardous Materials Inspector II	7.00	6.00	(1.00)
Information Systems Analyst	1.00	1.00	-
Network Technician	2.00	2.00	-
Office Specialist II	3.00	3.00	-
Permit Specialist	1.00	1.00	-
Principal Office Specialist	1.00	1.00	-
Program Manager I	1.00	1.00	-
Public Safety Radio Dispatcher	30.00	30.00	-
Public Safety Radio Dispatcher PT	0.48	0.48	-
Senior Account Clerk	2.00	2.00	-
Senior Analyst	3.00	3.00	-
Senior Engineer	2.00	2.00	-
Senior Geographic Systems Specialist	0.00	1.00	1.00
Senior Hazardous Materials Inspector	1.00	1.00	-
Senior Office Specialist	4.00	4.00	-
Senior Permit Specialist	2.00	2.00	-
Senior Public Safety Dispatcher	11.00	11.00	-
Senior Systems Applications Programmer	2.00	2.00	-
Staff Specialist	3.00	3.00	-
Staff Technician	1.00	1.00	-
Supervising Applications Analyst	1.00	1.00	-
Supervising Public Safety Dispatcher	3.00	3.00	-
Training Specialist	3.00	3.00	-
Total Positions	791.98	792.98	1.00

Note: Of the 792.98 positions in the Fire Department in 2014-2015, 679 are sworn positions and 113.98 are civilian positions.

Housing Department

Leslye Corsiglia, Director

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N

To strengthen and revitalize our community through housing and neighborhood investment

City Service Area

Community and Economic Development

Core Services

Community Development and Investment

Invest in at-risk residents and neighborhoods by providing housing and community development loans and support to public service providers; coordinate regional efforts to end homelessness

Housing Development and Preservation

Provide funding and technical assistance for the construction of new affordable housing, and the acquisition and rehabilitation of existing housing; preserve existing affordable housing through loans and grants and effective management of the City's loan portfolio; provide homebuyer assistance, and rehabilitation loans and grants, as funds are available; provide Inclusionary and Market Rate Housing assistance to the housing development community

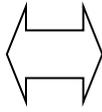
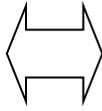
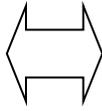
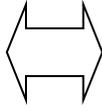
Neighborhood Development and Stabilization

Provide investment and support to neighborhoods through funding infrastructure improvements and provide Rental Rights and Referrals services to community residents

Strategic Support: Public Education, Long Range Planning, Financial Management, Computer Services, Clerical Support, Human Resources, Audit Supervision, Policy Development and Loan Servicing and Oversight

Housing Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Community Development and Investment: <i>Invest in at-risk residents and neighborhoods by providing housing and community development loans and support to public service providers; coordinate regional efforts to end homelessness</i></p>		<ul style="list-style-type: none"> • Non-Profit Partnership to End Chronic Homelessness • Coordination of Interdepartmental Response to Homeless Encampments • Homelessness Response Team • City-wide Homeless Outreach and Engagement • Non-Profit Services Grants for school readiness, limited senior programs, facility improvements, and homeless outreach programs
<p>Housing Development and Preservation: <i>Provide funding and technical assistance for the construction of new affordable housing, and the acquisition and rehabilitation of existing housing; preserve existing affordable housing through loans and grants and effective management of the City's loan portfolio; provide homebuyer assistance, and rehabilitation loans and grants, as funds are available; provide Inclusionary and Market Rate Housing assistance to the housing development community</i></p>		<ul style="list-style-type: none"> • Affordable Housing Development Loans • Homeless Tenant Based Rental Assistance Program • Place-Based Rapid Re-Housing Encampment Program • Mobile Home Seismic Grants • Limited Rehabilitation Homeowner Loans • Inclusionary Housing Program • Facilitate Market Rate Housing Development
<p>Neighborhood Development and Stabilization: <i>Provide investment and support to neighborhoods through funding infrastructure improvements, and provide Rental Rights and Referral services to community residents</i></p>		<ul style="list-style-type: none"> • Fair Housing Programs • Rental Rights and Referral Services • Community Development Block Grant Program – Infrastructure Investments • Neighborhood Stabilization Program • Place-Based Neighborhood Strategy
<p>Strategic Support: <i>Public Education, Long Range Planning, Financial Management, Computer Services, Clerical Support, Human Resources, Audit Supervision, Policy Development and Loan Servicing and Oversight</i></p>		<ul style="list-style-type: none"> • Loan Compliance and Collections • Policy Development • Financial Management • Clerical Support • Audit Supervision • Public Education

Housing Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Assist in the creation and preservation of affordable housing for low-income and special needs households by committing \$8 million to provide financing for 63 newly constructed affordable rental apartments, including up to 22 special needs units, and 180 affordable homes through negotiated agreements. As funds become available, staff will bring forward additional developments as over 300 affordable homes await financing.
- Continue to serve as a leader in Destination: Home and its efforts to eliminate chronic homelessness. Other activities include: continuing to implement a Homeless Rapid Re-Housing Program, which funds outreach programs to facilitate the movement of homeless persons living on the streets to permanent housing; expanding the tenant-based rental assistance program to focus on employable homeless, including families with children; continuing to implement encampment abatement and site remediation measures; enhancing programs for Downtown homeless persons; coordinating and improving the role of faith-based and civic organizations' services in supporting solutions to prevent and end homelessness; and developing multi-disciplinary outreach and engagement programs for San José's homeless population.
- Continue employing a place-based, neighborhood-focused strategy as part of the Community Development Block Grant (CDBG) program. This strategy will continue in three neighborhoods (Mayfair, Santee, and Five Wounds/Brookwood Terrace) where there is demonstrated need consistent with the CDBG program guidelines, the opportunity to make change, and strong community partnerships to sustain that progress.
- Complete approximately 40 mobilehome seismic retrofits through the Hazard Mitigation Grant Program and close out the program in the first half of 2014-2015. This projected number of retrofits will bring the program total to the stated goal of 850 units retrofitted.
- Complete the planning process for developing three housing plans: the State-mandated 2014-2022 Housing Element (due by January 31, 2015), the federally required 2015-2020 Consolidated Plan (due by May 15, 2015), and the City's local 2015-2020 Housing Investment Plan (anticipated completion in fall 2014).

2014-2015 Budget Actions

- The Housing Department will continue to support the Homeless Response Team and the Homeless Rapid Rehousing Programs budgeted for a second year in the City-Wide Expenses section of this document. This budget extends current one-time staffing (two positions in the Housing Department) for the Homeless Response Team Program. This budget also establishes a \$2.0 million Homeless Rapid Re-Housing Reserve and a \$1.5 million Homeless Response Team Reserve for 2015-2016, which would continue these programs for a third year.
- The addition of 1.0 Development Officer position to the Housing Department's Asset Management Program will strengthen capacity to oversee the City's \$800 million affordable housing loan portfolio and its multi-family housing finance program.
- Two vacant Analyst positions will be eliminated to reflect the realignment of work between departments as well as the completion of the Neighborhood Stabilization Program. Funding for administrative positions will also be shifted between various Housing Funds to realign funding sources with the duties to be performed.
- An increase to contractual services will address the increased demand for mediation and arbitration services, as well as the increased costs to administer the Rental Rights and Referrals Program.
- Funding of \$25,000 for additional work on the Nexus Study will enable the completion of the study, which will analyze the impact to residential development on the need of affordable housing in San José.

Operating Funds Managed

- | | |
|---|---|
| <input type="checkbox"/> Community Development Block Grant Fund | <input type="checkbox"/> Housing Trust Fund |
| <input type="checkbox"/> Economic Development Administration Loan Fund | <input type="checkbox"/> Low and Moderate Income Housing Asset Fund |
| <input type="checkbox"/> Home Investment Partnership Program Trust Fund | <input type="checkbox"/> Multi-Source Housing Fund |

Housing Department

Department Budget Summary

The table below identifies the programs that are currently provided by the Housing Department. In each fund, the fund's total budget, full-time equivalent (FTE) position count, source of funds, and program name and activity are described.

Fund	FTEs	Source of Funds	Program/Activity
General Fund (Fund 001) Total Fund Budget: \$238,047	4.65	General Fund	Neighborhood Engagement - Implement place-based strategy Homelessness Response Team* - Clean-up homeless encampments - Rapid Re-Housing * Funding in City-Wide Expenses
Low and Moderate Income Housing Asset Fund (Fund 346) Total Fund Budget: \$34,161,662	29.88	Loan Repayments Interest	Loans and Portfolio Management - New Construction - Acquisition/Rehabilitation Administration - Reporting - Fiscal Management
Housing Trust Fund (Fund 440) Total Fund Budget: \$3,172,756	4.05	Bond Administration Fees Tax Credit Review Fees	Grants for homeless programs/activities
Community Development Block Grant Fund (Fund 441) Total Fund Budget: \$15,719,595	8.31	Federal CDBG Funding	Grant management - Grants to non-profits - Place-based strategy - Infrastructure - Code Enforcement - Minor Home Repair Grants - Homeless Facility Construction Rehabilitation
Home Investment Partnership Program Trust Fund (Fund 445) Total Fund Budget: \$15,376,452	3.31	Federal HOME Investment Partnership Funding	Loans/Grants - New Construction - Acquisition/Rehabilitation - Home Rehabilitation Rental Assistance/Permanent Housing for Homeless Persons Grant to a non-profit for an acquisition and rehabilitation program

Housing Department

Department Budget Summary

Fund	FTEs	Source of Funds	Program/Activity
Multi-Source Housing Fund (Fund 448) Total Fund Budget: \$26,916,098	1.68	Other Federal/Entitlement Programs: Neighborhood Stabilization Program (NSP) 1 and 2 Emergency Shelter Grants (ESG) Housing Opportunities for Persons with AIDS (HOPWA)	Loans/Grants – Large Projects - New Construction - Acquisition/Rehabilitation Loans/Grants – Small Projects - Acquisition/Rehabilitation/Resale of Single Family Homes Grants to homeless service providers Grants for services to persons living with HIV/AIDS
	3.95	Fees from Mobilehome Park Owners/Residents Fees from Apartment Owners	Referral and arbitration services to mobilehome owners and mobilehome park owners Mediation and arbitration services to landlords and tenants living in rent-controlled apartments
	1.00	State Funding: CalHome BEGIN	Loans - First Time Homebuyers - Home Rehabilitation - Acquisition/Rehabilitation - Homebuyer assistance
	1.17	Federal and State Funding: FEMA/CalEMA	Grants - Mobilehome Seismic Retrofit

Housing Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Community Development and Investment	\$ 378,174	\$ 382,892	\$ 294,884	\$ 297,220	(22.4%)
Housing Development and Preservation	401,882	775,825	840,688	844,971	8.9%
Neighborhood Development and Stabilization	2,877,982	3,437,927	3,666,764	3,694,071	(7.5%)
Strategic Support	4,047,379	4,100,416	4,320,308	4,589,562	11.9%
Total	\$ 7,705,417	\$ 8,697,060	\$ 9,122,644	\$ 9,425,824	8.4%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 6,984,646	\$ 7,526,237	\$ 7,949,821	\$ 8,033,001	6.7%
Overtime	6,742	24,831	24,831	24,831	0.0%
Subtotal	\$ 6,991,388	\$ 7,551,068	\$ 7,974,652	\$ 8,057,832	6.7%
Non-Personal/Equipment					
Total	714,029	1,145,992	1,147,992	1,367,992	19.4%
Total	\$ 7,705,417	\$ 8,697,060	\$ 9,122,644	\$ 9,425,824	8.4%
Dollars by Fund					
General Fund	\$ 241,634	\$ 242,297	\$ 235,407	\$ 238,047	(1.8%)
Comm Dev Block Grant	1,419,495	1,318,450	1,391,232	1,272,752	(3.5%)
Home Invest Partnership	281,024	547,831	553,947	557,778	1.8%
Housing Trust Fund	349,233	456,683	387,617	517,715	13.4%
Low/Mod Income Hsg Asset	4,872,097	4,359,510	4,864,406	5,245,822	20.3%
Multi-Source Housing	541,934	1,772,289	1,690,035	1,593,710	(10.1%)
Total	\$ 7,705,417	\$ 8,697,060	\$ 9,122,644	\$ 9,425,824	8.4%
Authorized Positions by Core Service					
Community Development and Investment	3.80	2.70	2.10	3.10	14.8%
Housing Development and Preservation	4.40	3.80	3.40	3.40	(10.5%)
Neighborhood Development and Stabilization	25.40	24.02	25.22	23.92	(0.4%)
Strategic Support	28.40	26.48	26.28	27.58	4.2%
Total	62.00	57.00	57.00	58.00	1.8%

Housing Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	57.00	8,697,060	242,297
<hr/> Base Adjustments <hr/>			
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations: - 0.5 Development Specialist PT to 0.5 Community Activity Worker PT - 1.0 Principal Account Clerk to 1.0 Senior Account Clerk		423,584	(6,890)
● Changes in vehicle maintenance and operations costs		2,000	0
Technical Adjustments Subtotal:	0.00	425,584	(6,890)
2014-2015 Forecast Base Budget:	57.00	9,122,644	235,407
<hr/> Budget Proposals Approved <hr/>			
1. Rental Rights and Referral Program		195,000	0
2. Housing Department Salary Program		146,296	2,640
3. Homeless Response Team	2.00	130,098	0
4. Housing Asset Management Program	1.00	109,452	0
5. Nexus Study		25,000	0
6. Housing Department Staff Funding Realignment	0.00	0	0
7. Housing Analytical Staffing Realignment	(2.00)	(302,666)	0
Total Budget Proposals Approved	1.00	303,180	2,640
2014-2015 Adopted Budget Total	58.00	9,425,824	238,047

Housing Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Rental Rights and Referral Program		195,000	0
<i>Community and Economic Development CSA</i> <i>Neighborhood Development and Stabilization</i>			
<p>This action adds contractual services funding for hearing officers for the Rental Rights and Referral Program (RRRP). With changes in the rental market, there has been a large increase in rents including apartment rents and space rents at mobile home parks. This has resulted in an increased demand for mediation and arbitration services. In addition to the increase in activity levels, the costs to administer the RRRP arbitration and mediation services are expected to increase. (Ongoing costs: \$195,000)</p>			
Performance Results:			
Quality This action will ensure that adequate resources are available for contracted mediation and arbitration services as needed.			
2. Housing Department Salary Program		146,296	2,640
<i>Community and Economic Development CSA</i> <i>Community Development and Investment</i> <i>Housing Development and Preservation</i> <i>Neighborhood Development and Stabilization</i> <i>Strategic Support</i>			
<p>This action increases the Housing Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units including, Municipal Employee's Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$146,296)</p>			
Performance Results: N/A (Final Budget Modification)			
3. Homeless Response Team	2.00	130,098	0
<i>Community and Economic Development CSA</i> <i>Community Development and Investment</i> <i>Strategic Support</i>			
<p>This action adds two positions (1.0 Senior Development Officer and 1.0 Development Officer) through June 30, 2016. The Senior Development Officer position will provide overall support and coordination for the Homeless Response Team and is funded by the Homeless Response Team allocation as described in the City-Wide Expenses section in this document. The Development Officer position, funded by the Housing Trust Fund, will coordinate multi-disciplinary outreach and engagement programs that target homeless individuals and families living in encampments, increase encampment clean-ups, and coordinate activities with stakeholder agencies. An Earmarked Reserve of \$1.5 million for the Homeless Response Team and \$2.0 million Earmarked Reserve for Homeless Rapid</p>			

Housing Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Homeless Response Team

Rehousing are included in the General Fund Capital, Transfers, and Reserves section to continue these programs through June 30, 2016. Additional resources for this program are further described in the City-Wide Expenses (\$3.67 million), General Fund Capital, Transfer, and Reserves (\$3.5 million), and Parks, Recreation and Neighborhood Services Department sections in this document. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to homeless encampments and the concerns of community members and businesses regarding homeless individuals living in encampments. With the continuation of this plan, as reflected in the City-Wide Expenses Section of this document, staff will respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and the environmental damage caused by encampments. Furthermore, staff will use the funding for rapid rehousing to offer long-term housing solutions.

4. Housing Asset Management Program	1.00	109,452	0
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Community and Economic Development CSA
Neighborhood Development and Stabilization

This action adds one Development Officer position to the Housing Asset Management Program. This position will supervise a three-person multi-family loan team to strengthen the Department's capacity to oversee the growing number of complex issues associated with maintaining adequate financial management, loan compliance, and collection oversight. The number of multi-family housing loans that are being financed is anticipated to grow as the number of major multi-family projects in the portfolio ages. (Ongoing costs: \$109,851)

Performance Results:

Quality This action will increase oversight on the growing number of complex projects associated with multi-family loans and maintain current levels of loan servicing.

5. Nexus Study		25,000	0
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Community and Economic Development CSA
Strategic Support

This action adds one-time contractual services funding of \$25,000 to complete a nexus study. On June 4, 2013, City Council directed the Housing Department to conduct a nexus study analyzing the impact that residential development has on the need for affordable housing in San José and return to the City Council with recommendations. This funding will be used for additional contractual services to address revisions to the technical analysis, update the census data, and revise the supplemental report to address rental residential development only. The nexus study is anticipated to be completed by fall 2014. (Ongoing costs: \$0)

Performance Results:

No impacts to existing service levels are anticipated as a result of this action. However, if approved, the results from this study will form one of the bases for the recommendation of a housing impact fee on new market rate rental projects consistent with the applicable requirements of the Mitigation Fee Act.

Housing Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
6. Housing Department Staff Funding Realignment <i>Community and Economic Development CSA</i> <i>Neighborhood Development and Stabilization</i> <i>Strategic Support</i> This action shifts funding for administrative positions in the Housing Department between various Housing Funds in order to align funding sources with the work provided. This action shifts 40% of an Office Specialist II position (\$27,439) and 90% of a Senior Systems Applications Programmer position (\$157,468) from the Multi-Source Housing Fund to the Low and Moderate Income Housing Asset Fund. (Ongoing costs: \$0) Performance Results: No impacts to existing service levels are anticipated as a result of this action.	0.00	0	0
7. Housing Analytical Staffing Realignment <i>Community and Economic Development CSA</i> <i>Neighborhood Development and Stabilization</i> <i>Strategic Support</i> This action eliminates one Analyst position from the Community Development Block Grant Fund. This position oversaw the Small Business Loan Program; however, this program was shifted in this budget to the Finance Department for more effective service delivery. In addition, there are fewer grant contracts to administer and monitor, and the Housing Department has been able to reallocate this function within existing staff. This action also eliminates one vacant Analyst from the Multi-Source Housing Fund as a result of the completion of the Neighborhood Stabilization Program. This action will accurately align staffing with anticipated workload. (Ongoing savings: \$303,716) Performance Results: Quality These actions align staffing levels with the anticipated workload and reflect the realignment of the Small Business Loan Program administration to the Finance Department.	(2.00)	(302,666)	0
2014-2015 Adopted Budget Changes Total	1.00	303,180	2,640

Housing Department

Performance Summary

Community Development and Investment

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
Reduction in the number of homeless individuals from prior two years (biennial)	57*	N/A**	N/A**	500*
% of tenant/landlord mediations that resulted in mutual agreement	86%	90%	87%	85%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* The 2012-2013 Actual is significantly lower than the 2014-2015 Target due to a new methodology that was used to more accurately report the actual number of homeless individuals. The City has made a concerted effort to identify historically hard to reach populations by requesting information from outreach professionals from non-profit agencies that seek out people living in encampments and other hard to find areas. A significant reduction in homeless individuals in 2014-2015 is anticipated as a result of the Homeless Rapid Rehousing Program, which was implemented in 2013-2014.

** This number is collected on a biennial basis.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

↳ “Reduction in the number of chronically homeless individuals from prior two years (biennial)” was revised to “Reduction in the number of homeless individuals from prior two years (biennial)” to reflect a new methodology implemented.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Estimated number of homeless individuals (biennial):				
- chronically homeless	1,531	N/A*	N/A*	1,431
- non-chronically homeless	3,239	N/A*	N/A*	3,139
# of homeless individuals who secured new permanent housing:				
- chronically	419	300	400	400
- non-chronically	701	500	500	500
# of unduplicated mobilehome and apartment clients served by the Rental Rights and Referrals Program	2,401	2,650	2,400	2,300

Changes to Activity & Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* This number is collected on a biennial basis.

¹ Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget:

↳ “# of homeless individuals who secured permanent housing” was revised to “# of homeless individuals who secured new permanent housing” to clarify the information being reported.

Housing Department

Performance Summary

Housing Development and Preservation

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of annual target achieved for production of affordable housing/# of units	49.4% (248)	100% (565)	83% (471)	100% (94)*
 % of all rehab program funds that are loaned versus granted	68%	50%	85%	90%
 Cumulative ratio of non-City funds to City funds over the last five years in the New Construction Program	2:1	6.55:1	7.04:1	2.57:1**
 % of rehabilitation and mobilehome clients satisfied or very satisfied based on overall service	85%	90%	87%	90%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* The drop in affordable housing units completed is a result of the dissolution of the San Jose Redevelopment Agency and the bank credit crisis curtailing multi-family affordable housing projects entering construction. Funding has been provided for construction of 342 multi-family affordable housing units and funding commitments to restart the construction process for over 200 multi-family affordable housing units began in 2013-2014, but construction for these units will not be completed in 2014-2015.

** The drop in the ratio of non-City funds to City funds is a result of lower loan amounts anticipated to be converted in 2014-2015. In 2013-2014, the City anticipates granting \$22.8 million in loans compared to \$9.2 million projected in 2014-2015. As more projects are completed, these ratios will increase.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of annual target achieved for homebuyer clients assisted” was deleted as the Housing Rehabilitation Loan and Grant Program was discontinued as part of the 2013-2014 Adopted Budget.
- ✘ “% of homebuyer clients (approved or denied) satisfied or very satisfied with the programs based on overall service” was deleted as the Housing Rehabilitation Loan and Grant Program was discontinued as part of the 2013-2014 Adopted Budget.

Housing Department

Performance Summary

Housing Development and Preservation

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of homebuyer loans closed:				
- CalHome BEGIN	14	16	15	20
- Other downpayment assistance	11	5	5	5
Total	25	21	20	25
# of unduplicated households assisted by the homebuyer program*	25	21	20	25
# of affordable housing units completed in the fiscal year	248	565	471	94**
Average per-unit subsidy in funding commitments for new construction projects (\$)	\$115,724	\$124,513	\$48,323	\$97,684
# of mobilehome retrofits completed	342	150	175	50
# of rehabilitation projects completed:				
- Rehabilitation projects	44	50	35	35
- Mobilehome projects	35	0	12	0
- Minor repair	3	100	0	0
Total	82	150***	47	35

Changes to Activity & Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* Some homebuyers received multiple loans.

** The drop in affordable housing units completed is a result of the dissolution of the San Jose Redevelopment Agency and the bank credit crisis curtailing multi-family affordable housing projects entering construction. Funding has been provided for construction of 342 multi-family affordable housing units and funding commitments to restart the construction process for over 200 multi-family affordable housing units began in 2013-2014, but construction for these units will not be completed in 2014-2015.

*** These are unduplicated units of rehabilitated housing funded through the Housing Department's rehab program.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

⤵ “# of homebuyer loans closed” was revised to exclude loans closed for the Welcome Home Program because it was discontinued as part of the 2013-2014 Adopted Budget.

Housing Department

Performance Summary

Neighborhood Development and Stabilization

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
% of CDBG-funded projects meeting all stated outcomes: - City projects	80%	90%	90%	90%
- Non-City projects	82%	90%	90%	90%
% of CDBG invoices processed within 30 days of receipt of all required documentation	97%	90%	90%	90%
% of CDBG contracts completed by July 1	0%*	90%	0%*	90%
% of all non-mobilehome rehabilitation project funds approved within place-based neighborhoods	12%	60%**	20%	20%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* Due to turnover in staffing and changes in funding levels late in the process, no CDBG contract amendments were completed by July 1st.

** During the development of the 2013-2014 Target, the Department anticipated an increase in non-mobilehome rehabilitation projects within the place-based neighborhoods based on the favorable housing market for buyers. However, the housing market rebounded during 2013-2014 and the increase in rehabilitation projects was no longer feasible.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

✘ “% of CDBG open projects monitored by June 30” was deleted, as this measure is always 100% due to requirements of the grant funds.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of single family Loan Management transactions (refinances, subordinations, assumptions, payoffs)	105	150	160	165
# of non-mobilehome rehabilitation projects completed in targeted neighborhood areas	18	20	20	27
# of neighborhood stabilization projects completed (homes sold)	11	5*	5*	2*

Changes to Activity & Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* The San José Dream Home Homebuyer Program concluded at the end of 2012-2013. However, the department acquired the final seven homes and sold five in 2013-2014. The remaining two homes will be sold in 2014-2015.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

⤴ “# of Loan Management transactions (refinances, subordinations, assumptions)” was revised to “# of single family Loan Management transactions (refinances, subordinations, assumptions, payoffs)” to clarify the information being reported.

Housing Department

Performance Summary

Strategic Support

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Monetary default rate of loan portfolio by category:				
% of total loan principal:				
1. Project Loans	0%	0%	0%	0%
2. Rehabilitation Loans	0%	2%	0%	0%
3. Homebuyer Loans	2.5%	2%	2%	1%
% of total loans:				
1. Project Loans	0%	0%	0%	0%
2. Rehabilitation Loans	0%	2%	0%	0%
3. Homebuyer Loans	1.6%	2%	1%	1%
 % of portfolio units brought into compliance with safe and sanitary condition requirements within 90 days	65%	90%	80%	80%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Size of Housing Department loan portfolio by category:				
Total loan principal (\$):				
1. Project Loans	635,847,723	695,000,000	625,000,000	630,000,000
2. Rehabilitation Loans	16,870,208	17,200,000	16,500,000	16,100,000
3. Homebuyer Loans	81,676,927	85,750,000	81,000,000	80,000,000
Total	734,394,858	797,950,000	722,500,000	726,100,000
Total number of loans:				
1. Project Loans	175	175	174	172
2. Rehabilitation Loans	418	375	415	410
3. Homebuyer Loans	1,538	1,550	1,530	1,520
Total	2,131	2,100	2,119	2,102
# of major projects in loan portfolio inspected annually				
- Projects	59	115	120	120
- Units	741*	1,300	1,400	1,620
# of City facilitated affordable rental units	N/A	N/A	N/A	15,934
# of deed restricted for-sale homes	N/A	N/A	N/A	1,850

Changes to Activity & Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* The 2012-2013 Actual number is lower than the 2013-2014 Estimate because the department had staff vacancies throughout the fiscal year. In 2013-2014, the department reorganized staff and workload to bring inspections back to anticipated levels.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- + “# of City facilitated affordable rental units” to provide the number of Housing portfolio units by type of unit.
- + “# of deed restricted for-sale homes” to provide the number of Housing portfolio units by type of unit.

Housing Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk I	1.00	1.00	-
Accountant II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	9.00	7.00	(2.00)
Assistant Director of Housing	1.00	1.00	-
Building Rehabilitation Inspector II	4.00	4.00	-
Community Activity Worker FT	1.00	1.00	-
Community Activity Worker PT	0.00	0.50	0.50
Community Coordinator	1.00	1.00	-
Community Services Supervisor	1.00	1.00	-
Development Officer	6.00	8.00	2.00
Development Specialist	5.00	5.00	-
Development Specialist PT	1.00	0.50	(0.50)
Director of Housing	1.00	1.00	-
Division Manager	2.00	2.00	-
Housing Policy and Plan Administrator	1.00	1.00	-
Office Specialist II	4.00	4.00	-
Principal Account Clerk	1.00	0.00	(1.00)
Program Manager II	1.00	1.00	-
Senior Account Clerk	0.00	1.00	1.00
Senior Accountant	1.00	1.00	-
Senior Development Officer	6.00	7.00	1.00
Senior Systems Applications Programmer	1.00	1.00	-
Staff Specialist	4.00	4.00	-
Student Intern PT	1.00	1.00	-
Total Positions	57.00	58.00	1.00

Human Resources Department

Joe Angelo, Director

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To attract, develop and retain a quality workforce

City Service Area

Strategic Support

Core Services

Employee Benefits

Provide benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively

Employment Services

Facilitate the timely hiring of excellent employees and maintain the City's classification and compensation systems

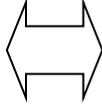
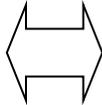
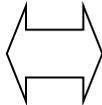
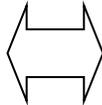
Health and Safety

Provide services that ensure employee health, safety, and well-being

Strategic Support: Administration, Customer Service, Personnel Management, Human Resources Systems Management, Records Management, Financial Management

Human Resources Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Employee Benefits: <i>Provide benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively</i></p>		<ul style="list-style-type: none"> • Competitive Processes for Benefit Plans • Staff Support for Benefits Review Forum and Deferred Compensation Advisory Committee • Benefits Orientations • Insurance Premium Payments • Claims Processing • Eligibility and Contribution Transfers • Customer Services, Counseling and Mediation • Human Resources Information System (HRIS) - Benefits Module Administration and Maintenance
<p>Employment Services: <i>Facilitate the timely hiring of excellent employees and maintain the City's classification and compensation systems</i></p>		<ul style="list-style-type: none"> • Recruitment, Assessment, and Hiring • Executive Recruitment • Temporary Employment Program • Job Classification/ Compensation Review • Employee Reallocations • Civil Service and Hiring Rules, Policies, and Procedures • Employee Placements
<p>Health and Safety: <i>Provide services that ensure employee health, safety, and well-being</i></p>		<ul style="list-style-type: none"> • Workers' Compensation Program • Safety and Loss Control • Employee Health Services
<p>Strategic Support: <i>Administration, Customer Service, Personnel Management, Human Resources Systems Management, Records Management, Financial Management</i></p>		<ul style="list-style-type: none"> • Administration • Financial Management • Personnel Management • Human Resources Systems Management • Records Management • Customer Service

Human Resources Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Employment Services will continue to facilitate recruitments and manage effective, efficient, and defensible hiring processes in partnership with client departments to attract and retain qualified employees.
- Maintain a safe and healthy work environment in compliance with all applicable State and federal regulations related to employee health and safety and continue to minimize liability and loss to the City. Health and Safety programs will continue to ensure injured employees receive adequate and appropriate treatment; promote a culture of safety through the Injury, Illness, and Prevention Programs; and ensure employee medical exams and testing are completed as mandated.
- Provide a wide range of quality, affordable, and responsive benefit programs that best meet the needs of the employees, retirees, their dependents, and the City and assist participants to utilize their plans effectively.
- Review medical services and wellness programs to ensure that current service levels are provided in the most efficient and cost-effective manner. An ongoing reduction in wellness revenue from the City's health insurance providers, as negotiated, has necessitated a service evaluation to ensure remaining revenues align with the highest program needs.

2014-2015 Key Budget Actions

- As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the addition of \$100,000 for contractual services will enable the Human Resources Department to conduct interviews with current Police Officers about what factors motivate them to stay and succeed in the Police Department.
- As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the addition of 1.0 Analyst assigned to the Police Department will serve as a dedicated resource and the single point of contact for employees of the Police Department, addressing human resources-related questions and assisting with disability retirement issues.
- Staffing realignment in the Benefits Division, resulting in the net elimination of 0.25 positions, will enable the department to realize staffing efficiencies by merging the duties of two part-time positions currently assisting the Deferred Compensation Program (0.75 PT position) and the Benefits Program (0.50 PT position) into a single position funded 50%/50% by these two programs. This position will continue to facilitate the timely completion of clerical tasks associated with the Benefits Division.

Operating Funds Managed

- Benefit Fund - Benefit Fund
- Benefit Fund - Dental Insurance Fund
- Benefit Fund - Life Insurance Fund
- Benefit Fund - Unemployment Insurance Fund

Human Resources Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Employee Benefits	\$ 2,199,443	\$ 2,258,295	\$ 2,366,017	\$ 2,401,771	6.4%
Employment Services	1,852,103	2,051,590	2,195,506	2,632,323	28.3%
Health and Safety	2,579,876	3,386,288	3,157,951	3,517,627	3.9%
Strategic Support	704,505	917,564	963,057	985,664	7.4%
Total	\$ 7,335,927	\$ 8,613,737	\$ 8,682,531	\$ 9,537,385	10.7%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 5,397,230	\$ 6,257,880	\$ 6,403,974	\$ 6,808,828	8.8%
Overtime	7,691	13,018	13,018	13,018	0.0%
Subtotal	\$ 5,404,921	\$ 6,270,898	\$ 6,416,992	\$ 6,821,846	8.8%
Non-Personal/Equipment					
Total	\$ 7,335,927	\$ 8,613,737	\$ 8,682,531	\$ 9,537,385	10.7%
Dollars by Fund					
General Fund	\$ 5,423,327	\$ 6,370,944	\$ 6,423,577	\$ 7,226,032	13.4%
Benefit Fund	370,094	489,379	517,088	543,970	11.2%
Dental Insurance	657,560	743,680	715,254	720,165	(3.2%)
Federated Retirement	63,392	67,544	71,448	73,455	8.8%
Integrated Waste Mgmt	16,361	22,808	21,705	22,038	(3.4%)
Library Parcel Tax	43,877	50,335	46,190	47,396	(5.8%)
Life Insurance	50,638	50,207	66,962	68,506	36.4%
Low/Mod Income Hsg Asset*	20,790	24,010	21,964	22,572	(6.0%)
Police & Fire Retirement	144,709	154,111	163,708	168,370	9.3%
PW Program Support	103,955	112,414	100,876	100,876	(10.3%)
Sewer Svc & Use Charge	23,206	25,228	24,174	24,660	(2.3%)
SJ/SC Treatment Plant Oper	287,295	270,055	243,069	248,415	(8.0%)
Storm Sewer Operating	28,790	45,385	40,955	41,878	(7.7%)
Unemployment Insurance	93,056	108,003	141,063	143,467	32.8%
Water Utility Fund	8,877	12,785	12,034	12,234	(4.3%)
Vehicle Maint & Opers	0	66,849	72,464	73,351	9.7%
Total	\$ 7,335,927	\$ 8,613,737	\$ 8,682,531	\$ 9,537,385	10.7%
Authorized Positions by Core Service					
Employee Benefits	11.90	11.90	11.90	11.65	(2.1%)
Employment Services	15.00	16.00	16.00	16.00	0.0%
Health and Safety	22.35	14.35	14.35	15.35	7.0%
Strategic Support	5.00	6.00	6.00	6.00	0.0%
Total	54.25	48.25	48.25	49.00	1.6%

* This fund was previously named Affordable Housing Investment Fund.

Human Resources Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	48.25	8,613,737	6,370,944
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Workers' Compensation Temporary Staffing Transition		(80,000)	(80,000)
One-time Prior Year Expenditures Subtotal:	0.00	(80,000)	(80,000)
<hr/> Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes		146,094	129,933
● Deferred Compensation Broker Contractual Services (approved by Deferred Compensation Advisory Committee on September 16, 2013)		2,700	2,700
Technical Adjustments Subtotal:	0.00	148,794	132,633
2014-2015 Forecast Base Budget:	48.25	8,682,531	6,423,577
<hr/> Budget Proposals Approved <hr/>			
1. Human Resources Salary Program		146,716	109,470
2. Human Resources Retention Interviews (Public Safety)		100,000	100,000
3. Human Resources Police Department Liaison	1.00	84,964	84,964
4. Benefits Division Staffing Realignment	(0.25)	3,174	(11,979)
5. Rebudget: Employment Services Temporary Staffing		170,000	170,000
6. Rebudget: Workers' Compensation Audit		100,000	100,000
7. Rebudget: Workers' Compensation Backlog Temporary Staffing		100,000	100,000
8. Rebudget: Recruitment Advertising and Job Fairs		75,000	75,000
9. Rebudget: Hiring Process Review		50,000	50,000
10. Rebudget: Technology/Health and Safety Equipment		25,000	25,000
Total Budget Proposals Approved	0.75	854,854	802,455
2014-2015 Adopted Budget Total	49.00	9,537,385	7,226,032

Human Resources Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Human Resources Salary Program		146,716	109,470

Strategic Support CSA

*Employee Benefits
Employment Services
Health and Safety
Strategic Support*

This action increases the Human Resources Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$146,716)

Performance Results: N/A (Final Budget Modification)

2. Human Resources Retention Interviews (Public Safety)		100,000	100,000
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Strategic Support CSA

Employment Services

As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates funding to conduct interviews with San José Police Department Officers concerning factors that motivate them to stay with, and succeed in, the Department. This information will enhance the City's recruitment and retention efforts within the Department. On an ongoing basis, these services could function as the exit interview lead for other departments. (Ongoing costs: \$100,000)

Performance Results:

Cycle Time, Customer Satisfaction This action will improve customer service through prompt examination of the factors that motivate employees to stay with, and succeed at, the City of San José and response times to Police Department human resources needs, especially recruitment and retention efforts, will improve.

3. Human Resources Police Department Liaison	1.00	84,964	84,964
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Strategic Support CSA

Health and Safety

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action adds 1.0 Analyst I/II assigned to the Police Department to address their human resources needs. The position will serve as the single point of contact for employees of the Police Department for human resources-related questions, including those associated with work-

Human Resources Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Human Resources Police Department Liaison

related injuries. This will include coordinating return to work, the workers' compensation process, and issues regarding disability retirements. (Ongoing costs: \$94,848)

Performance Results:

Cycle Time, Customer Satisfaction The addition of a dedicated resource will improve customer service and response times to Police Department human resources needs.

4. Benefits Division Staffing Realignment	(0.25)	3,174	(11,979)
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Strategic Support CSA
Employee Benefits

This action realigns staffing in the Benefits Division, ultimately resulting in the net elimination of 0.25 positions. Actions include the elimination of 1.25 Office Specialist part-time (PT) positions and the addition of 1.0 Office Specialist full-time position. This action enables the department to realize staffing efficiencies by merging the duties of two positions currently assisting the Deferred Compensation Program (0.75 PT position) and the Benefits Program (0.50 PT position funded by the Benefit Fund) into a single position funded 50% by the Deferred Compensation Program and 50% by the Benefit Fund. This position will continue to facilitate the timely completion of clerical tasks associated with the Benefits Division. General Fund costs associated with administering the Deferred Compensation Program are reimbursed by that program and a corresponding adjustment to the General Fund revenue estimate is included elsewhere in this document. (Ongoing costs: \$3,133)

Performance Results:

No impact to current service levels are anticipated as a result of this action.

5. Rebudget: Employment Services Temporary Staffing		170,000	170,000
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Strategic Support CSA
Employment Services

This rebudget of unexpended 2013-2014 personal services funding as a result of vacancies in the Employment Services Division will allow the Human Resources Department to hire temporary staff to increase the hiring capacity across the City. There is currently a backlog for recruitment, which this temporary staffing will help address. The Human Resources Department will utilize the funding to hire temporary positions at an appropriate classification to assist in the various phases of the recruitment process. This funding will enable the Human Resources Department to conduct more recruitments concurrently and/or expedite the hiring process, which will better meet the needs of the various City departments. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

6. Rebudget: Workers' Compensation Audit		100,000	100,000
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Strategic Support CSA
Health and Safety

Human Resources Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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6. Rebudget: Workers' Compensation Audit

This rebudget of unexpended 2013-2014 non-personal/equipment funding will enable the Human Resources Department to engage a consultant to conduct an outside audit of the City's Workers' Compensation claims. This audit is anticipated to determine current case status and an appropriate plan of action to move each case to resolution, as well as review current processes and procedures. The City will incorporate business process improvements resulting from the audit to further streamline and enhance the administration of the Workers' Compensation program. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

7. Rebudget: Workers' Compensation Backlog Temporary Staffing		100,000	100,000
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Strategic Support CSA
Health and Safety

This rebudget of unexpended 2013-2014 non-personal/equipment funding is necessary to address the backlog of Workers' Compensation claims. Approximately half of the City's workers' compensation claims are administered by a Third Party Administrator (TPA) as part of a pilot program. However, as a result of staffing shortages, a backlog has emerged for the claims the City still administers. Temporary staffing to alleviate the backlog will enable the Workers' Compensation program to close outstanding cases. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

8. Rebudget: Recruitment Advertising and Job Fairs		75,000	75,000
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Strategic Support CSA
Employment Services

This rebudget of unexpended 2013-2014 non-personal/equipment funding will provide necessary funding to address the increased demand to advertise job postings and to actively participate in recruitment job fairs. These efforts will increase the exposure of job openings throughout the City, and ensure that the City's employment opportunities are publicized to a broader audience, improving the City's ability to attract top talent. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

9. Rebudget: Hiring Process Review		50,000	50,000
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Strategic Support CSA
Employment Services

This rebudget of unexpended 2013-2014 non-personal/equipment funding will provide funding necessary to conduct an external review of the City of San José's hiring process. The review of the hiring process by an external consultant will help the department identify strategies to further improve the hiring process and ensure that the City remains competitive for attracting top talent. (Ongoing costs: \$0)

Human Resources Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
9. Rebudget: Hiring Process Review			
Performance Results: N/A (Final Budget Modification)			
10. Rebudget: Technology/Health and Safety Equipment			
		25,000	25,000
<i>Strategic Support CSA</i>			
<i>Health and Safety</i>			
<p>This rebudget of unexpended 2013-2014 non-personal/equipment funding will enable the Human Resources Department to replace end-of-life technology within the department. Certain critical pieces of technology, including the Electrocardiogram (EKG) machine, have ceased to function reliably. In order to maintain the current service levels to employees, it is necessary to replace the EKG machine and other critical pieces of technology. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
<hr/>			
2014-2015 Adopted Budget Changes Total	0.75	854,854	802,455

Human Resources Department

Performance Summary

Employee Benefits

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Cost of benefits administration per FTE	\$436	\$540	\$443	\$516
 % of requests for services responded to in one day	92%	90%	90%	90%
 % of Human Resources Information Systems transactions completed within the target pay period	100%	100%	100%	100%
 % of participants rating benefit program products and services as good to excellent:				
- City Employee Benefits staff customer service	N/A*	N/A*	N/A*	N/A*
- Benefit products and Vendor's customer Service	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for these measures was previously collected through the biennial City-Wide Employee Survey. The survey, last issued in 2010-2011, has been temporarily suspended. The 2014-2015 Adopted Budget contains additional funding for a new annual employee engagement program survey and training effort as described elsewhere in this document. Possible new performance measures and targets will be developed as a result of this program and will be reported in the 2015-2016 Proposed Budget document as appropriate.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Annual contributions to Deferred Compensation	\$24M	\$23M	\$23M	\$23M
% of employees contributing to Deferred Compensation	70%	72%	70%	70%
% of employees/retirees enrolled in dental HMO	5%	5%	6%	6%

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No

Human Resources Department

Performance Summary

Employment Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of employee performance reviews completed on schedule	45%	60%	68%	75%
 % of vacancies filled within 120 days	76%	75%	74%	75%
 Working days to reclassify an occupied position	146	150	165	150

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Days for Recruitments	93	100	95	100
# of positions filled from recruitments:				
- Full-time	854	600	825	800
- Part-time	502	400	400	400

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No

Human Resources Department

Performance Summary

Health and Safety

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 # of Workers' Compensation claims per 100 FTEs	16.1	17.0	14.0	14.0
 # of Workers' Compensation disability hours	226,012	210,000	213,415	200,000
 # of Workers' Compensation disability hours per claim	242	210	261	250
 Expenditures for Workers' Compensation per \$100 of total City salaries, benefits, and retirement	N/A	N/A	\$2.97	\$2.75

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- "Expenditures for Workers' Compensation per \$100 of total City salaries and benefits" was changed to "Expenditures for Workers' Compensation per \$100 of total City salaries, benefits, and retirement" to reflect the cost of Workers' Compensation compared to the total personal service expenditures of the City. Previously this measure was calculated with just salary and benefits.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of open Workers' Compensation claims	3,268	3,500	3,411	3,200
# of new Workers' Compensation claims	933	1,000	818	800
# of employees trained in safety	595	850	1,010	600
# of ergonomic evaluations	118	100	170	130
Total Workers' Compensation claims costs	\$19.4M	\$21.5M	\$19.4M	\$21.4M

Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- "Total Workers' Compensation costs" was changed to "Total Workers' Compensation claims costs" to more accurately align the measure with the data reported which only reflects the claims costs associated with Workers' Compensation.

Human Resources Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	14.00	15.00	1.00
Director, Human Resources	1.00	1.00	-
Division Manager	3.00	3.00	-
Medical Assistant	1.00	1.00	-
Nurse Practitioner	1.00	1.00	-
Nurse Practitioner PT	0.50	0.50	-
Office Specialist II	1.00	2.00	1.00
Office Specialist II PT	1.75	0.50	(1.25)
Physician	1.00	1.00	-
Principal Account Clerk	1.00	1.00	-
Principal Office Specialist	1.00	1.00	-
Senior Analyst	7.00	7.00	-
Senior Medical Assistant	1.00	1.00	-
Senior Office Specialist	4.00	4.00	-
Senior Workers' Compensation Claims Adjuster	1.00	1.00	-
Staff Technician	3.00	3.00	-
Workers' Compensation Claims Adjuster II	4.00	4.00	-
Total Positions	48.25	49.00	0.75

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**Office of the
Independent Police Auditor**
Judge LaDoris Cordell (Ret.), Independent Police Auditor

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T*o provide independent oversight of the citizen complaint process to ensure its fairness, thoroughness, and objectivity*

City Service Area

Public Safety

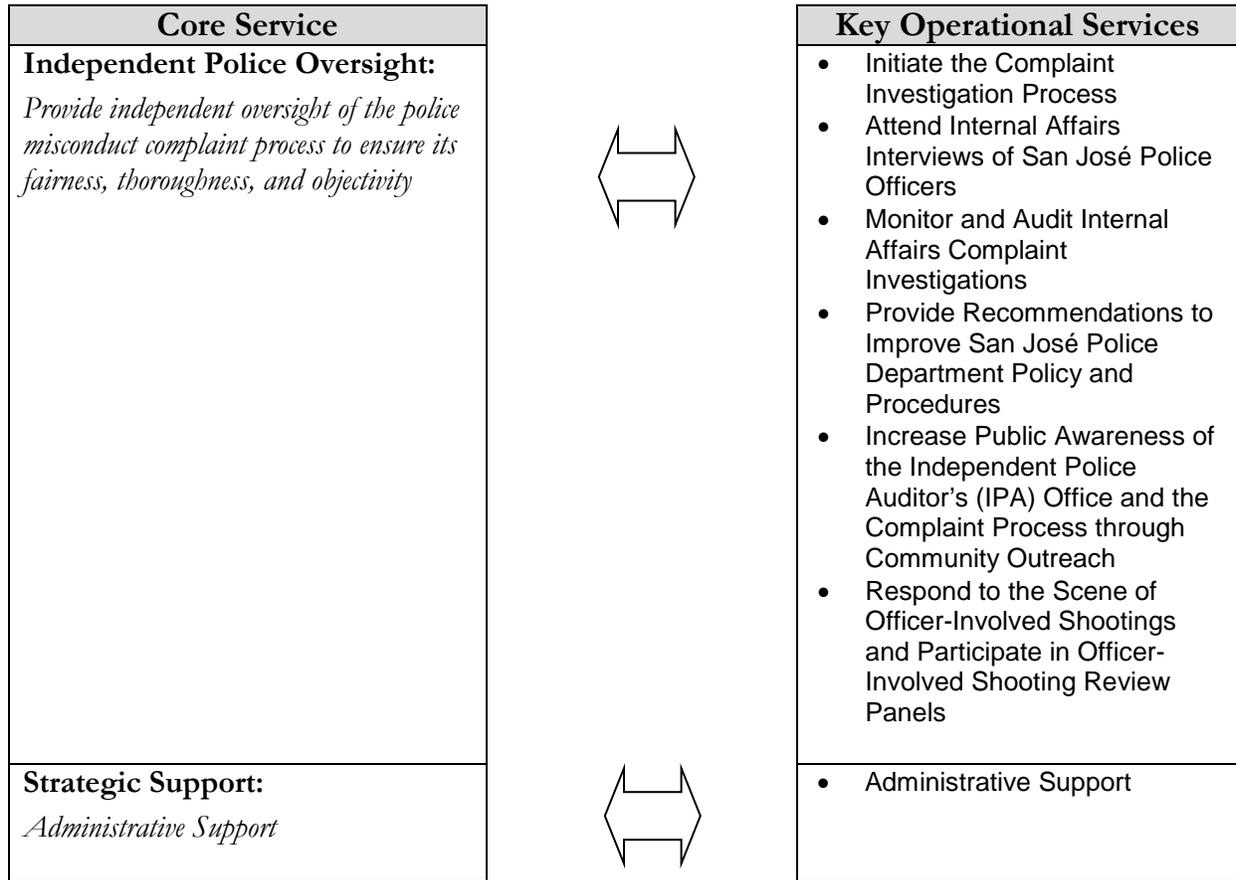
Core Services

Independent Police Oversight
Provide independent oversight of the police misconduct complaint process to ensure its fairness, thoroughness, and objectivity

Strategic Support: Administrative Support

Office of the Independent Police Auditor

Service Delivery Framework



Office of the Independent Police Auditor

Department Budget Summary

Expected 2014-2015 Service Delivery

- Continue providing mandated police oversight services: conducting community outreach, performing intake of complaints from the public, auditing San José Police Department's (SJPD) Internal Affairs complaint investigations, and making recommendations to improve SJPD policies and procedures.
- Continue to resolve complaints, when appropriate, through the IPA/SJPD mediation program.
- Complete the fourth year of IPA-TLC (Teen Leadership Council) program, and continue to assess participant satisfaction and effectiveness in increasing outreach to youth.
- Complete the fourth year of providing IPA staff hours at the Mexican Consulate and continue to assess effectiveness of this outreach.
- Identify refinements to new database tracking system providing statistical and trend analysis. The database has been operational since July 2013.
- Release a Vietnamese translation of the fourth edition of the Student's Guide to Police Practices to distribute at youth outreach presentations and to high school students and their parents throughout San José.
- Continue to identify new and cost-effective ways to inform San José residents about the IPA office and the services it provides. Work with City and community resources to identify "hot spots" in the City (locations of frequent interaction between SJPD and residents), focus outreach at those locations, and assess outreach effectiveness.

2014-2015 Key Budget Actions

N/A

Operating Funds Managed

N/A

Office of the Independent Police Auditor

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 4	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Independent Police Oversight	\$ 996,753	\$ 970,392	\$ 1,030,772	\$ 1,060,533	9.3%
Strategic Support	291	106,514	113,449	116,601	9.5%
Total	\$ 997,044	\$ 1,076,906	\$ 1,144,221	\$ 1,177,134	9.3%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 980,097	\$ 1,039,341	\$ 1,116,656	\$ 1,148,369	10.5%
Overtime	83	1,000	1,000	1,000	0.0%
Subtotal	\$ 980,180	\$ 1,040,341	\$ 1,117,656	\$ 1,149,369	10.5%
Non-Personal/Equipment					
	\$ 16,864	\$ 36,565	\$ 26,565	\$ 27,765	(24.1%)
Total	\$ 997,044	\$ 1,076,906	\$ 1,144,221	\$ 1,177,134	9.3%
Dollars by Fund					
General Fund	\$ 997,044	\$ 1,076,906	\$ 1,144,221	\$ 1,177,134	9.3%
Total	\$ 997,044	\$ 1,076,906	\$ 1,144,221	\$ 1,177,134	9.3%
Authorized Positions by Core Service					
Independent Police Oversight	6.50	5.50	5.50	5.50	0.0%
Strategic Support	0.50	0.50	0.50	0.50	0.0%
Total	7.00	6.00	6.00	6.00	0.0%

Office of the Independent Police Auditor

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	6.00	1,076,906	1,076,906
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Outreach Advertising		(6,200)	(6,200)
• Rebudget: Student Guide to Police Practices Printing		(5,000)	(5,000)
One-time Prior Year Expenditures Subtotal:	0.00	(11,200)	(11,200)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		77,315	77,315
• Training increase		1,200	1,200
Technical Adjustments Subtotal:	0.00	78,515	78,515
2014-2015 Forecast Base Budget:	6.00	1,144,221	1,144,221
<hr/> Budget Proposals Approved <hr/>			
1. Office of the Independent Police Auditor Salary Program		31,713	31,713
2. Rebudget: Student Guide to Police Practices Printing		1,200	1,200
Total Budget Proposals Approved	0.00	32,913	32,913
2014-2015 Adopted Budget Total	6.00	1,177,134	1,177,134

Office of the Independent Police Auditor

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the Independent Police Auditor Salary Program		31,713	31,713
<i>Public Safety CSA</i> <i>Independent Police Oversight</i> <i>Strategic Support</i>			
<p>This action increases the Office of the Independent Police Auditor personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$31,713)</p>			
Performance Results: N/A (Final Budget Modification)			
2. Rebudget: Student Guide to Police Practices Printing		1,200	1,200
<i>Public Safety CSA</i> <i>Independent Police Oversight</i>			
<p>This action rebudgets unexpended 2013-2014 non-personal/equipment funding for the Office to print the fifth edition of the Student Guide to Police Practices to distribute at youth outreach presentations and to high school students throughout San José. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total		0.00	32,913
		32,913	32,913

Office of the Independent Police Auditor

Performance Summary

Independent Police Oversight

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 # of IPA recommendations to change policy or procedure made to the Internal Affairs Commander/Police Chief/City Council	18	15	15	12
 % of residents rating confidence with the independent police review/oversight process as good or excellent *	51%	60%	N/A	51%
 % of community members responding to evaluations at outreach presentations or events who report an increased knowledge of IPA and the citizen complaint process	99%	99%	99%	99%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
% of complainants filing their complaint at the IPA office rather than at Internal Affairs	51%	50%	50%	50%
# of classified complaints	275	240	240	250
# of total cases	345	320	320	330
# of outreach presentations/events*:				
- Total	153	175	179	165
- To youth	47	50	82	47
- To immigrant and minority communities	72	85	111	77
# of persons receiving community outreach services	9,322	9,750	10,023	9,845
# of agencies/community organizations that received outreach materials from the IPA:				
- Total	80	75	83	79
- To youth	25	30	36	28
- To immigrant and minority communities	34	30	46	33

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* An outreach presentation/event may involve youth and immigrant and minority communities concurrently.

Office of the Independent Police Auditor

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Analyst II, Independent Police Auditor	1.00	1.00	-
Assistant Director	1.00	1.00	-
Independent Police Auditor	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Senior Analyst, Independent Police Auditor	2.00	2.00	-
Total Positions	6.00	6.00	0.00

Information Technology Department

Vijay Sammeta, Chief Information Officer

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Enable the service delivery of our customers
through the integration of city-wide technology
resources

City Service Area

Strategic Support

Core Services

Customer Contact Center

Process calls related to utility billing and services; serve as the primary point of City information for residents, businesses, and employees; provide direct customer support for technology equipment and applications

Enterprise Technology Systems and Solutions

Manage the City's data so that critical business processes remain operational; determine, develop, implement, and support technology solutions that maximize the delivery of enterprise City services; consolidate technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization

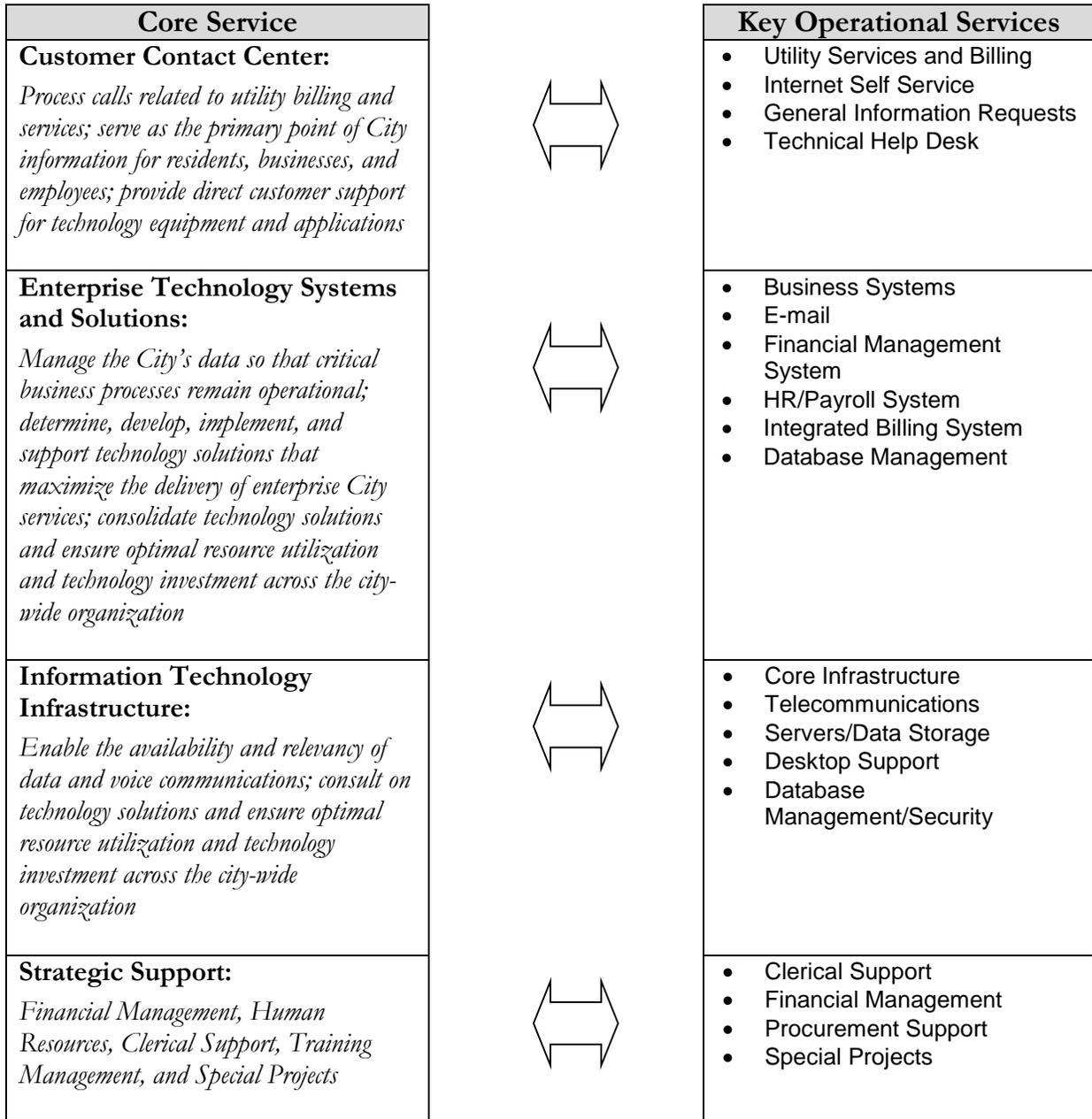
Information Technology Infrastructure

Enable the availability and relevancy of data and voice communications; consult on technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization

Strategic Support: Financial Management, Human Resources, Clerical Support, Training Management, and Special Projects

Information Technology Department

Service Delivery Framework



Information Technology Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- ❑ Continued deployment of document management and collaboration tools, such as Office 365 software (Word, Excel, PowerPoint, etc.), to support workflows, videoconferencing, and continuous access to the most current versions of office productivity software.
- ❑ The Information Technology Department (ITD) will continue to develop the Open Data pilot project, partnering with departments city-wide to make data sets available, maintaining San José's commitment to open government through civic transparency, ultimately enabling the City Council's and other key stakeholders' access to information that drives decision making.
- ❑ Initiate efforts to standardize the City's personal computer desktop environment through Virtual Desktop Infrastructure (VDI), which separates the desktop environment from the physical device. This will change the way ITD delivers desktop services through centralization, addressing audit recommendations for software centralization, extending the life of desktop computers, enabling remote desktop support, and greatly increasing the speed of personal computer deployment.
- ❑ The demand for technology continues to grow as a means for the organization to improve productivity and efficiency. The City has already invested in platforms such as Office 365 to enable these efficiencies through automation, and ITD will begin to bridge the gaps among City processes, policies, and audit recommendations, utilizing tools already in place.
- ❑ ITD will continue to manage, maintain, and/or replace the City's aging technology infrastructure and applications, focusing on the most efficient solutions and ensuring investments are supportable and sustainable in the long term.
- ❑ Day-to-day helpdesk services will continue to be provided ensuring that City employees have the essential tools to perform their jobs.

2014-2015 Key Budget Actions

- ❑ The addition of 1.0 Supervising Applications Analyst to serve as the City's Open Data Architect will provide a dedicated resource to the Open Data initiative, increase transparency, and emphasize accountability by enabling data-driven decisions that directly impact daily lives.
- ❑ The addition of 1.0 Supervising Applications Analyst will provide a Technical Business Analyst to the Enterprise Applications Team, focusing on analyzing business processes that will lead to accelerating solutions that have the greatest impact on the organization as a whole.
- ❑ The elimination of 1.0 vacant Communications Technician and addition of 1.0 Analyst in Telecommunications Administration appropriately aligns resources with the duties required as a result of the hosted VoIP system.
- ❑ The addition of 2.0 Network Technicians will modernize the desktop environment for the Public Works Department and the Development Service Partners.
- ❑ The addition of one-time funding for critical technology infrastructure will allow for an expedited retirement of the end-of-life on-premise Storage Area Network (SAN), as critical databases can be moved to a less costly alternative. In addition, this funding will allow for the replacement and augmentation of aging virtual servers, as well as staff training in the support of new technologies.
- ❑ The elimination of 7.0 vacant positions will support the transition of garbage and recycling billing to the Santa Clara County property tax roll expected to occur in July 2015.
- ❑ Rebudget unexpended funds from 2013-2014 for Microsoft Office upgrade (\$550,000), network equipment upgrades (\$250,000), and security upgrades (\$175,000).

Operating Funds Managed

N/A

Information Technology Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Customer Contact Center	\$ 2,873,549	\$ 4,582,832	\$ 4,565,821	\$ 4,168,212	(9.0%)
Enterprise Technology Systems & Solutions	4,367,513	4,912,126	5,114,056	5,467,087	11.3%
IT Infrastructure	7,029,891	8,355,653	7,398,600	8,980,072	7.5%
Strategic Support	730,860	890,640	1,034,447	1,056,072	18.6%
Total	\$ 15,001,813	\$ 18,741,251	\$ 18,112,924	\$ 19,671,443	5.0%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 10,599,044	\$ 12,280,036	\$ 12,856,747	\$ 12,890,266	5.0%
Overtime	36,840	128,664	128,664	128,664	0.0%
Subtotal	\$ 10,635,884	\$ 12,408,700	\$ 12,985,411	\$ 13,018,930	4.9%
Non-Personal/Equipment					
Total	\$ 4,365,929	6,332,551	5,127,513	6,652,513	5.1%
Total	\$ 15,001,813	\$ 18,741,251	\$ 18,112,924	\$ 19,671,443	5.0%
Dollars by Fund					
General Fund	\$ 11,066,371	\$ 14,330,471	\$ 13,558,547	\$ 15,402,395	7.5%
General Purpose Pkg	12,953	15,940	18,821	18,964	19.0%
Integrated Waste Mgmt	2,745,747	3,137,719	3,237,821	2,913,471	(7.1%)
Public Works Program	0	0	0	79,265	N/A
Sewer Svc & Use Charge	499,154	523,147	530,048	512,967	(1.9%)
SJ/SC Treatment Plant Oper	54,915	73,526	81,470	83,716	13.9%
Storm Sewer Operating	358,276	380,318	392,511	380,573	0.1%
Water Utility	264,397	280,130	293,706	280,092	(0.0%)
Total	\$ 15,001,813	\$ 18,741,251	\$ 18,112,924	\$ 19,671,443	5.0%
Authorized Positions by Core Service					
Customer Contact Center	37.37	40.37	39.37	32.37	(19.8%)
Enterprise Technology Systems & Solutions	20.00	20.00	20.00	22.00	10.0%
IT Infrastructure	29.13	25.13	26.13	28.13	11.9%
Strategic Support	5.00	5.00	5.00	5.00	0.0%
Total	91.50	90.50	90.50	87.50	(3.3%)

Information Technology Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	90.50	18,741,251	14,330,471
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Windows Server Licensing		(250,000)	(250,000)
• Rebudget: Software Centralization		(150,000)	(150,000)
• Rebudget: Information Technology Security Compliance		(125,000)	(125,000)
• Microsoft Office Upgrade (implementation and training)		(550,000)	(550,000)
• Computer Server Replacements/Network Upgrades		(250,000)	(250,000)
One-time Prior Year Expenditures Subtotal:	0.00	(1,325,000)	(1,325,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position - 1.0 Network Technician II to 1.0 Analyst I/II		578,711	455,674
• Hardware and software maintenance contracts		53,792	39,852
• Email virus scan software contract		16,652	16,652
• Data Center licensing		13,740	13,740
• Telecommunications redundancy contract		11,531	11,531
• Expansion of downtown wireless network (hardware and		7,000	7,000
• Virtualization software contract		6,573	6,573
• Transfer from the Department of Transportation for		4,100	0
• Customer Contact Center operations contract		3,208	1,454
• Property parcel tracking software contract		1,600	1,600
• Relational database management software contract		766	0
• Changes in vehicle maintenance and operations funding		1,000	1,000
• Changes to professional development program funding		(2,000)	(2,000)
Technical Adjustments Subtotal:	0.00	696,673	553,076
2014-2015 Forecast Base Budget:	90.50	18,112,924	13,558,547
Budget Proposals Approved			
1. Critical Applications Infrastructure Upgrade		400,000	400,000
2. Information Technology Department Salary Program		226,778	160,942
3. Open Data Initiative	1.00	160,205	160,205
4. Departmental Desktop Modernization Staffing	2.00	154,630	77,315
5. Information Technology Technical Business Analyst	1.00	110,205	110,205
6. Information Technology Technical Staff Training		100,000	100,000
7. Customer Contact Center Staffing	(7.00)	(493,216)	(64,736)
8. Telecommunications Administration Staffing Realignment	0.00	(75,083)	(75,083)
9. Rebudget: Microsoft Office Upgrade		550,000	550,000
10. Rebudget: Network Equipment Upgrades		250,000	250,000
11. Rebudget: Security Upgrades		175,000	175,000
Total Budget Proposals Approved	(3.00)	1,558,519	1,843,848
2014-2015 Adopted Budget Total	87.50	19,671,443	15,402,395

Information Technology Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Critical Applications Infrastructure Upgrade		400,000	400,000

Strategic Support CSA

*Enterprise Technology Systems and Solutions
Information Technology Infrastructure*

This action adds one-time non-personal/equipment funding of \$400,000 to address critical information technology infrastructure needs. Funding will be used to address the following:

- Purchase ten servers (replacing eight servers which have reached end-of-life and purchasing two additional servers) (\$150,000); and
- Purchase an on-premise storage solution to house critical applications, such as the Financial Management System, the Human Resources/Payroll System, and AMANDA, that currently reside on the Storage Area Network (SAN) that has reached the end of its useful life (\$250,000). (Ongoing costs: \$0)

Performance Results:

Cost, Quality Continue efforts to invest in an efficient manner by targeting upgrades with the broadest impact. Replacing the end-of-life servers and adding two additional servers will allow the Information Technology Department (ITD) to continue to support server virtualization and eliminate the regression to hundreds of physical servers. Purchasing a relatively low-cost on-premise storage solution to house enterprise applications will allow the department to retire rather than upgrade the SAN.

2. Information Technology Department Salary Program		226,778	160,942
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Strategic Support CSA

*Customer Contact Center
Enterprise Technology Systems and Solutions
Information Technology Infrastructure
Strategic Support*

This action increases the Information Technology Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$226,778)

Performance Results: N/A (Final Budget Modification)

Information Technology Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Open Data Initiative	1.00	160,205	160,205

Strategic Support CSA

Enterprise Technology Systems and Solutions

This action adds 1.0 Supervising Applications Analyst, providing a dedicated resource to serve as the City's Open Data Architect, and one-time non-personal/equipment funding for the purchase of an open data tool set to integrate legacy systems (\$50,000). A growing trend throughout the public sector is for transparency through open data initiatives. These initiatives highlight accountability by providing the public access to the same data sets used by the Administration to make decisions. This position will work with departments to identify data sources that impact the San José community and connect those sources of information with the City's open data platform. The open data tool set will act as a bridge between many of the City's legacy systems that do not provide modern functionality for accessing data in an open fashion, such as the Computer Aided Dispatch system and the Financial Management System, and the City's current open data platform. This will provide the public with better access to the performance of the City, increase transparency, and emphasize accountability. (Ongoing costs: \$121,619)

Performance Results:

Quality, Customer Satisfaction Customer satisfaction will increase through improved transparency and access to community-focused datasets that benefits both the public and private sectors.

4. Departmental Desktop Modernization Staffing	2.00	154,630	77,315
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Strategic Support CSA

Information Technology Infrastructure

This action adds 2.0 Network Technician positions to modernize the desktop environment for the Public Works Department and for the Development Services Partners. Enhanced service delivery of desktop services to the specific departments will include working with the Public Works and Development Services Partners' Applications Teams to package department-specific applications and deploying a standardized desktop environment. The Public Works Department position will be funded entirely through the Public Works Program Support Fund. The Development Service Partners position will be funded by the Development Fee Programs – 50% Building, 17% Planning, 17% Fire, and 16% Public Works. (Ongoing costs: \$171,392)

Performance Results:

Cost, Customer Satisfaction, Cycle Time The cycle time to provision or repair a computer will significantly improve once the standardized desktop environment can be deployed, thereby improving customer satisfaction. Cost to support equipment will be reduced as it will be performed remotely.

Information Technology Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>5. Information Technology Technical Business Analyst</p> <p>Strategic Support CSA <i>Enterprise Technology Systems and Solutions</i></p> <p>This action adds 1.0 Supervising Applications Analyst to serve as the City's Technical Business Analyst. The position will analyze processes and business requirements for departments and make recommendations for solutions and/or business process reengineering that will enhance productivity and efficiency by leveraging investments the City has already made in platforms, such as Office 365. This position will initially focus on analyzing business processes that will have an organization-wide impact, such as automated time off requests, travel requests, hiring processes, and purchasing templates. The Technical Business Analyst will also focus on solutions that bridge the gap between City processes, City policies, and audit recommendations. (Ongoing costs: \$121,619)</p> <p>Performance Results: Customer Satisfaction, Cost This action will improve customer satisfaction by utilizing existing tools to create organizational work efficiencies, and ultimately reduce costs through automation of manual processes.</p>	1.00	110,205	110,205
<p>6. Information Technology Technical Staff Training</p> <p>Strategic Support CSA <i>Information Technology Infrastructure</i></p> <p>This action adds one-time non-personal/equipment funding of \$100,000 to address critical Information Technology Department technical training needs. The training will ensure that staff continues to develop and broaden their knowledge and expertise of state-of-the-art systems to ensure that the City can effectively deploy, utilize, and support the latest technology. (Ongoing costs: \$0)</p> <p>Performance Results: Quality Continue developing the knowledge base and skills of technical staff to ensure that they can continue to deploy and support technological solutions effectively.</p>		100,000	100,000
<p>7. Customer Contact Center Staffing</p> <p>Strategic Support CSA <i>Customer Contact Center</i></p> <p>This action eliminates 7.0 vacant positions (1.0 Senior Supervisor of Administration and 6.0 Senior Office Specialists) as part of transitioning garbage and recycling billing from the current bi-monthly in-house billing to the Santa Clara County property tax roll. On September 17, 2013, the City Council approved the transition to the County property tax roll, which is anticipated to occur in July 2015. The remaining 16.0 Office Specialists, 5.0 Principal Office Specialist, 1.0 Senior Supervisor Administration and 1.0 Analyst in the Customer Contact Center will continue to provide service to City garbage and billing customers and answer non-utility inquiries until the transition occurs. (Ongoing savings: \$500,179)</p>	(7.00)	(493,216)	(64,736)

Information Technology Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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7. Customer Contact Center Staffing

Performance Results:

Cost, Cycle Time The elimination of these vacant positions will result in savings to various utility funds. No change is anticipated to the current percentage of calls answered or the percentage of calls and inquiries resolved within the Customer Contact Center.

8. Telecommunications Administration Staffing Realignment	0.00	(75,083)	(75,083)
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Strategic Support CSA
Information Technology Infrastructure

This action eliminates 1.0 vacant Communications Technician position and adds 1.0 Analyst I/II position. As a result of the City's current transition to a hosted Voice over Internet Protocol (VoIP) system, telecommunications staffing needs have changed. A communications technician is no longer needed as telecommunications field work will be performed by the hosted vendor. The reallocation to 1.0 Analyst I/II position will appropriately align resources with the need to develop, transition, implement, and utilize a new city-wide cost management and billing system for telecommunications, and provide the oversight associated with the use of a hosted vendor. (Ongoing savings: \$65,667)

Performance Results:

Cost, Cycle Time Telecommunications cost controls will improve as departments will have easier visibility to billing and provisioning. Cycle time will improve since telephone provisioning will be completed at the desktop.

9. Rebudget: Microsoft Office Upgrade		550,000	550,000
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Strategic Support CSA
Information Technology Infrastructure

This action rebudgets \$550,000 in unexpended 2013-2014 non-personal/equipment funding to allow the Information Technology Department to complete the implementation of Office 365 subscription model and city-wide training of staff. The upgrade will increase productivity through enhanced features, cloud storage of office documents, and mitigate certain security and compatibility risks by ensuring that the City remains current and supported versions in a sustainable hosted model. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

Information Technology Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
10. Rebudget: Network Equipment Upgrades		250,000	250,000
<p>Strategic Support CSA <i>Information Technology Infrastructure</i></p> <p>This action rebudgets \$250,000 in unexpended 2013-2014 non-personal/equipment funding to allow the Information Technology Department to replace the City's aging technical infrastructure by purchasing important network upgrades that were planned but not procured in 2013-2014. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>			
11. Rebudget: Security Upgrades		175,000	175,000
<p>Strategic Support CSA <i>Information Technology Infrastructure</i></p> <p>This action rebudgets \$175,000 in unexpended 2013-2014 non-personal/equipment funding to allow the Information Technology Department to upgrade the web filtering and additional cyber security enhancements to protect the City's critical infrastructure that were planned but not procured in 2013-2014. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>			
2014-2015 Adopted Budget Changes Total	(3.00)	1,558,519	1,843,848

Information Technology Department

Performance Summary

Customer Contact Center

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of Customer Contact Center calls answered	64%	70%	64%	65%
 % of calls/inquiries resolved within the Customer Contact Center	70%	75%	72%	75%
 % of Technology Service Desk inquiries resolved	96%	85%	93%	85%*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* It is anticipated that as a result of the introduction of new software tools and applications in 2014-2015, including Voice over Internet Protocol (VoIP), Office 365, and collaboration tools, the number of requests and resulting solutions will spike, impacting the "% of Technology Service Desk inquiries resolved" measure.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of Customer Contact Center calls received	271,723	260,000	258,000	260,000
Average Wait Time	6.5 minutes	7.0 minutes	7.3 minutes	7.5 minutes
# of Technology Service Desk inquiries	21,492	30,000	22,000	30,000

Changes Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Information Technology Department

Performance Summary

Enterprise Technology Systems and Solutions

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of requested custom business solutions delivered	N/A	N/A	85%	88%
 % of customers rating data availability and quality of data as good or excellent				
- availability	76%	70%	70%	75%
- quality	76%	70%	70%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of time system is available during normal business hours: E-mail, Financial Management System and PeopleSoft (HR/Payroll)” was deleted because it is reported in the Strategic Support City Service Area Overview.
- ✚ “% of requested custom business solutions delivered” was added to reflect the number of custom business solutions requested by City departments and ITD’s ability to complete the request.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of centralized E-mail mailboxes	6,468	6,800	6,600	6,300*
# of FMS users	502	500	500	500
# of PeopleSoft users (HR/Payroll)	6,849	7,200	6,990	7,200
# of application repair requests	2,375	3,200	3,100	3,200
# of custom business solutions requested	N/A	N/A	60	100

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* As a result of the current e-mail migration, mailboxes that are no longer used but remain active are being removed, reducing the 2014-2015 Forecast for “# of centralized E-mail mailboxes”.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ✚ “# of custom business solutions requested” was added to reflect the number of custom business solutions requested by City departments.

Information Technology Department

Performance Summary

Information Technology Infrastructure

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of network services available 24x7				
- Core Network*	99.97%	99.90%	99.50%	99.50%
- Telephones*	99.94%	99.90%	99.90%	99.50%
- Enterprise Servers*	98.76%	99.90%	99.40%	99.50%
- Active Directory*	N/A	N/A	N/A	99.90%
 % of customers rating customer support as good or excellent based on:				
- timeliness of response	83%	75%	75%	75%
- satisfaction with resolution	81%	75%	75%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Due to the migration from aging infrastructure to newer platforms, it is anticipated that there may be periodic drops in network availability, which impacts network services.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⤴ “% of network services available 24x7 - Converged City Network” was changed to “% of network services available 24x7 – Core Network” to more accurately identify the network service being measured.
- + “% of network services available 24x7 – Active Directory” was added, as it manages access to the network for City users and therefore has an impact on network availability even though it is a separate application.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of network outages	4	3	3	5*
# of network outages during normal business hours	2	1	2	2
Average time of network outages during normal business hours	1.5 hours	2 hours	2.25 hours	1 hour
# of telephones (Centrex)	706	720	675	500
# of managed services IP phones	3,526	5,000	5,000	5,500
# of telecommunication repair orders	1,270	3,000**	3,500	3,500**

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* “# of network outages” is forecasted to increase in 2014-2015 due to after-hours outages as a result of the scheduled core network replacement.

** It is anticipated that completion of the city-wide hosted VoIP project will continue to increase calls for service in 2014-2015.

Information Technology Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	1.00	3.00	2.00
Analyst II PT	0.50	0.50	-
Communications Technician	1.00	0.00	(1.00)
Director of Information Technology	1.00	1.00	-
Division Manager	2.00	2.00	-
Information Systems Analyst	14.00	14.00	-
Network Engineer	14.00	14.00	-
Network Technician I/II	11.00	12.00	1.00
Principal Office Specialist	5.00	5.00	-
Program Manager I	1.00	1.00	-
Senior Account Clerk	1.00	1.00	-
Senior Analyst	1.00	1.00	-
Senior Electronic Systems Technician	1.00	1.00	-
Senior Office Specialist	21.00	15.00	(6.00)
Senior Supervisor of Administration	2.00	1.00	(1.00)
Senior Systems Application Programmer	4.00	4.00	-
Staff Specialist	1.00	1.00	-
Supervising Applications Analyst	6.00	8.00	2.00
Total Positions	90.50	87.50	(3.00)

Library Department

Jill Bourne, City Librarian

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T*he San José Public Library enriches lives by fostering lifelong learning and by ensuring that every member of the community has access to a vast array of ideas and information*

City Service Area

Neighborhood Services

Core Services

Access to Information, Library Materials and Digital Resources

Link customers to the information they need through access to books, videos, digital, and other information resources

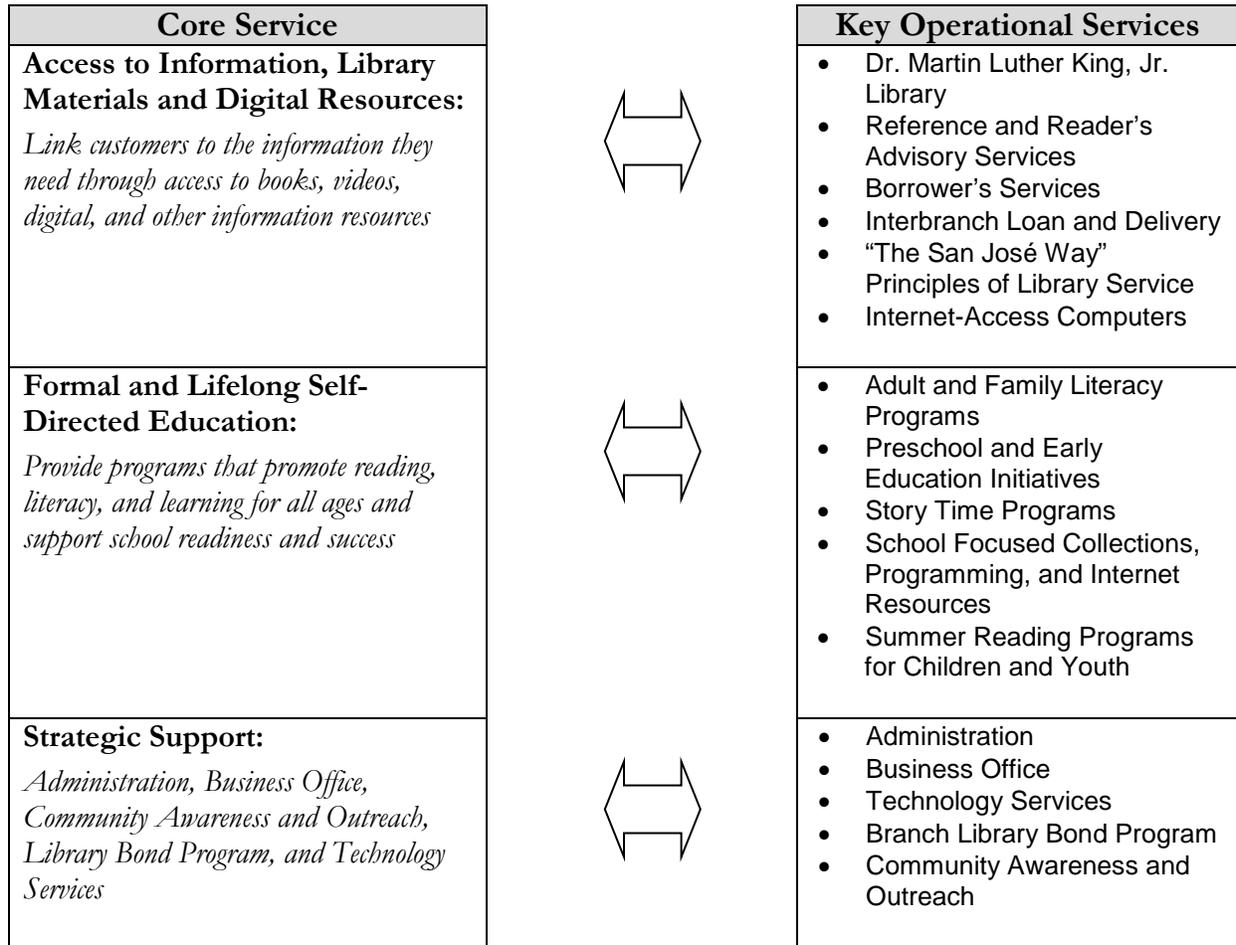
Formal and Lifelong Self-Directed Education

Provide programs that promote reading, literacy, and learning for all ages and support school readiness and success

Strategic Support: Administration, Business Office, Community Awareness and Outreach, Library Bond Program, and Technology Services

Library Department

Service Delivery Framework



Library Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- The Library will maintain existing hours of operation. Branch libraries with a Monday-Thursday schedule will continue to maintain 34 hours of weekly service while branches with a Wednesday-Saturday schedule continue to have 33 hours of weekly service. The Evergreen Branch Library will continue to have 42 hours of weekly service from Monday-Thursday and Saturday. The Dr. Martin Luther King, Jr. Library hours remain unchanged, operating every day of the week for a total of 77 hours per week.
- The Library will continue story-time, children's educational programs, literacy programs, adult programming, Summer Reading Celebration, and class visits.
- The Library will continue to engage adult and teen volunteers in a variety of positions to support and enhance Library operations. Traditional volunteer opportunities consist of adult literacy tutors, one-on-one computer mentors, trained readers to children, shelf readers (ensure books are shelved correctly), program assistants, teachers of citizenship classes, and ESL Conversation Club facilitators. The Department aims to expand volunteer roles and identify additional volunteer opportunities to increase the Library's efficiency.
- Staff will target improvements to increase safety and programming for teens and youth at the Dr. Martin Luther King, Jr. Library.
- The Library will continue its efforts to increase technology and efficiency by upgrading its online customer and materials database and will be adding at least one more Automated Materials Handling System at the Willow Glen Branch Library. The Library will continue to assess the cost/benefit of additional machines.
- The Library will launch its first custom-built application for smart phones in support of its annual Summer Reading program. Created in partnership with developers from eBay/PayPal, this "App" will allow participants to engage in an online game that promotes family literacy and learning.
- All public access computers at the Library will be optimized with touch screen compatible operating systems, larger screens, improved graphic cards, twice the processing speed and memory, and operate the latest versions of Microsoft Office and Adobe Creative Suite products.

2014-2015 Key Budget Actions

- Continues funding to extend Saturday hours at the Evergreen Branch Library through June 30, 2015. This action provides funding for 2.88 positions and the utility costs associated with the additional day of operation at the Evergreen Branch Library. This additional day will temporarily provide services to the community that currently has only one library until the new Southeast Branch is open. Elsewhere in this document funding is set aside in reserve to continue these Saturday hours through March 31, 2016.
- Reallocates staff to increase safety and positive programming at the Dr. Martin Luther King, Jr. Library's Teen Center and Children's Room.
- Reallocates staff to centralize contract-related duties across Library organization.

Operating Funds Managed

- Library Parcel Tax Fund

Library Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Access to Information, Library Materials, and Digital Resources	\$ 23,263,445	\$ 25,574,470	\$ 26,998,834	\$ 27,535,798	7.7%
Formal and Lifelong Self- Directed Education	1,468,786	1,857,638	1,498,153	1,672,513	(10.0%)
Strategic Support	2,851,806	3,878,843	3,938,411	4,033,984	4.0%
Total	\$ 27,584,037	\$ 31,310,951	\$ 32,435,398	\$ 33,242,295	6.2%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 22,949,289	\$ 26,122,143	\$ 27,301,203	\$ 28,088,100	7.5%
Overtime	27,059	36,796	36,796	36,796	0.0%
Subtotal	\$ 22,976,348	\$ 26,158,939	\$ 27,337,999	\$ 28,124,896	7.5%
Non-Personal/Equipment					
	4,607,689	5,152,012	5,097,399	5,117,399	(0.7%)
Total	\$ 27,584,037	\$ 31,310,951	\$ 32,435,398	\$ 33,242,295	6.2%
Dollars by Fund					
General Fund	\$ 23,828,935	\$ 26,066,596	\$ 26,955,887	\$ 27,664,331	6.1%
Library Parcel Tax	3,500,718	4,984,435	5,201,103	5,295,884	6.2%
Capital Funds	254,384	259,920	278,408	282,080	8.5%
Total	\$ 27,584,037	\$ 31,310,951	\$ 32,435,398	\$ 33,242,295	6.2%
Authorized Positions by Core Service					
Access to Information, Library Materials, and Digital Resources	277.63	278.09	279.58	279.96	0.7%
Formal and Lifelong Self- Directed Education	12.50	14.00	11.50	13.50	(3.6%)
Strategic Support	24.50	25.50	24.00	24.00	(5.9%)
Total	314.63	317.59	315.08	317.46	(0.0%)

Library Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	317.59	31,310,951	26,066,596
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
• Evergreen Branch Library Saturday Hours	(2.51)	(146,500)	(146,500)
• Library Grants		(5,937)	(5,937)
• Rebudget: Library Grants		(16,436)	(16,436)
One-time Prior Year Expenditures Subtotal:	(2.51)	(168,873)	(168,873)
<hr/> Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocation: - 0.33 Warehouse Worker II PT to 0.33 Warehouse Worker I PT		1,035,560	855,404
• Living wage adjustment		270,000	215,000
• Changes in custodial contract services cost		13,760	13,760
• Changes in gas and electricity costs		(25,000)	(25,000)
• Changes in vehicle maintenance and operations costs		(1,000)	(1,000)
Technical Adjustments Subtotal:	0.00	1,293,320	1,058,164
2014-2015 Forecast Base Budget:	315.08	32,435,398	26,955,887
<hr/> Budget Proposals Approved <hr/>			
1. Library Department Salary Program		657,243	543,635
2. Evergreen Branch Library Saturday Hours	2.88	157,188	157,188
3. Library Contract Management Staffing	(0.50)	25,065	25,065
4. Dr. Martin Luther King, Jr. Library's Teen Center Staffing	0.00	(32,599)	(17,444)
Total Budget Proposals Approved	2.38	806,897	708,444
2014-2015 Adopted Budget Total	317.46	33,242,295	27,664,331

Library Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Library Department Salary Program		657,243	543,635

Neighborhood Services CSA

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

This action increases the Library Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memoranda necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$543,635)

Performance Results: N/A (Final Budget Modification)

2. Evergreen Branch Library Saturday Hours	2.88	157,188	157,188
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Neighborhood Services CSA

Access to Information, Library Materials and Digital Resources

This action continues funding for 2.88 positions (0.5 Librarian II PT, 1.0 Library Clerk PT, 1.21 Library Page PT, and 0.17 Library Aide PT) and utility cost of \$20,000 to extend Saturday hours at the Evergreen Branch Library through June 30, 2015. This additional day will temporarily provide services to the Evergreen community that currently has only one library until the new Southeast Branch Library is opened, which is tentatively scheduled for March 2016. The Saturday service will provide an additional 416 hours of library service to the community annually. As described in the General Fund Capital, Transfers, and Reserves section of this document, funding of \$120,000 to continue the Saturday hours from July 1, 2015 through March 31, 2016 is also included in an earmarked reserve. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction, Quality This action will increase access to library materials, computers, and information, resulting in increased customer satisfaction.

Library Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Library Contract Management Staffing <i>Neighborhood Services CSA</i> <i>Access to Information, Library Materials and Digital Resources</i> <i>Strategic Support</i> This action eliminates 1.5 vacant Library Page PT positions and adds 1.0 Analyst I/II position in order to centralize contract and procurement efforts across the Library organization. Currently, the Library does not have a dedicated Contract Analyst to manage and oversee adherence to contract requirements and procurements efforts. Contract-related duties are spread across multiple staff, which has led to inconsistency in format, scope development, and enforcement, and has caused delays in procurement efforts. (Ongoing costs: \$24,865)	(0.50)	25,065	25,065
4. Dr. Martin Luther King, Jr. Library's Teen Center Staffing <i>Neighborhood Services CSA</i> <i>Access to Information, Library Materials and Digital Resources</i> <i>Formal and Lifelong Self-Directed Education</i> <i>Strategic Support</i> This action eliminates two vacant positions (1.0 Senior Librarian and 1.0 Senior Office Specialist) at the Dr. Martin Luther King, Jr. Library and adds 1.0 Librarian II, 0.5 Librarian II PT, and 0.5 Library Aide PT to provide safety, positive programs, and activities to the Dr. Martin Luther King, Jr. Library's Teen Center. Currently, there is no dedicated staff at the Teen Center to operate and supervise teen programs and activities. The Center is adjacent to a dark area containing rows of empty bookshelves, with no staff supervision. Other adult and homeless patrons often loiter in the Center and the surrounding area. While the Department intends to construct permanent improvements to separate the Center from the surrounding area, there is an immediate need for greater staff presence. The Librarian I/II will manage programs and activities in the Teen Center and the Children's Room at the King Library, the Librarian I/II PT will staff the Center after school, and the Library Aide PT will help staff the Center and run various program services. (Ongoing savings: \$31,615).	0.00	(32,599)	(17,444)
Performance Results: Quality, Cycle Time This action will ensure the Library Administration has the capacity to provide quality and timely contract development, management, and execution as well as control over the Department's procurement activities.			
Performance Results: Customer Satisfaction, Quality This action will provide higher levels of community programming targeting teens and youth at the King Library. Assigned staff will supervise and operate programs, ensuring a greater level of safety. In addition, this action will increase access to library materials, computers, and information, resulting in increased customer satisfaction.			
2014-2015 Adopted Budget Changes Total	2.38	806,897	708,444

Library Department

Performance Summary

Access to Information, Library Materials and Digital Resources

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of customers finding materials or information	89%	85%	85%	85%
 % of customers able to access basic services through self-service	78%	75%	75%	75%
 % of residents with a library card used within the last year	40%	35%	35%	35%
 % of searches/requests for information/materials completed within customer time requirements	91%	85%	85%	85%
 % of customers rating staff assistance as good or excellent				
- for helpfulness	92%	85%	85%	85%
- for promptness	91%	85%	85%	85%
- for courtesy	93%	85%	85%	85%
 % of residents that agree or strongly agree				
- that the variety and level of library collections and resources are good or excellent	58%*	65%	N/A	65%*
- that library services are good or excellent	62%*	60%	N/A	60%*
 % of residents rating facilities as good or excellent				
- in terms of hours	43%*	45%	N/A	45%*
- in terms of condition	77%*	85%	N/A	80%*
- in terms of location	87%*	88%	N/A	85%*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

Library Department

Performance Summary

Access to Information, Library Materials and Digital Resources

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of items purchased	352,155	275,000	300,000	350,000
# of items checked out	10,702,251	11,500,000	10,700,000	10,700,000
# of reference questions	563,781	650,000	575,000	575,000
# of visits to Library website	2,733,092	3,500,000	2,800,000	3,000,000
# of residents with library card used in the last year	179,364	195,000	195,000	195,000
Cost per capita to provide access to information, library materials, and digital resources (80% of Library budget)	\$26.96	\$29.00	\$29.00	\$31.00
# of public access computer sessions at library facilities	1,133,386	1,400,000	1,200,000	1,200,000
# of visitors to main and branch libraries	5,835,611	6,700,000	6,400,000	6,400,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ✘ “# of customers trained to use information resources through library classes” was deleted because it is not a major service provided by the Library and the data collected is no longer meaningful.
- ⊂ “Cost per capita to provide access to information, library materials, and digital resources” was changed to “Cost per capita to provide access to information, library materials, and digital resources (80% of Library budget)” to reflect the percentage of the Library’s budget spent on providing access to information, library materials, and digital resources.
- ✘ “% of library budget (operating and materials) spent on providing access to information, library materials, and digital resources” was deleted because this information is reflected in another measure.

Library Department

Performance Summary

Formal and Lifelong Self-Directed Education

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of literacy program participants in Family Learning Centers who improve their reading, writing, or speech skills	91%	85%	85%	85%
 Average cost per participant in library reading and literacy programs	\$43.66	\$52.00	\$45.00	\$48.00
 % of literacy program participants rating program as good or excellent and responsive to their needs	97%	80%	85%	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⤴ “Average cost per participant in library reading program” was changed to “Average cost per participant in library reading and literacy programs” to reflect the actual data collected that includes both programs.
- ⤴ “% of literacy and school readiness program participants rating program as good or excellent and responsive to their needs” was changed to “% of literacy program participants rating program as good or excellent and responsive to their needs” because the Smart Start funding for school readiness program ended in 2012-2013.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of attendees at early literacy programs	90,014	85,000	90,000	90,000
# of attendees at literacy programs in Family Learning Centers:				
- Children	6,828	2,100	4,000	4,000
- Youth	2,276	1,200	2,000	2,000
- Adult	38,692	20,000	38,000	38,000
# of class visit attendees to libraries	8,802	6,000	9,500	9,500
# of participants in Summer Reading Program	22,139	18,000	25,000	25,000
Cost per capita to promote lifelong learning and educational support (20% of Library budget)	\$6.74	\$7.50	\$7.50	\$7.50
# of schools, after school programs, and community events visited by Library staff	100	100	100	100

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⤴ “Cost per capita to promote lifelong learning and educational support” was changed to “Cost per capita to promote lifelong learning and educational support (20% of Library budget)” to reflect the percentage of the Library’s budget spent on promoting lifelong learning and educational support.
- ✗ “% of Library budget (operating and materials) spent on promoting lifelong learning and educational support” was deleted because this information is reflected in another measure.
- ⤴ “# of schools, after school programs, and early care sites visited by Library staff” was changed to “# of schools, after school programs, and community events visited by Library staff” to include community event visits and to delete early care site visits because the Smart Start funding for early care sites ended in 2012-2013.
- ✗ “# of Smart Start San José Program Facilities” was deleted because the Smart Start funding ended in 2012-2013.

Library Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	3.00	4.00	1.00
Assistant City Librarian	1.00	1.00	-
Assistant to the City Librarian	1.00	1.00	-
Capital Project Program Coordinator	1.00	1.00	-
City Librarian	1.00	1.00	-
Community Programs Administrator	2.00	2.00	-
Division Manager	3.00	3.00	-
Librarian II	41.00	42.00	1.00
Librarian I/II PT	22.60	22.60	-
Library Aide PT	19.43	19.93	0.50
Library Assistant	30.00	30.00	-
Library Clerk	38.00	38.00	-
Library Clerk PT	31.58	32.08	0.50
Library Page PT	63.90	62.77	(1.13)
Literacy Program Specialist	4.00	4.00	-
Marketing and Public Outreach Representative II	1.00	1.00	-
Network Engineer	5.00	5.00	-
Network Technician II PT	0.50	0.50	-
Network Technician I/II	4.00	4.00	-
Office Specialist II	3.00	3.00	-
Office Specialist II PT	0.50	0.50	-
Security Officer PT	0.75	0.75	-
Senior Account Clerk	3.00	3.00	-
Senior Librarian	19.00	18.00	(1.00)
Senior Library Clerk	3.00	3.00	-
Senior Office Specialist	2.00	1.00	(1.00)
Senior Warehouse Worker	1.00	1.00	-
Staff Technician	1.00	1.00	-
Supervising Applications Analyst	1.00	1.00	-
Volunteer Coordinator	1.00	1.00	-
Warehouse Worker I PT	1.00	1.33	0.33
Warehouse Worker II PT	0.33	0.00	(0.33)
Warehouse Worker I/II	4.00	4.00	-
Total Positions	317.59	317.46	(0.13)

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Mayor and City Council

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T*he San José City Council consists of ten Councilmembers elected by district and a Mayor elected at-large, each for four-year terms. The Mayor and Council are responsible for representing the residents of San José, providing accountability, reviewing public policy and programs, and adopting those policies which best meet the needs of the residents, visitors, and businesses in San José.*

Chuck Reed, Mayor

Pete Constant
District 1

Pierluigi Oliverio
District 6

Ash Kalra
District 2

Madison Nguyen
District 7

Sam Liccardo
District 3

Rose Herrera
District 8

Kansen Chu
District 4

Donald Rocha
District 9

Xavier Campos
District 5

Johnny Khamis
District 10

Mayor and City Council

Department Budget Summary

Expected 2014-2015 Service Delivery

- ❑ The Office of the Mayor provides leadership and guidance to the City Council. Through community-based budgeting and gathering public input, the Mayor's Office will continue to ensure that the City's budget reflects the community's spending priorities and major initiatives of the City, including economic development, green vision, public safety, transportation, and housing.
- ❑ The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions, subject to the provisions of the City Charter and the State Constitution.

2014-2015 Key Budget Actions

- ❑ Rebudget adjustments of \$888,810 were included in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council.

Operating Funds Managed

N/A

Mayor and City Council

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted* 4	% Change (2 to 4)
Dollars by Program					
Office of the Mayor **	\$ 1,094,270	\$ 1,938,317	\$ 1,489,674	\$ 3,573,019	84.3%
City Council	2,754,908	3,072,330	2,715,377	0	(100.0%)
Council District #1 **	0	0	0	750,965	N/A
Council District #2	0	0	0	757,446	N/A
Council District #3 **	0	0	0	704,732	N/A
Council District #4	0	0	0	710,949	N/A
Council District #5 **	0	0	0	731,949	N/A
Council District #6	0	0	0	773,623	N/A
Council District #7 **	0	0	0	759,949	N/A
Council District #8	0	0	0	777,497	N/A
Council District #9 **	0	0	0	859,420	N/A
Council District #10	0	0	0	780,983	N/A
Council General	4,501,365	6,094,253	6,143,948	100,000	(98.4%)
Total	\$ 8,350,543	\$ 11,104,900	\$ 10,348,999	\$ 11,280,532	1.6%
Dollars by Category					
Operating Expenditures	\$ 8,350,543	\$ 11,104,900	\$ 10,348,999	\$ 11,280,532	1.6%
Total	\$ 8,350,543	\$ 11,104,900	\$ 10,348,999	\$ 11,280,532	1.6%
Dollars by Fund					
General Fund	\$ 8,350,543	\$ 11,104,900	\$ 10,348,999	\$ 11,280,532	1.6%
Total	\$ 8,350,543	\$ 11,104,900	\$ 10,348,999	\$ 11,280,532	1.6%
Authorized Positions ***	27.00	27.00	27.00	27.00	0.0%

* As directed by the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the ongoing Council General allocation has been eliminated to increase spending transparency. However, a rebudget of \$100,000 of unexpended 2013-2014 Council General funding is allocated to 2014-2015 Council General for transition costs. The Office of the Mayor and the City Council District budgets are detailed below:

Office of the Mayor (\$3,573,019):

- *Personal Services:* Salary and benefits for the Mayor (\$159,785), Mayor's Office classified and unclassified staff (\$3,060,786), front desk staffing resources (\$77,088), and salary program (\$15,660)
- *Other:* Constituent outreach (\$25,000); Non-Personal/Equipment (\$10,000); and rebudget of unexpended 2013-2014 funds (\$224,700)

City Council (Total \$7,607,513):

- *Personal Services:* Salary and benefits for each Councilmember (\$119,453), average cost of salary and benefits for classified and unclassified staff across all City Council Offices (\$566,681), and salary program (amounts vary by Council Districts as discussed later in this section)
- *Other:* Constituent outreach (\$10,000); Non-Personal/Equipment (\$5,500); and rebudget of unexpended 2013-2014 funds (amounts vary by Council Districts as discussed later in this section)

** The Office of the Mayor and Council District 1, 3, 5, 7, and 9 budget allocations reflect the direction contained in the Mayor's March Budget Message for Fiscal Year 2014-2015 as approved by the City Council, related to budgeting during election years. Two separate appropriations were created to maintain separate budget allocations for the outgoing and incoming elected officials. The first appropriation will be for the July through December 2014 period for the Mayor and Councilmembers whose terms expire in December 2014, representing 50% of the total allocation. The second appropriation will be for the January through June 2015 period for the newly elected Mayor and Councilmembers, representing the remaining 50% of the total allocation.

*** Does not include unclassified staff for Office of the Mayor and City Council Districts.

Mayor and City Council

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	27.00	11,104,900	11,104,900
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Office of the Mayor 2012-2013 Expenditure Savings		(525,000)	(525,000)
● Rebudget: Council General 2012-2013 Expenditure Savings		(494,100)	(494,100)
● Rebudget: City Council 2012-2013 Expenditure Savings		(493,300)	(493,300)
One-time Prior Year Expenditures Subtotal:	0.00	(1,512,400)	(1,512,400)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocation: - 1.0 Sr. Office Specialist to 1.0 Principal Office Specialist		756,499	756,499
Technical Adjustments Subtotal:	0.00	756,499	756,499
2014-2015 Forecast Base Budget:	27.00	10,348,999	10,348,999
<hr/> Budget Proposals Approved <hr/>			
1. Office of the Mayor/City Council Salary Program		42,723	42,723
2. Rebudget: City Council 2013-2014 Expenditure Savings		564,110	564,110
3. Rebudget: Office of the Mayor 2013-2014 Expenditure Savings		224,700	224,700
4. Rebudget: Council General 2013-2014 Expenditure Savings		100,000	100,000
Total Budget Proposals Approved	0.00	931,533	931,533
2014-2015 Adopted Budget Total	27.00	11,280,532	11,280,532

Mayor and City Council

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Rebudget: City Council 2013-2014 Expenditure Savings		564,110	564,110

Strategic Support CSA
City Council

As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action rebudgets 2013-2014 expenditure savings of \$564,110 (\$19,000 of which is for Constituent Outreach) for use in 2014-2015. Individual Council District rebudget amounts are outlined below:

	2013-2014 Office General (Rebudgets)	2013-2014 Constituent (Rebudgets)	Total Rebudget
Council District 1	\$47,342	\$0	\$47,342
Council District 2	\$52,687	\$0	\$52,687
Council District 3	\$0	\$0	\$0
Council District 4	\$6,000	\$0	\$6,000
Council District 5	\$27,000	\$0	\$27,000
Council District 6	\$70,000	\$0	\$70,000
Council District 7	\$55,000	\$0	\$55,000
Council District 8	\$72,943	\$0	\$72,943
Council District 9	\$136,778	\$19,000	\$155,778
Council District 10	\$77,360	\$0	\$77,360
TOTAL	\$545,110	\$19,000	\$564,110

(Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

2. Rebudget: Office of the Mayor 2013-2014 Expenditure Savings	224,700	224,700
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Strategic Support CSA
Office of the Mayor

As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action rebudgets 2013-2014 expenditure savings of \$224,700 (\$70,000 of which is for Constituent Outreach) for use in 2014-2015. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

Mayor and City Council

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Rebudget: Council General 2013-2014 Expenditure Savings		100,000	100,000

Strategic Support CSA
Council General

As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action rebudgets 2013-2014 expenditure savings of \$100,000 for miscellaneous transition costs in 2014-2015. The Council General appropriation was previously used for the following: salary and benefits for the Mayor, Councilmembers, and classified staff; benefits for unclassified staff; front desk staffing resources; and non-personal/equipment. As part of the 2014-2015 budget process, the Council General appropriation was eliminated, and the funds were split across the respective Council districts. This rebudget provides one-time transition funding. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

4. Office of the Mayor/City Council Salary Program	42,723	42,723
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Strategic Support CSA
City Council
Office of the Mayor

This action increases Office of the Mayor (\$15,660) and City Council (\$27,063) personal services allocations to reflect a 3% salary increase that was negotiated and agreed to by the City and the Municipal Employee's Federation (MEF) and the Confidential Employees' Organization (CEO). These salary increases were approved by the City Council on June 3, 2014. (Ongoing costs: \$42,723)

	2014-2015 Salary Program Increases
Office of the Mayor	\$15,660
Council District 1	\$1,989
Council District 2	\$3,125
Council District 3	\$3,098
Council District 4	\$3,315
Council District 5	\$3,315
Council District 6	\$1,989
Council District 7	\$3,315
Council District 8	\$2,920
Council District 9	\$2,008
Council District 10	\$1,989
TOTAL	\$42,723

Mayor and City Council

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
4. Office of the Mayor/City Council Salary Program			
Performance Results: N/A (Final Budget Modification)			
<hr/>			
2014-2015 Adopted Budget Changes Total	0.00	931,533	931,533

Mayor and City Council

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Assistant	10.00	10.00	-
Councilmember	10.00	10.00	-
Executive Assistant	1.00	1.00	-
Mayor	1.00	1.00	-
Office Specialist II	2.00	2.00	-
Principal Office Specialist	0.00	1.00	1.00
Senior Office Specialist	2.00	1.00	(1.00)
Staff Technician	1.00	1.00	-
Total Positions*	27.00	27.00	0.00

* Does not include Mayor and City Council Unclassified Staff.

**Parks, Recreation
and
Neighborhood Services
Department**
Julie Edmonds-Mares, Director

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To build healthy communities through people,
parks and programs

City Service Area

Neighborhood Services

Parks Maintenance and Operations

Ensuring the proper maintenance and operation of City parks and open space and providing opportunities for City residents and visitors to play, learn, and socialize

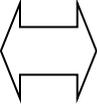
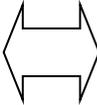
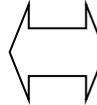
Recreation and Community Services

Through recreation, promote play and health, strengthen communities and enrich lives

Strategic Support: Budget and Fiscal Management Services, Network and Computer Services, Park Planning and Development, Marketing and Public Information, and Contracting Services

Parks, Recreation and Neighborhood Services Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Parks Maintenance and Operations: <i>Ensuring the proper maintenance and operation of City parks and open space and providing opportunities for City residents and visitors to play, learn, and socialize</i></p>		<ul style="list-style-type: none"> • Regional Parks and Special Facilities, including Happy Hollow Park & Zoo and Family Camp • Park Ranger Services • Civic Grounds and Landscape Maintenance • Neighborhood Parks and Trails Maintenance • Parks Volunteer Management
<p>Recreation and Community Services: <i>Through recreation, promote play and health, strengthen communities and enrich lives</i></p>		<ul style="list-style-type: none"> • Community and Recreation Centers • Aging and Therapeutic Services • After School Recreation Program • Sports and Aquatics Programs • Youth Intervention Services • Graffiti Abatement • Reuse Property Management
<p>Strategic Support: <i>Budget and Fiscal Management Services, Network and Computer Services, Park Planning and Development, Marketing and Public Information, and Contracting Services</i></p>		<ul style="list-style-type: none"> • Budget and Fiscal Management Services • Business Systems Administration • Marketing and Public Information • Contracting Services • Human Resources, Payroll and Employee Relations Services • Community Facilities Planning and Development

Parks, Recreation and Neighborhood Services Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Maintain clean and safe parks and trails.
- Continue implementation of Parks, Recreation, and Neighborhood Services' pricing and revenue structure to make programs more self-supporting and less dependent on the General Fund.
- Continue providing access to a variety of recreation programs, using a multi-service delivery model, at the ten "hub" community centers that are open on average 59 hours per week, and 42 re-use sites that offer up to 15 to 25 hours per week of recreational programming.
- Support the senior nutrition program in which a variety of meals are prepared and available at the 14 senior nutrition sites including enhanced meal options offered twice per month.
- Complete gang or other offensive graffiti removal requests within 24 hours, which is expected to be accomplished 85% of the time, up from the current level of 77%.
- Leverage gang intervention/prevention grants to deliver valuable community-supportive programs and services and further enhance the BEST and Safe Summer Initiative Programs.

2014-2015 Key Budget Actions

- Continues funding for 2.0 limit-dated Park Ranger positions for the Homeless Response Team through June 2015. When combined with 2.0 Park Ranger positions currently funded through June 2016, these positions will continue efforts to address watershed protection and public safety in parks and trails.
- Adds funding for 6.0 Park Ranger and 1.0 Senior Park Ranger positions to protect and preserve parks, open spaces, and waterways in specific areas of San José.
- An additional six new reservable picnic sites will be added at Emma Prusch Farm Park (1 new site) and Frank Bramhall Park (5 new sites).
- A Senior Planner is added to support the implementation of Urban Villages in San José, consistent with the Envision San José 2040 General Plan.
- Provides funding to expand the Fit Camp, a summer program aimed at encouraging healthier lifestyle choices for youth, to all ten hubs.
- Funding is continued for 1.0 Exhibit Designer/Builder and part-time labor associated with the production of the annual Christmas in the Park event, with costs fully reimbursed by the Christmas in the Park Foundation.
- Continues funding on an ongoing basis to support summer recreational swim at Mayfair and Overfelt High Schools.
- Funding is continued for neighborhood support initiatives, including Spartan Keyes Neighborhood Action Center and Franklin McKinley Children's Initiative Summer Programming.
- To meet existing demand, funding is added for gas cards, bus passes and van service to assist seniors with their transport to the City's 14 senior nutrition sites.
- Adds funding for operating and maintenance costs for new facilities coming online in 2014-2015, including fencing off the Agnews Property, Del Monte Park Phase 1, Martial-Cottle Community Garden, Montecito Vista Park, Ocala Middle School Sports fields, Roberto Antonio Balermينو Park, Vista Montana (Turnkey) Park Phase 2, West Evergreen Park, and several park trails.

Operating Funds Managed

- Municipal Golf Course Fund

Parks, Recreation and Neighborhood Services Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Parks Maintenance and Operations	\$ 30,612,623	\$ 32,304,513	\$ 31,222,093	\$ 33,894,580	4.9%
Recreation and Community Services	18,224,469	18,674,557	21,455,605	20,839,672	11.6%
Strategic Support	5,900,843	6,573,408	7,376,441	7,659,671	16.5%
Total	\$ 54,737,935	\$ 57,552,478	\$ 60,054,139	\$ 62,393,923	8.4%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 38,748,540	\$ 39,099,297	\$ 41,225,588	\$ 43,079,376	10.2%
Overtime	418,781	285,101	285,101	285,101	0.0%
Subtotal	\$ 39,167,321	\$ 39,384,398	\$ 41,510,689	\$ 43,364,477	10.1%
Non-Personal/Equipment					
Total	\$ 54,737,935	\$ 57,552,478	\$ 60,054,139	\$ 62,393,923	8.4%
Dollars by Fund					
General Fund	\$ 49,311,193	\$ 51,919,273	\$ 54,087,855	\$ 56,065,473	8.0%
Airport Maint & Oper	43,858	46,035	57,561	58,995	28.2%
Comm Fac District No. 14	202,651	354,050	356,741	356,741	0.8%
Integrated Waste Mgmt	57,636	70,815	75,837	77,285	9.1%
Storm Sewer Operating	172,730	212,438	227,510	231,847	9.1%
Capital Funds	4,949,867	4,949,867	5,248,635	5,603,582	13.2%
Total	\$ 54,737,935	\$ 57,552,478	\$ 60,054,139	\$ 62,393,923	8.4%
Authorized Positions by Core Service					
Parks Maintenance and Operations	261.71	274.02	267.32	282.11	3.0%
Recreation and Community Services	177.63	179.12	179.46	182.26	1.8%
Strategic Support	40.85	40.85	44.31	46.31	13.4%
Total	480.19	493.99	491.09	510.68	3.4%

Parks, Recreation and Neighborhood Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	493.99	57,552,478	51,919,273
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Spartan Keyes Neighborhood Action Center		(104,600)	(104,600)
● Christmas in the Park Part-Time Staffing Support (0.50 Exhibit Designer/Builder and 0.40 Recreation Leader PT)	(0.90)	(52,332)	(52,332)
● Franklin McKinley Children's Initiative Summer Programming		(25,000)	(25,000)
● Overfelt Swimming Program		(25,000)	(25,000)
● Get Fit Camps for Kids		(21,000)	(21,000)
● Senior Wellness and Transportation Services		(10,751)	(10,751)
● Homeless Response Team one-time staffing (2.0 Park Ranger)	(2.00)	0	0
One-time Prior Year Expenditures Subtotal:	(2.90)	(238,683)	(238,683)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		1,436,623	1,103,544
- 1.0 Administrative Assistant to 1.0 Staff Technician			
- 1.0 Maintenance Supervisor to 1.0 Parks Facilities Supervisor			
- 1.0 Office Specialist PT to 1.0 Senior Recreation Leader			
- 1.0 Parks Facilities Supervisor to 1.0 Community Services Supervisor			
- 1.0 Secretary to 1.0 Staff Specialist			
- 1.0 Senior Account Clerk to 1.0 Staff Specialist			
- 1.0 Training Specialist to 1.0 Senior Analyst			
● Living wage adjustment		744,000	744,000
● PRNS Fee Activity Program expenditure alignment to base level revenue estimates, funding for supplies and materials		180,000	180,000
● San José Earthquakes Maintenance and Operations Management Agreement (City Council approval - June 19, 2012; facility opening December 2014)		139,000	139,000
● Senior Memberships Program fee activity costs		64,000	64,000
● Parking pay machines operating system		41,000	41,000
● Senior Nutrition Program contract increase		21,748	21,748
● New Parks and Recreation Facilities Maintenance and Operations (Allen at Steinbeck Middle School second Sports Field, Buena Vista Park expansion, Riverview Park, and various trails) annualization		20,567	20,567
● South San José Police Substation Opening Parks Maintenance and Operations annualization		17,170	17,170
● Parking security guard services contract adjustment		3,736	3,736

Parks, Recreation and Neighborhood Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Technical Adjustments to Costs of Ongoing Activities			
● Non-Personal/Equipment reduction to offset impact of position add/deletes		(20,500)	(20,500)
● Changes in water costs		162,000	162,000
● Changes in gas and electricity costs		(55,000)	(55,000)
● Changes in vehicle maintenance and operations costs		(12,000)	(12,000)
● Changes in professional development program costs		(2,000)	(2,000)
Technical Adjustments Subtotal:	0.00	2,740,344	2,407,265
2014-2015 Forecast Base Budget:	491.09	60,054,139	54,087,855
Budget Proposals Approved			
1. Parks, Recreation and Neighborhood Services Department Salary Program		854,321	749,519
2. Park Ranger Staffing	7.00	740,106	740,106
3. New Parks and Recreation Facilities Maintenance and Operations	2.83	204,000	204,000
4. Fit Camp Summer Program	2.50	140,475	140,475
5. Christmas in the Park and Capital Program Staff Support	1.36	103,200	16,618
6. Urban Villages Implementation Staffing - PRNS Senior Planner	1.00	97,807	0
7. PRNS Capital Program Support	1.00	72,975	0
8. Senior Transportation Services		60,000	60,000
9. Mayfair and Overfelt Summer Swim Programs	0.30	32,900	32,900
10. Franklin McKinley Children's Initiative Summer Programming		25,000	25,000
11. Electric Vehicle Lease Renewal		9,000	9,000
12. Calabazas Bike Park Maintenance Staffing	1.60	0	0
13. Homeless Response Team Park Rangers	2.00	0	0
14. Recreation and Community Services Analyst	0.00	0	0
15. Spartan Keyes Neighborhood Action Center		0	0
Total Budget Proposals Approved	19.59	2,339,784	1,977,618
2014-2015 Adopted Budget Total	510.68	62,393,923	56,065,473

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Parks, Recreation and Neighborhood Services Department Salary Program		854,321	749,519

Neighborhood Services CSA
Parks Maintenance and Operations
Recreation and Community Services
Strategic Support

This action increases the Parks, Recreation and Neighborhood Services Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$854,321)

Performance Results: N/A (Final Budget Modification)

2. Park Ranger Staffing	7.00	740,106	740,106
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Neighborhood Services CSA
Parks Maintenance and Operations

This action adds 1.0 Senior Park Ranger and 6.0 Park Ranger positions to protect and preserve parks, open spaces, and waterways. The Senior Park Ranger will provide coordination and supervision of the Park Ranger Program. Two of the Park Ranger positions will provide targeted patrol of the downtown core parks, including Guadalupe River Park and Gardens, Plaza de Cesar Chavez, and St. James Park. One additional Park Ranger will patrol the Los Gatos Creek Trail as well as other San José trail systems, and will be deployed to neighborhood park hot spots as needed, such as De Anza, Paul Moore, Plata Arroyo, and Shady Oaks parks. As part of the Safe Cam Program, three additional Park Rangers will patrol seven regional, city-wide, and neighborhood parks, including, but not limited to, Kelley, Lake Cunningham Regional, and Emma Prusch Farm Parks. Corresponding non-personal/equipment funding is added to fund the cost of an academy and supporting supplies and materials. The addition of these positions in 2014-2015, plus the continuation of Park Rangers included in the Homeless Response Team Park Rangers proposal reflected elsewhere in this section, will bring total Park Ranger staffing in 2014-2015 to 23.2 positions: 1.0 Senior Ranger, 16.0 Park Ranger, and 6.20 Park Ranger PT. (Ongoing costs: \$602,407)

Performance Results:

Customer Satisfaction This action continues city-wide efforts to address homelessness in the parks, trails, and waterways while maintaining a safe and clean environment for the community to enjoy.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. New Parks and Recreation Facilities Maintenance and Operations	2.83	204,000	204,000

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds 2.83 (1.0 Groundworker, 0.89 Maintenance Assistant PT, 0.68 Recreation Leader PT, and 0.26 Park Ranger PT) positions to support new parks and recreation facilities. The 1.0 Groundworker position (\$60,000), responsible for the maintenance of the new Commodore Children's Park, will be paid from a developer contribution held in the Gift Trust Fund. Currently, there are several agreements under which developer contributions pay the maintenance costs for individual parks including River Oaks, Newhall, Vista Montana, and Commodore Children's Park. The remaining allocation funds personal services and non-personal/equipment costs associated with maintaining and operating other parks, trails, and fields, including the newly purchased Agnews Property (fencing off and basic site maintenance only), Del Monte Park Phase 1, Martial-Cottle Community Garden, Montecito Vista Park, Ocala Middle School Sports Fields, Roberto Antonio Balermino Park, and several trails coming online in 2014-2015. These costs are partially offset by anticipated revenues of \$11,000 in 2014-2015 generated from use of the facilities. The funding was anticipated in the 2015-2019 General Fund Forecast for parks and recreation facilities. (Ongoing costs: \$253,000)

Performance Results:

Customer Satisfaction This action ensures that new facilities have adequate funding to be maintained at current maintenance standard levels comparable to other facilities.

4. Fit Camp Summer Program	2.50	140,475	140,475
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Neighborhood Services CSA
Recreation and Community Services

This action adds ongoing funding to support the Fit Camp Summer Program that was piloted on a one-time basis in 2013-2014. Fit Camp is a summer recreational program to help children build habits for a healthier lifestyle. During the pilot phase, this camp was offered at four sites including Mayfair, Seven Trees, Bascom, and Willow Glen Community Centers. Due to strong enrollment at these sites, the program will continue at these locations and at six additional sites: Almaden, Berryessa, Camden, Evergreen, Roosevelt, and Southside Community Centers. Similar to other PRNS fee-based classes, this program will extend scholarships based on certain income or health criteria. This new fee activity program is supported by the addition of 2.5 Recreation Leader PT positions and associated non-personal/equipment funding, and will continue to offer a variety of activities such as martial arts, field trips, hiking, biking, swimming, and healthy cooking. (Ongoing costs: \$140,476)

Performance Results:

Customer Satisfaction, Quality PRNS is a current participant of the National Let's Move Campaign, initiated by First Lady Michelle Obama. Through this campaign, PRNS has undertaken a number of efforts to combat childhood obesity, and has been recognized for its numerous accomplishments in this area. This action provides fun summer recreational opportunities for kids while promoting strong healthy habits.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Christmas in the Park and Capital Program Staff Support	1.36	103,200	16,618

Neighborhood Services CSA
Parks Maintenance and Operations

This action continues funding for 1.0 Exhibit Designer/Builder and 0.36 Recreation Leader PT positions who will support the production of the 2014 Christmas in the Park program, which is fully offset by a reimbursement from the Christmas in the Park Foundation (CITPF) that manages the annual event. The part-time staff will be responsible for the transport of holiday props to and from the City warehouse where they are stored. The Exhibit Designer/Builder will be extended for an additional year to manage the part-time staff and to continue to help ease the transition to the CITPF. The Exhibit Designer/Builder will also work on PRNS capital infrastructure and repairs projects throughout the rest of the City's parks system. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction This action ensures the continued success of the Christmas in the Park event.

6. Urban Villages Implementation Staffing - PRNS Senior Planner	1.00	97,807	0
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Neighborhood Services CSA
Strategic Support

This action adds 1.0 Senior Planner in the Parks, Recreation and Neighborhood Services Department to support the implementation of Urban Villages as identified in the Envision San José 2040 General Plan. Urban Villages are active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth, attractive to an innovative workforce, and consistent with the General Plan's environmental goals. This strategy fosters mixing residential and employment activities; establishing minimum densities to support transit use, bicycling, and walking; high-quality urban design; and revitalizing underutilized properties with access to existing infrastructure. This position will be a part of a core team (with positions also added in the Planning, Building and Code Enforcement, Public Works, and Transportation Departments as described elsewhere in this document) responsible for developing a cohesive and practical set of plans, policies, procedures, and tools to facilitate the development of different types of Urban Villages in San José.

PRNS has also experienced significant workload growth in advanced planning projects, such as the Greenprint Update, Communications Hill, North San Pedro Street Housing, and Flea Market. Some of the key responsibilities of this Senior Planner will include: implementation of appropriate parks and recreation spaces in the plans; development of publicly accessible private open space guidelines for the Urban Villages; and development of parks and open space financing, acquisition, and development strategies for underserved park areas. (Ongoing costs: \$109,202)

Performance Results:

Customer Satisfaction This action ensures that the partners necessary for a collaborative team are in place to implement the City's plan to develop Urban Villages.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
7. PRNS Capital Program Support	1.00	72,975	0

Neighborhood Services CSA
Strategic Support

This action adds 1.0 Staff Technician position to support the capital programs in PRNS, with specific attention to the Parkland Development and Impact Ordinance program. The Ordinance requires developers to pay park impact fees or execute a parkland development agreement prior to securing a building permit. Due to the increase in development activity requiring agreements, the volume of work to negotiate, execute, and amend these agreements has also increased. This position will also support the overall increase in workload in the capital program and assist in the development and oversight of the department's annual capital budget. (Ongoing costs: \$80,870)

Performance Results:

Customer Satisfaction The addition of this position will provide an increased level of support to the Capital Program team by refining and maintaining effective file systems, improving ongoing tracking, reporting and management of Parkland Agreements, and enhancing outreach and support to the community and development customers.

8. Senior Transportation Services		60,000	60,000
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Neighborhood Services CSA
Recreation and Community Services

This action adds ongoing funding of \$10,000 for gas cards that were funded on a one-time basis in 2013-2014 and provides additional ongoing funding of \$50,000 to serve those seniors currently on the wait list for senior transportation options. Gas cards, bus passes, and van service are the three choices offered to assist seniors with their transport to the 14 senior nutrition sites, where seniors also participate in a variety of classes and programs. Currently, 22 seniors are on the wait list for gas cards, 91 for bus passes, and 11 for van service. This funding allocation will meet the existing demand. (Ongoing costs: \$60,000)

Performance Results:

Customer Satisfaction This action will increase the availability of senior transportation options to the 14 senior nutrition community centers, and will contribute to the goal of ensuring that seniors have regular access to nutritious meals and social activities.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
9. Mayfair and Overfelt Summer Swim Programs	0.30	32,900	32,900

Neighborhood Services CSA
Recreation and Community Services

The Parks, Recreation and Neighborhood Services Department offers an Aquatics Program at City pools during the summer months. As there is a gap between the end of the pool season and the start of the school year, this action adds 0.02 Swimming Pool Manager PT, 0.02 Assistant Swimming Pool Manager PT, and 0.26 Lifeguard PT positions (\$7,900 ongoing funding) to provide additional days for the Aquatics Program at Mayfair Pool. This action also adds ongoing funding of \$25,000 to support the East Side Union High School District's program cost for its summer recreation swim operations that was funded on a one-time basis in 2013-2014. (Ongoing costs: \$32,900)

Performance Results:

Customer Satisfaction This action further enhances the City's recreational swim programs by funding summer aquatics programs at Mayfair and Overfelt High Schools.

10. Franklin McKinley Children's Initiative Summer Programming		25,000	25,000
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Neighborhood Services CSA
Recreation and Community Services

This action adds ongoing funding of \$25,000 to support the Franklin McKinley Children's Initiative Summer Programming, currently targeted for Pop-Up Parks in the Santee neighborhood in the Franklin McKinley School District. This initiative, initially funded and approved in 2013-2014 as part of the 2013-2014 Adopted Budget, is the result of a partnership between the City, Franklin McKinley School District, the non-profit community, residents of the Santee neighborhood, and is consistent with the Mayor's Gang Prevention Task Force Safe Summer Initiative. Under this program, Santee Drive is closed several days per week for four hours per day so that safe summer activities can be offered to neighborhood youth. PRNS will continue to work with the community and other stakeholders to ensure that the funding is equitably and effectively allocated through the Safe Summer Initiative Grant competitive process to best serve the neighborhood youth. (Ongoing costs: \$25,000)

Performance Results:

Customer Satisfaction This action provides outdoor recreational space for fun and safe activities for youth in the Santee neighborhood, which will help to prevent and combat gang activities and further develop their social skills.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
11. Electric Vehicle Lease Renewal		9,000	9,000

Neighborhood Services CSA
Parks Maintenance and Operations

This action provides funding for two years to extend the lease on three Mitsubishi iMiev electric plug-in vehicles for the Parks, Recreation and Neighborhood Services Department. The current lease expired June 30, 2014, and renewing these vehicles allows the City's fleet program to continue to provide a low-cost, environmentally friendly transportation solution for local City business activity such as offsite meetings, inspections, and local travel needs for City Departments. In total, the lease extension of 27 electric plug-in vehicles is included city-wide as described in other department sections of this document. (Ongoing costs: \$9,000)

Performance Results:

Customer Satisfaction This action allows PRNS to continue to efficiently perform a variety of functions that require staff to go back and forth between different locations, for example: to inspect several park and trail projects in one day; to attend a variety of park meetings including Community Gardens, Adopt-a-Park, and the Volunteer Management units; and for use by staff who manage parking operations, maintenance operations, and the skatepark.

12. Calabazas Bike Park Maintenance Staffing	1.60	0	0
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Neighborhood Services CSA
Parks Maintenance and Operations

This action adds 1.6 Maintenance Assistant PT positions (\$63,000), offset by a corresponding non-personal/equipment reduction at the Calabazas BMX Bike Park, to maintain health and safety standards during daily use and special events and programs. With no impact on service levels, ongoing savings in the General Fund will be realized in the non-personal/equipment appropriation, as a maintenance contract formerly budgeted in the General Fund will more accurately be paid from capital funds. The staff will focus on essential maintenance, including raking and grooming the jumps and terrain to keep them smooth, level, and free of rocks. They will fill holes caused by bikes and squirrels by adding soil when necessary. They will hand water the grounds to prevent excessive dust, and will provide general park maintenance such as weed and graffiti abatement, restroom cleaning, and garbage and litter pick up. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction, Cycle Time The addition of staff will increase the frequency and levels of maintenance at this cutting-edge facility that attracts riders of all ages. The additional maintenance will greatly aid in ensuring that the track is safe, secure, and dependable for riders, and the public will experience a clean and well-maintained facility.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
13. Homeless Response Team Park Rangers	2.00	0	0

Neighborhood Services CSA
Parks Maintenance and Operations

The pilot of the City's Homeless Response Team Program began in 2013-2014. This program, approved as part of the 2013-2014 Adopted Budget, implemented a two-year strategy to address the community's concerns about the growing and visible homeless encampments. This program provides the City with a stronger infrastructure for watershed protection and addressing homelessness, including the response relating to encampments and the concerns of community members and businesses regarding individuals living in encampments. In 2014-2015, the second year of the initial two-year pilot, the program has taken a multi-discipline approach toward addressing the issues, and includes the funding of several staff in the Housing and Parks, Recreation and Neighborhood Services Departments. In partnership with the Santa Clara Valley Water District, this action extends funding for 2.0 Park Ranger positions through June 30, 2015, one of which is a reallocation of a Senior Park Ranger to a Park Ranger. When combined with 2.0 Park Ranger positions currently funded through June 30, 2016, these positions will continue the patrol and enforcement of illegal camping and protection of water quality and wildlife along Coyote Creek and the Guadalupe River Park corridors. These corridors, representing 28 miles of trails, serve as the City's gateway; the encampments create public safety and habitat destruction issues in this area. The cost for the Homeless Response Team Park Rangers and related non-personal/equipment expenses are budgeted in the City-Wide Expenses section of this document, partially offset by \$170,000 in revenue from the Santa Clara Valley Water District. An Earmarked Reserve of \$1.5 million is also included in the General Fund Capital, Transfers, and Reserves section of this document. Additional resources for this program are further described in the City-Wide Expenses (\$1.7 million), General Fund Capital, Transfer, and Reserves (\$1.5 million), and Housing Department (\$130,000) sections in this document. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action provides the City with a stronger infrastructure for addressing homelessness, including the response relating to homeless encampments and the concerns of community members and businesses regarding homeless individuals living in encampments. Staff will respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and the environmental damage caused by encampments. The Rangers will address public safety and habitat destruction issues along Coyote Creek and the Guadalupe River.

Parks, Recreation and Neighborhood Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
14. Recreation and Community Services Analyst	0.00	0	0
<p><i>Neighborhood Services CSA</i> <i>Recreation and Community Services</i></p> <p>This action adds 1.0 Analyst II position and deletes 1.0 vacant Senior Office Specialist position in the Recreation and Community Services (RCS) Division of PRNS. A portion of the cost of this Analyst II position will be offset by a corresponding non-personal/equipment reduction to supplies and materials for gym and fitness equipment repairs that will more accurately be paid from capital funds. This Analyst will analyze RCS Division's fee activity program structure, which includes leisure and fitness classes, facility rentals, and after school programs. The position will provide pricing and comparative program analysis, as well as analysis on class cancellation and enrollment capacity rates, for example, with a goal of furthering the financial strength and sustainability of the Division's fee activity programs. (Ongoing costs: \$0)</p> <p>Performance Results: Customer Satisfaction This action increases the capacity of the RCS Division to collect and use data to relay fee activity program results.</p>			
15. Spartan Keyes Neighborhood Action Center		0	0
<p><i>Neighborhood Services CSA</i> <i>Recreation and Community Services</i></p> <p>This action adds funding ongoing (beginning in 2015-2016) of \$104,000 to continue operations of the Spartan Keyes Neighborhood Action Center. Funding for this center was only included through 2014-2015 as part of the 2013-2014 Adopted Budget. This neighborhood center is an important part of the community and provides a safe place for youth, and a location for community family services that are provided by several community-based organizations. Similar to other PRNS-managed neighborhood centers, PRNS will continue to work with the non-profit community to maintain services in the greater Spartan Keyes neighborhood. (Ongoing costs: \$104,000)</p> <p>Performance Results: Customer Satisfaction This action continues support of the needs of the Spartan Keyes neighborhood, and provides resources to the community, an area surrounded by several gang hot spots as identified by the Mayor's Gang Prevention Task Force.</p>			
2014-2015 Adopted Budget Changes Total	19.59	2,339,784	1,977,618

Parks, Recreation and Neighborhood Services Department

Performance Summary

Parks Maintenance and Operations

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Maintenance dollars per developed park acre maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)	\$9,125	\$8,125	\$8,589	\$9,947
 % of customer concerns completed within time standards established by PRNS	57%	55%	60%	60%
 % of customers who rate parks as safe, functional, and aesthetically pleasing	N/A*	N/A*	N/A*	70%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

* This survey was temporarily suspended; staff will resume this survey beginning in 2014-2015.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “% of volunteers rating their Litter Hot Spot as 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index” was deleted since volunteers no longer rate Litter Hot Spots. Litter Hot Spots do continue to be rated via a community-wide survey.
- ↻ “% of Litter Hot Spots rated as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ↻ “% of graffiti service requests completed within 48 hours (service requests reported by the public)” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ↻ “% of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.

Parks, Recreation and Neighborhood Services Department

Performance Summary

Parks Maintenance and Operations

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of developed neighborhood and regional parks	185	193	194	199
# of developed acres maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)*	1,714	1,909	1,717	1,738
# of regional and neighborhood park restrooms maintained	92	93	98	103
# of customer concerns completed within time standards established by PRNS	1,044	850	1,100	1,100
# of customers who rate parks as safe, functional and aesthetically pleasing	N/A**	N/A**	N/A**	700

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

* The 2013-2014 Forecast inadvertently includes golf course acreage. Since PRNS does not actually maintain golf course acreage, the methodology has since been updated and the 2013-2014 Estimate and 2014-2015 Forecast now reflect number of developed acres maintained that does not count golf course acreage.

** This survey was temporarily suspended; staff will resume this survey beginning in 2014-2015.

¹Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊙ “# of graffiti service requests completed within 48 hours (service requests reported by the public)” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊙ “# of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊙ “# of graffiti work orders assigned to graffiti eradication vendor (service requests reported by the public)” was moved to the Recreation and Community Services Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.

Parks, Recreation and Neighborhood Services Department

Performance Summary

Recreation and Community Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of youth customers (BEST) experiencing change for the better due to youth services programs	80%	79%	78%	79%
 % of school/community crisis incidents responded to within 30 minutes	100%	100%	100%	100%
 % of school conflicts resolved with re-establishment of a safe learning environment within two weeks	100%	100%	100%	100%
 % of Safe School Campus Initiative customers surveyed rating services good or better	96%	100%	85%*	85%*
 % of customers who are repeat or returning customers (leisure classes)	81%	78%	72%	80%
 % of community center customers rating overall Satisfaction/Services as good or better	96%	90%	88%	90%
 % of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)	77%	85%	85%	85%
 % of graffiti service requests completed within 48 hours (service requests reported by the public)	75%	91%	75%	75%
 % of Clean Slate Tattoo Removal program participants who reported the ability to connect with a caring adult	69%	100%	70%	70%
 % of Litter Hot Spots rated as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index	88%	85%	85%	85%
 % of customers who register online for leisure classes	33%	37%	37%	37%

Parks, Recreation and Neighborhood Services Department

Performance Summary

Recreation and Community Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of youth participants that make healthier decisions as a result of their participation in summer camps and after school programs	NEW	NEW	NEW	90%
 % of customers who state that participation in programs has helped them increase their activity level to at least 60 minutes per day	81%	55%	73%	75%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “% of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊖ “% of graffiti service requests completed within 48 hours (service requests reported by the public)” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊖ “% of Litter Hot Spots rated as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊖ “% of gang intervention and prevention program participants who reported the ability to connect with a caring adult” was changed to “% of Clean Slate Tattoo Removal program participants who reported the ability to connect with a caring adult” to clarify which program participants are being measured.
- + “% of youth participants that make healthier decisions as a result of their participation in summer camps and after school programs” was added. This new measure reflects one of the department’s principles to create healthy communities.

Parks, Recreation and Neighborhood Services Department

Performance Summary

Recreation and Community Services

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of youth customers (BEST) experiencing change for the better due to youth services programs	4,122	3,800	2,208	2449
# of leisure class participant surveys completed with "2 nd time or more" answer selected	160	625	311	400
# of Safe Schools Campus Initiative customers rating City efforts at keeping schools safe as good or better	50	60	60	76
# of incidents on Safe School Campus Initiative School Sites responded to within 30 minutes	354	350	350	450
# of school conflicts resolved with re-establishment of safe learning environment within two weeks	354	350	350	450
# of Safe Schools Campus Initiative school sites	52	60	60	76
# of BEST youth service program participants	4,981	5,000	2,831	3,100
# of graffiti service requests completed within 48 hours (service requests reported by the public)	13,792	16,000	14,000	14,000
# of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)	761	850	800	800

Parks, Recreation and Neighborhood Services Department

Performance Summary

Recreation and Community Services

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of graffiti work orders assigned to graffiti eradication vendor (service requests reported by the public)	19,312	17,500	17,500	17,500
# of customers who register online for leisure classes	19,177	15,000	20,000	20,000
# of customers who state that participation in programs has helped them increase their activity level at least 60 minutes per day	215	450	444	450
# of youth participants that make healthier decisions as a result of their participation in summer camps and after school programs	NEW	NEW	NEW	2,250

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “# of graffiti service requests completed within 48 hours (service requests reported by the public)” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊖ “# of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- ⊖ “# of graffiti work orders assigned to graffiti eradication vendor (service requests reported by the public)” was moved from the Parks Maintenance and Operations Core Service since the Recreation and Community Services Division of PRNS is now responsible for the litter and graffiti abatement programs.
- + “# of youth participants that make healthier decisions as a result of their participation in summer camps and after school programs” was added. This new measure reflects one of the department’s principles to create healthy communities; upon completion of a program, participants are issued a survey testing their ability to make healthier decisions based on the instruction given in the camps and programs.

Parks, Recreation and Neighborhood Services Department

Performance Summary

Strategic Support

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1 st ; Safe Summer Initiative Grant (SSIG): June 15 th)	45.8%	80%	76%	80%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1 st ; Safe Summer Initiative Grant (SSIG): June 15 th)	33	50	45	50
The size (in mileage) of the trail network in each phase:				
- construction	0.00	2.39	0.48	1.29
- open	54.97	53.37	55.27	55.27

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: No

Parks, Recreation and Neighborhood Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	2.00	2.00	-
Account Clerk PT	3.75	3.75	-
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	0.00	(1.00)
Administrative Officer	1.00	1.00	-
Amusement Park Supervisor	1.00	1.00	-
Analyst I PT	0.50	0.50	-
Analyst II	15.00	16.00	1.00
Analyst II PT	1.00	1.00	-
Animal Health Technician PT	0.75	0.75	-
Assistant Director	1.00	1.00	-
Assistant Swim Pool Manager PT	0.46	0.48	0.02
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Construction Inspector	1.00	1.00	-
Associate Structure Landscape Designer	1.00	1.00	-
Athletic Stadium Groundskeeper	1.00	1.00	-
Camp Counselor PT	4.80	4.80	-
Camp Maintenance Worker PT	0.20	0.20	-
Camp Recreation Director PT	0.40	0.40	-
Community Activity Worker	3.00	3.00	-
Community Activity Worker PT	3.50	3.50	-
Community Coordinator	7.00	7.00	-
Community Services Aide PT	17.30	17.30	-
Community Services Supervisor	1.00	2.00	1.00
Cook PT	0.75	0.75	-
Deputy Director	3.00	3.00	-
Director, Parks, Recreation and Neighborhood Services	1.00	1.00	-
Division Manager	3.00	3.00	-
Events Coordinator II	1.00	1.00	-
Events Coordinator II PT	0.75	0.75	-
Exhibit Builder PT	1.00	1.00	-
Exhibit Designer/Builder	0.50	1.00	0.50
Gardener	23.00	23.00	-
Gerontology Specialist	10.00	10.00	-
Golf Course Manager	1.00	1.00	-
Groundskeeper	5.00	5.00	-
Groundswoker	36.00	37.00	1.00
Heavy Equipment Operator	2.00	2.00	-
Instructor-Lifeguard PT	1.89	1.89	-
Landscape Maintenance Manager	1.00	1.00	-
Lifeguard PT	2.00	2.26	0.26
Maintenance Assistant	9.00	9.00	-
Maintenance Assistant PT	26.22	28.71	2.49
Maintenance Supervisor	4.00	3.00	(1.00)
Maintenance Worker I	2.00	2.00	-
Marketing/Public Outreach Representative	2.00	2.00	-
Office Specialist	3.00	3.00	-
Office Specialist PT	1.00	0.00	(1.00)

Parks, Recreation and Neighborhood Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Park Ranger	9.00	16.00	7.00
Park Ranger PT	5.94	6.20	0.26
Parks Facilities Supervisor	8.00	8.00	-
Parks Maintenance Repair Worker II	12.00	12.00	-
Parks Manager	4.00	4.00	-
Planner II	1.00	1.00	-
Principal Account Clerk	1.00	1.00	-
Program Manager I	4.00	4.00	-
Puppet Theater Coordinator	1.00	1.00	-
Puppeteer PT	1.50	1.50	-
Recreation Leader PT	81.55	84.69	3.14
Recreation Program Specialist	30.00	30.00	-
Recreation Specialist	3.00	3.00	-
Recreation Superintendent	5.00	5.00	-
Recreation Supervisor	12.00	12.00	-
Regional Park Aide PT	7.36	7.36	-
Secretary	2.00	1.00	(1.00)
Senior Account Clerk	3.00	2.00	(1.00)
Senior Analyst	3.00	4.00	1.00
Senior Architect/Landscape Architect	1.00	1.00	-
Senior Engineering Technician	1.00	1.00	-
Senior Maintenance Worker	11.00	11.00	-
Senior Office Specialist	4.00	3.00	(1.00)
Senior Park Ranger	1.00	1.00	-
Senior Planner	0.00	1.00	1.00
Senior Recreation Leader	7.00	8.00	1.00
Senior Recreation Leader PT	9.05	9.05	-
Senior Recreation Leader Teacher PT	2.24	2.24	-
Senior Therapeutic Treatment Specialist	1.00	1.00	-
Senior Zoo Keeper	2.00	2.00	-
Staff Specialist	1.00	3.00	2.00
Staff Technician	0.00	2.00	2.00
Structure/Landscape Designer	2.00	2.00	-
Swimming Pool Manager PT	0.31	0.33	0.02
Therapeutic Services Manager	1.00	1.00	-
Therapeutic Specialist	11.00	11.00	-
Training Specialist	1.00	0.00	(1.00)
Volunteer Coordinator	1.00	1.00	-
Youth Outreach Worker I	10.00	10.00	-
Youth Outreach Worker I PT	0.60	0.60	-
Youth Outreach Worker II	7.00	7.00	-
Youth Outreach Specialist	3.00	3.00	-
Zoo Curator	1.00	1.00	-
Zoo Keeper	8.00	8.00	-
Zoo Keeper PT	1.67	1.67	-
Zoo Manager	1.00	1.00	-
Total Positions	493.99	510.68	16.69

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Planning, Building and Code Enforcement Department

Harry Freitas, Director

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Facilitate the preservation and building of a safe, attractive, vibrant and sustainable San José through partnership with and exceptional service to our diverse communities and customers

City Service Areas

Community and Economic Development
Neighborhood Services

Core Services

Community Code Enforcement

Enforce and promote compliance with local and State codes to ensure a safe, healthy, and attractive community

Development Plan Review and Building Construction Inspection

Manage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies

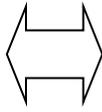
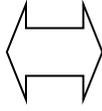
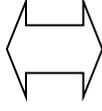
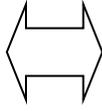
Long Range Land Use Planning

Develop land use plans and policies to guide the future physical growth of the City

Strategic Support: Administration, Clerical Services, Budget Preparation, Fiscal Services, Human Resources, Information Systems, Marketing and Outreach, and Safety/Wellness

Planning, Building and Code Enforcement Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Community Code Enforcement: <i>Enforce and promote compliance with local and State codes to ensure a safe, healthy, and attractive community</i></p>		<ul style="list-style-type: none"> • Community Outreach/ Neighborhood Empowerment • General Code Enforcement • Housing Code Enforcement • Proactive Code Enforcement
<p>Development Plan Review and Building Construction Inspection: <i>Manage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies</i></p>		<ul style="list-style-type: none"> • Review of Land Use, Rezoning, Development Applications and Plans for Compliance with Zoning Code, Standards, Policies, and Guidelines • Review of Construction Plans and Calculations for Compliance with Building Code Standards, Policies, and Guidelines • Environmental Review • Construction Inspection • Permit Issuance • Public Information Services
<p>Long Range Land Use Planning: <i>Develop land use plans and policies to guide the future physical growth of the City</i></p>		<ul style="list-style-type: none"> • City-wide Land Use Planning (General Plan) • Village/Area Planning • Policy/Ordinance Development
<p>Strategic Support: <i>Administration, Clerical Services, Budget Preparation, Fiscal Services, Human Resources, Information Systems, Marketing and Outreach, and Safety/Wellness</i></p>		<ul style="list-style-type: none"> • Administration • Clerical Support • Budget Preparation • Fiscal Accountability • Human Resources • Information Systems • Building and Code Call Centers • Imaging Services

Planning, Building and Code Enforcement Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Complete draft plans for the Winchester, Stevens Creek, and Santana Row Urban Villages.
- Complete the Diridon Station Implementation Plan.
- Provide 92% of all Building Division field inspections within 48 hours of request.
- Complete a Planning Fee study that will provide analysis and recommendations for fees and works-in-progress liability.
- Implement a Geographic Information System (GIS) that will standardize the GIS platform throughout the City and provide the backbone for improvements in other systems such as online permits.
- Implement a new risk-based and proactive three-tiered inspection process for the Multiple Housing Program, including self-certification component for buildings with no substantiated code complaints.
- Initiate the Illegal Dumping Rapid Response pilot program that will help mitigate illegal dumping through the installation of physical deterrents, educational outreach, an analysis of best practices, and targeted neighborhood clean-ups.

2014-2015 Key Budget Actions

- Estimated revenue collections for the Building Development Fee Program will be reduced by \$400,000 as a result of two changes: 1) change a business process for small residential plan review projects and 2) reduce the base hours charged for permit issuance fees by 50%. Although there are no adjustments to the fees in the Planning Development Fee Program, one-time funding is included in this budget to conduct a study on the program's fees and any adjustments will be brought forward for City Council consideration at a later date.
- In the Building Development Fee Program, the following resources are added to improve target cycle times and customer service levels: 1.0 Division Manager, 1.0 Building Inspection Manager, 1.0 Building Inspector Combo, 1.5 Planner II, and 1.0 Permit Specialist positions, and one-time funding for replacement vehicles.
- The addition of a Planning Official will provide the needed oversight, experience, and expertise to address increased staffing levels and activity in the Planning Division.
- In the Planning Development Fee Program, the following resources are added to address higher development activity and to improve service levels: 1.0 Senior Planner, 4.5 Planner I/II, 1.0 Planning Technician, and 1.0 Senior Office Specialist.
- In order to implement the Urban Village Plans, 2.5 positions (1.0 Senior Planner, 1.0 Planner I/II, and 0.5 Staff Technician PT) are included in this budget.
- Additional resources (4.0 Code Enforcement Inspector I/II and 1.0 Code Enforcement Supervisor), fully recovered by fee changes, are included to implement a Multiple Housing Tier Program, a risk-based and self-certification program that will allow Code Enforcement to focus on the more problematic landlords and their properties.
- Three additional Code Enforcement Inspector I/II positions will provide inspection services to address all routine complaints city-wide. It is anticipated that this action will reduce the time to open a case from the initial day of complaint from 21 days to 14 days and the average number of days to close out a case from 90 days to 30 days.
- Extends 1.0 limit-dated Code Enforcement Inspector I/II through June 30, 2015, to support enforcement of medical marijuana regulations while a permanent enforcement fee structure is being developed.
- To address a city-wide issue with illegal dumping, this budget includes one-time funding for an external consultant to help identify best practices and provide recommendations to address illegal dumping in the City; installation of deterrent infrastructure in "hot spots"; educational outreach; and additional rapid response pick-ups and removals in neighborhoods.
- Transfers a Senior Architect/Landscape Architect to the Office of Economic Development to help implement the Envision San José 2040 General Plan and provide urban design review and policy development.

Operating Funds Managed

N/A

Planning, Building and Code Enforcement Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Community Code Enforcement	\$ 7,761,511	\$ 8,734,919	\$ 9,712,579	\$ 11,449,626	31.1%
Development Plan Review and Building Construction Inspection	19,626,758	24,317,200	23,963,564	26,270,531	8.0%
Long Range Land Use Planning	1,936,307	4,330,122	2,794,371	4,289,342	(0.9%)
Strategic Support	1,057,852	1,725,677	1,861,565	2,232,848	29.4%
Total	\$ 30,382,428	\$ 39,107,918	\$ 38,332,079	\$ 44,242,347	13.1%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 27,973,941	\$ 34,414,560	\$ 35,282,843	\$ 39,003,595	13.3%
Overtime	301,116	197,622	181,622	181,622	(8.1%)
Subtotal	\$ 28,275,057	\$ 34,612,182	\$ 35,464,465	\$ 39,185,217	13.2%
Non-Personal/Equipment					
	2,107,371	4,495,736	2,867,614	5,057,130	12.5%
Total	\$ 30,382,428	\$ 39,107,918	\$ 38,332,079	\$ 44,242,347	13.1%
Dollars by Fund					
General Fund	\$ 28,732,718	\$ 37,673,353	\$ 36,784,854	\$ 42,578,056	13.0%
Airport Maint & Oper	60,835	62,727	58,011	49,115	(21.7%)
Comm Dev Block Grant	1,098,634	958,271	1,081,522	1,205,807	25.8%
Integrated Waste Mgmt	170,182	177,634	187,917	191,417	7.8%
Sewer Svc & Use Charge	80,817	84,449	81,121	83,315	(1.3%)
Storm Sewer Operating	81,523	95,140	88,853	83,498	(12.2%)
Capital Funds	157,719	56,344	49,801	51,139	(9.2%)
Total	\$ 30,382,428	\$ 39,107,918	\$ 38,332,079	\$ 44,242,347	13.1%
Authorized Positions by Core Service					
Community Code Enforcement	69.25	69.71	70.43	82.13	17.8%
Development Plan Review and Building Construction Inspection	138.71	156.17	154.20	161.80	3.6%
Long Range Land Use Planning	22.82	23.16	20.32	31.05	34.1%
Strategic Support	10.22	10.96	11.05	14.52	32.5%
Total	241.00	260.00	256.00	289.50	11.3%

Planning, Building and Code Enforcement Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	260.00	39,107,918	37,673,353
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Envision 2040 General Plan Update (2.0 Planner I/II)	(2.00)	(861,319)	(861,319)
● Rebudget: Building Development Fee Program - Electronic Content Management Project		(628,000)	(628,000)
● Rebudget: Alameda Urban Village Master Plan and Zoning		(125,374)	(125,374)
● Rebudget: Alum Rock Main Street District Rezoning		(35,166)	(35,166)
● Rebudget: Bay Area Air Quality Management District		(18,500)	(18,500)
● Planning Development Fee Program:			
- Temporary Staffing		(337,000)	(337,000)
- Environmental Review Staffing (1.0 Planner I/II)	(1.00)	(131,050)	(131,050)
- Peak Staffing Agreement		(100,000)	(100,000)
● Building Fee Program:			
- Peak Staffing Agreement		(300,000)	(300,000)
- Non-Personal/Equipment Funding		(70,000)	(70,000)
● Planning Services Grants Staffing (1.0 Senior Planner)	(1.00)	(80,392)	(80,392)
● Neighborhoods of Distinction		(45,000)	(45,000)
● Code Compliance Campaign Signs		(20,000)	(20,000)
One-time Prior Year Expenditures Subtotal:	(4.00)	(2,751,801)	(2,751,801)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		1,972,150	1,849,566
- 1.0 Associate Engineer to 1.0 Associate Architect/Landscape Architect			
● Living wage adjustment		65,000	65,000
● Vacancy factor adjustment		(158,460)	(158,460)
● Software license contract adjustment		169,982	163,082
● Mileage reimbursement costs		15,000	15,000
● Information technology training		15,000	15,000
● Data processing funding adjustment		(71,452)	(64,628)
● Planning Development Fee Program non-personal/equipment savings		(28,258)	(28,258)
● Changes in vehicle maintenance and operations costs		(3,000)	7,000
Technical Adjustments Subtotal:	0.00	1,975,962	1,863,302
2014-2015 Forecast Base Budget:	256.00	38,332,079	36,784,854

Planning, Building and Code Enforcement Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

Budget Proposals Approved	Positions	All Funds (\$)	General Fund (\$)
1. Building Development Fee Program	8.91	1,773,370	1,773,370
2. Planning Development Fee Program	9.06	1,012,378	1,012,378
3. Planning, Building and Code Enforcement Department Salary Program		565,928	531,418
4. Fire and Public Works Development Fee Programs and Other Programs	2.03	485,834	503,278
5. Multiple Housing Tier Program	5.00	468,725	468,725
6. Urban Villages Implementation Staffing	2.50	302,732	302,732
7. General Code Enforcement Staffing	3.00	274,086	274,086
8. Illegal Dumping Rapid Reponse Pilot		250,000	150,000
9. Medical Marijuana Enforcement	1.00	75,000	75,000
10. Public Right-of-Way Clean-Ups and Illegal Dumping	2.00	14,054	14,054
11. Code Enforcement Inspection Staffing Reallocation	0.00	0	0
12. Urban Design Staffing	(1.00)	(136,725)	(136,725)
13. Rebudget: Envision San José 2040 General Plan Implementation	1.00	469,386	469,386
14. Rebudget: Code Enforcement Vehicles		210,000	210,000
15. Rebudget: Multiple Housing Code Programming Services		110,000	110,000
16. Rebudget: Bay Area Air Quality Management District		18,500	18,500
17. Rebudget: Computers and Monitors		17,000	17,000
Total Budget Proposals Approved	33.50	5,910,268	5,793,202
2014-2015 Adopted Budget Total	289.50	44,242,347	42,578,056

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Building Development Fee Program	8.91	1,773,370	1,773,370

Community and Economic Development CSA

*Development Plan Review and Building Construction Inspection
Strategic Support*

These actions included in this section, funded by fee activity and the use of reserves, support the Building Development Fee Program by improving service levels with no fee increases.

- **Program Staffing:** Adds 5.5 positions (1.0 Division Manager, 1.0 Building Inspection Manager, 1.0 Building Inspector Combination, 1.0 Permit Specialist, and 1.5 Planner II, of which 0.5 is limited through June 30, 2016) to address the higher level of development activity (\$573,042). The Division Manager will manage sub-trades, Express, Special Tenant Improvements, over-the-counter plan reviews, Store Front and the Small Business Ally Programs, and field inspections in the Downtown corridor. The Building Inspection Manager will provide support in supervising the Building Inspectors to create a better span of control. The Building Inspector Combination position will conduct inspections of properties deemed to be in violation of the Building Code by Code Enforcement and will subsequently bring these properties into compliance. The Permit Specialist will issue permits, answer customer inquiries, and complete plan intake. The Planner II positions will assist in the permit center by processing over-the-counter permits and answering customer questions, and will assist with expediting high profile development applications. (Ongoing costs: \$619,579)
- **Geographic Information System Implementation:** Adds 1.0 Geographic Systems Specialist II position (\$96,645, Building Development Fee Program's portion: \$71,517) and one-time non-personal/equipment funding of \$600,000 (Building Development Fee Program's portion: \$444,000) for the Geographic Information System (GIS) data migration project that will be funded by the Development Services Partners (74% Building, 11% Planning, 11% Fire, and 4% Public Works). The project will integrate, store, edit, analyze, share, and display geographic information for informed decision making. The Geographic Systems Specialist II will support ongoing data management, provide coordination with planners and development staff, perform quality control and assurance, disseminate data over the web, monitor annexations, and provide key support for the GIS data migration project. (Ongoing costs: \$106,163, Building Development Fee Program's portion: \$78,547)
- **Non-Personal/Equipment Funding:** Adds one-time funding of \$216,000 to replace eight aging vehicles in the Building Development Fee Program. These vehicles are over ten years old and are costly to maintain. The replacement of these vehicles will help ensure that staff are able to arrive at inspections timely with reliable vehicles, resulting in inspections being completed within current performance levels. (Ongoing costs: \$0)
- **Management Staffing and Funding Reallocations:** Adds 1.0 Deputy Director (Planning Official), funded by the General Fund (42%), Building Development Fee Program (38%), Planning Development Fee Program (8%), Airport Funds (7%), and Storm Sewer Operating Fund (5%). The Planning Official will provide the needed oversight, experience, and expertise to address the increased staffing levels and diverse range of development projects in the Planning Division. In addition, this action includes funding reallocations for 0.34 of the Assistant Director, 0.05 of an Accounting Technician, 0.05 of a Senior Account Clerk, and 0.10 of a Network Technician position to align funding with the actual workload. The net cost of these actions will be \$155,083 (Building Development Fee Program's portion: \$134,718) with no net cost to the General Fund. (Ongoing costs: \$155,564, Building Development Fee Program's portion: \$135,139)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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1. Building Development Fee Program

- **Workspace Improvements:** Adds one-time funding of \$250,000 (\$125,000 Building Development Fee Program, \$37,500 Fire Development Fee Program, \$37,500 Public Works Development Fee Program, \$25,000 Planning Development Fee Program, \$12,500 General Fund, and \$12,500 Solid Waste Fees) to hire a consulting architect to conduct a comprehensive analysis of the existing space on City Hall floors 1-3 and provide recommendations for an overhaul of the workspace. Currently, there are spaces that are no longer being used as the business model for Development Services has changed since City Hall was opened. For example, there are counters and workspace for desktop computers on the second floor; however, staff no longer uses these counters for most business transactions as they are now being better handled on the first floor. The consultant will create a master plan that will recommend workspace modifications, interior design modifications, and other changes necessary to improve workflow and align the space with current business models. (Ongoing costs: \$0)
- **Accounting Staffing:** Adds 1.0 Accountant II (0.5 Building Development Fee Program, 0.25 Planning Development Fee Program, and 0.25 Solid Waste Fees) and 2.0 Senior Account Clerks (1.0 Building Development Fee Program, 0.5 Planning Development Fee Program, and 0.5 Multiple Housing Fees) to address increased activity (\$234,375, Building Development Fee Program's portion: \$117,177). The Accountant will supervise the PBCE Accounting Team; develop accounting procedures and work flows for the team; track the revenues for development fees and Code fees; and monitor and ensure accuracy of the billing for all fees. The Senior Account Clerks will be responsible for timekeeping, accounts payable, revenue reconciliations, and revenue and expenditure tracking. (Ongoing costs: \$237,679, Building Development Fee Program's portion: \$118,842)
- **Communications Staffing:** Adds 1.0 Public Information Manager (58% Building Development Fee Program, 18% Fire Development Fee Program, 15% Public Works Development Fee Program, and 9% Planning Development Fee Program) to provide coordinated communications for Development Services (\$139,976, Building Development Fee Program's portion: \$80,916). This position will be responsible for updating the Development Services websites; developing brochures and other printed media; reviewing customer feedback; and working closely with staff on business process changes to reduce processing time, increase consistency, and improve the customer experience. (Ongoing costs: \$140,457, Building Development Fee Program's portion: \$81,194)
- **Customer Service Training Funding:** Adds one-time funding of \$25,000 (\$11,000 Building Development Fee Program, \$6,000 Solid Waste Fees, \$3,500 Public Works Development Fee Program, \$2,500 Fire Development Fee Program, and \$2,000 Planning Development Fee Program) to provide customer service training for all employees in Development Services as a result of the high level of customer contact and the emphasized priority on providing good customer service. (Ongoing costs: \$0)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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1. Building Development Fee Program

- **Building Development Fees and Charges:** This action reduces the revenue estimate for Building Permits by \$400,000 as a result of two changes to Building Development Fees. The first change is to alter the business process for small residential plan review projects, which are identified as small residential alterations up to 300 square feet and additions under 100 square feet. On average, a plan review for small residential additions and alterations is normally completed in one hour. However, the fee is currently charged as a base fee (ranging from \$210 - \$2,940). A change to the business process by conducting these plan reviews over the counter and at the \$210 hourly rate, will alleviate the customers from paying the base fee for reviews or the expedited fee (which is an additional 50% charge). This change will reduce the revenues by approximately \$200,000. The second change is to reduce the base hours charged for online permit issuance fees by 50%. Online issuance fees are calculated using the minimum base hours for each permit type, multiplied by an hourly rate (currently \$160 per hour). Base rates for permit issuance range from 15 minutes to two hours. The base hour estimation will be reduced by 50% for any permits purchased online, resulting in a reduction of approximately \$200,000 in revenues.

While not reflected in this section of the document, the Building Development Fee Program will fund other shared resource additions in 2014-2015 as described below.

- **Departmental Desktop Modernization Staffing:** The Building Development Fee Program will fund a portion of a Network Technician position (funded by the Development Fee Programs - 50% Building, 17% Fire, 17% Planning, and 16% Public Works) in the Information Technology Department to modernize the desktop environment (\$77,315, Building Development Fee Program's portion: \$38,656). Enhanced service delivery of desktop services will include working with the Development Services Partners' Applications Team to package department-specific applications and deploy a standardized desktop environment. This position is reflected in the City Department section under the Information Technology Department. (Ongoing costs: \$85,697, Building Development Fee Program's portion: \$42,848)
- **Development Services Cashiering Staffing:** The Building Development Fee Program will fund a portion of a Senior Account Clerk position (funded by the Development Fee Programs - 64% Building, 24% Fire, 4% Planning, and 8% Public Works) in the Finance Department to administer cashiering for the Development Services Partners (\$71,547, Building Development Fee Program's portion: \$45,792). Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering workload. (Ongoing costs: \$72,552, Building Development Fee Program's portion: \$46,434)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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1. Building Development Fee Program

As a result of these actions and others as described in the Finance Department and Information Technology Department sections, and the General Fund Revenue Estimates section of this document, the anticipated Building Development Fee Program Reserve at the beginning of 2014-2015 is projected at \$21.7 million to be used for works-in-progress projects.

Performance Results:

Cycle Time, Customer Satisfaction As a result of these additional resources, improvements will be seen in plan reviews completed in target cycle time (from 81% to 85%) and building inspections completed in the target cycle time of 24 hours (from 51% to 75%) and 48 hours (from 83% to 92%). In addition, improvements to customer service for Building Plan Check will increase from 78% to 85% and Building Inspection will continue to meet its target at 85%.

2. Planning Development Fee Program	9.06	1,012,378	1,012,378
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Community and Economic Development CSA
Development Plan Review and Building Construction Inspection
Long Range Land Use Planning
Strategic Support

These actions included in this section, funded by fee activity and the use of reserves, support the Planning Development Fee Program by improving service levels with no fee increases.

- **Program Staffing:** Adds 6.5 positions (4.5 Planner I/II's, which 2.5 positions are limit-dated through June 30, 2016, 1.0 Planning Technician, and 1.0 Senior Planner) to address the higher development activity and help meet performance targets (\$580,080). The Planner positions will collect, analyze, and interpret data pertaining to planning and zoning projects and will help process Planning development applications and their associated environmental review; the Planning Technician will assist with application intake and the initial processing of permits; and the Senior Planner will supervise staff responsible for processing planning applications, determine distribution of new projects, and work with development customers on complex issues. (Ongoing costs: \$610,718)

- **Fee Study and Works-In-Progress Liability Analysis:** Adds one-time funding of \$250,000 (\$125,000 funded by Planning Development Fee Program and \$125,000 funded by Fire Development Fee Program) for consultant services to conduct a fee study and works-in-progress liability analysis of the Planning and Fire Development Fee Programs. This consultant will analyze current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly. In addition, this consultant will extract and analyze the information in the Development Services database to identify the current works-in-progress liability, develop a works-in-progress policy, and implement an ongoing strategy for identifying the liability amount. (Ongoing costs: \$0)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
2. Planning Development Fee Program			
<ul style="list-style-type: none"> - Geographic Information System Implementation: Adds 1.0 Geographic Systems Specialist II position (\$96,645, Planning Development Fee Program's portion: \$10,631) and one-time non-personal/equipment funding of \$600,000 (Planning Development Fee Program's portion: \$66,000) for the Geographic Information System (GIS) data migration project that will be funded by the Development Services Partners (74% Building, 11% Planning, 11% Fire, and 4% Public Works). The project will integrate, store, edit, analyze, share, and display geographic information for informed decision making. The Geographic Systems Specialist II will support ongoing data management, provide coordination with planners and development staff, quality control and assurance, dissemination of data over the web, monitoring of annexations, and key support for the GIS data migration project. (Ongoing costs: \$106,163, Planning Development Fee Program's portion: \$11,677) - Planning Administrative Staffing: Adds 1.0 Senior Office Specialist to support the administrative needs in the Planning Development Fee Program (\$66,275). This position will be responsible for public hearing noticing, agenda preparation, and posting for the Planning Commission, Historic Landmarks Commission, and Planning Director's Hearing. (Ongoing costs: \$67,207) - Accounting Staffing: Adds 1.0 Accountant II (0.5 Building Development Fee Program, 0.25 Planning Development Fee Program, and 0.25 Solid Waste Fees) and 2.0 Senior Account Clerks (1.0 Building Development Fee Program, 0.5 Planning Development Fee Program, and 0.5 Multiple Housing Fees) to address increased activity (\$234,375, Planning Development Fee Program's portion: \$58,599). The Accountant will supervise the PBCE Accounting Team; develop accounting procedures and work flows for the team; track the revenues for development fees and Code fees; and monitor and ensure accuracy of the billing for all fees. The Senior Account Clerks will be responsible for timekeeping, accounts payable, revenue reconciliations, and revenue and expenditure tracking. (Ongoing costs: \$237,679, Planning Development Fee Program's portion: \$59,420) - Solid Waste Planning Services: Adds 1.0 Planner I/II (funded 60% by the Solid Waste Fee Program and 40% by the Planning Development Fee Program) to improve and streamline processes, and serve as a liaison between the Code Enforcement and Planning Divisions (\$85,106, Planning Development Fee Program's portion: \$34,044). The position will facilitate the permitting of solid waste facilities and assist the Code Enforcement Division in determining zoning requirements and ordinance changes. (Ongoing costs: \$95,257, Planning Development Fee Program's portion: \$38,103) - Management Staffing and Funding Reallocations: Adds 1.0 Deputy Director (Planning Official), funded by the General Fund (42%), Building Development Fee Program (38%), Planning Development Fee Program (8%), Airport Funds (7%), and Storm Sewer Operating Fund (5%). The Planning Official will provide the needed oversight, experience, and expertise to address the increased staffing levels and diverse range of development projects in the Planning Division. In addition, this action includes funding reallocations for 0.34 of the Assistant Director, 0.05 of an Accounting Technician, 0.05 of a Senior Account Clerk, and 0.10 of a Network Technician position to align funding with the actual workload. The net cost of these actions will be \$155,083 (Planning Development Fee Program's portion: \$32,194) with no net cost to the General Fund. (Ongoing costs: \$155,564, Planning Development Fee Program's portion: \$32,344) 			

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Planning Development Fee Program

- **Workspace Improvements:** Adds one-time funding of \$250,000 (\$125,000 Building Development Fee Program, \$37,500 Fire Development Fee Program, \$37,500 Public Works Development Fee Program, \$25,000 Planning Development Fee Program, \$12,500 General Fund, and \$12,500 Solid Waste Fees) to hire a consulting architect to conduct a comprehensive analysis of the existing space on City Hall floors 1-3 and provide recommendations for an overhaul of the workspace. Currently, there are spaces that are no longer being used as the business model for Development Services has changed since City Hall was opened. For example, there are counters and workspace for desktop computers on the second floor; however, staff no longer uses these counters for most business transactions as they are now being better handled on the first floor. The consultant will create a master plan that will recommend workspace modifications, interior design modifications, and other changes necessary to improve workflow and align the space with current business models. (Ongoing costs: \$0)
- **Communications Staffing:** Adds 1.0 Public Information Manager (58% Building Development Fee Program, 18% Fire Development Fee Program, 15% Public Works Development Fee Program, and 9% Planning Development Fee Program) to provide coordinated communications for Development Services (\$139,976, Planning Development Fee Program's portion: \$12,555). This position will be responsible for updating the Development Services websites; developing brochures and other printed media; and reviewing customer feedback and working closely with staff on business process changes to reduce processing time, increase consistency, and improve the customer experience. (Ongoing costs: \$140,457, Planning Development Fee Program's portion: \$12,601)
- **Customer Service Training Funding:** Adds one-time funding of \$25,000 (\$11,000 Building Development Fee Program, \$6,000 Solid Waste Fees, \$3,500 Public Works Development Fee Program, \$2,500 Fire Development Fee Program, and \$2,000 Planning Development Fee Program) to provide customer service training for all employees in Development Services as a result of the high level of customer contact and the emphasized priority on providing good customer service. (Ongoing costs: \$0)

While not reflected in this section of the document, the Planning Development Fee Program will fund other shared resource additions in 2014-2015 as described below.

- **Departmental Desktop Modernization Staffing:** The Planning Development Fee Program will fund a portion of a Network Technician position (funded by the Development Fee Programs - 50% Building, 17% Fire, 17% Planning, and 16% Public Works) in the Information Technology Department to modernize the desktop environment (\$77,315, Planning Development Fee Program's portion: \$13,144). Enhanced service delivery of desktop services will include working with the Development Services Partners' Applications Team to package department-specific applications and deploy a standardized desktop environment. This position is reflected in the City Department section under the Information Technology Department. (Ongoing costs: \$85,697, Planning Development Fee Program's portion: \$14,569)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Planning Development Fee Program

- **Development Services Cashiering Staffing:** The Planning Development Fee Program will fund a portion of a Senior Account Clerk position (funded by the Development Fee Programs – 64% Building, 24% Fire, 4% Planning, and 8% Public Works) in the Finance Department to administer cashiering for the Development Services Partners (\$71,547, Planning Development Fee Program's portion: \$2,860). Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional staffing positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering workload. (Ongoing costs: \$72,552, Planning Development Fee Program's portion: \$2,902)

As a result of these actions and others as described in the Finance Department and Information Technology Department sections, and the General Fund Revenue Estimates section of this document, the anticipated Planning Development Fee Program Reserve at the beginning of 2014-2015 is projected at \$1.7 million to be used for works-in-progress projects.

Performance Results:

Cycle Time, Customer Satisfaction As a result of these additional resources, Planning Permit process will increase its target cycle time from 80% to 85% of the projects completed within the processing time targets and its customer service rating from 72% to 80% of the process participants rating service "good" or better.

3. Planning, Building and Code Enforcement Department Salary Program	565,928	531,418
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Community and Economic Development CSA

Development Plan Review and Building Construction Inspection

Long Range Land Use Planning

Strategic Support

Neighborhood Services CSA

Community Code Enforcement

This action increases the Planning, Building and Code Enforcement Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$565,928)

Performance Results: N/A (Final Budget Modification)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
4. Fire and Public Works Development Fee Programs and Other Programs	2.03	485,834	503,278

Community and Economic Development CSA

Development Plan Review and Building Construction Inspection

Long Range Land Use Planning

Strategic Support

Neighborhood Services CSA

Community Code Enforcement

This section includes actions administered by the Planning, Building and Code Enforcement Department, but are funded by other development fee programs and funds that will improve services in development services.

- **Fee Study and Works-In-Progress Liability Analysis:** Adds one-time funding of \$250,000 (\$125,000 funded by Planning Development Fee Program and \$125,000 funded by Fire Development Fee Program) for consultant services to conduct a fee study and works-in-progress liability analysis of the Planning and Fire Development Fee Programs. This consultant will analyze the current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust fees accordingly. In addition, this consultant will extract and analyze the information in the Development Services database to identify the current works-in-progress liability, develop a works-in-progress policy, and implement an ongoing strategy for identifying the liability amount. (Ongoing costs: \$0)
- **Geographic Information System Implementation:** Adds 1.0 Geographic Systems Specialist II position (Fire and Public Works Development Fee Programs' portion: \$14,497) and one-time non-personal/equipment funding of \$600,000 (Fire and Public Works Development Fee Programs' portion: \$90,000) for the Geographic Information System (GIS) data migration project that will be funded by the Development Services Partners (74% Building, 11% Planning, 11% Fire, and 4% Public Works). The project will integrate, store, edit, analyze, share, and display geographic information for informed decision making. The Geographic Systems Specialist II will support ongoing data management, provide coordination with planners and development staff, quality control and assurance, dissemination of data over the web, monitoring of annexations, and key support for the GIS data migration project. (Ongoing costs: \$696,645, Fire and Public Works Development Fee Programs' portion: \$15,939)
- **Workspace Improvements:** Adds one-time funding of \$250,000 (\$125,000 Building Development Fee Program, \$37,500 Fire Development Fee Program, \$37,500 Public Works Development Fee Program, \$25,000 Planning Development Fee Program, \$12,500 General Fund, and \$12,500 Solid Waste Fees) to hire a consulting architect to conduct a comprehensive analysis of the existing space on City Hall floors 1-3 and provide recommendations for an overhaul of the workspace. Currently, there are spaces that are no longer being used as the business model for Development Services has changed since City Hall was opened. For example, there are counters and workspace for desktop computers on the second floor; however, staff no longer uses these counters for most business transactions as they are now being better handled on the first floor. The consultant will create a master plan, recommending workspace modifications, interior design modifications, and other changes necessary to improve workflow and align the space with current business models. (Ongoing costs: \$0)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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4. **Fire and Public Works Development Fee Programs and Other Programs**

- **Accounting Staffing:** Adds 1.0 Accountant II (0.5 Building Development Fee Program, 0.25 Planning Development Fee Program, and 0.25 Solid Waste Fees) and 2.0 Senior Account Clerks (1.0 Building Development Fee Program, 0.5 Planning Development Fee Program, and 0.5 Multiple Housing Fees) to address increased activity (\$234,375, Multiple Housing Fees' portion: \$35,424 and Solid Waste Fees' portion: \$23,175). The Accountant will supervise the PBCE Accounting Team; develop accounting procedures and work flows for the team; track the revenues for development fees and Code fees; and monitor and ensure accuracy of the billing for all fees. The Senior Account Clerks will be responsible for timekeeping, accounts payable, revenue reconciliations, and revenue and expenditure tracking. (Ongoing costs: \$237,679, Multiple Housing Fees' portion: \$35,916 and Solid Waste Fees' portion: \$23,504)
- **Solid Waste Planning Services:** Adds 1.0 Planner I/II (funded 60% by Solid Waste Fee Program and 40% by Planning Development Fee Program) to improve and streamline processes, and serve as a liaison between the Code Enforcement and Planning Divisions (\$85,106, Solid Waste Fees' portion: \$51,062). The position will facilitate the permitting of solid waste facilities and assist the Code Enforcement Division in determining zoning requirements and ordinance changes. (Ongoing costs: \$95,257, Solid Waste Fees' portion: \$57,154)
- **Communications Staffing:** Adds 1.0 Public Information Manager (58% Building Development Fee Program, 18% Fire Development Fee Program, 15% Public Works Development Fee Program, and 9% Planning Development Fee Program) to provide coordinated communications for Development Services (\$139,976, Fire and Public Works Development Fee Programs' portion: \$46,505). This position will be responsible for updating the Development Services websites; developing brochures and other printed media; and reviewing customer feedback and working closely with staff on business process changes to reduce processing time, increase consistency, and improve the customer experience. (Ongoing costs: \$140,457, Fire and Public Works Development Fee Programs' portion: \$46,662)
- **Customer Service Training Funding:** Adds one-time funding of \$25,000 (\$11,000 Building Development Fee Program, \$6,000 Solid Waste Fees, \$3,500 Public Works Development Fee Program, \$2,500 Fire Development Fee Program, and \$2,000 Planning Development Fee Program) to provide customer service training for all employees in Development Services as a result of the high level of customer contact and the emphasized priority on providing good customer service. (Ongoing costs: \$0)

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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4. Fire and Public Works Development Fee Programs and Other Programs

- **Management Staffing and Funding Reallocations:** Adds 1.0 Deputy Director (Planning Official), funded by the General Fund (42%), Building Development Fee Program (38%), Planning Development Fee Program (8%), Airport Funds (7%), and Storm Sewer Operating Fund (5%). The Planning Official will provide the needed oversight, experience, and expertise to address the increased staffing levels and diverse range of development projects in the Planning Division. In addition, this action includes funding reallocations for 0.34 of the Assistant Director, 0.05 of an Accounting Technician, 0.05 of a Senior Account Clerk, and 0.10 of a Network Technician position to align funding with the actual workload. The net cost of these actions will be \$155,083 (net savings in the Airport Funds (-\$10,176), Storm Sewer Operating Fund (-\$7,268), Neglected/Vacant House Fees (-\$3,426), and General Fund (-\$494), offset by a net cost to Multiple Housing Fees (\$6,834) and Solid Waste Fees (\$2,701)). (Ongoing costs: \$155,564, Other Funds and Fees' savings: \$11,919)

Performance Results:

Quality, Customer Satisfaction As a result of these additional resources, processing target cycle time and customer service support for Development Services will improve.

5. Multiple Housing Tier Program	5.00	468,725	468,725
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Neighborhood Services CSA
Community Code Enforcement

This action adds five positions (4.0 Code Enforcement Inspector I/II and 1.0 Code Enforcement Supervisor) and shifts funding for portions of two Code Enforcement Supervisor positions from the Multiple Housing Fees to the Solid Waste Fees to implement a tier program for Multiple Housing Occupancy Permits. A Residential Occupancy Permit is required annually for each unit of apartments, hotels, motels, fraternities, sororities, emergency shelters, residential care facilities, and residential service facilities. This action addresses a recommendation from a Code Enforcement Audit issued by the City Auditor on November 21, 2013 that includes the adoption of a risk-based, proactive inspection process with a self-certification component. The program will have three tiers and assignment to a tier based upon the number of prior cases and violations: Tier 1 is identified as low score on the risk assessment profile with no substantiated complaints and is the self-certification component where an audit of 10% of the units and complaint response will be implemented; Tier 2 is identified as medium score on the risk assessment profile and is driven by complaint response and proactive inspection (managers/owners have more than one violation per unit and repairs are completed by due date to maintain this status); and Tier 3 is identified as the highest score on the risk assessment profile and is driven by complaint response and proactive inspection (managers/owners are repeat violators and have violations that are health and safety related). The current permit is \$43.81 per unit and all units are inspected on a six-year cycle. Under the tier program, the permits will be \$28.47 per unit for Tier 1 (the self-certification program) with a six-year inspection cycle, \$59.20 per unit for Tier 2 with a five-year inspection cycle, and \$102.67 per unit for Tier 3 with a three-year inspection cycle. (Ongoing costs: \$474,319)

Performance Results:

Cycle Time, Quality, Customer Satisfaction This action will improve the cycle time for violations resolved and inspections completed on schedule in the Multiple Housing Program.

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
6. Urban Villages Implementation Staffing	2.50	302,732	302,732

Community and Economic Development CSA

Long Range Land Use Planning

This action adds 1.0 Planner I/II, 1.0 Senior Planner, and 0.5 Staff Technician PT to support the implementation of Urban Villages as identified in the Envision San José 2040 General Plan. Urban Villages are active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth, attractive to an innovative workforce, and consistent with the General Plan's environmental goals. This strategy fosters mixing residential and employment activities; establishing minimum densities to support transit use, bicycling, and walking; high-quality urban design; and revitalizing underutilized properties with access to existing infrastructure. These positions will be a part of a core team (with positions also added in the Parks, Recreation and Neighborhood Services, Public Works, and Transportation Departments as described elsewhere in this document) responsible for developing a cohesive and practical set of plans, policies, procedures, and tools to facilitate the development of different types of Urban Villages in San José. The Senior Planner and Planners will engage community residents, property and business owners, other City departments, and the development community to develop and implement Urban Villages. The part-time Staff Technician will provide administrative support for activities related to Urban Villages such as managing contracts and monitoring/administering grants. (Ongoing costs: \$305,492)

Performance Results:

Quality, Customer Satisfaction This action supports the Envision San José 2040 General Plan with the implementation of several Urban Villages.

7. General Code Enforcement Staffing	3.00	274,086	274,086
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Neighborhood Services CSA

Community Code Enforcement

This action adds 3.0 Code Enforcement Inspector positions for inspection services to address all routine complaints city-wide. Currently, there are 2.44 positions dedicated to General Code Enforcement, which are inspections that are not restricted by any type of complaint and/or any area of the City. This action will reduce the time to open a case from the initial day of complaint from 21 days to 14 days and the average number of days to close out a case from 90 days to 30 days. (Ongoing costs: \$278,019)

Performance Results:

Cycle Time, Quality, Customer Satisfaction This action is expected to increase the percentage of residents who feel their neighborhood is in the same or better condition compared to previous year (from 73% to 80%) and improve target cycle time of resolving Code complaints (from 48% to 60%).

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>8. Illegal Dumping Rapid Response Pilot</p> <p><i>Neighborhood Services CSA</i> <i>Community Code Enforcement</i></p> <p>This action adds one-time funding, \$150,000 from General Fund and \$100,000 from the Community Development Block Grant (CDBG) Fund, to address illegal dumping activities. The \$150,000 from the General Fund will provide for an external consultant to help identify best practices and provide recommendations to address illegal dumping in the City; the installation of deterrent infrastructure, such as fencing, bollards, and signage in "hot spots"; and additional rapid response pick-ups and removals in neighborhoods throughout San José as needed. The CDBG funds will provide \$50,000 for outreach and \$50,000 for additional removals in targeted neighborhoods. (Ongoing costs: \$0)</p> <p>Performance Results: <i>Quality, Customer Satisfaction</i> This action will increase the number of removals in targeted areas and improve residents' satisfaction regarding the condition of their neighborhoods.</p>		250,000	150,000
<p>9. Medical Marijuana Enforcement</p> <p><i>Neighborhood Services CSA</i> <i>Community Code Enforcement</i></p> <p>This action adds one-time funding for 1.0 Code Enforcement Inspector I/II through June 30, 2015, to provide code enforcement of all medical marijuana operational and land use regulations under San José City Municipal Code Title 6 and Title 20 requirements. These resources are necessary until the transition to the fee-supported enforcement structure is complete. (Ongoing costs: \$0)</p> <p>Performance Results: <i>Quality, Customer Satisfaction</i> This action will support City code compliance of the operating medical marijuana facilities until a cost-recovery enforcement structure is complete.</p>	1.00	75,000	75,000
<p>10. Public Right-of-Way Clean-Ups and Illegal Dumping</p> <p><i>Neighborhood Services CSA</i> <i>Community Code Enforcement</i></p> <p>This action reallocates contractual services funding to add 2.0 Regional Park Aide PT positions for public right-of-way clean-ups and pick-ups of illegal dumping in targeted areas. The contractor that was performing these services did not perform up to the agreed upon scope of services and, as a result, the City has temporarily used in-house part-time staff to perform these duties. The Regional Park Aides have been more effective in performing these clean-ups. (Ongoing costs: \$14,201)</p> <p>Performance Results: No impacts to existing service levels are anticipated as a result of this action.</p>	2.00	14,054	14,054

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
11. Code Enforcement Inspection Staffing Reallocation	0.00	0	0

Neighborhood Services CSA
Community Code Enforcement

This action reallocates funding for portions of two Code Enforcement Inspectors: 0.25 from the Neglected/Vacant House (NVH) Fee Program to the Solid Waste Fee Program and 0.35 from the NVH Fee Program to the General Fund for general code inspections. The NVH Fee Program has experienced a large decline in activity as a result of the housing market rebounding, resulting in fewer neglected and vacant properties. However, the Solid Waste Fee Program has experienced an increase in activity as a result of more development in the City, resulting in more solid waste tonnage. In addition, there has been an increased need for inspection services for all routine complaints city-wide. These staffing reallocations will assist the department to meet activity demands and targeted performance levels. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action will realign investigation and enforcement according to the anticipated activity levels: increase to the Solid Waste Fee Program and general code enforcement and decrease to neglected vacant properties.

12. Urban Design Staffing	(1.00)	(136,725)	(136,725)
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Community and Economic Development CSA
Development Plan Review and Building Construction Inspection
Long Range Land Use Planning

This action shifts 1.0 Senior Architect/Landscape Architect from the Planning, Building and Code Enforcement Department to the Office of Economic Development and reallocates the position to a Senior Executive Analyst (SEA) (funded 85% by the Planning Fee program and 15% by the General Fund). The SEA classification reports to an assigned manager in the City Manager's Office. This position will lead an interdepartmental team and have cross-disciplinary responsibility to help implement the Envision San José 2040 General Plan provide urban design review and policy development for the City's private and public projects. (Ongoing savings: \$137,187)

Performance Results:

Quality, Customer Satisfaction This action supports the Envision San José 2040 General Plan with the implementation of several Urban Villages.

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>13. Rebudget: Envision San José 2040 General Plan Implementation</p> <p><i>Community and Economic Development CSA</i> <i>Long Range Land Use Planning</i></p> <p>This action rebudgets unexpended funding to extend one limit-dated Planner II position through June 30, 2015 and provide non-personal/equipment funding to continue the implementation of the Envision San José 2040 General Plan and facilitate economic development by completing environmental review and completing plans for Urban Villages and other strategic areas. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>	1.00	469,386	469,386
<p>14. Rebudget: Code Enforcement Vehicles</p> <p><i>Neighborhood Services CSA</i> <i>Community Code Enforcement</i></p> <p>This action rebudgets unexpended code enforcement fee funding for the replacement of seven vehicles for the following programs: Multiple Housing Code Enforcement (\$101,250), Solid Waste Code Enforcement (\$101,250), and General Code Enforcement (\$7,500). (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>		210,000	210,000
<p>15. Rebudget: Multiple Housing Code Programming Services</p> <p><i>Neighborhood Services CSA</i> <i>Community Code Enforcement</i></p> <p>This action rebudgets unexpended non-personal/equipment funding for programming services to begin the migration of the Code Enforcement permitting system (CES) into the Development Fee Program permitting system (AMANDA). Moving the CES to AMANDA will allow for a more user-friendly program and will better maintain Code Enforcement information. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>		110,000	110,000
<p>16. Rebudget: Bay Area Air Quality Management District</p> <p><i>Community and Economic Development CSA</i> <i>Long Range Land Use Planning</i></p> <p>This action rebudgets unexpended personal services funds for staff support to work on the revised scope of work with the Bay Area Air Quality Management District. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>		18,500	18,500

Planning, Building and Code Enforcement Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
17. Rebudget: Computers and Monitors		17,000	17,000
<i>Neighborhood Services CSA</i>			
<i>Community Code Enforcement</i>			
<p>This action rebudgets unexpended funding for the purchase of computers and monitors. The replacement of outdated models is required to accommodate necessary technology upgrades. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
<hr/>			
2014-2015 Adopted Budget Changes Total	33.50	5,910,268	5,793,202

Planning, Building and Code Enforcement Department

Performance Summary

Community Code Enforcement

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of neighborhoods in "good" or better condition, based on a city-wide survey	69%	70%	70%	70%
 % of violations resolved through voluntary compliance, based on complexity of case types	91%	95%	92%	95%
 Cost per violation for:				
- proactive enforcement*	\$234	\$275	\$225	\$225
- complaint-based enforcement	\$830	\$750	\$750	\$750
 % of violations resolved within estimated processing standards, based on type and complexity of violations	47%**	60%	48%**	60%
 % of annual fee-based inspections completed on schedule, including multi-year programs	98%	88%	75%	88%
 % of residents who feel their neighborhood is in the same or better condition compared to previous year (annual Code Enforcement survey)	74%	80%	73%	80%
 % of customers who feel they received courteous treatment and timely service from their interaction with Code Enforcement staff	70%	80%	77%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Proactive code enforcement services refer to Multiple Housing and Community Development Block Grant (CDBG)/Housing inspections. Currently, all Code Enforcement Inspectors that are CDBG-funded provide proactive and enhanced response to service requests.

** Due to a U.S. Supreme Court case decision requiring an appeal process for property owners to contest violations, Code Enforcement started issuing Inspection Notices prior to Compliance Orders, which has extended the timeframe for resolution of the violations. In addition, the Department had vacancies that contributed to the extended timeframe for resolution.

Planning, Building and Code Enforcement Department

Performance Summary

Community Code Enforcement

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Staff hours devoted to outreach/education/ prevention	2,555	2,000	120*	N/A*
# of multiple housing dwelling units proactively inspected	11,835	13,000	13,000	14,000**
Neighborhood Clean-Ups	24	24	23	23
General Code Compliance Cases:				
Opened	7,777	5,100	4,569	5,500
Resolved	7,220	5,250	4,323	5,600
Multiple Housing Complaint Cases:				
Opened	591	600	561	600
Resolved	536	600	635	650
% of Violations Resolved:				
Warning	81.9%	81%	87%	87%
Citation	7.8%	7%	8%	8%
Compliance Order	9.3%	11%	4%	4%
Appeals Hearing Board/Litigation	1.0%	1%	1%	1%

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* The Department is transitioning Multiple Housing Property Owner Training to an outside agency on a contract basis. There have been no additional classes held since October 2013.

** The number of multiple housing dwelling units proactively inspected is anticipated to slightly increase as a result of the implementation of the proposed Multiple Housing Tier Program.

Planning, Building and Code Enforcement Department

Performance Summary

Development Plan Review & Building Construction Inspection

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process:				
Planning Permit Process	N/A*	70%	N/A*	70%
Building Plan Check Process	N/A*	90%	N/A*	90%
Building Inspection Process	N/A*	90%	N/A*	90%
 Ratio of current year fee revenue to development fee program cost	100%	100%	100%	100%
 Development projects completed within processing time targets:				
Planning Permit Process	75%	80%	80%	85%
Building Plan Check Process	83%	82%	81%	85%
Building Inspection Process				
- within 24 hours	34%	75%	51%**	75%
- within 48 hours	62%	92%	83%**	92%
 % of process participants rating service "good" or better				
Planning Permit Process	62%	80%	72%	80%
Building Plan Check Process	73%	80%	78%	85%
Building Inspection Process	83%	80%	85%	85%
 % of residents surveyed who rate the quality of architecture and landscape design/maintenance in new development in their neighborhood as good or better	N/A***	75%	N/A***	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Staff are focused on front line service delivery and have not had capacity to collect data. See the Community and Economic Development CSA Overview for customer survey data on consistent, clear, and understandable comments during project review.

** While additional positions have been added in the past several years and some positions have been filled, vacancies still remain as a result of the difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions.

*** This annual survey was previously conducted in the spring and has been suspended to provide staff capacity for processing development applications. Staff anticipates conducting this survey in 2014-2015.

Planning, Building and Code Enforcement Department

Performance Summary

Development Plan Review & Building Construction Inspection

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of building permits issued	27,646	26,000	31,900	28,000
# of customers served in Permit Center	31,868	30,000	33,300	32,000
# of plan checks	7,148	8,500	7,800	7,800
# of field inspections	189,065	175,000	211,700	190,000
# of planning applications				
- Major	347	270	660	400
- Minor	519	400	870	600
# of planning adjustments	1,327	1,200	1,300	1,200

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Planning, Building and Code Enforcement Department

Performance Summary

Long Range Land Use Planning

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of special planning efforts completed within targeted cost: Specific/Area Policy Plans:	100%	100%	100%	100%
 % of special planning efforts completed within targeted time: Specific/Area Policy Plans:	80%	100%	100%	100%
 % of planning process participants rating service as "good" or "excellent"	N/A*	85%	N/A*	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* The survey was not conducted in 2013-2014 as a result of projects not progressing to a point in the process where participants could be surveyed.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of Scheduled/Completed Specific/Area Policy Plans	0 of 8	11 of 11	5 of 12*	3 of 7
# of planning policy studies	0 of 0	1 of 1	1 of 1	1 of 1
# of General Plan Amendments	0	4	0**	13**

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Five of the 12 Urban Village Plans were completed in 2013-2014. Three of the remaining seven Urban Village Plans are scheduled to be completed by the end of 2014-2015 with the remaining four Urban Village Plans scheduled for completion in 2015-2016.

** No General Plan hearings were scheduled in 2012-2013 and 2013-2014. General Plan hearings took place in August 2014 with the Planning Commission and September 2014 with the City Council. In the General Plan annual review cycle, there were 11 Director/City initiated land use amendments and two Director/City initiated General Plan text amendments, and one privately initiated land use amendment.

Planning, Building and Code Enforcement Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accountant II	0.00	1.00	1.00
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	3.00	3.00	-
Assistant Director of Planning, Bldg and Code Enforcement	1.00	1.00	-
Associate Architect/Landscape Architect	0.00	1.00	1.00
Associate Engineer	16.00	15.00	(1.00)
Building Inspector Combination Certified	59.00	60.00	1.00
Building Inspection Manager	3.00	4.00	1.00
Building Inspector, Supervisor	5.00	5.00	-
Code Enforcement Inspector I/II	41.00	49.00	8.00
Code Enforcement Supervisor	4.00	5.00	1.00
Deputy Director, Code Enforcement	1.00	1.00	-
Deputy Director, Unclassified	1.00	2.00	1.00
Director of Planning, Building and Code Enforcement	1.00	1.00	-
Division Manager	8.00	9.00	1.00
Engineer II	1.00	1.00	-
Environmental Inspector II	3.00	3.00	-
Geographic Systems Specialist II	0.00	1.00	1.00
Information Systems Analyst	2.00	2.00	-
Network Technician II	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Permit Specialist	4.00	5.00	1.00
Planner I/II	19.00	25.00	6.00
Planning Technician	2.00	3.00	1.00
Principal Office Specialist	2.00	2.00	-
Principal Permit Specialist	4.00	4.00	-
Program Manager	3.00	3.00	-
Public Information Manager	0.00	1.00	1.00
Regional Park Aide PT	8.00	10.00	2.00
Senior Account Clerk	1.00	3.00	2.00
Senior Analyst	2.00	2.00	-
Senior Architect/Landscape Architect	2.00	1.00	(1.00)
Senior Engineer	4.00	4.00	-
Senior Office Specialist	22.00	23.00	1.00
Senior Permit Specialist	9.00	9.00	-
Senior Planner	7.00	8.00	1.00
Senior Supervisor, Administration	4.00	4.00	-
Senior Systems Application Programmer	2.00	2.00	-
Staff Technician	1.00	1.00	-
Staff Technician PT	0.00	0.50	0.50
Supervising Building Inspector (Cert.)	7.00	7.00	-
Supervising Environmental Services Specialist	1.00	1.00	-
Systems Applications Programmer II	1.00	1.00	-
Total Positions	260.00	289.50	29.50

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Police Department

Larry Esquivel, Police Chief

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Create safe places to live, work and learn through community partnerships

City Service Areas

Public Safety

Transportation and Aviation Services

Core Services

Crime Prevention and Community Education

Provide programs and services through community education and partnerships to reduce criminal activity and enhance public safety

Respond to Calls for Service

Provide for 24-hour emergency and non-emergency police calls, which include but are not limited to crimes against persons and property, disturbances, traffic accidents, disasters, and medical emergencies

Investigative Services

Provide for the objective examination of events through the collection of evidence, interviewing of witnesses, the interrogation of suspects, and other activities, to arrive at a resolution or successful prosecution

Special Events Services

Provide for safe and orderly special events including festivals and parades, free-speech demonstrations, political rallies, labor disputes, and dignitary visits, as well as other incidents requiring extra-ordinary planning and/or resources

Regulatory Services

Provide for the mandated regulation of businesses and activities and the issuance of those attendant mandated permits that are in the public interest

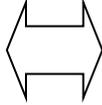
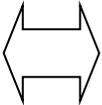
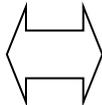
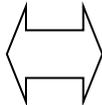
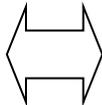
Traffic Safety Services

Provide for the safe and free flow of traffic through enforcement, education, investigation, and traffic control

Strategic Support: Public Information, Fiscal Integrity, Systems Availability, Recruiting/Training, Facilities and Vehicle Management, Wellness of the Workforce, and Safety

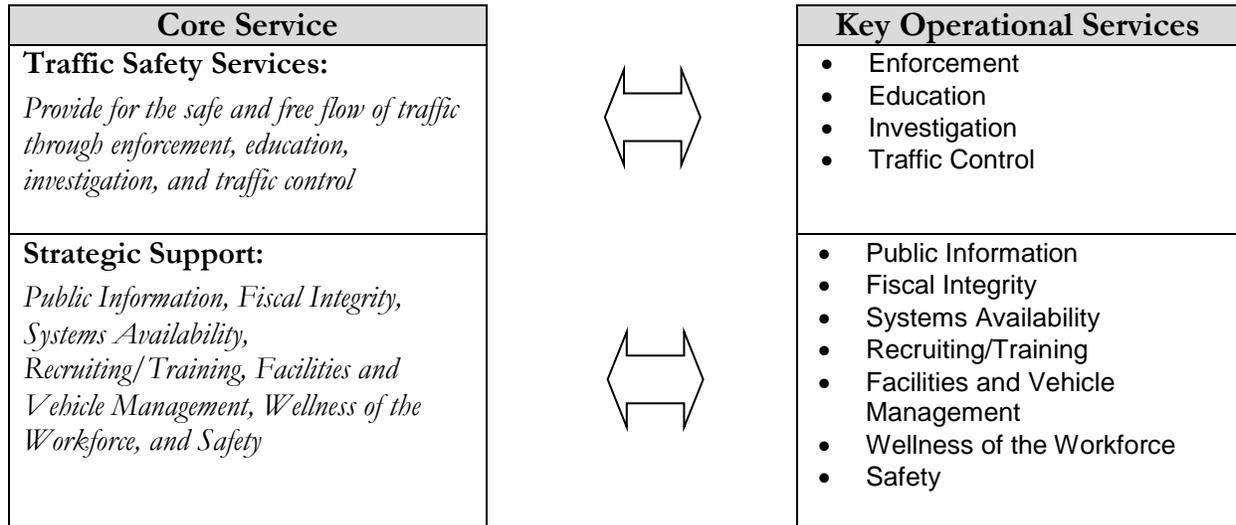
Police Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Crime Prevention and Community Education: <i>Provide programs and services through community education and partnerships to reduce criminal activity and enhance public safety</i></p>		<ul style="list-style-type: none"> • Proactive Patrol • Youth and School-Based Services • Community Problem Solving • Adult Services
<p>Investigative Services: <i>Provide for the objective examination of events through the collection of evidence, interviewing of witnesses, the interrogation of suspects, and other activities, to arrive at a resolution or successful prosecution</i></p>		<ul style="list-style-type: none"> • Interview and Interrogate Witnesses and Suspects • Collect and Process Evidence • Assist District Attorney's Office • Obtain and Provide Specialized Training • Facilitate Support Services for Victims and Witnesses • Liaison with Outside Agencies for Investigations and Community Policing
<p>Regulatory Services: <i>Provide for the mandated regulation of businesses and activities and the issuance of those attendant mandated permits that are in the public interest</i></p>		<ul style="list-style-type: none"> • Permits Issuance • Investigations • Inspections
<p>Respond to Calls for Service: <i>Provide for 24-hour emergency and non-emergency police calls, which include but are not limited to crimes against persons and property, disturbances, traffic accidents, disasters, and medical emergencies</i></p>		<ul style="list-style-type: none"> • Dispatch/Communications • Reactive Patrol
<p>Special Events Services: <i>Provide for safe and orderly special events including festivals and parades, free-speech demonstrations, political rallies, labor disputes, and dignitary visits, as well as other incidents requiring extra-ordinary planning and/or resources</i></p>		<ul style="list-style-type: none"> • Off-Duty Security Services

Police Department

Service Delivery Framework



Police Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Maintain a vibrant, safe community by delivering high quality police services.
- Improve the positive relationship the community has with the Police Department, which is critical in investigating crimes and patrolling the City. An open and positive community relationship can assist to quickly resolve the most serious crimes.
- Strive to reduce crime rates, conduct investigations effectively, and continue efforts to deter violence.
- Continue to provide effective and timely response to calls for service.

2014-2015 Key Budget Actions

- A temporary repurpose of the South San José Police Substation is included in order to address the operational needs of the Police Department as well as realize cost savings. The repurposed substation will: 1) allow the relocation of the Training Unit from leased space; 2) provide a facility for an additional Police Recruit Academy; 3) house the Community Service Officer program; 4) serve as the alternate Public Safety Answering Point; and 5) facilitate Police Department fleet needs. Once the Department's staffing levels are stabilized, a recommendation to fund additional police services from this facility will be brought forward for City Council consideration, as appropriate.
- Augment Field Patrol by adding 7.0 Community Service Officers (CSOs), bringing the total number of CSOs to 28.0 (21.0 positions were added in the 2013-2014 Adopted Budget). The CSO, a new civilian classification, will respond to lower priority calls for service with a heavy emphasis on patrol-related support, with 7.0 CSOs assigned to each of the four Police Patrol Divisions.
- A one-time augmentation (\$4.0 million) to the Police Department's overtime budget will provide funding to continue backfilling for vacant patrol positions while new staff are being hired and trained. It will also be used to: maintain targeted enforcement of high crime activity through suppression cars; conduct high profile investigations; and backfill for civilian position vacancies as needed. One-time funding of \$100,000 has also been added for medical marijuana enforcement.
- One-time funding will ensure the Department has sufficient resources to recruit and background candidates for the upcoming 2014-2015 Police Officer Recruit Academies. In addition, one-time funding will support a third Police Officer Recruit Academy.
- One-time funding to extend Central Identification Unit Staffing will enable this unit to continue to address the backlog in latent fingerprint cases.
- A one-time augmentation (\$525,000) to the Police Department's overtime budget will allow the Department to continue the recently implemented Downtown Foot Patrol program to enhance safety in the Downtown area.
- The addition of a School Safety and Education Unit Supervisor and 3.3 School Crossing Guards will increase oversight of the City's intersections where the Crossing Guard Program is provided.
- The addition of two Crime Prevention Unit positions will expand community outreach and program management.
- One-time funding will allow the Department to continue to combat human trafficking and assist victims while both State and federal funds are pursued over the coming months.

Operating Funds Managed

- Edward Byrne Memorial Justice Assistance Grant
- Federal Drug Forfeiture Fund
- State Drug Forfeiture Fund
- Supplemental Law Enforcement Services Fund

Police Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Crime Prevention and Community Education	\$ 7,139,868	\$ 4,801,201	\$ 5,345,670	\$ 5,763,245	20.0%
Investigative Services	52,183,633	54,795,202	57,239,846	58,242,106	6.3%
Regulatory Services	2,914,649	3,240,673	2,893,739	3,027,804	(6.6%)
Respond to Calls for Service	174,956,328	196,566,795	202,351,001	208,378,754	6.0%
Special Events Services	1,641,398	1,339,686	1,470,072	1,474,871	10.1%
Traffic Safety Services	7,958,136	10,693,329	10,080,608	10,326,579	(3.4%)
Strategic Support	40,109,331	38,522,876	38,188,188	41,394,908	7.5%
Total	\$ 286,903,343	\$ 309,959,762	\$ 317,569,124	\$ 328,608,267	6.0%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 245,284,994	\$265,469,004	\$ 282,945,293	\$ 285,775,765	7.6%
Overtime	19,479,162	16,028,257	11,969,038	17,133,998	6.9%
Subtotal	\$ 264,764,155	\$ 281,497,261	\$ 294,914,331	\$ 302,909,763	7.6%
Non-Personal/Equipment					
Total	22,139,188	28,462,501	22,654,793	25,698,504	(9.7%)
Total	\$ 286,903,343	\$ 309,959,762	\$ 317,569,124	\$ 328,608,267	6.0%
Dollars by Fund					
General Fund	\$ 283,752,549	\$306,848,315	\$ 317,224,427	\$ 326,289,104	6.3%
Airport Maint & Oper	87,140	92,428	101,630	104,509	13.1%
Edward Byrne Mem Just Asst	303,085	235,230	0	235,897	0.3%
Federal Drug Forfeiture	17,050	757,303	0	653,848	(13.7%)
Integrated Waste Mgmt	74,923	104,000	104,000	104,000	0.0%
State Drug Forfeiture	374,742	745,795	139,067	139,067	(81.4%)
Supp Law Enf Svcs	2,293,854	1,176,691	0	1,081,842	(8.1%)
Total	\$ 286,903,343	\$ 309,959,762	\$ 317,569,124	\$ 328,608,267	6.0%
Authorized Positions by Core Service					
Crime Prevention and Community Education	43.87	50.87	50.87	57.17	12.4%
Investigative Services	282.50	273.50	272.50	274.50	0.4%
Regulatory Services	24.00	20.00	18.00	18.00	(10.0%)
Respond to Calls for Service	953.50	971.50	968.50	966.50	(0.5%)
Special Events Services	5.00	7.00	7.00	7.00	0.0%
Traffic Safety Services	57.00	55.00	55.00	55.00	0.0%
Strategic Support	182.50	194.50	197.50	197.50	1.5%
Total	1,548.37	1,572.37	1,569.37	1,575.67	0.2%

Police Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	1,572.37	309,959,762	306,848,315
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Law Enforcement Technology Upgrades		(1,513,371)	(1,513,371)
● Rebudget and Tech Adjust: Supplemental Law Enforcement Services (SLES) Grant		(329,691)	0
● Rebudget and Tech Adjust: Edward Byrne Memorial Justice Assistance Grant (JAG)		(235,230)	0
● Rebudget: Bulletproof Vests		(180,000)	(180,000)
● Rebudget: Children's Interview Center		(60,000)	(60,000)
● Rebudget: Parcel Post Interdiction Program		(49,220)	0
● Police Overtime		(4,000,000)	(4,000,000)
● South San José Police Substation Opening (Public Safety Answering Point, SLES 12-14, FF&E)		(1,846,108)	(383,860)
● Police Recruitment and Background Services		(710,000)	(710,000)
● Police Field Patrol Community Service Officers (purchase of vehicles)		(182,784)	(182,784)
● Police Fixed Cameras		(150,000)	(150,000)
● Police Crime Prevention Staffing (purchase of vehicle)		(26,112)	(26,112)
One-Time Prior Year Expenditures Subtotal:	0.00	(9,282,516)	(7,206,127)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations: -1.0 Information Systems Analyst to 1.0 Network Engineer -1.0 Program Manager I to 1.0 Assistant Communications Manager -1.0 Program Manager I to 1.0 Crisis Intervention Training Manager -1.0 Principal Office Specialist to 1.0 Analyst II -1.0 Senior Account Clerk to 1.0 Accounting Technician		16,518,521	16,509,319
● Police Field Patrol Community Service Officers Annualization (21.0 Community Service Officers full year total cost, Vehicle M&O)		924,970	924,970
● South San José Police Substation Opening Annualization (9.0 Police Property Specialists full year total cost Utilities, Supplies and Materials, Vehicle M&O)		353,955	353,955
● Living wage adjustment		118,000	118,000
● Police CAL-ID Program (3.0 Latent Fingerprint Examiner II)	(3.00)	(374,963)	(374,963)
● 2010-2011 COPS funding reallocation from State and Federal Drug Forfeiture Fund to General Fund		(15,395)	684,168
● Ammunition cost adjustment		110,000	110,000
● Polygraph contractual services		83,121	83,121
● Police AFR/RMS Sustainment Team and Maintenance Annualization		63,000	63,000
● County crime lab services		58,941	58,941
● Police recruit academy contractual services		40,420	40,420
● Firing range lead removal contractual services		22,000	22,000
● Police Crime Prevention Staffing (Vehicle M&O)		2,600	2,600

Police Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Changes in vehicle replacement costs		(731,975)	(731,975)
• Changes in vehicle maintenance and operations costs		(456,874)	(456,874)
• Changes in gas and electricity costs		175,558	175,558
Technical Adjustments Subtotal:	(3.00)	16,891,878	17,582,239
2014-2015 Forecast Base Budget:	1,569.37	317,569,124	317,224,427
Budget Proposals Approved			
1. Police Overtime		4,000,000	4,000,000
2. Police Department Salary Program		1,242,141	1,239,262
3. Police Field Patrol Community Service Officers	7.00	967,057	967,057
4. Police Recruitment and Background Services		710,000	710,000
5. Third Police Officer Recruit Academy		639,967	639,967
6. Downtown Foot Patrol Program		525,000	525,000
7. Central ID Unit Staffing Extension	2.00	249,982	249,982
8. School Safety and Education Unit	4.30	187,989	187,989
9. Crime Prevention Program Staffing	2.00	159,829	159,829
10. Anti-Human Trafficking Task Force		150,000	150,000
11. Medical Marijuana Enforcement		100,000	100,000
12. Northern California High Intensity Drug Trafficking Area Grant		33,600	33,600
13. South San José Police Substation Repurpose	(9.00)	(1,000,031)	(1,000,031)
14. Rebudget and Technical Adjustment: Supplemental Law Enforcement Services (SLES) Grant		1,081,842	0
15. Rebudget: South San José Police Substation		615,248	0
16. Rebudget: Unmarked Vehicles		300,000	300,000
17. Rebudget: Fixed Cameras		250,000	250,000
18. Rebudget and Technical Adjustment: Edward Byrne Memorial Justice Assistance Grant (JAG)		235,897	0
19. Rebudget: South San José Police Substation Vehicle Operations and Maintenance		176,250	176,250
20. Rebudget: South San José Police Substation Retrofits		150,000	150,000
21. Rebudget: Mobile ID Phase IV		74,569	74,569
22. Rebudget: Children's Interview Center		60,000	60,000
23. Rebudget: Riot Helmets		60,000	60,000
24. Rebudget: Parcel Post Interdiction Program		38,600	0
25. Rebudget: Northern California High Intensity Drug Trafficking Area Grant		31,203	31,203
Total Budget Proposals Approved	6.30	11,039,143	9,064,677
2014-2015 Adopted Budget Total	1,575.67	328,608,267	326,289,104

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Police Overtime		4,000,000	4,000,000

Public Safety CSA

Investigative Services

Respond to Calls for Service

Transportation and Aviation Services CSA

Traffic Safety Services

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action increases the overtime budget in the Police Department by \$4.0 million, from a base budget level of \$12.0 million to \$16.0 million, to fund anticipated overtime needs in the Department in 2014-2015. A \$4.0 million Police Overtime Earmarked Reserve was proactively established for anticipated 2014-2015 overtime needs as part of the City Council approved 2013-2014 Mid-Year Review. A corresponding action to recognize these funds, which remained unspent in 2013-2014 and carried over as Beginning Fund Balance in 2014-2015, can be found in the Beginning Fund Balance discussion in the General Fund Revenue Estimates section of this document. Although the Department is conducting police officer recruit academies to hire for the sworn vacancies, the Department has approximately 100 sworn vacancies through the beginning of September 2014. It is anticipated that additional overtime funding will be needed to backfill for vacant patrol positions, maintain targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, and graffiti, conduct high profile investigations, and backfill for civilian vacancies as needed. (Ongoing costs: \$0)

Performance Results:

Cycle Time, Quality, Customer Service, Cost The additional overtime funding will help backfill for both sworn and civilian vacancies while new staff are being hired and trained. Deploying extra patrol teams on overtime through suppression cars is a cost effective way to target quality of life crimes in San José.

2. Police Department Salary Program		1,242,141	1,239,262
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Public Safety CSA

Crime Prevention and Community Education

Investigative Services

Regulatory Services

Respond to Calls for Service

Special Events Services

Strategic Support

This action increases the Police Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employee's Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$1,242,141)

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Police Department Salary Program

Performance Results: N/A (Final Budget Modification)

3. Police Field Patrol Community Service Officers	7.00	967,057	967,057
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Public Safety CSA

Respond to Calls for Service

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action adds 7.0 Community Service Officer I/II (CSO) positions, the associated non-personal/equipment costs (\$207,000), and academy costs (\$6,000). This action also adds one-time funding for seven vehicles (\$147,000). This will bring the current CSO staffing level to 28.0 positions, which will be deployed on a Monday through Friday, eight-hour day schedule. Under this model, each of the four Police Patrol Divisions will be assigned 7.0 CSOs, however, the CSO Academy graduated 25 CSO positions in September 2014. This action will enhance the Department's ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work. (Ongoing costs: \$641,067)

Performance Results:

Cost, Cycle Time, Customer Satisfaction These positions will be responsible for responding to lower priority calls, thereby increasing capacity for existing sworn Police Officer positions to respond to higher priority calls and conduct proactive police work. In addition, response times for calls for service may decrease with these new positions.

4. Police Recruitment and Background Services		710,000	710,000
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Public Safety CSA

Strategic Support

This action continues one-time funding for recruiting (\$325,000) and backgrounding (\$385,000) for sworn and civilian vacancies. This action also shifts \$600,000 from the Department's Non-Personal/Equipment budget to the Personal Services budget to reflect the use of rehired retirees to conduct background services rather than the use of contractual services. When combined with existing backgrounding resources, this action would bring the total resources to \$985,000. This backgrounding funding will support two Police Officer Recruit Academies as well as non-sworn hiring needs, with additional backgrounding funding added in a separate action to support a third Police Officer Recruit Academy in 2014-2015. Recruitment funding will augment the 2014-2015 Base Budget allocation of \$125,000 (bringing total funding to \$450,000) for recruitment activities. A portion of the recruiting funding will be used to fund a marketing consultant to conduct targeted marketing and outreach in publications, community colleges, and military agencies. Marketing activities may also include an updated recruiting web site, internet marketing, and search engine optimization. (Ongoing costs: \$0)

Performance Results:

Quality, Cost A one-time investment in recruiting and background services will allow the Department to maximize the number and quality of the recruits in the jointly run South Bay Academies tentatively scheduled for October 2014, February 2015, and June 2015 as well as fill the civilian vacancies in the Department with highly qualified candidates.

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Third Police Officer Recruit Academy		639,967	639,967
<i>Public Safety CSA</i> <i>Strategic Support</i>			
<p>This action adds funding to annually conduct three Police Officer Recruit Academies, rather than the current annual level of two, which will be made possible with the repurpose of the South San José Police Substation. Based on current attrition rates, the Department is anticipated to begin 2014-2015 with approximately 75-85 sworn vacancies. The Department is planning for three smaller Police Officer Recruit Academies (30 recruits) in 2014-2015 (estimated October 2014, February 2015, and June 2015) to accelerate the hiring and training of sworn staff. Funding will be allocated for backgrounding (\$350,000), the South Bay Regional Public Safety Training Consortium contract (\$218,000), overtime (\$36,000) for the sworn staff that will assist with training the recruits, supplies and materials (\$25,000), and custodial services (\$11,000). (Ongoing costs: \$639,967)</p>			
Performance Results:			
<i>Quality, Cost, Cycle Time</i> A third Police Officer Recruit Academy will allow the Department to maximize the number and quality of the recruits in the jointly run South Bay Academies scheduled for October 2014, February 2015, and June 2015. The third academy will also reduce the time between a candidate's application and hiring date in order to retain as many candidates as possible and will accelerate the number of trained street-ready sworn positions in the department.			
6. Downtown Foot Patrol Program		525,000	525,000
<i>Public Safety CSA</i> <i>Respond to Calls for Service</i>			
<p>This action provides one-time overtime funding of \$525,000 to continue the Downtown Foot Patrol program, which was recently approved by the City Council as part of the 2013-2014 Mid-Year Budget Review, to enhance safety and security, support ongoing surveillance and apprehension efforts, and allow specialized units to focus on high crime activity. A total of 4.0 Police Officers and 1.0 Police Sergeant will be deployed on a five hours per day five days per week schedule to address concerns that were raised from businesses and the public regarding safety levels Downtown. (Ongoing costs: \$0)</p>			
Performance Results:			
<i>Quality, Cost</i> A proactive visual Police presence in the Downtown area may decrease calls for service and is a cost effective way to prevent crime in San José.			
7. Central ID Unit Staffing Extension	2.00	249,982	249,982
<i>Public Safety CSA</i> <i>Investigative Services</i>			

This action extends the limit-date for 2.0 Latent Fingerprint Examiner II positions through June 30, 2015, to continue work on the backlog of latent print cases. In the 2013-2014 Adopted Budget, the Cal-ID Program was transferred back to the Santa Clara County Sheriff's Office. However, the Police Department retained 6.0 Senior Latent Fingerprint Examiner positions to manage the Latent Print Identification Unit and 3.0 temporary Latent Fingerprint Examiner II positions through June 30, 2014, to address the backlog of informal cases such as burglary and auto theft. This limit-date was based on an

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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7. Central ID Unit Staffing Extension

estimated number of cases to be processed. However, since that time, the increase in residential and commercial burglaries has led to an increase in latent prints submitted. Latent fingerprint cases have also increased as part of the Contact to Completion program, which requires Patrol Officers to submit latent prints collected at the scene for evaluation and comparison. (Ongoing costs: \$0)

Performance Results:

Quality, Cycle Time This action will allow SJPD to address the existing backlog of cases, in addition to the rise in incoming cases, which can lead to solving more burglary cases.

8. School Safety and Education Unit	4.30	187,989	187,989
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Public Safety CSA

Crime Prevention and Community Education

This action adds 1.0 School Safety Supervisor position, 3.3 School Crossing Guard PT positions (this portion was directed as part of the Mayor's June Budget Message for Fiscal Year 2014-2015 as approved by City Council) and associated non-personal/equipment costs (\$4,000) in order to increase oversight of the City's 122 intersections, plus additional locations that are still being evaluated, where the Adult School Crossing Guard Program is provided. This action will reduce the supervisory span of control, by decreasing the School Safety Supervisor to Crossing Guards ratio from 1:94 to 1:79. Currently, the unit is authorized for 2.0 School Safety Supervisors. The restoration of a third supervisor (position was deleted in 2009-2010) will increase the amount of contact with staff, allow for additional coordination of activities for School Crossing Guards and student safety patrols, and increase the number of school safety presentations. The addition of 3.3 School Crossing Guard PT positions will expand service to an additional eight intersections that meet the highest need based on the Safety Index. (Ongoing costs: \$193,820)

Performance Results:

Customer Satisfaction, Quality The additional staffing will allow the Department more coverage and greater accountability by increasing the oversight for the program. This action would also enable the Police Department to enhance services to the community by providing additional presentations.

9. Crime Prevention Program Staffing	2.00	159,829	159,829
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Public Safety CSA

Crime Prevention and Community Education

This action adds 1.0 Crime Prevention Specialist (CPS) and 1.0 Analyst II positions and associated non-personal/equipment funding (\$3,000) to increase community outreach, disseminate crime prevention information to City residents through presentations, and respond to residents' concerns about crime. The Crime Prevention Unit currently has 7.0 CPS positions to cover the four Police Patrol Divisions. The additional 1.0 CPS position will allow the Crime Prevention Unit to provide each of the four Police Patrol Divisions with 2.0 CPS positions. The CPS currently report to a Police Sergeant and their respective Patrol Captains, but the addition of an Analyst II will allow the CPS to report solely to a civilian supervisor, which will free up sworn staff for Patrol functions. (Ongoing costs: \$175,057)

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
9. Crime Prevention Program Staffing			
Performance Results:			
Cycle Time, Customer Satisfaction The additional staffing will increase the Department's ability to meet current service request levels for crime prevention presentations within the community and provide supervision for a staff of 8.0 CPS positions.			
10. Anti-Human Trafficking Task Force		150,000	150,000
Public Safety CSA <i>Investigative Services</i>			
To continue services currently provided through a State grant through June 2014 and to avoid an interruption in services, this action adds overtime funding of \$100,000 and non-personal/equipment funding of \$50,000 to support the Anti-Human Trafficking Task Force activities. Non-personal/equipment funding will be used for training and outreach materials, and/or consultant services for victims such as shelter, intensive care management, crisis intervention, and mental health treatment. It is anticipated that federal and State grant funding will be available for this program in 2014-2015 and the City will apply for additional grants to augment this program to help address regional needs related to this issue. (Ongoing costs: \$0)			
Performance Results:			
Customer Satisfaction The additional funding for overtime, training and outreach materials, and/or consultant services will allow the Department to continue to combat human trafficking, provide training and outreach, and assist victims without any interruption in services.			
11. Medical Marijuana Enforcement		100,000	100,000
Public Safety CSA <i>Regulatory Services</i>			
This action adds one-time overtime funding to provide investigative and enforcement support for restrictions on marijuana growing operations in residential areas. These resources are necessary until the transition to the fee-supported enforcement structure is complete. (Ongoing costs: \$0)			
Performance Results:			
Quality, Customer Satisfaction This action increases investigative and enforcement support for restrictions on marijuana growing operations until a cost-recovery enforcement structure is complete.			
12. Northern California High Intensity Drug Trafficking Area Grant		33,600	33,600
Public Safety CSA <i>Strategic Support</i>			
This action increases the Police Department Personal Services budget in the amount of \$33,600 that is offset by grant funding. The Northern California High Intensity Drug Trafficking Area (NC HIDTA) grant will reimburse the City for overtime for police officers participating in the South Bay Metro Task Force Operations during the remaining grant period from January 1, 2014 to December 31, 2014. (Ongoing costs: \$0)			

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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12. Northern California High Intensity Drug Trafficking Area Grant

Performance Results:

Customer Satisfaction This action allows the Department to continue to participate in the South Bay Metro Task Force Operations related to narcotics investigations.

13. South San José Police Substation Repurpose	(9.00)	(1,000,031)	(1,000,031)
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Public Safety CSA

*Respond to Calls for Service
Strategic Support*

As the full activation of the Police Substation is included in the 2014-2015 Base Budget, this action realizes savings by repurposing the Substation (effective October 2014) to: 1) provide a facility for a third Police Recruit Academy; 2) allow the relocation of the Training Unit from leased space; 3) serve as the alternate Public Safety Answering Point (PSAP); 4) house the Community Service Officer Program; and 5) facilitate Police Department fleet needs. Overall, General Fund costs will be reduced by \$1.7 million, including reductions of \$1.0 million in the Police Department, \$464,000 in the Public Works Department (described in the Public Works Department Budget Changes By Department section), and \$271,000 for Property leases (described in the City-Wide Expenses section in this document). In the Police Department, the elimination of 9.0 vacant Police Property Specialists, which were originally intended to staff Central Supply on a 24/7 basis, was approved as Central Supply will not be operational. Also, utilities and vehicle operating costs have been reduced to reflect the activity levels forecasted in the Substation. Once the Police Department's sworn staffing levels have stabilized, a recommendation to fund additional police services from this facility will be brought forward for City Council consideration, as appropriate. (Ongoing savings: \$1,021,362)

Performance Results:

Quality, Cost, Cycle Time, Customer Service The repurpose of the Police Substation will allow for an additional Police Recruit Academy, which will decrease the time it takes to hire a prospective Police Recruit, allow the relocation of the Police Training Unit to a City-owned property, and allow the appropriate operation of the alternate PSAP, as needed.

14. Rebudget and Technical Adjustment: Supplemental Law Enforcement (SLES) Grant		1,081,842	0
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Public Safety CSA

Strategic Support

This action rebudgets unexpended 2013-2014 funds from the State of California for sworn personnel safety equipment, digital evidence collection, computer upgrades, and Automated Field Reporting/Records Management System (AFR/RMS) implementation. The unexpended funding is split between four grant cycles: SLES 2010-2012 (\$1,294), SLES 2011-2013 (\$1,020), SLES 2012-2014 (\$37,642), and SLES 2013-2015 (\$468,354). It also appropriates additional funding from the State of California for SLES 2013-2015 (\$573,532). (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
15. Rebudget: South San José Police Substation		615,248	0
Public Safety CSA <i>Respond to Calls for Service</i>			
This action rebudgets unspent special funds allocated in 2013-2014 for the South San José Police Substation. As part of the 2013-2014 Adopted Budget, funding (\$500,000) was set aside for Furniture, Fixtures, and Equipment (FF&E), and the Alternate Public Safety Answering Point (\$115,248). With the delay in opening the facility until the fall of 2014, these unspent funds are appropriated into 2014-2015 so that the project can be completed. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
16. Rebudget: Unmarked Vehicles		300,000	300,000
Public Safety CSA <i>Respond to Calls for Service</i>			
This action rebudgets unexpended 2013-2014 funds in order to complete the purchase and outfitting of 10 unmarked police vehicles. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
17. Rebudget: Fixed Cameras		250,000	250,000
Public Safety CSA <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds to expand the use of cameras in an effort to help reduce gang and other high crime activity in the community. The Department will set up fixed cameras in known gang hot spots, as determined by the Mayor's Gang Prevention Task Force. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
18. Rebudget and Technical Adjustment: Edward Byrne Memorial Justice Assistance Grant (JAG)		235,897	0
Public Safety CSA <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds from the State of California for communications, safety, and patrol equipment as well as Automated Field Reporting/Records Management System (AFR/RMS) implementation. The unexpended funding is split between three grant cycles: JAG 2011 (\$8,370), JAG 2012 (\$130,206), and JAG 2013 (\$97,321). (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
19. Rebudget: South San José Police Substation Vehicle Operations and Maintenance		176,250	176,250
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds to outfit the South San José Police Substation with necessary tools and equipment. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
20. Rebudget: South San José Police Substation Retrofits		150,000	150,000
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds in order to complete facility needs as part of the repurposed opening of the South San José Police Substation. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
21. Rebudget: Mobile ID Phase IV		74,569	74,569
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds from the State of California for the purchase of equipment to upgrade the Mobile ID System in order to enhance the quality of criminal identification information maintained by the State. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
22. Rebudget: Children's Interview Center		60,000	60,000
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds to purchase supplies and equipment for the Children's Interview Center. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
23. Rebudget: Riot Helmets		60,000	60,000
<i>Public Safety CSA</i> <i>Respond to Calls for Service</i>			
This action rebudgets unexpended funds from 2013-2014 in order to complete the purchase of new riot helmets for sworn staff. (Ongoing costs: \$0)			

Police Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
23. Rebudget: Riot Helmets			
Performance Results: N/A (Final Budget Modification)			
24. Rebudget: Parcel Post Interdiction Program		38,600	0
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds to provide overtime for Police Officers to continue this program. The program intercepts suspicious packages sent through various postal services in order to reduce the amount of narcotics being distributed through these methods. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
25. Rebudget: Northern California High Intensity Drug Trafficking Area Grant		31,203	31,203
<i>Public Safety CSA</i> <i>Strategic Support</i>			
This action rebudgets unexpended 2013-2014 funds from the State of California for overtime for police officers participating in the South Bay Metro Task Force Operations. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total	6.30	11,039,143	9,064,677

Police Department

Performance Summary

Crime Prevention and Community Education

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to the national crime rate (Index Crimes)	1% 3,278/3,246	0%	N/A*	0%
 San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to the California crime rate (CCI)	3% 3,278/3,181	0%	N/A*	0%
 San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to 12 similar cities (CCI)	-27% 3,278/4,490	0%	N/A*	0%
 % of requested crime prevention presentations fulfilled within 30 days	56%	95%	54%	95%**

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Report anticipated to be published by the FBI in fall 2014.

** The newly restored Crime Prevention Specialists were added in 2013-2014 in order to address the community's request for crime prevention information. Now that the backlog of requests has been satisfied, the Department projects a high target for next year.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
# of patrol hours spent on proactive community policing	11,035	10,000	17,000	17,000
# of community presentations (excluding schools)	352	400	325	325
# of participants at community presentations (excluding schools)	11,391	50,000	12,400	12,400
# of school presentations	82	300	140	140
# of participants at school presentations	6,696	10,000	6,200	6,200

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Police Department

Performance Summary

Investigative Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of cases assigned that result in criminal filings or are otherwise successfully resolved	47%	80%	52%	52%
 % of change (increase or decrease) for # of cases assigned compared to the previous year	-38%	5%	14%	No change

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of cases received	61,657	60,000	60,000	60,000
# of cases assigned*	20,309	30,000	23,300	23,300
# of cases that result in criminal filings	9,603	9,600	12,000	12,000
# of outstanding cases (cases currently open)	10,146	10,100	10,000	10,000
# of cases operationally closed due to lack of investigative resources	19,283	6,000	16,000	16,000
# of cases operationally closed**	57,036	29,000	56,000	56,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Number of cases assigned reflects the number of cases received that have a solvability factor and can be assigned if resources allow. This number differs from the number of cases received as some cases have insufficient information or leads to warrant assignment for further investigation.

** Number of cases operationally closed reflects cases that were resolved (solved, cleared, or closed) within the fiscal year regardless of when they were assigned. As a result, this number may include cases initially assigned in a prior fiscal year.

Police Department

Performance Summary

Regulatory Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of card room licenses, key employee licenses and card room work permits revoked or denied as compared to total licenses/work permits issued	0%	0%	0%	0%
 % of card room license revocations and denials overturned on appeal to total licenses or work permits revoked or denied	0%	0%	0%	0%
 % of card room employee work permit applications receiving written decision within the ordinance mandated 20 working days	100%	100%	100%	100%
 Ratio of budgeted costs to estimated revenues*	1.11:1	1.27:1	1.33:1	1.43:1

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Includes non-recoverable enforcement costs.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of gaming permit applications processed	841	600	650	650
# of card room/key employee license applications	917	950	650	650
# of denials and revocations – card rooms only	0	0	0	0
# of denials overturned - card rooms only	0	0	0	0
# of taxi cabs permitted	498	425	675	675
# of gaming permits issued	802	1,000	475	475

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Police Department

Performance Summary

Respond to Calls for Service

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of 9-1-1 calls that are answered within 10 seconds	89%	90%	81%	90%
 Average time in which emergency calls, including 9-1-1 calls, are answered (in seconds)	5.25	2.50	6.00	2.50
 Average time in which non-emergency calls, including 3-1-1 calls are answered (in seconds)	51.5	25.00	47.33	25.00
 Average time in which Telephone Reporting Automation Center (TRAC) calls are answered (in minutes)	7.57	6.00	8.90	6.00
 Average response time (City-wide) - (in minutes) Priority One (present or imminent danger to life or major damage/loss of property)*	6.71	6.00	6.56	6.00
-Average call processing time	1.15	1.50	1.18	1.50
-Average call queuing time	1.44	0.50	1.31	0.50
-Average call driving-to-arrival time	4.18	4.00	4.04	4.00
 Average response time (City-wide) - (in minutes) Priority Two (injury or property damage or potential for either to occur)*	20.33	11.00	19.92	11.00
-Average call processing time	1.50	1.50	1.54	1.50
-Average call queuing time	11.98	3.50	11.53	3.50
-Average call driving-to-arrival time	7.15	6.00	7.01	6.00
 Annual cost of Police to respond to calls for service (in millions)	\$96.64	\$117.53	\$98.60	\$121.34
 Annual cost per call for Police service	\$117.16	\$138.76	\$111.10	\$136.73

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Annual targets are set by the City Council as part of the San José Envision 2040 General Plan.

Police Department

Performance Summary

Respond to Calls for Service

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of emergency calls received*	454,919	425,000	538,000	538,000
# of wireless 9-1-1 calls received	330,818	300,000	344,000	344,000
# of non-emergency calls received**	385,189	350,000	360,000	360,000
# of reports received by alternative means	15,317	12,000	15,500	15,500
# of officer-initiated calls received	66,338	60,000	71,000	71,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Includes 9-1-1, 7 digit, wireless, and California Highway Patrol (CHP) transfers.

** Includes 3-1-1, 7 digit non-emergency, and Telephone Report Automated Center (TRAC) calls.

Police Department

Performance Summary

Special Events Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
\$ Billing estimate to actual cost billed (in thousands)	\$974/ \$867	within 10.0%	\$530/\$507	within 10.0%
\$ Cost to event promoters for off-duty officers as compared to City costs for equivalent on-duty personnel (in thousands)	\$867/\$1,301	\$849/ \$1,274	\$712/\$1,068	\$753/\$1,130

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of hours of off-duty uniformed work at special events (includes security and traffic control)	20,040	19,500	24,500	24,500
# of special events coordinated by Secondary Employment Unit (SEU)	561	650	560	560
# of officer work permits processed	840	1,000	840	840
Cost of providing Secondary Employment capability*	\$664,863	\$597,077	\$580,000	\$621,058

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* Cost includes secondary employment administrative costs and excludes costs paid directly to off-duty Officers by secondary employers and event promoters.

Police Department

Performance Summary

Traffic Safety Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
% of change (increase or decrease) for # of DUI arrests compared to the previous year	-95%	-50%	-30%	No Change
Ratio of fatal collisions to total number of traffic collisions	1:443	1:438	1:416	1:416

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of total traffic collisions	10,636	10,500	10,000	10,000
# of injury traffic collisions	3,025	3,400	3,000	3,000
# of fatal traffic collisions	24	24	24	24
# of neighborhood traffic enforcement requests received	1,093	900	1,400	1,400
# of DUI arrests	233	200	160	160
# of moving violation citations issued by Traffic Enforcement Unit (TEU) personnel (both hazardous and non-hazardous)	23,377	19,500	19,000	19,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Police Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Accountant I/II	1.00	1.00	-
Accounting Technician	0.00	1.00	1.00
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	11.00	13.00	2.00
Assistant Chief of Police	1.00	1.00	-
Assistant Communications Manager	0.00	1.00	1.00
Chief of Police	1.00	1.00	-
Community Service Officer I/II	21.00	28.00	7.00
Crime and Intelligence Analyst	12.00	12.00	-
Crime Prevention Specialist	7.00	8.00	1.00
Crisis Intervention Training Manager	0.00	1.00	1.00
Darkroom Technician	1.00	1.00	-
Deputy Chief of Police	4.00	4.00	-
Deputy Director U	1.00	1.00	-
Division Manager	4.00	4.00	-
Information Systems Analyst	4.00	3.00	(1.00)
Latent Fingerprint Examiner II	3.00	2.00	(1.00)
Maintenance Worker II	1.00	1.00	-
Messenger Clerk	1.00	1.00	-
Network Engineer	2.00	3.00	1.00
Network Technician I/II	4.00	4.00	-
Office Specialist II	15.00	15.00	-
Office Specialist II PT	0.50	0.50	-
Police Captain	8.00	8.00	-
Police Data Specialist	63.00	63.00	-
Police Data Specialist PT	0.50	0.50	-
Police Lieutenant	35.00	35.00	-
Police Officer	870.00	870.00	-
Police Property Specialist II	26.00	17.00	(9.00)
Police Property Supervisor	2.00	2.00	-
Police Sergeant	188.00	188.00	-
Principal Office Specialist	6.00	5.00	(1.00)
Program Manager I	2.00	0.00	(2.00)
Program Manager II	1.00	1.00	-
Public Safety Communication Specialist	59.00	59.00	-
Public Safety Communication Specialist PT	1.00	1.00	-
Public Safety Radio Dispatcher	79.00	79.00	-
Public Safety Radio Dispatcher PT	1.50	1.50	-
School Crossing Guard PT	31.87	35.17	3.30
School Safety Supervisor	2.00	3.00	1.00
Secretary	2.00	2.00	-
Senior Account Clerk	5.00	4.00	(1.00)
Senior Analyst	7.00	7.00	-
Senior Auditor	3.00	3.00	-
Senior Crime and Intelligence Analyst	2.00	2.00	-
Senior Latent Fingerprint Examiner	6.00	6.00	-
Senior Office Specialist	19.00	19.00	-

Police Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Senior Police Data Specialist	10.00	10.00	-
Senior Public Safety Dispatcher	14.00	14.00	-
Senior Systems Applications Programmer	2.00	2.00	-
Staff Specialist	10.00	10.00	-
Staff Technician	3.00	3.00	-
Supervising Applications Analyst	2.00	2.00	-
Supervising Auditor	1.00	1.00	-
Supervising Police Data Specialist	4.00	4.00	-
Supervising Public Safety Dispatcher	6.00	6.00	-
Supply Clerk	1.00	1.00	-
Video/Multimedia Producer	1.00	1.00	-
Video Unit Supervisor	1.00	1.00	-
Total Positions	1,572.37	1,575.67	3.30

Note: Of the 1,575.67 positions in the Police Department in 2014-2015, 1,107.00 are sworn positions and 468.67 are civilian positions.

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Public Works Department

Dave Sykes, Director

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To provide excellent service in building a smart and sustainable community, maintaining and managing City assets, and serving the animal care needs of the community

City Service Areas

Community & Economic Development
Neighborhood Services
Strategic Support

Core Services

Animal Care and Services

Promote and protect the health, safety, and welfare of animals and people in the City of San José

Facilities Management

Provide safe, efficient, comfortable, attractive, and functional buildings and facilities

Fleet and Equipment Services

Manage operations which provide a safe and reliable fleet of vehicles and equipment

Plan, Design, and Construct Public Facilities and Infrastructure

Plan, design, and construct public facilities and infrastructure

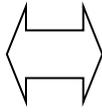
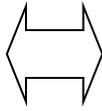
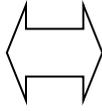
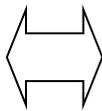
Regulate/Facilitate Private Development

Review private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development

Strategic Support: Materials Testing Laboratory, Surveying Services, Infrastructure and Mapping, Financial and Contractual Administration, Computer Services, Equality Assurance, and Human Resources

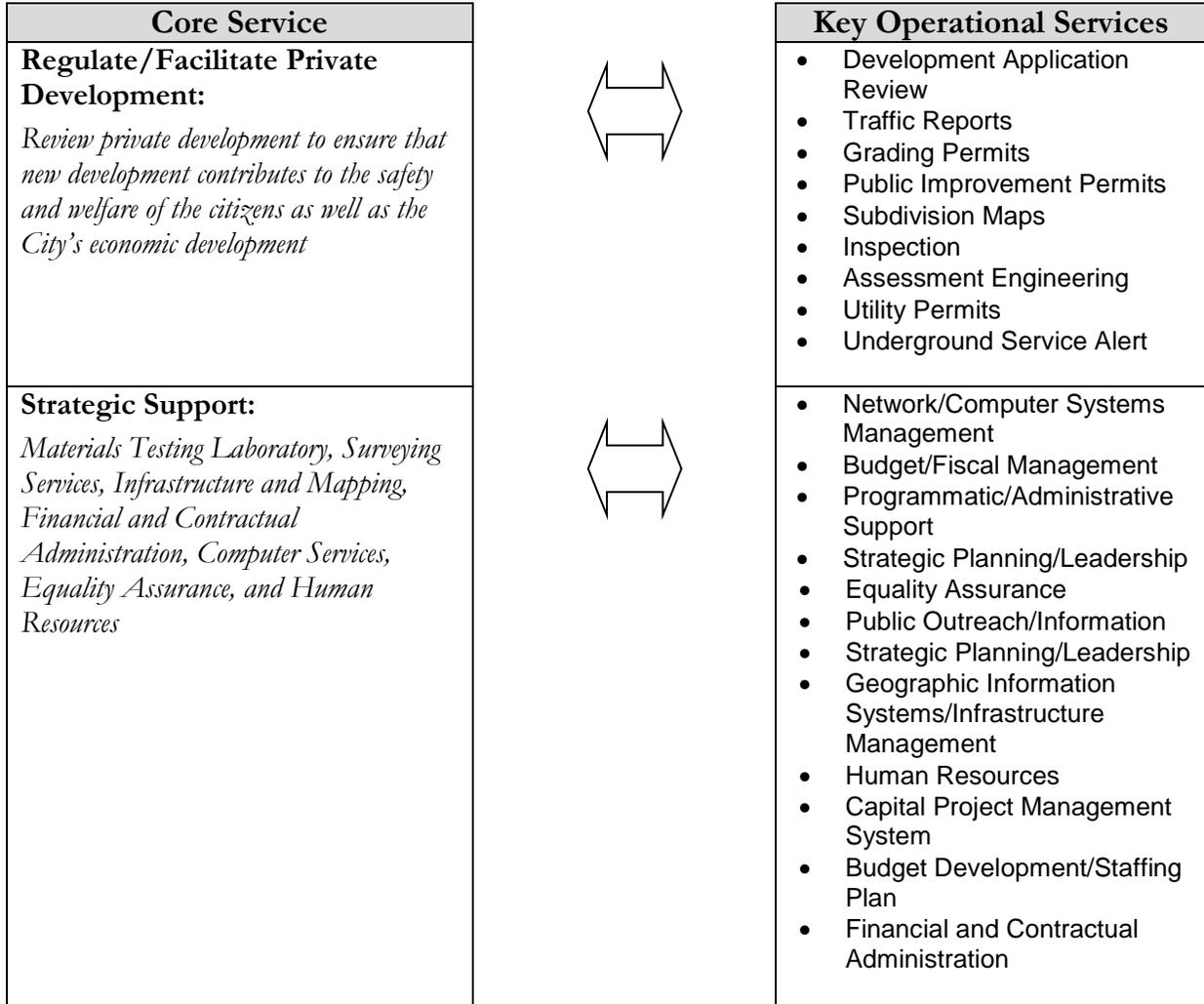
Public Works Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Animal Care and Services: <i>Promote and protect the health, safety, and welfare of animals and people in the City of San José</i></p>		<ul style="list-style-type: none"> • Licensing and Rabies Vaccination Compliance • Public Low-Cost Spay/Neuter Services • Animal Control in the Community • House and Care for Stray Animals
<p>Facilities Management: <i>Provide safe, efficient, comfortable, attractive, and functional buildings and facilities</i></p>		<ul style="list-style-type: none"> • Energy Efficiency and Green Building for City Facilities • Facilities Maintenance Services • Facilities Improvement Services • Special Event Support Services
<p>Fleet and Equipment Services: <i>Manage operations which provide a safe and reliable fleet of vehicles and equipment</i></p>		<ul style="list-style-type: none"> • Provide Repair and Maintenance of City Fleet and Equipment • Manage Fuel Availability and Distribution • Manage the Acquisition and Equipping of the Entire City Fleet • Manage Radio Communications and Equipment
<p>Plan, Design, and Construct Public Facilities and Infrastructure: <i>Plan, design, and construct public facilities and infrastructure</i></p>		<ul style="list-style-type: none"> • Airport Infrastructure • Parks and Recreation Facilities • Public Buildings • Public Safety Facilities • Streets and Transportation Facilities • Storm Sewers and Sanitary Sewers

Public Works Department

Service Delivery Framework



Public Works Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Oversee the City's capital projects, ensuring on-time and on-budget delivery that meet the needs of San José residents.
- Maintain City facilities, equipment, and vehicles.
- Provide expedited and quality plan review services for the development community.
- Provide animal care and services resources with concentrated focus on public health and safety.

2014-2015 Key Budget Actions

- Continued funding for the preventive maintenance program will result in safer, more reliable infrastructure and will ultimately lead to a longer service-life for essential facility infrastructure. Eighty percent, the industry standard, of preventative maintenance work orders will be completed in 2014-2015 (60-65% ongoing).
- Additional resources in the Public Works Development and Utility Fee Programs will address the increase in development activity and improve current service delivery. While not reflected in the Public Works Department, the Public Works Development Fee Program will fund other shared resource additions in 2014-2015 in the areas of workspace improvements, geographic information systems support, technology support, cashiering, communication, and training as described in the Finance, Information Technology, and Planning, Building, and Code Enforcement Departments section of this document.
- Additional staff to support the Capital Improvement Program will better align staffing levels with the expected increase in workload. This additional work is largely driven by ongoing capital projects in the Sanitary Sewer and Storm Sewer programs, the Water Pollution Control Capital Program, and oversight for the Bus Rapid Transit project.
- Continued one-time funding will extend a position to manage the City-Building Energy Projects Program, including coordination with Chevron Energy Solutions on energy and utility conservation projects that were approved by the City Council on February 11, 2014.
- An Associate Engineer is added to support the implementation of Urban Villages in San José consistent with the Envision San José 2040 General Plan.
- Technology upgrades for Animal Care and Services will fund the installation of Wi-Fi throughout the Animal Care and Services Center and address computer equipment replacement needs inside the Animal Services Control Officer vehicles.
- A Volunteer Coordinator will be added to manage the Animal Care and Services volunteer program of approximately 90 volunteers that contribute approximately 300 hours per week.
- Additional fleet maintenance resources will provide funding to renew a two-year lease for nine electric vehicles to be used by staff to attend to City business activity.
- Resources are reduced to reflect the decreased facility and vehicle maintenance needs for the anticipated re-purposed use of the South San José Police Substation.
- Reduction in the Public Works Labor Compliance program staffing will accurately align staffing to the workload levels associated with the Minimum Wage Ordinance that went into effect in 2013.

Operating Funds Managed

- Public Works Program Support Fund
- Vehicle Maintenance and Operations Fund

Public Works Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Animal Care & Services	\$ 6,677,184	\$ 6,872,368	\$ 7,257,360	\$ 7,445,834	8.3%
Facilities Management	17,551,340	19,595,260	18,638,367	19,714,043	0.6%
Fleet & Equipment Services	16,610,902	19,281,318	19,010,812	19,211,152	(0.4%)
Plan, Design, and Construct Public Facilities & Infrastr	28,200,809	28,940,203	30,491,456	31,518,217	8.9%
Regulate/Facilitate Private Development	6,056,042	8,157,133	8,153,131	9,200,612	12.8%
Strategic Support	5,431,235	6,221,543	6,542,662	6,821,593	9.6%
Total	\$ 80,527,512	\$ 89,067,825	\$ 90,093,788	\$ 93,911,451	5.4%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 60,364,701	\$ 65,291,161	\$ 68,111,666	\$ 70,963,644	8.7%
Overtime	930,420	909,346	909,346	1,179,351	29.7%
Subtotal	\$ 61,295,121	\$ 66,200,507	\$ 69,021,012	\$ 72,142,995	9.0%
Non-Personal/Equipment					
Inventory	11,706,372	13,482,318	12,402,776	13,098,456	(2.8%)
Total	\$ 80,527,512	\$ 89,067,825	\$ 90,093,788	\$ 93,911,451	5.4%
Dollars by Fund					
General Fund	\$ 30,700,479	\$ 34,789,387	\$ 34,565,255	\$ 36,838,035	5.9%
Airport Maint & Oper	149,568	190,187	188,523	193,137	1.6%
Convention & Cultural Affairs	3,409	9,000	5,000	5,000	(44.4%)
General Purpose Pkg	26,999	73,081	77,069	77,069	5.5%
Integrated Waste Mgmt	143,340	132,472	117,744	119,966	(9.4%)
Low/Mod Income Hsg Asset	86,536	157,005	123,653	126,577	(19.4%)
PW Program Support Fund	4,429,304	4,962,194	5,399,849	5,657,127	14.0%
Sewer Svc & Use Charge	1,939,900	2,218,626	2,105,046	2,226,619	0.4%
Storm Sewer Operating	823,626	705,433	730,839	734,607	4.1%
SJ/SC Treatment Plant Oper	225,527	245,321	225,255	230,810	(5.9%)
Vehicle Maint & Opers	15,241,469	17,819,879	17,450,226	17,643,129	(1.0%)
Water Utility	32,184	32,184	33,135	33,135	3.0%
Capital Funds	26,725,171	27,733,056	29,072,194	30,026,240	8.3%
Total	\$ 80,527,512	\$ 89,067,825	\$ 90,093,788	\$ 93,911,451	5.4%
Authorized Positions by Core Service					
Animal Care & Services	63.87	66.87	66.87	67.17	0.4%
Facilities Management	68.75	79.50	75.00	78.50	(1.3%)
Fleet & Equipment Services	69.90	73.30	73.30	71.40	(2.6%)
Plan, Design and Construct Public Facilities & Infrastr	193.10	206.95	207.75	215.75	4.3%
Regulate/Facilitate Private Development	54.48	60.55	58.35	66.85	10.4%
Strategic Support	38.77	38.20	38.10	38.20	0.0%
Total	488.87	525.37	519.37	537.87	2.4%

Public Works Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	525.37	89,067,825	34,789,387
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Fuel Management System Upgrade		(125,000)	0
● Rebudget: Sewage Geographic Information System Program		(100,000)	0
● Preventative Maintenance Program (1.0 Building Maintenance Superintendent and 2.0 Facility Repair Worker)	(3.00)	(1,300,000)	(1,300,000)
● South San José Police Substation Opening		(456,249)	(312,051)
● Minimum Wage Ordinance Compliance (1.0 Contract Compliance Specialist)	(1.00)	(81,911)	(81,911)
● Energy Program (1.0 Supervising Environmental Services Specialist and 1.0 Environmental Services Specialist)	(2.00)	(49,898)	0
One-time Prior Year Expenditures Subtotal:	(6.00)	(2,113,058)	(1,693,962)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		3,604,476	1,321,081
- 1.0 Network Engineer to 1.0 Program Manager I			
- 1.0 Electrician to 1.0 Senior Electrician			
- 1.0 Warehouse Worker II to 1.0 Senior Warehouse Worker			
- 1.0 Trades Supervisor to 1.0 Building Management Administrator			
- 1.0 Office Specialist II to 1.0 Senior Office Specialist			
● Animal Care and Services contractual services		110,765	110,765
● Fleet contractual services		50,000	0
● Changes in custodial services		49,730	48,779
● Public Works Capital Allocation Plan adjustment		(21,493)	0
● Vacancy factor adjustment		(37,662)	0
● Changes in fleet inventory		(590,000)	0
● Changes in gas and electricity costs		20,000	20,000
● Changes in vehicle maintenance and operations costs		(46,795)	(30,795)
Technical Adjustments Subtotal:	0.00	3,139,021	1,469,830
2014-2015 Forecast Base Budget:	519.37	90,093,788	34,565,255

Public Works Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
<hr/> Budget Proposals Approved <hr/>			
1. Preventative Maintenance Program	3.00	1,300,000	1,300,000
2. Public Works Department Salary Program		1,056,786	426,476
3. Public Works Development Fee Program	6.50	704,909	704,909
4. Public Works Capital Improvement Program Right-Sizing	7.50	632,443	0
5. Energy Team Staffing	1.00	112,910	56,029
6. Public Works Utility Fee Program	1.00	106,213	106,213
7. Urban Villages Implementation - Public Works Staffing	1.00	97,299	97,299
8. Animal Care and Services Volunteer Outreach Program	1.00	85,891	(15,699)
9. Animal Care and Services Technology Upgrade		80,000	80,000
10. Electric Vehicle Lease Renewal		27,000	15,120
11. South San José Police Substation	(2.00)	(628,095)	(463,624)
12. Minimum Wage Labor Compliance	(0.50)	(33,943)	(33,943)
13. Rebudget: South San José Police Substation		176,250	0
14. Rebudget: Sewage Geographic Information System		100,000	0
Total Budget Proposals Approved	18.50	3,817,663	2,272,780
<hr/>			
2014-2015 Adopted Budget Total	537.87	93,911,451	36,838,035

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Preventative Maintenance Program	3.00	1,300,000	1,300,000

Strategic Support CSA

Facilities Management

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by City Council, this action provides continued funding of \$1.3 million (\$800,000 ongoing) to extend the current Preventative Maintenance Program (funded since 2012-2013 at \$1.8 million, although only \$500,000 in funding was previously approved ongoing). This action includes continuing three positions (1.0 Building Maintenance Superintendent and 2.0 Facility Repair Workers) on an ongoing basis, one-time funding for overtime (\$270,000), and funding for contractual services (\$650,000, \$418,000 ongoing) to manage this program. This action will allow the overall preventive maintenance of City facilities to be maintained at the industry standard of 80% annual preventative maintenance needs for 2014-2015 (60-65% ongoing) by utilizing a combination of staff, overtime, and contractual services for maintaining the HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems. (Ongoing costs: \$800,000)

Performance Results:

Quality, Customer Satisfaction, Cycle Time Eighty percent of necessary preventative maintenance activities will be completed, creating a direct and positive effect on facility operations by helping to ensure that facilities stay operational. Additionally, a structured preventative maintenance program will have a long-term affect of reducing the amount of corrective maintenance work that is required at facilities. The Public Works Department will continue to monitor and measure the success of this program.

2. Public Works Department Salary Program	1,056,786	426,476
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Community and Economic Development CSA

Regulate/Facilitate Private Development

Neighborhood Services CSA

Animal Care and Services

Strategic Support

Facilities Management

Fleet and Equipment Services

Plan, Design, and Construct Public Facilities and Infrastructure

Strategic Support

This action increases the Public Works Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$1,056,786)

Performance Results: N/A (Final Budget Modification)

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Public Works Development Fee Program	6.50	704,909	704,909

Community and Economic Development CSA
Regulate/Facilitate Private Development

These actions included in this section, funded by fee activity and the use of reserves, support the Public Works Development Fee Program by improving service levels with no fee increases.

- **Program Staffing:** Adds six ongoing positions (\$629,909) to address the increasing demand for services in the Development Fee Program (1.0 Associate Engineer, 1.0 Engineer II, 1.0 Engineering Technician II, 2.0 Senior Construction Inspectors, and 1.0 Senior Engineering Technician) and shifts funding from Capital Funds to the Public Works Development Fee Program for 0.50 Associate Engineer. These positions will address the increased activity and workload anticipated in 2014-2015 and will maintain the service delivery target of 85% completion rates within the specified time frame. These costs are partially offset by a decrease to the Public Works Development Fee Program Reserve. (Ongoing costs: \$651,953)
- **Non-Personal/Equipment:** Adds one-time non-personal/equipment funding of \$75,000 to purchase three vehicles. These costs are offset by a decrease to the Public Works Development Fee Program Reserve. (Ongoing costs: \$0)

While not reflected in this section of the document, the Public Works Development Fee Program will fund other shared resource additions in 2014-2015 as described below.

- **Workspace Improvements:** The Public Works Development Fee Program will provide funding to the Planning, Building and Code Enforcement Department for one-time non-personal/equipment of \$250,000 (\$125,000 Building Development Fee Program, \$37,500 Fire Development Fee Program, \$37,500 Public Works Development Fee Program, \$25,000 Planning Development Fee Program, \$12,500 General Fund, and \$12,500 Solid Waste Fees) to hire a consulting architect to conduct a comprehensive analysis of the existing space on City Hall floors 1-3 and provide recommendations for an overhaul of the workspace. Currently, there are spaces that are no longer being used as the business model for Development Services has changed since City Hall was opened. For example, there are counters and workspace for desktop computers on the second floor; however, staff no longer uses these counters for most business transactions as they are now being handled on the first floor. The consultant will create a master plan, recommending workspace modifications, interior design modifications, and other changes necessary to improve workflow and align the space with current business models. (Ongoing costs: \$0)
- **Geographic Information System Implementation:** The Public Works Development Fee Program will provide funding to the Planning, Building and Code Enforcement Department for 1.0 ongoing Geographic Systems Specialist II position (\$96,645, Public Works Development Fee Program portion: \$3,218) and one-time non-personal/equipment (\$600,000, Public Works Development Fee Program portion: \$24,000) and for the Geographic Information System (GIS) data migration project that will be funded by the Development Services Partners (74% Building, 11% Planning, 11% Fire, and 4% Public Works). The project will integrate, store, edit, analyze, share, and display geographic information for informed decision making. The Geographic Systems Specialist II will support ongoing data management, provide coordination with planners

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Public Works Development Fee Program

and development staff, perform quality control and assurance, disseminate data over the web, monitor annexations, and provide key support for the GIS data migration project. (Ongoing costs: \$106,163, Public Works Development Fee Program portion: \$4,251)

- **Communications Staffing:** The Public Works Development Fee Program will provide funding to the Planning, Building and Code Enforcement Department for the addition of 1.0 Public Information Manager (\$139,976, Public Works Development Fee Program portion: \$21,138) to provide coordinated communications for Development Services. This position will be responsible for updating the Development Services websites; developing brochures and other printed media; reviewing customer feedback; and working closely with staff on business process changes to reduce processing time, increase consistency, and improve the customer experience. (Ongoing costs: \$140,457, Public Works Development Fee Program portion: \$21,210)
- **Desktop Modernization Staffing:** The Public Works Department Development Fee Program will provide funding to the Information Technology Department for the addition of 1.0 Network Technician position (\$77,315, Public Works Development Fee Program portion: \$12,371) to modernize the desktop environment for the Development Services Partners. Enhanced service delivery of desktop services to the specific departments will include working with the Development Partners' Applications Teams to package department-specific applications and deploying a standardized desktop environment. The Development Services Partners' position will be funded by the Development Fee Programs (50% Building Development Fee Program, 17% Planning Development Fee Program, 17% Fire Development Fee Program, and 16% Public Works Development Fee Program). (Ongoing costs: \$85,697, Public Works Development Fee Program portion: \$13,711)
- **Cashiering Staffing:** The Public Works Development Fee Program will provide funding to the Finance Department for the addition of 1.0 Senior Account Clerk (\$71,547, Public Works Development Fee Program portion: \$5,724) to administer cashiering for the Development Services Partners. Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering workload. The costs associated with the Senior Account Clerk position will be fee funded by the Building (64%), Fire (24%), Public Works (8%), and Planning (4%) Development Fee Programs. (Ongoing costs: \$72,552, Public Works Development Fee Program portion: \$5,805)
- **Customer Service Training Funding:** The Public Works Development Fee Program will provide funding to the Planning, Building and Code Enforcement Department for one-time funding of \$25,000 (Public Works Development Fee Program portion: \$3,500) to provide customer service training for all employees in Development Services as a result of the high level of customer contact and the emphasized priority on providing good customer service. (Ongoing costs: \$0)

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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3. Public Works Development Fee Program

- **Development Fees & Charges:** Reduces the revenue estimate by \$146,000 by adjusting targeted fees in the following categories: Common Interest Development Engineering and Inspection; Erosion and Sediment Control; Grading Permit/Plan Checking; and the Private Utility Permits (targeted to residential customers/streamlined service opportunities).

As a result of these actions and others as described in the Electric Vehicle Lease Renewal item below, Finance Department, Information Technology Department, Planning, Building and Code Enforcement Department, and the General Fund Revenue Estimates section of this document, the Public Works Development Fee Reserve will be reduced by \$520,209 and is projected at \$7.7 million at the beginning of 2014-2015.

Performance Results:

Cycle Time, Customer Satisfaction This action will ensure that service levels for plan review, inspections, and customer service are maintained at targeted levels with the anticipated increase in workload.

4. Public Works Capital Improvement Program Right-Sizing	7.50	632,443	0
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Strategic Support CSA

Plan, Design, and Construct Public Facilities and Infrastructure

This action adds eight positions (1.0 Associate Engineering Technician, 1.0 Carpenter, 1.0 Engineering Technician II, 4.0 Senior Construction Inspectors, and 1.0 Senior Engineer) to support the delivery of the City's Capital Improvement Program (CIP) and shifts funding from Capital Funds to the Public Works Development Fee Program for 0.50 Associate Engineer. The Carpenter position will support the Minor Public Works Projects included in the CIP, including a roof replacement in the Service Yards CIP, copper wire replacement at parks and community facilities, and various minor projects in the Parks and Community Facilities Development CIP. The Engineering Technician II position will provide construction inspection and management support for the Sanitary and Storm Sewer Capital Improvement Programs. Three Senior Construction Inspectors and the Senior Engineer will provide construction inspection and oversight for the Water Pollution Control Capital Improvement Program (CIP). The Associate Engineering Technician will assist the Capital Procurement Manager with the increased contract needs for the San José/Santa Clara Regional Wastewater Facility. One Senior Construction Inspector will provide construction inspection and oversight for the Bus Rapid Transit project funded by the Valley Transportation Authority. (Ongoing costs: \$704,620)

Performance Results:

Cycle Time, Customer Satisfaction This action increases staffing resources to address projected CIP activity and meet targeted service levels.

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Energy Team Staffing	1.00	112,910	56,029

Strategic Support CSA

Facilities Management

Plan, Design, and Construct Public Facilities and Infrastructure

This action provides one-time funding to extend a Supervising Environmental Services Specialist position through June 30, 2015. This position will continue to manage the City-Building Energy Projects Program, which includes the coordination with Chevron Energy Solutions on the energy and utility conservation measures projects that were approved by City Council on February 11, 2014. This position is funded by the General Fund and Public Works Program Support Fund. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action will continue the energy efficiency projects and green building effort on City facilities and streamline communication and coordination on related activities.

6. Public Works Utility Fee Program	1.00	106,213	106,213
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Community and Economic Development CSA

Regulate/Facilitate Private Development

This action adds 1.0 Associate Construction Inspector position to address the anticipated increase in activity and to continue to meet performance targets in the Utility Fee Program. This position will provide construction inspection services for utility company projects, which include the Valley Transportation Authority's (VTA) Bus Rapid Transit (BRT) and the Bay Area Rapid Transit (BART) extension to San José. This action also adds one-time funding of \$25,000 to purchase a vehicle to support inspection services. These costs are offset by a decrease to the Public Works Development Fee Program Reserve. (Ongoing costs: \$90,656)

Performance Results:

Cycle Time, Customer Satisfaction This action will ensure that service levels for plan review, inspections, and customer service are maintained at targeted levels with the anticipated increase in workload.

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
7. Urban Villages Implementation – Public Works Staffing	1.00	97,299	97,299

Community and Economic Development CSA
Regulate/Facilitate Private Development

This action adds 1.0 Associate Engineer position to support the implementation of Urban Villages as identified in the Envision San José 2040 General Plan. Urban Villages are active, walkable, bicycle-friendly, transit oriented, mixed-use urban settings for new housing and job growth attractive to an innovative workforce and consistent with the General Plan's environmental goals. This strategy fosters mixing residential and employment activities; establishing minimum densities to support transit use, bicycling, and walking; high-quality urban design; and revitalizing underutilized properties with access to existing infrastructure. This position will be a part of a core team (with positions also added in the Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement, and Transportation Departments as described elsewhere in this document) for developing a cohesive and practical set of plans, policies, procedures, and tools to facilitate the development of different types of Urban Villages in San José. The Associate Engineer duties will include reviewing the public infrastructure impacts of planned private development at several proposed Urban Villages and assisting in developing financing tools to fund the Urban Villages infrastructure and amenities. (Ongoing costs: \$107,380)

Performance Results:

Quality, Customer Satisfaction This action supports the Envision San José 2040 General Plan with the implementation of several Urban Villages.

8. Animal Care and Services Volunteer Outreach Program	1.00	85,891	(15,699)
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Neighborhood Services CSA
Animal Care and Services

Strategic Support
Fleet and Equipment Services
Strategic Support

This action adds 1.0 Volunteer Coordinator position, and shifts funding of 0.70 Marketing and Public Outreach Representative from the General Fund for Animal Care and Services to 0.60 in the Public Works Program Support Fund and 0.10 in the Vehicle Maintenance and Operations Fund to more appropriately align funding with Department-wide volunteer coordinating, marketing, and public outreach services. Animal Care and Services currently has a pool of approximately 90 volunteers that contribute approximately 300 hours per week. This dedicated position will manage the volunteer program, including scheduling hours for volunteer support as well as looking for opportunities to grow the program and increase the level of volunteer hours. (Ongoing costs: \$86,882)

Performance Results:

Quality, Customer Satisfaction This action will improve the coordination of volunteers and increase participation in the volunteer program. This action will also improve communication between the department and the community.

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
9. Animal Care and Services Technology Upgrade		80,000	80,000

Neighborhood Services CSA

Animal Care and Services

This action adds one-time funding of \$80,000 to fund the installation of Wi-Fi throughout the Animal Care and Services Center and address the replacement needs of computer equipment inside the Animal Services Officer vehicles. The installation of Wi-Fi throughout the facility will increase efficiencies by enabling the current scanning equipment to remotely update information into the division's database and increase customer service. The computer equipment will also increase efficiencies by enabling the Animal Services Officers to access data in the field, such as verifying licenses and reviewing prior history of owners and animals. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action will increase efficiencies of Animal Services field officers and staff, as well as provide increased customer service by allowing wireless internet and self service resources at the care facility.

10. Electric Vehicle Lease Renewal		27,000	15,120
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Community and Economic Development CSA

Regulate/Facilitate Private Development

Strategic Support CSA

Fleet and Equipment Services

Strategic Support

This action provides funding for two years to extend the lease on 9 Mitsubishi iMiev electric plug-in vehicles for the Public Works Department funded by the Public Works Development Fee Program (\$5,403), Public Works Program Support Fund (\$11,880), and the General Fund (\$9,717). The current lease expired June 30, 2014, and renewing these vehicles allows the City's fleet program to continue to provide a low-cost, environmentally friendly transportation solution for local City business activity such as offsite meetings, inspections, and local travel needs. In total, the lease extension of 27 electric plug-in vehicles is included city-wide as described in other department sections of this document. (Ongoing costs: \$27,000)

Performance Results:

Quality, Customer Satisfaction This action will ensure current service levels of the electric vehicle fleet availability are maintained.

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
11. South San José Police Substation	(2.00)	(628,095)	(463,624)

Strategic Support CSA

Facilities Management

Fleet and Equipment Services

This action eliminates two vacant positions (1.0 Mechanic and 1.0 Equipment Mechanic Assistant) funded by the Vehicle Maintenance and Operations Fund to better align resources with the anticipated service demands associated with the re-purposing of the South San José Police Substation (effective October 2014). This action also reduces the non-personal/equipment funding for custodial services (\$299,000), maintenance and operations of the facility (\$253,000), and adds one-time funding (\$100,000) for additional warrantee and pre-occupancy work required in order to use the facility. While full activation of the Police Substation will not be implemented in 2014-2015, it will be opened to 1) provide a facility for an additional Police Recruit Academy; 2) allow the relocation of the Police Training Unit; 3) serve as the alternative Public Safety Answering Point (PSAP); 4) house the Police Community Service Officers; and 5) facilitate the Police Department fleet needs. Given this revised scope, two of the four mechanic positions added to support the Substation will not be necessary, leaving 1.0 Senior Mechanic and 1.0 Equipment Mechanic Assistant to provide fleet services. Because the Substation will not be fully operational, custodial services and maintenance and operations costs will also be lower. (Ongoing savings: \$687,922)

Performance Results:

Customer Satisfaction This action will support the re-purposed use needs for the South San José Police Substation.

12. Minimum Wage Labor Compliance	(0.50)	(33,943)	(33,943)
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Strategic Support CSA

Strategic Support

This action eliminates a vacant 0.50 Contract Compliance Assistant that was added in 2013-2014, along with two additional ongoing positions (1.0 Contract Compliance Coordinator and 1.0 Contract Compliance Specialist), to address the anticipated workload associated with the City's new Minimum Wage Ordinance that went into effect in March 2013. Prior to the implementation of the Minimum Wage Ordinance, the Department projected the number of complaints and amount of staff time necessary to answer questions, investigate, and resolve complaints. However, based on actual experience, the two full-time positions that support this program are able to fully administer the program and this part-time position is not necessary. (Ongoing savings: \$34,767)

Performance Results:

No changes to current service levels are anticipated as a result of this action.

Public Works Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
13. Rebudget: South San José Police Substation		176,250	0
Strategic Support CSA <i>Fleet and Equipment Services</i>			
This action rebudgets unexpended 2013-2014 funds to support Public Works costs related to the opening of the South San José Police Substation. This funding will allow for the outfitting of the South San José Police Substation with necessary tools and equipment. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
14. Rebudget: Sewage Geographic Information System		100,000	0
Strategic Support CSA <i>Plan, Design, and Construct Public Facilities and Infrastructure</i>			
This action rebudgets unexpended 2013-2014 funds to support Public Works costs related to the Sewage Geographic Information System (GIS) program upgrade in conjunction with the Department of Transportation (DOT). This project will upgrade the current GIS used by the Sanitary Master Plan, Condition Assessment programs, and DOT's Sewer Operation and Maintenance programs. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2014-2015 Adopted Budget Changes Total	18.50	3,817,663	2,272,780

Public Works Department

Performance Summary

Animal Care and Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % change in the number of animals licensed annually	4%	10%	8.3%	5%
 Animal Care Center live release rate	73%	78%	78%	80%
 % of Priority 1 calls with response time in one hour or less. (Priority 1: injured or aggressive animal, or public safety assist)	96%	90%	95%	95%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Animal licenses issued annually	64,645	74,000	70,000	73,500
# of animals adopted/rescued/returned	12,027	11,500	12,000	12,000
# of incoming animals	17,481	17,000	17,000	16,500
# of calls for service completed	23,741	23,000	24,000	24,000
# of low-cost spay/neuter surgery provided to public	6,192	6,000	6,000	6,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Public Works Department

Performance Summary

Facilities Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of facilities with a condition assessment rating of good or better (3 or better on a 5-pt scale)	N/A*	80%	N/A*	84%
 % change in energy usage in all City Accounts from 2007 baseline	(8.44%)	(20%)	(12%)	(12%)
 % of preventative maintenance work orders completed	83%	80%	90%	80%
 % of health and safety concerns mitigated within 24 hours	100%	100%	100%	100%
 % of non-health and safety work completed within time standards	71%	80%	73%	75%
 % of time a request for record retention item is delivered within one day	100%	92%	95%	95%
 % of customers who rate service as good or excellent based on timeliness of response and quality of work	88%	87%	75%	85%
 % of public who rate publicly accessed buildings as good or excellent	67%	64%	65%	65%

Changes to Performance Measures from 2013-2014 Adopted Operating Budget: No

* Data for this measure comes from the Public Works Building Assessment Survey, which has not been conducted since 2011-2012. The next Public Works Building Assessment Survey will be conducted in 2014-2015 with results expected to be reported as part of the 2015-2016 budget process.

Public Works Department

Performance Summary

Facilities Management

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of corrective and preventive work orders completed	20,043	20,000	20,000	20,000
kW of renewable energy installed at City-owned sites	3,332kW	6,760 kW	4,500 kW	6,666 kW
Total cost for services - Materials Management Services	\$0.38M	\$0.30M	\$0.30M	\$0.30M
Total dollars recovered from surplus sales	\$288,698	\$50,000	\$240,000	\$100,000
# of record retention requests delivered within one day	7,486	5,000	5,000	6,000
Total square footage maintained	2.79M	2.77M	2.8M	2.8M

Changes to Activity and Workload Highlights from 2013-2014 Adopted Operating Budget: No

Public Works Department

Performance Summary

Fleet and Equipment Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of fleet that is alternate fuel vehicles	42%	40%	40%	40%
 % of fleet in compliance with replacement cycle:				
Emergency Vehicles	100%	100%	100%	100%
General Fleet	90%	90%	87%	90%
 Cost per mile or hours, by class (of equipment):				
Police (miles)	\$0.41	\$0.38	\$0.36	\$0.38
Fire (miles)	\$1.99	\$1.70	\$1.63	\$1.70
General Fleet Light (miles)	\$0.32	\$0.25	\$0.35	\$0.25
General Fleet Heavy (miles)	\$1.56	\$1.60	\$1.57	\$1.60
Off Road Light (hours)	\$0.44	\$0.25	\$0.88	\$1.00
Off Road Heavy (hours)	\$0.79	\$1.00	\$0.82	\$1.00
 % of customers who rate service good or better based on:				
Timeliness	95%	97%	95%	97%
Convenience	97%	98%	96%	98%
Courtesy	95%	97%	95%	97%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of repair and preventive work orders	22,769	18,500	22,000	23,000
Total number of vehicles and equipment	2,552	2,550	2,640	2,650

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Public Works Department

Performance Summary

Plan, Design, and Construct Public Facilities and Infrastructure

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of projects completed within the approved baseline budget*	72%	90%	90%	90%
 Departmental project delivery costs compared to target industry norm				
Projects ≤ \$500,000	59%	76%	71%	70%
Projects > \$500,000	40%	43%	35%	43%
 % of projects designed and constructed by Public Works within approved baseline schedule	91%	85%	78%	85%
 % of projects rated as good or excellent based on the achievement of project goals and the quality of the overall final product	100%	80%	78%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Projects are considered "completed" when final cost accounting has occurred and the project has been accepted; projects are considered "on budget" when the total expenditures do not exceed 101% of the baseline budget.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of construction projects delivered	34	51	36	58
Total construction cost of projects*	\$40,295,000	\$179,725,000	\$199,822,000	\$64,057,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* For multi-year projects, the total construction costs are reflected in the year that the project is completed rather than spread over multiple years.

Note: The 2013-2014 Estimated and 2014-2015 Target figures represent projects anticipated to be completed in 2013-2014 and 2014-2015.

Public Works Department

Performance Summary

Regulate/Facilitate Private Development

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 Ratio of fee revenue to Development Fee Program cost	100%	100%	100%	100%
 Selected cycle time measures for:				
Construction permit processing targets met	73%	85%	85%	85%
Planning processing targets met	75%	85%	92%	85%
 % of Development process participants rating service as good or excellent: Development Review	80%	80%	78%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

 U “Selected cycle time measures for: Improvement plan processing targets met” was revised to “Selected cycle time measures for: Construction permit processing targets met” to clarify the information being reported.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of underground service alert requests received	27,827	31,000	31,000	31,000
# of Public Works permit applications	524	380	500	500
Value of permitted public improvements	\$22,600,000	\$30,000,000	\$39,000,000	\$40,000,000
Value of accepted public improvements	\$6,800,000	\$5,000,000	\$18,000,000	\$19,000,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Public Works Department

Performance Summary

Strategic Support

Operational Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of reviewed projects that attain established labor compliance goals by project completion	93%	90%	93%	90%

Changes to Operational Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of contracts with wage requirements	124	200	283	200
# of contracts with labor compliance violations identified	16	15	18	15
Minimum wage compliance cases:				
# Opened	21	N/A	15	14
# Resolved	13	N/A	13	14
# of contractors' employees owed restitution	238	100	200	100
Total \$ amount of restitution owed to employees	\$654,000	\$100,000	\$80,000	\$100,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Public Works Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	7.00	7.00	-
Air Conditioning Supervisor	1.00	1.00	-
Analyst II	6.00	6.00	-
Animal Care Attendant	7.00	7.00	-
Animal Care Attendant PT	11.57	11.57	-
Animal Health Technician	5.00	5.00	-
Animal Health Technician PT	0.80	0.80	-
Animal Services Officer	13.00	13.00	-
Animal Shelter Coordinator	3.00	3.00	-
Animal Shelter Veterinarian	2.00	2.00	-
Animal Shelter Veterinarian PT	1.00	1.00	-
Assistant Director	1.00	1.00	-
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Construction Inspector	16.00	17.00	1.00
Associate Engineer	42.00	44.00	2.00
Associate Engineering Technician	16.00	17.00	1.00
Associate Structure/Landscape Designer	15.00	15.00	-
Automotive Equipment Specialist	1.00	1.00	-
Building Inspector/Combination Certified	5.00	5.00	-
Building Inspector Supervisor	1.00	1.00	-
Building Management Administrator	1.00	2.00	1.00
Building Maintenance Superintendent	1.00	1.00	-
Carpenter	4.00	5.00	1.00
Chief of Surveys	1.00	1.00	-
Communications Installer	1.00	1.00	-
Communications Technician	5.00	5.00	-
Construction Manager	1.00	1.00	-
Contract Compliance Assistant	1.50	1.00	(0.50)
Contract Compliance Coordinator	1.00	1.00	-
Contract Compliance Specialist	8.00	7.00	(1.00)
Deputy Director of Public Works	4.00	4.00	-
Director of Public Works	1.00	1.00	-
Dispatcher	5.00	5.00	-
Division Manager	4.00	4.00	-
Electrician	13.00	12.00	(1.00)
Electrician Supervisor	1.00	1.00	-
Engineer II	33.00	34.00	1.00
Engineering Geologist	1.00	1.00	-
Engineering Technician II	22.00	24.00	2.00
Engineering Trainee PT	2.00	2.00	-
Environmental Services Specialist	1.00	0.00	(1.00)
Equipment Maintenance Supervisor	3.00	3.00	-
Equipment Mechanic Assistant I/II	21.00	20.00	(1.00)
Events Coordinator II PT	0.50	0.50	-

Public Works Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Facility Attendant	3.00	3.00	-
Facility Repair Worker	5.00	5.00	-
Facility Sound and Light Technician	1.00	1.00	-
Fleet Manager	1.00	1.00	-
Geographic Systems Specialist II	6.00	6.00	-
Information Systems Analyst	4.00	4.00	-
Instrument Person	4.00	4.00	-
Land Surveyor	1.00	1.00	-
Mail Processor	1.00	1.00	-
Maintenance Contract Supervisor	1.00	1.00	-
Maintenance Worker I	3.00	3.00	-
Marketing/Public Outreach Representative II	1.00	1.00	-
Mechanic	24.00	23.00	(1.00)
Network Engineer	4.00	3.00	(1.00)
Office Specialist II	6.00	5.00	(1.00)
Office Specialist II PT	3.00	3.00	-
Painter	3.00	3.00	-
Plumber	2.00	2.00	-
Principal Account Clerk	2.00	2.00	-
Principal Accountant	1.00	1.00	-
Principal Construction Inspector	5.00	5.00	-
Principal Engineer/Architect	2.00	2.00	-
Principal Engineering Technician	4.00	4.00	-
Program Manager I	4.00	5.00	1.00
Radio Communications Manager	1.00	1.00	-
Recreation Leader PT	1.00	1.00	-
Security Officer	4.00	4.00	-
Security Services Supervisor	1.00	1.00	-
Senior Account Clerk	5.00	5.00	-
Senior Air Conditioning Mechanic	1.00	1.00	-
Senior Analyst	3.00	3.00	-
Senior Animal Services Officer	3.00	3.00	-
Senior Architect/Landscape Architect	5.00	5.00	-
Senior Auto Equipment Specialist	1.00	1.00	-
Senior Carpenter	1.00	1.00	-
Senior Communications Technician	1.00	1.00	-
Senior Construction Inspector	30.00	36.00	6.00
Senior Electrician	2.00	3.00	1.00
Senior Engineer	14.00	15.00	1.00
Senior Engineering Technician	22.00	23.00	1.00
Senior Events Coordinator	1.00	1.00	-
Senior Facility Attendant	2.00	2.00	-
Senior Facility Repair Worker	1.00	1.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Mechanic	5.00	5.00	-
Senior Mechanical Parts Worker	1.00	1.00	-
Senior Office Specialist	5.00	6.00	1.00

Public Works Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Senior Systems Applications Programmer	1.00	1.00	-
Senior Transportation Specialist	1.00	1.00	-
Senior Warehouse Worker	1.00	2.00	1.00
Staff Specialist	4.00	4.00	-
Staff Technician	1.00	1.00	-
Structure/Landscape Designer II	6.00	6.00	-
Supervising Applications Analyst	1.00	1.00	-
Supervising Environmental Services Specialist	1.00	1.00	-
Supervising Traffic Signal Technician	1.00	1.00	-
Supervisor, Animal Services Operations	2.00	2.00	-
Supervisor of Facilities	1.00	1.00	-
Survey Field Supervisor	5.00	5.00	-
Trades Supervisor	2.00	1.00	(1.00)
Volunteer Coordinator	0.00	1.00	1.00
Warehouse Worker II	2.00	1.00	(1.00)
Total Positions	525.37	537.87	12.50

Retirement Services

Department

Roberto L. Peña, Director

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P *Provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans*

City Service Area

Strategic Support

Core Services

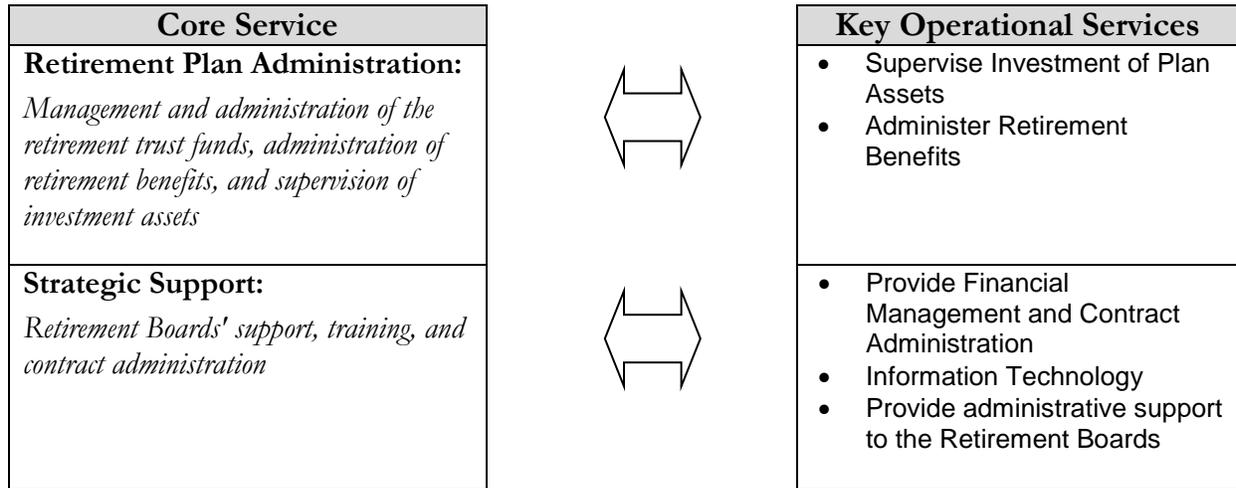
Retirement Plan Administration

Management and administration of the retirement trust funds, administration of retirement benefits, and supervision of investment assets

Strategic Support: Retirement Boards' Support, Training, and Contract Administration

Retirement Services Department

Service Delivery Framework



Retirement Services Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Manage Retirement Plans' assets and seek solutions to increase investment returns, and reduce volatility and cost, while mitigating risk.
- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented the most appropriate rates, assumptions, and methodologies to de-risk plans, reduce volatility, and reduce intergenerational shifting of liabilities.
- Provide quality retirement planning, counseling, and financial reporting.

2014-2015 Key Budget Actions

- The addition of a Senior Auditor will address operational audits and perform tasks related to addressing the City Auditor's recommendations, including higher class pay and Fair Labor Standards Act issues.
- The addition of a Staff Technician will provide administrative support for the Chief Investment Officer and the investment group.
- The conversion of a Network Technician II from part-time to full-time status will provide additional technical support in implementing and maintaining electronic information to both retirement plans.

Operating Funds Managed

- Federated Retiree Health Care Trust Fund
- Federated Retirement Fund
- Fire Retiree Health Care Trust Fund
- Police and Fire Retirement Fund
- Police Retiree Health Care Trust Fund

Retirement Services Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Retirement Plan Administration	\$ 2,352,736	\$ 3,009,342	\$ 3,562,239	\$ 3,793,931	26.1%
Strategic Support	1,444,650	2,009,683	2,031,022	2,181,969	8.6%
Total	\$ 3,797,386	\$ 5,019,025	\$ 5,593,261	\$ 5,975,900	19.1%
Dollars by Category					
Personal Services Salaries/Benefits	\$ 3,797,386	\$ 5,019,025	\$ 5,593,261	\$ 5,975,900	19.1%
Total	\$ 3,797,386	\$ 5,019,025	\$ 5,593,261	\$ 5,975,900	19.1%
Dollars by Fund					
Federated Retirement	\$ 1,897,542	\$ 2,510,691	\$ 2,797,901	\$ 2,989,999	19.1%
Police & Fire Retirement	1,899,844	2,508,334	2,795,360	2,985,901	19.0%
Total	\$ 3,797,386	\$ 5,019,025	\$ 5,593,261	\$ 5,975,900	19.1%
Authorized Positions by Core Service					
Retirement Plan Administration	22.25	21.50	22.50	23.50	9.3%
Strategic Support	13.25	15.00	14.00	15.25	1.7%
Total	35.50	36.50	36.50	38.75	6.2%

Retirement Services Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)
Prior Year Budget (2013-2014):	36.50	5,019,025
<hr/> Base Adjustments <hr/>		
Technical Adjustments to Costs of Ongoing Activities		
● Salary/benefit changes and the following position reallocations:		574,236
- 1.0 Administrative Assistant to 1.0 Staff Technician		
- 1.0 Assistant Director to 1.0 Assistant Director and Chief Investment Officer		
- 1.0 Information Systems Analyst to 1.0 Department Information Technology Manager		
- 1.0 Office Specialist II to 1.0 Staff Technician		
- 1.0 Principal Accountant to 1.0 Division Manager		
Technical Adjustments Subtotal:	<hr/> 0.00	<hr/> 574,236
2014-2015 Forecast Base Budget:	36.50	5,593,261
<hr/> Budget Proposals Approved <hr/>		
1. Retirement Services Accounting and Investment Divisions Staffing	2.00	228,648
2. Retirement Services Department Salary Program		117,771
3. Retirement Services Information Technology Staffing	0.25	36,220
Total Budget Proposals Approved	<hr/> 2.25	<hr/> 382,639
2014-2015 Adopted Budget Total	<hr/> 38.75	<hr/> 5,975,900

Retirement Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
1. Retirement Services Accounting and Investment Divisions Staffing	2.00	228,648

Strategic Support CSA

Retirement Plan Administration

Strategic Support

This action adds 1.0 Senior Auditor in the Accounting Division and 1.0 Staff Technician in the Investment Division. The Senior Auditor will address operational audits, including reviewing work completed in the Benefits Division for retirements, health option changes, and other divisions to ensure they are following policies and procedures. Additionally, the Senior Auditor will perform most of the tasks related to addressing the City Auditor's recommendations, which include higher class pay and Fair Labor Standards Act issues. The Staff Technician will assist the Assistant Director and Chief Investment Officer and the investment group with administrative functions and operational duties including preparing Investment Committee agendas and packets, posting agendas, reviewing capital calls, travel coordination, processing packets and invoices, and other clerical duties. (Ongoing costs: \$230,188)

Performance Results:

Quality This action will provide the necessary administrative assistance to support the fiduciary and governance requirements of the Retirement Boards and Committees, as well as improve the Department's operational activities.

2. Retirement Services Department Salary Program	117,771
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Strategic Support CSA

Retirement Plan Administration

Strategic Support

This action increases the Retirement Services Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$117,771)

Performance Results: N/A (Final Budget Modification)

Retirement Services Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)
3. Retirement Services Information Technology Staffing Staffing	0.25	36,220
<i>Strategic Support CSA</i> <i>Strategic Support</i>		
<p>This action converts 0.75 Network Technician II PT to 1.0 Network Technician II to provide additional technical support in implementing and maintaining electronic information for both retirement plans. The Department has experienced an increase in the number of retirement board and ad-hoc committee meetings that require additional technical support including electronic packets. In addition, the Department will have several upcoming projects, including a new pension administration system that requires additional technical support. (Ongoing costs: \$36,342)</p>		
Performance Results:		
Quality This action will provide the necessary technical support to address an increase in retirement board and committee meetings and assist in the preparation for the implementation of the new pension administrative system.		
2014-2015 Adopted Budget Changes Total	2.25	382,639

Retirement Services Department

Performance Summary

Retirement Plan Administration

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of active members that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	90%	100%	95%	100%
 % of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
 % of members (active and retired) that rate department services as very good or excellent based on accuracy and usefulness of work	85%	100%	90%	100%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of active and retired members surveyed	175	400	250	400
# of portfolios analyzed annually	51	70	115	125
# of agendized Board meetings	106	110	117	127
Investment committee work plan projects	94	35	47	100

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Retirement Services Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	0.00	(1.00)
Analyst I/II	7.00	7.00	-
Assistant Director	1.00	0.00	(1.00)
Assistant Director and Chief Investment Officer	0.00	1.00	1.00
Department Information Technology Manager	0.00	1.00	1.00
Deputy Director	1.00	1.00	-
Director, Retirement Services	1.00	1.00	-
Division Manager	1.00	2.00	1.00
Financial Analyst	1.00	1.00	-
Information Systems Analyst	3.00	2.00	(1.00)
Network Technician II	0.00	1.00	1.00
Network Technician II PT	0.75	0.00	(0.75)
Office Specialist II	2.00	1.00	(1.00)
Principal Accountant	1.00	0.00	(1.00)
Retirement Actuarial Analyst I/II	2.00	2.00	-
Retirement Investment Officer	5.00	5.00	-
Senior Account Clerk	1.00	1.00	-
Senior Accountant	2.00	2.00	-
Senior Analyst	1.00	1.00	-
Senior Auditor	0.00	1.00	1.00
Staff Specialist	1.00	1.00	-
Staff Technician	2.00	5.00	3.00
Staff Technician PT	0.75	0.75	-
Total Positions	36.50	38.75	2.25

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Transportation Department

Hans Larsen, Director

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The mission of the Department of Transportation is to plan, develop, operate, and maintain transportation facilities, services, and related systems which contribute to the livability and economic health of the City

City Service Areas

Environmental and Utility Services
Transportation and Aviation Services

Core Services

Parking Services

Provide well-maintained and operated public on-street and off-street parking facilities, implement effective policies and regulations, and encourage compliance with posted regulations

Street Landscape Maintenance

Provide for the management and maintenance of street landscapes, street trees, and sidewalks in order to provide a safe and aesthetically pleasing streetscape

Pavement Maintenance

Maintain and repair the street network pavement to allow for optimum street service life and the safe and efficient travel of the motoring public

Traffic Maintenance

Ensure the proper operation of the City's traffic devices and streetlights by providing maintenance and repair of traffic signals, streetlights, traffic safety devices, signs, and roadway markings

Sanitary Sewer Maintenance

Provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant

Transportation Operations

Provide for the safe and efficient movement of vehicles and pedestrians by optimizing traffic flow for all roadway users, enhancing school area traffic safety, providing traffic safety education, and installing traffic improvements

Storm Sewer Management

Maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay

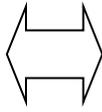
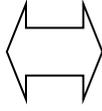
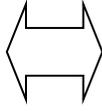
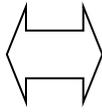
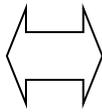
Transportation Planning and Project Delivery

Plan and develop the City's transportation system through local and regional programs

Strategic Support: Budget and Financial Services, Training and Safety, Personnel, and Information Technology

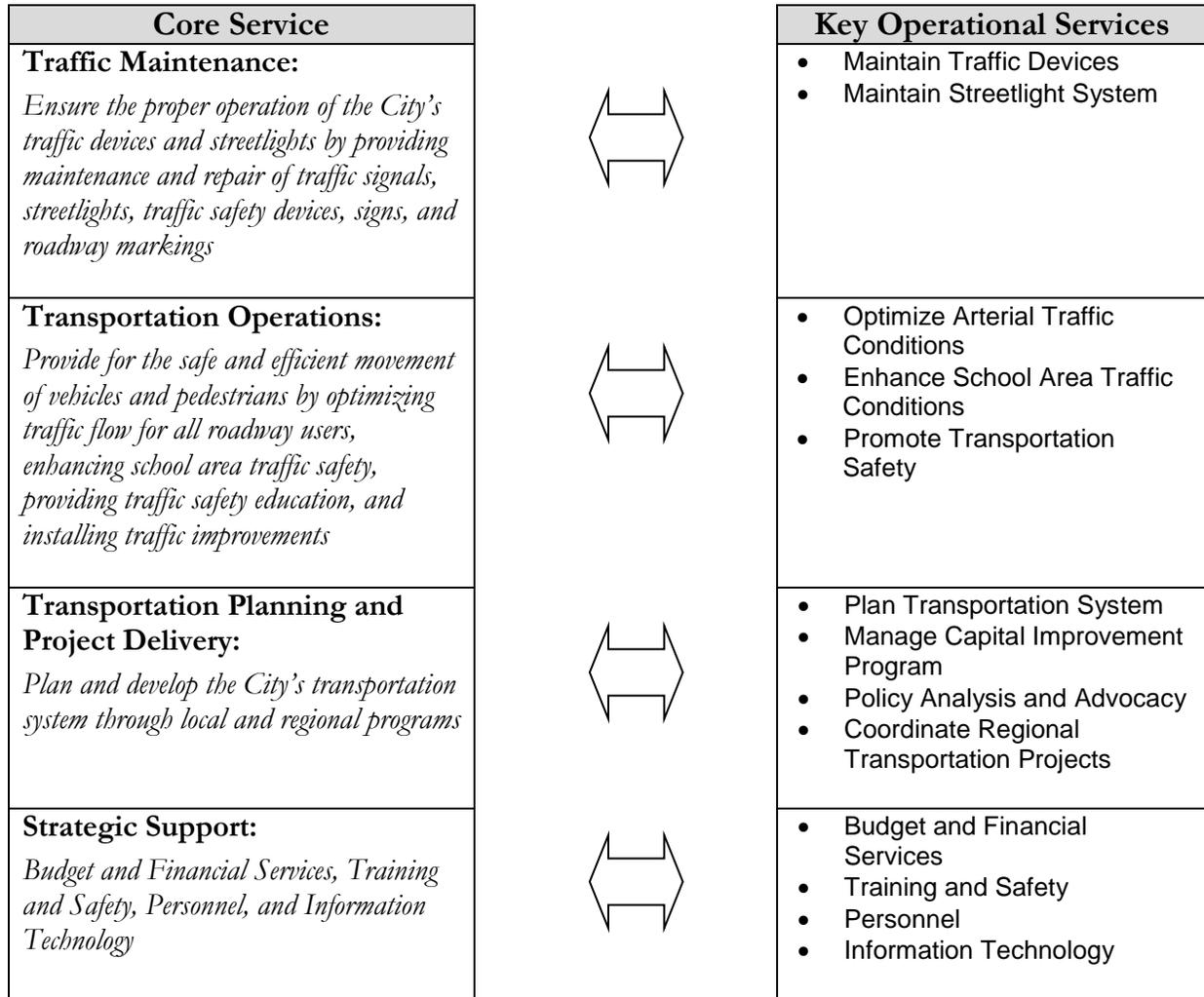
Transportation Department

Service Delivery Framework

Core Service		Key Operational Services
<p>Parking Services: <i>Provide well-maintained and operated public on-street and off-street parking facilities, implement effective policies and regulations, and encourage compliance with posted regulations</i></p>		<ul style="list-style-type: none"> • Manage Off-Street Parking • Manage On-Street Parking
<p>Pavement Maintenance: <i>Maintain and repair the street network pavement to allow for optimum street service life and the safe and efficient travel of the motoring public</i></p>		<ul style="list-style-type: none"> • Maintain Street Pavement
<p>Sanitary Sewer Maintenance: <i>Provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant</i></p>		<ul style="list-style-type: none"> • Maintain Sanitary Sewer System
<p>Storm Sewer Management: <i>Maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay</i></p>		<ul style="list-style-type: none"> • Maintain Storm Sewer System • Manage Stormwater Pollution Control • Provide Street Sanitation
<p>Street Landscape Maintenance: <i>Provide for the management and maintenance of street landscapes, street trees, and sidewalks in order to provide a safe and aesthetically pleasing streetscape</i></p>		<ul style="list-style-type: none"> • Maintain Street Landscaping • Manage Care of City Street Trees • Maintain Undeveloped Rights-of-Way • Manage Special Landscape Programs • Inspect and Repair Sidewalks • Downtown Cleaning Activities

Transportation Department

Service Delivery Framework



Transportation Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Focus the 2014 pavement maintenance season on the Priority Street Network, providing a surface seal on 42 miles and resurfacing 24 miles of arterial streets.
- Provide a variety of traffic safety improvements, including enhancements at key crossing locations on major roadways and modifying existing traffic signals.
- Retrofit approximately 3,000 streetlights with dimmable light-emitting diodes (LEDs) resulting in 40%-60% energy savings.
- Reduce the number of sanitary sewer overflows by providing a higher quality and quantity of cleaned sewer lines and, with the use of technology, improve response time to incidents.
- Maintain the City's traffic signals, streetlights, traffic and street name signs, and roadway markings, and operate the system in an efficient manner.
- Continue work on implementing balanced, multi-modal goals of the Envision San José 2040 General Plan that will provide for a transportation network that is safe, efficient, and sustainable.
- Provide parking for business, retail, and event customers and employees in Downtown parking facilities, and parking compliance services in support of businesses and multiple programs.
- Facilitate the BART project, VTA's Bus Rapid Transit program, and interchange improvements at 280/880/Stevens Creek and along Route 101 in North San José, Berryessa, and Evergreen areas.
- Continue to effectively manage the Department's budget; hire and effectively train employees; manage IT resources to maximize productivity; and improve employee safety and reduce injuries.

2014-2015 Key Budget Actions

- Positions are added to effectively deliver Green Vision sustainable transportation, local and grant Traffic CIP projects, traffic signal maintenance and operations, and the Walk n' Roll Program to encourage families to use alternatives to driving to school.
- Staffing augmentations and vehicle/equipment purchases and replacements in the Storm and Sanitary Sewer Programs will improve service efficiency and reduce the risk of sewer overflows.
- Continued investment in the Sidewalk Repairs Program will allow the City to maintain enhanced efforts to address a backlog of needed sidewalk repairs identified through the street tree inventory.
- Renovation projects in special landscape assessment districts will bring deteriorated landscapes up to City and State standards.
- An Associate Transportation Specialist is added to support the implementation of urban villages in San José consistent with the Envision San José 2040 General Plan.
- The installation and enforcement of 40 miles of street prohibition signs will reduce the City's trash load on residential streets.
- Provide overnight weekday security patrol for City-owned Downtown parking facilities.
- Provide City employees with commute assistance which will support the City's Envision 2040 multi-modal goals.
- Provide aid to eligible homeowners through a Sewer Lateral Replacement Grant Program to replace defective sewer laterals as required to comply with a Consent Decree.

Operating Funds Managed

- Community Facilities District/Maintenance District Funds
- Downtown Property Business and Improvement District Fund
- General Purpose Parking Fund

Transportation Department

Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Parking Services	\$ 11,486,668	\$ 11,803,247	\$ 12,636,483	\$ 13,140,582	11.3%
Pavement Maintenance	5,609,969	5,632,297	5,641,404	5,747,915	2.1%
Sanitary Sewer Maintenance	13,899,400	16,786,322	14,447,115	18,164,900	8.2%
Storm Sewer Management	7,235,938	8,499,796	7,666,745	8,388,401	(1.3%)
Street Landscape Maint	7,264,910	9,699,151	8,649,451	10,297,500	6.2%
Traffic Maintenance	11,800,807	12,438,851	12,234,754	12,586,042	1.2%
Transportation Operations	5,142,621	6,487,865	7,310,245	7,998,558	23.3%
Transportation Planning and Project Delivery	4,042,892	4,807,288	4,677,946	5,356,990	11.4%
Strategic Support	2,264,070	2,392,795	2,655,931	2,770,352	15.8%
Total	\$ 68,747,275	\$ 78,547,612	\$ 75,920,074	\$ 84,451,240	7.5%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 44,060,819	\$ 47,656,299	\$ 49,455,700	\$ 52,404,066	10.0%
Overtime	849,223	791,102	741,102	741,102	(6.3%)
Subtotal	\$ 44,910,042	\$ 48,447,401	\$ 50,196,802	\$ 53,145,168	9.7%
Non-Personal/Equipment					
Subtotal	23,837,233	30,100,211	25,723,272	31,306,072	4.0%
Total	\$ 68,747,275	\$ 78,547,612	\$ 75,920,074	\$ 84,451,240	7.5%
Dollars by Fund					
General Fund	\$ 24,823,011	\$ 27,226,351	\$ 27,738,320	\$ 28,343,511	4.1%
General Purpose Parking	6,346,571	6,583,401	7,068,351	7,423,589	12.8%
Integrated Waste Mgmt	164,376	188,244	201,159	206,185	9.5%
Comm/Maint Districts	4,005,853	5,742,385	4,674,872	6,035,981	5.1%
Sewer Svc & Use Charge	14,558,539	17,453,031	15,188,104	18,919,518	8.4%
Storm Sewer Operating	7,499,862	8,499,053	7,796,894	8,492,212	(0.1%)
Capital Funds	11,349,063	12,855,147	13,252,374	15,030,244	16.9%
Total	\$ 68,747,275	\$ 78,547,612	\$ 75,920,074	\$ 84,451,240	7.5%
Authorized Positions by Core Service					
Parking Services	61.74	62.24	62.24	63.74	2.4%
Pavement Maintenance	46.87	48.12	46.67	46.67	(3.0%)
Sanitary Sewer Maintenance	93.50	97.40	97.10	98.30	0.9%
Storm Sewer Management	46.84	46.94	46.84	47.89	2.0%
Street Landscape Maint	21.25	24.25	22.15	23.90	(1.4%)
Traffic Maintenance	38.60	38.60	37.60	40.60	5.2%
Transportation Operations	42.30	43.85	48.90	55.45	26.5%
Transportation Planning and Project Delivery	26.80	30.95	28.50	34.45	11.3%
Strategic Support	13.10	13.15	14.50	15.00	14.1%
Total	391.00	405.50	404.50	426.00	5.1%

Transportation Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	405.50	78,547,612	27,226,351
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: SCADA Implementation		(300,000)	0
● Rebudget: CMMS Purchase		(250,000)	0
● Rebudget: Capitol Expressway Plant Establishment		(150,000)	(150,000)
● Rebudget: Street Sweeper Implementation		(150,000)	0
● Rebudget: Associate Transportation Specialist	(1.00)	(133,728)	(133,728)
● Rebudget: Street Sweeping Signage Installation		(83,000)	0
● Sanitary Sewer Program Combination Cleaning Vehicles and Vehicle Maintenance Services		(1,400,000)	0
● Sanitary Sewer and Storm Sewer Programs Fleet Replacement		(1,200,000)	0
● Maintenance Assessment Districts and Community Facilities Districts Renovation Projects		(1,148,830)	0
● Front Loader Equipment Replacement		(250,000)	(75,000)
● Enhanced Sidewalk Repair Program		(140,000)	0
One-time Prior Year Expenditures Subtotal:	(1.00)	(5,205,558)	(358,728)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		2,640,685	1,015,715
- 1.0 Associate Transportation Specialist to 1.0 Associate Engineer			
- 1.0 Dispatcher to 1.0 Senior Office Specialist			
- 1.0 Engineering Technician II to 1.0 Network Technician II			
- 1.0 Maintenance Manager to 1.0 Department Information Technology Manager			
- 1.0 Office Specialist I to 1.0 Maintenance Worker I			
- 1.0 Principal Engineering Technician to 1.0 Associate Engineer			
- 1.0 Principal Engineering Technician to 1.0 Transportation Specialist			
- 1.0 Senior Transportation Specialist to 1.0 Senior Engineer			
● Tree and Sidewalk Hardship Program adjustment		250,000	250,000
● Parking garage contract adjustment		42,000	0
● Sanitary Sewer Program combination cleaning vehicles and vehicle maintenance services annualization		9,982	9,982
● Changes in electricity costs		(227,000)	(200,000)
● Changes in vehicle maintenance and operation costs		(117,647)	(185,000)
● Changes in water costs		(20,000)	(20,000)
Technical Adjustments Subtotal:	0.00	2,578,020	870,697
2014-2015 Forecast Base Budget:	404.50	75,920,074	27,738,320

Transportation Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Budget Proposals Approved			
1. Maintenance Assessment Districts and Community Facilities Districts Renovation Projects	0.75	1,326,521	0
2. Sanitary Sewer and Storm Sewer Programs Fleet Replacement		1,200,000	0
3. Transportation Department Salary Program		857,707	272,273
4. Transportation Local Projects and Private Development Staffing	4.00	406,210	0
5. Street Sweeping Signage	1.25	336,042	76,534
6. Transportation Planning and Sustainability Group Staffing	3.00	335,610	0
7. Sanitary Sewer and Storm Sewer Pump Crew Maintenance	2.00	303,335	0
8. Sewer Lateral Replacement Grant		300,000	0
9. Traffic Signal and Lighting Maintenance Staffing	3.00	287,011	0
10. Traffic Signal Operations and System Management Staffing	3.00	281,187	0
11. Employee Commute Program Subsidy		245,000	0
12. Walk n' Roll Program Staffing	2.00	193,084	0
13. Urban Villages Implementation Staffing	1.00	116,230	0
14. Sidewalk Program Expansion	1.00	89,384	89,384
15. Overnight Security Patrol		58,000	0
16. Smart Meters Staffing	0.50	25,845	0
17. New Transportation Infrastructure Maintenance and Operations		11,000	11,000
18. Electric Vehicle Lease Renewal		9,000	6,000
19. Rebudget: Sanitary Sewer Program Combination Cleaning Vehicles		1,750,000	0
20. Rebudget: Computerized Maintenance Management System		250,000	0
21. Rebudget: Capitol Expressway Plant Establishment		150,000	150,000
Total Budget Proposals Approved	21.50	8,531,166	605,191
2014-2015 Adopted Budget Total	426.00	84,451,240	28,343,511

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Maintenance Assessment Districts and Community Facilities Districts Renovation Projects	0.75	1,326,521	0

Transportation and Aviation Services CSA
Street Landscape Maintenance

This action adds 0.75 Associate Construction Inspector (0.25 of this full-time position is addressed in the Street Sweeping Signage proposal) funded by the Maintenance Assessment Districts and Community Facilities Districts Funds to manage contracts for renovation work and provides funding for renovation projects in several special assessment districts. These projects include landscape renovation, median island renovation, tree trimming, tree replacement, light pole painting, conversion of LED lights, and the repair of Verona Lake. (Ongoing costs: \$68,675)

Performance Results:

Quality, Customer Satisfaction This action will increase the quality of the landscapes in the Maintenance Assessment Districts and Community Facilities Districts by implementing improvements in areas where additional funding is available and providing staffing to ensure this and other work in the districts are performed appropriately.

2. Sanitary Sewer and Storm Sewer Programs Fleet Replacement		1,200,000	0
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Environmental and Utility Services CSA
Sanitary Sewer Maintenance
Storm Sewer Management

This action provides ongoing funding from the Sewer Service and Use Charge Fund (\$1,000,000) and Storm Sewer Operating Fund (\$200,000) to replace aging, outdated vehicles that are often unavailable due to needed repairs. A five-year replacement schedule has been developed in coordination with Department of Public Works Fleet Management that identifies current and anticipated future replacements. For 2014-2015, it is anticipated that the list of vehicles scheduled to be replaced will include a sewer rodder trailer, three maintenance body trucks with cranes, a dump truck, a street sweeper, two pickup trucks, a cargo van, a towable pump, a sedan, and two arrow boards. (Ongoing costs: \$1,200,000)

Performance Results:

Quality, Cycle Time This action will improve overall sanitary and storm sewer system performance by improving the condition and reliability of the vehicle fleet.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Transportation Department Salary Program		857,707	272,273
<i>Environmental and Utility Services CSA</i>			
<i>Sanitary Sewer Maintenance</i>			
<i>Storm Sewer Management</i>			
<i>Strategic Support</i>			
<i>Transportation and Aviation Services CSA</i>			
<i>Traffic Maintenance</i>			
<i>Transportation Operations</i>			
<i>Transportation Planning and Project Delivery</i>			
<i>Parking Services</i>			
<i>Pavement Maintenance</i>			
<i>Strategic Support</i>			
<i>Street Landscape Maintenance</i>			

This action increases the Transportation Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$857,707)

Performance Results: N/A (Final Budget Modification)

4. Transportation Local Projects and Private Development Staffing	4.00	406,210	0
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Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Associate Transportation Specialist, 1.0 Transportation Specialist, and 2.0 Engineer II positions to the Transportation Planning and Project Delivery Division that are funded by the Traffic Capital Program. The Associate Transportation Specialist and two Engineer II positions will assist in the acquisition of new transportation grants and will oversee and coordinate the delivery of grant-funded Traffic Capital Improvement Program projects. The Transportation Specialist will support implementation of the Bike Plan 2020 approved by the City Council that calls for a 500-mile bikeway network, along with 5,000 bicycle parking spaces, a 50% reduction in bicycle collisions, a 5% bicycle mode share, and gold-level Bicycle Friendly Community Status by 2020. The City has been successful in receiving a number of grants totaling \$28.0 million for city-wide bicycle and pedestrian facility improvements. (Ongoing costs: \$407,718)

Performance Results:

Quality, Cycle Time This action will ensure timely delivery of current grants and competitiveness in pursuing new grants in support of the Envision San José 2040 General Plan direction for "Sustainable, Multimodal Transportation" and "Complete Streets" as well as the transportation-related elements of the Green Vision to meet transportation needs now and in the future.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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5. Street Sweeping Signage	1.25	336,042	76,534
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*Environmental and Utility Services CSA
Storm Sewer Management*

*Transportation and Aviation Services CSA
Parking Services
Street Landscape Maintenance*

This action adds 1.0 Parking and Traffic Control Officer, 0.25 Associate Construction Inspector (0.75 of this full-time position is addressed in the Maintenance Assessment Districts and Community Facilities Districts Renovation Projects proposal) and provides funding to install approximately 40 curb miles of parking prohibition signs on residential streets that experience high parking impacts. This action, funded by the General Fund and the Storm Sewer Operating Fund, reduces the City's trash load and produces cleaner streets. It should be noted that additional parking fine revenues collected in the General Fund are anticipated to offset the cost of the officer. (Ongoing costs: \$105,019)

Performance Results:

Quality, Customer Satisfaction This action will increase the cleanliness on residential streets with high parking impacts, resulting in fewer heavy metals entering the storm sewer system.

6. Transportation Planning and Sustainability Group Staffing	3.00	335,610	0
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*Transportation and Aviation Services CSA
Transportation Operations
Transportation Planning and Project Delivery
Strategic Support*

This action adds 1.0 Division Manager, 1.0 Senior Transportation Specialist, and 1.0 Geographic Systems Specialist I funded by the Traffic Capital Program to support an increasing number of "Green Vision" initiatives and partnerships, such as the LED Streetlight Conversion Program, the Envision San José 2040 General Plan, and the development of Urban Village Master Plans and area development policies. Due to the scope, quantity, and level of work, the Division Manager is needed to ensure appropriate management of these high-profile activities. The Division Manager will coordinate the Mode Shift, Planning and Modeling, Green Vision and Innovation, Streetlights, Sustainability, and Budget/Administration groups. The Senior Transportation Specialist will manage the Chevron Energy Services Contract (ESCO) LED streetlight conversion projects, LED streetlight database, and innovative transportation projects to support and advance various Green Vision projects. The Geographic Systems Specialist I will support and maintain the streetlight database and produce streetlight maps to support conversion projects and other GIS-related needs. (Ongoing costs: \$337,597)

Performance Results:

Quality, Cycle Time This action will improve the current span of control and provide staffing levels required to deliver timely, quality projects in support of various City goals including the "Green Vision" Goal #9, and the Envision San José 2040 General Plan mode shift and transportation goals.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
7. Sanitary Sewer and Storm Sewer Pump Crew Maintenance	2.00	303,335	0

Environmental and Utility Services CSA

Sanitary Sewer Maintenance

Storm Sewer Management

This action adds 1.0 Maintenance Worker I and 1.0 Maintenance Worker II to the Infrastructure Maintenance Division to maintain service levels at the City's pump stations. Three additional pump stations (Zero Waste, Brookside, and Berryessa Flea Market) are expected to come online in 2015, and these positions, funded by the Sewer Service and Use Charge Fund and Storm Sewer Operating Fund, will provide daily, monthly, and annual maintenance to existing and new sanitary sewer and storm sewer pump stations. (Ongoing costs: \$177,625)

Performance Results:

Quality, Cycle Time This action will improve the overall sanitary and storm sewer system performance by providing the necessary staffing to maintain new pump station facilities.

8. Sewer Lateral Replacement Grant		300,000	0
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Environmental and Utility Services CSA

Sanitary Sewer Maintenance

This action provides funding from the Sewer Service and Use Charge Fund for a Sewer Lateral Replacement Grant Program required to comply with a Consent Decree between the City and Northern California River Watch, a non-profit, public benefit corporation. As part of this agreement, the City is required to provide aid to eligible homeowners to replace defective sewer laterals. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action will improve the overall sanitary and storm sewer system performance by funding improvements to aging sewer infrastructure. The funding aid to homeowners will improve customer satisfaction levels.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
9. Traffic Signal and Lighting Maintenance Staffing	3.00	287,011	0

Transportation and Aviation Services CSA

Traffic Maintenance

This action adds 1.0 Senior Electrician and 2.0 Electrician positions funded by the Traffic Capital Program to provide traffic-related electrical maintenance services. The Senior Electrician and 1.0 Electrician will be responsible for the installation of traffic safety devices, such as flashing beacons, enhanced crosswalks, radar speed display signs, and the conversion of streetlights to LED technology. The traffic signal LED replacement project programmed in the 2015-2019 Adopted Capital Improvement Program will convert approximately 3,000 streetlights to LEDs by 2015, with 56,500 lights remaining to be converted. The second Electrician will maintain signalized intersections that have been upgraded with Intelligent Traffic Systems (ITS), enabling the City to institute an ITS preventive maintenance program. (Ongoing costs: \$320,428)

Performance Results:

Quality, Cycle Time, Customer Satisfaction These positions will support the enhanced efficiency and safety of roadway operations. Improvements to the timeliness of responses to citizens' traffic maintenance concerns will also improve customer satisfaction ratings.

10. Traffic Signal Operations and System Management Staffing	3.00	281,187	0
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Transportation and Aviation Services CSA

Transportation Operations

This action adds 3.0 Engineer positions funded by the Traffic Capital Program to address increased local traffic signal project work and provide proactive traffic management and regional project support. Two Engineer I positions will be assigned to the Signal Operations section and will be responsible for the implementation of grant and development funded traffic signal conceptual design work, review and approve consultant-prepared traffic signal designs, design and prepare traffic signal modification work orders to enhance pedestrian accessibility and operational safety at signalized intersections, and coordinate traffic signal activations and associated traffic management activities. The third Engineer I will ensure that traffic signal communication and remote surveillance needs are addressed and assist in the delivery of several grant funded projects. (Ongoing costs: \$282,243)

Performance Results:

Quality, Customer Satisfaction These positions will support enhanced traffic management and operations at signalized intersections. Improved operations and pedestrian accessibility will result in higher customer satisfaction and safety.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
11. Employee Commute Program Subsidy		245,000	0

Transportation and Aviation Services CSA
Parking Services

This action provides funding from the General Purpose Parking Fund for a Multi-Modal Employee Commute Program for City employees by providing EcoPass VTA transit passes for part-time and full-time employees. This program may also provide employees the opportunity to subsidize public transportation costs using pre-tax dollars. A Flexible Spending Account Request for Proposal (RFP) included this program component and was issued on February 28, 2014. The final results in the RFP process are expected to be brought forward for City Council consideration in the fall of 2014. This proposal is subject to meet and confer process with the City's bargaining units. (Ongoing costs: \$245,000)

Performance Results:

Quality, Customer Satisfaction This action will encourage employees to use alternative transportation options in support of the City's Green Vision goals.

12. Walk n' Roll Program Staffing	2.00	193,084	0
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Transportation and Aviation Services CSA
Transportation Operations

This action adds 2.0 limit-dated Transportation Specialist positions (June 30, 2017) funded by the Traffic Capital Program to continue to support the VTA Vehicle Emissions Reductions Based at Schools (VERBS) Cycle 2 grant funded Walk n' Roll Program. The program, extended through 2017, will be expanded to 20 additional schools, and is intended to encourage families to bike or walk children to school as an alternative to driving. (Ongoing costs: \$193,814)

Performance Results:

Quality, Customer Satisfaction These positions will support the City's Green Vision mode shift goals by encouraging and fostering a generation of kids who walk and bike as an alternative to driving. The Walk n' Roll Program also supports the Transportation and Aviation City Service Area objective to provide a transportation system that enhances community livability.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
13. Urban Villages Implementation Staffing	1.00	116,230	0

Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Associate Transportation Specialist funded by the Traffic Capital Program to support the implementation of Urban Villages as identified in the Envision San José 2040 General Plan. Urban Villages are active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth attractive to an innovative workforce and consistent with the General Plan’s environmental goals. This strategy fosters mixing residential and employment activities; establishing minimum densities to support transit use, bicycling, and walking; utilizing high-quality urban design; and revitalizing underutilized properties with access to existing infrastructure. This position will be part of a core team (with positions also added in the Parks, Recreation, and Neighborhood Services, Planning, Building and Code Enforcement, and Public Works Departments as described elsewhere in this document) responsible for developing a cohesive and practical set of plans, policies, procedures, and tools to facilitate the development of different types of Urban Villages in San José. The Associate Transportation Specialist’s duties will include traffic forecasting, street diet analysis, traffic impact analysis, protected intersection studies, streetscape and circulation improvement reviews that are part of developing urban village plans or companion environmental documents, community outreach, economic and financial analyses for transportation infrastructure, and completing area development policies that support Urban Village Plans and other Envision San José 2040 transportation policies and goals. (Ongoing costs: \$116,586)

Performance Results:

Quality, Cycle Time This position will support the timely development and implementation of quality Urban Village Master Plans and Envision San José 2040 transportation goals.

14. Sidewalk Program Expansion	1.00	89,384	89,384
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Transportation and Aviation Services CSA
Street Landscape Maintenance

This action adds 1.0 Associate Construction Inspector to support an expanded Sidewalk Program by assessing tree, sidewalk, park-strip, driveway, and curb/gutter conditions, and ensuring that any required repair work is performed and completed per industry and City specifications. This position is fully funded by Sidewalk Program fee collections. (Ongoing costs: \$90,656)

Performance Results:

Quality, Cycle Time This position will ensure that needed repairs are made in a timely and efficient manner in compliance with related requirements.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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15. Overnight Security Patrol		58,000	0
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Transportation and Aviation Services CSA
Parking Services

This action provides funding from the General Purpose Parking Fund for overnight security patrol during weekdays to address property crime and homeless issues in the City-owned and operated parking facilities within the Downtown core, including the Convention Center, Market/San Pedro, and Fourth Street & San Fernando garages. This additional contractual security personnel will provide overnight weekday security that will allow for 24 hour/7 day security coverage in the parking facilities. (Ongoing costs: \$58,000)

Performance Results:

Quality, Customer Satisfaction This funding will improve safety in City-owned parking facilities, limit damage to vehicles, and ensure customers are comfortable using the facilities and will continue to use them.

16. Smart Meters Staffing	0.50	25,845	0
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Transportation and Aviation Services CSA
Parking Services

This action adds 0.50 Maintenance Assistant PT funded by the General Purpose Parking Fund to service approximately 1,200 newly installed Smart Meters located in the Downtown Core interior generally bounded by Highway 87, St. James Street, 4th Street, and San Salvador Street. The installation of Smart Meters was approved by the City Council on February 4, 2014, and included the identification of \$250,000 in ongoing annual operating costs that will be funded as part of the 2014-2015 Operating Budget. It has since been identified that this additional staffing will be needed for the program. (Ongoing costs: \$26,446)

Performance Results:

Quality, Customer Satisfaction, Cycle Time This position will improve the timeliness of meter maintenance and repair, resulting in higher customer satisfaction with Parking facilities and services.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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17. New Transportation Infrastructure Maintenance and Operations		11,000	11,000
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Transportation and Aviation Services CSA

Street Landscape Maintenance

Traffic Maintenance

This action provides funding from the General Fund for the operation and maintenance of new flashing beacons, ornamental pedestrian lights, streetlights, and street trees for the following completed capital improvement projects: Route 101: Interstate 280 to Yerba Buena (\$5,000), The Alameda – A Plan for the Beautiful Way (\$5,000), and San Fernando Street Enhanced Bikeway and Pedestrian Access (\$1,000). This additional funding was assumed in the development of the 2015-2019 Five-Year Forecast. This funding is offset by the liquidation of an Earmarked Reserve included in the 2015-2019 General Fund Forecast. (Ongoing costs: \$14,000)

Performance Results:

Quality This funding will allow for the new infrastructure to be maintained at the same level as the existing infrastructure.

18. Electric Vehicle Lease Renewal		9,000	6,000
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Environmental and Utility Services CSA

Storm Sewer Management

Transportation and Aviation Services CSA

Street Landscape Maintenance

This action provides funding from the General Fund and Storm Sewer Operating Fund to extend the lease on three Mitsubishi iMiev electric plug-in vehicles for two years. The funding to extend the lease for two additional vehicles was absorbed in the existing Transportation Department General Fund and General Purpose Parking Fund Non-Personal/Equipment budget. The current lease expired June 30, 2014, and renewing these vehicles allows the City's fleet program to continue to provide a low-cost, environmentally-friendly transportation solution for local City business activities such as offsite meetings, inspections, and local travel needs. In total, the lease extension of 27 electric plug-in vehicles is included city-wide as described in other department sections of this document. (Ongoing costs: \$9,000)

Performance Results:

Quality, Customer Satisfaction This action ensures sufficient pool vehicles are available to City employees for local travel needs, improving the City's ability to provide services to residents.

Transportation Department

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
19. Rebudget: Sanitary Sewer Program Combination Cleaning Vehicles <i>Environmental and Utility Services CSA</i> <i>Sanitary Sewer Maintenance</i> This action rebudgets \$1,750,000 in unexpended funds from 2013-2014 for the purchase of five combination cleaner vehicles to reduce sanitary sewer overflows. The purchase of the vehicles was delayed due to a longer procurement process. (Ongoing costs: \$0) Performance Results: N/A (Final Budget Modification)		1,750,000	0
20. Rebudget: Computerized Maintenance Management System <i>Environmental and Utility Services CSA</i> <i>Sanitary Sewer Maintenance</i> This action rebudgets \$250,000 in unexpended funds from 2013-2014 in the Sewer Service and Use Charge Fund for the purchase of a new computerized maintenance management system (CMMS) for the Sanitary Sewer System. Funding of \$250,000 was previously rebudgeted into 2013-2014 for the development and purchase of a new system. The Sanitary Sewer Division is finalizing the scope of services for the purchase. This rebudget will allow funding to be carried over to complete the purchasing process. (Ongoing costs: \$0) Performance Results: N/A (Final Budget Modification)		250,000	0
21. Rebudget: Capitol Expressway Plant Establishment <i>Transportation and Aviation Services CSA</i> <i>Street Landscape Maintenance</i> This action rebudgets \$150,000 in unexpended funding from the Santa Clara Valley Transportation Authority received in 2012-2013 for performing landscape maintenance for a three-year period associated with the completion of Phase I of the Capitol Expressway Light Rail Pedestrian Improvements project between Capitol Avenue and Quimby Road, including replacement of plant material and irrigation repairs. Minimal damage has occurred in 2013-2014; therefore, the entire amount is being rebudgeted. (Ongoing costs: \$0) Performance Results: N/A (Final Budget Modification)		150,000	150,000
2014-2015 Adopted Budget Changes Total	21.50	8,531,166	605,191

Transportation Department

Performance Summary

Parking Services

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of on-street parkers in compliance with all regulations	96%	97%	97%	97%
 Parking System revenue to operating cost ratio	1.70	1.57	1.78	1.56
 % of meter repair service requests completed in 1 day	N/A	N/A	99%	99%
 % of citation appeal requests completed in 14 days	N/A	N/A	97%	97%
 % of reported abandoned or stored vehicles in voluntary compliance by staff's second visit	75%	85%	90%	90%
 % of customers rating services good or better based upon satisfaction, appearance, comfort (4 or better on a 1-5 scale)	84%	80%	85%	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “Parking Services revenue to cost ratio” was changed to the “Parking System revenue to operating cost ratio” because it only reflects data related to management of the parking system (garages and lots), not enforcement-related parking activities.
- ⊖ “% of parking service requests completed in 1 day (facility maintenance, enforcement, meter repair) or in 14 days (citation appeal)” was changed to two measures: the “% of meter repair service requests completed in 1 day” and the “% of citation appeal requests completed in 14 days” because “facility maintenance” and “enforcement request” data is no longer collected and reported in the total measure, and these two revised measures provide further clarification.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of monthly parking customers served	80,197	80,000	90,000	93,000
# of parking visitors served	1,423,143	1,400,000	1,500,000	1,550,000
# of parking meter service activities completed	6,377	5,000	5,500	5,000
# of parking citations issued	196,920	225,000	210,000	218,000
# of parking citations appealed/ adjudicated	9,498	10,000	10,000	10,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “# of transient parking customers served” was changed to the “# of parking visitors served” to provide clarification on the description.

Transportation Department

Performance Summary

Pavement Maintenance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 75)	62	62	62	62
 % of corrective pavement repairs completed within two days (potholes) and 30 days (large pavement repairs)	87%	85%	85%	85%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “% of corrective pavement repairs completed within two days (priority) and 30 days (non-priority)” was changed to “% of corrective pavement repairs completed within two days (potholes) and 30 days (large pavement repairs)” to provide a clarification on the types of repairs completed.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Miles of paved roadway to maintain	2,415	2,415	2,410*	2,410*
Miles of streets receiving surface seal application	44	42	25**	42
Miles of street resurfacing completed	23	21	5**	24
# of pothole repairs completed	19,726	15,000	12,500***	12,500***
# of large pavement repairs completed	693	650	1,000***	1,000***
Average sealing maintenance cost per mile of street (includes preparation work)	\$119,700	\$120,000	\$170,000****	\$170,000****

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* In 2013-2014, DOT reconciled the pavement maintenance database including deleting erroneous entries and correcting street widths.

** The State Route Relinquishment project was anticipated to be completed in summer 2013 (2013-2014 Forecast). However, the completion date was moved to summer 2014 due to contract issues effecting the planning and timing of this project.

*** The number of pothole repairs declined due to a change in methodology, and because pothole repairs have become increasingly insufficient due to deteriorating pavement condition. This has resulted in the need for larger patch repairs and the corresponding increase in this category.

**** The cost has risen due to a combination of factors including using different application and sealing methods to address the increasing pavement maintenance needs.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “Miles of arterial streets receiving surface seal application” was changed to “Miles of streets receiving surface seal application” to clarify that the measure reports all streets receiving a surface seal application. In the past, this has typically been only arterial streets.
- ⊖ “# of priority service requests (potholes) completed” was changed to “# of pothole repairs completed” to simplify the measure’s wording because all “priority service requests” are for pothole repairs.
- ⊖ “# of scheduled service requests (large pavement repairs) completed” was changed to “# of large pavement repairs completed” to simplify the measure.

Transportation Department

Performance Summary

Sanitary Sewer Maintenance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 # of sanitary sewer overflows per 100 miles of sewer mains (annualized)	6.8	5.0	4.5	4.0
 % of reported sanitary sewer problems responded to within 30 minutes	73%	80%	73%	80%
 % of in-house repairs completed within established time guidelines:				
- Priority A: Service completely severed Temporary service – 24 hours; final repairs – 48 hours	68%	95%	60%	90%
- Priority B: Service exists at a limited capacity Final repair – 20 days	73%	90%	80%	90%
- Priority C: Future service impact identified Corrective actions – 90 days	59%	70%	60%	90%
 % of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	99%	97%	98%	97%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⌚ “% of sanitary sewer problems responded to within 30 minutes” was changed to “% of reported sanitary sewer problems responded to within 30 minutes” to clarify that these are only “reported” problems. The 30-minute response timeline begins once a problem is reported.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Miles/number of sewer line segments	2,278/48,000	2,278/48,000	2,294/48,000	2,294/48,000
Miles of sanitary sewer lines cleaned	796	700	900	950
# of sanitary sewer main line stoppages cleared	436	350*	350	350
Miles of sanitary sewer lines inspected by video to support maintenance and repair	45	55	45	55
# of reported sanitary sewer problems	5,951	5,000	6,000	6,000
# of sanitary sewer overflows	155	120	100	92

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

* This activity is lowered due to an effective root control program and priority cleaning.

Transportation Department

Performance Summary

Storm Sewer Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of storm sewer inlets without obstruction	97%	95%	99%	95%
 % of swept curb miles rated by City as good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	81%	85%	83%	85%
 % of high priority storm sewer service requests/repairs addressed within 4 hours	53%	85%	70%	85%
 % of customers rating street sweeping services good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	N/A*	N/A*	59%	59%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure was collected from a new survey first issued in late 2013, so the 2012-2013 Actual and 2013-2014 Target were not available.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “% of swept curb miles rated good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1-5 scale)” was changed to “% of swept curb miles rated by City as good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1-5 scale)” to clarify that this measure is rated by City staff.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Miles/number of storm sewer segments	1,250/25,500	1,250/25,500	1,250/25,500	1,250/25,500
# of storm sewer inlets	30,000	30,000	32,200	32,200
# of storm sewer inlet stoppages identified and cleared	869	1,500	500*	1,500
# of curb miles swept	51,492	63,000	51,953	63,000
# of debris (illegal dumping) removals from the public right of way	4,249	5,000	5,050	5,500
Cubic yards of debris (illegal dumping) removed from the right of way	NEW	NEW	12,764	13,250
Thousands of tons of sweeping debris collected	6.1	8.0	6.5	8.0

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* In 2013-2014, a lower than normal storm season was experienced again. For 2014-2015, a normal storm season is expected.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ “# of roadway debris removals” was changed to “# of debris (illegal dumping) removals from the public right of way” to specify that these are related to illegal dumping activities in the right of way.
- + “Cubic yards of debris (illegal dumping) removed from the public right of way” was added to provide the magnitude of the volume of illegal dumping debris being removed.

Transportation Department

Performance Summary

Street Landscape Maintenance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of general benefit street landscapes in good condition	42%	50%	48%	55%
 % of community forest in the public right-of-way that is in optimal condition	37%	39%	38%	37%
 % of sidewalks, curbs, gutters, and parkstrips repaired within 90 days of the notification of damage	29%	55%	21%	45%
 % of unimproved rights-of-way that are rated as fire safe by June 30th	100%	100%	100%	100%
 % of customers rating tree and sidewalk services good or better (4 or better on a 1-5 scale)	80%	75%	75%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊖ “% of general benefit maintained street landscapes in good condition” was changed to “% of general benefit street landscapes in good condition” to simplify the measure.
- ⊖ “% of unimproved rights-of-way that are rated as fire safe by the start of fire season” was changed to “% of unimproved rights-of-way that are rated as fire safe by June 30th” because there is no official start of fire season.
- ⊖ “% of customers rating landscape services good or better based upon timeliness and work quality (4 or better on a 1-5 scale)” was changed to “% of customers rating tree and sidewalk services good or better (4 or better on a 1-5 scale)” to simplify and clarify the measure as the current customer satisfaction survey only covers these services.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Acres of general benefit-maintained street landscapes	235	235	237	238
# of street tree emergency responses	263	1,000	175*	1,000
# of sidewalk repairs completed	2,693	5,000	5,818	5,000
Acres/districts of Special District street landscapes	328/21	333/22	329/21	339/22
# of street tree pruning permits issued / # of trees pruned	779/376	1,000/3,000	850/5,000	1,000/3,000
# of street tree removal permits issued / # of trees removed	680/925	700/1,000	750/1,250	700/1,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* In 2013-2014, a lower than normal storm season was experienced again. For 2014-2015, a normal storm season is expected.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ⊖ The “Acres/districts of Special District maintained street landscapes” was changed to “Acres/districts of Special District street landscapes” to simplify the measure.

Transportation Department

Performance Summary

Traffic Maintenance

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of traffic signal preventative maintenance activities completed within established guidelines	22%	33%	20%	60%
 % of traffic and street name signs meeting visibility and operational guidelines	83%	84%	82%	84%
 % of traffic roadway markings meeting visibility and operational guidelines	63%	65%	62%	65%
 % of time streetlights are operational	96%	97%	97%	97%
 % of traffic signal malfunctions responded to within 30 minutes	65%	57%	61%	60%
 % of traffic signs and street name signs service requests completed within prioritized operational guidelines	94%	90%	94%	90%
 % of all roadway marking service requests completed within prioritized operational guidelines	97%	90%	98%	90%
 % of reported streetlight malfunctions repaired within 7 days	59%	65%	43%	65%
 % of customers rating traffic maintenance services good or better based upon timeliness and courtesy (4 or better on a 5-point scale)	100%	90%	N/A*	N/A*

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* The survey is not being conducted in 2013-2014 due to its labor-intensive nature and a consistent low return rate, and this measure will likely be deleted in 2015-2016.

Transportation Department

Performance Summary

Traffic Maintenance

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of traffic signals	918	920	919	933
# of streetlights	62,963	63,000	63,398	63,500
# of traffic and street name signs	109,473	112,500	112,500	116,000
# of square feet of markings	5.41 million	5.40 million	5.41 million	5.45 million
# of traffic signal repair requests completed	2,163	2,000	1,985	2,000
# of traffic signal preventive maintenance activities completed	600	900	553	1,846
# of traffic and street name signs repair/replacement requests completed	1,557	1,500	1,401	1,480
# of traffic and street name signs preventively maintained	13,154	12,500	6,000	4,000
# of roadway markings maintenance requests completed	423	400	414	400
# of roadway markings preventively maintained (sq. ft)	1,273,000	1,350,000	1,200,000	1,200,000
# of streetlight repair requests completed	15,200	15,500	16,041	17,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Transportation Department

Performance Summary

Transportation Operations

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of traffic signals proactively re-timed city-wide to minimize wait times	4%	15%	35%*	10%
 % of signs and markings installed within 35 days from initial study request	43%	40%	30%	35%
 % of customers rating services good or better based upon timeliness, added safety, and satisfaction with solution	78%	80%	80%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of pedestrian and bike injury crashes (reported on a calendar year basis)	643	635	N/A**	635
# of pedestrian and bike injury crashes for children ages 5 to 14 (reported on a calendar year basis)	68	80	N/A**	80
# of traffic congestion complaints	379	350	500	500
# of traffic studies completed and implemented	687	650	755	750
# of children receiving traffic safety education	32,789	20,000	25,000	25,000
# of special events managed	349	350	340	340

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* Over 200 traffic signals were retimed in 2013-2014; 137 under the Vehicle Registration Fee grant.

** Data for these measures is not currently available due to staffing vacancies; only 6 months of crash data is available for 2013.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- “# of pedestrian and bike injury accidents” was changed to the “# of pedestrian and bike injury crashes (reported on a calendar year basis)” to use more accurate terminology and eliminate the need for a footnote.
- “# of pedestrian and bike injury accidents for children (ages 5 to 14)” was changed to the “# of pedestrian and bike injury crashes for children ages 5 to 14 (reported on a calendar year basis)” to use more accurate terminology and eliminate the need for a footnote.

Transportation Department

Performance Summary

Transportation Planning and Project Delivery

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of Transportation CSA projects delivered within two months of approved baseline schedule	86%	80%	80%	80%
 % of customers rating services as good or better on Transportation Capital projects	N/A*	80%	80%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

* Data for this measure is not available because the survey was not conducted in 2012-2013.

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ☪ “% of stakeholder and customer rating services as good or better” was changed to the “% of customers rating services as good or better on Transportation Capital projects” because data comes from the Capital Project Management System (CPMS) which tracks capital projects.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of local Transportation projects in CIP Database	62	60	60	60
Dollar amount of transportation grant funds awarded	\$35.7	\$34.4M	\$38.5M	\$43.8M
# of regional projects in the City	32	20	26	14
Dollar amount of regional projects in the City*	\$50.M	\$2.7B	\$2.45B	\$2.39B

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

* The dollar amount of regional projects reflects only projects under construction.

¹ Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- ☪ “Dollar amount of Transportation grants funds received” was changed to the “Dollar amount of Transportation grant funds awarded” to measure the anticipated grant funds based on award letters rather than actual grant funds received after the reimbursement period.

Transportation Department

Performance Summary

Strategic Support

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of vendor discounts taken	53%	60%	36%	60%
 % of invoices paid within 30 days	63%	65%	58%	65%
 % of customers whose service quality expectations are met or exceeded (4 or better on a 1-5 scale)	77%	75%	75%	75%

Changes to Performance Measures from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2013-2014 Adopted Budget:

- ✘ “Fiscal Unit expenditures as a percent of Adopted Budget (total resources managed)” was deleted because the total adopted budget can vary significantly from year to year, making this measure an inaccurate indicator of the unit’s cost-effectiveness from year to year.

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Value of discounts taken	\$2,203	\$3,000	\$4,000	\$4,000
# of financial/budget transactions	16,712	16,500	17,000	17,000
# of employees hired	61	75	118	120
# of responses to information technology issues	1,502	1,600	1,800	1,700

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No

Transportation Department

Departmental Position Detail

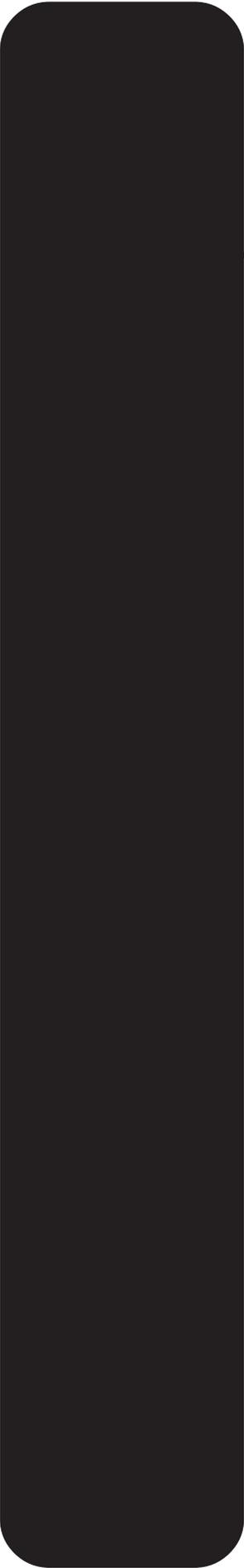
Position	2013-2014 Adopted	2014-2015 Adopted	Change
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	5.00	5.00	-
Arborist	1.00	1.00	-
Arborist Technician	1.00	1.00	-
Assistant Arborist	2.00	2.00	-
Assistant Director	1.00	1.00	-
Associate Construction Inspector	10.00	12.00	2.00
Associate Engineer	19.00	21.00	2.00
Associate Engineering Technician	6.00	6.00	-
Associate Transportation Specialist	8.00	8.00	-
Concrete Finisher	2.00	2.00	-
Department Information Technology Manager	0.00	1.00	1.00
Deputy Director	3.00	3.00	-
Director of Transportation	1.00	1.00	-
Dispatcher	1.00	0.00	(1.00)
Division Manager	7.00	8.00	1.00
Electrical Maintenance Superintendent	1.00	1.00	-
Electrician	13.00	15.00	2.00
Electrician Supervisor	3.00	3.00	-
Engineer I	0.00	3.00	3.00
Engineer II	12.00	14.00	2.00
Engineering Technician II	8.00	7.00	(1.00)
Engineering Trainee PT	0.50	0.50	-
Geographic Systems Specialist I	0.00	1.00	1.00
Heavy Equipment Operator	10.00	10.00	-
Information Systems Analyst	3.00	3.00	-
Maintenance Assistant PT	1.00	1.50	0.50
Maintenance Manager	1.00	0.00	(1.00)
Maintenance Superintendent	3.00	3.00	-
Maintenance Supervisor	12.00	12.00	-
Maintenance Worker I	55.00	57.00	2.00
Maintenance Worker II	75.00	76.00	1.00
Network Engineer	2.00	2.00	-
Network Technician II	0.00	1.00	1.00
Office Specialist I/II	3.00	2.00	(1.00)
Operations Manager	1.00	1.00	-
Parking and Traffic Control Officer	39.00	40.00	1.00
Parking and Traffic Control Officer PT	3.00	3.00	-
Parking and Traffic Control Supervisor	2.00	2.00	-
Parking/Ground Transportation Administrator	3.00	3.00	-
Parking Manager	2.00	2.00	-
Principal Construction Inspector	2.00	2.00	-
Principal Engineering Technician	2.00	0.00	(2.00)
Program Manager I	2.00	2.00	-
Sanitary Engineer	1.00	1.00	-

Transportation Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Security Services Supervisor	1.00	1.00	-
Senior Account Clerk	3.00	3.00	-
Senior Analyst	3.00	3.00	-
Senior Construction Inspector	3.00	3.00	-
Senior Electrician	2.00	3.00	1.00
Senior Engineer	6.00	7.00	1.00
Senior Engineering Technician	2.00	2.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Heavy Equipment Operator	2.00	2.00	-
Senior Maintenance Worker	23.00	23.00	-
Senior Office Specialist	6.00	7.00	1.00
Senior Parking and Traffic Control Officer	5.00	5.00	-
Senior Transportation Specialist	5.00	5.00	-
Senior Tree Maintenance Lead Worker	1.00	1.00	-
Staff Specialist	5.00	5.00	-
Street Sweeper Operator	5.00	5.00	-
Systems Application Programmer II	1.00	1.00	-
Transportation Specialist	1.00	5.00	4.00
Total Positions	405.50	426.00	20.50

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2014-2015

OPERATING BUDGET

CITY-WIDE

City-Wide Expenses

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T*o provide for City-Wide expenses that relate to more than one department or are not directly associated with ongoing departmental operations*

City Service Areas

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

Programs

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

City-Wide Expenses

Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Community and Economic Development	\$ 20,031,021	\$ 28,306,766	\$ 21,492,760	\$ 30,127,404	6.4%
Environmental and Utility Services	4,305,332	2,416,484	257,000	1,089,000	(54.9%)
Neighborhood Services	8,356,352	8,732,567	5,189,700	9,164,476	4.9%
Public Safety	22,095,695	19,782,098	16,491,000	19,466,912	(1.6%)
Transportation and Aviation Services	4,799,750	6,866,175	4,571,000	5,903,175	(14.0%)
Strategic Support	141,523,512	43,483,495	25,754,000	38,038,944	(12.5%)
Total	\$ 201,111,662	\$ 109,587,585	\$ 73,755,460	\$ 103,789,911	(5.3%)
Dollars by Category					
City-Wide Expenses	\$ 201,111,662	\$ 109,587,585	\$ 73,755,460	\$ 103,789,911	(5.3%)
Total	\$ 201,111,662	\$ 109,587,585	\$ 73,755,460	\$ 103,789,911	(5.3%)
Dollars by Fund					
General Fund	\$ 201,111,662	\$ 109,587,585	\$ 73,755,460	\$ 103,789,911	(5.3%)
Total	\$ 201,111,662	\$ 109,587,585	\$ 73,755,460	\$ 103,789,911	(5.3%)
Authorized Positions	N/A	N/A	N/A	N/A	N/A

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
Prior Year Budget (2013-2014):	0.00	109,587,585
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
Community and Economic Development CSA		
● Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations		(300,000)
● Rebudget: Cultural Affairs Special Project		(572,000)
● Rebudget: Economic Development Pre-Development Activities		(159,800)
● Rebudget: Economic Development/Incentive Fund		(379,400)
● Rebudget: Historic Preservation		(597,500)
● Rebudget: Public Art in Private Development		(13,000)
● Arena Authority		(48,000)
● Center for Employment Training		(250,000)
● CommUniverCity Program		(100,000)
● Cultural Affairs Special Projects		(115,000)
● Economic Development/Incentive Fund		(250,000)
● Filling Empty Storefronts Pilot Project		(250,000)
● Homeless Rapid Rehousing		(2,000,000)
● Homeless Response Team		(1,670,000)
● San José Downtown Association		(210,000)
● Sports Authority		(200,000)
● Visitor's Study		(50,000)
Subtotal:	0.00	(7,164,700)
Environmental and Utility Services CSA		
● Rebudget: City-Building Energy Projects Program		(1,140,000)
● Rebudget: Clean Creeks Healthy Communities		(200,000)
● Rebudget: Recovery Act - Energy Efficiency and Conservation Block Grant		(10,000)
● Rebudget: Silicon Valley Energy Watch (SVEW) Innovator Pilots		(317,000)
● Rebudget: Energy Efficiency Program		(167,484)
● Energy Efficiency Program		(150,000)
Subtotal:	0.00	(1,984,484)
Neighborhood Services CSA		
● Rebudget: 1st Act Silicon Valley Digital Media Grant		(1,362)
● Rebudget: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant		(131,309)
● Rebudget: Communities Putting Prevention to Work Grant - Obesity Prevention Initiative		(16,379)
● Rebudget: Enhance Fitness and Matter of Balance Program Grant		(31,710)
● Rebudget: National Forum Capacity - Building Grant OJJDP 2012-2015		(44,050)
● Rebudget: OJJDP Community-Based Violence Prevention Demonstration Program Grant		(47,920)
● Rebudget: PG&E Summer Cooling Shelter Program Grant		(14,000)
● Rebudget: San José BEST and Safe Summer Initiative Programs		(945,000)
● Rebudget: Senior Education and Outreach Grant		(44,000)
● Rebudget: Maddie Lifesaving Grant		(250,000)

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>General Fund (\$)</u>
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
Neighborhood Services CSA		
● Children's Health Initiative		(1,100,000)
● Community Action and Pride Grants		(100,000)
● San Jose Parks Foundation		(60,000)
● San José BEST Program and Safe Summer Initiative		(1,000,000)
● Senior Education and Outreach Grant		(151,000)
Subtotal:	<u>0.00</u>	<u>(3,936,730)</u>
Public Safety CSA		
● Rebudget: Anti-Drug Abuse Grant 2012-2013		(25,629)
● Rebudget: Anti-Human Trafficking Task Force Program Grant 2012		(93,060)
● Rebudget: Automated Fingerprint Identification System		(238,884)
● Rebudget: Automated Fingerprint Identification System Phase III		(161,140)
● Rebudget: Avoid the 13 Grant 2012-2013		(2,247)
● Rebudget: Bulletproof Vest Partnership Grant		(36,828)
● Rebudget: CrimeStoppers		(30,000)
● Rebudget: Emergency Response and Preparedness		(216,200)
● Rebudget: Hazardous Materials Consent Judgment		(35,088)
● Rebudget: Human Trafficking Prevention Grant 2011		(145,975)
● Rebudget: Internet Crimes Against Children Continuation Grant 2011		(178,475)
● Rebudget: Metropolitan Medical Response System Grant 2011		(232,396)
● Rebudget: Mobile Identification Services Project		(137,000)
● Rebudget: Protecting Children from Commercial Sexual Exploitation Grant 2011		(118,111)
● Rebudget: Selective Traffic Enforcement Grant Program 2012-2013		(80,553)
● Rebudget: Sobriety Checkpoint Grant Program 2012-2013		(73,882)
● Rebudget: State Homeland Security Grant Program		(27,846)
● Rebudget: Urban Area Security Initiative Grant - Fire 2011		(187,090)
● Rebudget: Urban Area Security Initiative Grant - Police 2011		(118,486)
● Rebudget: Urban Area Security Initiative Training Grant		(10,840)
● Rebudget: Workers' Compensation Claims - Fire		(250,000)
● Anti-Human Trafficking Task Force Program Grant 2012		(90,000)
● Avoid the 13 Grant 2012-2013		(4,400)
● Domestic Violence Prevention Program		(50,000)
● La Raza Study/Harvard Study Consensus Building Project		(50,000)
● Northern California Regional Intelligence Center SUASI - Police		(242,308)
● Urban Area Security Initiative (UASI) Grant - Fire 2012		(85,500)
● Urban Area Security Initiative (UASI) Grant - Police 2012		(112,000)
● Urban Area Security Initiative Training Grant		(4,160)
● Workers' Compensation Claims - Fire		(400,000)
Subtotal:	<u>0.00</u>	<u>(3,438,098)</u>
Transportation and Aviation Services CSA		
● Rebudget: Cambrian 36 Traffic Safety Enhancements		(10,000)
● Rebudget: Contractual Street Tree Planting		(105,175)
● Rebudget: Radar Speed Display Signs		(70,000)

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>General Fund (\$)</u>
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
Transportation and Aviation Services CSA		
● Rebudget: Raised Reflective Markers and Arterial Street Striping		(250,000)
● Rebudget: Sidewalk Repairs		(900,000)
● Rebudget: Street Tree Maintenance		(500,000)
● Street Tree Maintenance		(160,000)
Subtotal:	<u>0.00</u>	<u>(1,995,175)</u>
Strategic Support CSA		
● Rebudget: Arena Community Fund		(175,000)
● Rebudget: Business Tax System Replacement		(1,800,000)
● Rebudget: City Manager Special Projects		(110,000)
● Rebudget: City Outreach and Education Efforts		(42,000)
● Rebudget: Computer System Remediation Project		(75,000)
● Rebudget: Cultural Facilities Capital Maintenance		(139,000)
● Rebudget: Elections and Ballot Measures		(693,096)
● Rebudget: False Claims Act Litigation Settlement		(304,490)
● Rebudget: Financial Mangement System Business Process Mapping		(435,000)
● Rebudget: General Liability Claims		(5,900,000)
● Rebudget: Government Access - Capital Expenditures		(240,000)
● Rebudget: Human Resources/Payroll System Upgrade		(2,453,500)
● Rebudget: Information Technology Business Applications Support		(85,000)
● Rebudget: Labor/Employee Relations Consultant Funding		(400,000)
● Rebudget: Organizational Effectiveness		(118,000)
● Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital		(440,000)
● Rebudget: Retirement Actuarial Studies		(94,000)
● Rebudget: Sick Leave Payments Upon Retirement		(4,500,000)
● Rebudget: Spartan Keyes Neighborhood Action Center		(30,000)
● Rebudget: Watson Park Settlement		(1,343,659)
● 2-1-1 Call Center		(75,000)
● Ballot Measure Polling		(50,000)
● Internal Financial Controls Evaluation		(200,000)
● Mayor and City Council Travel		(10,000)
● Sucessor Agency City Legal Obligations Subsidy		(525,000)
● TRANS Debt Service		400,000
Subtotal:	<u>0.00</u>	<u>(19,837,745)</u>
One-time Prior Year Expenditures Subtotal:	0.00	(38,356,932)
Technical Adjustments to Costs of Ongoing Activities		
Community and Economic Development CSA		
● 4th Street Garage Banquet Facility Maintenance and Operations		10,000
● Business Incentive - Business Cooperation Program		70,000
● Business Incentive - Business Cooperation Program Administration		45,000
● Business Incentive - Maxim Integrated Products		40,000

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>General Fund (\$)</u>
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
Community and Economic Development CSA		
● Business Incentive - Samsung		35,000
● Certified Access Specialist (CASp) Program - ADA Compliance		50,000
● Convention Center Lease Payments		(21,000)
● Cultural Affairs Special Project		50,000
● FMC Operating Site Costs		20,000
● Property Leases		51,694
Subtotal:	<u>0.00</u>	<u>350,694</u>
Environmental and Utility Services CSA		
● Clean Creeks Healthy Communities		(93,000)
● Energy Efficiency Program		(78,000)
● Storm Fees		(4,000)
Subtotal:	<u>0.00</u>	<u>(175,000)</u>
Neighborhood Services CSA		
● California Gang Reduction, Intervention and Prevention (CALGRIP) Grant (City Council approval - February 12, 2013)		150,375
● National Forum Capacity-Building Grant OJJDP 2012-2015		79,500
● OJJDP Community Based Violence Prevention Demonstration Program Grant		163,988
Subtotal:	<u>0.00</u>	<u>393,863</u>
Public Safety CSA		
● Arena Traffic Control		52,500
● Bay Area Regional Interoperability Communication System		(17,500)
● Police Officers' Professional Liability Insurance		5,000
● Silicon Valley Regional Interoperability Project Authority		7,000
● Workers' Compensation Claims - Fire		100,000
Subtotal:	<u>0.00</u>	<u>147,000</u>
Transportation and Aviation Services CSA		
● Emergency Street Tree Services		(200,000)
● Parking Citations/Jail Courthouse Fees		(100,000)
Subtotal:	<u>0.00</u>	<u>(300,000)</u>
Strategic Support CSA		
● 1970, 1980, and 1990 COLA Federated, Police & Fire Retirees		(15,000)
● Annual Audit		4,000
● Arena Community Fund		80,000
● Banking Services		34,750
● Bond Project Audits		1,500
● City Auditor's Office Performance Audit		(5,000)
● City Dues/Memberships		(35,000)
● City Outreach and Education Efforts		4,000
● Civil Service Commission		(5,000)
● Elections and Ballot Measures		300,000

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<u>Positions</u>	<u>General Fund (\$)</u>
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
Strategic Support CSA		
● Elections Commission		60,000
● Fire Hydrant Program		(65,000)
● FMC Debt Service Payments		(292,000)
● General Liability Claims		1,000,000
● Government Access - Capital Expenditures		9,200
● Grant Compliance Single Audit		2,000
● Insurance Premiums		(23,000)
● Mayor and City Council Travel		10,000
● Police Retirees' Health/Dental Fees		5,000
● Property Tax Administration Fee		325,000
● Public, Educational, and Government (PEG) Access Facilities - Capital		82,800
● Sick Leave Payments Upon Retirement		(1,000,000)
● State of the City Convocation		3,000
● Successor Agency City Legal Obligations Subsidy		1,675,000
● TRANs Debt Service		(232,000)
● Workers' Compensation State License		184,000
Subtotal:	<u>0.00</u>	<u>2,108,250</u>
Technical Adjustments Subtotal:	0.00	2,524,807
2014-2015 Forecast Base Budget:	0.00	73,755,460
Budget Proposals Approved		
Community and Economic Development CSA		
1. Arena Authority		48,000
2. CommUniverCity Program		100,000
3. Cultural and Arts Facilities Capital Replacement and Maintenance (TOT Growth)		0
4. Downtown Streets Monterey Road Pilot Program		68,300
5. Economic Development/Incentive Fund		1,000,000
6. Homeless Rapid Rehousing		2,000,000
7. Homeless Response Team		1,670,000
8. Move Your Jobs to San José Communications		100,000
9. Property Leases		(271,156)
10. Responsible Landlord Engagement Initiative (RLEI)		25,000
11. San José Downtown Association		250,000
12. SAP Center Renegotiation		100,000
13. Sports Authority		100,000
14. Miscellaneous Rebudgets*		3,444,500
Community and Economic Development Subtotal:	0.00	8,634,644
Environmental and Utility Services CSA		
1. Miscellaneous Rebudgets		832,000
Environmental and Utility Services Subtotal:	0.00	832,000

City-Wide Expenses

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
<hr/> Budget Proposals Approved <hr/>		
Neighborhood Services CSA		
1. Children's Health Initiative		550,000
2. Community Action and Pride Grants		100,000
3. Health Trust Corner Store Program		50,000
4. San José BEST and Safe Summer Initiative Programs		2,500,000
5. Miscellaneous Rebudgets		774,776
Neighborhood Services Subtotal:	0.00	3,974,776
Public Safety CSA		
1. 2013 Encourage Arrest Policies and Enforcement of Protection Orders Grant		289,713
2. La Raza Study/Harvard Study Consensus Building Project		50,000
3. Northern California Regional Intelligence Center SUASI - Police		242,308
4. Selective Traffic Enforcement Grant Program 2013-2014		61,305
5. Sobriety Checkpoint Grant Program 2013-2014		30,750
6. Urban Area Security Initiative (UASI) Grant - Fire 2013		145,000
7. Miscellaneous Rebudgets		2,156,836
Public Safety Subtotal:	0.00	2,975,912
Transportation and Aviation CSA		
1. Miscellaneous Rebudgets		1,332,175
Environmental and Utility Services Subtotal:	0.00	1,332,175
Strategic Support CSA		
1. 2-1-1 Call Center		75,000
2. Ballot Measure Polling		50,000
3. Banking Services		250,000
4. Employee Engagement Program Survey and Training		120,000
5. Google Fiber Project		100,000
6. Information Technology Desktop Modernization		500,000
7. Property Assessed Clean Energy (PACE) Program		120,000
8. Successor Agency City Subsidy		(700,000)
9. TRANs Debt Service		(400,000)
10. Miscellaneous Rebudgets*		12,169,944
Strategic Support Subtotal:	0.00	12,284,944
Total Budget Proposals Approved	0.00	30,034,451
2014-2015 Adopted Budget Total	0.00	103,789,911

* The 2013-2014 Adopted Budget inadvertently contained a rebudget for Cultural and Arts Facilities Capital Replacement and Maintenance of \$278,000 in the Community and Economic Development CSA that should have been rebudgeted for Cultural Facilities Capital Maintenance in the Strategic Support CSA. This was corrected as part of the 2013-2014 Annual Report.

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Community and Economic Development CSA		
1. Arena Authority		48,000
<p>As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates an additional \$48,000 from revenue generated from the lease of the City's suite at SAP Center for eight San Jose Sharks games during the 2014-2015 National Hockey League (NHL) regular season to Silicon Valley Sports and Entertainment (SVSE). This action will support the Arena Authority and ensure that sufficient funding for operating costs is available in 2014-2015. (Ongoing costs: \$0)</p>		
2. CommUniverCity Program		100,000
<p>This action allocates one-time funding of \$100,000 to continue the support of the San José State University's (SJSU) CommUniverCity Program that was funded on a one-time basis in 2013-2014. The CommUniverCity Program is a partnership among residents, the campus community, and the City of San José. The primary focus of CommUniverCity is enabling residents of neighborhoods to set priorities and facilitate coordination amongst them, the City, and SJSU to achieve those goals by relating the projects to service learning in SJSU classes. (Ongoing costs: \$0)</p>		
3. Cultural and Arts Facilities Capital Replacement and Maintenance (TOT Growth)		0
<p>As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates Transient Occupancy Tax (TOT) revenue growth from 2013-2014 year-end projections to support City-owned cultural and arts facilities' needs. City-owned cultural and arts facilities, including the San José Museum of Art, Tech Museum of Innovation, San José Repertory Theatre, History San José, School of Arts and Culture at Mexican Heritage Plaza, and Children's Discovery Museum, generate significant economic impact and Downtown vibrancy. This action sets aside the General Fund's share of the growth in TOT to fund the deferred maintenance and capital replacement needs at these facilities. It should be noted that the projected revenue growth in 2014-2015 over the 2013-2014 estimated collections is allocated to the Children's Discovery Museum, as discussed in the General Fund Capital, Transfers, and Reserves section of this document. The Department of Public Works developed a project prioritization and approval process for future appropriation expenditures as described in Manager's Budget Addendum #23. (Ongoing costs: \$450,000)</p>		
4. Downtown Streets Monterey Road Pilot Program		68,300
<p>As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action establishes funding of \$68,300 to expand the successful Downtown Streets Team program to Monterey Road on a one-year pilot program basis. The program will remove debris, report code violations, cover and prevent graffiti, and provide general blight removal services. (Ongoing costs: \$0)</p>		
5. Economic Development/Incentive Fund		1,000,000
<p>As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides funding of \$1.0 million to support the location of new companies in San</p>		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Community and Economic Development CSA		
5. Economic Development/Incentive Fund		
José that will generate jobs in manufacturing and generate revenues for City services and infrastructure investments. (Ongoing costs: \$0)		
6. Homeless Rapid Rehousing		2,000,000
This action allocates \$2.0 million from a 2014-2015 Earmarked Reserve that was set aside as part of the 2013-2014 Adopted Budget to continue the Homeless Rapid Rehousing Program for a second year. This action will maintain the current level of funding for this program. A related action in the General Fund Capital, Transfers, and Reserves section of this document also establishes an Earmarked Reserve of \$2.0 million to continue the current level of funding for this program through 2015-2016. The primary purpose of the rapid rehousing effort is to engage transitionally homeless individuals with a history of sustained San José residency from targeted encampments and provide them with supportive services and rental subsidies to successfully assist them in their transition from homelessness to permanent housing. Funds in 2014-2015 will be focused on providing housing vouchers (\$1.2 million), case management and job development services to eligible transitionally homeless individuals capable of long-term economic self sufficiency (\$650,000), and an emergency flex fund (\$150,000). (Ongoing costs: \$0)		
7. Homeless Response Team		1,670,000
This action allocates \$1.5 million from a 2014-2015 Earmarked Reserve that was set aside as part of the 2013-2014 Adopted Budget to continue the Homeless Response Team for a second year. This action also continues funding from the Santa Clara Valley Water District for 2.0 limit-dated Park Rangers that are assigned to this team. A related action in the General Fund Capital, Transfers, and Reserves section of this document also establishes an Earmarked Reserve of \$1.5 million to continue the current level of funding for this program through 2015-2016. This program addresses the community's concerns about the growing and visible homeless encampments. This program will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to encampments and the concerns of community members and businesses regarding individuals living in encampments. This funding will allow staff to respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and any environmental damage caused by encampments. Funding in 2014-2015 will provide 1.0 Senior Development Officer in the Housing Department for overall support and coordination of the Homeless Response Team and continue 1.0 Community Coordinator in the Housing Department and 4.0 limit-dated Park Ranger positions in the Parks, Recreation and Neighborhood Services Department (2.0 positions funded through June 2016 with the use of the 2015-2016 Homeless Response Earmarked Reserve, and 2.0 positions funded through June 2015 supported by funding from the Santa Clara Valley Water District). In addition, this funding includes contractual services for encampment clean-ups (\$550,000), fencing and private security services for post clean up patrols (\$280,000), and case management services (\$220,000).		
As described in the City Departments section of this document, one limit-dated position through 2014-2015 (1.0 Development Officer) is also added in the Housing Department to support the Homeless Response Team program funded by Housing Funds. This position will coordinate multi-disciplinary outreach and engagement programs that target homeless individuals and families living in		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Community and Economic Development CSA		
7. Homeless Response Team		
encampments, increase encampment clean-ups, and coordinate activities with stakeholder agencies. (Ongoing costs: \$0)		
8. Move Your Jobs to San José Communications		100,000
As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates one-time funding of \$100,000 for a communications campaign targeted at Silicon Valley industry-driving companies seeking location and/or expansion space with a target launch date of July 1, 2014. The communications campaign will promote premier entitled/vacant lands and recently renovated offices and research and development buildings in North San José, Downtown, and Edenvale. The initiative will highlight San José's competitiveness by offering companies City Council-approved business incentives as necessary. (Ongoing costs: \$0)		
9. Property Leases		(271,156)
This action provides lease savings from the anticipated move of the current San José Police Department training facility to the South San José Police Substation in January 2015. The San José Police Department will repurpose the Substation as discussed in the Police Department section of this document. (Ongoing savings: \$542,311)		
10. Responsible Landlord Engagement Initiative (RLEI)		25,000
As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides funding of \$25,000 to the Responsible Landlord Engagement Initiative (RLEI) program. This program improves the conditions of properties by encouraging property owners and investors to commit to managing their properties responsibly. (Ongoing costs: \$0)		
11. San José Downtown Association		250,000
As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action continues funding of \$250,000 to the San José Downtown Association (SJDA) that was funded on a one-time basis in 2012-2013 and 2013-2014 in order to support its partnership with the City in activating and promoting Downtown. Additional funding to renovate the Downtown Ice Rink is discussed in the General Fund Capital, Transfers, and Reserves section of this 2014-2015 Adopted Operating Budget. SJDA provides services related to downtown business retention and recruitment and event production that result in reducing the commercial vacancy rates and promoting the City's parking facilities. In the aftermath of the dissolution of the former San José Redevelopment Agency, these services are especially important to promoting a vibrant Downtown. These ongoing funds are provided by transfers to the General Fund from the General Purpose Parking Fund (\$210,000) and from the Transient Occupancy Tax Fund (\$40,000). (Ongoing costs: \$250,000)		
12. SAP Center Renegotiation		100,000
As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates one-time funding of \$100,000 for the renegotiation of the SAP		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Community and Economic Development CSA		
12. SAP Center Renegotiation		
<p>Center operating agreement. The current operating agreement with the San Jose Sharks for the management of the San José Arena is set to expire in June 2018. Due to the complexities of operating the SAP Center as an entertainment venue for the City of San José and surrounding region and hosting an ice hockey franchise, the funding will provide the City with the necessary resources to secure outside expertise to be well-positioned during the negotiation process. (Ongoing costs: \$0)</p>		
13. Sports Authority		100,000
<p>As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action establishes funding of \$100,000 to provide an initial partial payment of the \$300,000 that will be needed over the next several fiscal years to ensure adequate funding for the City to pursue the 2016 Olympic Trials in gymnastics. (Ongoing costs: \$0)</p>		
14. Miscellaneous Rebudgets		3,444,500
<p>The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014 - 2015 listed below. (Ongoing costs: \$0)</p>		
4 th Street Garage Banquet Facility Maintenance and Operations	395,000	
Business Incentive – Business Cooperation Program	97,000	
Certified Access Specialist (CAsp) Program – ADA Compliance	10,000	
Cultural and Arts Facilities Capital Replacement and Maintenance*	278,000	
Economic Development Pre-Development Activities	236,000	
Economic Development/Incentive Fund	390,000	
Evergreen Innovation Corridor	10,000	
Filling Empty Storefronts Pilot Project	247,000	
Historic Preservation	597,500	
Homeless Rapid Rehousing	1,134,000	
Visitor’s Study	50,000	
<p>* The 2014-2015 Adopted Budget inadvertently contained a rebudget for Cultural and Arts Facilities Capital Replacement and Maintenance of \$278,000 that should have been a rebudget for Cultural Facilities Capital Maintenance. This was corrected as part of the 2013-2014 Annual Report.</p>		
Subtotal Community and Economic Development CSA:	0.00	8,634,644
Environmental and Utility Services CSA		
1. Miscellaneous Rebudgets		
<p>The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014-2015 listed below. (Ongoing costs: \$0)</p>		
City-Building Energy Projects	600,000	

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Environmental and Utility Services CSA		
1. Miscellaneous Rebudgets		
Clean Creeks Healthy Communities	232,000	
Subtotal Environmental and Utility Services CSA:	0.00	832,000
Neighborhood Services CSA		
1. Children's Health Initiative		550,000
<p>This action allocates the second year of funding (\$550,000) of a three year strategy that was set aside as part of the 2013-2014 Adopted Budget to transition City funding provided for the Children's Health Initiative to Santa Clara County. The City's original allocation of \$2.1 million provided health insurance access to children of Santa Clara County with a family income that falls below the federal poverty level. Both the County and State have assumed the costs of the program with no impact to services provided. The City and County agreed to a three-year strategy to transition the Children's Health Initiative City allocation of \$2.1 million; \$1.1 million was funded in 2013-2014, \$550,000 is allocated this year in 2014-2015, and \$275,000 will be allocated in 2015-2016 for the final year of the three-year phase-out of City funding. The 2014-2015 funding is provided by the Children's Health Initiative Earmarked Reserve that was set aside for this purpose in the 2013-2014 Adopted Budget. (Ongoing savings: \$0)</p>		
2. Community Action and Pride Grants		100,000
<p>This action allocates \$100,000 from the 2014-2015 Earmarked Reserve that was set aside as part of the 2013-2014 Adopted Budget to continue the Community Action and Pride (CAP) Grants Program for another year. A related action in the General Fund Transfers, Reserves, and Capital section of this document also sets aside an Earmarked Reserve of \$100,000 for the 2015-2016 grant cycle. This program provides small grants to San José neighborhood groups to fund activities that result in cleaner, safer, and more engaged communities. (Ongoing costs: \$0)</p>		
3. Health Trust Corner Store Program		50,000
<p>As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action allocates funding to partially cover permitting costs incurred by small businesses participating in the Health Trust Corner Store Program in order to convert their infrastructure to provide dairy, whole grains, and fresh produce to their communities. (Ongoing costs: \$0)</p>		
4. San José BEST and Safe Summer Initiative Programs		2,500,000
<p>This action allocates \$1.5 million from a 2014-2015 Earmarked Reserve that was set aside as part of the 2013-2014 Adopted Budget to continue the 2013-2014 level of funding for the San José Best and Safe Summer Initiative Programs for another year, as well as an additional \$1.0 million in one-time funding as approved by the City Council and directed in the Mayor's June Budget Message for Fiscal Year 2014-2015. A related action in the General Fund Capital, Transfers, and Reserves section of this document sets aside a reserve of \$1.5 million for 2015-2016 to continue a higher level of funding for another year. The San José BEST and Safe Summer Initiative Programs support gang prevention</p>		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
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Neighborhood Services CSA

4. San José BEST and Safe Summer Initiative Programs

and intervention efforts by providing funding to various community-based organizations and other government agencies that provide direct gang intervention services. This includes the Safe School Campus Initiative, which provides targeted gang intervention and prevention services on high school and middle school campuses, and the Safe Summer Initiative which supports recreational, health and fitness, and youth development activities for at-risk, high-risk, or gang-involved youth during the summer months. The one-time funding is allocated for gang prevention programs including: BEST funding; addressing issues related to females in gangs; and a pilot program for after school homework assistance/academic programming for youth. As shown in the table below, these actions maintain an allocation of \$4.6 million through 2015-2016, with \$3.06 million ongoing, and provide an additional \$1.0 million in one-time funding in 2014-2015, to support gang prevention, intervention, and suppression programs for youth through the efforts of the Mayor's Gang Prevention Task Force. (Ongoing costs: \$0)

San José BEST/ Safe Summer Initiative Programs	2013-2014 Funding	2014-2015 Funding	2015-2016 Funding*	Ongoing Funding
San José BEST Program	\$4,060,000	\$5,060,000	\$4,060,000	\$2,560,000
Safe Summer Initiative Program	\$500,000	\$500,000	\$500,000	\$500,000
Total San José BEST/ Safe Summer Initiative Programs**	\$4,560,000	\$5,560,000	\$4,560,000	\$3,060,000

* Includes an Earmarked Reserve of \$1.5 million.

** Funding may be interchanged among the two programs, as needed. An additional rebudget of \$528,514 of remaining 2013-2014 funds was approved as detailed below. The rebudgeted funds are not included in the figures above and bring the total 2014-2015 Adopted Budget to \$6.09 million.

5. Miscellaneous Rebudgets

774,776

The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014-2015 listed below. (Ongoing costs: \$0)

1 st Act Silicon Valley Digital Media Grant	6,400
Child Care Portable Debt Service Payments	3,673
Maddie Lifesaving Grant	100,000
National Forum Capacity-Building Grant OJJDP 2012-2015	55,900
OJJDP Community-Based Violence Prevention Demonstration Program Grant	67,950
PG&E Summer Cooling Shelter Program Grant	12,339
San José BEST and Safe Summer Initiative Programs	528,514

Subtotal Neighborhood Services CSA:	0.00	3,974,776
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City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Public Safety CSA		
1. 2013 Encourage Arrest Policies and Enforcement of Protection Orders Grant		289,713
<p>This action appropriates the remaining \$289,713 of the Encourage Arrest Police and Enforcement of Protection Orders Grant. Funding will continue to be used to implement a tracking system, train first responders, investigators, prosecutors, and the judiciary on investigation and prosecution for domestic violence strangulation incidents, and develop expertise for testimony and evidence collection. A rebudget of remaining 2013-2014 funds (\$215,141) is detailed below, and brings the total allocation to \$504,854. (Ongoing costs: \$0)</p>		
2. La Raza Study/Harvard Study Consensus Building Project		50,000
<p>This action provides one-time funds to match funding from Santa Clara County for the facilitation of the Harvard Study Consensus Process to create transformative multi-system change aimed at eliminating Latino overrepresentation in the Criminal Justice, Juvenile Justice, and Child Welfare Systems serving San José that was funded on a one-time basis in 2013-2014. (Ongoing costs: \$0)</p>		
3. Northern California Regional Intelligence Center SUASI - Police		242,308
<p>This action appropriates federal grant funding of \$242,308 from the Bay Area Urban Security Initiative (UASI) for salary, benefits, overtime, and travel costs for one Police Lieutenant position as a member of the Northern California Regional Intelligence Center (NCRIC). The NCRIC is a regional task force which handles terrorist and criminal activity that threatens the Bay Area as a whole. This action is funded by an increase in Revenue from the Federal Government. (Ongoing Costs: \$0)</p>		
4. Selective Traffic Enforcement Program 2013-2014		61,305
<p>This action appropriates the remaining \$61,305 of the Selective Traffic Enforcement Program 2013-2014 Grant. Funding will continue to be used to fund Police Officer overtime to conduct targeted Driving Under the Influence (DUI) patrols and distracted driving enforcement. (Ongoing costs: \$0)</p>		
5. Sobriety Checkpoint Grant Program 2013-2014		30,750
<p>This action appropriates the remaining \$30,750 of the Sobriety Checkpoint Grant Program 2013-2014. Funding will continue to be used to fund Police Officer overtime to staff Driving Under the Influence (DUI) checkpoints. (Ongoing costs: \$0)</p>		
6. Urban Area Security Initiative (UASI) Grant – Fire 2013		145,000
<p>This action appropriates the remaining \$145,000 of the Urban Area Security Initiative (UASI) Grant – Fire 2013. Funding will continue to be used to fund Office of Emergency Services planning staff responsible for drafting an Emergency Operations Center Staff Development Program, the facilitation of stakeholder workshop trainings, and the addition of an Interoperability Communications System Manager responsible for managing the Silicon Valley Regional Interoperability Authority (SVRIA) process for both the Fire and Police Departments. (Ongoing costs: \$0)</p>		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Public Safety CSA		
7. Miscellaneous Rebudgets		2,156,836
The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014 - 2015 listed below. (Ongoing costs: \$0)		
2013 Encourage Arrest Policies and Enforcement of Protection Orders Grant	215,141	
Anti Drug Abuse Grant 2013-2014	98,182	
Automated Fingerprint Identification System	239,000	
Automated Fingerprint Identification System Phase III	161,000	
Avoid the 13 Grant 2013-2014	654	
CrimeStoppers	47,000	
Emergency Response and Preparedness	244,000	
Hazardous Materials Consent Judgment	35,088	
Human Trafficking Prevention Grant 2011	102,433	
Internet Crimes Against Children Task Force Grant 2011-2012	215,211	
Mobile Identification Services Project	137,000	
Protecting Children from Commercial Sexual Exploitation Grant 2011	32,120	
Selective Traffic Enforcement Grant Program 2013-2014	90,665	
Sobriety Checkpoint Grant Program 2013-2014	39,545	
Urban Area Security Initiative (UASI) Grant – Fire 2013	394,000	
Urban Area Security Initiative Grant – Police 2013	105,797	
Subtotal Public Safety CSA:	0.00	2,975,912
Transportation and Aviation CSA		
1. Miscellaneous Rebudgets		1,332,175
The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014 - 2015 listed below. (Ongoing costs: \$0)		
Contractual Street Tree Planting	106,175	
Emergency Street Tree Services	146,000	
Raised Reflective Markers and Arterial Street Striping	40,000	
Sidewalk Repairs	600,000	
Street Tree Maintenance	270,000	
Vehicle Detection Sensors	170,000	
Subtotal Transportation and Aviation CSA:	0.00	1,332,175

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Strategic Support CSA		
1. 2-1-1 Call Center		75,000
<p>This action adds ongoing funding of \$75,000 to support the 2-1-1 Call Center in Santa Clara County that was funded on a one-time basis in 2013-2014. The 2-1-1 Call Center is a free, 24-hour multi-lingual information and referral service for residents of Santa Clara County that provides referrals for health and human services, such as housing and utilities assistance, food referrals, legal/consumer referrals, mental health/addiction referrals, clothing/food assistance, and drug and alcohol treatment. (Ongoing costs: \$75,000)</p>		
2. Ballot Measure Polling		50,000
<p>This action provides one-time funding of \$50,000 to allow for polling of potential ballot measures that may be brought to the voters in 2014-2015. (Ongoing costs: \$0)</p>		
3. Banking Services		250,000
<p>This action provides an additional \$250,000 for banking services, increasing the total budget from \$1,185,000 to \$1,435,000, to offset the costs associated both with higher merchant card fees, which are charged on each transaction that uses a credit card, as well as an increase in the volume of transactions that use credit cards. The increased volume is a direct result of the City providing a wider variety of payment options, including over the internet, by telephone, and in person, as well as the ability to accept payments 24 hours a day through some of those options. (Ongoing costs: \$250,000)</p>		
4. Employee Engagement Program Survey and Training		120,000
<p>This action adds \$120,000 for the development of a new Employee Engagement Program Survey that will be conducted on an annual basis. The funding will also be used to provide training to managers on the new survey and guidance on what to do with the results, as well as access to a database of results from the same survey used in other jurisdictions and companies to be used for comparison purposes to the City of San José. In future years, the \$120,000 will be partially offset by \$35,000 from the former Employee and Community Surveys allocation. (Ongoing costs: \$85,000)</p>		
5. Google Fiber Project		100,000
<p>As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action provides one-time funding of \$100,000 for the City to explore what resources, including staffing, might be necessary to support the Google Fiber Project. If the City is selected as an expansion site and decides to pursue Google Fiber, the City will need to provide detailed and accurate maps of housing density, topography, geology, and infrastructure such as utility poles, conduit, and water, gas and electricity lines. The City will also need to determine if the fiber can be installed on existing poles or conduits to avoid construction disruption and review the permit process and scalability for a project of this magnitude. (Ongoing costs: \$0)</p>		
6. Information Technology Desktop Modernization		500,000
<p>This action adds one-time funding of \$500,000 to support the virtualization of desktop infrastructure to centrally store software, including operating systems and applications, thereby extending the lifecycle</p>		

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Strategic Support CSA		
6. Information Technology Desktop Modernization		
of the City's desktop PCs. This will allow the Information Technology Department to standardize deployments of applications and software configurations. (Ongoing costs: \$0)		
7. Property Assessed Clean Energy (PACE) Program		120,000
This action adds one-time funding of \$120,000, equivalent to the cost of 1.0 Financial Analyst, to support the Request for Proposal (RFP) for the PACE Program. As part of the 2013-2014 Mid-Year Budget Review, a city-wide PACE Program allocation of \$230,000 was created to fund the costs associated with developing an RFP for a third-party administrator of a potential PACE program in the City of San José. This funding provides the additional resources necessary to manage the RFP process, which is expected to begin in July 2014. (Ongoing costs: \$0)		
8. Successor Agency City Subsidy		(700,000)
This action decreases the \$2.0 million Base Budget General Fund subsidy to the Successor Agency by \$700,000, to \$1.3 million, for 2014-2015. Based on a recent review of financial cash flow of funds, anticipated 2014-2015 administrative expenditures, and Recognized Obligation Payments (ROPS) next year, the net subsidy from the General Fund is now anticipated to be \$1.3 million. This assumes the following: 2% increase in tax increment; no sale or disposition of property; the litigation with the County over the PERS levy continues to be pending appeal; alternative funding sources including the Community Development Block Grant Fund and General Purpose Parking Fund will fully fund the HUD Section 108 loan and 4th Street Parking Garage debt service payments respectively; and the General Fund will subsidize the administrative and unsecured ROPS payments. These one-time savings were reallocated to the repayment of \$10.2 million in SERAF Loans between the City and Successor Agency as described in the General Fund Capital, Transfers, and Reserves section of this document. (Ongoing savings: \$0)		
9. TRANs Debt Service		(400,000)
As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by City Council, this action decreases the TRANs Debt Service appropriation by \$400,000, from \$800,000 to \$400,000, to reflect lower than anticipated costs associated with the prefunding of employer retirement contributions for pension and retiree health benefits. (Ongoing savings: \$400,000)		
10. Miscellaneous Rebudgets		12,169,944
The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014-2015 listed below. (Ongoing costs: \$0)		
Arena Community Fund	119,000	
City Manager Special Projects	150,000	
City Outreach and Education Efforts	105,000	
Community Translation/Interpretation and Meeting Spaces	29,000	
Computer System Remediation Project	75,000	
Cultural Facilities Capital Maintenance *	0	
E-Ideas Program	171,600	

City-Wide Expenses

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Strategic Support CSA		
10. Miscellaneous Rebudgets		
Elections and Ballot Measures	977,000	
False Claims Act Litigation Settlement	301,713	
Financial Management System Business Process Mapping	435,000	
General Liability Claims	7,000,000	
Government Access – Capital Expenditures	325,000	
Insurance Premiums	50,000	
Internal Financial Controls Evaluation	130,000	
Labor/Employee Relations Consultant Funding	115,000	
Mayor and City Council Travel	9,000	
Organizational Effectiveness	155,000	
Property Assessed Clean Energy (PACE) Program	155,000	
Public, Educational, and Government (PEG) Access Facilities – Capital	460,000	
Retirement Actuarial Studies	54,000	
Spartan Keyes Neighborhood Action Center	30,000	
Watson Park Settlement	1,323,631	
Subtotal Strategic Support CSA:		0.00
		12,284,944
2014-2015 Adopted Budget Changes Total		0.00
		30,034,451

* The 2014-2015 Adopted Budget inadvertently contained a rebudget for Cultural and Arts Facilities Capital Replacement and Maintenance of \$278,000 that should have been a rebudget for Cultural Facilities Capital Maintenance. This was corrected as part of the 2013-2014 Annual Report.

City-Wide Expenses

Budget Program: Community and Economic Development

City Service Area: Community and Economic Development

Detail of Costs Description

Community and Economic Development	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
4th Street Garage Banquet Facility Maintenance and Operations	PW	\$ 59,802	\$ 340,000	\$ 50,000	\$ 445,000
Arena Authority	CMO	156,598	156,598	108,598	156,598
Business Incentive - Business Cooperation Program	OED	0	0	70,000	167,000
Business Incentive - Business Cooperation Program Administration	OED	0	0	45,000	45,000
Business Incentive - Maxim Integrated Products	OED	0	0	40,000	40,000
Business Incentive - Samsung	OED	0	0	35,000	35,000
Certified Access Specialist (CASp) Program - ADA Compliance	FIN	0	0	50,000	60,000
Center for Employment Training	OED	0	250,000	0	0
Children's Discovery Museum	OED	270,750	270,750	270,750	270,750
Cirque du Soleil	OED	(18,152)	0	0	0
CommUniverCity Program	CMO	0	100,000	0	100,000
Comprehensive General Plan Update	PBCE	152	0	0	0
Convention Center Lease Payments	FIN	15,341,000	15,325,000	15,304,000	15,304,000
Cultural Affairs Special Project	OED	218,444	687,000	50,000	50,000
Cultural and Arts Facilities Capital Replacement and Maintenance (TOT Growth)*	PW	0	0	0	278,000
Donna Bradford Improvement Project	HSG	123,200	0	0	0
Downtown Streets Monterey Road Pilot Project	HSG	0	0	0	68,300
Economic Development Pre-Development Activities	OED	52,703	159,800	0	236,000
Economic Development/Incentive Fund	OED	50,724	629,400	0	1,390,000
Evergreen Innovation Corridor	OED	0	0	0	10,000
Filling Empty Storefronts Pilot Project	OED	0	250,000	0	247,000
FMC Operating Site Costs	PW	24,594	10,000	30,000	30,000
Historic Preservation	PBCE	0	597,500	0	597,500
History San José	OED	784,000	784,000	784,000	784,000
Homeless Rapid Rehousing	HSG	0	2,000,000	0	3,134,000
Homeless Response Team	HSG	0	1,670,000	0	1,670,000
Joint Venture Silicon Valley	OED	34,617	34,617	34,617	34,617
Mexican Heritage Plaza Capital Maint	PW	62,650	50,000	50,000	50,000
Mexican Heritage Plaza Maint and Ops	PW	495,000	450,000	450,000	450,000
Move Your Jobs to San José Communications	OED	0	0	0	100,000
Neighborhood Business Districts	OED	0	45,000	45,000	45,000
Planning Commission	PBCE	21,969	23,135	23,135	23,135
Property Leases	OED	0	1,853,143	1,904,837	1,633,681
Public Art in Private Development	OED	201,647	13,000	0	0

City-Wide Expenses

Budget Program: Community and Economic Development

City Service Area: Community and Economic Development

Detail of Costs Description

Community and Economic Development	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Responsible Landlord Engagement Initiative (RLEI)	CMO	\$ 0	\$ 0	\$ 0	\$ 25,000
San José Downtown Association	OED	0	210,000	0	250,000
San José Green Vision	OED	3,500	0	0	0
San José Museum of Art	OED	475,000	475,000	475,000	475,000
San José Repertory Theater	OED	285,000	285,000	285,000	285,000
SAP Center Renegotiation	OED	0	0	0	100,000
Sports Authority	CMO	338,073	538,073	338,073	438,073
Tech Museum of Innovation	OED	1,049,750	1,049,750	1,049,750	1,049,750
Visitor's Study	OED	0	50,000	0	50,000
TOTAL		\$ 20,031,021	\$ 28,306,766	\$ 21,492,760	\$ 30,127,404

* The 2014-2015 Adopted Budget inadvertently contained a rebudget for Cultural and Arts Facilities Capital Replacement and Maintenance of \$278,000 that should have been rebudgeted for Cultural Facilities Capital Maintenance. This was corrected as part of the 2013-2014 Annual Report.

City-Wide Expenses

Budget Program: Environmental and Utility Services

City Service Area: Environmental and Utility Services

Detail of Costs Description

Environmental and Utility Services	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
City-Building Energy Projects Program	ESD	\$ 250,535	\$ 1,140,000	\$ 0	\$ 600,000
Clean Creeks Healthy Communities	ESD	260,161	293,000	0	232,000
Energy Efficiency Program	PW	157,694	395,484	0	0
Pesticide Management Demonstration	ESD	49,932	0	0	0
Recovery Act - Energy Efficiency and Conservation Block Grant	ESD	2,993,433	10,000	0	0
Recovery Act - Local Energy Assurance Planning (LEAP)	ESD	57,104	0	0	0
Recovery Act - Retrofit California Program	ESD	167,971	0	0	0
Recovery Act - Solar Market Transformation	ESD	(1,746)	0	0	0
Silicon Valley Energy Watch (SVEW) Innovator Pilots	ESD	113,677	317,000	0	0
Storm Fees	ESD	256,571	261,000	257,000	257,000
TOTAL		\$ 4,305,332	\$ 2,416,484	\$ 257,000	\$ 1,089,000

City-Wide Expenses

Budget Program: Neighborhood Services

City Service Area: Neighborhood Services

Detail of Costs Description

Neighborhood Services	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
1st Act Silicon Valley Digital Media Grant	PRNS	\$ 6,572	\$ 1,362	\$ 0	\$ 6,400
After School Education and Safety Programs for 2013-2014	PRNS	(6,588)	0	0	0
After School Education and Safety Programs for 2012-2013	PRNS	601,975	0	0	0
California Gang Reduction, Intervention and Prevention (CALGRIP) Grant	PRNS	97,479	204,934	224,000	224,000
Child Care Portable Debt Service Payments	PRNS	4,327	0	0	3,673
Children's Health Initiative	PRNS	2,100,000	1,100,000	0	550,000
Communities Putting Prevention to Work Grant - Obesity Prevention Initiative	PRNS	66,827	16,379	0	0
Community Action and Pride Grants	CMO	4,500	100,000	0	100,000
Enhance Fitness and Matter of Balance Program Grant	PRNS	28,414	31,710	0	0
Health Trust Communities Putting Prevention to Work Grant	HSG	16,884	0	0	0
Health Trust Corner Store Program	CMO	0	0	0	50,000
Maddie Lifesaving Grant	PW	131,671	250,000	0	100,000
National Forum Capacity-Building Grant OJJDP 2012-2015	PRNS	48,450	106,550	142,000	197,900
OJJDP Community-Based Violence Prevention (TOT Growth)*	PRNS	106,568	147,632	263,700	331,650
PG&E Summer Cooling Shelter Program Grant	PRNS	0	14,000	0	12,339
San José BEST and Safe Summer Initiative Programs*	PRNS	4,055,361	5,005,000	3,060,000	6,088,514
San Jose Parks Foundation	PRNS	0	60,000	0	0
Science Program for Alum Rock Youth Center	PRNS	195	0	0	0
Senior Education and Outreach Grant	PRNS	40,837	195,000	0	0
Senior Wellness Program	PRNS	15,000	0	0	0
Summer Youth Nutrition Program	PRNS	36,315	0	0	0
Workers' Compensation Claims - PRNS	PRNS	1,001,565	1,500,000	1,500,000	1,500,000
TOTAL		\$ 8,356,352	\$ 8,732,567	\$ 5,189,700	\$ 9,164,476

* In 2013-2014 the San José BEST Program and the Safe Summer Initiative appropriations were combined. The 2012-2013 actuals for these programs have been restated to reflect the collapse of these two programs into one appropriation.

City-Wide Expenses

Budget Program: Public Safety

City Service Area: Public Safety

Detail of Costs Description

Public Safety	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
2013 Encourage Arrest Policies and Enforcement of Protection Orders Grant	PD	\$ 0	\$ 0	\$ 0	\$ 504,854
Anti-Drug Abuse Grant 2011-2012	PD	24,075	0	0	0
Anti-Drug Abuse Grant 2012-2013	PD	66,282	25,629	0	0
Anti-Drug Abuse Grant 2013-2014	PD	0	0	0	98,182
Anti-Human Trafficking Task Force Program Grant 2012	PD	61,835	183,060	0	0
Arena Traffic Control	DOT	225,313	227,000	279,500	279,500
Automated Fingerprint Identification System	PD	250,693	238,884	0	239,000
Automated Fingerprint Identification System Phase III	PD	0	161,140	0	161,000
Avoid the 13 Grant 2012-2013	PD	3,353	6,647	0	654
Bay Area Regional Interoperability Communication System	CMO	73,405	25,000	7,500	7,500
Bulletproof Vest Partnership Grant	PD	18,620	36,828	0	0
Cardiac Monitors/Defibrillators	FIRE	1,627,276	0	0	0
Child Sexual Predator Program Grant 2009	PD	15,322	0	0	0
COPS Technology Program Grant 2009	PD	1,291	0	0	0
COPS Technology Program Grant 2010	PD	25,256	0	0	0
CrimeStoppers	PD	0	30,000	0	47,000
Domestic Violence Prevention Program	CMO	0	50,000	0	0
DUI Enforcement and Awareness Program Grant 2011-2012	PD	139,636	0	0	0
Emergency Management Performance Grant 2011	FIRE	9,368	0	0	0
Emergency Response and Preparedness	FIRE	99,248	216,200	0	244,000
Fire Self Contained Breathing Apparatus	FIRE	440	0	0	0
Hazardous Materials Consent Judgment	FIRE	0	35,088	0	35,088
Human Trafficking Prevention Grant 2011	PD	295,013	145,975	0	102,433
Internet Crimes Against Children Continuation Grant 2011	PD	267,320	178,475	0	0
Internet Crimes Against Children Task Force Grant 2011-2012	PD	100,000	0	0	215,211
La Raza Study	PD	40,000	0	0	0
La Raza Study/Harvard Study Consensus Building Project	PD	0	50,000	0	50,000
Metropolitan Medical Response System Grant 2010	FIRE	207,070	0	0	0
Metropolitan Medical Response System Grant 2011	FIRE	8,589	232,396	0	0
Mobile Identification Services Project	PD	0	137,000	0	137,000
Northern California Regional Intelligence Center SUASI - Police	PD	227,308	242,308	0	242,308
Police Officers' Professional Liability Insurance	FIN	153,404	156,000	161,000	161,000
Protecting Children from Commercial Sexual Exploitation Grant 2011	PD	110,928	118,111	0	32,120

City-Wide Expenses

Budget Program: Public Safety

City Service Area: Public Safety

Detail of Costs Description

Public Safety	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Recovery Act - 2009 Anti-Human Trafficking Task Force	PD	\$ 7,545	\$ 0	\$ 0	\$ 0
Recovery Act - 2009 Internet Crimes Against Children Task Force	PD	203,167	0	0	0
Recovery Act - 2010-2012 Anti-Drug Abuse Enforcement Team Program Grant	PD	1,146	0	0	0
Recovery Act - Anti-Drug Abuse Enforcement Team	PD	7,311	0	0	0
Selective Traffic Enforcement Grant Program 2012-2013	PD	113,774	80,553	0	0
Selective Traffic Enforcement Grant Program 2013-2014	PD	0	0	0	151,970
Silicon Valley Regional Interoperability Project Authority	FIRE	194,592	136,000	143,000	143,000
Sobriety Checkpoint Grant Program 2012-2013	PD	59,325	73,882	0	0
Sobriety Checkpoint Grant Program 2013-2014	PD	0	0	0	70,295
State Homeland Security Grant Program	PD	34,070	27,846	0	0
Truancy Abatement Program	PRNS	6,600	0	0	0
Urban Area Security Initiative Grant - Fire 2010	FIRE	18,811	0	0	0
Urban Area Security Initiative Grant - Fire 2011	FIRE	257,396	187,090	0	0
Urban Area Security Initiative Grant - Fire 2012	FIRE	0	85,500	0	0
Urban Area Security Initiative Grant - Fire 2013	FIRE	0	0	0	539,000
Urban Area Security Initiative Grant - Police 2010	PD	819,598	0	0	0
Urban Area Security Initiative Grant - Police 2011	PD	841,790	118,486	0	0
Urban Area Security Initiative Grant - Police 2012	PD	511,624	112,000	0	0
Urban Area Security Initiative Grant - Police 2013	PD	0	0	0	105,797
Urban Area Security Initiative Training Grant	PD	12,161	15,000	0	0
Workers' Compensation Claims - Fire	FIRE	6,935,740	7,850,000	7,300,000	7,300,000
Workers' Compensation Claims - Police	PD	8,020,000	8,600,000	8,600,000	8,600,000
TOTAL		\$ 22,095,695	\$ 19,782,098	\$ 16,491,000	\$ 19,466,912

City-Wide Expenses

Budget Program: Transportation and Aviation Services

City Service Area: Transportation and Aviation Services

Detail of Costs Description

Transportation and Aviation Services	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Cambrian 36 Traffic Safety Enhancements	DOT	\$ 14,022	\$ 10,000	\$ 0	\$ 0
Contractual Street Tree Planting	DOT	0	106,175	1,000	107,175
Emergency Street Tree Services	DOT	161,388	400,000	200,000	346,000
Parking Citations Processing	DOT	644,820	680,000	680,000	680,000
Parking Citations/Jail Courthouse Fees	DOT	2,096,877	2,480,000	2,380,000	2,380,000
Radar Speed Display Signs	DOT	250,946	70,000	0	0
Raised Reflective Markers and Arterial Street Striping	DOT	169,362	250,000	0	40,000
Sidewalk Repairs	DOT	663,749	1,500,000	600,000	1,200,000
Street Tree Maintenance	DOT	0	660,000	0	270,000
Vehicle Detection Sensors	DOT	72,531	0	0	170,000
Workers' Compensation Claims - Transportation	DOT	726,055	710,000	710,000	710,000
TOTAL		\$ 4,799,750	\$ 6,866,175	\$ 4,571,000	\$ 5,903,175

City-Wide Expenses

Budget Program: Strategic Support

City Service Area: Strategic Support

Detail of Costs Description

Strategic Support	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
1970, 1980, and 1990 COLA Federated, Police & Fire Retirees	RET	\$ 88,053	\$ 100,000	\$ 85,000	\$ 85,000
2-1-1 Call Center	CMO	0	75,000	0	75,000
Annual Audit	AUD	208,505	221,000	225,000	225,000
Arena Community Fund	CLK	283,713	425,000	330,000	449,000
Ballot Measure Polling	CMO	0	50,000	0	50,000
Banking Services	FIN	1,038,601	1,150,250	1,185,000	1,435,000
Bay Area Electric Vehicle Corridor Project	PW	40,253	0	0	0
Bond Project Audits	AUD	51,073	55,000	56,500	56,500
Business Tax System Replacement	FIN	6,212	1,800,000	0	0
Chinese Historical Society	PW	3,000	3,000	3,000	3,000
City Auditor's Office Performance Audit	CLK	0	5,000	0	0
City Dues/Memberships	CLK	370,554	375,000	340,000	340,000
City Manager Special Projects	CMO	0	110,000	0	150,000
City Outreach and Education Efforts	CMO	125,458	138,000	100,000	205,000
Civil Service Commission	CLK	16,361	25,000	20,000	20,000
Community Translation/Interpretation and Meeting Spaces	CLK	3,208	0	0	29,000
Computer System Remediation Project	IT	(5,525)	75,000	0	75,000
Cultural Facilities Capital Maintenance*	PW	0	278,000	139,000	139,000
Customer Satisfaction Survey (Bi-Annual)**	HR	0	0	55,000	55,000
Deferred City Facilities Security and Maintenance	PW	162,404	0	0	0
E-Ideas Program	CMO	42,311	25,000	25,000	196,600
Elections and Ballot Measures	CLK	1,007,730	1,793,096	1,400,000	2,377,000
Elections Commission	CLK	131,526	60,000	120,000	120,000
Employee and Community Surveys**	MGR	33,525	55,000	0	0
Employee Engagement Program Survey and Training**	MGR	0	0	0	120,000
False Claims Act Litigation Settlement	ATTY	3,926	304,490	0	301,713
Financial Management System Business Process Mapping	ITD	14,980	435,000	0	435,000
Fire Hydrant Program	FIN	0	65,000	0	0
Fiscal Reform Plan Outside Legal Counsel	ATTY	1,630,006	0	0	0
FMC Debt Service Payments	FIN	2,934,091	3,310,000	3,018,000	3,018,000
General Employee Tuition	HR	67,171	75,000	75,000	75,000
General Liability Claims	FIN	3,752,207	7,900,000	3,000,000	10,000,000
Google Fiber Project	CMO	0	0	0	100,000
Government Access - Capital Expenditures	CMO	104,144	375,300	144,500	469,500
Grant Compliance Single Audit	AUD	73,799	76,000	78,000	78,000
Hellyer-Piercy Deferral Assessment Agreement Program	PW	138,380	0	0	0
Human Resources/Payroll System Upgrade	FIN	9,270	2,453,500	0	0
HUD Section 108 Loan Repayment	FIN	4,972,425	0	0	0
IAFF Binding Interest Arbitration	CMO	657	0	0	0
Information Technology Business Applications Support	IT	112,212	85,000	0	0
Information Technology Desktop Modernization	IT	0	0	0	500,000
Insurance Premiums	FIN	508,614	548,000	525,000	575,000
Internal Financial Controls Evaluation	FIN	0	200,000	0	130,000
Labor/Employee Relations Consultant Funding	CMO	373,780	400,000	0	115,000

City-Wide Expenses

Budget Program: Strategic Support

City Service Area: Strategic Support

Detail of Costs Description

Strategic Support	Dept	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Mayor and City Council Travel	CLK	\$ 19,964	\$ 20,000	\$ 20,000	\$ 29,000
Organizational Effectiveness	CMO	60,689	208,000	90,000	245,000
Police Retirees' Health/Dental Fees	RET	85,119	120,000	125,000	125,000
Property Assessed Clean Energy (PACE) Program	FIN	0	0	0	275,000
Property Tax Administration Fee	FIN	1,574,975	1,576,000	1,901,000	1,901,000
Public, Educational, and Government (PEG) Access Facilities - Capital	CMO	1,487,810	1,995,200	1,638,000	2,098,000
Public Works Unfunded Projects	PW	167,665	150,000	150,000	150,000
Recovery Act Administration	CMO	79,776	0	0	0
Retirement Actuarial Studies	CMO	0	94,000	0	54,000
Retirement Prepayment Actuarial Services	RET	5,439	6,000	6,000	6,000
Revenue Enhancement Consulting Services	FIN	482,910	455,000	455,000	455,000
Sick Leave Payments Upon Retirement	FIN	3,916,375	10,500,000	5,000,000	5,000,000
Spartan Keyes Neighborhood Action Center	PRNS	0	30,000	0	30,000
State of the City Convocation	CLK	45,227	52,000	55,000	55,000
Successor Agency City Subsidy	CMO	12,343,475	850,000	2,000,000	1,300,000
TRANS Debt Service	FIN	100,636,092	632,000	800,000	400,000
Watson Park Settlement	ATTY	3,841	1,343,659	0	1,323,631
Workers' Compensation Claims - Other Departments	HR	1,153,084	1,170,000	1,170,000	1,170,000
Workers' Compensation Claims - Public Works	PW	286,740	320,000	320,000	320,000
Workers' Compensation State License	HR	871,707	916,000	1,100,000	1,100,000
TOTAL		\$ 141,523,512	\$ 43,483,495	\$ 25,754,000	\$ 38,038,944

* The 2014-2015 Adopted Budget inadvertently contained a rebudget for Cultural and Arts Facilities Capital Replacement and Maintenance of \$278,000 that should have been rebudgeted for Cultural Facilities Capital Maintenance. This was corrected as part of the 2013-2014 Annual Report.

** Beginning in 2014-2015, funding for the "Employee and Community Survey" was redistributed across two new appropriations, the "Customer Satisfaction Survey (Bi-Annual)" appropriation and the annual "Employee Engagement Survey and Training" appropriation to separate the funding associated with each survey.

General Fund Capital, Transfers, Reserves

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To provide necessary funding for: (1) capital projects not funded by a dedicated funding source, (2) transfers to other funds, (3) reserves earmarked for known future needs, and (4) a reserve for unforeseen contingencies

City Service Areas

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

Programs

Capital Contributions

Earmarked Reserves

Transfers to Other Funds

Contingency Reserve

General Fund Capital, Transfers, Reserves

Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Program					
Capital Contributions	\$ 6,178,088	\$ 29,437,000	\$ 5,250,000	\$ 34,624,000	17.6%
Transfers to Other Funds	29,162,358	25,635,266	26,617,380	35,917,380	40.1%
Earmarked Reserves	N/A	118,163,724	18,681,589	129,211,245	9.3%
Contingency Reserve	N/A	29,309,000	31,000,000	32,500,000	10.9%
Total	\$ 35,340,446	\$ 202,544,990	\$ 81,548,969	\$ 232,252,625	14.7%
Dollars by Category					
Capital, Transfers, Reserves	\$ 35,340,446	\$ 202,544,990	\$ 81,548,969	\$ 232,252,625	14.7%
Total	\$ 35,340,446	\$ 202,544,990	\$ 81,548,969	\$ 232,252,625	14.7%
Dollars by Fund					
General Fund	\$ 35,340,446	\$ 202,544,990	\$ 81,548,969	\$ 232,252,625	14.7%
Total	\$ 35,340,446	\$ 202,544,990	\$ 81,548,969	\$ 232,252,625	14.7%
Authorized Positions	N/A	N/A	N/A	N/A	N/A

General Fund Capital, Transfers, Reserves

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
Prior Year Budget (2013-2014):	0.00	202,544,990
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
● Capital Contributions Rebudget: Arena Repairs		(349,000)
● Capital Contributions Rebudget: Bucknall Road		(166,000)
● Capital Contributions Rebudget: Closed Landfill Compliance		(40,000)
● Capital Contributions Rebudget: Fire Apparatus Replacement		(5,494,000)
● Capital Contributions Rebudget: Fire Facilities Remediation		(600,000)
● Capital Contributions Rebudget: Police Administration Building Critical Repairs		(75,000)
● Capital Contributions Rebudget: Police Administration Building/Emergency Communications Center Back-Up Generator Replacements		(400,000)
● Capital Contributions Rebudget: Police Communications Emergency Uninterrupted Power Supply		(3,700,000)
● Capital Contributions Rebudget: Police Administration Building/Security Upgrades		(680,000)
● Capital Contributions Rebudget: South San José Police Substation FF&E		(888,000)
● Capital Contributions: African American Community Services Agency Facility Repairs		(25,000)
● Capital Contributions: City Cultural Facilities Capital Maintenance		(400,000)
● Capital Contributions: City Hall Bamboo Courtyard Renovation		(250,000)
● Capital Contributions: City Hall Waterproofing		(1,600,000)
● Capital Contributions: Downtown Ice Rink Improvements		(70,000)
● Capital Contributions: Police Administration Building HVAC Controls Replacements		(275,000)
● Capital Contributions: Police Administration Building Elevator Retrofit		(600,000)
● Capital Contributions: Police Administration Building Firing Range Lighting		(75,000)
● Capital Contributions: Police Administration Building/Police Communications Center Chiller Replacements		(2,400,000)
● Capital Contributions: Police Administration Building/Police Communications Center Exterior Waterproofing		(350,000)
● Capital Contributions: Police Communications Center Electrical System Upgrade		(1,650,000)
● Capital Contributions: Police Communications Fire Protection System Upgrade		(3,000,000)
● Capital Contributions: Police Communications Center Redundant Power Circuitry System Design		(200,000)
● Capital Contributions: TRAIL: San Tomas Aquino Pedestrian Improvements		(100,000)
● Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		150,000
● Earmarked Reserves Rebudget: 2014-2015 Police Sworn Hire Ahead Program Reserve		(3,000,000)
● Earmarked Reserves Rebudget: Building Development Fee Program Reserve		(16,813,670)
	Positions	General Fund (\$)

General Fund Capital, Transfers, Reserves

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

Base Adjustments

One-Time Prior Year Expenditures Deleted

● Earmarked Reserves Rebudget: City Annual Required Retirement Contributions Reserve	(1,000,000)
● Earmarked Reserves Rebudget: Fire Development Fee Program Reserve	(5,253,394)
● Earmarked Reserves Rebudget: Fire Station 37 (Willow Glen) Reserve	(620,000)
● Earmarked Reserves Rebudget: Fiscal Reform Plan Implementation Reserve	(150,000)
● Earmarked Reserves Rebudget: Fuel Usage Reserve	(250,000)
● Earmarked Reserves Rebudget: Planning Development Fee Program Reserve	(1,197,673)
● Earmarked Reserves Rebudget: Police Property Facility Relocation Reserve	(500,000)
● Earmarked Reserves Rebudget: Public Works Development Fee Program Reserve	(5,273,523)
● Earmarked Reserves Rebudget: Salaries and Benefits Reserve	(5,000,000)
● Earmarked Reserves Rebudget: Successor Agency City Legal Obligations Reserve	(7,500,000)
● Earmarked Reserves Rebudget: Wellness Program Reserve	(417,028)
● Earmarked Reserves Rebudget: Workers' Compensation/General Liability Reserve	(15,000,000)
● Earmarked Reserves: 2014-2015 Community Action and Pride Grants Reserve	(100,000)
● Earmarked Reserves: 2014-2015 Future Deficit Reserve	(13,700,000)
● Earmarked Reserves: 2014-2015 Homeless Rapid Rehousing Reserve	(2,000,000)
● Earmarked Reserves: 2014-2015 Homeless Response Team Reserve	(1,500,000)
● Earmarked Reserves: 2014-2015 San José BEST and Safe Summer Initiative Programs Reserve	(1,500,000)
● Earmarked Reserves: Aircraft Rescue and Firefighting Services Reserve	(507,751)
● Earmarked Reserves: Budget Stabilization Reserve	(10,000,000)
● Earmarked Reserves: Building Development Fee Program Reserve	4,500,000
● Earmarked Reserves: 2014-2015 Children's Health Initiative Reserve	(550,000)
● Earmarked Reserves: 2015-2016 Children's Health Initiative Reserve	(275,000)
● Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve	600,000
● Earmarked Reserves: Development Fee Programs Technology Reserve	(5,445,000)
● Earmarked Reserves: Fire Development Fee Program Reserve	630,000
● Earmarked Reserves: Fiscal Reform Plan Implementation Reserve	(1,350,000)
● Earmarked Reserves: Operating/Capital Budget Systems Replacement Reserve	(2,850,000)
● Earmarked Reserves: Planning Development Fee Program Reserve	497,000
● Earmarked Reserves: Public Works Development Fee Program Reserve	555,000
● Earmarked Reserves: San José Police Officers' Association Employee Compensation Planning Reserve	(3,500,000)
● Earmarked Reserves: Successor Agency City Legal Obligations Reserve	(2,500,000)

One-Time Prior Year Expenditures Subtotal: 0.00 (124,208,039)

General Fund Capital, Transfers, Reserves

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
● Capital Contributions: Fire Apparatus Replacement adjustment		(1,000,000)
● Capital Contributions: Unanticipated/Emergency Maintenance adjustment		200,000
● Transfers to Other Funds: Arena Enhancement Fund adjustment		(1,015,278)
● Transfers to Other Funds: City Hall Debt Service Fund adjustment		2,622,158
● Transfers to Other Funds: Communications Construction and Conveyance Tax Fund adjustment		(175,000)
● Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion adjustment		(400,000)
● Transfers to Other Funds: Downtown Property and Business Improvement District Fund adjustment		234
● Transfers to Other Funds: Municipal Golf Course Fund adjustment		(400,000)
● Transfers to Other Funds: Vehicle Maint and Ops Fund/General Fleet Vehicle Replacement adjustment		200,000
● Earmarked Reserves: Deferred Infrastructure and Maintenance establishment		200,000
● Earmarked Reserves: Employee Compensation Planning Reserve adjustment		6,639,000
● Earmarked Reserves: Employee Market Competitiveness Reserve establishment		500,000
● Earmarked Reserves: General Plan Update Reserve establishment		200,000
● Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Reserve establishment		193,000
● Earmarked Reserves: New Traffic Infrastructure Assets Maintenance and Operations Reserve establishment		11,000
● Earmarked Reserves: Salaries and Benefits Reserve adjustment		234,904
● Earmarked Reserves: San José Police Officers' Association Employee Compensation Planning Reserve		(6,489,000)
● Contingency Reserve (2013-2014 increase)		1,691,000
Technical Adjustments Subtotal:	0.00	3,212,018
2014-2015 Forecast Base Budget:	0.00	81,548,969
Budget Proposals Approved		
Capital Contributions		
1. Capital Contributions: Children's Discovery Museum Chiller Replacements		700,000
2. Capital Contributions: Children's Discovery Museum Portico Reroof		250,000
3. Capital Contributions: City Hall Security Improvements		50,000
4. Capital Contributions: Downtown Ice Rink Improvements		100,000
5. Capital Contributions: Municipal Garage Repainting		120,000
6. Capital Contributions: Police Administration Building Visitors Parking Lot and Campus Asphalt Repairs		150,000
7. Capital Contributions: Police Communications Center Parking Deck and Ramp Restoration		350,000
8. Capital Contributions: Unanticipated/Emergency Maintenance		150,000

General Fund Capital, Transfers, Reserves

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
<hr/> Budget Proposals Approved <hr/>		
Capital Contributions		
9. Capital Contributions: United States Patent and Trademark Office - City Staff Relocation		4,450,000
10. Capital Contributions: Rebudgets		23,054,000
Capital Contributions Subtotal:	0.00	29,374,000
Transfers to Other Funds		
1. Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion		(900,000)
2. Transfers to Other Funds: Ice Centre Revenue Fund - Former RDA SERAF Loan Repayment		2,045,000
3. Transfers to Other Funds: Sewage Treatment Plant Connection Fee Fund - Former RDA SERAF Loan Repayment		5,095,000
4. Transfers to Other Funds: Subdivision Park Trust Fund - Former RDA SERAF Loan Repayment		3,060,000
Transfers to Other Funds Subtotal:	0.00	9,300,000
Earmarked Reserves		
1. Earmarked Reserves: 2015-2016 Community Action and Pride Grants Reserve		100,000
2. Earmarked Reserves: 2015-2016 Evergreen Branch Library Saturday Hours Reserve		119,845
3. Earmarked Reserves: 2015-2016 Future Deficit Reserve		2,400,000
4. Earmarked Reserves: 2015-2016 Homeless Rapid Rehousing Reserve		2,000,000
5. Earmarked Reserves: 2015-2016 Homeless Response Team Reserve		1,500,000
6. Earmarked Reserves: 2015-2016 San José BEST and Safe Summer Initiative Programs Reserve		1,500,000
7. Earmarked Reserves: Air Service Incentive Program Reserve		1,000,000
8. Earmarked Reserves: Artificial Turf Capital Replacement Reserve		200,000
9. Earmarked Reserves: Business Tax System Replacement Reserve		850,000
10. Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)
11. Earmarked Reserves: Fiscal Reform Plan Implementation Reserve		500,000
12. Earmarked Reserves: Human Resources/Payroll System Reserve		1,000,000
13. Earmarked Reserves: New Traffic Infrastructure Assets Maintenance and Operations Reserve Elimination		(11,000)
14. Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Elimination		(193,000)
15. Earmarked Reserves: Police Department Staffing Reserve		10,002,200
16. Earmarked Reserves: Salary Program - Employee Compensation Planning Reserve		(5,497,000)
17. Earmarked Reserves: Rebudgets		95,858,611
Earmarked Reserves Subtotal:	0.00	110,529,656

General Fund Capital, Transfers, Reserves

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	Positions	General Fund (\$)
<hr/> Budget Proposals Approved <hr/>		
Contingency Reserve		
1. Contingency Reserve Increase		1,500,000
Contingency Reserve Subtotal:	0.00	1,500,000
Total Budget Proposals Approved	0.00	150,703,656
<hr/>		
2014-2015 Adopted Budget Total	0.00	232,252,625
<hr/>		

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Capital Contributions		
1. Capital Contributions: Children’s Discovery Museum Chiller Replacements		700,000
Strategic Support CSA		
<p>This action replaces two chillers at the Children’s Discovery Museum. The current two chillers are each 27 years old and are beyond their serviceable life, which is estimated to be 20 years. Maintenance costs of this equipment have been increasing and the equipment is failing. This project is partially funded by the projected growth in the General Fund’s share of the Transient Occupancy Tax (\$450,000) that is set aside for capital replacement and maintenance of City-owned cultural and arts facilities. As directed in the Mayor’s March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the growth in the General Fund portion of TOT revenue above the 2013-2014 base year is to be set aside for cultural and arts facilities capital replacement and maintenance, as described in more detail in the City-Wide Expenses section of this document. (Ongoing costs: \$0)</p>		
2. Capital Contributions: Children’s Discovery Museum Portico Reroof		250,000
Strategic Support CSA		
<p>This action provides one-time funding to reroof the portico at the Children’s Discovery Museum. This project will address roof leaks and structural damage to the portico over the walkway to the museum caused by water infiltration. (Ongoing costs: \$0)</p>		
3. Capital Contributions: City Hall Security Improvements		50,000
Strategic Support CSA		
<p>This action provides one-time funding to enhance security at City Hall, which includes restricting access to the City Hall Tower roof by installing a gate at the 18th floor deck at the south stairs and securing the south stairs from the public by adding a double gate at the Sixth Street entrance. These security upgrades will help minimize unexpected costs from vandalism, improve public safety, and restrict access to vulnerable parts of the facility. (Ongoing costs: \$0)</p>		
4. Capital Contributions: Downtown Ice Rink Improvements		100,000
Strategic Support CSA		
<p>This action, in partnership with the San Jose Downtown Association (SJDA), provides one-time funding for a variety of capital improvements to Downtown Ice, the holiday ice rink at the Circle of Palms, including dasher board rehabilitation, lighting upgrades, and other miscellaneous equipment replacement and enhancements. This funding pays for one-half of the approximately \$200,000 renovation costs, with SJDA supplying the remaining amount. (Ongoing costs: \$0)</p>		

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Capital Contributions		
5. Capital Contributions: Municipal Garage Repainting		120,000
<i>Strategic Support CSA</i>		
<p>This action provides one-time funding to repaint the Municipal Garage that currently houses the San José police vehicle fleet. This project includes surface preparation such as grinding, sanding, and filling cracks and painting the surface with an elastomeric coating. This project will protect the structure from water infiltration. (Ongoing costs: \$0)</p>		
6. Capital Contributions: Police Administration Building Visitors Parking Lot and Campus Asphalt Repairs		150,000
<i>Strategic Support CSA</i>		
<p>This action provides one-time funding to remove and replace the asphalt at the Police Administration Building visitors parking lot, and restore the striping, signs and markings back to the original configuration. This project will also address the pavement needs for the restricted areas of the police campus. The current pavement surface is severely deteriorating and experiencing wear that would be more costly to repair in the future. (Ongoing costs: \$0)</p>		
7. Capital Contributions: Police Communications Center Parking Deck and Ramp Restoration		350,000
<i>Strategic Support CSA</i>		
<p>This action provides one-time funding to restore the parking deck and ramp at the Police Communications Center back to its original condition, which includes extensive preparation of asphalt and concrete surfaces, such as grinding and sealing cracks. There have been recent observations of water infiltration and this action will prevent damage to the structure and equipment below. (Ongoing costs: \$0)</p>		
8. Capital Contributions: Unanticipated/Emergency Maintenance		150,000
<i>Strategic Support CSA</i>		
<p>This action provides one-time funding to address unanticipated maintenance needs and correct safety problems at City-owned facilities. This funding will increase the allocation in 2014-2015 from the base budget level of \$600,000 to \$750,000. There continues to be unmet/deferred infrastructure and maintenance items that need urgent funding on an unplanned basis city-wide and the base allocation is likely not sufficient based on recent experience. An ongoing increase to this allocation in future years will be brought forward for City Council consideration as appropriate. (Ongoing costs: \$0)</p>		

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Capital Contributions		
9. Capital Contributions: United States Patent and Trademark Office – City Staff Relocation		4,450,000
<i>Strategic Support CSA</i>		
<p>On April 15, 2014, the City Council authorized the City Manager to execute a lease with the United States Government for the operation of a regional patent and trademark office to be located in approximately 35,000 square feet of space in the City Hall wing. This lease will necessitate the relocation of City staff. This action provides one-time funding of \$4.5 million for the construction costs associated with the remodeling of the space within the City Hall Tower to house relocated City staff from the City Hall Wing. This action includes programming, procurement of design-build vendor, design management, and construction management services (\$4.1 million) and the associated furniture, fixtures, and equipment (\$362,000). In the first five years, beginning in 2015-2016, the projected lease revenue of \$5.0 million over that period from the patent and trademark office will be sufficient to offset the relocation costs. (Ongoing costs: \$0)</p>		
10. Capital Contributions: Rebudgets		23,054,000
<i>Neighborhood Services CSA</i>		
<i>Public Safety CSA</i>		
<i>Strategic Support CSA</i>		
<p>The rebudget of unexpended 2013-2014 funds will allow for the completion of the projects in 2014-2015 listed below. (Ongoing costs: \$0)</p>		
Arena Repairs		400,000
City Hall Waterproofing		1,400,000
Closed Landfill Compliance		35,000
Downtown Ice Rink Improvements		70,000
Fire Apparatus Replacement		8,463,000
Fire Facilities Remediation		500,000
Kelley House Demolition		400,000
Police Administration Building Elevator Retrofit		595,000
Police Administration Building HVAC Controls Replacement		80,000
Police Administration Building Security Upgrades		100,000
Police Administration Building/Police Communications Center Chiller Replacements		2,000,000
Police Administration Building/Police Communications Center Exterior Waterproofing		350,000
Police Communications Center Electrical System Upgrade		1,550,000
Police Communications Center Redundant Power Circuitry System Design		195,000
Police Communications Emergency Uninterrupted Power Supply		3,250,000
Police Communications Fire Protection System Upgrade		2,950,000
South San José Police Substation FF&E		616,000
TRAIL: San Tomas Aquino Pedestrian Improvements		100,000
Subtotal Capital Contributions:	0.00	29,374,000

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Transfers to Other Funds		
1. Transfers to Other Funds: Community Facilities Revenue Fund/ Hayes Mansion		(900,000)
<i>Strategic Support CSA</i>		
<p>This action decreases the transfer to the Community Facilities Revenue Fund that accounts for the operation of the Hayes Mansion facility. A one-time \$900,000 reduction to the 2014-2015 debt/operating subsidy to Dolce, the operator of the Hayes Mansion Facility, is possible as a result of lower than anticipated interest rates on the variable rate debt for Hayes Center - Phase III debt service and letter of credit fee reductions in 2013-2014 resulting from the debt refunding in spring 2013. The ongoing savings from these transactions have already been captured in the 2015-2019 General Fund Forecast. (Ongoing savings: \$0)</p>		
2. Transfers to Other Funds: Ice Centre Revenue Fund - Former RDA SERAF Loan Repayment		2,045,000
<i>Community and Economic Development CSA</i>		
<p>This action establishes a transfer to the Ice Centre Revenue Fund in the amount of \$2,045,000 to repay the May 2010 Supplemental Education Revenue Augmentation Fund (SERAF) loan (\$2.0 million principal, estimated \$45,000 interest) due June 30, 2015. A total of three transfer appropriations totaling \$10.2 million are included (Sewage Treatment Plant Connection Fee Fund - \$5.1 million; Subdivision Park Trust Fund - \$3.1 million; and Ice Centre Revenue Fund - \$2.0 million). These loans were originally necessary in order for the former Redevelopment Agency to make the State mandated payments to the SERAF. The transfers to repay the loans are offset by the liquidation of the Successor Agency City Legal Obligations Reserve (\$8.0 million) and estimated 2013-2014 expenditure savings as a result of a lower anticipated General Fund net subsidy (\$1.5 million) to the Successor Agency to the Redevelopment Agency. In addition, the reduction of the 2014-2015 estimated General Fund subsidy, as discussed elsewhere, will fully offset these payments. It is important to note that loans such as these may be deemed an enforceable obligation of the Successor Agency contingent upon requirements as outlined in AB 1484 with repayment anticipated in later years. The Administration continues to work through these requirements; however, this action satisfies the amounts due to these special funds and realigns the loan between the City and Successor Agency between the City's General Fund and the Successor Agency. (Ongoing costs: \$0)</p>		
3. Transfers to Other Funds: Sewage Treatment Plant Connection Fee Fund – Former RDA SERAF Loan Repayment		5,095,000
<i>Environmental and Utility Services CSA</i>		
<p>This action establishes a transfer to the Sewage Treatment Plant Connection Fee Fund in the amount of \$5,095,000 to repay the May 2010 Supplemental Education Revenue Augmentation Fund (SERAF) loan (\$5.0 million principal, estimated \$95,000 interest) due June 30, 2015, as described above. (Ongoing costs: \$0)</p>		

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Transfers to Other Funds		
4. Transfers to Other Funds: Subdivision Park Trust Fund - Former RDA SERAF Loan Repayment		3,060,000
<i>Neighborhood Services CSA</i>		
This action establishes a transfer to the Subdivision Park Trust Fund in the amount of \$3,060,000 to repay the May 2010 Supplemental Education Revenue Augmentation Fund (SERAF) loan (\$3.0 million principal, estimated \$60,000 interest) due June 30, 2015, as described above. (Ongoing costs: \$0)		
Subtotal Transfers to Other Funds:	0.00	9,300,000

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Earmarked Reserves		
1. Earmarked Reserves: 2015-2016 Community Action and Pride Grants Reserve		100,000
<i>Neighborhood Services CSA</i>		
This action establishes a 2015-2016 Community Action and Pride Grants Reserve to maintain the current level of funding through 2015-2016. This program provides small grants to San José neighborhood groups to fund activities that result in cleaner, safer, and more engaged communities. (Ongoing costs: \$0)		
2. Earmarked Reserves: 2015-2016 Evergreen Branch Library Saturday Hours Reserve		119,845
<i>Neighborhood Services CSA</i>		
This action establishes a reserve to fund Saturday service at the Evergreen Branch in 2015-2016 through March 2016. A separate budget action in the Library Department provides funding for this service in 2014-2015. Currently, the Evergreen community has only one library until the new Southeast Branch Library is opened, which is tentatively scheduled for March 2016. Included in this reserve is funding for 2.88 positions and \$15,000 for utility costs associated with the additional day of operation. (Ongoing costs: \$0)		
3. Earmarked Reserves: 2015-2016 Future Deficit Reserve		2,400,000
<i>Strategic Support CSA</i>		
This action establishes the 2015-2016 Future Deficit Reserve of \$2.4 million. The 2015-2019 General Fund Forecast that was issued in February 2014 projected an ongoing \$4.2 million General Fund shortfall for 2015-2016. This shortfall is now projected to total \$2.4 million based on changes implemented in this Adopted Budget, including an ongoing increase to Property Tax revenue (\$4.2 million) partially offset by the reallocation of Police Tier 2 retirement benefits savings to fund Police Department staffing needs (\$2.4 million anticipated in 2015-2016). (Ongoing costs: \$0)		
4. Earmarked Reserves: 2015-2016 Homeless Rapid Rehousing Reserve		2,000,000
<i>Community and Economic Development CSA</i>		
As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action establishes a 2015-2016 Homeless Rapid Rehousing Reserve to maintain the current level of funding through 2015-2016. In 2013-2014, funding was added to provide these services through 2014-2015. The primary purpose of the rapid rehousing effort (described in further detail in the City-Wide Expenses section of the document) is to engage transitionally homeless individuals from targeted encampments with a history of sustained San José residency and provide them with supportive services and rental subsidies to successfully assist them in their transition from homelessness to permanent housing. (Ongoing costs: \$0)		

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
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Earmarked Reserves

5. Earmarked Reserves: 2015-2016 Homeless Response Team Reserve 1,500,000

Community and Economic Development CSA

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action establishes a 2015-2016 Homeless Response Team Reserve to maintain the current level of funding through 2015-2016. In 2013-2014, funding was added to provide these services through 2014-2015. This program (described in further detail in the City-Wide Expenses section of this document) provides the City with a stronger infrastructure for addressing homelessness, including the response related to encampments and the concerns of community members and businesses regarding individuals living in encampments. (Ongoing costs: \$0)

6. Earmarked Reserves: 2015-2016 San José BEST and Safe Summer Initiative Programs Reserve 1,500,000

Neighborhood Services CSA

As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, this action establishes a 2015-2016 San José Bringing Everyone's Strengths Together (BEST) and Safe Summer Initiative Programs Reserve to maintain the current level of funding of \$4.6 million annually through 2015-2016. The San José BEST and Safe Summer Initiative Programs support gang prevention and intervention efforts by providing funding to various community-based organizations and other government agencies that provide direct gang intervention services. (Ongoing costs: \$0)

7. Earmarked Reserves: Air Service Incentive Program Reserve 1,000,000

Transportation and Aviation Services CSA

The Municipally Funded Air Service Incentive Program, a provision of the Airline-Airport Lease and Operating Agreements approved by the City Council in March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nation-wide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Based on activity levels in 2013-2014, it is anticipated that the enplanements at the Airport will exceed the Federal Aviation Administration's projection of 0.8% for national enplanement growth in 2013-2014 by at least 6.4 basis points (total 7.2 basis points). Therefore, a reduction to the 2014-2015 overhead payment from the Airport to the General Fund is anticipated in 2014-2015. To account for this adjustment, the establishment of a \$1 million reserve allows for a reduction in the overhead rate by approximately 6.4 basis points. The reconciliation of actual 2013-2014 performance occurred as part of the 2013-2014 Annual Report. On an ongoing basis, \$500,000 is set aside for this purpose as the General Fund already provided almost \$500,000 as part of this program in 2013-2014. (Ongoing costs: \$500,000)

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
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Earmarked Reserves

8. **Earmarked Reserves: Artificial Turf Capital Replacement Reserve** **200,000**

Neighborhood Services CSA

This action establishes a reserve to set aside funds for the cost of replacement of artificial turf fields at various neighborhood parks. There are currently seven artificial turf fields throughout the City and several planned in the near future. Turf fields are expected to last approximately ten years and the cost to replace a field is approximately \$800,000. These funds are available from the projected field reservation revenues collected above the estimated costs to reserve and maintain the fields. (Ongoing costs: \$0)

9. **Earmarked Reserves: Business Tax System Replacement Reserve** **850,000**

Strategic Support CSA

This action establishes an \$850,000 reserve for the replacement of the City's Business Tax System. The City's current Business Tax System is integrated into the City's Integrated Billing System (IBS) used for utility billing. The current billing system will no longer be supported after June 2015 as a result of the transition of utility billing for single-family dwelling residential dwellings to the County of Santa Clara Property Tax roll. Therefore, a new Business Tax System is needed to manage over 84,000 active annual Business Tax accounts generating approximately \$11.0 million in revenue annually. Previously, \$1.9 million was appropriated for the Business Tax System replacement during the prior two fiscal years and unspent funding of \$1.4 million was rebudgeted into this reserve, bringing the total allocation to \$2.3 million. This action sets aside funding for system and implementation costs and the necessary 2014-2015 funding for staffing, which represents six months of the estimated nine month transition timeline. Based on an initial Request For Proposal (RFP) that was conducted in 2012-2013, additional funding is anticipated to be necessary for the purchase and implementation of a Business Tax System Replacement. A revised RFP was issued in January 2014, and as part of this RFP review process, implementation costs and ongoing costs will be evaluated based on the responses and any necessary budget adjustments for this project will be brought forward for City Council consideration accordingly. (Ongoing costs: \$0)

10. **Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination** **(800,000)**

Strategic Support CSA

This action liquidates the reserve for deferred infrastructure and maintenance needs that was included in the 2015-2019 General Fund Forecast for 2014-2015. These funds are allocated to one-time infrastructure and maintenance needs in this budget. (Ongoing savings: \$0)

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
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Earmarked Reserves

- 11. Earmarked Reserves: Fiscal Reform Plan Implementation Reserve** **500,000**

Strategic Support CSA

This action increases the Fiscal Reform Plan Implementation reserve by \$500,000 to fund litigation-related costs associated with implementing the Fiscal Reform Plan. When combined with the Fiscal Reform Plan Implementation Reserve rebudget of \$1.0 million, a total of \$1.5 million is available for this purpose. (Ongoing costs: \$0)

- 12. Earmarked Reserves: Human Resources/Payroll System Reserve** **1,000,000**

Strategic Support CSA

This action establishes a \$1.0 million reserve for a Human Resources (HR)/Payroll solution. Transfers from Special and Capital Funds of \$234,000 will offset a portion of this cost for a net General Fund impact of \$766,000. In December 2012, the current Oracle system reached its end of life and an upgrade was scheduled for 2012-2013 with funding of \$2.47 million (\$1.82 million in the General Fund) appropriated to complete the upgrade. This project was delayed as a result of limited staffing resources; however during that period, the HR/Payroll Steering Committee, comprised of the Finance, Human Resources, and Information Technology Departments, surveyed the market through a Phase I Request For Proposal (RFP) process to identify potential alternatives to an upgrade of the current system. The results of the Phase I RFP determined that there are a number of solutions available in the marketplace, ranging from an upgrade to a complete outsourcing of the payroll function. Based on those results, the HR/Payroll Steering Committee elected to broaden the types of potential solutions that could best meet the City's requirements. A Phase II RFP was issued in April 2014. Replacement of the City's current budget system was also included in the RFP to ensure an integrated approach, which would allow more investment in functionality, rather than funding interfaces between systems that were procured independent of each other.

Funding of \$2.4 million was rebudgeted into this reserve for a total allocation of \$3.4 million. This funding provides the estimated resources necessary for 1) a new solution and implementation; 2) 2014-2015 staffing backfill resources which represents nine months of an estimated 18-month transition timeline; and 3) a 15% project contingency reserve. As part of the evaluation process of the current RFP, implementation services and ongoing costs will be evaluated based on the vendor responses and any necessary budget adjustments for this project will be brought forward for City Council consideration accordingly. (Ongoing costs: \$0)

- 13. Earmarked Reserves: New Traffic Infrastructure Assets Maintenance and Operations Elimination** **(11,000)**

Transportation and Aviation Services CSA

This action liquidates the Earmarked Reserve that was established in the 2014-2015 General Fund Forecast for projected operations and maintenance expenses of \$11,000 related to new traffic infrastructure assets (traffic signals, landscaping, and street lighting) that are scheduled to become operational in 2014-2015 and were included in the Five-Year Capital Improvement Program. These funds are allocated for operations and maintenance expenses in the Transportation Department section of this document. (Ongoing savings: \$14,000)

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
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Earmarked Reserves

- 14. Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Elimination (193,000)**

Neighborhood Services CSA

This action liquidates the Earmarked Reserve that was established in the 2014-2015 General Fund Forecast for projected operations and maintenance expenses of \$193,000 related to new parks and recreation facilities that are scheduled to become operational in 2014-2015 and were included in the Five-Year Capital Improvement Program. Allocated in the Parks, Recreation and Neighborhood Services Department section of this document, these include costs associated with Del Monte Park, Martial-Cottle Community Garden, Agnews Park and Community Center (Undeveloped), West Evergreen Park, Montecito Vista Park, Trail: Penitencia Creek 1B (Dorel Dr. to Noble Ave), Vista Montana Park (Turnkey) – Phase 2, Roberto Antonio Balermino Park, and Trail: Thompson Creek (Tully Road to Quimby Ave). (Ongoing savings: \$253,000)

- 15. Earmarked Reserves: Police Department Staffing Reserve 10,002,200**

Public Safety CSA

This action establishes a Police Department Staffing Reserve as directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council. Manager's Budget Addenda #14 and #24 provided a four-year Police Staffing Strategy to reach a level of 1,250 officers and prioritized the burglary investigation unit. These staffing and service level restorations will require substantial new resources. This reserve starts setting aside resources to address this need. Funding will be set aside annually until the 141 positions needed to reach 1,250 officers have been added. This reserve will be funded by ongoing cost savings from new police officers who receive Tier 2 retirement benefits and one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs. In 2015-2016, this reserve is expected to total \$3.0 million and includes \$2.4 million in estimated Tier 2 retirement savings in 2015-2016 as well as \$552,200 assumed as part of the 2014-2015 budget actions. (Ongoing costs: \$2,952,200)

- 16. Earmarked Reserves: Salary Program – Employee Compensation Planning Reserve (5,497,000)**

Strategic Support CSA

This action decreases the Employee Compensation Planning Reserve, offset by increases to department budgets described elsewhere in this document, to fund a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments were included in the 2013-2014 Annual Report as appropriate. (Ongoing savings: \$5,497,000)

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Earmarked Reserves		
17. Earmarked Reserves: Rebudgets		95,858,611
<i>Community and Economic Development CSA</i> <i>Neighborhood Services CSA</i> <i>Public Safety CSA</i> <i>Strategic Support CSA</i>		
This action provides for the rebudgeting of unexpended 2013-2014 funding from various Earmarked Reserves listed below. (Ongoing costs: \$0)		
2014-2015 Police Sworn Hire Ahead Program Reserve		3,000,000
2015-2016 Children's Health Initiative Reserve		275,000
Airport West Property Sale Reserve		1,000,000
Budget Stabilization Reserve		10,000,000
Building Development Fee Program Reserve		21,696,374
Business Tax System Replacement Reserve		1,440,000
City Annual Required Retirement Contributions Reserve		1,000,000
Development Fee Programs Technology Reserve		5,445,000
Fire Development Fee Program Reserve		6,435,140
Fiscal Reform Plan Implementation Reserve		1,000,000
Fuel Usage Reserve		250,000
General Plan Update Reserve		147,000
Human Resources/Payroll System Reserve		2,437,000
Office of Emergency Services Grant Reconciliation Reserve		500,000
Operating/Capital Budget Systems Replacement Reserve		2,850,000
Planning Development Fee Program Reserve		1,709,523
Police Property Facility Relocation Reserve		500,000
Public Works Development Fee Program Reserve		5,970,594
Retiree Healthcare Solutions Reserve		3,875,000
Salaries and Benefits Reserve		5,225,000
Sick Leave Payments Upon Retirement Reserve		6,000,000
Wellness Program Reserve		102,980
Workers' Compensations/General Liability Reserve		15,000,000
Subtotal Earmarked Reserves:	0.00	110,529,656

General Fund Capital, Transfers, Reserves

Budget Changes By Program

Adopted Budget Changes	Positions	General Fund (\$)
Contingency Reserve		
1. Contingency Reserve Increase		1,500,000
<i>Strategic Support CSA</i>		
Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund Contingency Reserve is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve from \$31.0 million to \$32.5 million to ensure compliance with the 3% funding requirement for the 2014-2015 Budget. (Ongoing Costs \$0)		
Subtotal Contingency Reserve:	0.00	1,500,000
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2014-2015 Adopted Budget Changes Total	0.00	150,703,656

General Fund Capital, Transfers, Reserves

Budget Program: Capital Contributions

City Service Area: Multiple

Detail of Costs Description

Capital Contributions	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Neighborhood Services CSA				
Parks & Community Facilities Dev. Capital Program				
Kelley House Demolition	\$ 0	\$ 0	\$ 0	\$ 400,000
TRAIL: San Tomas Aquino Pedestrian Improvements	0	100,000	0	100,000
Total Parks & Community Fac. Dev. Capital Pgm.	\$ 0	\$ 100,000	\$ 0	\$ 500,000
Total Neighborhood Services CSA	\$ 0	\$ 100,000	\$ 0	\$ 500,000
Public Safety CSA				
Public Safety Capital Program				
Fire Apparatus Replacement	\$ 3,215,871	\$ 10,494,000	\$ 4,000,000	\$ 12,463,000
Fire Facilities Remediation	0	600,000	0	500,000
South San José Police Substation Exterior Public Art	(7)	0	0	0
South San José Police Substation FF&E	880	888,000	0	616,000
Total Public Safety Capital Program	\$ 3,216,744	\$ 11,982,000	\$ 4,000,000	\$ 13,579,000
Total Public Safety CSA	\$ 3,216,744	\$ 11,982,000	\$ 4,000,000	\$ 13,579,000
Transportation & Aviation Services CSA				
Traffic Capital Program				
Bucknall Road	\$ 32,487	\$ 166,000	\$ 0	\$ 0
The Alameda Beautiful Way	300,000	0	0	0
Transportation Maintenance Backlog: Neighborhood Appearance	2,621	0	0	0
Total Traffic Capital Program	\$ 335,108	\$ 166,000	\$ 0	\$ 0
Total Transportation & Aviation Services CSA	\$ 335,108	\$ 166,000	\$ 0	\$ 0
Strategic Support CSA				
Municipal Improvements Capital Program				
African American Community Services Agency Facility Repairs	\$ 0	\$ 25,000	\$ 0	\$ 0
Arena Repairs	15,971	449,000	100,000	500,000
Bldg Facilities Maint Backlog: 9-1-1 UPS System, Comm. Air & Gen. Control, Spec. Ops. Mech. Sys.	(632)	0	0	0
Children's Discovery Museum Chiller Replacements	0	0	0	700,000
Children's Discovery Museum Portico Reroof	0	0	0	250,000
City Cultural Facilities Capital Maintenance	0	400,000	0	0
City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance	150,000	150,000	150,000	150,000
City Hall Bamboo Courtyard Renovation	0	250,000	0	0
City Hall Security Improvements	0	0	0	50,000
City Hall Waterproofing	0	1,600,000	0	1,400,000
Closed Landfill Compliance	264,628	390,000	350,000	385,000
Downtown Ice Rink Improvements	0	70,000	0	170,000
Fuel Tank Monitoring	105,180	50,000	50,000	50,000

General Fund Capital, Transfers, Reserves

Budget Program: Capital Contributions

City Service Area: Multiple

Detail of Costs Description

Capital Contributions	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Strategic Support CSA				
Municipal Improvements Capital Program				
Municipal Garage Repainting	\$ 0	\$ 0	\$ 0	\$ 120,000
Police Administration Building Critical Repairs	260,507	75,000	0	0
Police Administration Building Elevator Retrofit	0	600,000	0	595,000
Police Administration Building Firing Range Lighting	0	75,000	0	0
Police Administration Building/Emergency Communications Center Backup Generator Replacements	33,977	400,000	0	0
Police Administration Building HVAC Controls Replacements	0	275,000	0	80,000
Police Administration Building Security Upgrades	0	0	0	100,000
Police Administration Building Visitors Parking Lot and Campus Asphalt Repairs	0	0	0	150,000
Police Administration Building/Police Communications Center Chiller Replacements	0	2,400,000	0	2,000,000
Police Administration Building/Police Communications Center Exterior Waterproofing	0	350,000	0	350,000
Police Administration Building/Security Upgrades	0	680,000	0	0
Police Communications Center Electrical System Upgrade	0	1,650,000	0	1,550,000
Police Communications Center Redundant Power Circuitry System Design	0	200,000	0	195,000
Police Communications Center Parking Deck and Ramp Restoration	0	0	0	350,000
Police Communications Emergency Uninterrupted Power Supply	57,424	3,700,000	0	3,250,000
Police Communications Fire Protection System Upgrade	0	3,000,000	0	2,950,000
San José Municipal Stadium	85,000	0	0	0
Unanticipated/Emergency Maintenance	354,181	400,000	600,000	750,000
United States Patent and Trademark Office - City Staff Relocation	0	0	0	4,450,000
Total Municipal Improvements Capital Program	\$ 1,326,236	\$ 17,189,000	\$ 1,250,000	\$ 20,545,000
Service Yards Capital Program				
Central Service Yard - Phase I Debt Service Payments	\$ 1,300,000	\$ 0	\$ 0	\$ 0
Total Service Yards Capital Program	\$ 1,300,000	\$ 0	\$ 0	\$ 0
Total Strategic Support CSA	\$ 2,626,236	\$ 17,189,000	\$ 1,250,000	\$ 20,545,000
TOTAL CAPITAL CONTRIBUTIONS	\$ 6,178,088	\$ 29,437,000	\$ 5,250,000	\$ 34,624,000

General Fund Capital, Transfers, Reserves

Budget Program: Transfers to Other Funds

City Service Area: Multiple

Detail of Costs Description

Transfers to Other Funds	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Community & Economic Development CSA				
Arena Enhancement Fund	\$ 2,502,646	\$ 2,015,278	\$ 1,000,000	\$ 1,000,000
Arena Reserve Fund	250,000	250,000	250,000	250,000
Business Improvement District Fund	10,000	10,000	10,000	10,000
Ice Centre Revenue Fund - Former RDA SERAF Loan Repayment	0	0	0	2,045,000
San Jose Diridon Development Authority Fund	25,000	0	0	0
Total Community & Economic Develop. CSA	\$ 2,787,646	\$ 2,275,278	\$ 1,260,000	\$ 3,305,000
Environmental & Utility Services				
Sewage Treatment Plant Connection Fee Fund - Former RDA SERAF Loan Repayment	\$ 0	\$ 0	\$ 0	\$ 5,095,000
Total Environmental & Utility Services CSA	\$ 0	\$ 0	\$ 0	\$ 5,095,000
Neighborhood Services CSA				
Camden Community Center Debt Service	\$ 298,626	\$ 0	\$ 0	\$ 0
Municipal Golf Course Fund	1,800,000	2,000,000	1,600,000	1,600,000
Parks C&C Tax Fund - Council District 10	20,000	0	0	0
Subdivision Park Trust Fund - Former RDA SERAF Loan Repayment	0	0	0	3,060,000
Total Neighborhood Services CSA	\$ 2,118,626	\$ 2,000,000	\$ 1,600,000	\$ 4,660,000
Public Safety CSA				
Federal Drug Forfeiture Fund	\$ 66,238	\$ 0	\$ 0	\$ 0
Fire Construction and Conveyance Tax Fund	232,000	0	0	0
Neighborhood Security Bond Fund	374,000	0	0	0
Total Public Safety CSA	\$ 672,238	\$ 0	\$ 0	\$ 0
Transportation & Aviation Services CSA				
Downtown Property and Bus Impvt District Fund	\$ 622,244	\$ 695,181	\$ 695,415	\$ 695,415
Maintenance Assessment District #2	2,408	2,408	2,408	2,408
Maintenance Assessment District #8	2,353	2,353	2,353	2,353
Maintenance Assessment District #9	23,480	23,480	23,480	23,480
Maintenance Assessment District #11	6,354	6,354	6,354	6,354
Maintenance Assessment District #15	16,636	16,636	16,636	16,636
Maintenance Assessment District #19	6,195	6,195	6,195	6,195
Maintenance Assessment District #20	21,461	21,461	21,461	21,461
Maintenance Assessment District #21	8,996	8,996	8,996	8,996
Maintenance Assessment District #22	35,223	35,223	35,223	35,223
Total Transportation & Aviation Services CSA	\$ 745,350	\$ 818,287	\$ 818,521	\$ 818,521

General Fund Capital, Transfers, Reserves

Budget Program: Transfers to Other Funds

City Service Area: Multiple

Detail of Costs Description

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Transfers to Other Funds				
Strategic Support CSA				
City Hall Debt Service Fund	\$ 15,287,247	\$ 15,079,201	\$ 17,701,359	\$ 17,701,359
Communications Construction and Convey Tax Fund	37,500	262,500	237,500	237,500
Community Facilities Revenue Fund/Hayes Mansion	4,500,000	4,400,000	4,000,000	3,100,000
Fiber Optics Dev Fund Loan Repayment	2,213,751	0	0	0
Vehicle Maint. and Ops. Fund/General Fleet Vehicle Replacement	800,000	800,000	1,000,000	1,000,000
Total Strategic Support CSA	\$ 22,838,498	\$ 20,541,701	\$ 22,938,859	\$ 22,038,859
TOTAL TRANSFERS TO OTHER FUNDS	\$ 29,162,358	\$ 25,635,266	\$ 26,617,380	\$ 35,917,380

General Fund Capital, Transfers, Reserves

Budget Program: Earmarked Reserves

City Service Area: Multiple

Detail of Costs Description

Earmarked Reserves	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
<i>Community & Economic Development CSA</i>				
2014-2015 Homeless Rapid Rehousing Reserve	N/A	\$ 2,000,000	\$ 0	\$ 0
2014-2015 Homeless Response Team Reserve	N/A	1,500,000	0	0
2015-2016 Homeless Rapid Rehousing Reserve	N/A	0	0	2,000,000
2015-2016 Homeless Response Team Reserve	N/A	0	0	1,500,000
Airport West Property Sale Reserve	N/A	0	0	1,000,000
Building Development Fee Program Reserve	N/A	12,313,670	0	21,696,374
Development Fee Programs Technology Reserve	N/A	5,445,000	0	5,445,000
Fire Development Fee Program Reserve	N/A	4,623,394	0	6,435,140
General Plan Update Reserve	N/A	0	200,000	347,000
Planning Development Fee Program Reserve	N/A	700,673	0	1,709,523
Public Works Development Fee Program Reserve	N/A	4,718,523	0	5,970,594
Total Community & Economic Develop. CSA	N/A	\$ 31,301,260	\$ 200,000	\$ 46,103,631
<i>Neighborhood Services CSA</i>				
2014-2015 Children's Health Initiative Reserve	N/A	\$ 550,000	\$ 0	\$ 0
2014-2015 Community Action and Pride Grants Reserve	N/A	100,000	0	0
2014-2015 San José BEST and Safe Summer Initiative Programs Reserve	N/A	1,500,000	0	0
2015-2016 Children's Health Initiative Reserve	N/A	275,000	0	275,000
2015-2016 Community Action and Pride Grants Reserve	N/A	0	0	100,000
2015-2016 Evergreen Branch Library Saturday Hours Reserve	N/A	0	0	119,845
2015-2016 San José BEST and Safe Summer Initiative Programs Reserve	N/A	0	0	1,500,000
Artificial Turf Capital Replacement Reserve	N/A	0	0	200,000
New Parks and Recreation Facilities Maintenance and Operations Reserve	N/A	0	193,000	0
Total Neighborhood Services CSA	N/A	\$ 2,425,000	\$ 193,000	\$ 2,194,845
<i>Public Safety CSA</i>				
2014-2015 Police Sworn Hire Ahead Program Reserve	N/A	\$ 3,000,000	\$ 0	\$ 3,000,000
Aircraft Rescue and Firefighting Services Reserve	N/A	507,751	0	0
Fire Station 37 (Willow Glen) Reserve	N/A	620,000	0	0
Office of Emergency Services Grant Reconciliation Reserve	N/A	0	0	500,000
Police Department Staffing Reserve	N/A	0	0	10,002,200
Police Property Facility Relocation Reserve	N/A	500,000	0	500,000
Total Public Safety CSA	N/A	\$ 4,627,751	\$ 0	\$ 14,002,200

General Fund Capital, Transfers, Reserves

Budget Program: Earmarked Reserves

City Service Area: Multiple

Detail of Costs Description

Earmarked Reserves	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Transportation & Aviation Services CSA				
Air Service Incentive Program Reserve	N/A	\$ 0	\$ 0	\$ 1,000,000
New Traffic Infrastructure Assets Maintenance and Operations Reserve	N/A	0	11,000	0
Total Transportation & Aviation Services CSA	N/A	\$ 0	\$ 11,000	\$ 1,000,000
Strategic Support CSA				
2014-2015 Future Deficit Reserve	N/A	\$ 13,700,000	\$ 0	\$ 0
2015-2016 Future Deficit Reserve	N/A	0	0	2,400,000
Budget Stabilization Reserve	N/A	10,000,000	0	10,000,000
Business Tax System Replacement Reserve	N/A	0	0	2,290,000
City Annual Required Retirement Contributions Reserve	N/A	1,000,000	0	1,000,000
Deferred Infrastructure and Maintenance Reserve	N/A	0	800,000	0
Employee Compensation Planning Reserve	N/A	6,836,000	13,475,000	7,978,000
Employee Market Competitiveness Reserve	N/A	0	500,000	500,000
Fiscal Reform Plan Implementation Reserve	N/A	1,500,000	0	1,500,000
Fuel Usage Reserve	N/A	250,000	0	250,000
Human Resources/Payroll System Reserve	N/A	0	0	3,437,000
Operating/Capital Budget Systems Replacement Reserve	N/A	2,850,000	0	2,850,000
Retiree Healthcare Solutions Reserve	N/A	0	0	3,875,000
Salaries and Benefits Reserve	N/A	8,267,685	3,502,589	8,727,589
San José Police Officers Association Employee Compensation Planning Reserve	N/A	9,989,000	0	0
Sick Leave Payments Upon Retirement Reserve	N/A	0	0	6,000,000
Successor Agency City Legal Obligations Reserve	N/A	10,000,000	0	0
Wellness Program Reserve	N/A	417,028	0	102,980
Workers' Compensation/General Liability Reserve	N/A	15,000,000	0	15,000,000
Total Strategic Support CSA	N/A	\$ 79,809,713	\$ 18,277,589	\$ 65,910,569
TOTAL EARMARKED RESERVES	N/A	\$ 118,163,724	\$ 18,681,589	\$ 129,211,245

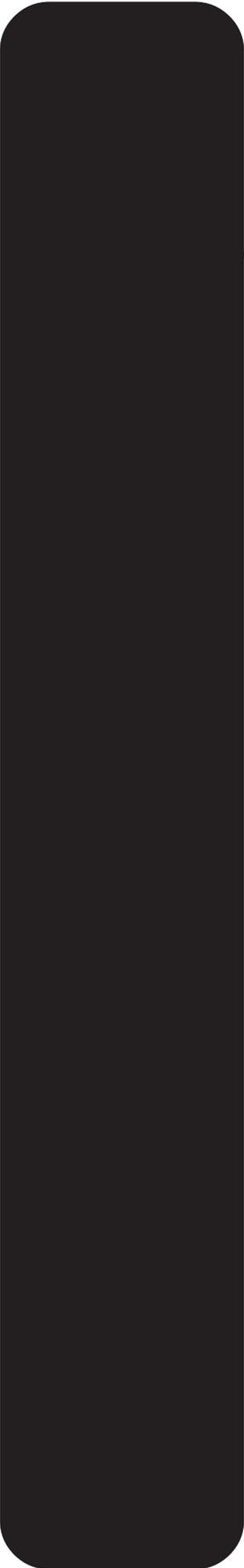
General Fund Capital, Transfers, Reserves

Budget Program: Contingency Reserve

City Service Area: Strategic Support

Detail of Costs Description

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4
Contingency Reserve				
<i>Strategic Support CSA</i>				
Contingency Reserve	N/A	\$ 29,309,000	\$ 31,000,000	\$ 32,500,000
<i>Total Strategic Support CSA</i>	N/A	\$ 29,309,000	\$ 31,000,000	\$ 32,500,000
TOTAL CONTINGENCY RESERVE	N/A	\$ 29,309,000	\$ 31,000,000	\$ 32,500,000



2014-2015

OPERATING BUDGET

**SELECTED SPECIAL
FUNDS SUMMARIES**

**SELECTED SPECIAL
FUNDS SUMMARIES**

Community Development Block Grant Fund

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T*o provide funding for local community projects and services which further the objectives of the federal Community Development Block Grant (CDBG) program. The national objectives of the program are to provide assistance to persons of low- and moderate-income, prevent or eliminate slums and blight, or meet an urgent community development need.*

CDBG funds are granted to programs and projects carried out by local non-profit organizations and by City departments. By federal regulation, up to fifteen percent of the City's CDBG grant and program income may be allocated to public service activities. By City policy, all of these funds are provided to non-profit organizations that provide community services including but not limited to: fair housing activities, services for seniors, childhood education, and employment services.

Up to twenty percent of the CDBG grant and program income may be used for administration, fair housing, and planning activities. The remainder of the CDBG funds are allocated to community development activities and construction, and awarded to non-profit organizations and City departments for activities such as capital projects, housing improvements, neighborhood revitalization, code enforcement, job creation, and economic development.

Community Development Block Grant

Budget Summary

	2013-2014 Adopted	2014-2015 Adopted	Change
Contractual Community Services	\$ 1,289,740	\$ 1,356,267	5.2%
Community Development Improvements	\$ 6,150,168	\$ 5,086,800	(17.3%)
Administration, Fair Housing, & Planning	\$ 1,627,346	\$ 1,782,101	9.5%
Section 108 Debt Service	\$ 2,178,381	\$ 2,058,789	(5.5%)

Budget Highlights 2014-2015

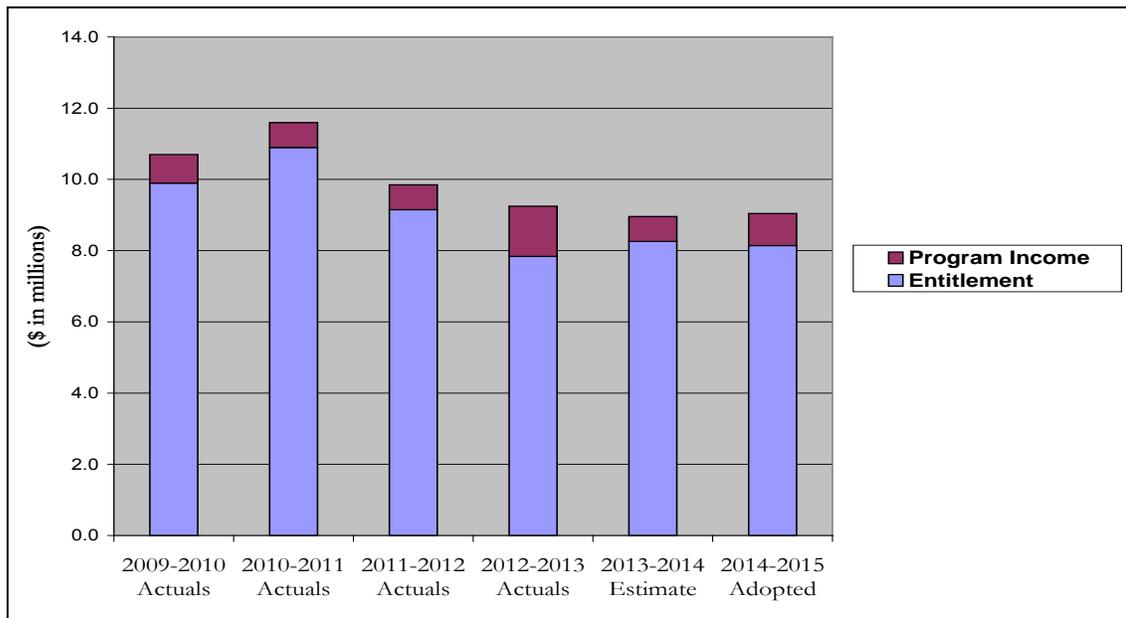
- ❑ In 2014-2015, the annual CDBG entitlement award is \$8.1 million. The City’s annual entitlement has decreased by 1.4% from the revised 2013-2014 level of \$8.3 million.

❑ In 2014-2015, \$1.3 million in Community Development Improvement funds will be dedicated to place-based, neighborhood-focused strategy projects. The three place-based neighborhoods are Mayfair, Five Wounds/Brookwood Terrace, and Santee.
- ❑ Approximately \$1.4 million will be allocated to Contractual Community Services for senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

❑ CDBG will pay principal and interest payments of approximately \$2.1 million for the CDBG-guaranteed Section 108 debt service obligation.

Budget Byte

CDBG FUNDING



Community Development Block Grant

Fund Overview

The City's Community Development Block Grant (CDBG) program budget is based on a 2014 entitlement grant of \$8.1 million, which is a 1.4% reduction from the 2013-2014 modified level of \$8.3 million. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at \$900,000, slightly higher than 2013-2014 collection levels. Of the total \$10.3 million expenditures programmed in the 2014-2015 budget, approximately \$1.4 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately \$5.1 million will be available for Community Development Improvements (CDI), and approximately \$1.8 million will be allocated to Administration, Fair Housing, and Planning activities. In addition, CDBG will fund the Section 108 debt service payments (approximately \$2.1 million) as a result of the dissolution of the San Jose Redevelopment Agency. Per the agreement between the Federal Department of Housing and Urban Development, if the Successor Agency to the Redevelopment Agency (SARA) is not able to make the debt service payment, CDBG funds are pledged to cover this obligation. Due to the fact that it is projected that there will be insufficient property tax increment revenue available to cover the debt service payment in 2014-2015, CDBG funds are programmed for this payment next year. In addition, a reserve has been established to set aside funds for future debt service payments, as it is currently anticipated that there will not be sufficient property tax increment revenues to make the payment in the near term.

Contractual Community Services

Eight projects, totaling \$1.4 million, from non-profit agencies offering services to San José residents are funded in 2014-2015. Programs funded under this category offer a variety of services to the community, including senior and homeless services and school readiness/third grade literacy programs.

Community Development Improvements

The Community Development Improvements category totals \$5.1 million in 2014-2015, which funds a portion of the City's Code Enforcement program and the Illegal Dumping Rapid Response Pilot program. In addition, one non-profit agency will receive funding to support minor repair grants to lower-income homeowners and a second non-profit agency will provide job readiness and training to homeless individuals and expand the program to allow for homeless individuals to provide cleaning and maintenance support in the Downtown area. The place-based strategy will continue in three neighborhoods (Mayfair, Santee, and Five Wounds/Brookwood Terrace) where there is demonstrated need consistent with the mission of the CDBG program, the opportunity to make capital investments, and strong community partnerships to sustain that progress. CDBG will support ten place-based construction and non-profit rehabilitation projects in 2014-2015. These funds will provide for various infrastructure projects including play structure rehabilitation, an art walk, mobile library acquisition, LED streetlights, and rehabilitation of five non-profit agency facilities that provide services to homeless individuals.

Community Development Block Grant

Fund Overview

Administration, Fair Housing, and Planning

Funds in this category are used to support a variety of projects, including administration of the grants program, fair housing, and planning activities. The Housing, and Planning, Building and Code Enforcement Departments will receive funding for the support services, including environmental review services, they provide to the program.

Funding allocations within each CDBG category are contained within the “2014-2015 Consolidated Annual Action Plan.” Two public hearings were held on April 17, 2014, and April 29, 2014 to discuss the “2014-2015 Consolidated Annual Action Plan.” The Annual Action Plan, including the CDBG funding allocations, was approved by City Council on April 29, 2014. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the “2014-2015 Consolidated Annual Action Plan” that can be found at <http://www.sanjoseca.gov/DocumentCenter/View/28565>.

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 8,147,224	\$ 8,078,941	\$ 6,452,817	(20.1%)
CDBG Entitlement	7,840,284	7,448,270	8,141,778	9.3%
Developer Payments	0	443,000	225,000	(49.2%)
Housing Rehabilitation Loan Program Income	743,515	500,000	600,000	20.0%
Miscellaneous Revenue	476,875	0	0	0.0%
Other Loan Repayment	188,164	200,000	300,000	50.0%
Total	\$ 17,396,062	\$ 16,670,211	\$ 15,719,595	(5.7%)
Dollars by Fund				
Contractual Community Services	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%
Community Development Improvements	5,419,959	6,150,168	5,086,800	(17.3%)
Administration, Fair Housing & Planning	1,328,364	1,627,346	1,782,101	9.5%
Recovery Act - CDBG Fund	143,668	0	0	0.0%
Section 108 Debt Service	1,866,823	2,178,381	2,058,789	(5.5%)
Ending Fund Balance	7,500,558	5,424,576	5,435,638	0.2%
Total	\$ 17,396,062	\$ 16,670,211	\$ 15,719,595	(5.7%)

Community Development Block Grant

Budget Category: Contractual Community Services

Budget Category Overview

Contractual Community Services (CCS) funds may be used for activities defined as public services under CDBG regulations. These funds support programs that provide services to the community, including senior and homeless assistance, and school readiness/third grade literacy. The total available for this category in 2014-2015 is \$1,356,267. By policy, the City makes all of these funds available to local non-profit organizations.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%
Total	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%

The following projects are included for funding in the 2014-2015 Adopted Budget in the CCS category.

Adopted Allocation	2014-2015 Amount
City-wide Outreach and Shelter Project (EHC LifeBuilders)	\$ 546,818
Families and Youth Project (Bill Wilson Center)	148,190
Homeless Services to Youth and Families (Next Door Solutions)	177,189
Meals on Wheels (The Health Trust)	97,717
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	97,717
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara County)	96,212
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	96,212
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	96,212
Total Contractual Community Services	\$ 1,356,267

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Overview

The largest portion of the City’s CDBG funds are allocated to the Community Development Improvements (CDI) category. This category includes non-construction projects including housing rehabilitation, minor home repair, and code enforcement activities. The Housing Department will provide construction management services for a limited number of rehabilitation loans and grants. In addition, this category includes construction projects or physical improvements. The following table provides the distribution of funding in the CDI category by non-construction and construction categories.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Community Development Improvements				
CDI Non-Construction	\$ 4,668,418	\$ 3,725,234	\$ 2,583,601	(30.6%)
CDI Construction	751,541	2,424,934	2,503,199	3.2%
Total	\$ 5,419,959	\$ 6,150,168	\$ 5,086,800	(17.3%)

The following projects are included for funding in the 2014-2015 Adopted Budget from the CDI category.

Adopted Allocation	2014-2015 Amount
CDI Non-Construction	
Proactive Blight Elimination and Illegal Dumping Rapid Response Pilot Program (Planning, Building and Code Enforcement Department)	\$ 1,375,601
Job Readiness Training Project (Downtown Streets Team)	708,000
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	500,000
Total CDI Non-Construction	\$ 2,583,601
CDI Construction	
Neighborhood Infrastructure Improvements (Franklin-McKinley School District, Housing Department, Public Works Department, and Transportation Department)	\$ 1,165,500
Place Based and Non-Profit Rehabilitation Projects (Franklin-McKinley School District, Library Department, Environmental Services Department, Recovery Café, EHC, Bill Wilson)	1,337,699
Total CDI Construction	\$ 2,503,199

Community Development Block Grant

Budget Category: Administration, Fair Housing and Planning

Budget Category Overview

The Administration, Fair Housing and Planning category consists primarily of program administration, fair housing, and planning activities.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Administration, Fair Housing, and Planning	\$ 1,328,364	\$ 1,627,346	\$ 1,782,101	9.5%
Total	\$ 1,328,364	\$ 1,627,346	\$ 1,782,101	9.5%

The following projects are included for funding in the 2014-2015 Adopted Budget from the Administration, Fair Housing, and Planning category.

Adopted Allocation	2014-2015 Amount
Program Development and Monitoring (Housing Department)	\$ 1,265,730
Planning Studies (Housing Department)	100,000
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	385,000
Legal Services (Office of the City Attorney)	21,371
Environmental Review Services (Planning, Building and Code Enforcement Department)	10,000
Total Administration, Fair Housing and Planning	\$ 1,782,101

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Integrated Waste Management Fund

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T*o provide solid waste disposal and recycling services, collect fees for those services, and lead City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Oversight and management of the residential and commercial solid waste system;*
- *Management of the construction and demolition recycling program;*
- *Utility billing and customer service;*
- *Household hazardous waste services;*
- *Management of garbage and recycling services for City facilities and the public litter can collection program;*
- *Implement zero waste efforts for special events on City property;*
- *Implement public education and outreach;*
- *Support countywide solid waste planning and programming;*
- *Enforce solid waste municipal code provisions, franchises, and agreements;*
- *Set customer rates and monitor revenue;*
- *Oversee the Environmental Innovation Center; and*
- *Procure and implement grants.*

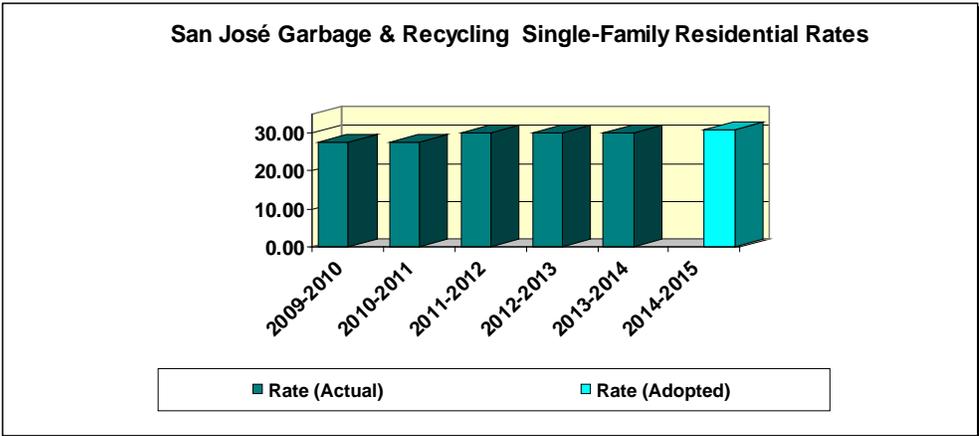
Integrated Waste Management Fund

Budget Summary

	2013-2014 Adopted	2014-2015 Adopted	%
			Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 118,939,914	\$ 120,915,228	1.7%
Accounting and Lien Collection	\$ 1,354,874	\$ 1,443,626	6.6%
City-Wide Disposal Contract Mgmt	\$ 9,041,000	\$ 8,098,000	(10.4%)
Other	0	0	
Total	\$ 129,335,788	\$ 130,456,854	0.9%

Budget Highlights 2014-2015

- In 2014-2015, the Integrated Waste Management Fund will continue to support garbage and recycling services, reduce neighborhood blight, enforce residential and commercial program parameters, and pursue energy conversion technologies.
- In order to cover the cost of providing garbage and recycling services to single-family and multi-family dwellings, rate increases of 3% for single-family dwellings and 5% for multi-family dwellings were approved for 2014-2015. Rates were last increased in 2011-2012. The rate increase is needed primarily to recover the cost of hauler contractual increases.



San José Garbage & Recycling Monthly Single-Family Residential Rates

	2009- 2010 <u>Actual</u>	2010- 2011 <u>Actual</u>	2011- 2012 <u>Actual</u>	2012- 2013 <u>Actual</u>	2013- 2014 <u>Actual</u>	2014- 2015 <u>Adopted</u>
Rate	\$27.50	\$27.50	\$29.95	\$29.95	\$29.95	\$30.84
Effective Date	7/1/2009	7/1/2010	7/1/2011	8/1/2012	7/1/2013	7/1/2014

Integrated Waste Management Fund

Fund Overview

The Integrated Waste Management (IWM) Fund supports residential, commercial, and City facility and operations solid waste disposal, including administration of various agreements for collection, processing, and disposal. The fund also supports the implementation of Green Vision Goal #5: *Divert 100 percent of the waste from the City's landfill and convert waste to energy.*

The residential services group manages Recycle Plus garbage, recycling, yard trimmings, and street sweeping service contracts for single-family dwelling (SFD) and multi-family dwelling (MFD) properties. On September 17, 2013, the City Council approved a service delivery strategy to collect Recycle Plus payments for garbage and recycling services for all single-family residential households through the Santa Clara County Secured Property Tax Roll effective July 1, 2015. The City will continue to bill for multi-family services, mobile home parks, and government residential services.

Notable residential projects completed in 2013-2014 include the addition of bulky expanded polystyrene (EPS) as an accepted recyclable material at Neighborhood Clean-Up events, creation of the third annual ReSources newsletter, redesign of program signage found on 184 Recycle Plus collection vehicles, and the introduction of 34 new compressed natural gas (CNG) vehicles to the single-family residential collection fleet. Environmental Inspectors continue to perform compliance work and monitoring in residential areas to address city-wide blight and compliance issues, including illegal dumping, recyclables contamination, and early setout of yard trimmings.

On July 1, 2013, Republic Services completed their first year of providing solid waste collection, recyclables processing, and disposal services for most of the City's commercial waste. The exclusive wet/dry system continues to divert 70% of waste from landfill, garnering the 2013 Governor's Economic and Environmental Leadership Award and the Excellence Award from the Solid Waste Association of North America (SWANA). City Environmental Inspectors continue to ensure that the cost of the new system is distributed appropriately among the 8,000 businesses covered by the franchise, via an annual resolution that identifies business rates by type and levels of service, thus reducing the risk of rate increases. The inspectors also ensure that franchisees are collecting waste per the terms of their agreements and are meeting customer service quality requirements. Considerable interest has been shown in the new system; San José staff have discussed it with colleagues in 14 cities in eight states as well as cities in Canada and India.

Construction and demolition debris and residential cleanout materials are collected through non-exclusive franchises certified to take the debris. The Construction and Demolition Debris Diversion program (CDDD) continues to divert the single largest component of the City's waste stream. Currently, there are 24 non-exclusive haulers and 3 hauler applications pending. To promote waste diversion, construction and demolition projects in San José are subject to one of two tracks depending on criteria in the Building Code. The CDDD deposit is still required for some addition and alteration building permits. However, as of January 1, 2014, new construction, demolition, non-residential additions greater than 1,000 square feet in size, non-residential alterations greater than \$200,000 in value, and residential additions and/or alterations that increase a building's area/volume, are subject to the CALGreen Building Code and a non-refundable flat fee is paid in-lieu of a deposit. Currently, all applicants must demonstrate that a certain amount of construction and demolition waste was diverted from landfills before either their deposit is returned, or they can't obtain final

Integrated Waste Management Fund

Fund Overview

occupancy for projects subject to the CALGreen mandatory measures. Deposits which are abandoned, or which are not eligible to be returned to the depositor, support a variety of City activities. Transfers of CDDD revenue to the General Fund total \$300,000 for 2014-2015. It is anticipated that this funding will diminish in the next few years as more projects fall under the CALGreen program.

The Environmental Innovation Center (EIC) on Las Plumas Avenue, for which construction began in September 2011, was completed and opened on May 30, 2014. The EIC advances many of the City's Green Vision goals, with a new permanent Household Hazardous Waste (HHW) drop-off facility for the convenient and safe disposal of common toxic items; flexible laboratory and office space for members of Prospect Silicon Valley (Prospect SV) to test and demonstrate emerging technologies in energy, building, and transportation; conference space for environmental workshops and job trainings; and a Habitat for Humanity ReStore that will sell discounted new and like-new furniture, appliances, and building materials that would likely otherwise be landfilled.

With completion and occupancy of the EIC, the Department will commence with the collection of tenant contributions and begin annual payments of the Master Lease Agreement to the entity created to oversee the New Market Tax Credit Agreement; the primary financing vehicle for the EIC. Additional revenues offsetting the Department's lease payment and operational costs are interest payments from the investors within the New Market Tax Credit Agreement for the funds provided by the City towards the project.

The Environmental Services Department (ESD) is implementing a conversion project that will divert commercial organics to biomethane production. In addition, the Zero Waste Energy Development (ZWED) Anaerobic Digestion Facility will support processing of commercial organics collected as part of the new exclusive franchise agreements that started on July 1, 2012. The Anaerobic Digestion facility construction was completed and began receiving materials in December 2013.

The Department is also proceeding with a new technology vendor that will partner with the City to complete the Gasification Demonstration Project. This California Energy Commission grant-funded project consists of a small demonstration-size unit that will be temporarily located at the Water Pollution Control Plant (Plant). Over the course of a year, the demonstration will study the effectiveness of gasification for processing hard to manage wastes, including biosolids (sludge) from the Plant, which are currently being used as alternative daily cover at local landfills, and woody biomass from the residential yard waste collection program, which is currently trucked to the Central Valley and burned as boiler fuel. Construction began in late summer 2014 and is expected to be completed by January 2015, with operations beginning February 2015. Both of these projects will further the City's Green Vision Zero Waste goals.

To divert materials from the landfill, the Zero Waste Event Program, in conjunction with the multi-departmental Citywide Event Team, provides technical assistance and resources to the event planning community for waste prevention and reduction, recycling, and composting at large, public outdoor events held in the City. Resources include workshops, recycling equipment loans, and free waste and recycling collection and processing services. The program also administers in-kind garbage

Integrated Waste Management Fund

Fund Overview

and recycling collection services from contractors, including the San José Conservation Corps, to help offset additional costs associated with producing green events. The program conforms to California's Assembly Bill 2176 (PRC 42648), which sets guidelines for waste management at events and promotes the Green Vision goal #5 to reach zero waste by 2022. After conducting stakeholder focus groups in the summer 2013, ESD designed a streamlined program that expands the role for our partner organizations, increases public education, and utilizes technology more effectively, including an online map tool.

Fund Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 11,622,133	\$ 14,615,688	\$ 18,976,591	29.8%
Operating Revenues	122,470,596	128,664,679	126,216,148	(1.9%)
Interest and Transfers	63,045	68,661	49,363	(28.1%)
Total	\$ 134,155,775	\$ 143,349,028	\$ 145,242,102	1.3%
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 110,854,566	\$ 118,939,914	\$ 120,915,228	1.7%
Accounting and Lien Collection	1,352,214	1,354,874	1,443,626	6.6%
City-Wide Disposal Contract Management	8,686,181	9,041,000	8,098,000	(10.4%)
Other *	240,899	0	0	0.0%
Ending Fund Balance	13,021,915	14,013,240	14,785,248	5.5%
Total	\$ 134,155,775	\$ 143,349,028	\$ 145,242,102	1.3%

* These are miscellaneous items paid for from this fund on a one-time basis and offset by miscellaneous or unrestricted revenues.

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

Activities in this budget category ensure the achievement of City objectives related to waste management and the reduction of solid waste. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and the franchises and agreements for services to businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City, provides policy and technical analysis, promotes programs such as the State of California's Recycling Market Development Zone in order to develop markets, and ensures compliance with environmental laws and permits. Administrative Services include support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

In 2014-2015, customer rates for Single-Family Dwelling (SFD) services will increase by 3% and Multi-Family Dwelling (MFD) services will increase by 5%. The rate increases include general increases to Recycle Plus rates to cover contractually required cost-of-living adjustments as well as program improvements. An SFD increase of 3% amounts to an additional \$0.89 per month for the standard 32-gallon garbage cart, increasing the rate from \$29.95 to \$30.84. The estimated county-wide weighted average for a 32-gallon garbage cart for 2013 was \$29.00 per month. A 5% rate increase in MFD rates increases the rate for a 3-cubic yard bin serviced once per week (one of the most common multi-family service levels) to \$211.61. A survey conducted by staff in April 2014 demonstrated that San José still ranks below the Santa Clara County average with the multi-family increase.

Because some residents do not sort waste properly, the adopted budget includes funding for sorting and processing approximately twenty percent of the single-family garbage waste stream. It also includes funding for two bulky item collections in the multi-family garbage rate, thereby streamlining the ordering process for property managers.

Large item collection rates increase according to an annual adjustment that is required contractually between the City and the service provider. The large item program is managed by the Recycle Plus recycling haulers with customers paying the large item collection rate directly to the haulers.

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 103,233,762	\$ 108,886,579	\$ 111,936,850	2.8%
Public Outreach	73,013	277,788	277,788	0.0%
Administrative Services	7,547,791	9,775,547	8,700,590	(11.0%)
Total	\$ 110,854,566	\$ 118,939,914	\$ 120,915,228	1.7%

The following changes are included for 2014-2015 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Garbage and Recycling Services	\$108,886,579	\$111,936,850	\$3,050,271

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Environmental Services Department (ESD) Non-Personal/Equipment	Restoration of funds previously redirected for costs associated with the Environmental Innovation Center, as well as miscellaneous Non-Personal/Equipment changes	\$596,341
• Yard Trimmings/Street Sweeping	Contractual increase to the yard trimmings and street sweeping contract	\$392,077
• Multi-Family Recycle Plus	Contractual increase to the multi-family dwelling garbage and recycling contract	\$318,047
• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes	\$294,741
• City Facilities Recycle Plus	Contractual increase to the City Facilities garbage contract	\$17,235
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	\$30,388
• Planning, Building and Code Enforcement (PBCE) Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes	\$51
• Household Hazardous Waste Las Plumas Facility	Elimination of one-time funding associated with the construction of the Household Hazardous Waste Facility	(\$4,701,886)
• EIC AB939/CDDD Late Fees	Elimination of one-time funding associated with the construction of the Environmental Innovation Center	(\$1,519,290)

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Garbage and Recycling Services			
• Single-Family Recycle Plus	Reconciliation of annual contractual increases to better reflect expenditures throughout all districts within the single-family service area		(\$201,145)
• Capital Program and Public Works Department (PW) Support Costs	Decrease in Capital Program and Public Works Costs (Completion of Environmental Innovation Center)		(\$110,000)
Subtotal Base Adjustments			(\$4,883,441)
<u>Budget Proposals Approved</u>			
• Yard Trimmings/Street Sweeping	Incorporation of back-end processing in Districts 1 and 6, as the first phase of sorting residential solid waste		\$2,500,000
• CEC Grant: Biomass to Energy Technology Project	Grant to conduct feasibility studies and develop a demonstration facility for a gasification technology that will convert urban wood waste and biosolids into biomethane for use as a transportation fuel		\$1,600,000
• Multi-Family Recycle Plus	Additional collection services		\$410,000
• EIC QALICB Master Lease Payment	Ongoing expenditure for Environmental Innovation Center financing costs		\$407,000
• ESD Personal Services	Salary Program Position eliminations and other changes		\$144,253 (\$26,432)
• ESD Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes		\$17,400
• Transportation Department Personal Services	Salary Program		\$5,026
• Office of Economic Development Personal Services	Salary Program		\$2,017
• Parks, Recreation, and Neighborhood Services Department Personal Services	Salary Program		\$1,448

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Garbage and Recycling Services			
<u>Budget Proposals Approved</u>			
• Household Hazardous Waste Las Plumas Facility	Rebudget project funds from 2013-2014		\$2,873,000
	Subtotal Budget Proposals Approved		\$7,933,712
Total Garbage and Recycling Services			\$3,050,271

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Public Outreach	\$277,788	\$277,788	\$0
Total Public Outreach			\$0
Administrative Services	\$9,775,547	\$8,700,590	(\$1,074,957)

Base Adjustments

(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	\$85,684
• Transfer to the City Hall Debt Service Fund	Increased City Hall Debt Service allocation	\$48,311
• Transfer to the General Fund – Human Resources/Payroll System Upgrade	One-time General Fund transfer for Human Resources/Payroll System Upgrade	\$15,563
• Various Departments Non-Personal/Equipment	Miscellaneous Non-personal/Equipment changes	\$13,569
• IBS Commercial Paper Payment	Integrated Billing System commercial paper repayment	(\$2,049,442)
• Transfer to the General Fund - CDDD	Reduced transfer to General Fund of Construction Demolition Debris Deposits	(\$300,000)
• Workers' Comp Claims	Decreased allocation for Worker's Compensation Claims	(\$40,000)
• Safe Routes to Schools Creative (SRTC) Grant	End of Safe Routes to School program funded by the Metropolitan Transportation Commission	(\$25,400)
• Transfer to the General Fund – Downtown Association	Elimination of one-time funding for the Downtown Association	(\$20,000)
• Overhead	Net change in overhead reimbursement resulting from staffing changes, compensation, and overhead rate adjustments	(\$14,716)
Subtotal Base Adjustments		(\$2,286,431)

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services			
<u>Budget Proposals Approved</u>			
• IBS Billing Transition	Customer Information System Transition		\$1,600,000
• Information Technology	Salary Program		\$53,458
• Department Personal Services	Customer Contact Center staffing		(\$377,808)
• PBCE Personal Services	Salary Program		\$3,500
• PW Personal Services	Salary Program		\$2,222
• Office of the City Attorney Personal Services	Salary Program		\$1,248
• Office of the City Auditor Personal Services	Salary Program		\$356
• Human Resources Department Personal Services	Salary Program		\$333
• Overhead	Net change in overhead reimbursement resulting from staffing changes		(\$71,835)
	Subtotal Budget Proposals Approved		\$1,211,474
Total Administrative Services			(\$1,074,957)
Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$118,939,914	\$120,915,228	\$1,975,314

Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the Garbage Lien unit. Program staff reconcile revenue, expenditures, and accounts receivable.

Budget Category Summary

Accounting and Lien Collection	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,352,214	\$ 1,354,874	\$ 1,443,626	6.6%
Total	\$ 1,352,214	\$ 1,354,874	\$ 1,443,626	6.6%

The following changes are included in 2014-2015 for the Accounting and Lien Collection allocation:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Accounting and Lien Collection	\$1,354,874	\$1,443,626	\$88,752

Base Adjustments

(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Finance Department Personal Services	Salary/benefit changes, position reallocations, and other changes	\$58,799
Subtotal Base Adjustments		\$58,799

Budget Proposals Approved

• Finance Department Personal Services	Salary Program	\$29,953
Subtotal Base Adjustments		\$29,953

Total Accounting and Lien Collection	\$1,354,874	\$1,443,626	\$88,752
Total Accounting and Lien Collection	\$1,354,874	\$1,443,626	\$88,752

Integrated Waste Management Fund

Budget Category: City-Wide Landfill Disposal Contract Management

Budget Category Overview

This category manages the City-Wide Landfill Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 8,686,181	\$ 9,041,000	\$ 8,098,000	(10.4%)
Total	\$ 8,686,181	\$ 9,041,000	\$ 8,098,000	(10.4%)

San José entered into an agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully negotiated changes to the agreement in 2009 and the term was extended through 2020. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2020.

The residential disposal costs paid from the IWM Fund for the IDC contract cover the cost for disposing of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. Multi-family garbage is first processed by another contractor. The residue is then hauled to Newby Island, as are the residue from processing recyclables from single-family and multi-family residences and the debris from Neighborhood Cleanups. To take advantage of the remaining diversion opportunities in the residential sector, the Adopted Budget includes funding for an initial phase of sorting and processing approximately twenty percent of the single-family garbage waste stream, with an end goal to phase in all single-family tonnage over the next seven years. This action requires an increase in contractual services for the processing contractor of \$2.5 million (reflected under the Garbage and Recycling Services section), and results in a reduction in disposal costs of \$1.0 million, for a net cost of approximately \$1.5 million.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for each ton of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City, State and County on each ton of waste received (disposal surcharges); and regulatory rate payments for the City's share of costs resulting from changes to laws and regulations made after January 1, 2009.

The only change in this category is an increase to the IDC agreement, due to higher indexed prices, especially diesel fuel.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Summary

The following changes are included in 2014-2015 for the City-Wide Disposal Contract Management allocation:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
City-Wide Disposal Contract Management	\$9,041,000	\$8,098,000	(\$943,000)
<u>Base Adjustments</u>			
• IDC Disposal Contract	Increase is a result of higher indexed prices		\$50,000
• IDC Disposal Contract (Late Fees)	Increase is a result of higher indexed prices		\$7,000
Subtotal Base Adjustments			\$57,000
<u>Budget Proposal Approved</u>			
• IDC Disposal Contract	The action to introduce back-end processing to the residential solid-waste program (reflected in the Garbage and Recycling Services section) results in less solid waste rendered to the landfill and therefore less IDC costs		(\$1,000,000)
Subtotal Budget Proposal Approved			(\$1,000,000)
Total City-Wide Disposal Contract Management	\$9,041,000	\$8,098,000	(\$943,000)
Total City-Wide Disposal Contract Management	\$9,041,000	\$8,098,000	(\$943,000)

Sewer Service and Use Charge Fund

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T*o account for the financing, construction, and operation of the sanitary sewer system and for San José's share of the financing, construction, and operation of the regional San José/Santa Clara Water Pollution Control Plant (WPCP). Services provided through this fund are:*

- *Sewer maintenance;*
- *Sewer construction and rehabilitation;*
- *Sewage treatment at the Water Pollution Control Plant; and*
- *Water Pollution Control Plant Renovation.*

Sewer Service and Use Charge Fund

Budget Summary

	2013-2014 Adopted	2014-2015 Adopted	Change
Sewer System Maintenance and Admin.	\$ 28,909,657	\$ 31,963,394	10.6%
Sanitary Sewer Rehabilitation	\$ 23,600,000	\$ 23,000,000	(2.5%)
Water Pollution Control Plant	\$ 75,576,000	\$ 100,000,000	32.3%

Budget Highlights 2014-2015

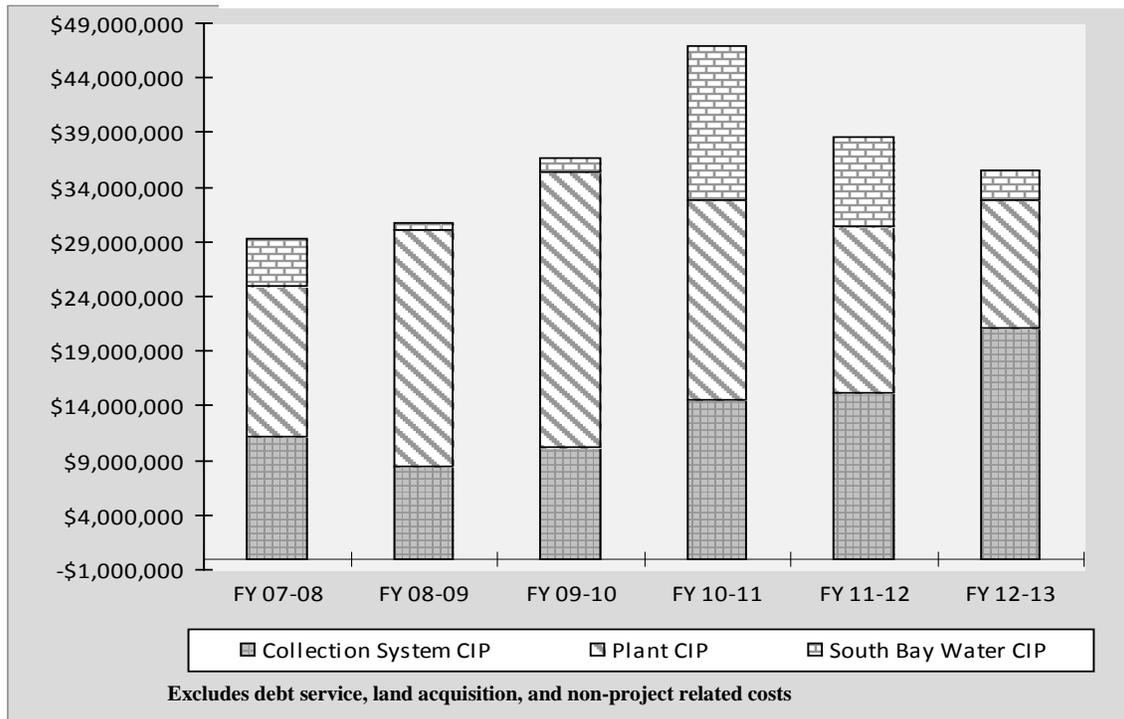
- ❑ Ongoing funds to provide a consistent funding source to replace maintenance vehicles as they age or become outdated.

❑ Addition of two sewer pump crew positions to ensure proper maintenance of the growing pump station inventory.
- ❑ One-time funding for a Sewer Lateral Repair Grant to fund up to 50% of the cost (not to exceed \$3,500) of a resident's sewer lateral replacement.

❑ Sewer Service and Use Charge rates remain at 2013-2014 levels, with no increase for 2014-2015.

Budget Byte

Sewer Service and Use Charge Fund
Historical Trend of Expenditures for Capital Projects
(Includes Collection System, Treatment Plant, and Recycled Water Programs)



Sewer Service and Use Charge Fund

Fund Overview

The Sewer Service and Use Charge Fund serves as the primary revenue source for several other funds, including the San José-Santa Clara Treatment Plant Operating and Capital Funds and the Sewer Service and Use Charge Capital Improvement Fund. In coordination with the Departments of Environmental Services, Public Works, and Transportation, these funds are managed to deliver services in the most efficient and cost-effective manner.

The primary source of the Sewer Service and Use Charge Fund's revenues are property tax-based assessments within the residential and commercial sectors. As in 2013-2014, there is no rate increase in 2014-2015, with the average cost for a single family household remaining at \$33.83 per month. The ability to avoid a rate increase is due, in large part, to the vacancy savings realized within the fund over the past three years, which led to a healthy fund balance. With the expected ramp up of capital expenditures as described in the 2015-2019 Adopted Capital Improvement Program (CIP), the need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual Proposed Budget process, with a rate increase proposal likely in 2015-2016.

Due to the aging infrastructure of the sanitary sewer system and Water Pollution Control Plant (Plant), comprehensive master planning efforts to rehabilitate and replace the infrastructure were completed. In November and December 2013, respectively, the San José and Santa Clara City Councils adopted the Plant Master Plan (PMP) and approved the associated Environmental Impact Report (EIR). The projects included in the 2015-2019 Adopted CIP are based on the outcome of a detailed project validation process that critically evaluated project needs and priorities. A similar plan is under development for the sanitary sewer system. The Sanitary Sewer Master Plan final report was completed in April 2013, after the program level EIR for recommended projects was prepared as an Addendum to the Envision San José General Plan EIR in September 2012. High priority projects have been programmed in the current CIP. Increased resources will be directed toward the Sanitary Sewer Condition Assessment Program and Condition Assessment Sewer Repairs to reduce the number of sanitary sewer overflows. Both the master planning and condition assessment programs will identify sanitary sewer system needs and priorities for the next 30 years, and will be used to guide capital budget planning. As master plan recommendations are studied and possible technologies evaluated, larger annual capital programs are expected to be proposed for both systems in the coming years.

In addition to the anticipated need for increased capital funding, standard inflationary factors, such as price increases for chemicals, energy, materials, and other items associated with the operations and maintenance of both systems, may necessitate rate increases in future years.

Sewer Service and Use Charge Fund

Fund Overview

The total 2014-2015 Ending Fund Balance (\$33.4 million) in the Sewer Service and Use Charge Fund includes several reserves totaling \$25.8 million, excluding the Reserve for Encumbrances. The reserves with the largest funding include the Capital Program Reserve (\$12.0 million) for future capital projects, and the Debt Service Reserve (\$6.0 million), which is established in accordance with the covenants of the bonds issued in 1995 for the construction of the South Bay Water Recycling (SBWR) project, and represents a source of funds if revenues are ever insufficient to satisfy annual obligations. The Operations and Maintenance Reserve (\$4.7 million), which is set to approximately two months of operating expenditures, is intended to provide for system needs in case of unforeseen emerging circumstances. The purpose of the Rate Stabilization Reserve (\$2.0 million) is to offset any unexpected or unforeseen costs that would require rate increases.

Fund Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 39,703,466	\$ 44,417,194	\$ 55,861,657	25.8%
Sewer Service and Use Charges	130,890,430	127,846,137	132,236,424	3.4%
Interest and Other Revenue	162,747	191,722	230,616	20.3%
Total	\$ 170,756,643	\$ 172,455,053	\$ 188,328,697	9.2%
Dollars by Uses				
Sewer System Maintenance and Administration	\$ 24,363,299	\$ 28,909,657	\$ 31,963,394	10.6%
Sanitary Sewer Construction and Rehabilitation	25,000,000	23,600,000	23,000,000	(2.5%)
Water Pollution Control Plant	72,312,000	75,576,000	100,000,000	32.3%
Ending Fund Balance				
Billing Transition Reserve	1,100,000	1,100,000	13,200	(98.8%)
Capital Program Reserve	24,000,000	26,000,000	12,000,000	(53.8%)
Debt Service Reserve	6,000,000	6,000,000	6,000,000	0.0%
Employee Compensation Planning Reserve	0	251,100	91,312	(63.6%)
Operations and Maintenance Reserve	4,288,977	4,244,263	4,662,000	9.8%
Rate Stabilization Reserve	2,000,000	2,000,000	2,000,000	0.0%
Reserve for Encumbrances	2,407,922	1,440,970	2,407,922	67.1%
Retiree Healthcare Solutions Reserve	0	0	260,000	N/A
Retirement Pre-Payment Reserve	78,000	0	0	0.0%
Workers' Comp Claims Reserve	760,000	760,000	760,000	0.0%
Unrestricted	8,446,445	2,573,063	5,170,869	101.0%
Ending Fund Balance Subtotal	49,081,344	44,369,396	33,365,303	(24.8%)
Total	\$ 170,756,643	\$ 172,455,053	\$ 188,328,697	9.2%

Sewer Service and Use Charge Fund

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Overview

This category provides for Sewer System Maintenance and Administrative Services. Sewer system maintenance and repair of damaged sewer pipes are performed by the Departments of Transportation (DOT) and Public Works (PW). Information Technology (IT) Department costs are also included in Sewer System Maintenance, reflecting the supporting role that the IT Department plays in maintaining the system. Administrative Services includes costs for support services provided by various City departments, overhead reimbursements to the General Fund, fees charged by the County for collecting assessments, and audit costs.

Significant augmentations for 2014-2015 in Sewer System Maintenance include DOT ongoing funding for sewer equipment replacement (\$1.0 million), one-time funding to provide grants to homeowners who repair their sewer service laterals (\$300,000), and funding for pump station maintenance staffing (2014-2015 funding of \$182,000, of which \$106,000 will be ongoing).

Budget Category Summary

Sewer System Maintenance and Administrative Services	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Sewer System Maintenance	\$ 17,125,773	\$ 20,366,154	\$ 21,805,604	7.1%
Administrative Services	7,237,526	8,543,503	10,157,790	18.9%
Total	\$ 24,363,299	\$ 28,909,657	\$ 31,963,394	10.6%

Sewer Service and Use Charge Fund

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Summary

The following changes are included in 2014-2015 in the Sewer System Maintenance and Administrative Services category:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Sewer System Maintenance	\$20,366,154	\$21,805,604	\$1,439,450

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes	\$562,182
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	\$11,301
• DOT Non-Personal/ Equipment	Removal of one-time funding relating to Sanitary Sewer Program cleaning vehicles and maintenance services, Sanitary Sewer fleet replacement, and Computerized Maintenance Management System (CMMS) purchase	(\$2,827,109)
• Various Departments Non-Personal Equipment	Miscellaneous Non-Personal/Equipment changes	(\$117,980)
• IDC Disposal Contract	Reduction to reflect revised methodology for calculating distribution of city waste disposal	(\$24,850)
Subtotal Base Adjustments		(\$2,396,456)

Budget Proposals Approved

• DOT Non-Personal/ Equipment	Rebudget: Combination Cleaner Vehicles	\$1,750,000
	Sanitary Sewer fleet replacement	\$1,000,000
	Sewer Lateral Repair Grant	\$300,000
	Rebudget: Computerized Maintenance Management System	\$250,000
	Sanitary Sewer Pump Maintenance Crew vehicles	\$108,000
• DOT Personal Services	Salary Program	\$249,414
	Sanitary Sewer Pump Maintenance Crew staffing	\$74,000
• PW Non-Personal/ Equipment	Rebudget: Sewage Geographic Information System Program	\$100,000
• PW Personal Services	Salary Program	\$21,573
• IT Personal Services	Salary Program	\$2,965
	Customer Contact Center staffing	(\$20,046)
Subtotal Budget Proposals Approved		\$3,835,906

Total Sewer System Maintenance	\$1,439,450
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Sewer Service and Use Charge Fund

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$8,543,503	\$10,157,790	\$1,614,287

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Overhead	Net change in overhead reimbursements resulting from staffing changes, compensation, and overhead rate adjustments	\$357,372
• Workers Compensation Claims	Workers' Compensation Claims adjustment	\$64,250
• Transfer to the City Hall Debt Service Fund	Increased City Hall Debt Service allocation	\$2,603
• ESD Non-Personal/Equipment	Elimination of one-time funding and base adjustments	\$1,288
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	(\$10,697)
Subtotal Base Adjustments		\$414,816

Sewer Service and Use Charge Fund

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$8,543,503	\$10,157,790	\$1,614,287
<u>Budget Proposals Approved</u>			
• Billing System Transition	Customer Information System Transition		\$1,086,800
• Workers Compensation Claims	Workers' Compensation Claims Adjustment		\$50,000
• Transfer to General Fund for Human Resources/Payroll System Upgrade	One-time General Fund transfer for Human Resources/Payroll System Upgrade		\$22,968
• Overhead	Net change in overhead reimbursements resulting from staffing changes		\$16,349
• ESD Personal Services	Salary Program		\$13,383
	Integrated Billing System Transition and Administrative Services Support and Watershed Protection Division staffing changes		(\$16,554)
• Office of the City Attorney Personal Services	Salary Program		\$12,871
• Finance Department Personal Services	Salary Program		\$12,044
• Planning, Building, and Code Enforcement Department (PBCE) Personal Services	Salary Program		\$2,194
• Office of the City Manager Personal Services	Salary Program		\$500
• Human Resources Department (HR) Personal Services	Salary Program		\$486
• Office of the City Auditor Personal Services	Salary Program		\$258
• ESD Non-Personal/ Equipment	Sewer Service Conservation Program Elimination		(\$1,828)
Subtotal Budget Proposals Approved			\$1,199,471
Total Administrative Services			\$1,614,287
Total Sewer System Maintenance and Administrative Services	\$28,909,657	\$31,963,394	\$3,053,737

Sewer Service and Use Charge Fund

Budget Category: Sanitary Sewer Construction and Rehabilitation

Budget Category Overview

The Sanitary Sewer Construction and Rehabilitation category consists of capital projects designed to rehabilitate the system and enhance sewer capacity to meet economic development needs. Rehabilitation projects of existing sewers are developed based on the physical condition of the pipes obtained from the Sanitary Sewer Condition Assessment program using video inspection, maintenance reports, infiltration analysis, and actual pipe failures. Capacity improvement projects are determined by a process that incorporates Census 2010 population, land use planning per the Envision San José 2040 General Plan (General Plan), water use and flow monitoring data, and design criteria for estimating wastewater flows in a computer hydraulic model of the trunk sewer system.

The vast majority of the sanitary sewer collection system (80%) consists of small (6-inch and 8-inch diameter) sewer mains that serve established residential neighborhoods. These small-diameter neighborhood sewer systems are the most common locations for blockage and sewer backups and require a significant portion of Sanitary Sewer System funding to upsize, rehabilitate, and/or replace.

The Sanitary Sewer Master Plan Report, with the final report completed in April 2013, identified city-wide trunk sewer system deficiencies for existing, near-term, and long-term (i.e. General Plan) land use scenarios, and recommended 93 capacity improvement projects totaling approximately \$175 million. The near-term projects will be phased over a 20-year period.

Funding from the Sewer Service and Use Charge Fund for the Sanitary Sewer Capital Program is programmed at \$23 million in 2014-2015 and increases to \$25 million per year for each of the remaining four years of the 2015-2019 CIP. The funding in the CIP includes capacity improvement and rehabilitation projects to prevent sanitary sewer overflows. Funding will be used to manage system capacity, to assess the system's condition, and to construct sewer improvement projects.

Budget Category Summary

Sanitary Sewer Construction and Rehabilitation	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Transfer to SSUC Capital Fund	\$ 25,000,000	\$ 23,600,000	\$ 23,000,000	(2.5%)
Total	\$ 25,000,000	\$ 23,600,000	\$ 23,000,000	(2.5%)

Sewer Service and Use Charge Fund

Budget Category: Sanitary Sewer Construction and Rehabilitation

Budget Category Summary

The following changes are included in 2014-2015 for the Sanitary Sewer Construction and Rehabilitation category:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Sanitary Sewer Construction and Rehabilitation	\$23,600,000	\$23,000,000	(\$600,000)

Budget Proposals Approved

<ul style="list-style-type: none"> • Transfer to Sewer Service and Use Charge Capital Improvement Fund 	<p>This transfer supports major projects in the Sanitary Sewer Capital Program to address infrastructure rehabilitation and replacement needs in the City's sanitary sewer system. The specific elements of this program are described in the 2015-2019 Adopted Capital Improvement Program. The Public Works Department is presently evaluating the needs of the Sanitary Sewer Capital Program through the development of a system assessment and the completed master plan.</p>	<p>(\$600,000)</p>
<p>Subtotal Budget Proposals Approved</p>		<p>(\$600,000)</p>

Total Sanitary Sewer Construction and Rehabilitation	\$23,600,000	\$23,000,000	(\$600,000)
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Sewer Service and Use Charge Fund

Budget Category: Water Pollution Control Plant

Budget Category Overview

This category provides for operational and capital costs, support services, and debt service requirements for the San José/Santa Clara Water Pollution Control Plant (Plant). This regional wastewater treatment facility serves seven tributary sewage collection agencies, including municipalities and sanitary sewer districts. The Plant processes wastewater, operates a Bio-solids Reuse Program, and administers the South Bay Water Recycling Program. The capital costs in this category provide for planning, design, and construction of wastewater treatment assets at the Plant.

The Plant is one of the largest and most complex advanced wastewater treatment facilities in the nation. The Plant's operating and maintenance program continues its core function of meeting the Plant's National Pollutant Discharge Elimination System (NPDES) permit by ensuring that flows from the sanitary sewer system to the San Francisco Bay are free of pollutants. The Plant also continues its multi-year asset management and facility reliability efforts, including preventative maintenance programs. In addition to the preventative maintenance program at the Plant, a robust capital improvement program is currently underway to rehabilitate the Plant and upgrade systems to modern treatment and control technology.

The majority of the Plant's infrastructure is now more than 50 years old and significant rehabilitation or replacement is needed in every process area. In September 2013, a program management consultant was hired to develop a program implementation strategy that will incorporate new tools, systems, procedures, delivery approaches, and financing alternatives. The estimated investment level, over the next 30 years, is approximately \$2 billion, with over \$1 billion being invested in the next ten to fifteen years.

Budget Category Summary

Water Pollution Control Plant	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Treatment Plant Operating Fund	\$ 49,000,000	\$ 41,000,000	\$ 52,000,000	26.8%
Treatment Plant Capital Fund	23,312,000	34,576,000	48,000,000	38.8%
Total	\$ 72,312,000	\$ 75,576,000	\$ 100,000,000	32.3%

Sewer Service and Use Charge Fund

Budget Category: Water Pollution Control Plant

Budget Category Summary

The following changes are included in 2014-2015 in the Water Pollution Control Plant category:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Treatment Plant Operating Fund	\$41,000,000	\$52,000,000	\$11,000,000

Budget Proposals Approved

- Transfer to the San José-Santa Clara Treatment Plant Operating Fund

This transfer provides funding for program expenses related to the Water Pollution Control Plant. Transfer amounts from this fund to the Treatment Plant Operating Fund vary each year based on anticipated operating expenditures and the anticipated ending fund balance in that fund.

\$ 11,000,000

Subtotal Budget Proposals Approved	\$11,000,000
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Total Treatment Plant Operating Fund	\$11,000,000
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Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Treatment Plant Capital Fund	\$34,576,000	\$48,000,000	\$13,424,000

Budget Proposals Approved

- Transfer to the San José-Santa Clara Treatment Plant Capital Fund

This transfer supports capital projects in the Water Pollution Control Plant Capital Program. The 2014 -2015 increase reflects the continued effort to increase the annual capital rehabilitation investment within the facility and commence projects included in the Plant Master Plan. This effort is expected to require significantly greater annual expenditures during the next several years.

\$13,424,000

Subtotal Budget Proposals Approved	\$ 13,424,000
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Total Treatment Plant Operating Fund	\$13,424,000
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Total Water Pollution Control Plant	\$75,576,000	\$100,000,000	\$24,424,000
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Storm Sewer Operating Fund

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T*o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements.*

Storm Sewer Operating Fund

Budget Summary

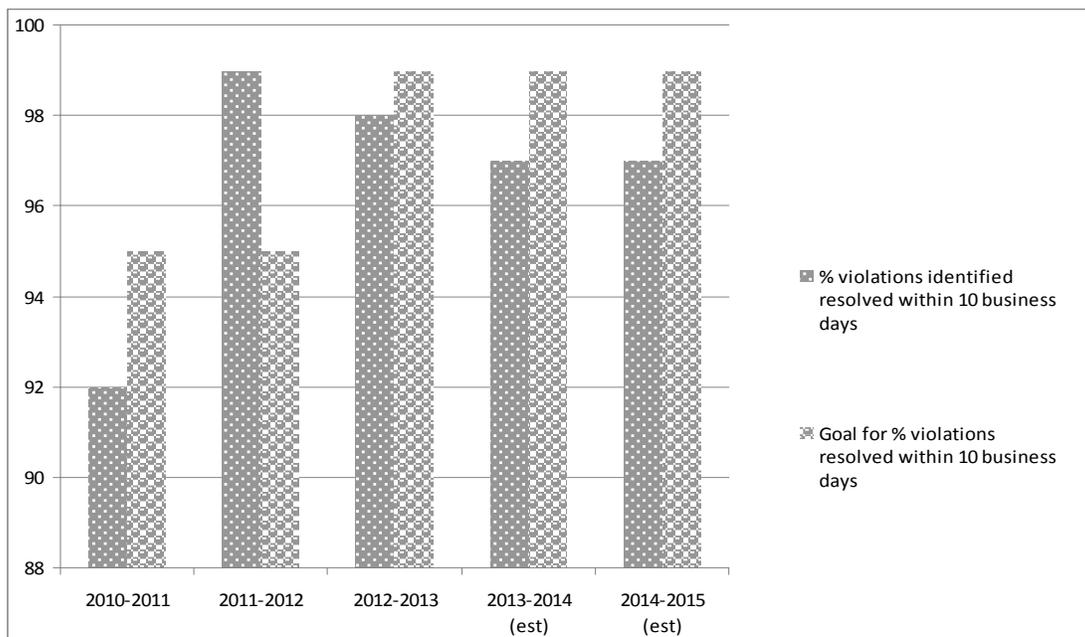
	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 24,240,798	\$ 25,553,634	5.4%
Storm Sewer Improvements	\$ 18,000,000	\$ 11,930,000	(33.7%)

Budget Highlights 2014-2015

- ❑ Key activities for this fund in 2014-2015 include rehabilitation of storm sewer system infrastructure, and replacement of some maintenance fleet. Water quality programming continues, including the expansion of initiatives to address the impact of trash in waterways.
- ❑ Funding for the Capital Improvement Program in 2014-2015 continues to provide for critical storm sewer system improvements and development of the multi-phase Storm Sewer Master Plan.
- ❑ Funding in 2014-2015 continues investments needed to meet requirements of the Stormwater Permit that became effective December 1, 2009. Permit negotiations are underway as the current permit expires on November 30, 2014.
- ❑ Storm Sewer Service Charge rates remain at 2013-2014 levels, with no increases for 2014-2015.

Budget Byte

Watershed Enforcement Program Industrial and Commercial Inspection Facility Violations



Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was established to provide funding for the maintenance of the storm sewer system; to improve the quality of the City's storm and surface water runoff to meet increasing federal, State, and regional regulatory requirements; and to rehabilitate aging system infrastructure. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) stormwater permit requires the City to implement activities and controls to prevent pollutants from entering the storm sewer collection system and receiving waters.

The main sources of revenue for the Storm Sewer Operating Fund are Storm Sewer Service Charge fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties. As in 2013-2014, there is no rate increase for 2014-2015. Further, as described in the Storm Sewer System Capital Improvement Program (CIP), no rate increases are currently assumed in the CIP; however, this may change based on a variety of factors including the recommendations of the Storm Sewer Master Plan (described below), unexpected infrastructure needs or cost fluctuations, and/or unanticipated Storm Sewer operating needs. The need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual Proposed Budget process.

The Environmental Services, Public Works, and Transportation Departments are responsible for maintenance and construction of the storm sewer system and pollution prevention and control activities. Other departments' activities, such as those of Planning, Building and Code Enforcement and Parks, Recreation and Neighborhood Services, are also affected by the stormwater regulations.

The 2014-2015 transfer to the Storm Sewer Capital Fund totals \$11.93 million, which is a decrease of \$6.07 million compared to 2013-2014. This funding will provide for continued development of a multi-phase storm sewer master plan, installation of large trash capture devices at various locations throughout the City, design of two new storm pump stations, urgent flood prevention and repair projects, and other capital improvements.

The Ending Fund Balance for the Storm Sewer Operating Fund includes earmarked reserves totaling \$9.3 million to provide for anticipated future costs or contingencies. The largest reserve is the Operations and Maintenance Reserve (\$6.0 million), which sets aside monies for unanticipated or emergency needs related to the Storm Sewer System. This reserve is set to equal approximately two months of operating expenditures and transfers in this fund. The Grant Match Reserve (\$1.0 million) sets aside funds for grant matching needs. Due to the purchase of a new collection system, the Billing Transition Reserve has been reduced from \$1.0 million to \$9,350. The funding has been allocated to the IBS Billing Transition appropriation for implementation of the new billing system. The Permit Implementation Reserve (\$1.0 million) sets aside funding to address various elements of the Storm Sewer Permit.

On October 14, 2009, the San Francisco Regional Water Quality Control Board (Water Board) adopted the Municipal Regional Stormwater NPDES Permit (Stormwater Permit) for the San Francisco Bay Region. The Stormwater Permit became effective December 1, 2009, and remains in effect through November 30, 2014. The Stormwater Permit aims to protect local creeks and the Bay

Storm Sewer Operating Fund

Fund Overview

by reducing pollutants in, and eliminating non-stormwater discharges into, the municipal storm sewer system and local waterways. Permit renewal negotiations began in 2013-2014.

The Stormwater Permit requires: new and expanded programs to reduce pollutants discharged through the storm sewer system, such as Polychlorinated Biphenyls (PCBs), mercury, pesticides, and trash; expanded water quality monitoring and regional studies; and rigorous data collection and reporting to demonstrate compliance. The permit also emphasizes integration of stormwater treatment and green street infrastructure through pilot projects.

A significant investment being made to comply with the Stormwater Permit requirements is the retrofit of the storm system with trash capture devices. The devices will capture and prevent trash from entering the system and local creeks. The City's Long-Term Trash Load Reduction Plan, which specifies the actions needed to reduce trash loading to creeks by 40% by 2014, 70% by 2017, and 100% by 2022, was approved by the City Council and submitted to the Water Board on February 1, 2014.

Fund Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	20,735,042	\$ 25,659,429	\$ 17,221,813	(32.9%)
Assessments	32,072,221	32,025,494	32,100,000	0.2%
Interest and Other	432,035	83,417	63,343	(24.1%)
Total	\$ 53,239,298	\$ 57,768,340	\$ 49,385,156	(14.5%)
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 21,991,836	\$ 24,240,798	\$ 25,553,634	5.4%
Storm Sewer Improvements	5,600,000	18,000,000	11,930,000	(33.7%)
Ending Fund Balance				
Billing Transition Reserve	1,000,000	1,000,000	9,350	(99.1%)
Capital Program Reserve	12,000,000	0	0	0.0%
Employee Compensation Planning Reserve	0	235,700	91,409	(61.2%)
Grant Match Reserve	500,000	500,000	1,000,000	100.0%
Operations and Maintenance Reserve	3,769,759	6,925,633	6,038,000	(12.8%)
Permit Implementation Reserve	2,000,000	1,000,000	1,000,000	0.0%
Reserve for Encumbrances	975,468	2,012,408	975,468	(51.5%)
Retiree Healthcare Solutions Reserve	0	0	235,000	N/A
Retirement Pre-Payment Reserve	58,000	0	0	0.0%
Unrestricted	5,344,235	3,853,801	2,552,295	(33.8%)
Ending Fund Balance Subtotal	25,647,462	15,527,542	11,901,522	(23.4%)
Total	\$ 53,239,298	\$ 57,768,340	\$ 49,385,156	(14.5%)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

The Storm Sewer Maintenance and Administration category includes funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation, Public Works, and Environmental Services Departments. The Transportation and Public Works Departments repair damaged storm sewer pipes and maintain the system infrastructure, while the Environmental Services Department coordinates stormwater regulatory programs and implements pollution control initiatives for the stormwater inspection program. Collectively, all three departments are responsible for the overall stormwater management program. Pollution Control includes the cost of efforts to ensure City compliance with the Stormwater Permit requirements. Administrative Services include support services provided by various City departments, overhead to the General Fund, and fees charged by the County for collecting assessments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 5,387,967	\$ 6,959,897	\$ 6,109,453	-12.2%
Pollution Control	13,065,795	13,633,596	14,697,638	7.8%
Administrative Services	3,538,074	3,647,305	4,746,543	30.1%
Total	\$ 21,991,836	\$ 24,240,798	\$ 25,553,634	5.4%

Two major factors impact the expenditures in this category: pollution control programs mandated by the City's Stormwater Permit, as issued by the San Francisco Regional Water Quality Control Board, and the rehabilitation and maintenance needs of the storm sewer system. The slight increase in the category is primarily the result of funding for the installation of street sweeping signage (\$240,000), the Department of Transportation Non-Personal/Equipment for ongoing fleet replacements (\$200,000), and equipment and staffing costs associated with an expanded pump station maintenance program (\$121,000). Ongoing funding for trash control devices continues to be available in this fund in the Environmental Services Department Non-Personal/Equipment appropriation.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

The following changes are included in 2014-2015 for the Storm Sewer System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer System Maintenance	\$6,959,897	\$6,109,453	(\$850,444)
Base Adjustments			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• Yard Trimmings/ Street Sweeping	Contractual increase to Yard Trimmings/Street Sweeping contract		\$31,438
• Department of Transportation (DOT) Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment adjustments		\$8,819
	Supervisor Control and Data Acquisition (SCADA) Improvements		(\$300,000)
	Fleet Replacement		(\$200,000)
	Front Loader		(\$175,000)
	Street Sweeper Replacement		(\$150,000)
	Street Sweeping Signage Installation		(\$33,000)
• IDC Contract	Increase to reflect revised methodology for calculating distribution of city waste disposal costs		\$5,000
• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$440,621)
	Subtotal Base Adjustments		(\$1,253,364)
Budget Proposals Approved			
• DOT Non-Personal/ Equipment	Sanitary Sewer and Storm Sewer Programs Fleet Replacement		\$200,000
	Sanitary Sewer and Storm Sewer Pump Crew Maintenance Staffing		\$72,000
	Electric Vehicle Lease Extension		\$3,000
• DOT Personal Services	Salary Program		\$78,585
	Sanitary Sewer and Storm Sewer Pump Crew Maintenance Staffing		\$49,335
	Subtotal Budget Proposals Approved		\$402,920
Total Storm Sewer System Maintenance			(\$850,444)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Pollution Control	\$13,633,596	\$14,697,638	\$1,064,042
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes		\$731,462
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes		\$37,854
• Yard Trimmings/Street Sweeping Contract	Contractual increase to the Yard Trimmings/Street Sweeping contract		\$31,438
• Environmental Services Department (ESD) Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment adjustments		\$21,455
• IDC Contract	Increase in the solid waste disposal contract due to higher indexed prices		\$5,000
• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$113,317)
• Various Departments Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment adjustments		(\$16,657)
Subtotal Base Adjustments			\$697,235

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Pollution Control	\$13,633,596	\$14,697,638	\$1,064,042
<u>Budget Proposals Approved</u>			
• DOT Personal Services	Street Sweeping Signage Installation		\$140,508
	Salary Program		\$52,390
• ESD Personal Services	Salary Program		\$122,950
	Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support		\$58,699
	Administrative Services Support and Watershed Protection Division Staffing		(\$102,798)
	Integrated Billing System Transition Staffing		(\$8,692)
• DOT Non-Personal/ Equipment	Street Sweeping Signage Installation		\$99,500
• Parks, Recreation, and Neighborhood Services (PRNS) Personal Services	Salary Program		\$4,337
• Public Works (PW) Department Personal Services	Salary Program		\$3,768
• ESD Non-Personal/ Equipment	Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support		\$1,500
• Planning, Building, and Code Enforcement (PBCE) Personal Services	Salary Program		\$1,913
	Management staffing and funding reallocation		(\$7,268)
	Subtotal Budget Proposals Approved		\$366,807
Total Pollution Control			\$1,064,042

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$3,647,305	\$4,746,543	\$1,099,238

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Overhead	Net change in overhead reimbursement resulting from staffing changes, compensation, and overhead rate adjustments	\$214,741
• Transfer to General Fund for Human Resources (HR)/ Payroll System Upgrade	One-time funding for Human Resources/Payroll System Upgrade	\$18,462
• Workers' Compensation Claims	Workers' Compensation Claims adjustment	\$6,000
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	\$5,379
• Information Technology Department (IT) Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	\$4,512
• Collection Fees	Technical adjustments to costs incurred for sewer fee collection	\$227
• DOT Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment adjustments	(\$130,825)
• Transfer to the City Hall Debt Service Fund	Decreased allocation to the City Hall Debt Service Fund	(\$30,975)
Subtotal Base Adjustments		\$87,521

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$3,647,305	\$4,746,543	\$1,099,238
<u>Budget Proposals Approved</u>			
• IBS Billing Transition	Customer Information System Transition		\$990,650
• Overhead	Net change in overhead reimbursement resulting from proposed staffing changes		\$30,988
• IT Personal Services	Salary Program		\$1,731
	Customer Contact Center staffing		(\$13,669)
• HR Personal Services	Salary Program		\$923
• Finance Department Personal Services	Salary Program		\$771
• Office of the City Auditor Personal Services	Salary Program		\$323
Subtotal Budget Proposals Approved			\$1,011,717
Total Administrative Services			\$1,099,238
Total Storm Sewer System Maintenance, Pollution Control & Administration	\$24,240,798	\$25,553,634	\$1,312,836

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements category consists of capital projects to construct storm sewer systems that convey surface runoff in the City’s Urban Service Area to adjacent stream channels, to enhance existing storm sewer capacity, and to improve operations. These improvements will reduce the risk of potential flooding and drainage-related surface damage to adjacent properties while managing the quality of stormwater runoff.

Current projects include the installation of technology and infrastructure to maximize the efficiency of the storm sewer collection system and the reliability of pump stations, manage the quality of storm water runoff to minimize ponding in residential areas, and the continued development of a multi-phase storm sewer master plan.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to the Storm Sewer Capital Fund	\$ 5,600,000	\$ 18,000,000	\$ 11,930,000	(33.7%)
Total	\$ 5,600,000	\$ 18,000,000	\$ 11,930,000	(33.7%)

The following changes are included in the Storm Sewer Improvements category for 2014-2015:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer Improvements	\$18,000,000	\$11,930,000	(\$6,070,000)

Budget Proposal Approved

- | | | |
|--|---|---------------|
| <ul style="list-style-type: none"> • Transfer to the Storm Sewer Capital Fund | Transfer to the Storm Sewer Capital Fund for capital improvements. Details regarding the Storm Sewer Capital Improvement Program (CIP) can be found in the 2015-2019 Adopted CIP. Transfer amounts from this Fund to the Capital Fund vary each year based on the projects programmed and the anticipated ending fund balance in that fund. | (\$6,070,000) |
|--|---|---------------|

Subtotal Budget Proposal Approved			(\$6,070,000)
Total Storm Sewer Improvements	\$18,000,000	\$11,930,000	(\$6,070,000)

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Transient Occupancy Tax Fund

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T*o provide funding for Convention Facilities Operations and Maintenance, Cultural Development, and the San José Convention and Visitors Bureau.*

Beginning in 1982, the City Council instituted a 6% Transient Occupancy Tax (TOT) on all hotel/motel rooms in San José. The revenues are collected in the TOT Fund (461) and the increment of growth, over the base fiscal year (1980-1981), is distributed by formula to three program categories: Convention Facilities Operations and Maintenance (50% of the TOT increase), Cultural Development (25% of the TOT increase), and the San José Convention and Visitors Bureau (25% of the TOT increase).

Transient Occupancy Tax Fund

Budget Summary

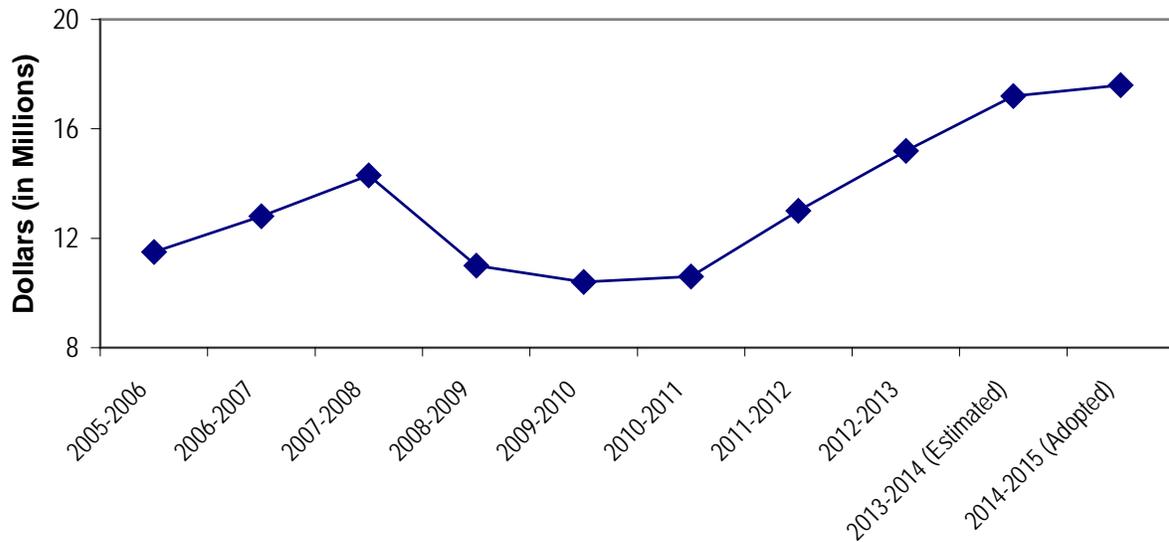
	2013-2014 Adopted	2014-2015 Adopted	Change
Convention Facilities Operations and Maintenance	\$ 8,444,865	\$ 9,219,864	9.2%
Cultural Development	\$ 5,508,458	\$ 4,949,885	(10.1%)
San José Convention & Visitors Bureau	\$ 4,415,750	\$ 4,803,250	8.8%

Budget Highlights 2014-2015

- ❑ In 2013-2014, TOT revenues are projected to exceed 2012-2013 revenues by 14%. In 2014-2015, TOT revenues are expected to increase by an additional 5%, excluding one-time compliance and miscellaneous revenues received in 2013-2014.
- ❑ In 2014-2015, the resources allocated to the three recipient organizations are increased consistent with projected increases to TOT collections. Further, an additional \$1.3 million, the amount of TOT revenue anticipated above the 2013-2014 Adopted Budget, is distributed to each recipient organization as part of the 2014-2015 Adopted Budget.



10-Year View of TOT Collections



Transient Occupancy Tax Fund

Fund Overview

By ordinance, the Transient Occupancy Tax (TOT) Fund (6% of the 10% TOT) is used to provide funding for Convention Facilities Operations and Maintenance, Cultural Development, and the San José Convention and Visitors Bureau (CVB).

The level of TOT collections is directly related to the status of the economy. When the economy is growing, conventions, business travel, and tourism activity increase, which leads to higher occupancy rates in hotels. With increased occupancy, the hotels are able to raise room rates, which positively impacts TOT collections. Conversely, when the economy is declining, TOT revenues tend to decrease.

In 2013-2014, Transient Occupancy Tax receipts have experienced a very healthy increase, with current estimated growth of 14% as compared to the prior year which experienced year-over-year growth of 16%. The increased collections in 2013-2014 are noteworthy, as year-end estimated collections represent the fourth consecutive year of improved collections following two consecutive years of sharp year-over-year declines. In fact, TOT collections in 2013-2014 are estimated at \$17.2 million (collections include compliance and miscellaneous revenues of approximately \$430,000), nearly \$2.1 million higher than the most recent high point of \$15.2 million achieved in 2012-2013.

The upward trend in this revenue category is anticipated to continue in 2014-2015 with projected growth of 5%, excluding the compliance and miscellaneous revenue experienced in 2013-2014. This growth rate reflects the continued overall strength of collections in this category, providing additional valuable resources to each TOT recipient. It is important to note that while TOT is projected to grow by 5% in 2014-2015, the allocations for the three recipient organizations reflect higher than 5% increases when compared to the 2013-2014 Adopted Budget. As mentioned previously, additional TOT revenue is anticipated above the budgeted amount for 2013-2014, in the amount of \$1.3 million. The additional revenue has been allocated to the recipients as follows: \$650,000 to Convention Facilities Operations and Maintenance, \$325,000 to Cultural Development, and \$325,000 to the San José Convention and Visitors Bureau. It should be noted that the 2013-2014 Adopted Budget for the Cultural Development allocation includes one-time carryover funds. Excluding the funds carried over from 2012-2013 to 2013-2014, Cultural Development reflects an overall increase of 8.5% in 2014-2015, which is in line with the other TOT recipients.

Transient Occupancy Tax Fund

Fund Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2013-2014 Estimate 3	2014-2015 Adopted 4	% Change (2 to 4)
Dollars by Sources					
Beginning Fund Balance	\$ 4,415,204	\$ 4,049,871	\$ 4,848,998	\$ 2,925,105	(27.8%)
TOT Revenues	15,155,076	15,900,000	17,135,000	17,625,000	10.8%
Interest/Other	33,121	6,000	105,000	33,000	450.0%
Total	\$ 19,603,401	\$ 19,955,871	\$ 22,088,998	\$ 20,583,105	3.1%
Dollars by Uses					
Convention Facilities Operations and Maintenance	\$ 7,179,956	\$ 8,444,865	\$ 8,459,789	\$ 9,219,864	9.2%
Cultural Development	3,791,197	5,508,458	6,280,892	4,949,885	(10.1%)
SJ Convention/Visitors Bureau	3,783,250	4,415,750	4,423,212	4,803,250	8.8%
Ending Fund Balance and Misc.	4,848,998	1,586,798	2,925,105	1,610,106	1.5%
Total	\$ 19,603,401	\$ 19,955,871	\$ 22,088,998	\$ 20,583,105	3.1%

Transient Occupancy Tax Fund

Budget Category: Convention Facilities Operations and Maintenance

Budget Category Overview

Convention Facilities Operations and Maintenance funding is used to support the City's various convention and cultural facilities. Once TOT revenues are received, the funding is transferred to the Convention and Cultural Affairs Fund and, for the past many years, this funding has been used to primarily support Team San Jose administration, maintenance, and operation costs for the Convention Center and other facilities, as well as City funded capital improvements. Because the total operating expenses are not delineated by funding source, the specific operations supported by TOT funding cannot be isolated.

For 2014-2015, the Adopted Budget for this category totals \$9.2 million and reflects a 9.2%, or \$775,000, increase from the 2013-2014 Adopted Budget level. This change is the combined result of three factors: 1) an adjustment to the ongoing Base Budget level to exclude one-time funding included in the 2013-2014 Adopted Budget of \$750,000; 2) an estimated increase in 2013-2014 TOT revenue collections that are expected to be received by year-end, resulting in an additional \$663,000 that will be distributed to this funding category in 2014-2015 and 3) estimated growth of 5% in 2014-2015 TOT collections applied to the revised ongoing 2013-2014 collection level that will result in an additional \$863,000 in funding next year.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2013-2014 Estimate 3	2014-2015 Adopted 4	% Change (2 to 4)
Convention Facilities Operations and Maintenance	\$ 7,179,956	\$ 8,444,865	\$ 8,459,789	\$ 9,219,864	9.2%
Total	\$ 7,179,956	\$ 8,444,865	\$ 8,459,789	\$ 9,219,864	9.2%

Transient Occupancy Tax Fund

Budget Category: Cultural Development

Budget Category Overview

Transient Occupancy Tax revenues allocated for Cultural Development provide funding for the cultural grant program and fine arts division programs, including funding of cultural grants and expenses of the fine arts division, including, but not limited to, personal and non-personal/equipment expenses, fringe benefits, and overhead.

Each year, the Office of Cultural Affairs solicits and evaluates applications for funding under the Cultural Development category using award criteria approved by the City Council. Grant recommendations are presented to the Arts Commission, which in turn submits recommendations for Cultural Grants and Technical Assistance Grants to the City Council through a Manager's Budget Addendum for consideration during the annual budget process. All unexpended Cultural Development funding is traditionally rebudgeted for expenditure in the next fiscal year.

For 2014-2015, the Adopted Budget for this category totals \$4.9 million and reflects a 10.1%, or \$559,000, decrease from the 2013-2014 Adopted Budget level. This change is the combined result of five factors: 1) the removal of one-time 2012-2013 carryover project funds of \$969,000; 2) an adjustment to the ongoing Base Budget level to exclude one-time funding included in the 2013-2014 Adopted Budget of \$375,000; 3) an estimated increase in 2013-2014 TOT revenue collections that are expected to be received by year-end, resulting in an additional \$331,000 that will be distributed to this funding category in 2014-2015; 4) estimated growth of 5% in 2014-2015 TOT collections applied to the revised ongoing 2013-2014 collection level that will result in an additional \$431,000 in funding next year and 5) the inclusion of an estimated \$23,000 related to the Office of Cultural Affairs work on special event permits. Excluding the carryover funds (\$969,000) from 2012-2013, this category will increase in 2014-2015 by 8.5% from the 2013-2014 Adopted Budget level, which is in line with the other TOT recipients.

In 2014-2015, Cultural Development will continue its implementation of the City Council-adopted Cultural Connection: San José's Cultural Plan for 2011-2020. Use of TOT funds will be prioritized to align with these Council-adopted goals and strategies. More detailed information for the 2014-2015 TOT Cultural Development category, which includes the Cultural Grants/Programs and Services (\$3,388,064), are included at the end of this section. For Cultural Development Administration (\$1,561,821), please refer to the City Departments: City Manager – Office of Economic Development section of this document.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2013-2014 Estimate 3	2014-2015 Adopted 4	% Change (2 to 4)
Cultural Development	\$ 3,791,197	\$ 5,508,458	\$ 6,280,892	\$ 4,949,885	(10.1%)
Total	\$ 3,791,197	\$ 5,508,458	\$ 6,280,892	\$ 4,949,885	(10.1%)

Transient Occupancy Tax Fund

Budget Category: San José Convention and Visitors Bureau

Budget Category Overview

The City contracts with Team San Jose to operate the San José Convention and Visitors Bureau (CVB) to provide long-term booking of events at the Convention Center, market the Convention Center, promote traveling to San José for business and pleasure, and assist visitors.

In 2014-2015, the CVB is also scheduled to receive \$500,000 from the Convention and Cultural Affairs Fund (shown in the Source and Use of Funds section of this document) as well as revenue from other sources such as San José businesses, restaurants, and hotels, to provide similar services, which are not represented here. In 2013-2014, the funding directed toward CVB included the TOT allocation of nearly \$4.4 million and \$500,000 from the Convention and Cultural Affairs Fund, for a total of approximately \$4.9 million. With the TOT allocation improving to \$4.8 million, combined with a programmed transfer of \$500,000 from the Convention and Cultural Affairs Fund, total City funding for this program in 2014-2015 will be \$5.3 million.

For 2014-2015, the Adopted Budget for this category totals \$4.8 million and reflects an 8.8%, or \$388,000, increase from the 2013-2014 Adopted Budget level. This change is the combined result of three factors: 1) an adjustment to the ongoing Base Budget level to exclude one-time funding included in the 2013-2014 Adopted Budget of \$375,000; 2) an estimated increase in 2013-2014 TOT revenue collections that are expected to be received by year-end, resulting in an additional \$331,000 that will be distributed to this funding category in 2014-2015 and 3) estimated growth of 5% in 2014-2015 TOT collections applied to the revised ongoing 2013-2014 collection level that will result in an additional \$431,000 in funding next year.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2013-2014 Estimate 3	2014-2015 Adopted 4	% Change (2 to 4)
SJ Convention/Visitors Bureau	\$ 3,783,250	\$ 4,415,750	\$ 4,423,212	\$ 4,803,250	8.8%
Total	\$ 3,783,250	\$ 4,415,750	\$ 4,423,212	\$ 4,803,250	8.8%

Transient Occupancy Tax Fund

Budget Category: Cultural Development

Budget Category Overview

Cultural Grants/Programs and Services	Total TOT Allocation
Abhinaya Dance Company of San Jose	\$26,985
Alum Rock Educational Foundation	9,400
American Beethoven Society	14,100
Annual Almaden Art & Wine Festival	10,930
Ballet San Jose	206,768
Bay Area Glass Institute	39,841
Cambodian American Resource Agency	10,000
Children's Discovery Museum of San Jose	168,099
Children's Musical Theater San Jose	134,023
Chinese Performing Arts of America	48,274
Christmas in the Park	36,316
Cinequest Film Festival	33,468
Cinequest Film Festival	86,912
City Lights Theater Company of San Jose	39,550
Dancin' on the Avenue	12,950
Dia de los Muertos	5,962
Dia de Portugal Festival	14,572
Downtown Ice	37,740
Firebird Youth Chinese Orchestra	22,562
Gilbert & Sullivan Society of San Jose	13,200
Guitar Solo & Ensemble Festival	4,173
Italian Family Festa	9,141
Kaisahan of San Jose Dance Company	19,377
Luna Park Chalk Art Festival	6,756
MACLA/Movimiento de Arte y Cultura Latino Americana	60,260
Mexican Heritage Corporation	33,623
Mission Chamber Orchestra	13,650
Music in the Park	12,950
Nikkei Matsuri SJ Japantown	4,173
Northside Theatre Company	15,000
Opera Cultura	12,500
Opera San Jose	185,161
Pumpkins in the Park	5,962
Renegade Theatre Experiment	12,756
Rose, White and Blue 4th of July Parade	10,930
San Jose Chamber Music Society	14,550
San Jose Chamber Orchestra	28,887
San Jose Choral Project	10,833
San Jose Downtown Foundation	12,500
San Jose Fountain Blues Festival	8,379
San Jose Institute of Contemporary Art	59,273
San Jose International Piano Competition	14,550
San Jose Jazz	104,818
San Jose Jazz Summer Fest	34,892

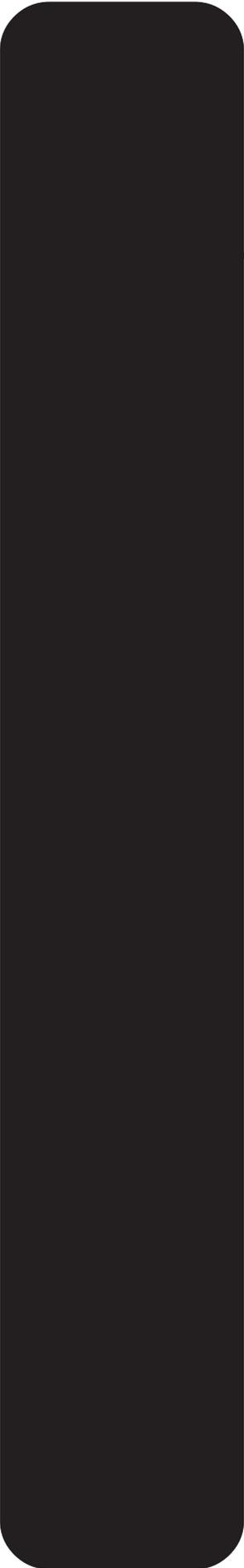
Transient Occupancy Tax Fund

Budget Category: Cultural Development

Budget Category Overview

Cultural Grants/Programs and Services	Total TOT Allocation
San Jose Jazz Winter Fest	\$8,744
San Jose Multicultural Artists Guild	13,108
San Jose Museum of Art	221,033
San Jose Museum of Quilts & Textiles	49,660
San Jose Repertory Theatre	108,235
San Jose Stage Company	67,950
San Jose Symphonic Choir	11,736
San Jose Taiko	48,937
San Jose Youth Shakespeare	2,500
San Jose Youth Symphony	58,711
Sankritilaya	5,820
School of Arts and Culture at MHP	81,081
Shady Shakespeare Theatre Company	9,100
sjDANCEco	13,650
sjDANCEco Annual Dance Festival	6,756
SJSURF for Center for Literary Arts	12,500
South Bay Guitar Society	14,550
Starlight Cinemas	13,116
Street Market/SubZero	14,572
SV Jewish Film Festival	7,618
Symphony Silicon Valley	144,407
Target Summer Pops Festival	14,473
Teatro Vision	15,000
The Tabard Theatre Company	27,460
TOT Contingency Reserve	613,028
Villa Navideña	5,962
Viva Fest!	10,665
Vivace Youth Chorus	14,550
Winchester Orchestra	11,000
Works/San Jose	12,500
Zero1	82,896
TOTAL	\$3,388,064

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2014-2015

OPERATING BUDGET

**SOURCE AND
USE OF FUNDS
STATEMENTS**

**SOURCE AND USE OF FUNDS
STATEMENTS**

AIRPORT CUSTOMER FACILITY AND TRANSPORTATION FEE FUND (519)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Coverage Reserve	3,394,159	3,772,763	3,394,159	3,394,159	3,772,763
Future Debt Service Reserve	0	0	0	0	2,635,398
RAC Agreement Reserve	1,500,759	1,069,500	2,293,260	2,293,260	0
Rate Stabilization Reserve	1,000,000	1,000,000	976,620	976,620	976,620
Reserve for Encumbrances	71,417	71,417	39,688	39,688	39,688
Total Beginning Fund Balance	5,966,335	5,913,680	6,703,727	6,703,727	7,424,469
Revenues					
Customer Transport Fee	13,384,764	14,647,000	14,647,000	14,862,000	17,385,000
Interest	10,104	0	0	0	0
Rental Car Agencies	3,320,457	2,767,411	2,767,411	2,767,315	2,472,141
Total Revenues	16,715,325	17,414,411	17,414,411	17,629,315	19,857,141
Transfers					
Airport Revenue Bond Improvement Fund	0	0	949,794	949,794	0
Total Transfers	0	0	949,794	949,794	0
TOTAL SOURCE OF FUNDS	22,681,660	23,328,091	25,067,932	25,282,836	27,281,610
USE OF FUNDS					
Expenditures					
Airport Non-Pers/Equip	2,268,749	2,376,911	2,376,911	2,376,911	2,102,434
CFC Audit	24,170	30,000	30,000	30,000	7,500
Operations Contingency	0	250,000	250,000	250,000	250,000
Total Expenditures	2,292,919	2,656,911	2,656,911	2,656,911	2,359,934
Transfers					
Airport Fiscal Agent Fund	13,576,614	15,091,052	15,091,052	15,091,052	17,412,082
Airport Surplus Revenue Fund	108,400	110,500	110,500	110,404	112,207
Total Transfers	13,685,014	15,201,552	15,201,552	15,201,456	17,524,289
Ending Fund Balance					
Debt Service Coverage Reserve	3,394,159	3,772,763	3,772,763	3,772,763	4,353,021
Future Debt Service Reserve	0	625,448	2,420,398	2,635,398	2,028,058
RAC Agreement Reserve	2,293,260	0	0	0	0
Rate Stabilization Reserve	976,620	1,000,000	976,620	976,620	976,620
Reserve for Encumbrances	39,688	71,417	39,688	39,688	39,688
Total Ending Fund Balance	6,703,727	5,469,628	7,209,469	7,424,469	7,397,387
TOTAL USE OF FUNDS	22,681,660	23,328,091	25,067,932	25,282,836	27,281,610

AIRPORT FISCAL AGENT FUND (525)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Reserve	90,359,323	87,071,830	87,718,890	87,718,890	85,936,657
Total Beginning Fund Balance	90,359,323	87,071,830	87,718,890	87,718,890	85,936,657
Revenues					
Bond Proceeds	49,140,000	0	0	0	0
Interest	342,419	317,500	317,500	317,500	300,000
Total Revenues	49,482,419	317,500	317,500	317,500	300,000
Transfers					
Airport Cust Fac & Transp Fee Fd	13,576,614	15,091,052	15,091,052	15,091,052	17,412,082
Airport Pass Fac Charge Fd	22,099,631	25,779,000	25,779,000	25,779,000	25,763,000
Airport Revenue Bond Imp Fd	4,418,719	11,083,000	11,083,000	11,083,000	11,083,000
Airport Revenue Fund	46,229,840	43,148,946	43,148,946	43,148,946	43,115,459
Total Transfers	86,324,804	95,101,998	95,101,998	95,101,998	97,373,541
TOTAL SOURCE OF FUNDS	226,166,546	182,491,328	183,138,388	183,138,388	183,610,198
USE OF FUNDS					
Expenditures					
Interest Payment	75,521,560	74,651,757	74,651,757	74,651,757	73,922,588
Principal Payment	62,580,000	22,275,000	22,275,000	22,275,000	23,450,000
Total Expenditures	138,101,560	96,926,757	96,926,757	96,926,757	97,372,588
Transfers					
Airport Revenue Fund	346,096	319,744	319,744	274,974	275,000
Total Transfers	346,096	319,744	319,744	274,974	275,000
Ending Fund Balance					
Debt Service Reserve	87,718,890	85,244,827	85,891,887	85,936,657	85,962,610
Total Ending Fund Balance	87,718,890	85,244,827	85,891,887	85,936,657	85,962,610
TOTAL USE OF FUNDS	226,166,546	182,491,328	183,138,388	183,138,388	183,610,198

AIRPORT MAINTENANCE AND OPERATION FUND (523)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Airport Councils Intl Conf Reserve	100,000	0	0	0	0
Master Trust Agreement Reserve	19,326,122	24,697,347	25,120,383	25,120,383	28,586,329
Reserve for Encumbrances	2,650,459	2,650,459	2,839,612	2,839,612	2,839,612
Retiree Healthcare Solutions Reserve	0	0	0	0	475,000
Workers' Comp Claims Reserve	2,434,245	2,434,245	1,678,771	1,678,771	1,678,771
Total Beginning Fund Balance	24,510,826	29,782,051	29,638,766	29,638,766	33,579,712
Revenues					
Loan Repayment	250,000	0	0	0	0
Total Revenues	250,000	0	0	0	0
Transfers					
Airport Revenue Fund	67,304,252	77,525,067	77,525,067	68,371,442	77,997,931
Total Transfers	67,304,252	77,525,067	77,525,067	68,371,442	77,997,931
TOTAL SOURCE OF FUNDS	92,065,078	107,307,118	107,163,833	98,010,208	111,577,643
USE OF FUNDS					
Expenditures					
Airport Non-Pers/Equip	27,843,333	31,194,408	31,194,408	28,994,408	31,939,717
Airport Personal Services	22,904,946	25,266,590	25,259,623	23,059,623	26,539,115
Annual Audit	56,835	78,250	78,250	78,250	78,250
City Attny Non-Pers/Equip	2,817	4,000	4,000	4,000	4,000
City Attny Personal Services	582,555	605,293	604,865	604,865	594,615
City Mgr Non-Pers/Equip	22,560	24,500	24,500	24,500	24,500
City Mgr Personal Services	140,932	186,024	186,423	186,423	195,587
OED Non-Pers/Equip	0	0	5,000	5,000	5,000
OED Personal Services	0	139,214	170,679	170,679	176,639
Operations Contingency	0	1,500,000	1,882,833	882,833	1,899,962
Overhead	3,128,883	2,837,758	2,417,925	2,417,925	3,798,869
PBCE Personal Services	60,835	62,727	63,885	63,885	49,115
PRNS Personal Services	43,858	46,035	46,927	46,927	58,995
PW Non-Pers/Equip	8,970	19,000	19,000	19,000	16,863
PW Personal Services	140,598	171,187	171,231	171,231	176,274
Police Personal Services	87,140	92,428	92,165	92,165	104,509
Workers' Comp Claims	383,443	560,000	560,000	377,887	393,009
Workers' Comp Judgs/Loss	0	40,813	40,813	0	0
Total Expenditures	55,407,705	62,828,227	62,822,527	57,199,601	66,055,019
Transfers					
General Fund - Aircraft Rescue/Fire Fighting	1,684,274	1,695,942	1,695,942	1,695,942	3,293,417
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	35,618
General Fund - Police Services	5,334,333	5,534,953	5,534,953	5,534,953	5,782,117
Total Transfers	7,018,607	7,230,895	7,230,895	7,230,895	9,111,152

AIRPORT MAINTENANCE AND OPERATION FUND (523)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Employee Compensation Planning Reserve	0	469,300	0	0	287,736
Master Trust Agreement Reserve	25,120,383	31,693,992	32,117,028	28,586,329	31,130,353
Reserve for Encumbrances	2,839,612	2,650,459	2,839,612	2,839,612	2,839,612
Retiree Healthcare Solutions Reserve	0	0	475,000	475,000	475,000
Workers' Comp Claims Reserve	1,678,771	2,434,245	1,678,771	1,678,771	1,678,771
Total Ending Fund Balance	<u>29,638,766</u>	<u>37,247,996</u>	<u>37,110,411</u>	<u>33,579,712</u>	<u>36,411,472</u>
TOTAL USE OF FUNDS	<u>92,065,078</u>	<u>107,307,118</u>	<u>107,163,833</u>	<u>98,010,208</u>	<u>111,577,643</u>

AIRPORT REVENUE FUND (521)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Airline Agreement Reserve	34,042,898	23,831,780	29,740,660	29,740,660	29,763,755
Future Deficit Reserve	28,014,168	26,630,779	26,630,779	26,630,779	30,161,479
Total Beginning Fund Balance	62,057,066	50,462,559	56,371,439	56,371,439	59,925,234
Revenues					
Airfield Area	3,038,241	3,067,362	3,067,362	3,568,389	3,564,129
Landing Fees	12,888,370	11,863,537	12,006,024	11,966,445	11,893,558
Miscellaneous	6,096,951	7,454,160	7,454,160	7,663,740	7,959,029
Parking & Roadway	41,794,844	41,188,766	41,188,766	43,880,861	44,667,977
Petroleum Products	2,360,463	2,957,341	2,957,341	3,000,321	3,256,327
Terminal Building	15,101,644	15,371,210	15,371,210	15,455,625	15,934,624
Terminal Rental	38,255,624	38,087,565	37,991,216	39,069,601	36,154,376
Total Revenues	119,536,137	119,989,941	120,036,079	124,604,982	123,430,020
Transfers					
Airport Fiscal Agent Fund	346,096	319,744	319,744	274,974	275,000
Total Transfers	346,096	319,744	319,744	274,974	275,000
TOTAL SOURCE OF FUNDS	181,939,299	170,772,244	176,727,262	181,251,395	183,630,254
USE OF FUNDS					
Transfers					
Airport Fiscal Agent Fund	46,229,840	43,148,946	43,148,946	43,148,946	43,115,459
Airport Maint and Oper Fund	67,304,252	77,525,067	77,525,067	68,371,442	77,997,931
Airport Revenue Bond Imp Fd	53,194	0	0	0	0
Airport Surplus Revenue Fund	11,980,574	9,805,773	9,805,773	9,805,773	10,367,761
Total Transfers	125,567,860	130,479,786	130,479,786	121,326,161	131,481,151
Ending Fund Balance					
Airline Agreement Reserve	29,740,660	13,661,679	19,616,697	29,763,755	10,239,737
Future Budgets/Capital Reserve	26,630,779	26,630,779	26,630,779	30,161,479	41,909,366
Total Ending Fund Balance	56,371,439	40,292,458	46,247,476	59,925,234	52,149,103
TOTAL USE OF FUNDS	181,939,299	170,772,244	176,727,262	181,251,395	183,630,254

AIRPORT SURPLUS REVENUE FUND (524)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Airline Agreement Reserve	0	0	8,540	8,540	0
Discretionary Exp Reserve	4,000,000	5,000,000	5,000,000	5,000,000	6,000,000
Rate Stabilization Reserve	104,802	4,630,802	4,675,973	4,675,973	6,684,513
Total Beginning Fund Balance	4,104,802	9,630,802	9,684,513	9,684,513	12,684,513
Revenues					
Interest	5,756	0	0	0	0
Total Revenues	5,756	0	0	0	0
Transfers					
Airport Cust Fac & Transp Fee Fd	108,400	110,500	110,500	110,404	112,207
Airport Rev Bond Impvmnt Fd	161,116	0	1,397,838	1,397,838	0
Airport Revenue Fund	11,980,574	9,805,773	9,805,773	9,805,773	10,367,761
Total Transfers	12,250,090	9,916,273	11,314,111	11,314,015	10,479,968
TOTAL SOURCE OF FUNDS	16,360,648	19,547,075	20,998,624	20,998,528	23,164,481
USE OF FUNDS					
Expenditures					
Commercial Paper Principal and Interest	2,567,735	2,805,773	4,203,611	4,203,611	3,067,761
Green Island Principal and Interest	108,400	110,500	110,500	110,404	112,207
Total Expenditures	2,676,135	2,916,273	4,314,111	4,314,015	3,179,968
Transfers					
Airport Renew & Replace Fd	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Transfers	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Ending Fund Balance					
Airline Agreement Reserve	8,540	0	0	0	0
Discretionary Exp Reserve	5,000,000	6,000,000	6,000,000	6,000,000	7,000,000
Rate Stabilization Reserve	4,675,973	6,630,802	6,684,513	6,684,513	8,984,513
Total Ending Fund Balance	9,684,513	12,630,802	12,684,513	12,684,513	15,984,513
TOTAL USE OF FUNDS	16,360,648	19,547,075	20,998,624	20,998,528	23,164,481

BENEFIT FUNDS - BENEFIT FUND (160)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Early Retirement Reinsurance Program Reserve	2,793,988	2,793,988	2,793,988	2,793,988	0
Future Premiums Reserve	0	1,105,000	1,105,000	1,105,000	0
Reserve for Encumbrances	7,893	7,893	6,733	6,733	6,733
Retirement Pre-Payment Reserve	2,891	2,891	2,891	2,891	0
Unrestricted	1,373,468	806,141	771,841	771,841	963,128
Total Beginning Fund Balance	4,178,240	4,715,913	4,680,453	4,680,453	969,861
Revenues					
401(a) Defined Contrib Retirement Plan	0	25,000	0	0	0
Flexible Spending Accounts	0	10,000	10,000	35,000	35,000
Interest-ERRP	0	0	0	4,000	0
Interest/Demutualization Fds	7,586	0	0	4,000	4,000
Total Revenues	7,586	35,000	10,000	43,000	39,000
Transfers					
401(a) Defined Contrib Retirement Plan	8,070	0	56,000	44,000	45,000
Benefits Administration Fee	1,247,682	0	0	115,000	583,000
Employee Assist Program	557,186	573,000	573,000	550,000	550,000
FICA - Medicare	6,431,057	6,370,000	6,561,000	6,400,000	6,575,000
General Employee Vision	177,609	232,000	232,000	200,000	250,000
Health Plans	45,170,234	55,612,000	47,125,497	45,600,000	49,700,000
MEF Legal	75,054	90,000	90,000	75,000	85,000
PTC 457	843,467	900,000	930,000	925,000	950,000
Total Transfers	54,510,359	63,777,000	55,567,497	53,909,000	58,738,000
TOTAL SOURCE OF FUNDS	58,696,185	68,527,913	60,257,950	58,632,453	59,746,861
USE OF FUNDS					
Expenditures					
401(a) Defined Contrib Retirement Plan	8,010	25,000	56,000	44,000	45,000
Benefits Consultant Fee	240,000	240,000	240,000	217,000	182,000
ERRP Blue Shield Active Employee Prem Reductions	0	0	328,834	328,834	0
Employee Assist Program	558,267	573,000	573,000	550,000	550,000
FICA - Medicare	6,338,041	6,370,000	6,561,000	6,400,000	6,575,000
Flexible Spending Accounts	14,243	10,000	10,000	35,000	35,000
General Employee Vision	177,617	232,000	232,000	200,000	250,000
HR Non-Personal/Equipment	0	0	15,500	10,000	0
HR Personal Services	370,096	489,379	482,469	450,000	543,970
Health Plans	45,094,300	55,612,000	48,112,000	46,734,000	49,700,000
MEF Legal	75,042	90,000	90,000	75,000	85,000
Overhead	207,175	176,513	176,513	176,513	193,721
PTC 457	843,389	900,000	930,000	925,000	950,000
Total Expenditures	53,926,180	64,717,892	57,807,316	56,145,347	59,109,691

BENEFIT FUNDS - BENEFIT FUND (160)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Transfers					
City Hall Debt Service Fund	89,552	78,247	33,993	33,993	105,209
Federated Retirement Fund	0	0	637,798	637,798	0
Police and Fire Retirement Fund	0	0	845,454	845,454	0
Total Transfers	<u>89,552</u>	<u>78,247</u>	<u>1,517,245</u>	<u>1,517,245</u>	<u>105,209</u>
Ending Fund Balance					
Early Retirement Reinsurance Program Reserve	2,793,988	2,793,988	0	0	0
Employee Compensation Planning Reserve	0	8,600	0	0	2,071
Future Premiums Reserve	1,105,000	0	0	0	0
Reserve for Encumbrances	6,733	7,893	6,733	6,733	6,733
Retirement Pre-Payment Reserve	2,891	0	0	0	0
Unrestricted	771,841	921,293	926,656	963,128	523,157
Total Ending Fund Balance	<u>4,680,453</u>	<u>3,731,774</u>	<u>933,389</u>	<u>969,861</u>	<u>531,961</u>
TOTAL USE OF FUNDS	<u>58,696,185</u>	<u>68,527,913</u>	<u>60,257,950</u>	<u>58,632,453</u>	<u>59,746,861</u>

BENEFIT FUNDS - DENTAL INSURANCE FUND (155)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	1,712,615	1,691,040	1,674,845	1,674,845	1,667,000
Retirement Pre-Payment Reserve	1,602	1,602	1,602	1,602	0
Unrestricted	2,522,668	2,851,028	2,864,312	2,864,312	2,698,937
Total Beginning Fund Balance	4,236,885	4,543,670	4,540,759	4,540,759	4,365,937
Revenues					
Interest	12,209	8,000	8,000	20,000	20,000
Participant Contributions	360,023	363,000	363,000	330,000	365,000
Total Revenues	372,232	371,000	371,000	350,000	385,000
Transfers					
Reimbursement from City Funds	5,146,029	5,507,000	5,507,000	5,000,000	5,300,000
Reimbursement from Retirement Funds	6,175,615	6,168,000	6,168,000	5,800,000	5,470,000
Total Transfers	11,321,644	11,675,000	11,675,000	10,800,000	10,770,000
TOTAL SOURCE OF FUNDS	15,930,761	16,589,670	16,586,759	15,690,759	15,520,937
USE OF FUNDS					
Expenditures					
Dental HMO Plan	280,786	285,000	307,000	305,000	315,000
HR Non-Pers/Equip	505,344	486,000	486,000	452,000	486,000
HR Personal Services	152,216	257,680	262,180	205,000	234,165
Overhead	107,389	91,167	91,167	91,167	84,232
Payment of Claims	10,300,399	11,352,000	11,330,000	10,255,000	10,500,000
Total Expenditures	11,346,134	12,471,847	12,476,347	11,308,167	11,619,397
Transfers					
City Hall Debt Service Fund	43,868	38,337	16,655	16,655	44,474
Total Transfers	43,868	38,337	16,655	16,655	44,474
Ending Fund Balance					
Claims Reserve	1,674,845	1,793,192	1,776,997	1,667,000	2,625,000
Employee Compensation Planning Reserve	0	4,500	0	0	1,189
Retirement Pre-Payment Reserve	1,602	0	0	0	0
Unrestricted	2,864,312	2,281,794	2,316,760	2,698,937	1,230,877
Total Ending Fund Balance	4,540,759	4,079,486	4,093,757	4,365,937	3,857,066
TOTAL USE OF FUNDS	15,930,761	16,589,670	16,586,759	15,690,759	15,520,937

BENEFIT FUNDS - LIFE INSURANCE FUND (156)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Retirement Pre-Payment Reserve	303	303	303	303	0
Unrestricted	174,943	129,116	149,875	149,875	114,934
Total Beginning Fund Balance	<u>175,246</u>	<u>129,419</u>	<u>150,178</u>	<u>150,178</u>	<u>114,934</u>
Revenues					
Interest	1,126	700	700	2,000	1,400
Participant Contributions	614,863	575,000	575,000	600,000	595,000
Total Revenues	<u>615,989</u>	<u>575,700</u>	<u>575,700</u>	<u>602,000</u>	<u>596,400</u>
Transfers					
Administration Fee	0	48,000	48,000	30,000	45,000
Reimbursement from City Funds	348,776	398,000	398,000	325,000	380,000
Total Transfers	<u>348,776</u>	<u>446,000</u>	<u>446,000</u>	<u>355,000</u>	<u>425,000</u>
TOTAL SOURCE OF FUNDS	<u>1,140,011</u>	<u>1,151,119</u>	<u>1,171,878</u>	<u>1,107,178</u>	<u>1,136,334</u>
USE OF FUNDS					
Expenditures					
HR Non-Pers/Equip	2,031	2,140	3,140	3,000	2,140
HR Personal Services	48,607	48,067	62,867	59,000	66,366
Insurance Premiums	910,632	935,000	935,000	910,000	930,000
Overhead	20,203	17,073	17,073	17,073	23,308
Total Expenditures	<u>981,473</u>	<u>1,002,280</u>	<u>1,018,080</u>	<u>989,073</u>	<u>1,021,814</u>
Transfers					
City Hall Debt Service Fund	8,360	7,298	3,171	3,171	12,167
Total Transfers	<u>8,360</u>	<u>7,298</u>	<u>3,171</u>	<u>3,171</u>	<u>12,167</u>
Ending Fund Balance					
Employee Compensation Planning Reserve	0	800	0	0	256
Retirement Pre-Payment Reserve	303	0	0	0	0
Unrestricted	149,875	140,741	150,627	114,934	102,097
Total Ending Fund Balance	<u>150,178</u>	<u>141,541</u>	<u>150,627</u>	<u>114,934</u>	<u>102,353</u>
TOTAL USE OF FUNDS	<u>1,140,011</u>	<u>1,151,119</u>	<u>1,171,878</u>	<u>1,107,178</u>	<u>1,136,334</u>

BENEFIT FUNDS - UNEMPLOYMENT INSURANCE FUND (157)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	5,000,000	3,000,000	3,000,000	3,000,000	1,500,000
Reserve for Encumbrances	1	1	0	0	0
Retirement Pre-Payment Reserve	635	635	635	635	0
Unrestricted	1,747,559	2,107,055	2,050,140	2,050,140	2,402,454
Total Beginning Fund Balance	6,748,195	5,107,691	5,050,775	5,050,775	3,902,454
Revenues					
Interest	14,794	10,000	10,000	22,000	14,000
Total Revenues	14,794	10,000	10,000	22,000	14,000
TOTAL SOURCE OF FUNDS	6,762,989	5,117,691	5,060,775	5,072,775	3,916,454
USE OF FUNDS					
Expenditures					
HR Non-Pers/Equip	15,955	12,276	13,776	13,000	12,276
HR Personal Services	77,101	95,727	120,921	115,000	131,191
Overhead	42,762	36,716	36,716	36,716	50,174
Payment of Claims	1,561,654	1,500,000	700,000	1,000,000	1,000,000
Total Expenditures	1,697,472	1,644,719	871,413	1,164,716	1,193,641
Transfers					
City Hall Debt Service Fund	14,742	12,902	5,605	5,605	21,965
Total Transfers	14,742	12,902	5,605	5,605	21,965
Ending Fund Balance					
Claims Reserve	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000
Employee Compensation Planning Reserve	0	1,700	0	0	1,096
Reserve for Encumbrances	0	1	0	0	0
Retirement Pre-Payment Reserve	635	0	0	0	0
Unrestricted	2,050,140	1,958,369	2,683,757	2,402,454	1,199,752
Total Ending Fund Balance	5,050,775	3,460,070	4,183,757	3,902,454	2,700,848
TOTAL USE OF FUNDS	6,762,989	5,117,691	5,060,775	5,072,775	3,916,454

BUSINESS IMPROVEMENT DISTRICT FUND (351)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	5	5	5	5	5
Unrestricted - Downtown	66,710	66,710	219,334	219,334	219,334
Unrestricted - Hotel	749,220	749,220	681,597	681,597	681,597
Unrestricted - Interest	2,755	2,755	2,755	2,755	2,755
Unrestricted - Japantown	48,584	48,584	53,146	53,146	53,146
Unrestricted - Willow Glen CBID	81,845	81,845	90,749	90,749	90,749
Total Beginning Fund Balance	949,119	949,119	1,047,586	1,047,586	1,047,586
Revenues					
Downtown Assessment	862,618	710,000	800,000	712,000	780,000
Hotel Assessment	2,072,521	1,995,853	2,195,853	2,100,000	2,750,000
Japantown Assessment	33,672	32,050	32,050	32,050	33,000
Willow Glen CBID Assessment	206,373	213,469	218,469	211,334	218,479
Total Revenues	3,175,184	2,951,372	3,246,372	3,055,384	3,781,479
Transfers					
General Fund	10,000	10,000	10,000	10,000	10,000
Total Transfers	10,000	10,000	10,000	10,000	10,000
TOTAL SOURCE OF FUNDS	4,134,303	3,910,491	4,303,958	4,112,970	4,839,065
USE OF FUNDS					
Expenditures					
DPW Administration Svcs	3,486	5,000	5,000	5,000	5,000
Downtown Business Imp District	709,994	710,000	800,000	712,000	780,000
Hotel Business Imp District	2,140,144	1,995,853	2,195,853	2,100,000	2,750,000
Japantown Business Imp District	29,110	32,050	32,050	32,050	33,000
Willow Glen Community Benefit Improvement District	203,983	218,469	223,469	216,334	223,479
Total Expenditures	3,086,717	2,961,372	3,256,372	3,065,384	3,791,479
Ending Fund Balance					
Reserve for Encumbrances	5	5	5	5	5
Unrestricted - Downtown	219,334	66,710	219,334	219,334	219,334
Unrestricted - Hotel	681,597	749,220	681,597	681,597	681,597
Unrestricted - Interest	2,755	2,755	2,755	2,755	2,755
Unrestricted - Japantown	53,146	48,584	53,146	53,146	53,146
Unrestricted - Willow Glen CBID	90,749	81,845	90,749	90,749	90,749
Total Ending Fund Balance	1,047,586	949,119	1,047,586	1,047,586	1,047,586
TOTAL USE OF FUNDS	4,134,303	3,910,491	4,303,958	4,112,970	4,839,065

CASH RESERVE FUND (002)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	5,549	5,561	5,563	5,563	5,585
Total Beginning Fund Balance	5,549	5,561	5,563	5,563	5,585
Revenues					
Interest	14	18	18	22	22
Total Revenues	14	18	18	22	22
TOTAL SOURCE OF FUNDS	5,563	5,579	5,581	5,585	5,607
USE OF FUNDS					
Ending Fund Balance					
Unrestricted	5,563	5,579	5,581	5,585	5,607
Total Ending Fund Balance	5,563	5,579	5,581	5,585	5,607
TOTAL USE OF FUNDS	5,563	5,579	5,581	5,585	5,607

CITY HALL DEBT SERVICE FUND (210)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Res. for Econ. Refunding/Ltr. of Credit	1,021,315	1,021,315	1,021,315	1,021,315	0
Reserve for Encumbrances	0	0	500	500	500
Unrestricted	922,975	372,066	8,738,949	8,738,949	160,205
Total Beginning Fund Balance	1,944,290	1,393,381	9,760,764	9,760,764	160,705
Revenues					
Interest	39,345	38,000	38,000	84,000	40,000
Total Revenues	39,345	38,000	38,000	84,000	40,000
Transfers					
Capital Funds	1,743,000	1,863,000	808,000	808,000	1,775,000
General Fund	15,287,247	15,079,201	6,552,268	6,552,268	17,701,359
Special Funds	4,593,248	4,073,518	1,769,673	1,769,673	4,218,436
Total Transfers	21,623,495	21,015,719	9,129,941	9,129,941	23,694,795
TOTAL SOURCE OF FUNDS	23,607,130	22,447,100	18,928,705	18,974,705	23,895,500
USE OF FUNDS					
Expenditures					
City Hall Debt Service	12,096,880	20,856,100	17,719,651	17,645,000	21,895,000
City Hall Garage Debt Service	1,239,021	1,591,000	1,208,554	1,169,000	2,000,000
Total Expenditures	13,335,901	22,447,100	18,928,205	18,814,000	23,895,000
Transfers					
Civic Center Construction Fund	510,465	0	0	0	0
Total Transfers	510,465	0	0	0	0
Ending Fund Balance					
Res. for Econ. Refunding/Ltr. of Credit	1,021,315	0	0	0	0
Reserve for Encumbrances	500	0	500	500	500
Unrestricted	8,738,949	0	0	160,205	0
Total Ending Fund Balance	9,760,764	0	500	160,705	500
TOTAL USE OF FUNDS	23,607,130	22,447,100	18,928,705	18,974,705	23,895,500

COMMUNITY DEVELOPMENT BLOCK GRANT FUND (441)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	2,637,598	2,637,598	488,930	488,930	488,930
Retirement Pre-Payment Reserve	27,483	27,483	27,483	27,483	0
Section 108 Debt Svc Reserve	1,871,000	2,178,381	2,178,381	2,178,381	4,345,521
Unrestricted	3,611,143	3,235,479	4,805,764	4,805,764	1,618,366
Total Beginning Fund Balance	8,147,224	8,078,941	7,500,558	7,500,558	6,452,817
Revenues					
CDBG Grant Entitlement	7,840,284	7,448,270	8,259,161	8,259,161	8,141,778
Developer Payments	0	443,000	352,717	352,717	225,000
Housing Rehab Loan Repayments	743,515	500,000	500,000	500,000	600,000
Miscellaneous Revenue	476,875	0	0	0	0
Other Loan Repayments	188,164	200,000	200,000	200,000	300,000
Total Revenues	9,248,838	8,591,270	9,311,878	9,311,878	9,266,778
TOTAL SOURCE OF FUNDS	17,396,062	16,670,211	16,812,436	16,812,436	15,719,595
USE OF FUNDS					
Expenditures					
Accounting Services	(2,360)	0	0	0	0
CDI - Capital Projects	751,541	2,424,934	2,464,745	2,464,745	1,165,500
CDI - Code Enforcement Operations	995,753	1,165,234	1,165,234	1,100,000	1,375,601
CDI - Economic Development	(2,805)	600,000	600,000	600,000	708,000
CDI - Emergency Repair Program	401,702	400,000	400,000	400,000	500,000
CDI - Fire Engines	1,561,482	0	0	0	0
CDI - Housing Rehab Loans	1,512,286	1,560,000	600,000	600,000	1,337,699
CDI - Neighborhood Clean-Up	200,000	0	0	0	0
Contractual Community Services	1,136,690	1,289,740	1,411,374	1,411,374	1,356,267
Fair Housing	385,000	385,000	385,000	385,000	385,000
Hsg Program Development and Monitoring	940,937	1,178,622	1,200,930	1,200,930	1,265,730
Legal Services	5,000	35,224	35,224	35,224	21,371
Non-Profit Platform	(213)	0	0	0	0
Planning Studies	0	28,500	28,500	28,500	110,000
Recovery Act - CDBG Fund	143,668	0	0	0	0
Section 108 Debt Service	1,866,823	2,178,381	2,133,846	2,133,846	2,058,789
Total Expenditures	9,895,504	11,245,635	10,424,853	10,359,619	10,283,957
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	27,590
Reserve for Encumbrances	488,930	2,637,598	488,930	488,930	488,930
Retirement Pre-Payment Reserve	27,483	0	0	0	0
Section 108 Debt Svc Reserve	2,178,381	2,133,846	4,345,521	4,345,521	4,500,000
Unrestricted	4,805,764	653,132	1,553,132	1,618,366	419,118
Total Ending Fund Balance	7,500,558	5,424,576	6,387,583	6,452,817	5,435,638
TOTAL USE OF FUNDS	17,396,062	16,670,211	16,812,436	16,812,436	15,719,595

COMMUNITY FACILITIES DISTRICT NO. 1 (CAPITOL AUTO MALL) FUND
(371)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	86,695	86,695	54,000	54,000	54,000
Unrestricted	415,534	404,129	488,005	488,005	507,162
Total Beginning Fund Balance	<u>502,229</u>	<u>490,824</u>	<u>542,005</u>	<u>542,005</u>	<u>561,162</u>
Revenues					
Interest	1,148	1,200	1,200	1,200	1,200
Special Assessments	151,325	151,300	151,300	151,300	151,300
Total Revenues	<u>152,473</u>	<u>152,500</u>	<u>152,500</u>	<u>152,500</u>	<u>152,500</u>
TOTAL SOURCE OF FUNDS	<u>654,702</u>	<u>643,324</u>	<u>694,505</u>	<u>694,505</u>	<u>713,662</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	69,720	124,182	124,182	94,100	173,918
DOT Personal Services	33,258	46,835	47,450	29,641	47,330
Overhead	9,719	9,102	9,102	9,102	9,684
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>112,697</u>	<u>180,619</u>	<u>181,234</u>	<u>133,343</u>	<u>231,470</u>
Ending Fund Balance					
Reserve for Encumbrances	54,000	86,695	54,000	54,000	54,000
Unrestricted	488,005	376,010	459,271	507,162	428,192
Total Ending Fund Balance	<u>542,005</u>	<u>462,705</u>	<u>513,271</u>	<u>561,162</u>	<u>482,192</u>
TOTAL USE OF FUNDS	<u>654,702</u>	<u>643,324</u>	<u>694,505</u>	<u>694,505</u>	<u>713,662</u>

COMMUNITY FACILITIES DISTRICT NO. 2 (ABORN-MURILLO) AND
COMMUNITY FACILITIES DISTRICT NO. 3 (SILVERLAND-CAPRIANA)
FUND (369)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	214,758	214,758	274,733	274,733	274,733
Retirement Pre-Payment Reserve	1,164	1,164	1,164	1,164	0
Unrestricted	1,741,160	1,768,449	1,790,043	1,790,043	1,598,247
Total Beginning Fund Balance	<u>1,957,082</u>	<u>1,984,371</u>	<u>2,065,940</u>	<u>2,065,940</u>	<u>1,872,980</u>
Revenues					
Interest	4,295	5,300	5,300	5,300	5,300
Special Assessments	1,317,500	1,353,600	1,353,600	1,353,600	1,447,500
Total Revenues	<u>1,321,795</u>	<u>1,358,900</u>	<u>1,358,900</u>	<u>1,358,900</u>	<u>1,452,800</u>
TOTAL SOURCE OF FUNDS	<u>3,278,877</u>	<u>3,343,271</u>	<u>3,424,840</u>	<u>3,424,840</u>	<u>3,325,780</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	1,010,769	1,133,022	1,423,022	1,323,500	1,266,022
DOT Personal Services	150,047	200,056	202,771	182,798	187,408
Overhead	52,121	45,062	45,062	45,062	53,228
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>1,212,937</u>	<u>1,378,640</u>	<u>1,671,355</u>	<u>1,551,860</u>	<u>1,507,196</u>
Ending Fund Balance					
Reserve for Encumbrances	274,733	214,758	274,733	274,733	274,733
Retirement Pre-Payment Reserve	1,164	0	0	0	0
Unrestricted	1,790,043	1,749,873	1,478,752	1,598,247	1,543,851
Total Ending Fund Balance	<u>2,065,940</u>	<u>1,964,631</u>	<u>1,753,485</u>	<u>1,872,980</u>	<u>1,818,584</u>
TOTAL USE OF FUNDS	<u>3,278,877</u>	<u>3,343,271</u>	<u>3,424,840</u>	<u>3,424,840</u>	<u>3,325,780</u>

COMMUNITY FACILITIES DISTRICT NO. 8 (COMMUNICATIONS HILL)
FUND (373)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	72,192	72,192	96,873	96,873	96,873
Retirement Pre-Payment Reserve	690	690	690	690	0
Unrestricted	3,426,564	3,505,239	3,510,208	3,510,208	3,437,751
Total Beginning Fund Balance	<u>3,499,446</u>	<u>3,578,121</u>	<u>3,607,771</u>	<u>3,607,771</u>	<u>3,534,624</u>
Revenues					
Interest	9,036	10,500	10,500	10,500	10,500
Special Assessments	544,949	458,800	458,800	458,800	430,100
Total Revenues	<u>553,985</u>	<u>469,300</u>	<u>469,300</u>	<u>469,300</u>	<u>440,600</u>
TOTAL SOURCE OF FUNDS	<u>4,053,431</u>	<u>4,047,421</u>	<u>4,077,071</u>	<u>4,077,071</u>	<u>3,975,224</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	357,413	382,766	432,766	432,766	652,766
DOT Personal Services	67,322	132,653	134,093	85,797	109,425
Overhead	20,925	23,384	23,384	23,384	31,207
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>445,660</u>	<u>539,303</u>	<u>590,743</u>	<u>542,447</u>	<u>793,936</u>
Ending Fund Balance					
Reserve for Encumbrances	96,873	72,192	96,873	96,873	96,873
Retirement Pre-Payment Reserve	690	0	0	0	0
Unrestricted	3,510,208	3,435,926	3,389,455	3,437,751	3,084,415
Total Ending Fund Balance	<u>3,607,771</u>	<u>3,508,118</u>	<u>3,486,328</u>	<u>3,534,624</u>	<u>3,181,288</u>
TOTAL USE OF FUNDS	<u>4,053,431</u>	<u>4,047,421</u>	<u>4,077,071</u>	<u>4,077,071</u>	<u>3,975,224</u>

COMMUNITY FACILITIES DISTRICT NO. 11 (ADELINE-MARY HELEN)
FUND (374)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	234,640	231,237	247,723	247,723	254,150
Total Beginning Fund Balance	<u>234,640</u>	<u>231,237</u>	<u>247,723</u>	<u>247,723</u>	<u>254,150</u>
Revenues					
Interest	605	700	700	700	700
Special Assessments	57,420	53,500	53,500	53,500	53,500
Total Revenues	<u>58,025</u>	<u>54,200</u>	<u>54,200</u>	<u>54,200</u>	<u>54,200</u>
TOTAL SOURCE OF FUNDS	<u>292,665</u>	<u>285,437</u>	<u>301,923</u>	<u>301,923</u>	<u>308,350</u>
USE OF FUNDS					
Expenditures					
DOT Non-Personal/Equipment	10,259	24,182	24,182	24,182	24,182
DOT Personal Services	17,655	33,975	33,975	7,515	31,125
Overhead	17,028	15,576	15,576	15,576	14,922
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>44,942</u>	<u>74,233</u>	<u>74,233</u>	<u>47,773</u>	<u>70,767</u>
Ending Fund Balance					
Unrestricted	247,723	211,204	227,690	254,150	237,583
Total Ending Fund Balance	<u>247,723</u>	<u>211,204</u>	<u>227,690</u>	<u>254,150</u>	<u>237,583</u>
TOTAL USE OF FUNDS	<u>292,665</u>	<u>285,437</u>	<u>301,923</u>	<u>301,923</u>	<u>308,350</u>

COMMUNITY FACILITIES DISTRICT NO. 12 (BASKING RIDGE) FUND (376)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	95,279	95,279	63,955	63,955	63,955
Unrestricted	1,095,624	1,203,545	1,297,617	1,297,617	1,356,725
Total Beginning Fund Balance	<u>1,190,903</u>	<u>1,298,824</u>	<u>1,361,572</u>	<u>1,361,572</u>	<u>1,420,680</u>
Revenues					
Interest	3,191	3,600	3,600	3,600	3,600
Special Assessments	259,837	213,000	213,000	213,000	191,700
Total Revenues	<u>263,028</u>	<u>216,600</u>	<u>216,600</u>	<u>216,600</u>	<u>195,300</u>
TOTAL SOURCE OF FUNDS	<u>1,453,931</u>	<u>1,515,424</u>	<u>1,578,172</u>	<u>1,578,172</u>	<u>1,615,980</u>
USE OF FUNDS					
Expenditures					
DOT Non-Personal/Equipment	37,711	139,522	139,522	99,522	183,122
DOT Personal Services	41,350	44,495	45,291	45,291	47,038
Overhead	13,298	12,179	12,179	12,179	12,980
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>92,359</u>	<u>196,696</u>	<u>197,492</u>	<u>157,492</u>	<u>243,678</u>
Ending Fund Balance					
Reserve for Encumbrances	63,955	95,279	63,955	63,955	63,955
Unrestricted	1,297,617	1,223,449	1,316,725	1,356,725	1,308,347
Total Ending Fund Balance	<u>1,361,572</u>	<u>1,318,728</u>	<u>1,380,680</u>	<u>1,420,680</u>	<u>1,372,302</u>
TOTAL USE OF FUNDS	<u>1,453,931</u>	<u>1,515,424</u>	<u>1,578,172</u>	<u>1,578,172</u>	<u>1,615,980</u>

COMMUNITY FACILITIES DISTRICT NO. 13 (GUADALUPE MINES) FUND
(310)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	66,505	4,429	4,429	50,415
Total Beginning Fund Balance	<u>0</u>	<u>66,505</u>	<u>4,429</u>	<u>4,429</u>	<u>50,415</u>
Revenues					
Interest	8	200	200	200	200
Special Assessments	0	54,900	54,900	54,900	56,400
Total Revenues	<u>8</u>	<u>55,100</u>	<u>55,100</u>	<u>55,100</u>	<u>56,600</u>
Transfers					
Storm Sewer Operating Fund	10,121	10,121	10,121	10,121	10,121
Total Transfers	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>
TOTAL SOURCE OF FUNDS	<u>10,129</u>	<u>131,726</u>	<u>69,650</u>	<u>69,650</u>	<u>117,136</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	0	52,000	50,415	0	52,000
DOT Personal Services	3,000	14,995	15,263	15,263	15,535
Overhead	2,700	3,972	3,972	3,972	4,311
Total Expenditures	<u>5,700</u>	<u>70,967</u>	<u>69,650</u>	<u>19,235</u>	<u>71,846</u>
Ending Fund Balance					
Unrestricted	4,429	60,759	0	50,415	45,290
Total Ending Fund Balance	<u>4,429</u>	<u>60,759</u>	<u>0</u>	<u>50,415</u>	<u>45,290</u>
TOTAL USE OF FUNDS	<u>10,129</u>	<u>131,726</u>	<u>69,650</u>	<u>69,650</u>	<u>117,136</u>

COMMUNITY FACILITIES DISTRICT NO. 14 (RALEIGH - CHARLOTTE)
FUND (379)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	0	0	349	349	349
Unrestricted	151,945	212,934	442,771	442,771	423,633
Total Beginning Fund Balance	<u>151,945</u>	<u>212,934</u>	<u>443,120</u>	<u>443,120</u>	<u>423,982</u>
Revenues					
Interest	570	600	600	600	600
Special Assessments	576,753	501,800	501,800	501,800	511,600
Total Revenues	<u>577,323</u>	<u>502,400</u>	<u>502,400</u>	<u>502,400</u>	<u>512,200</u>
TOTAL SOURCE OF FUNDS	<u>729,268</u>	<u>715,334</u>	<u>945,520</u>	<u>945,520</u>	<u>936,182</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	61,102	110,000	140,000	140,000	104,518
DOT Personal Services	9,586	27,085	27,561	12,377	32,196
Overhead	12,808	14,158	14,158	14,158	15,701
PRNS Non-Pers/Equip	182,663	329,396	329,396	329,396	329,396
PRNS Personal Services	19,989	24,654	25,107	25,107	27,345
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>286,148</u>	<u>505,793</u>	<u>536,722</u>	<u>521,538</u>	<u>509,694</u>
Ending Fund Balance					
Reserve for Encumbrances	349	0	349	349	349
Unrestricted	442,771	209,541	408,449	423,633	426,139
Total Ending Fund Balance	<u>443,120</u>	<u>209,541</u>	<u>408,798</u>	<u>423,982</u>	<u>426,488</u>
TOTAL USE OF FUNDS	<u>729,268</u>	<u>715,334</u>	<u>945,520</u>	<u>945,520</u>	<u>936,182</u>

COMMUNITY FACILITIES REVENUE FUND (422)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	795	795	3,759	3,759	3,759
Unrestricted	1,984,340	1,764,600	2,631,381	2,631,381	1,899,883
Total Beginning Fund Balance	1,985,135	1,765,395	2,635,140	2,635,140	1,903,642
Revenues					
Hayes Ctr - Capital Impvt	529,428	550,610	550,610	554,113	572,726
Hayes Ctr - City Expenses	245,975	251,000	251,000	256,898	269,033
Hayes Ctr - Debt Expenses	4,100,000	4,412,000	4,412,000	4,412,000	4,131,000
Interest	15,243	16,000	16,000	19,000	18,000
Misc Revenue	940	0	0	0	0
Total Revenues	4,891,586	5,229,610	5,229,610	5,242,011	4,990,759
Transfers					
General Fund	4,500,000	4,400,000	12,109,139	12,109,139	3,100,000
Total Transfers	4,500,000	4,400,000	12,109,139	12,109,139	3,100,000
TOTAL SOURCE OF FUNDS	11,376,721	11,395,005	19,973,889	19,986,290	9,994,401
USE OF FUNDS					
Expenditures					
Hayes Consultant Costs	113,233	116,000	116,000	116,000	116,000
Hayes Ctr - Operating/Debt Subsidy	4,700,000	5,200,000	5,200,000	5,200,000	4,500,000
Hayes Ctr - Ph I Dbt Srvc	232,126	828,000	828,000	828,000	932,000
Hayes Ctr - Ph III Dbt Srvc	3,173,926	3,584,000	11,293,139	10,643,000	3,199,000
Hayes Repair and Impvt	390,753	872,000	1,151,247	1,154,750	572,726
Total Expenditures	8,610,038	10,600,000	18,588,386	17,941,750	9,319,726
Transfers					
General Fund	131,543	140,898	140,898	140,898	153,033
Total Transfers	131,543	140,898	140,898	140,898	153,033
Ending Fund Balance					
Reserve for Encumbrances	3,759	795	3,759	3,759	3,759
Unrestricted	2,631,381	653,312	1,240,846	1,899,883	517,883
Total Ending Fund Balance	2,635,140	654,107	1,244,605	1,903,642	521,642
TOTAL USE OF FUNDS	11,376,721	11,395,005	19,973,889	19,986,290	9,994,401

CONVENTION & CULTURAL AFFAIRS FUND (536)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Capital Reserve	151,657	172,932	172,932	172,932	1,720,000
Facilities Maintenance Reserve	1,000,000	1,000,000	1,000,000	1,000,000	250,000
Reserve for Encumbrances	386,763	386,763	682,207	682,207	682,207
Retirement Pre-Payment Reserve	45,818	45,818	45,818	45,818	0
Revenue Stabilization Reserve	514,637	628,186	628,186	628,186	769,000
Unrestricted	6,814,017	3,003,143	4,759,307	4,759,307	2,035,276
Total Beginning Fund Balance	8,912,892	5,236,842	7,288,450	7,288,450	5,456,483
Revenues					
Commercial Paper - Convention Center Expansion/Renovation	0	10,000,000	10,000,000	10,000,000	0
Interest	8,891	15,000	15,000	8,000	8,000
Misc Revenue	0	0	80,000	80,000	0
Naming Rights (Civic Auditorium/CPA)	1,200,000	0	0	0	0
Operating Revenues	22,886,429	21,350,000	28,150,000	25,950,000	0
Total Revenues	24,095,320	31,365,000	38,245,000	36,038,000	8,000
Transfers					
Transient Occupancy Tax	7,179,956	8,444,865	8,459,789	8,459,789	9,219,864
Total Transfers	7,179,956	8,444,865	8,459,789	8,459,789	9,219,864
TOTAL SOURCE OF FUNDS	40,188,168	45,046,707	53,993,239	51,786,239	14,684,347
USE OF FUNDS					
Expenditures					
CA and CPA Marketing/Capital Improvements	330,000	400,000	870,000	520,000	350,000
CVB Marketing Services	51,000	500,000	500,000	500,000	500,000
Center for Performing Arts Improvements	156,421	0	228,800	190,800	38,000
Civic Auditorium HVAC Rehabilitation	0	0	0	0	200,000
Civic Auditorium Temp Cooling	0	200,000	200,000	200,000	200,000
Coffee Shop/Business Center Procurement	94,752	40,000	40,000	40,000	0
Commercial Paper Debt Service	0	1,600,000	0	0	0
Convention Center City Free-Use	53,540	200,000	200,000	200,000	200,000
Convention Center Expansion/Renovation (Kitchen, HVAC)	0	10,750,000	10,830,000	10,750,000	80,000
Convention Center FF&E	1,754,083	0	753,847	753,847	0
Convention Facilities Industry Advisor	73,002	100,000	100,000	100,000	100,000
Convention Facilities Operations (TSJ)*	26,834,392	22,363,000	28,813,000	26,263,000	2,957,000
Cultural Facilities Maintenance	0	3,400,000	3,550,000	3,400,000	0
Downtown Wayfinding Signage	0	0	0	0	20,000
Insurance Expenses	101,582	130,000	226,000	226,000	226,000
Misc. Capital Improvements	1,445,211	250,000	652,890	527,890	125,000
PW Non-Personal/Equipment	3,409	9,000	9,000	9,000	5,000

CONVENTION & CULTURAL AFFAIRS FUND (536)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
Rehab/Repair - Electrical	0	0	0	0	400,000
Rehab/Repair - Mechanical	0	0	40,000	40,000	560,000
Rehab/Repair - Miscellaneous	0	0	0	0	385,000
Rehab/Repair - Structures	0	0	560,000	260,000	755,000
Rehab/Repair - Unanticipated	0	0	0	0	250,000
Team San José Incentive Fee	0	200,000	350,000	350,000	200,000
Team San José Management Fee	763,321	750,000	750,000	750,000	1,000,000
Workers' Compensation Claims	62,898	150,000	150,000	75,000	50,000
Total Expenditures	<u>31,723,611</u>	<u>41,042,000</u>	<u>48,823,537</u>	<u>45,155,537</u>	<u>8,601,000</u>
Transfers					
General Fund: Contract Oversight	0	331,303	331,303	331,303	273,174
General Fund: Cultural Facilities	69,500	69,500	69,500	69,500	69,500
Capital Maint. Cost Sharing					
General Fund: Mexican Heritage Plaza	70,000	20,000	20,000	20,000	0
General Fund: Overhead	1,036,607	753,416	753,416	753,416	496,927
Total Transfers	<u>1,176,107</u>	<u>1,174,219</u>	<u>1,174,219</u>	<u>1,174,219</u>	<u>839,601</u>
Ending Fund Balance					
Capital Reserve	172,932	320,000	1,220,000	1,720,000	2,100,000
Facilities Maintenance Reserve	1,000,000	250,000	250,000	250,000	0
Reserve for Encumbrances	682,207	386,763	682,207	682,207	682,207
Retirement Pre-Payment Reserve	45,818	0	0	0	0
Revenue Stabilization Reserve	628,186	769,000	769,000	769,000	922,000
Unrestricted	4,759,307	1,104,725	1,074,276	2,035,276	1,539,539
Total Ending Fund Balance	<u>7,288,450</u>	<u>2,830,488</u>	<u>3,995,483</u>	<u>5,456,483</u>	<u>5,243,746</u>
TOTAL USE OF FUNDS	<u><u>40,188,168</u></u>	<u><u>45,046,707</u></u>	<u><u>53,993,239</u></u>	<u><u>51,786,239</u></u>	<u><u>14,684,347</u></u>

*In 2014-2015, this appropriation funds the subsidy to Team San Jose to operate the Convention Center and cultural facilities. This change to the Source and Use Statement is consistent with a renegotiated management agreement with Team San Jose that was approved by City Council on June 3, 2014. Annual performance measures for Team San Jose will be released and approved under separate cover in the fall.

CONVENTION CENTER FACILITIES DISTRICT REVENUE FUND (791)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Reserve	10,525,823	10,502,550	10,502,550	10,502,550	10,502,550
Revenue Stabilization Reserve	8,950,664	10,180,292	10,180,292	10,180,292	10,258,950
Unrestricted	0	0	2,013,910	2,013,910	2,440,627
Total Beginning Fund Balance	19,476,487	20,682,842	22,696,752	22,696,752	23,202,127
Revenues					
Convention Center Facilities District Special Tax	9,811,002	9,951,000	9,951,000	10,780,000	11,032,000
Interest	84,342	80,000	80,000	56,000	56,000
Total Revenues	9,895,344	10,031,000	10,031,000	10,836,000	11,088,000
TOTAL SOURCE OF FUNDS	29,371,831	30,713,842	32,727,752	33,532,752	34,290,127
USE OF FUNDS					
Expenditures					
Debt Service: Commercial Paper	0	0	1,600,000	1,600,000	1,758,000
Debt Service: Lease Revenue Bonds	0	1,655,000	1,655,000	1,655,000	1,655,000
Debt Service: Special Tax Bonds	6,546,013	6,945,000	6,945,000	6,945,000	8,212,763
Trustee Payment	0	625	625	625	625
Total Expenditures	6,546,013	8,600,625	10,200,625	10,200,625	11,626,388
Transfers					
General Fund: Administration	129,066	130,000	130,000	130,000	150,000
Total Transfers	129,066	130,000	130,000	130,000	150,000
Ending Fund Balance					
Debt Service Reserve	10,502,550	10,502,550	10,502,550	10,502,550	10,502,550
Revenue Stabilization Reserve	10,180,292	10,258,950	10,258,950	10,258,950	10,258,950
Unrestricted	2,013,910	1,221,717	1,635,627	2,440,627	1,752,239
Total Ending Fund Balance	22,696,752	21,983,217	22,397,127	23,202,127	22,513,739
TOTAL USE OF FUNDS	29,371,831	30,713,842	32,727,752	33,532,752	34,290,127

DOWNTOWN PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FUND (302)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	62,449	62,449	26,283	26,283	26,283
Unrestricted	955,912	1,038,618	1,090,497	1,090,497	1,055,274
Total Beginning Fund Balance	<u>1,018,361</u>	<u>1,101,067</u>	<u>1,116,780</u>	<u>1,116,780</u>	<u>1,081,557</u>
Revenues					
Downtown PBID Assessments	1,809,116	1,780,495	1,780,495	1,779,601	1,868,581
Interest	2,555	3,100	3,100	2,500	2,500
Total Revenues	<u>1,811,671</u>	<u>1,783,595</u>	<u>1,783,595</u>	<u>1,782,101</u>	<u>1,871,081</u>
Transfers					
General Fund	622,244	695,181	695,181	687,917	695,415
General Purpose Parking Fund	73,759	73,759	73,759	73,759	77,447
San José Diridon Development Authority Fund	2,001	0	0	0	0
Total Transfers	<u>698,004</u>	<u>768,940</u>	<u>768,940</u>	<u>761,676</u>	<u>772,862</u>
TOTAL SOURCE OF FUNDS	<u><u>3,528,036</u></u>	<u><u>3,653,602</u></u>	<u><u>3,669,315</u></u>	<u><u>3,660,557</u></u>	<u><u>3,725,500</u></u>
USE OF FUNDS					
Expenditures					
Downtown PBID	2,034,511	2,200,000	2,200,000	2,200,000	2,260,000
Downtown Transit Mall	358,769	365,000	365,000	365,000	365,000
Public Works Support	17,976	14,000	14,000	14,000	10,000
Total Expenditures	<u>2,411,256</u>	<u>2,579,000</u>	<u>2,579,000</u>	<u>2,579,000</u>	<u>2,635,000</u>
Ending Fund Balance					
Reserve for Encumbrances	26,283	62,449	26,283	26,283	26,283
Unrestricted	1,090,497	1,012,153	1,064,032	1,055,274	1,064,217
Total Ending Fund Balance	<u>1,116,780</u>	<u>1,074,602</u>	<u>1,090,315</u>	<u>1,081,557</u>	<u>1,090,500</u>
TOTAL USE OF FUNDS	<u><u>3,528,036</u></u>	<u><u>3,653,602</u></u>	<u><u>3,669,315</u></u>	<u><u>3,660,557</u></u>	<u><u>3,725,500</u></u>

ECONOMIC DEVELOPMENT ADMINISTRATION LOAN FUND (444)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	71,327	57,377	68,564	68,564	73,064
Total Beginning Fund Balance	71,327	57,377	68,564	68,564	73,064
Revenues					
Interest	164	100	100	200	100
Loan Repayment - Interest	871	1,000	1,000	300	1,000
Loan Repayment - Principal	9,433	5,000	5,000	5,000	5,000
Total Revenues	10,468	6,100	6,100	5,500	6,100
TOTAL SOURCE OF FUNDS	81,795	63,477	74,664	74,064	79,164
USE OF FUNDS					
Expenditures					
Small Business Loans	13,231	60,000	60,000	1,000	60,000
Total Expenditures	13,231	60,000	60,000	1,000	60,000
Ending Fund Balance					
Unrestricted	68,564	3,477	14,664	73,064	19,164
Total Ending Fund Balance	68,564	3,477	14,664	73,064	19,164
TOTAL USE OF FUNDS	81,795	63,477	74,664	74,064	79,164

ECONOMIC DEVELOPMENT ENHANCEMENT FUND (439)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	652,953	0	162	162	0
Total Beginning Fund Balance	652,953	0	162	162	0
Revenues					
Interest	1,612	0	0	0	0
Total Revenues	1,612	0	0	0	0
TOTAL SOURCE OF FUNDS	654,565	0	162	162	0
USE OF FUNDS					
Transfers					
Construction Excise Tax Fund	450,000	0	0	0	0
General Fund	204,403	0	162	162	0
Total Transfers	654,403	0	162	162	0
Ending Fund Balance					
Unrestricted	162	0	0	0	0
Total Ending Fund Balance	162	0	0	0	0
TOTAL USE OF FUNDS	654,565	0	162	162	0

EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT TRUST FUND
(474)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	274,634	274,634	74,131	74,131	74,131
Unrestricted	66,548	235,230	175,362	175,362	235,897
Total Beginning Fund Balance	<u>341,182</u>	<u>509,864</u>	<u>249,493</u>	<u>249,493</u>	<u>310,028</u>
Revenues					
Federal Revenue	210,497	0	199,427	199,427	0
Interest	900	0	926	926	0
Total Revenues	<u>211,397</u>	<u>0</u>	<u>200,353</u>	<u>200,353</u>	<u>0</u>
TOTAL SOURCE OF FUNDS	<u>552,579</u>	<u>509,864</u>	<u>449,846</u>	<u>449,846</u>	<u>310,028</u>
USE OF FUNDS					
Expenditures					
2010 JAG	115,625	9,708	4,713	4,713	0
2011 JAG	173,351	24,337	27,233	18,863	8,370
2012 JAG	14,110	201,185	144,023	13,817	130,206
2013 JAG	0	0	199,746	102,425	97,321
Total Expenditures	<u>303,086</u>	<u>235,230</u>	<u>375,715</u>	<u>139,818</u>	<u>235,897</u>
Ending Fund Balance					
Reserve for Encumbrances	74,131	274,634	74,131	74,131	74,131
Unrestricted	175,362	0	0	235,897	0
Total Ending Fund Balance	<u>249,493</u>	<u>274,634</u>	<u>74,131</u>	<u>310,028</u>	<u>74,131</u>
TOTAL USE OF FUNDS	<u>552,579</u>	<u>509,864</u>	<u>449,846</u>	<u>449,846</u>	<u>310,028</u>

EMERGENCY RESERVE FUND (406)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Restricted - Emergency Reserve	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Total Beginning Fund Balance	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Revenues					
Interest	8,345	11,000	17,000	13,500	13,500
Total Revenues	8,345	11,000	17,000	13,500	13,500
TOTAL SOURCE OF FUNDS	3,389,877	3,392,532	3,398,532	3,395,032	3,395,032
USE OF FUNDS					
Transfers					
General Fund - Interest Earnings	8,345	11,000	17,000	13,500	13,500
Total Transfers	8,345	11,000	17,000	13,500	13,500
Ending Fund Balance					
Restricted - Emergency Reserve	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Total Ending Fund Balance	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
TOTAL USE OF FUNDS	3,389,877	3,392,532	3,398,532	3,395,032	3,395,032

FEDERAL DRUG FORFEITURE FUND (419)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	2,534,442	3,001,897	3,245,548	3,245,548	3,227,093
Total Beginning Fund Balance	2,534,442	3,001,897	3,245,548	3,245,548	3,227,093
Revenues					
Federal Revenue	354,974	150,000	150,000	250,000	250,000
Interest	6,981	5,000	5,000	15,000	15,000
Total Revenues	361,955	155,000	155,000	265,000	265,000
Transfers					
General Fund	66,238	0	0	0	0
State Drug Forfeiture Fund	299,963	0	0	0	0
Total Transfers	366,201	0	0	0	0
TOTAL SOURCE OF FUNDS	3,262,598	3,156,897	3,400,548	3,510,548	3,492,093
USE OF FUNDS					
Expenditures					
Police Non-Pers/Equip	53	708,083	888,083	272,835	615,248
Police Personal Services	16,997	49,220	49,220	10,620	38,600
Total Expenditures	17,050	757,303	937,303	283,455	653,848
Ending Fund Balance					
Bomb Disposal Facility Reserve	0	0	0	0	750,000
Unrestricted	3,245,548	2,399,594	2,463,245	3,227,093	2,088,245
Total Ending Fund Balance	3,245,548	2,399,594	2,463,245	3,227,093	2,838,245
TOTAL USE OF FUNDS	3,262,598	3,156,897	3,400,548	3,510,548	3,492,093

FEDERATED RETIREE HEALTH CARE TRUST FUND (124)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	0	0	0	0	57,219,244
Total Beginning Fund Balance	0	0	0	0	57,219,244
Revenues					
Investment Income	0	5,474,000	5,474,000	6,991,600	27,091,559
Participant Income	0	0	0	8,751,901	23,386,356
Total Revenues	0	5,474,000	5,474,000	15,743,501	50,477,915
Transfers					
City Contributions	0	30,052,000	30,052,000	19,563,743	31,834,000
Federated Retirement Fund	0	43,379,000	21,962,000	21,962,000	0
Total Transfers	0	73,431,000	52,014,000	41,525,743	31,834,000
TOTAL SOURCE OF FUNDS	0	78,905,000	57,488,000	57,269,244	139,531,159
USE OF FUNDS					
Expenditures					
Professional Fees	0	33,000	33,000	50,000	55,000
Retirement Non-Pers/Equip	0	22,000	22,000	0	0
Total Expenditures	0	55,000	55,000	50,000	55,000
Ending Fund Balance					
Claims Reserve	0	78,850,000	57,433,000	57,219,244	139,476,159
Total Ending Fund Balance	0	78,850,000	57,433,000	57,219,244	139,476,159
TOTAL USE OF FUNDS	0	78,905,000	57,488,000	57,269,244	139,531,159

This Statement of Source and Use is for display purposes only. The Federated City Employees' Retirement Plan Board of Administration approved the annual administrative budget on March 20, 2014.

FEDERATED RETIREMENT FUND (134)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	1,765,226,000	1,792,534,425	1,875,483,000	1,875,483,000	1,915,410,938
Total Beginning Fund Balance	1,765,226,000	1,792,534,425	1,875,483,000	1,875,483,000	1,915,410,938
Revenues					
Investment Income	164,516,000	174,184,000	174,184,000	121,893,000	156,270,716
Participant Income	28,631,000	39,166,000	39,166,000	30,317,450	12,951,843
Total Revenues	193,147,000	213,350,000	213,350,000	152,210,450	169,222,559
Transfers					
1980 COLA	9,514	9,300	9,300	8,539	8,316
1990 COLA	56,534	56,300	56,300	52,270	52,248
City Contributions	103,109,000	107,617,000	107,617,000	100,671,000	124,921,000
Total Transfers	103,175,048	107,682,600	107,682,600	100,731,809	124,981,564
TOTAL SOURCE OF FUNDS	2,061,548,048	2,113,567,025	2,196,515,600	2,128,425,259	2,209,615,061
USE OF FUNDS					
Expenditures					
1980 COLA	9,514	9,300	9,514	8,539	8,316
1990 COLA	56,534	56,300	56,300	52,270	52,248
Benefits	146,807,000	159,167,000	159,167,000	151,810,951	166,992,046
HR Staffing Support	60,439	67,544	67,544	61,279	73,455
Health Insurance	27,886,000	30,538,000	30,538,000	25,993,101	27,440,705
Professional Fees	8,664,918	16,465,000	16,465,000	10,281,115	10,337,450
Retirement Non-Pers/Equip	683,101	742,209	742,209	755,715	1,198,700
Retirement Pers Svcs	1,897,542	2,510,691	2,510,691	2,089,351	2,989,999
Total Expenditures	186,065,048	209,556,044	209,556,258	191,052,321	209,092,919
Transfers					
Federated Retiree Health Care Trust Fund	0	43,379,000	21,962,000	21,962,000	0
Total Transfers	0	43,379,000	21,962,000	21,962,000	0
Ending Fund Balance					
Claims Reserve	1,875,483,000	1,860,631,981	1,964,997,342	1,915,410,938	2,000,522,142
Total Ending Fund Balance	1,875,483,000	1,860,631,981	1,964,997,342	1,915,410,938	2,000,522,142
TOTAL USE OF FUNDS	2,061,548,048	2,113,567,025	2,196,515,600	2,128,425,259	2,209,615,061

*This Statement of Source and Use is for display purposes only. The Federated City Employees' Retirement Plan Board of Administration approved the annual administrative budget on March 20, 2014. It should be noted that the personal services costs reflected in this statement can vary from the budget presented to the Board due to revised retirement and health care costs when compared to those costs that were projected in March.

FIBER OPTICS DEVELOPMENT FUND (007)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	28,993	0	0	0	0
Total Beginning Fund Balance	28,993	0	0	0	0
Transfers					
General Fund	2,213,751	0	0	0	0
Total Transfers	2,213,751	0	0	0	0
TOTAL SOURCE OF FUNDS	2,242,744	0	0	0	0
USE OF FUNDS					
Transfers					
Loan Repayment to Sewage Treatment Plant Connection Fee Fund	2,242,744	0	0	0	0
Total Transfers	2,242,744	0	0	0	0
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	2,242,744	0	0	0	0

FIRE RETIREE HEALTH CARE TRUST FUND (126)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	0	0	0	0	11,376,000
Total Beginning Fund Balance	0	0	0	0	11,376,000
Revenues					
Investment Income	0	0	0	904,000	1,321,748
Total Revenues	0	0	0	904,000	1,321,748
Transfers					
City Contributions	0	0	0	5,500,000	6,855,000
Police and Fire Retirement Fund	0	0	0	4,983,000	0
Total Transfers	0	0	0	10,483,000	6,855,000
TOTAL SOURCE OF FUNDS	0	0	0	11,387,000	19,552,748
USE OF FUNDS					
Expenditures					
Professional Fees	0	0	0	11,000	11,000
Total Expenditures	0	0	0	11,000	11,000
Ending Fund Balance					
Claims Reserve	0	0	0	11,376,000	19,541,748
Total Ending Fund Balance	0	0	0	11,376,000	19,541,748
TOTAL USE OF FUNDS	0	0	0	11,387,000	19,552,748

*This State of Source and Use is for display purposes only. The Police and Fire Retirement Plan Board of Administration approved the annual administrative budget on April 3, 2014.

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1943 (409)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000
Total Revenues	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000
TOTAL SOURCE OF FUNDS	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000
USE OF FUNDS					
Transfers					
General Fund	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000
Total Transfers	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	7,253,604	6,800,000	7,300,000	7,200,000	7,200,000

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1964 (410)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000
Total Revenues	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000
TOTAL SOURCE OF FUNDS	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000
USE OF FUNDS					
Transfers					
General Fund	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000
Total Transfers	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	3,426,685	3,300,000	3,500,000	3,400,000	3,400,000

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1990 (411)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000
Total Revenues	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000
TOTAL SOURCE OF FUNDS	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000
USE OF FUNDS					
Transfers					
General Fund	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000
Total Transfers	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	4,426,608	4,400,000	4,550,000	4,400,000	4,400,000

GENERAL PURPOSE PARKING FUND (533)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
4th/San Fernando Reserve	2,317,861	2,317,861	2,317,861	2,317,861	2,317,861
Debt Service Payments Reserve	7,238,132	8,499,171	6,205,521	6,205,521	8,221,114
Emergency Repairs Reserve	700,000	700,000	700,000	700,000	700,000
Reserve for Encumbrances	854,074	854,074	1,178,556	1,178,556	1,178,556
Retiree Healthcare Solutions Reserve	0	0	0	0	35,000
Retirement Pre-Payment Reserve	10,702	10,702	10,702	10,702	0
Unrestricted	3,022,156	516,000	3,832,149	3,832,149	2,217,593
Total Beginning Fund Balance	14,142,925	12,897,808	14,244,789	14,244,789	14,670,124
Revenues					
Interest	34,390	30,000	30,000	50,000	50,000
Miscellaneous	47,734	45,000	45,000	90,000	70,000
Parking Lots and Garages	9,603,168	9,425,000	9,425,000	10,450,000	10,450,000
Parking Meters	2,441,149	2,375,000	2,375,000	2,555,000	3,400,000
Successor Agency to Redevelopment Agency Reimbursement	0	0	660,000	660,000	3,363,151
Total Revenues	12,126,441	11,875,000	12,535,000	13,805,000	17,333,151
Transfers					
Parking Capital Development Fund	18,841	0	0	0	0
Total Transfers	18,841	0	0	0	0
TOTAL SOURCE OF FUNDS	26,288,207	24,772,808	26,779,789	28,049,789	32,003,275
USE OF FUNDS					
Expenditures					
Capital Program	493,135	2,382,000	2,382,000	1,815,000	1,770,000
DOT Non-Pers/Equip	4,463,433	4,742,483	4,742,483	4,585,313	5,377,483
DOT Personal Services	1,883,138	1,840,918	1,888,766	1,838,766	2,046,106
Debt Service - 4th/San Fernando	3,362,653	1,712,833	3,398,833	3,362,833	3,363,151
IT Non-Pers/Equip	6,210	9,000	9,000	9,000	13,100
IT Personal Services	6,743	6,940	7,063	7,063	5,864
Overhead	590,751	473,868	473,868	473,868	729,873
Police Garage Security Svcs	147,981	200,000	200,000	160,000	200,000
Public Works Non-Pers/Equip	26,999	27,000	27,000	27,000	27,000
Public Works Personal Services	0	46,081	45,910	45,910	50,069
Successor Agency to Redevelopment Agency (Parking Lot Revenue)	330,000	180,000	224,000	220,000	220,000
Workers' Comp Claims	4,719	7,000	7,000	7,000	7,000
Total Expenditures	11,315,762	11,628,123	13,405,923	12,551,753	13,809,646
Transfers					
City Hall Debt Service Fund	156,897	154,576	67,153	67,153	129,340
Downtown PBID Fund	73,759	73,759	73,759	73,759	77,447
General Fund	497,000	687,000	687,000	687,000	707,000

GENERAL PURPOSE PARKING FUND (533)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Transfers					
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	5,762
Total Transfers	<u>727,656</u>	<u>915,335</u>	<u>827,912</u>	<u>827,912</u>	<u>919,549</u>
Ending Fund Balance					
4th/San Fernando Reserve	2,317,861	2,317,861	2,317,861	2,317,861	2,317,861
Debt Service Payments Reserve	6,205,521	8,224,615	8,221,114	8,221,114	11,913,151
Downtown Parking Investment Reserve	0	0	0	0	350,000
Emergency Repairs Reserve	700,000	700,000	700,000	700,000	700,000
Employee Compensation Planning Reserve	0	32,800	0	0	29,564
Reserve for Encumbrances	1,178,556	854,074	1,178,556	1,178,556	1,178,556
Retiree Healthcare Solutions Reserve	0	0	35,000	35,000	35,000
Retirement Pre-Payment Reserve	10,702	0	0	0	0
SAP Center Area Parking Reserve	0	0	0	0	350,000
Unrestricted	3,832,149	100,000	93,423	2,217,593	399,948
Total Ending Fund Balance	<u>14,244,789</u>	<u>12,229,350</u>	<u>12,545,954</u>	<u>14,670,124</u>	<u>17,274,080</u>
TOTAL USE OF FUNDS	<u><u>26,288,207</u></u>	<u><u>24,772,808</u></u>	<u><u>26,779,789</u></u>	<u><u>28,049,789</u></u>	<u><u>32,003,275</u></u>

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Gifts Reserve	3,483,986	3,204,583	4,115,179	4,118,183	3,921,342
Reserve for Encumbrances	1,714	1,714	35,655	35,655	35,655
Total Beginning Fund Balance	3,485,700	3,206,297	4,150,834	4,153,838	3,956,997
Revenues					
Clerk Purposes	57	0	0	61	0
DOT Purposes	17,325	0	0	52	0
Library Purposes	467,618	0	78,719	99,140	0
OED Purposes	651	0	0	636	0
Other Purposes	629	0	0	(2,341)	0
PRNS Purposes	653,335	0	19,211	134,453	0
PW Purposes	140,590	0	65,000	133,605	0
Public Safety Purposes	89,138	0	0	10,851	0
Total Revenues	1,369,343	0	162,930	376,457	0
TOTAL SOURCE OF FUNDS	4,855,043	3,206,297	4,313,764	4,530,295	3,956,997
USE OF FUNDS					
Expenditures					
Airport-Art Work	0	8,848	8,857	0	8,879
Airport-Heliport System Plan Study	0	28,591	28,620	0	28,690
Airport-Kidport	0	309	309	0	310
CMO-Berryessa Center Art Project	0	2,429	2,432	0	2,438
Clerk-Annual Dist I Festival in the Park	0	1,581	1,583	0	1,586
Clerk-CommUnity Resource Fair	0	16,851	16,932	0	17,124
Clerk-Go Girl Go BAWSI	0	615	620	0	631
Clerk-Mayor's College Motivation Prgm	0	20,327	20,348	0	20,398
DOT-Coleman/Guadalupe Traffic Study and Mitigation	0	0	15,015	0	15,052
DOT-Our City Forest	2	0	0	0	1
DOT-Pedestrian Enhancements - International Cir and Hosp Pkwy	11,496	5,072	5,974	0	5,989
DOT-ThinkBike Workshop	1,000	0	0	0	0
Fire-Hazardous Materials Training	0	2,905	2,908	0	2,915
Fire-Public Education Program	6,678	42,077	51,857	29,926	23,896
IPA's Teen Leadership Council	3,752	8,095	12,360	12,011	6,379
Library-Books for Little Hands	0	4,348	4,352	0	4,363
Library-Calabazas Branch	0	2,827	1,600	1,600	934
Library-Child Care Endowment	(612)	38	650	0	652
Library-Garbage Stickers	0	35,394	38,984	0	42,046
Library-General Gifts	374,288	440,496	615,401	251,813	379,878
Library-Literacy Project	12,180	54,031	51,105	11,392	39,834
Library-Tully Community Branch	0	1	0	0	0
OED-Albino, Erminia and Alba Joyce Martini Memorial Fund	0	101,044	101,149	0	101,396

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

USE OF FUNDS	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
(CONT'D.)					
Expenditures					
OED-Art + Technology Program	14,104	141,595	158,858	7,336	151,909
OED-Arts and Education Week	0	5,110	5,194	0	5,394
OED-Cultural Performance	0	3	5	0	9
OED-Incubation Office Project	0	975	1,046	0	1,217
OED-Miscellaneous Gifts	0	1	1	0	2
OED-Sponsorship Gifts	0	1	1	0	2
PD-Anti-Theft Car Campaign	0	61	61	0	61
PD-CADPE-Drug Education	0	1,513	1,514	0	1,518
PD-Canine Unit	0	8,541	8,550	4,502	4,069
PD-Child Safety Seats	0	15,261	15,277	0	15,314
PD-Children's Interview Center	0	28,449	43,494	10,000	33,600
PD-Communications Fac Fitness Ctr	0	2,548	2,550	0	2,556
PD-Community Svcs Program	0	2,946	2,949	0	2,956
PD-Crime Prevention Comm	0	848	849	0	851
PD-Cybercadet Program	0	5,556	5,562	0	5,575
PD-G.E.A.R. Program	0	278	278	0	279
PD-Internet Crimes Against Children	0	12,284	12,297	0	12,327
PD-Investigative Enhancement	0	56,731	56,790	0	56,929
PD-Major Awards Banquet	0	22,132	22,155	1,834	20,374
PD-Mayor's Safe Families	0	6,685	6,692	0	6,709
PD-Police & School Partnership Prgm	0	10,812	10,823	0	10,849
PD-Police Educational Robot	0	2,559	2,561	0	2,567
PD-Police Misc Gifts	0	1,001	1,002	0	1,005
PD-Police Mounted Unit	0	16,600	16,617	0	17,158
PD-Police Reserves Unit	14,671	28,958	51,750	8,781	44,644
PD-Robbery Secret Witness	0	18,543	18,562	0	18,607
PD-S.A.V.E. Program	0	35,117	35,153	0	35,239
PD-Scholastic Crime Stoppers	0	5,708	5,714	0	5,728
PD-School Safety Gifts	0	4,238	4,243	0	4,253
PD-Trauma Kits	0	2,163	2,166	0	2,171
PD-Volunteer Program	0	783	784	0	786
PRNS-Almaden Lake Park	202	0	0	0	0
PRNS-Almaden Lake Park Rangers	21,405	7,292	10,302	4,078	6,249
PRNS-Almaden Winery Imprvts	0	30,885	30,917	0	30,993
PRNS-Alum Rock Park	750	1,748	2,853	0	2,860
PRNS-Alviso Community Center	0	21,726	21,749	0	21,802
PRNS-Alviso Rec & Teen Program	0	1,804	1,806	0	1,810
PRNS-Animal Adoption	828	16,345	17,555	6,921	10,826
PRNS-Calabazas BMX Park	0	5,922	5,928	0	5,943
PRNS-Castro School Landscaping	0	7,008	7,016	0	7,033
PRNS-Cat Spay/Neuter Program	0	2,740	2	0	0
PRNS-Christmas in the Park	144	0	0	0	0
PRNS-Combined Gifts	0	6,690	6,697	500	6,213
PRNS-Commodore Park Maintenance	0	0	500,428	7,597	494,053
PRNS-Community Cultural Council	0	3,777	3,781	0	3,790
PRNS-Emma Prusch Farm Park	3,702	12,160	14,566	6,011	15,069

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
PRNS-Family Camp Camperships	0	6,002	11,508	3,707	7,936
PRNS-Friends of Paul Moore Park	0	4,044	4,048	0	4,058
PRNS-Friends of SJ Env Outrch	942	953	12	12	0
PRNS-Grace Community Center	0	0	11,816	0	11,816
PRNS-Gullo Park Turf Irrigation	0	21,477	21,500	0	21,552
PRNS-J. Ward Memorial Scholarship	0	18,106	18,209	0	18,345
PRNS-Japanese Friendship Garden	7,679	9,739	12,429	7,361	7,268
PRNS-Lake Almaden Summer 2010	28	0	0	0	0
PRNS-Lake Cunningham Skate Prk	1,232	3,002	3,754	0	6,775
PRNS-Leland HS Tennis	0	2,447	2,449	0	2,455
PRNS-Mayor's Gang Prevention Task Force Clean Slate Program	9,253	19,435	23,882	3,430	23,761
PRNS-Mayor's Youth Conference	6,459	8	75	75	0
PRNS-McClaren Circles Design of History	7,254	8,181	932	935	0
PRNS-Miscellaneous Gifts under \$1,000	3,310	20,554	21,375	2,293	22,836
PRNS-Mise and Starbird Gift	0	68,844	68,916	0	69,084
PRNS-Newhall Park Maintenance	9,000	393,472	396,282	9,600	387,648
PRNS-Nicholas Prusch Swim	0	352,605	352,969	0	353,833
PRNS-O'Donnell's Gardens Park	0	35,773	35,810	0	35,898
PRNS-Overfelt Gardens	0	6,358	6,364	1,000	5,380
PRNS-RP & CS Gen Gifts	22,914	48,153	54,162	12,648	56,161
PRNS-River Oaks Park Maintenance	5,896	600,527	660,671	11,700	650,586
PRNS-Rose Garden Fountain	8,100	6,310	2,717	2,721	0
PRNS-SJ Vietnam War Memorial	0	12,009	12,021	0	12,051
PRNS-Safe Summer Initiative	8,638	15,838	22,760	579	22,235
PRNS-Senior Companion	356	0	30	30	0
PRNS-Southside Comm Ctr	0	508	1,021	0	1,223
PRNS-Southside Comm Ctr Gazebo	(1,800)	0	1,133	500	636
PRNS-St. James Park Landscaping	0	7,044	7,052	0	7,069
PRNS-Summer Lunch Program	0	243	444	200	245
PRNS-Vista Montana Pk Maint	0	75,228	150,442	2,500	223,468
PRNS-Willow Glen Founders Day	0	8,181	8,189	1,000	7,209
PRNS-Youth Commission	4,184	4,420	15,868	2,380	13,726
PRNS-Youth Sports Fair	0	716	716	0	718
PW-Animal Service Donations	138,301	76,935	197,747	138,425	127,758
PW-Hurricane Katrina Animals	619	0	0	0	0
PW-Kinjo Gardens	0	5,490	5,496	0	5,509
PW-Spay/Neuter Program	4,100	40,005	47,156	7,900	39,413
Total Expenditures	701,055	3,204,583	4,278,109	573,298	3,921,342
Transfers					
Trans to General Fund-Harriet Gustafson Gift	150	0	0	0	0
Total Transfers	150	0	0	0	0

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Gifts Reserve	4,118,183	0	0	3,921,342	0
Reserve for Encumbrances	35,655	1,714	35,655	35,655	35,655
Total Ending Fund Balance	<u>4,153,838</u>	<u>1,714</u>	<u>35,655</u>	<u>3,956,997</u>	<u>35,655</u>
TOTAL USE OF FUNDS	<u><u>4,855,043</u></u>	<u><u>3,206,297</u></u>	<u><u>4,313,764</u></u>	<u><u>4,530,295</u></u>	<u><u>3,956,997</u></u>

HOME INVESTMENT PARTNERSHIP PROGRAM TRUST FUND (445)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	1,889	1,889	0	0	0
Retirement Pre-Payment Reserve	1,220	1,220	1,220	1,220	0
Teacher HP Revolving Loan Fund Reserve	140,000	0	0	0	0
Unrestricted	562,685	407,612	829,836	829,836	2,288,435
Total Beginning Fund Balance	705,794	410,721	831,056	831,056	2,288,435
Revenues					
Grant Revenue	2,745,865	2,199,798	6,959,798	6,105,798	12,383,017
Interest	1,007	1,000	1,000	5,000	5,000
Loan Repayments	1,475,963	600,000	2,500,000	2,000,000	700,000
Total Revenues	4,222,835	2,800,798	9,460,798	8,110,798	13,088,017
TOTAL SOURCE OF FUNDS	4,928,629	3,211,519	10,291,854	8,941,854	15,376,452
USE OF FUNDS					
Expenditures					
City Attorney Personal Svcs	2,915	51,795	52,751	52,751	55,811
Habitat Acquisition Rehab Assistance	0	500,000	750,000	750,000	0
Housing Loans and Grants	2,795,968	130,000	4,859,000	4,005,000	9,554,000
Housing Non-Personal/Equip	21,632	46,714	46,714	46,714	46,714
Housing Personal Services	259,392	501,117	572,161	600,000	511,064
NSP2 Downpayment Assistance	380,000	100,000	100,000	100,000	100,000
Overhead	73,098	71,289	71,289	71,289	120,788
Tenant Based Rental Assistance	539,577	720,000	1,001,405	1,001,405	2,000,000
Water Street Project	0	0	26,260	26,260	0
Welcome Home Program	24,991	0	0	0	0
Total Expenditures	4,097,573	2,120,915	7,479,580	6,653,419	12,388,377
Ending Fund Balance					
Employee Compensation Planning Reserve	0	12,000	0	0	10,040
Reserve for Encumbrances	0	1,889	0	0	0
Retirement Pre-Payment Reserve	1,220	0	0	0	0
Unrestricted	829,836	1,076,715	2,812,274	2,288,435	2,978,035
Total Ending Fund Balance	831,056	1,090,604	2,812,274	2,288,435	2,988,075
TOTAL USE OF FUNDS	4,928,629	3,211,519	10,291,854	8,941,854	15,376,452

HOUSING TRUST FUND (440)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	447,892	447,892	295,668	295,668	295,668
Unrestricted	1,663,231	1,664,918	2,189,847	2,189,847	1,760,088
Total Beginning Fund Balance	<u>2,111,123</u>	<u>2,112,810</u>	<u>2,485,515</u>	<u>2,485,515</u>	<u>2,055,756</u>
Revenues					
Bond Administration Fees	1,576,290	1,100,000	1,100,000	1,100,000	1,100,000
Interest	6,276	5,000	5,000	9,800	7,000
Lifeline Transportation Grant	56,220	0	0	0	0
Miscellaneous Revenue	278,238	10,000	10,000	10,000	10,000
Total Revenues	<u>1,917,024</u>	<u>1,115,000</u>	<u>1,115,000</u>	<u>1,119,800</u>	<u>1,117,000</u>
TOTAL SOURCE OF FUNDS	<u>4,028,147</u>	<u>3,227,810</u>	<u>3,600,515</u>	<u>3,605,315</u>	<u>3,172,756</u>
USE OF FUNDS					
Expenditures					
City Attorney Personal Svcs	1,170	27,376	7,882	7,882	29,648
Destination: Home	441,689	400,000	450,000	600,000	600,000
Emergency Assistance	0	50,000	50,000	50,000	50,000
Housing & Homeless Projects	474,338	400,000	453,000	453,000	603,000
Housing Non-Pers/Equip	31,203	50,000	50,000	50,000	50,000
Housing Personal Services	318,030	406,683	409,677	325,000	467,715
Housing Services Partnership	90,525	0	0	0	0
Lifeline Transportation Grant Prgm	112,440	0	0	0	0
Overhead	39,651	56,643	56,643	56,643	127,676
Total Expenditures	<u>1,509,046</u>	<u>1,390,702</u>	<u>1,477,202</u>	<u>1,542,525</u>	<u>1,928,039</u>
Transfers					
City Hall Debt Service	33,586	16,192	7,034	7,034	47,934
Total Transfers	<u>33,586</u>	<u>16,192</u>	<u>7,034</u>	<u>7,034</u>	<u>47,934</u>
Ending Fund Balance					
Employee Compensation Planning Reserve	0	3,500	0	0	9,588
Reserve for Encumbrances	295,668	447,892	295,668	295,668	295,668
Unrestricted	2,189,847	1,369,524	1,820,611	1,760,088	891,527
Total Ending Fund Balance	<u>2,485,515</u>	<u>1,820,916</u>	<u>2,116,279</u>	<u>2,055,756</u>	<u>1,196,783</u>
TOTAL USE OF FUNDS	<u>4,028,147</u>	<u>3,227,810</u>	<u>3,600,515</u>	<u>3,605,315</u>	<u>3,172,756</u>

ICE CENTRE REVENUE FUND (432)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Previously Approved Repairs Reserve	0	0	0	0	3,307,960
Unrestricted	3,676,996	3,999,241	4,151,441	4,151,441	2,146,538
Total Beginning Fund Balance	3,676,996	3,999,241	4,151,441	4,151,441	5,454,498
Revenues					
Ice Centre - Additional Rent	54,988	55,911	55,911	55,911	54,717
Ice Centre - Base Rent	2,878,380	3,025,000	3,025,000	3,025,000	3,120,000
Interest	11,958	11,000	11,000	20,000	21,000
Total Revenues	2,945,326	3,091,911	3,091,911	3,100,911	3,195,717
Transfers					
General Fund - SERAF Former Redevelopment Agency Loan Repayment	0	0	0	0	2,045,000
Total Transfers	0	0	0	0	2,045,000
TOTAL SOURCE OF FUNDS	6,622,322	7,091,152	7,243,352	7,252,352	10,695,215
USE OF FUNDS					
Expenditures					
Ice Ctr - Debt Service Payment	1,631,671	1,868,000	1,868,000	1,685,000	1,759,000
Ice Ctr - Oversight Expenses	41,824	42,661	42,661	42,661	43,514
Ice Ctr - Repair and Replacements	784,136	0	0	0	0
North/Center Ice Plant Replacement	0	2,000,000	2,000,000	0	0
Repairs - Electrical	0	55,000	88,359	0	275,000
Repairs - Mechanical	0	112,000	244,410	1,319	265,000
Repairs - Miscellaneous	0	53,000	105,639	19,425	175,000
Repairs - Structures	0	43,000	246,155	38,246	85,000
Repairs - Unanticipated/Emergency	0	50,000	234,249	0	50,000
Total Expenditures	2,457,631	4,223,661	4,829,473	1,786,651	2,652,514
Transfers					
General Fund - Insurance Expenses	13,250	13,250	13,250	11,203	11,203
Total Transfers	13,250	13,250	13,250	11,203	11,203
Ending Fund Balance					
Previously Approved Repairs Reserve	0	1,053,950	448,138	3,307,960	3,307,960
Unrestricted	4,151,441	1,800,291	1,952,491	2,146,538	4,723,538
Total Ending Fund Balance	4,151,441	2,854,241	2,400,629	5,454,498	8,031,498
TOTAL USE OF FUNDS	6,622,322	7,091,152	7,243,352	7,252,352	10,695,215

INTEGRATED WASTE MANAGEMENT FUND (423)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Integrated Billing System Reserve	0	2,000,000	2,000,000	2,000,000	2,000,000
Operations and Maintenance Reserve	4,418,268	3,060,880	4,294,926	4,294,926	7,849,057
Reserve for Encumbrances	7,138,166	7,138,166	5,234,961	5,234,961	5,234,961
Retiree Healthcare Solutions Reserve	0	0	0	0	210,000
Retirement Pre-Payment Reserve	65,699	65,699	65,699	65,699	0
Unrestricted	0	2,350,943	1,426,329	1,426,329	3,682,573
Total Beginning Fund Balance	11,622,133	14,615,688	13,021,915	13,021,915	18,976,591
Revenues					
AB 939 Fees	5,274,774	3,785,000	3,785,000	3,785,000	1,557,687
CDDD Ineligible Refunds	1,189,732	1,030,000	1,030,000	1,500,000	800,000
California Energy Commission Grant	200,502	0	0	0	1,600,000
Clean Creeks Healthy Comm Grant	27,625	16,000	16,000	16,000	25,000
EDA Grant	0	2,350,943	2,350,943	0	2,350,943
Franchise Applications	3,900	390	390	390	2,500
HHW Revenue from County	261,570	0	49,700	49,700	0
Hauler Payments	0	2,650,000	2,650,000	2,650,000	2,650,000
Interest	63,045	68,661	68,661	68,661	49,363
Las Plumas Tenant	0	0	0	0	400,000
Lien-Related Charges	6,719,212	6,298,998	6,298,998	6,298,998	6,125,000
Miscellaneous Revenue	87,488	0	0	0	21,800
Miscellaneous Solid Waste	196,072	188,000	188,000	188,000	216,000
NMTC Developer Fee	0	250,000	250,000	250,000	0
NMTC Leverage Loan Interest	96,142	98,048	98,048	98,048	98,048
NMTC Proceeds/Reimbursement	2,666,666	6,192,000	8,298,881	8,298,881	0
Recycle Plus Collection Charges	105,408,942	105,529,014	105,529,014	105,529,014	110,119,170
SB 332 Revenue	259,200	251,286	251,286	252,631	250,000
Safe Routes to Schools Creative (SRTC) Grant	78,772	25,000	31,228	31,228	0
Total Revenues	122,533,642	128,733,340	130,896,149	129,016,551	126,265,511
TOTAL SOURCE OF FUNDS	134,155,775	143,349,028	143,918,064	142,038,466	145,242,102
USE OF FUNDS					
Expenditures					
CEC Grant: Biomass to Energy Tech Project	308,669	0	0	0	1,600,000
Cap Prog and PW Dept Support Costs	258,000	110,000	110,000	110,000	0
City Attorney Personal Svcs	40,508	40,978	41,734	20,000	45,532
City Auditor Personal Svcs	11,725	11,745	11,964	11,964	13,545
City Facilities Recycle Plus (Late Fees)	549,542	607,765	607,765	607,765	625,000
City Mgr Personal Services	(178)	0	0	0	0
Clean Creeks Healthy Communities	22,860	0	0	0	0
Customer Information System Transition	0	0	22,550	0	1,600,000

INTEGRATED WASTE MANAGEMENT FUND (423)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
DOT Non-Pers/Equip	191	16,804	16,804	16,804	16,804
DOT Personal Services	164,185	171,440	171,567	171,567	189,381
Delinquent Lien Releases	246,292	340,000	340,000	340,000	340,000
EIC AB939/CDDD/Late Fees	0	1,519,290	2,796,481	2,196,481	0
EIC Public Art	109,479	0	0	0	0
EIC QALICB Master Lease Payment	0	0	0	0	407,000
ESD MFD Recycle Plus	16,936,691	17,851,195	17,851,195	17,723,514	18,579,242
ESD Non-Pers/Equip	2,826,430	3,170,669	2,852,669	2,800,000	3,784,410
ESD Personal Services	6,345,139	7,130,707	7,138,608	6,500,000	7,543,269
ESD SFD Recycle Plus	49,329,420	51,072,216	51,072,216	50,157,693	50,871,071
ESD Yard Trimming	22,434,091	22,514,154	22,514,154	22,502,002	22,906,231
Collection/Processing					
Environmental Compliance/Monitoring	(9,101)	0	0	0	0
Finance Non-Pers/Equip	135,782	112,500	112,500	112,500	112,500
Finance Personal Services	1,216,432	1,242,374	1,243,924	1,243,924	1,331,126
HHW Las Plumas Facility	4,242,983	4,701,886	3,412,544	1,139,544	2,873,000
HR Personal Services	16,361	22,808	23,229	15,000	22,038
IBS Commercial Paper Payment	617,514	2,049,442	2,049,442	2,049,442	0
IDC Disposal Agreement	8,588,660	8,947,000	8,947,000	8,857,530	7,997,000
IDC Disposal Contract (Late Fees)	97,521	94,000	94,000	94,000	101,000
IT Non-Pers/Equip	225,461	261,794	261,794	261,794	268,535
IT Personal Services	2,520,286	2,875,925	2,875,310	2,400,310	2,644,936
OED Personal Services	44,997	57,107	56,180	56,180	71,575
Overhead	1,830,988	2,138,993	2,138,993	2,138,993	2,052,442
PBCE Neighborhood Cleanups	19,687	57,450	57,450	25,000	57,450
PBCE Non-Pers/Equip	0	8,869	8,869	8,869	8,920
PBCE Personal Services	170,182	168,765	185,798	185,798	182,497
PRNS Non-Pers/Equip	10,944	17,624	17,624	15,000	17,624
PRNS Personal Services	46,692	53,191	53,089	45,000	59,661
Police Dept Pers Svcs (Creek Encampments)	74,923	104,000	104,000	65,000	104,000
Public Works Non-Pers/Equip	3	6,000	6,000	6,000	12,828
Public Works Personal Services	143,337	126,472	125,446	75,000	107,138
SFD Processing	0	0	0	0	2,500,000
Safe Routes to Schools Creative (SRTC) Grant	78,734	25,400	31,628	31,628	0
Workers' Comp Claims	10,397	80,000	80,000	20,000	40,000
Total Expenditures	119,665,827	127,708,563	127,432,527	122,004,302	129,085,755
Transfers					
City Hall Debt Service Fund	968,033	1,007,225	437,573	437,573	1,055,536
General Fund - CDDD	250,000	600,000	600,000	600,000	300,000
General Fund - Downtown Association	0	20,000	20,000	20,000	0
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	15,563
Neighborhood Security Bond Fund	250,000	0	0	0	0
Total Transfers	1,468,033	1,627,225	1,057,573	1,057,573	1,371,099

INTEGRATED WASTE MANAGEMENT FUND (423)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Billing Transition Reserve	2,000,000	2,000,000	2,000,000	2,000,000	400,000
Employee Compensation Planning Reserve	0	218,300	0	0	86,186
Operations and Maintenance Reserve	4,294,926	4,400,000	7,849,057	7,849,057	8,500,000
Reserve for Encumbrances	5,234,961	7,138,166	5,234,961	5,234,961	5,234,961
Retiree Healthcare Solutions Reserve	0	0	210,000	210,000	210,000
Retirement Pre-Payment Reserve	65,699	0	0	0	0
Unrestricted	1,426,329	256,774	133,946	3,682,573	354,101
Total Ending Fund Balance	<u>13,021,915</u>	<u>14,013,240</u>	<u>15,427,964</u>	<u>18,976,591</u>	<u>14,785,248</u>
TOTAL USE OF FUNDS	<u>134,155,775</u>	<u>143,349,028</u>	<u>143,918,064</u>	<u>142,038,466</u>	<u>145,242,102</u>

LIBRARY PARCEL TAX FUND (418)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Contingency Reserve	100,000	100,000	100,000	100,000	0
Online Circ Sys Replacement Reserve	850,000	900,000	900,000	900,000	1,000,000
Reserve for Encumbrances	16,343	16,343	75,802	75,802	75,802
Retiree Healthcare Solutions Reserve	0	0	0	0	50,000
Retirement Pre-Payment Reserve	13,507	13,507	13,507	13,507	0
Unrestricted	6,011,369	6,671,794	7,655,110	7,655,110	7,411,495
Total Beginning Fund Balance	6,991,219	7,701,644	8,744,419	8,744,419	8,537,297
Revenues					
Interest	14,554	20,000	20,000	25,000	25,000
Parcel Tax	7,699,580	7,887,000	7,887,000	7,915,000	8,100,000
Total Revenues	7,714,134	7,907,000	7,907,000	7,940,000	8,125,000
TOTAL SOURCE OF FUNDS	14,705,353	15,608,644	16,651,419	16,684,419	16,662,297
USE OF FUNDS					
Expenditures					
Acquisition of Materials	1,864,594	1,992,000	2,292,000	2,292,000	1,746,000
Annual Audit	0	13,000	13,000	13,000	13,000
Automation Proj and Syst Mtnc	514,170	1,400,000	1,400,000	1,400,000	950,000
HR Personal Services	43,877	50,335	51,267	51,267	47,396
Library Non-Pers/Equip	534,168	845,500	1,225,500	978,000	845,500
Library Personal Services	2,966,550	4,138,935	3,785,803	3,400,000	4,450,384
Total Expenditures	5,923,359	8,439,770	8,767,570	8,134,267	8,052,280
Transfers					
City Hall Debt Service Fund	37,575	29,591	12,855	12,855	45,553
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	9,586
Total Transfers	37,575	29,591	12,855	12,855	55,139
Ending Fund Balance					
Contingency Reserve	100,000	0	0	0	0
Employee Compensation Planning Reserve	0	77,800	0	0	10,758
Online Circ Sys Replacement Reserve	900,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for Encumbrances	75,802	16,343	75,802	75,802	75,802
Retiree Healthcare Solutions Reserve	0	0	50,000	50,000	50,000
Retirement Pre-Payment Reserve	13,507	0	0	0	0
Unrestricted	7,655,110	6,045,140	6,745,192	7,411,495	7,418,318
Total Ending Fund Balance	8,744,419	7,139,283	7,870,994	8,537,297	8,554,878
TOTAL USE OF FUNDS	14,705,353	15,608,644	16,651,419	16,684,419	16,662,297

LOW AND MODERATE INCOME HOUSING ASSET FUND (346)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	10,705,308	10,705,308	1,122,425	1,122,425	1,122,425
Retiree Healthcare Solutions Reserve	0	0	0	0	80,000
Retirement Pre-Payment Reserve	58,220	58,220	58,220	58,220	0
Revenue Stabilization Reserve	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Unrestricted	19,908,097	8,379,884	15,125,100	15,125,100	10,757,617
Total Beginning Fund Balance	36,171,625	24,643,412	21,805,745	21,805,745	17,460,042
Revenues					
Homebuyer Subordination Fee	34,266	0	0	0	0
Interest	74,356	75,000	75,000	85,000	75,000
Loan Repayments	19,429,514	6,900,000	12,900,000	12,000,000	16,400,000
Miscellaneous Revenue	598,369	0	0	0	0
Multi-Family Hsg Fees & Charges	0	194,010	194,010	194,010	226,620
Multi-Family Project Ownership Transfer Fee	17,151	0	0	0	0
Total Revenues	20,153,656	7,169,010	13,169,010	12,279,010	16,701,620
TOTAL SOURCE OF FUNDS	56,325,281	31,812,422	34,974,755	34,084,755	34,161,662
USE OF FUNDS					
Expenditures					
City Attorney Non-Pers/Equip	6,087	16,724	16,724	16,724	16,724
City Attorney Personal Svcs	752,338	556,678	757,168	757,168	599,291
City Manager Non-Pers/Equip	16,632	18,375	18,375	18,375	18,375
City Manager Personal Svcs	26,557	27,347	27,864	27,864	29,977
Finance Personal Services	134,569	89,576	91,455	91,455	106,518
HR Personal Services	20,790	24,010	23,408	23,408	22,572
Hazard Mitigation Grant Match	272,888	200,000	200,000	200,000	0
Homeless Services	0	0	250,000	250,000	250,000
Homeowner Education Program	26,996	30,000	30,000	30,000	30,000
Housing Loans and Grants	15,378,915	6,000,000	12,000,000	9,774,633	16,180,000
Housing Non-Pers/Equip	520,079	800,634	850,634	850,634	802,634
Housing Personal Services	4,352,018	3,558,876	3,516,768	3,366,768	4,443,188
Housing Rehabilitation Loan	(27,089)	0	0	0	0
Loan Management	17,148	150,000	150,000	150,000	200,000
Overhead	547,327	656,015	656,015	656,015	774,748
PW Non-Pers/Equip	5,180	14,650	14,650	14,650	9,729
PW Personal Services	81,356	142,355	142,879	100,000	116,848
Successor Agency to Redevelopment Agency	11,685,043	50,000	50,000	50,000	20,000
Workers' Compensation Claims	15,414	100,000	100,000	50,000	100,000
Total Expenditures	33,832,248	12,435,240	18,895,940	16,427,694	23,720,604
Transfers					
City Hall Debt Service Fund	687,288	453,507	197,019	197,019	464,105

LOW AND MODERATE INCOME HOUSING ASSET FUND (346)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Transfers					
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	6,210
Total Transfers	<u>687,288</u>	<u>453,507</u>	<u>197,019</u>	<u>197,019</u>	<u>470,315</u>
Ending Fund Balance					
Employee Compensation Planning Reserve	0	90,700	0	0	21,001
Reserve for Encumbrances	1,122,425	10,705,308	1,122,425	1,122,425	1,122,425
Retiree Healthcare Solutions Reserve	0	0	80,000	80,000	80,000
Retirement Pre-Payment Reserve	58,220	0	0	0	0
Revenue Stabilization Reserve	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Unrestricted	15,125,100	2,627,667	9,179,371	10,757,617	3,247,317
Total Ending Fund Balance	<u>21,805,745</u>	<u>18,923,675</u>	<u>15,881,796</u>	<u>17,460,042</u>	<u>9,970,743</u>
TOTAL USE OF FUNDS	<u><u>56,325,281</u></u>	<u><u>31,812,422</u></u>	<u><u>34,974,755</u></u>	<u><u>34,084,755</u></u>	<u><u>34,161,662</u></u>

MAINTENANCE DISTRICT NO. 1 (LOS PASEOS) FUND (352)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	27,868	27,868	25,677	25,677	25,677
Retirement Pre-Payment Reserve	547	547	547	547	0
Unrestricted	846,160	796,080	891,600	891,600	649,543
Total Beginning Fund Balance	874,575	824,495	917,824	917,824	675,220
Revenues					
Interest	2,120	2,400	2,400	2,400	2,400
Special Assessments	233,482	202,900	202,900	202,900	204,300
Total Revenues	235,602	205,300	205,300	205,300	206,700
TOTAL SOURCE OF FUNDS	1,110,177	1,029,795	1,123,124	1,123,124	881,920
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	94,083	280,000	330,000	330,000	436,388
DOT Personal Services	64,692	134,857	136,547	88,755	119,591
Overhead	33,578	28,649	28,649	28,649	36,372
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	192,353	444,006	495,696	447,904	592,889
Ending Fund Balance					
Reserve for Encumbrances	25,677	27,868	25,677	25,677	25,677
Retirement Pre-Payment Reserve	547	0	0	0	0
Unrestricted	891,600	557,921	601,751	649,543	263,354
Total Ending Fund Balance	917,824	585,789	627,428	675,220	289,031
TOTAL USE OF FUNDS	1,110,177	1,029,795	1,123,124	1,123,124	881,920

MAINTENANCE DISTRICT NO. 2 (TRADE ZONE BLVD.- LUNDY AVE.)
FUND (354)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	32,982	32,982	0	0	0
Unrestricted	57,904	69,080	90,814	90,814	85,550
Total Beginning Fund Balance	<u>90,886</u>	<u>102,062</u>	<u>90,814</u>	<u>90,814</u>	<u>85,550</u>
Revenues					
Interest	254	200	200	200	200
Special Assessments	69,354	71,900	71,900	71,900	73,300
Total Revenues	<u>69,608</u>	<u>72,100</u>	<u>72,100</u>	<u>72,100</u>	<u>73,500</u>
Transfers					
General Fund	2,408	2,408	2,408	2,408	2,408
Total Transfers	<u>2,408</u>	<u>2,408</u>	<u>2,408</u>	<u>2,408</u>	<u>2,408</u>
TOTAL SOURCE OF FUNDS	<u>162,902</u>	<u>176,570</u>	<u>165,322</u>	<u>165,322</u>	<u>161,458</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	64,355	60,593	110,593	70,593	60,593
DOT Personal Services	5,831	6,783	6,904	6,904	7,584
Overhead	1,902	1,775	1,775	1,775	1,926
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>72,088</u>	<u>69,651</u>	<u>119,772</u>	<u>79,772</u>	<u>70,641</u>
Ending Fund Balance					
Reserve for Encumbrances	0	32,982	0	0	0
Unrestricted	90,814	73,937	45,550	85,550	90,817
Total Ending Fund Balance	<u>90,814</u>	<u>106,919</u>	<u>45,550</u>	<u>85,550</u>	<u>90,817</u>
TOTAL USE OF FUNDS	<u>162,902</u>	<u>176,570</u>	<u>165,322</u>	<u>165,322</u>	<u>161,458</u>

MAINTENANCE DISTRICT NO. 5 (ORCHARD PARKWAY-PLUMERIA
DRIVE) FUND (357)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	34,088	34,088	0	0	0
Unrestricted	321,707	343,812	342,454	342,454	327,838
Total Beginning Fund Balance	<u>355,795</u>	<u>377,900</u>	<u>342,454</u>	<u>342,454</u>	<u>327,838</u>
Revenues					
Interest	837	1,000	1,000	1,000	1,000
Special Assessments	63,345	60,500	60,500	60,500	60,500
Total Revenues	<u>64,182</u>	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>
TOTAL SOURCE OF FUNDS	<u>419,977</u>	<u>439,400</u>	<u>403,954</u>	<u>403,954</u>	<u>389,338</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	58,351	60,500	60,500	60,500	103,334
DOT Personal Services	13,937	11,758	11,972	11,972	11,440
Overhead	5,235	3,144	3,144	3,144	3,217
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>77,523</u>	<u>75,902</u>	<u>76,116</u>	<u>76,116</u>	<u>118,529</u>
Ending Fund Balance					
Reserve for Encumbrances	0	34,088	0	0	0
Unrestricted	342,454	329,410	327,838	327,838	270,809
Total Ending Fund Balance	<u>342,454</u>	<u>363,498</u>	<u>327,838</u>	<u>327,838</u>	<u>270,809</u>
TOTAL USE OF FUNDS	<u>419,977</u>	<u>439,400</u>	<u>403,954</u>	<u>403,954</u>	<u>389,338</u>

MAINTENANCE DISTRICT NO. 8 (ZANKER-MONTAGUE) FUND (361)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	50,202	50,202	31,675	31,675	31,675
Unrestricted	266,456	252,356	299,777	299,777	282,063
Total Beginning Fund Balance	316,658	302,558	331,452	331,452	313,738
Revenues					
Interest	803	800	800	800	800
Special Assessments	77,956	77,600	77,600	77,600	77,600
Total Revenues	78,759	78,400	78,400	78,400	78,400
Transfers					
General Fund	2,353	2,353	2,353	2,353	2,353
Total Transfers	2,353	2,353	2,353	2,353	2,353
TOTAL SOURCE OF FUNDS	397,770	383,311	412,205	412,205	394,491
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	36,752	65,435	65,435	65,435	200,435
DOT Personal Services	21,292	24,885	25,321	25,321	31,629
Overhead	8,274	7,211	7,211	7,211	8,248
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	66,318	98,031	98,467	98,467	240,850
Ending Fund Balance					
Reserve for Encumbrances	31,675	50,202	31,675	31,675	31,675
Unrestricted	299,777	235,078	282,063	282,063	121,966
Total Ending Fund Balance	331,452	285,280	313,738	313,738	153,641
TOTAL USE OF FUNDS	397,770	383,311	412,205	412,205	394,491

MAINTENANCE DISTRICT NO. 9 (SANTA TERESA-GREAT OAKS) FUND
(362)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	62,099	62,099	0	0	0
Unrestricted	354,876	369,379	428,532	428,532	319,586
Total Beginning Fund Balance	<u>416,975</u>	<u>431,478</u>	<u>428,532</u>	<u>428,532</u>	<u>319,586</u>
Revenues					
Interest	1,096	1,100	1,100	1,100	1,100
Special Assessments	116,611	120,200	120,200	120,200	122,900
Total Revenues	<u>117,707</u>	<u>121,300</u>	<u>121,300</u>	<u>121,300</u>	<u>124,000</u>
Transfers					
General Fund	23,480	23,480	23,480	23,480	23,480
Total Transfers	<u>23,480</u>	<u>23,480</u>	<u>23,480</u>	<u>23,480</u>	<u>23,480</u>
TOTAL SOURCE OF FUNDS	<u>558,162</u>	<u>576,258</u>	<u>573,312</u>	<u>573,312</u>	<u>467,066</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	105,566	118,000	218,000	218,000	114,232
DOT Personal Services	14,630	26,733	27,205	27,205	36,912
Overhead	9,434	8,021	8,021	8,021	11,940
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>129,630</u>	<u>153,254</u>	<u>253,726</u>	<u>253,726</u>	<u>163,622</u>
Ending Fund Balance					
Reserve for Encumbrances	0	62,099	0	0	0
Unrestricted	428,532	360,905	319,586	319,586	303,444
Total Ending Fund Balance	<u>428,532</u>	<u>423,004</u>	<u>319,586</u>	<u>319,586</u>	<u>303,444</u>
TOTAL USE OF FUNDS	<u>558,162</u>	<u>576,258</u>	<u>573,312</u>	<u>573,312</u>	<u>467,066</u>

MAINTENANCE DISTRICT NO. 11 (BROKAW RD. FROM JUNCTION AVE.
TO OLD OAKLAND RD.) FUND (364)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	8,675	8,675	0	0	0
Unrestricted	203,603	210,192	222,980	222,980	230,847
Total Beginning Fund Balance	<u>212,278</u>	<u>218,867</u>	<u>222,980</u>	<u>222,980</u>	<u>230,847</u>
Revenues					
Interest	569	600	600	600	600
Special Assessments	61,570	63,800	63,800	63,800	65,200
Total Revenues	<u>62,139</u>	<u>64,400</u>	<u>64,400</u>	<u>64,400</u>	<u>65,800</u>
Transfers					
General Fund	6,354	6,354	6,354	6,354	6,354
Total Transfers	<u>6,354</u>	<u>6,354</u>	<u>6,354</u>	<u>6,354</u>	<u>6,354</u>
TOTAL SOURCE OF FUNDS	<u>280,771</u>	<u>289,621</u>	<u>293,734</u>	<u>293,734</u>	<u>303,001</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	49,602	53,708	53,708	53,708	53,708
DOT Personal Services	6,287	6,783	6,904	6,904	7,584
Overhead	1,902	1,775	1,775	1,775	1,926
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>57,791</u>	<u>62,766</u>	<u>62,887</u>	<u>62,887</u>	<u>63,756</u>
Ending Fund Balance					
Reserve for Encumbrances	0	8,675	0	0	0
Unrestricted	222,980	218,180	230,847	230,847	239,245
Total Ending Fund Balance	<u>222,980</u>	<u>226,855</u>	<u>230,847</u>	<u>230,847</u>	<u>239,245</u>
TOTAL USE OF FUNDS	<u>280,771</u>	<u>289,621</u>	<u>293,734</u>	<u>293,734</u>	<u>303,001</u>

MAINTENANCE DISTRICT NO. 13 (KARINA-O'NEL) FUND (366)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	17,815	17,815	0	0	0
Unrestricted	45,761	50,528	70,602	70,602	66,435
Total Beginning Fund Balance	<u>63,576</u>	<u>68,343</u>	<u>70,602</u>	<u>70,602</u>	<u>66,435</u>
Revenues					
Interest	180	200	200	200	200
Special Assessments	44,302	45,900	45,900	45,900	46,900
Total Revenues	<u>44,482</u>	<u>46,100</u>	<u>46,100</u>	<u>46,100</u>	<u>47,100</u>
TOTAL SOURCE OF FUNDS	<u>108,058</u>	<u>114,443</u>	<u>116,702</u>	<u>116,702</u>	<u>113,535</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	32,643	33,711	43,711	43,711	33,711
DOT Personal Services	2,911	4,505	4,577	4,577	6,997
Overhead	1,902	1,479	1,479	1,479	1,758
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>37,456</u>	<u>40,195</u>	<u>50,267</u>	<u>50,267</u>	<u>43,004</u>
Ending Fund Balance					
Reserve for Encumbrances	0	17,815	0	0	0
Unrestricted	70,602	56,433	66,435	66,435	70,531
Total Ending Fund Balance	<u>70,602</u>	<u>74,248</u>	<u>66,435</u>	<u>66,435</u>	<u>70,531</u>
TOTAL USE OF FUNDS	<u>108,058</u>	<u>114,443</u>	<u>116,702</u>	<u>116,702</u>	<u>113,535</u>

MAINTENANCE DISTRICT NO. 15 (SILVER CREEK VALLEY) FUND (368)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	241,556	241,556	45,896	45,896	45,896
Retirement Pre-Payment Reserve	1,462	1,462	1,462	1,462	0
Unrestricted	5,071,127	4,775,088	4,992,382	4,992,382	4,408,690
Total Beginning Fund Balance	<u>5,314,145</u>	<u>5,018,106</u>	<u>5,039,740</u>	<u>5,039,740</u>	<u>4,454,586</u>
Revenues					
Interest	12,947	14,400	14,400	14,400	14,400
Special Assessments	936,144	945,000	945,000	945,000	945,500
Total Revenues	<u>949,091</u>	<u>959,400</u>	<u>959,400</u>	<u>959,400</u>	<u>959,900</u>
Transfers					
General Fund	16,636	16,636	16,636	16,636	16,636
Storm Sewer Operating Fund	22,118	22,118	22,118	22,118	22,118
Total Transfers	<u>38,754</u>	<u>38,754</u>	<u>38,754</u>	<u>38,754</u>	<u>38,754</u>
TOTAL SOURCE OF FUNDS	<u>6,301,990</u>	<u>6,016,260</u>	<u>6,037,894</u>	<u>6,037,894</u>	<u>5,453,240</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	1,030,394	1,510,000	1,510,000	1,350,000	1,029,002
DOT Personal Services	165,733	311,515	315,319	167,232	251,028
Overhead	64,217	65,576	65,576	65,576	77,171
Workers' Comp Claims	1,906	500	2,000	500	538
Total Expenditures	<u>1,262,250</u>	<u>1,887,591</u>	<u>1,892,895</u>	<u>1,583,308</u>	<u>1,357,739</u>
Ending Fund Balance					
Reserve for Encumbrances	45,896	241,556	45,896	45,896	45,896
Retirement Pre-Payment Reserve	1,462	0	0	0	0
Unrestricted	4,992,382	3,887,113	4,099,103	4,408,690	4,049,605
Total Ending Fund Balance	<u>5,039,740</u>	<u>4,128,669</u>	<u>4,144,999</u>	<u>4,454,586</u>	<u>4,095,501</u>
TOTAL USE OF FUNDS	<u>6,301,990</u>	<u>6,016,260</u>	<u>6,037,894</u>	<u>6,037,894</u>	<u>5,453,240</u>

MAINTENANCE DISTRICT NO. 18 (THE MEADOWLANDS) FUND (372)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	5,020	5,020	0	0	0
Unrestricted	28,675	60,431	44,198	44,198	56,882
Total Beginning Fund Balance	<u>33,695</u>	<u>65,451</u>	<u>44,198</u>	<u>44,198</u>	<u>56,882</u>
Revenues					
Interest	134	200	200	200	200
Special Assessments	91,007	94,300	94,300	94,300	91,900
Total Revenues	<u>91,141</u>	<u>94,500</u>	<u>94,500</u>	<u>94,500</u>	<u>92,100</u>
TOTAL SOURCE OF FUNDS	<u>124,836</u>	<u>159,951</u>	<u>138,698</u>	<u>138,698</u>	<u>148,982</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	61,385	77,096	77,096	57,096	77,096
DOT Personal Services	11,645	18,011	18,305	18,305	27,987
Overhead	7,608	5,915	5,915	5,915	7,031
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>80,638</u>	<u>101,522</u>	<u>101,816</u>	<u>81,816</u>	<u>112,652</u>
Ending Fund Balance					
Reserve for Encumbrances	0	5,020	0	0	0
Unrestricted	44,198	53,409	36,882	56,882	36,330
Total Ending Fund Balance	<u>44,198</u>	<u>58,429</u>	<u>36,882</u>	<u>56,882</u>	<u>36,330</u>
TOTAL USE OF FUNDS	<u>124,836</u>	<u>159,951</u>	<u>138,698</u>	<u>138,698</u>	<u>148,982</u>

MAINTENANCE DISTRICT NO. 19 (RIVER OAKS AREA LANDSCAPING)
FUND (359)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	46,019	46,019	14,183	14,183	14,183
Unrestricted	292,336	272,497	300,586	300,586	232,870
Total Beginning Fund Balance	<u>338,355</u>	<u>318,516</u>	<u>314,769</u>	<u>314,769</u>	<u>247,053</u>
Revenues					
Interest	832	800	800	800	800
Special Assessments	42,806	40,100	40,100	40,100	41,100
Total Revenues	<u>43,638</u>	<u>40,900</u>	<u>40,900</u>	<u>40,900</u>	<u>41,900</u>
Transfers					
General Fund	6,195	6,195	6,195	6,195	6,195
Total Transfers	<u>6,195</u>	<u>6,195</u>	<u>6,195</u>	<u>6,195</u>	<u>6,195</u>
TOTAL SOURCE OF FUNDS	<u><u>388,188</u></u>	<u><u>365,611</u></u>	<u><u>361,864</u></u>	<u><u>361,864</u></u>	<u><u>295,148</u></u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	55,291	95,500	120,500	95,000	116,335
DOT Personal Services	13,852	15,052	15,322	15,322	16,798
Overhead	4,276	3,989	3,989	3,989	4,329
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>73,419</u>	<u>115,041</u>	<u>140,311</u>	<u>114,811</u>	<u>138,000</u>
Ending Fund Balance					
Reserve for Encumbrances	14,183	46,019	14,183	14,183	14,183
Unrestricted	300,586	204,551	207,370	232,870	142,965
Total Ending Fund Balance	<u>314,769</u>	<u>250,570</u>	<u>221,553</u>	<u>247,053</u>	<u>157,148</u>
TOTAL USE OF FUNDS	<u><u>388,188</u></u>	<u><u>365,611</u></u>	<u><u>361,864</u></u>	<u><u>361,864</u></u>	<u><u>295,148</u></u>

MAINTENANCE DISTRICT NO. 20 (RENAISSANCE-N. FIRST
LANDSCAPING) FUND (365)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	64,396	64,396	0	0	0
Unrestricted	309,745	304,553	362,575	362,575	348,757
Total Beginning Fund Balance	<u>374,141</u>	<u>368,949</u>	<u>362,575</u>	<u>362,575</u>	<u>348,757</u>
Revenues					
Interest	943	900	900	900	900
Special Assessments	39,603	40,000	40,000	40,000	40,000
Total Revenues	<u>40,546</u>	<u>40,900</u>	<u>40,900</u>	<u>40,900</u>	<u>40,900</u>
Transfers					
General Fund	21,461	21,461	21,461	21,461	21,461
Total Transfers	<u>21,461</u>	<u>21,461</u>	<u>21,461</u>	<u>21,461</u>	<u>21,461</u>
TOTAL SOURCE OF FUNDS	<u>436,148</u>	<u>431,310</u>	<u>424,936</u>	<u>424,936</u>	<u>411,118</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	65,354	67,527	67,527	67,000	67,527
DOT Personal Services	6,317	6,783	6,904	6,904	7,584
Overhead	1,902	1,775	1,775	1,775	1,926
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>73,573</u>	<u>76,585</u>	<u>76,706</u>	<u>76,179</u>	<u>77,575</u>
Ending Fund Balance					
Reserve for Encumbrances	0	64,396	0	0	0
Unrestricted	362,575	290,329	348,230	348,757	333,543
Total Ending Fund Balance	<u>362,575</u>	<u>354,725</u>	<u>348,230</u>	<u>348,757</u>	<u>333,543</u>
TOTAL USE OF FUNDS	<u>436,148</u>	<u>431,310</u>	<u>424,936</u>	<u>424,936</u>	<u>411,118</u>

MAINTENANCE DISTRICT NO. 21 (GATEWAY PLACE-AIRPORT PARKWAY)
FUND (356)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	38,080	38,080	988	988	988
Unrestricted	259,414	272,456	302,793	302,793	224,317
Total Beginning Fund Balance	<u>297,494</u>	<u>310,536</u>	<u>303,781</u>	<u>303,781</u>	<u>225,305</u>
Revenues					
Interest	769	800	800	800	800
Special Assessments	70,521	70,300	70,300	70,300	87,200
Total Revenues	<u>71,290</u>	<u>71,100</u>	<u>71,100</u>	<u>71,100</u>	<u>88,000</u>
Transfers					
General Fund	8,996	8,996	8,996	8,996	8,996
Total Transfers	<u>8,996</u>	<u>8,996</u>	<u>8,996</u>	<u>8,996</u>	<u>8,996</u>
TOTAL SOURCE OF FUNDS	<u><u>377,780</u></u>	<u><u>390,632</u></u>	<u><u>383,877</u></u>	<u><u>383,877</u></u>	<u><u>322,301</u></u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	56,150	85,000	175,000	135,000	79,054
DOT Personal Services	11,937	17,599	17,913	17,913	17,292
Overhead	5,912	5,159	5,159	5,159	5,607
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>73,999</u>	<u>108,258</u>	<u>198,572</u>	<u>158,572</u>	<u>102,491</u>
Ending Fund Balance					
Reserve for Encumbrances	988	38,080	988	988	988
Unrestricted	302,793	244,294	184,317	224,317	218,822
Total Ending Fund Balance	<u>303,781</u>	<u>282,374</u>	<u>185,305</u>	<u>225,305</u>	<u>219,810</u>
TOTAL USE OF FUNDS	<u><u>377,780</u></u>	<u><u>390,632</u></u>	<u><u>383,877</u></u>	<u><u>383,877</u></u>	<u><u>322,301</u></u>

MAINTENANCE DISTRICT NO. 22 (HELLYER AVE.-SILVER CREEK
VALLEY RD.) FUND (367)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	33,398	33,398	0	0	0
Unrestricted	256,403	260,929	285,690	285,690	207,034
Total Beginning Fund Balance	<u>289,801</u>	<u>294,327</u>	<u>285,690</u>	<u>285,690</u>	<u>207,034</u>
Revenues					
Interest	746	800	800	800	800
Special Assessments	49,493	50,000	50,000	50,000	50,000
Total Revenues	<u>50,239</u>	<u>50,800</u>	<u>50,800</u>	<u>50,800</u>	<u>50,800</u>
Transfers					
General Fund	35,223	35,223	35,223	35,223	35,223
Total Transfers	<u>35,223</u>	<u>35,223</u>	<u>35,223</u>	<u>35,223</u>	<u>35,223</u>
TOTAL SOURCE OF FUNDS	<u>375,263</u>	<u>380,350</u>	<u>371,713</u>	<u>371,713</u>	<u>293,057</u>
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	81,582	177,500	177,500	155,500	187,971
DOT Personal Services	6,089	6,783	6,904	6,904	7,584
Overhead	1,902	1,775	1,775	1,775	1,926
Workers' Comp Claims	0	500	500	500	538
Total Expenditures	<u>89,573</u>	<u>186,558</u>	<u>186,679</u>	<u>164,679</u>	<u>198,019</u>
Ending Fund Balance					
Reserve for Encumbrances	0	33,398	0	0	0
Unrestricted	285,690	160,394	185,034	207,034	95,038
Total Ending Fund Balance	<u>285,690</u>	<u>193,792</u>	<u>185,034</u>	<u>207,034</u>	<u>95,038</u>
TOTAL USE OF FUNDS	<u>375,263</u>	<u>380,350</u>	<u>371,713</u>	<u>371,713</u>	<u>293,057</u>

MULTI-SOURCE HOUSING FUND (448)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Rental Rights and Referrals Reserve	123,688	62,744	62,744	62,744	0
Reserve for Encumbrances	1,034,400	1,034,400	281,064	281,064	281,064
Retiree Healthcare Solutions Reserve	0	0	0	0	30,000
Retirement Pre-Payment Reserve	2,208	2,208	2,208	2,208	0
Unrestricted	2,577,710	18,293,761	18,295,872	18,295,872	9,799,904
Total Beginning Fund Balance	3,738,006	19,393,113	18,641,888	18,641,888	10,110,968
Revenues					
Children's Shelter Repayment	5,126,000	0	0	0	0
Development Agreement	6,885,000	2,600,000	0	0	2,000,000
Grant Revenue	4,462,318	12,589,405	9,883,440	8,308,016	7,368,434
In-Lieu Fee Revenue	0	0	7,764,080	7,764,080	0
Interest	21,229	40,000	40,000	60,000	40,000
Loan Repayments	889,905	3,000,000	3,255,405	1,000,000	1,000,000
Medical Respite Facility	0	471,240	471,240	125,402	345,838
Misc Revenue (Bond Repay)	4,783,420	0	0	0	0
Multi-Family Housing Fees & Charges	0	537,833	537,833	0	0
Recovery Act - Homeless Prevention and Rapid Re-Housing Program	435,480	0	0	0	0
Recovery Act - Neighborhood Stabilization Program 2	8,321,071	6,165,071	6,437,376	1,665,071	5,201,630
Rental Rights and Referrals	516,154	490,282	490,282	520,000	849,228
Total Revenues	31,440,577	25,893,831	28,879,656	19,442,569	16,805,130
TOTAL SOURCE OF FUNDS	35,178,583	45,286,944	47,521,544	38,084,457	26,916,098
USE OF FUNDS					
Expenditures					
CalHome Prgm (BEGIN - Pers. Svcs)	(691)	0	0	0	0
CalHome Prgm (BEGIN)	1,411,095	1,400,000	1,400,000	1,400,000	1,400,000
CalHome Prgm (Hmbyr - Pers. Svcs)	(355)	5,919	5,919	5,919	33,723
CalHome Prgm (Homebuyer)	0	1,240,000	740,000	740,000	250,000
CalHome Prgm (Rehab - Pers. Svcs)	0	68,316	68,316	68,316	73,060
CalHome Prgm (Rehab)	351,400	60,000	1,560,000	1,560,000	1,700,000
Capital Grant Program	0	4,775,000	4,775,000	4,775,000	0
City Attorney Personal Svcs	0	107,477	17,510	17,510	116,876
Emergency Shelter Grants	785,660	792,456	625,159	625,159	620,642
Emergency Shelter Grants (Pers. Svcs)	59,423	14,093	14,093	14,093	9,530
Family Shelter Project	0	0	0	0	0
HOPWA Grants	843,831	858,690	863,022	863,022	846,484
HOPWA Grants (Pers. Svcs)	26,346	19,284	19,284	19,284	15,483
HOPWA SHAPPS Grants	372,592	448,156	448,156	448,156	448,156
HOPWA SHAPPS Grants (Pers. Svcs)	6,633	19,284	19,284	19,284	15,483
Hazard Mitigation Grant Program	770,641	800,000	800,000	800,000	325,000
Hazard Mtgtn Grant Prgm (Pers. Svcs)	264,840	50,420	50,420	50,420	190,647

MULTI-SOURCE HOUSING FUND (448)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
Housing Loans and Grants	2,300,000	20,910,000	14,610,000	13,000,000	10,000,000
Housing Non-Pers/Equip	107,493	200,022	570,022	570,022	420,022
Housing Personal Services	434,441	733,215	738,182	500,000	623,246
Inclusionary Projects	0	330,000	330,000	100,000	330,000
Medical Respite Facility	0	471,240	471,240	125,402	345,838
Muni Whole House Rehab Pilot Program	0	40,000	40,000	40,000	0
Neighborhood Stabilization Program	63,588	20,000	193,900	177,000	250,000
Neighborhood Stabilization Program (Pers. Svcs)	34,610	173,158	173,158	173,158	10,886
Overhead	211,791	216,673	216,673	216,673	265,869
Rcvry Act - Homeless Prevention and Rapid Re-Housing Program	389,778	0	0	0	0
Rcvry Act - Neigh. Stblztn Prgm 2	7,442,897	5,676,493	5,676,493	1,176,493	5,000,000
Rcvry Act - Neigh. Stblztn Prgm 2 (Pers. Svcs)	365,292	488,578	488,578	488,578	201,630
Skills to Succeed	295,390	0	0	0	0
Water Street Project	0	0	255,405	0	0
Total Expenditures	<u>16,536,695</u>	<u>39,918,474</u>	<u>35,169,814</u>	<u>27,973,489</u>	<u>23,492,575</u>
Transfers					
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	1,465
Total Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,465</u>
Ending Fund Balance					
Employee Compensation Planning Reserve	0	35,000	0	0	18,627
Rental Rights and Referrals Reserve	62,744	62,744	0	0	0
Reserve for Encumbrances	281,064	1,034,400	281,064	281,064	281,064
Retiree Healthcare Solutions Reserve	0	0	30,000	30,000	30,000
Retirement Pre-Payment Reserve	2,208	0	0	0	0
Unrestricted	18,295,872	4,236,326	12,040,666	9,799,904	3,092,367
Total Ending Fund Balance	<u>18,641,888</u>	<u>5,368,470</u>	<u>12,351,730</u>	<u>10,110,968</u>	<u>3,422,058</u>
TOTAL USE OF FUNDS	<u><u>35,178,583</u></u>	<u><u>45,286,944</u></u>	<u><u>47,521,544</u></u>	<u><u>38,084,457</u></u>	<u><u>26,916,098</u></u>

MUNICIPAL GOLF COURSE FUND (518)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	0	0	0	0	0
Unrestricted	375,482	339,482	459,707	459,707	583,707
Total Beginning Fund Balance	375,482	339,482	459,707	459,707	583,707
Revenues					
Interest	1,987	2,000	2,000	3,000	2,000
Los Lagos Golf Course	82,590	90,000	90,000	75,000	80,000
Miscellaneous Revenue	35,697	20,000	20,000	35,000	35,000
San José Municipal Golf Course	446,153	444,000	444,000	460,000	450,000
Total Revenues	566,427	556,000	556,000	573,000	567,000
Transfers					
General Fund	1,800,000	2,000,000	2,000,000	2,000,000	1,600,000
Total Transfers	1,800,000	2,000,000	2,000,000	2,000,000	1,600,000
TOTAL SOURCE OF FUNDS	2,741,909	2,895,482	3,015,707	3,032,707	2,750,707
USE OF FUNDS					
Expenditures					
Coyote Creek Environmental Mitigation	5,248	10,000	10,000	1,000	1,000
Los Lagos Debt Service	1,354,891	1,494,000	1,494,000	1,494,000	1,512,000
Los Lagos Golf Course	194,813	150,000	210,000	200,000	175,000
Rancho del Pueblo Debt Service	442,092	459,000	459,000	459,000	459,000
Rancho del Pueblo Golf Course	285,158	290,000	330,000	295,000	290,000
Total Expenditures	2,282,202	2,403,000	2,503,000	2,449,000	2,437,000
Ending Fund Balance					
Reserve for Encumbrances	0	0	0	0	0
Unrestricted	459,707	492,482	512,707	583,707	313,707
Total Ending Fund Balance	459,707	492,482	512,707	583,707	313,707
TOTAL USE OF FUNDS	2,741,909	2,895,482	3,015,707	3,032,707	2,750,707

POLICE AND FIRE RETIREMENT FUND (135)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	2,641,442,000	2,691,318,463	2,847,602,000	2,847,602,000	2,970,468,525
Total Beginning Fund Balance	2,641,442,000	2,691,318,463	2,847,602,000	2,847,602,000	2,970,468,525
Revenues					
Investment Income	264,343,000	199,729,000	199,729,000	189,494,910	217,560,101
Participant Income	33,725,000	38,266,000	38,266,000	36,253,687	39,941,290
Total Revenues	298,068,000	237,995,000	237,995,000	225,748,597	257,501,391
Transfers					
1970 COLA	808	700	700	620	624
1980 COLA	15,191	15,000	15,000	13,526	13,284
1990 COLA	6,006	6,000	6,000	5,940	5,940
City Contributions	105,234,000	121,199,000	121,199,000	119,560,831	132,875,000
Total Transfers	105,256,005	121,220,700	121,220,700	119,580,917	132,894,848
TOTAL SOURCE OF FUNDS	3,044,766,005	3,050,534,163	3,206,817,700	3,192,931,514	3,360,864,764
USE OF FUNDS					
Expenditures					
1970 COLA	808	700	700	620	624
1980 COLA	15,191	15,000	15,000	13,526	13,284
1990 COLA	6,006	6,000	6,000	5,940	5,940
Benefits	159,702,000	176,261,000	176,261,000	168,224,100	185,046,510
HR Staffing Support	151,094	154,111	154,111	142,984	168,370
Health Insurance	23,934,000	23,336,000	23,336,000	21,720,771	22,101,503
Professional Fees	10,800,711	16,596,000	16,596,000	12,847,486	13,403,950
Retirement Non-Pers/Equip	654,351	752,238	752,238	766,211	1,206,700
Retirement Pers Svcs	1,899,844	2,508,334	2,508,334	2,089,351	2,985,901
Total Expenditures	197,164,005	219,629,383	219,629,383	205,810,989	224,932,782
Transfers					
Fire Retiree Health Care Trust Fund	0	0	0	4,983,000	0
Police Retiree Health Care Trust Fund	0	15,858,000	11,669,000	11,669,000	0
Total Transfers	0	15,858,000	11,669,000	16,652,000	0
Ending Fund Balance					
Claims Reserve	2,847,602,000	2,815,046,780	2,975,519,317	2,970,468,525	3,135,931,982
Total Ending Fund Balance	2,847,602,000	2,815,046,780	2,975,519,317	2,970,468,525	3,135,931,982
TOTAL USE OF FUNDS	3,044,766,005	3,050,534,163	3,206,817,700	3,192,931,514	3,360,864,764

*This Statement of Source and Use is for display purposes only. The Police and Fire Retirement Plan Board of Administration approved the annual administrative budget on April 3, 2014. It should be noted that the personal services costs reflected in this statement can vary from the budget presented to the Board due to revised retirement and health care costs when compared to those costs that were projected in April.

POLICE RETIREE HEALTH CARE TRUST FUND (125)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	0	0	0	0	25,349,457
Total Beginning Fund Balance	0	0	0	0	25,349,457
Revenues					
Investment Income	0	2,390,000	2,390,000	2,110,000	2,756,411
Total Revenues	0	2,390,000	2,390,000	2,110,000	2,756,411
Transfers					
City Contributions	0	17,350,000	17,350,000	11,593,457	12,670,000
Police and Fire Retirement Fd	0	15,858,000	11,669,000	11,669,000	0
Total Transfers	0	33,208,000	29,019,000	23,262,457	12,670,000
TOTAL SOURCE OF FUNDS	0	35,598,000	31,409,000	25,372,457	40,775,868
USE OF FUNDS					
Expenditures					
Health Insurance	0	0	30,000	23,000	21,000
Professional Fees	0	30,000	0	0	0
Retirement Non-Pers/Equip	0	40,000	40,000	0	0
Total Expenditures	0	70,000	70,000	23,000	21,000
Ending Fund Balance					
Claims Reserve	0	35,528,000	31,339,000	25,349,457	40,754,868
Total Ending Fund Balance	0	35,528,000	31,339,000	25,349,457	40,754,868
TOTAL USE OF FUNDS	0	35,598,000	31,409,000	25,372,457	40,775,868

*This Statement of Source and Use is for display purposes only. The Police and Fire Retirement Plan Board of Administration approved the annual administrative budget on April 3, 2014.

PUBLIC WORKS PROGRAM SUPPORT FUND (150)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	37,321	37,321	39,358	39,358	39,358
Retiree Healthcare Solutions Reserve	0	0	0	0	85,000
Retirement Pre-Payment Reserve	26,020	26,020	26,020	26,020	0
Unrestricted	1,065,696	478,542	1,477,226	1,477,226	1,852,709
Total Beginning Fund Balance	1,129,037	541,883	1,542,604	1,542,604	1,977,067
Revenues					
Interest	3,485	5,000	5,000	9,800	10,000
Total Revenues	3,485	5,000	5,000	9,800	10,000
Transfers					
Capital Program Support	2,307,563	2,308,832	2,115,795	2,068,000	2,335,000
Compensated Absences	6,980,877	8,400,000	8,400,000	7,590,000	8,100,000
Public Works Program Support	4,226,950	4,895,633	4,436,519	4,900,000	4,138,000
Total Transfers	13,515,390	15,604,465	14,952,314	14,558,000	14,573,000
TOTAL SOURCE OF FUNDS	14,647,912	16,151,348	16,499,918	16,110,404	16,560,067
USE OF FUNDS					
Expenditures					
Compensated Absence Liability	700,000	600,000	600,000	600,000	300,000
Compensated Time Off	6,553,781	7,800,000	7,340,000	7,274,000	7,800,000
Finance Non-Personal/Equipment	20,000	20,000	20,000	20,000	20,000
Finance Personal Services	44,612	46,145	47,046	23,000	37,134
HR Personal Services	103,955	112,414	111,606	100,000	100,876
IT Personal Services	0	0	0	0	79,265
Overhead	1,157,502	1,246,337	1,316,337	1,246,337	1,080,215
PW Non-Personal/Equipment	495,198	627,001	627,001	627,000	642,287
PW Personal Services	3,934,106	4,335,193	4,326,600	4,243,000	5,014,840
Total Expenditures	13,009,154	14,787,090	14,388,590	14,133,337	15,074,617
Transfers					
General Fund (Plans and Specifications Payback)	96,154	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	5,712
Total Transfers	96,154	0	0	0	5,712
Ending Fund Balance					
Employee Compensation Planning Reserve	0	76,500	0	0	32,284
Reserve for Encumbrances	39,358	37,321	39,358	39,358	39,358
Retiree Healthcare Solutions Reserve	0	0	85,000	85,000	85,000
Retirement Pre-Payment Reserve	26,020	0	0	0	0
Unrestricted	1,477,226	1,250,437	1,986,970	1,852,709	1,323,096

PUBLIC WORKS PROGRAM SUPPORT FUND (150)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Total Ending Fund Balance	1,542,604	1,364,258	2,111,328	1,977,067	1,479,738
TOTAL USE OF FUNDS	14,647,912	16,151,348	16,499,918	16,110,404	16,560,067

SAN JOSE ARENA CAPITAL RESERVE FUND (459)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Previously Approved Repairs Reserve	0	187,982	187,982	187,982	1,156
Unrestricted	0	1,841,770	1,842,531	1,842,531	529,531
Total Beginning Fund Balance	0	2,029,752	2,030,513	2,030,513	530,687
Revenues					
Interest	0	5,000	5,000	10,000	5,000
San José Arena Management	0	550,000	550,000	550,000	550,000
Total Revenues	0	555,000	555,000	560,000	555,000
Transfers					
General Fund (Arena Revenue)	0	250,000	250,000	250,000	250,000
Total Transfers	0	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	0	2,834,752	2,835,513	2,840,513	1,335,687
USE OF FUNDS					
Expenditures					
Electrical Repairs	0	80,000	240,708	240,708	777,000
Mechanical Repairs	0	75,000	735,044	701,131	323,000
Miscellaneous Repairs	0	26,000	144,925	144,925	0
Structures Repairs	0	903,000	1,103,265	1,025,362	0
Unanticipated/Emergency Repairs	0	50,000	203,343	197,700	100,000
Total Expenditures	0	1,134,000	2,427,285	2,309,826	1,200,000
Ending Fund Balance					
Previously Approved Repairs Reserve	0	1,176,982	1,156	1,156	0
Unrestricted	0	523,770	407,072	529,531	135,687
Total Ending Fund Balance	0	1,700,752	408,228	530,687	135,687
TOTAL USE OF FUNDS	0	2,834,752	2,835,513	2,840,513	1,335,687

*Prior to 2013-2014, this fund was unbudgeted and expenditures were brought forward as part of the Manager's Budget Addenda process and subsequently authorized by the City Council as part of the final budget adoption.

SAN JOSE ARENA ENHANCEMENT FUND (301)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	2,585	3,000	629	629	24,800
Total Beginning Fund Balance	2,585	3,000	629	629	24,800
Revenues					
Comerica Naming Rights	87,500	0	47,720	47,720	0
Interest	4,725	4,400	5,400	5,400	2,200
Total Revenues	92,225	4,400	53,120	53,120	2,200
Transfers					
General Fund	2,502,646	2,015,278	1,991,358	1,991,358	1,000,000
Total Transfers	2,502,646	2,015,278	1,991,358	1,991,358	1,000,000
TOTAL SOURCE OF FUNDS	2,597,456	2,022,678	2,045,107	2,045,107	1,027,000
USE OF FUNDS					
Expenditures					
HP Improvements - Debt Service	2,596,827	2,022,678	2,020,307	2,020,307	1,027,000
Total Expenditures	2,596,827	2,022,678	2,020,307	2,020,307	1,027,000
Ending Fund Balance					
Unrestricted	629	0	24,800	24,800	0
Total Ending Fund Balance	629	0	24,800	24,800	0
TOTAL USE OF FUNDS	2,597,456	2,022,678	2,045,107	2,045,107	1,027,000

SAN JOSE DIRIDON DEVELOPMENT AUTHORITY FUND (482)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	3,645	0	0	0	0
Unrestricted	173,191	0	417,173	417,173	0
Total Beginning Fund Balance	<u>176,836</u>	<u>0</u>	<u>417,173</u>	<u>417,173</u>	<u>0</u>
Revenues					
Interest	421	0	0	0	0
Parking Facilities	268,816	0	0	0	0
Total Revenues	<u>269,237</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transfers					
General Fund	25,000	0	0	0	0
Total Transfers	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL SOURCE OF FUNDS	<u>471,073</u>	<u>0</u>	<u>417,173</u>	<u>417,173</u>	<u>0</u>
USE OF FUNDS					
Expenditures					
Administration	39,665	0	0	0	0
OED Non-Pers/Equip	12,234	0	0	0	0
Transfer to Successor Agency	0	0	417,173	417,173	0
Total Expenditures	<u>51,899</u>	<u>0</u>	<u>417,173</u>	<u>417,173</u>	<u>0</u>
Transfers					
Downtown PBID	2,001	0	0	0	0
Total Transfers	<u>2,001</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance					
Unrestricted	417,173	0	0	0	0
Total Ending Fund Balance	<u>417,173</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL USE OF FUNDS	<u>471,073</u>	<u>0</u>	<u>417,173</u>	<u>417,173</u>	<u>0</u>

SAN JOSE MUNICIPAL STADIUM CAPITAL FUND (476)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Rent - Baseball Acquisition Company	31,064	30,000	33,234	33,234	35,000
Total Revenues	31,064	30,000	33,234	33,234	35,000
TOTAL SOURCE OF FUNDS	31,064	30,000	33,234	33,234	35,000
USE OF FUNDS					
Expenditures					
Capital Enhancements	31,064	30,000	33,234	33,234	35,000
Total Expenditures	31,064	30,000	33,234	33,234	35,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	31,064	30,000	33,234	33,234	35,000

SAN JOSE/SANTA CLARA TREATMENT PLANT INCOME FUND (514)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	28,344	28,627	28,424	28,424	28,524
Total Beginning Fund Balance	<u>28,344</u>	<u>28,627</u>	<u>28,424</u>	<u>28,424</u>	<u>28,524</u>
Revenues					
Interest	70	100	100	100	100
Rental	10	0	0	0	0
Total Revenues	<u>80</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
TOTAL SOURCE OF FUNDS	<u>28,424</u>	<u>28,727</u>	<u>28,524</u>	<u>28,524</u>	<u>28,624</u>
USE OF FUNDS					
Ending Fund Balance					
Unrestricted	28,424	28,727	28,524	28,524	28,624
Total Ending Fund Balance	<u>28,424</u>	<u>28,727</u>	<u>28,524</u>	<u>28,524</u>	<u>28,624</u>
TOTAL USE OF FUNDS	<u>28,424</u>	<u>28,727</u>	<u>28,524</u>	<u>28,524</u>	<u>28,624</u>

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUND (513)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Operations and Maintenance Reserve	13,078,396	13,589,002	13,589,002	13,589,002	13,844,415
Reserve for Encumbrances	6,713,487	6,713,487	9,388,286	9,388,286	9,388,286
Retiree Healthcare Solutions Reserve	0	0	0	0	835,000
Retirement Pre-Payment Reserve	253,000	253,000	253,000	253,000	0
Unrestricted	12,265,774	13,942,804	16,461,981	16,461,980	9,828,972
Workers' Comp Claims Reserve	2,352,000	2,352,000	2,352,000	2,352,000	2,352,000
Total Beginning Fund Balance	34,662,657	36,850,293	42,044,269	42,044,268	36,248,673
Revenues					
Contributions - Other Agencies	15,507,046	16,170,998	16,170,998	16,061,962	17,284,452
Contributions - Santa Clara	9,862,328	10,154,876	10,154,876	10,879,655	11,076,462
Interest	57,522	121,606	121,606	90,000	126,870
Miscellaneous	389,043	340,000	340,000	350,000	340,000
Recycled Water	4,209,812	4,000,000	4,000,000	6,200,000	4,650,000
SCVWD Cost-Sharing Reimb	8,514	25,000	25,000	25,000	25,000
South Bay Dischargers Authority	108,650	65,000	65,000	65,000	65,000
Total Revenues	30,142,915	30,877,480	30,877,480	33,671,617	33,567,784
Transfers					
Sewer Svc & Use Charge Fund	49,000,000	41,000,000	41,000,000	41,000,000	52,000,000
Total Transfers	49,000,000	41,000,000	41,000,000	41,000,000	52,000,000
TOTAL SOURCE OF FUNDS	113,805,572	108,727,773	113,921,749	116,715,885	121,816,457
USE OF FUNDS					
Expenditures					
City Attny Non-Pers/Equip	31,098	0	50,000	50,000	0
City Attny Personal Services	112,740	96,164	111,929	96,929	126,532
City Auditor Personal Services	69,285	69,402	69,698	69,698	80,033
City Mgr Non-Pers/Equip	16,709	18,375	18,375	18,375	18,375
City Mgr Personal Services	20,034	20,793	21,179	21,179	22,683
ESD Non-Pers/Equip	23,955,591	28,567,518	29,497,518	28,000,000	31,337,798
ESD Personal Services	38,438,094	43,735,011	42,712,037	41,857,796	49,018,690
Finance Non-Pers/Equip	147	5,118	5,118	5,118	5,118
Finance Personal Services	193,389	523,041	521,042	300,000	491,429
HR Non-Pers/Equip	0	1,500	1,500	1,500	1,500
HR Personal Services	287,295	268,555	268,503	241,653	246,915
IT Personal Services	54,915	73,526	85,388	73,888	83,716
Inventory	344,934	400,000	400,000	300,000	400,000
OED Personal Services	41,038	44,244	44,096	44,096	39,079
Overhead	6,610,459	8,380,904	8,380,904	8,380,904	8,000,024
PW Non-Pers/Equip	10,630	22,000	22,000	22,000	17,948
PW Personal Services	214,897	223,321	223,385	120,000	212,862
Workers' Comp Claims	412,008	600,000	600,000	400,000	645,000

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUND (513)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013 Actual</u>	<u>2013-2014 Adopted</u>	<u>2013-2014 Modified</u>	<u>2013-2014 Estimate</u>	<u>2014-2015 Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
Total Expenditures	70,813,263	83,049,472	83,032,672	80,003,136	90,747,702
Transfers					
City Hall Debt Service Fund	948,041	1,068,233	464,076	464,076	1,092,295
General Fund - Human Resources/Payroll Systems Upgrade	0	0	0	0	64,554
Total Transfers	948,041	1,068,233	464,076	464,076	1,156,849
Ending Fund Balance					
Employee Compensation Planning Reserve	0	791,700	0	0	461,583
Operations and Maintenance Reserve	13,589,002	13,998,590	13,844,414	13,844,415	15,176,000
Reserve for Encumbrances	9,388,286	6,713,487	9,388,286	9,388,286	9,388,286
Retiree Healthcare Solutions Reserve	0	0	835,000	835,000	835,000
Retirement Pre-Payment Reserve	253,000	0	0	0	0
Unrestricted	16,461,980	754,291	4,005,301	9,828,972	1,699,037
Workers' Comp Claims Reserve	2,352,000	2,352,000	2,352,000	2,352,000	2,352,000
Total Ending Fund Balance	42,044,268	24,610,068	30,425,001	36,248,673	29,911,906
TOTAL USE OF FUNDS	113,805,572	108,727,773	113,921,749	116,715,885	121,816,457

SEWAGE TREATMENT PLANT CONNECTION FEE FUND (539)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	38,702	38,702	95	95	95
Treatment Plant Expansion Reserve	6,011,230	7,142,974	7,409,386	7,409,386	10,396,837
Total Beginning Fund Balance	6,049,932	7,181,676	7,409,481	7,409,481	10,396,932
Revenues					
Connection Fees	2,281,559	1,700,000	1,700,000	6,000,000	4,000,000
Interest	21,829	15,000	15,000	24,451	34,310
Metcalf Energy Center Repayment	0	313,000	313,000	313,000	313,000
Total Revenues	2,303,388	2,028,000	2,028,000	6,337,451	4,347,310
Transfers					
General Fund - Fiber Optics Fund Loan Repayment	2,242,744	0	0	0	0
General Fund - Former Redevelopment Agency SERAF Loan Repayment	0	0	0	0	5,095,000
Water Utility Cap Fnd Loan Repayment	175,707	0	0	0	0
Total Transfers	2,418,451	0	0	0	5,095,000
TOTAL SOURCE OF FUNDS	10,771,771	9,209,676	9,437,481	13,746,932	19,839,242
USE OF FUNDS					
Expenditures					
Collection Costs	233,683	260,000	260,000	260,000	273,000
Connection Fee Study	38,607	0	0	0	0
Total Expenditures	272,290	260,000	260,000	260,000	273,000
Transfers					
SJ-SC Treatment Plant Capital Fund	3,090,000	3,090,000	3,090,000	3,090,000	3,090,000
Total Transfers	3,090,000	3,090,000	3,090,000	3,090,000	3,090,000
Ending Fund Balance					
Reserve for Encumbrances	95	38,702	95	95	95
Treatment Plant Expansion Reserve	7,409,386	5,820,974	6,087,386	10,396,837	16,476,147
Total Ending Fund Balance	7,409,481	5,859,676	6,087,481	10,396,932	16,476,242
TOTAL USE OF FUNDS	10,771,771	9,209,676	9,437,481	13,746,932	19,839,242

SEWER SERVICE & USE CHARGE FUND (541)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	1,100,000	1,100,000	1,100,000	1,100,000
Capital Program Reserve	0	24,000,000	24,000,000	24,000,000	26,000,000
Debt Service Reserve	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Operations and Maintenance Reserve	4,181,312	4,288,977	4,288,977	4,288,977	4,716,299
Rate Stabilization Reserve	5,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reserve for Encumbrances	1,440,970	1,440,970	2,407,922	2,407,922	2,407,922
Retiree Healthcare Solutions Reserve	0	0	0	0	260,000
Retirement Pre-Payment Reserve	78,000	78,000	78,000	78,000	0
Unrestricted	22,243,184	4,749,247	8,446,445	8,446,445	12,617,436
Workers' Comp Claims Reserve	760,000	760,000	760,000	760,000	760,000
Total Beginning Fund Balance	39,703,466	44,417,194	49,081,344	49,081,344	55,861,657
Revenues					
Commercial	22,347,056	19,171,367	19,171,367	22,571,922	23,000,000
Industrial	4,110,264	4,000,000	4,000,000	4,200,000	4,200,000
Interest	155,139	145,422	145,422	145,422	184,316
Miscellaneous	0	1,300	1,300	1,300	1,300
Penalties	0	5,000	5,000	5,000	5,000
Residential	104,433,110	104,674,770	104,674,770	104,513,855	105,036,424
Sewer Installation	7,608	40,000	40,000	40,000	40,000
Total Revenues	131,053,177	128,037,859	128,037,859	131,477,499	132,467,040
Transfers					
Sewer Service Bond Payment Fund	0	0	227,200	227,200	0
Total Transfers	0	0	227,200	227,200	0
TOTAL SOURCE OF FUNDS	170,756,643	172,455,053	177,346,403	180,786,043	188,328,697
USE OF FUNDS					
Expenditures					
City Attny Personal Services	484,308	426,615	426,576	426,576	468,089
City Auditor Personal Services	8,527	8,542	8,701	8,542	9,850
City Mgr Non-Pers/Equip	5,460	6,125	6,125	6,125	6,125
City Mgr Personal Services	16,742	17,352	17,677	17,352	18,998
Clean Water Financing Audit	21,597	30,000	30,000	30,000	30,000
Collection Costs	367,312	380,000	380,000	380,000	380,000
Customer Information System Transition	0	0	13,200	0	1,086,800
DOT Non-Pers/Equip	4,016,143	6,400,516	6,400,516	4,400,516	6,981,407
DOT Personal Services	10,542,396	11,052,515	11,042,472	11,042,472	11,938,111
ESD Non-Pers/Equip	154,376	229,642	229,642	229,642	229,102
ESD Personal Services	801,394	742,965	742,860	742,860	700,211
Facilities Capital Repairs and Maintenance	0	40,000	40,000	40,000	40,000
Finance Non-Pers/Equip	2,151	16,750	16,750	16,750	16,750

SEWER SERVICE & USE CHARGE FUND (541)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Expenditures					
Finance Personal Services	452,520	498,883	498,650	498,650	513,396
HR Personal Services	23,206	25,228	25,662	25,662	24,660
IDC Disposal Contract	122,377	159,850	128,000	128,000	135,000
IT Non-Pers/Equip	123,357	148,468	148,468	148,468	153,011
IT Personal Services	375,797	374,679	374,498	374,498	359,956
Major Litigation - Attorney	150,000	600,000	600,000	0	600,000
Neighborhood Cleanups - Pharmaceutical Collections	5,803	11,500	11,500	11,500	11,500
Overhead	4,078,816	4,633,131	4,633,131	4,633,131	5,006,852
PBCE Personal Services	80,817	84,449	84,983	84,449	83,315
PW Non-Pers/Equip	280,503	460,460	460,460	250,000	437,937
PW Personal Services	1,659,397	1,758,166	1,758,415	1,758,415	1,788,682
Sanitary Sewer Claims	6,963	250,000	250,000	125,000	250,000
Workers' Comp Claims	173,059	140,000	240,000	190,000	254,250
Total Expenditures	<u>23,953,021</u>	<u>28,495,836</u>	<u>28,568,286</u>	<u>25,568,608</u>	<u>31,524,002</u>
Transfers					
City Hall Debt Svc Fund	410,278	413,821	179,778	179,778	416,424
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	22,968
SJ-SC Treatment Plant Cap Fund	23,312,000	34,576,000	34,576,000	34,576,000	48,000,000
SJ-SC Treatment Plant Opr Fund	49,000,000	41,000,000	41,000,000	41,000,000	52,000,000
SSUC Capital Fund	25,000,000	23,600,000	23,600,000	23,600,000	23,000,000
Total Transfers	<u>97,722,278</u>	<u>99,589,821</u>	<u>99,355,778</u>	<u>99,355,778</u>	<u>123,439,392</u>
Ending Fund Balance					
Billing Transition Reserve	1,100,000	1,100,000	1,100,000	1,100,000	13,200
Capital Program Reserve	24,000,000	26,000,000	26,000,000	26,000,000	12,000,000
Debt Service Reserve	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Employee Compensation Planning Reserve	0	251,100	0	0	91,312
Operations and Maintenance Reserve	4,288,977	4,244,263	4,716,299	4,716,299	4,662,000
Rate Stabilization Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reserve for Encumbrances	2,407,922	1,440,970	2,407,922	2,407,922	2,407,922
Retiree Healthcare Solutions Reserve	0	0	260,000	260,000	260,000
Retirement Pre-Payment Reserve	78,000	0	0	0	0
Unrestricted	8,446,445	2,573,063	6,178,118	12,617,436	5,170,869
Workers' Comp Claims Reserve	760,000	760,000	760,000	760,000	760,000
Total Ending Fund Balance	<u>49,081,344</u>	<u>44,369,396</u>	<u>49,422,339</u>	<u>55,861,657</u>	<u>33,365,303</u>
TOTAL USE OF FUNDS	<u><u>170,756,643</u></u>	<u><u>172,455,053</u></u>	<u><u>177,346,403</u></u>	<u><u>180,786,043</u></u>	<u><u>188,328,697</u></u>

STATE DRUG FORFEITURE FUND (417)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Police Substation FF&E	500,000	500,000	500,000	500,000	0
Unrestricted	1,071,711	401,066	514,152	514,152	473,357
Total Beginning Fund Balance	1,571,711	901,066	1,014,152	1,014,152	473,357
Revenues					
Interest	3,572	3,000	3,000	5,000	5,000
State Revenue	113,574	50,000	50,000	200,000	200,000
Total Revenues	117,146	53,000	53,000	205,000	205,000
TOTAL SOURCE OF FUNDS	1,688,857	954,066	1,067,152	1,219,152	678,357
USE OF FUNDS					
Expenditures					
Police Personal Services	374,742	745,795	745,795	745,795	139,067
Total Expenditures	374,742	745,795	745,795	745,795	139,067
Transfers					
Federal Drug Forfeiture Fund	299,963	0	0	0	0
Total Transfers	299,963	0	0	0	0
Ending Fund Balance					
Reserve for Police Substation FF&E	500,000	0	0	0	0
Unrestricted	514,152	208,271	321,357	473,357	539,290
Total Ending Fund Balance	1,014,152	208,271	321,357	473,357	539,290
TOTAL USE OF FUNDS	1,688,857	954,066	1,067,152	1,219,152	678,357

STORES FUND (551)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Retirement Pre-Payment Reserve	4,474	0	0	0	0
Unrestricted	277,676	0	176,420	176,420	0
Total Beginning Fund Balance	282,150	0	176,420	176,420	0
Revenues					
Hydrant Sales	18,795	0	0	0	0
Total Revenues	18,795	0	0	0	0
Transfers					
Dept. Chrg - Invent Req	9,150	0	0	0	0
Dept. Chrg - Postage	152,368	0	0	0	0
Total Transfers	161,518	0	0	0	0
TOTAL SOURCE OF FUNDS	462,463	0	176,420	176,420	0
USE OF FUNDS					
Expenditures					
Finance Non-Pers/Equip	(1,261)	0	0	0	0
Finance Personal Services	(10,846)	0	0	0	0
Total Expenditures	(12,107)	0	0	0	0
Transfers					
General Fund	298,150	0	176,420	176,420	0
Total Transfers	298,150	0	176,420	176,420	0
Ending Fund Balance					
Unrestricted	176,420	0	0	0	0
Total Ending Fund Balance	176,420	0	0	0	0
TOTAL USE OF FUNDS	462,463	0	176,420	176,420	0

STORM SEWER OPERATING FUND (446)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	1,000,000	1,000,000	1,000,000	1,000,000
Capital Program Reserve	0	12,000,000	12,000,000	12,000,000	0
Grant Match Reserve	0	500,000	500,000	500,000	500,000
Operations and Maintenance Reserve	5,294,545	3,769,759	3,769,759	3,769,759	6,783,999
Permit Implementation Reserve	4,010,000	2,000,000	2,000,000	2,000,000	1,000,000
Reserve for Encumbrances	2,012,408	2,012,408	975,468	975,468	975,468
Retiree Healthcare Solutions Reserve	0	0	0	0	235,000
Retirement Pre-Payment Reserve	58,000	58,000	58,000	58,000	0
Unrestricted	9,360,089	4,319,262	5,344,235	5,344,235	6,727,346
Total Beginning Fund Balance	20,735,042	25,659,429	25,647,462	25,647,462	17,221,813
Revenues					
Assessments	32,072,221	32,025,494	32,025,494	32,101,123	32,100,000
Interest	43,347	82,917	82,917	56,200	54,343
Miscellaneous	379,958	0	0	111,534	0
Penalties	8,730	500	500	9,487	9,000
Total Revenues	32,504,256	32,108,911	32,108,911	32,278,344	32,163,343
TOTAL SOURCE OF FUNDS	53,239,298	57,768,340	57,756,373	57,925,806	49,385,156
USE OF FUNDS					
Expenditures					
City Auditor Personal Services	10,659	10,677	10,875	10,875	12,313
Collection Fees	92,479	96,076	96,076	96,076	96,303
Customer Information System Transition	0	0	9,350	0	990,650
DOT Non-Pers/Equip	2,149,345	2,992,503	2,992,503	2,792,503	2,374,003
DOT Personal Services	5,350,517	5,506,550	5,510,029	5,510,029	6,118,209
ESD Non-Pers/Equip	3,085,837	2,662,783	2,662,783	2,662,783	2,685,738
ESD Personal Services	4,756,164	6,325,613	6,323,304	5,323,304	6,282,455
Finance Personal Services	26,787	50,402	50,307	50,307	51,988
HR Personal Services	28,790	45,385	45,215	45,215	41,878
IDC Contract	122,140	128,000	128,000	128,000	138,000
IT Non-Pers/Equip	123,269	143,862	143,862	143,862	148,374
IT Personal Services	235,007	236,456	236,784	236,784	232,199
Overhead	2,420,149	2,224,627	2,224,627	2,224,627	2,470,356
PBCE Non-Pers/Equip	0	4,435	4,435	4,435	4,460
PBCE Personal Services	81,523	90,705	90,373	90,373	79,038
PRNS Non-Pers/Equip	32,829	52,871	52,871	52,871	52,871
PRNS Personal Services	139,901	159,567	159,263	159,263	178,976
PW Non-Pers/Equip	53,968	62,000	62,000	62,000	58,312
PW Personal Services	769,658	643,433	643,338	643,338	676,295
Workers' Comp Claims	48,866	80,000	80,000	80,000	86,000
Yard Trimmings/Street Sweeping	1,911,880	2,095,858	2,095,858	2,095,858	2,158,734
Total Expenditures	21,439,768	23,611,803	23,621,853	22,412,503	24,937,152

STORM SEWER OPERATING FUND (446)

STATEMENT OF SOURCE AND USE OF FUNDS

	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Transfers					
City Hall Debt Service Fund	519,829	596,756	259,251	259,251	565,781
Community Facilities District #13 (Guadalupe-Mines) Fund	10,121	10,121	10,121	10,121	10,121
General Fund - HR/Payroll System Upgrade	0	0	0	0	18,462
Maintenance District No. 15 Fund	22,118	22,118	22,118	22,118	22,118
Storm Sewer Capital Fund	5,600,000	18,000,000	18,000,000	18,000,000	11,930,000
Total Transfers	<u>6,152,068</u>	<u>18,628,995</u>	<u>18,291,490</u>	<u>18,291,490</u>	<u>12,546,482</u>
Ending Fund Balance					
Billing Transition Reserve	1,000,000	1,000,000	1,000,000	1,000,000	9,350
Capital Program Reserve	12,000,000	0	0	0	0
Employee Compensation Planning Reserve	0	235,700	0	0	91,409
Grant Match Reserve	500,000	500,000	500,000	500,000	1,000,000
Operations and Maintenance Reserve	3,769,759	6,925,633	6,964,527	6,783,999	6,038,000
Permit Implementation Reserve	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for Encumbrances	975,468	2,012,408	975,468	975,468	975,468
Retiree Healthcare Solutions Reserve	0	0	235,000	235,000	235,000
Retirement Pre-Payment Reserve	58,000	0	0	0	0
Unrestricted	5,344,235	3,853,801	5,168,035	6,727,346	2,552,295
Total Ending Fund Balance	<u>25,647,462</u>	<u>15,527,542</u>	<u>15,843,030</u>	<u>17,221,813</u>	<u>11,901,522</u>
TOTAL USE OF FUNDS	<u>53,239,298</u>	<u>57,768,340</u>	<u>57,756,373</u>	<u>57,925,806</u>	<u>49,385,156</u>

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND (414)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	1,229,247	1,229,247	458,343	458,343	458,343
Unrestricted	775,436	1,176,691	942,066	942,066	1,081,842
Total Beginning Fund Balance	2,004,683	2,405,938	1,400,409	1,400,409	1,540,185
Revenues					
Interest	4,834	0	5,377	5,377	0
State Revenue	1,684,746	0	1,733,954	1,733,954	0
Total Revenues	1,689,580	0	1,739,331	1,739,331	0
TOTAL SOURCE OF FUNDS	3,694,263	2,405,938	3,139,740	3,139,740	1,540,185
USE OF FUNDS					
Expenditures					
SLES 2009-2011	702,111	2,912	2,468	2,468	0
SLES 2010-2012	428,127	1,108	1,611	317	1,294
SLES 2011-2013	1,155,384	229,567	4,038	3,018	1,020
SLES 2012-2014	8,232	943,104	1,631,394	1,593,752	37,642
SLES 2013-2015	0	0	468,354	0	1,041,886
Total Expenditures	2,293,854	1,176,691	2,107,865	1,599,555	1,081,842
Ending Fund Balance					
Reserve for Encumbrances	458,343	1,229,247	458,343	458,343	458,343
Unrestricted	942,066	0	573,532	1,081,842	0
Total Ending Fund Balance	1,400,409	1,229,247	1,031,875	1,540,185	458,343
TOTAL USE OF FUNDS	3,694,263	2,405,938	3,139,740	3,139,740	1,540,185

TRANSIENT OCCUPANCY TAX FUND (461)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Future Distribution Reserve	0	1,500,000	1,500,000	1,500,000	0
Reserve for Encumbrances	116,301	116,301	119,512	119,512	119,512
Unrestricted	4,298,903	2,433,570	3,229,486	3,229,486	2,805,593
Total Beginning Fund Balance	4,415,204	4,049,871	4,848,998	4,848,998	2,925,105
Revenues					
Interest	8,095	6,000	6,000	15,000	10,000
Miscellaneous Revenue	25,026	0	0	90,000	0
OCA Special Event Permits	0	0	0	0	23,000
TOT Compliance	35,291	0	0	340,000	0
Transient Occupancy Tax	15,119,785	15,900,000	17,800,000	16,795,000	17,625,000
Total Revenues	15,188,197	15,906,000	17,806,000	17,240,000	17,658,000
TOTAL SOURCE OF FUNDS	19,603,401	19,955,871	22,654,998	22,088,998	20,583,105
USE OF FUNDS					
Expenditures					
Cultural Grants	2,713,033	4,245,439	5,017,874	5,017,873	3,388,064
Cultural Grants Administration	1,078,164	1,263,019	1,263,019	1,263,019	1,561,821
SJ Conv/Visitors Bureau	3,783,250	4,415,750	4,423,212	4,423,212	4,803,250
Total Expenditures	7,574,447	9,924,208	10,704,105	10,704,104	9,753,135
Transfers					
Convention/Cultural Affairs Fund	7,179,956	8,444,865	8,459,789	8,459,789	9,219,864
Total Transfers	7,179,956	8,444,865	8,459,789	8,459,789	9,219,864
Ending Fund Balance					
Future Distribution Reserve	1,500,000	0	0	0	0
Reserve for Encumbrances	119,512	116,301	119,512	119,512	119,512
Unrestricted	3,229,486	1,470,497	3,371,592	2,805,593	1,490,594
Total Ending Fund Balance	4,848,998	1,586,798	3,491,104	2,925,105	1,610,106
TOTAL USE OF FUNDS	19,603,401	19,955,871	22,654,998	22,088,998	20,583,105

VEHICLE MAINTENANCE AND OPERATIONS FUND (552)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	1,283,447	1,283,447	842,120	842,120	842,120
Retiree Healthcare Solutions Reserve	0	0	0	0	125,000
Retirement Pre-Payment Reserve	46,653	46,653	46,653	46,653	0
Unrestricted	572,947	391,436	1,385,555	1,385,555	807,502
Total Beginning Fund Balance	1,903,047	1,721,536	2,274,328	2,274,328	1,774,622
Revenues					
Interest	1,952	1,000	8,000	7,000	2,500
Miscellaneous	47	1,000	1,000	0	1,000
Total Revenues	1,999	2,000	9,000	7,000	3,500
Transfers					
Departmental Charges (M&O)	15,827,671	18,884,080	17,634,080	16,683,750	18,813,250
Replacement Chgs: General Fleet	800,000	800,000	800,000	800,000	1,000,000
Replacement Chgs: Police	2,675,154	3,866,807	4,116,807	4,116,807	2,900,000
Total Transfers	19,302,825	23,550,887	22,550,887	21,600,557	22,713,250
TOTAL SOURCE OF FUNDS	21,207,871	25,274,423	24,834,215	23,881,885	24,491,372
USE OF FUNDS					
Expenditures					
Compensated Absence Liability	225,856	121,000	121,000	121,000	121,000
Diesel Retrofit Program	101,183	0	380,000	0	350,000
Electric Vehicle Lease Program	0	0	0	0	81,000
HR Personal Services	36,553	66,849	68,117	68,117	73,351
Inventory Purchases	7,526,019	9,385,000	8,050,000	7,800,000	8,670,000
Overhead	359,416	571,078	571,078	571,078	566,049
PW Non-Pers/Equip	1,058,306	1,142,527	1,502,527	1,050,277	1,224,579
PW Personal Services	6,657,144	7,292,352	6,587,271	6,720,000	7,748,550
Vehicle Replacement-General Fleet	800,000	800,000	800,000	800,000	1,000,000
Vehicle Replacement-Police	1,957,634	3,866,807	4,834,327	4,834,327	2,900,000
Workers' Comp Claims	157,643	225,000	225,000	100,000	200,000
Total Expenditures	18,879,754	23,470,613	23,139,320	22,064,799	22,934,529
Transfers					
City Hall Debt Service Fund	51,853	85,087	36,964	36,964	94,731
General Fund	1,936	1,000	8,000	5,500	2,500
Total Transfers	53,789	86,087	44,964	42,464	97,231
Ending Fund Balance					
Employee Compensation Planning Reserve	0	121,187	0	0	33,828
Reserve for Encumbrances	842,120	1,283,447	842,120	842,120	842,120
Retiree Healthcare Solutions Reserve	0	0	125,000	125,000	125,000

VEHICLE MAINTENANCE AND OPERATIONS FUND (552)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Retirement Pre-Payment Reserve	46,653	0	0	0	0
Unrestricted	1,385,555	313,089	682,811	807,502	458,664
Total Ending Fund Balance	2,274,328	1,717,723	1,649,931	1,774,622	1,459,612
TOTAL USE OF FUNDS	21,207,871	25,274,423	24,834,215	23,881,885	24,491,372

WATER UTILITY FUND (515)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	750,000	750,000	750,000	750,000
Operations and Maintenance Reserve	4,653,459	3,709,059	3,709,059	3,709,059	5,344,871
Rate Stabilization Reserve	1,280,000	1,351,000	1,351,000	1,351,000	1,476,000
Reserve for Encumbrances	638,074	638,074	525,530	525,530	525,530
Retiree Healthcare Solutions Reserve	0	0	0	0	75,000
Retirement Pre-Payment Reserve	24,000	24,000	24,000	24,000	0
Unrestricted	1,249,402	1,823,636	3,285,782	3,285,782	1,267,121
Workers' Comp Claims Reserve	50,000	50,000	50,000	50,000	50,000
Total Beginning Fund Balance	7,894,935	8,345,769	9,695,371	9,695,371	9,488,522
Revenues					
Interest	20,655	14,000	14,000	20,000	25,000
Late Fees	307,334	275,000	275,000	300,000	275,000
Operating	31,537,835	31,437,000	33,437,000	33,171,981	36,594,260
Total Revenues	31,865,824	31,726,000	33,726,000	33,491,981	36,894,260
TOTAL SOURCE OF FUNDS	39,760,759	40,071,769	43,421,371	43,187,352	46,382,782
USE OF FUNDS					
Expenditures					
City Auditor Personal Services	6,396	6,407	6,525	6,525	7,386
City Manager Personal Services	(67)	0	0	0	0
Customer Information System Transition	0	0	9,900	0	740,100
ESD Non-Pers/Equip	22,223,620	23,029,009	24,629,009	24,629,009	26,677,860
ESD Personal Services	3,347,915	3,793,965	3,790,971	3,790,971	4,379,813
Finance Personal Services	186,460	277,599	277,691	277,691	294,814
Human Resources Personal Services	8,877	12,785	13,020	13,020	12,234
IBS Comm Paper Repayment	146,917	168,000	518,000	518,000	0
IT Non-Pers/Equip	15,283	22,128	22,128	22,128	22,792
IT Personal Services	249,114	258,002	258,651	258,651	257,300
Overhead	894,770	753,104	753,104	753,104	1,168,204
Public Works Non-Pers/Equip	32,184	32,184	32,184	32,184	33,135
Workers' Comp Claims	27,512	74,000	74,000	74,000	74,000
Total Expenditures	27,138,981	28,427,183	30,385,183	30,375,283	33,667,638
Transfers					
City Hall Debt Service Fund	101,407	111,747	48,547	48,547	122,923
General Fund (Late Fees)	225,000	275,000	275,000	275,000	275,000
General Fund - Human Resources/Payroll System Upgrade	0	0	0	0	6,668
Water Utility Capital Fund	2,600,000	3,000,000	3,000,000	3,000,000	3,500,000
Total Transfers	2,926,407	3,386,747	3,323,547	3,323,547	3,904,591

WATER UTILITY FUND (515)

STATEMENT OF SOURCE AND USE OF FUNDS

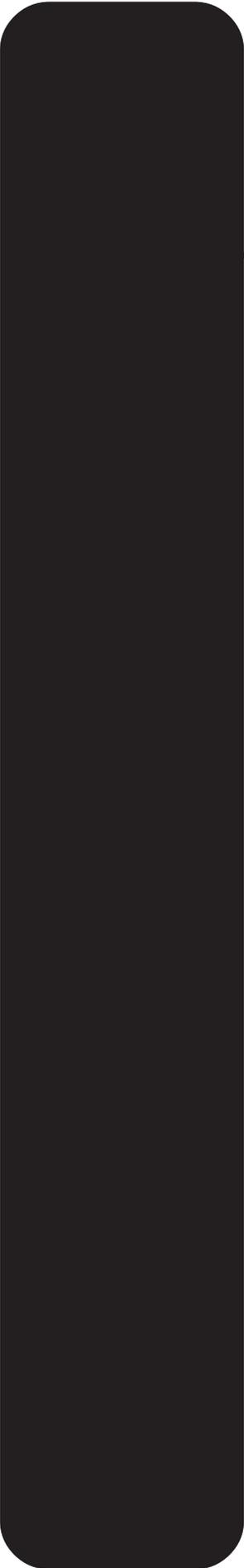
	<u>2012-2013</u> <u>Actual</u>	<u>2013-2014</u> <u>Adopted</u>	<u>2013-2014</u> <u>Modified</u>	<u>2013-2014</u> <u>Estimate</u>	<u>2014-2015</u> <u>Adopted</u>
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Billing Transition Reserve	750,000	750,000	750,000	750,000	9,900
Employee Compensation Planning Reserve	0	73,100	0	0	40,176
Operations and Maintenance Reserve	3,709,059	4,700,000	5,344,871	5,344,871	6,000,000
Rate Stabilization Reserve	1,351,000	1,476,000	1,476,000	1,476,000	1,672,000
Reserve for Encumbrances	525,530	638,074	525,530	525,530	525,530
Retiree Healthcare Solutions Reserve	0	0	75,000	75,000	75,000
Retirement Pre-Payment Reserve	24,000	0	0	0	0
Unrestricted	3,285,782	570,665	1,491,240	1,267,121	437,947
Workers' Comp Claims Reserve	50,000	50,000	50,000	50,000	50,000
Total Ending Fund Balance	<u>9,695,371</u>	<u>8,257,839</u>	<u>9,712,641</u>	<u>9,488,522</u>	<u>8,810,553</u>
TOTAL USE OF FUNDS	<u>39,760,759</u>	<u>40,071,769</u>	<u>43,421,371</u>	<u>43,187,352</u>	<u>46,382,782</u>

WORKFORCE INVESTMENT ACT FUND (290)

STATEMENT OF SOURCE AND USE OF FUNDS

	2012-2013 Actual	2013-2014 Adopted	2013-2014 Modified	2013-2014 Estimate	2014-2015 Adopted
SOURCE OF FUNDS					
Beginning Fund Balance					
Program Allocation Reserve	788,819	812,599	812,599	812,599	812,599
Reserve for Encumbrances	19,356	19,356	5	5	5
Unrestricted	220,327	170,310	272,247	272,247	272,247
Total Beginning Fund Balance	1,028,502	1,002,265	1,084,851	1,084,851	1,084,851
Revenues					
Grants	12,995,375	10,060,036	13,983,676	13,300,001	9,117,359
Total Revenues	12,995,375	10,060,036	13,983,676	13,300,001	9,117,359
TOTAL SOURCE OF FUNDS	14,023,877	11,062,301	15,068,527	14,384,852	10,202,210
USE OF FUNDS					
Expenditures					
Administration	903,476	756,731	803,951	803,951	680,276
Adult Workers Program	3,522,185	2,624,532	3,321,425	3,321,425	2,452,676
BusinessOwnerSpace.com Network	4,789	32,763	11,623	11,623	20,000
CA Workforce Assoc	0	5,000	0	0	5,000
Cisco Systems Layoff Award Grant	1,041,142	0	0	0	0
City Attorney Administration	175,151	171,063	171,063	171,063	187,530
Dislocated Workers Program	2,290,899	3,087,998	4,913,728	4,913,728	2,703,197
Minority Small Business Initiative	172,436	31,650	28,742	121	0
National Emergency Grant Dislocated Workers - NUMMI	287,600	0	0	0	0
Rapid Response Grant	678,443	610,718	529,514	529,514	535,436
Solyndra Project	886,208	0	0	0	0
Youth Workers Program	2,976,697	2,777,344	3,548,576	3,548,576	2,588,949
Total Expenditures	12,939,026	10,097,799	13,328,622	13,300,001	9,173,064
Ending Fund Balance					
Program Allocation Reserve	812,599	698,874	1,391,691	812,599	552,567
Reserve for Encumbrances	5	19,356	5	5	5
Unrestricted	272,247	246,272	348,209	272,247	476,574
Total Ending Fund Balance	1,084,851	964,502	1,739,905	1,084,851	1,029,146
TOTAL USE OF FUNDS	14,023,877	11,062,301	15,068,527	14,384,852	10,202,210

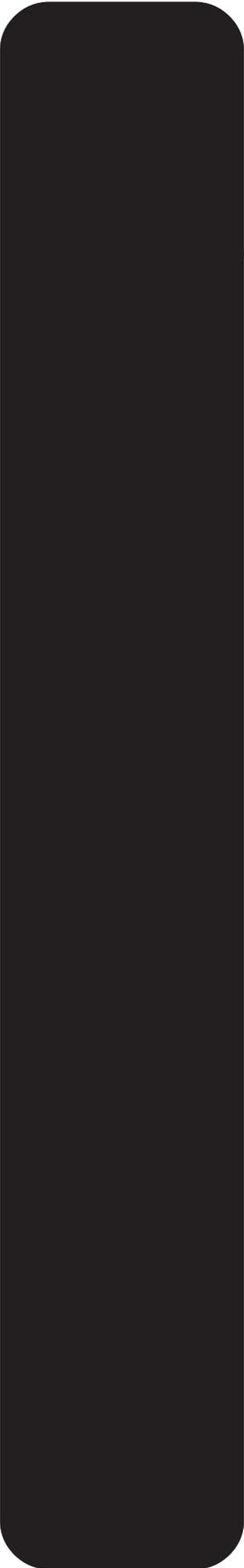
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2014-2015

OPERATING BUDGET

APPENDICES



2014-2015

OPERATING BUDGET

**MAYOR'S MARCH
BUDGET MESSAGE**



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed

**SUBJECT: MARCH BUDGET MESSAGE
FOR FISCAL YEAR 2014-2015**

DATE: March 6, 2014

Approved:

Chuck Reed

Date:

3/6/14

RECOMMENDATION

I recommend that the City Council direct the City Manager to submit a proposed budget for Fiscal Year 2014-2015 that is balanced and guided by the policy direction and framework of priorities outlined in the Mayor's March Budget Message.

LOOKING AHEAD WITH CAUTIOUS OPTIMISM

As a result of many difficult decisions over the past few years to implement fiscal reforms, combined with improving economic conditions, the City's budget has generally stabilized, albeit at service levels that remain inadequate.

Three years ago, our General Fund shortfall was \$115 million, which would have been enough to push the City into service-delivery insolvency had we failed to act. To avert disaster, the City Council took bold budget actions, which included reducing total compensation for all City employees by 10 percent, outsourcing work, and getting voter approval for pension and retiree healthcare reforms.

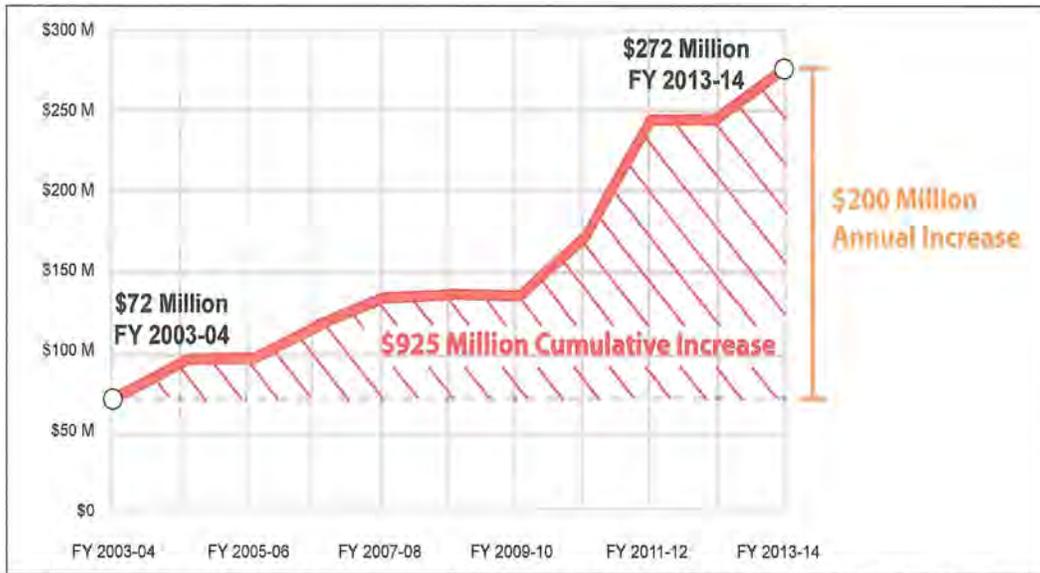
Even though retirement costs continue to rise, we were able to slow the rate of growth from what was projected, with significant savings.

As a result of these painful but necessary actions, we balanced our last two budgets without layoffs or service reductions, opened four libraries and a community center, turned on streetlights, retained 49 firefighters, hired Community Service Officers, and restored some pay to our employees. We can now plan for a Fiscal Year 2014-2015 budget without service cuts or layoffs.

We can be cautiously optimistic and plan for continued improvement of our fiscal condition, and modest improvements in services and restoration of pay. However, even with this positive news, we continue to face numerous threats to our fiscal stability, such as the litigation over pension reform and retirement costs that continue to grow year-over-year. In 2014-2015, retirement costs

are estimated to increase to \$308 million (up \$23.9 million in the General Fund and \$36.5 million all funds) and will absorb almost all of our increased revenues.

The Crushing Burden of Retirement Cost Increases



Sources: Retirement Systems Comprehensive Annual Financial Reports (FY 2004-04 through 2012-13); City of San José FY 2014-2015 Forecast
 *Figures denote the employer's (the City's) share of retirement contributions. These costs do not include employee contributions.

The Fiscal Year 2014-2015 budget will reflect savings from Measure B. Since voter approval of Measure B, we have achieved ongoing savings of \$20 million General Fund through the elimination of bonus pension checks and changes to retiree healthcare plans. We are also getting savings from having lower-cost retirement benefits for new employees. Those savings started small, but are growing rapidly as new workers are hired, and are now millions of dollars a year.

Absent the influx of new revenue, or significant additional savings from cost savings measures, the five-year forecast shows that we will have small deficits over the next five years. This is why we must be prudent with the funds we have available, avoid spending in ways that will add to future deficits, and focus our spending on the highest priorities of our community.

2015-2019 General Fund Forecast Incremental General Fund Surplus / (Shortfall)

2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
(\$1.5M)	(\$4.2M)	\$0.4M	(\$6.5M)	(\$1.7M)

Source: 2015-2019 Five-Year Forecast and Revenue Projections for the GF and Capital Improvement Program
 Note: Does not incorporate impacts associated with elements of the Fiscal Reform Plan that are not yet implemented; costs associated with fully funding the ARC for police retiree healthcare; costs for services funded on a one-time basis in 2013-2014; costs associated with restoration of key services to January 1, 2011 levels; costs associated with a Police Staffing Restoration Strategy that will be brought forward as a MBA in the 2014-2015 budget process; costs associated with unmet/deferred infrastructure and maintenance needs; or one-time revenues/expenses. Also does not factor in the potential impact associated with the Library Parcel Tax sunset in 2015 or any net impacts associated with Development Fee Programs due to the cost-recovery nature of those programs.

We have engaged our residents and taxpayers in the budget process and they have identified their highest priorities through the community survey and the neighborhood association priority session.

The survey found that the highest priorities for our residents and taxpayers are:

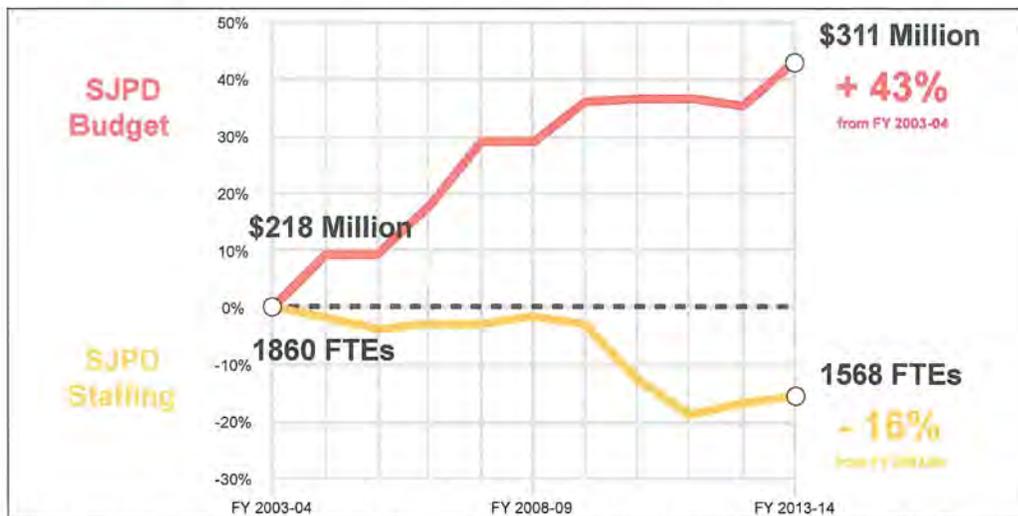
- Improve police and fire response times for emergencies.
- Reduce both violent crimes and property crimes.
- Step up gang prevention, intervention, and suppression.
- Stop the deterioration of our streets.
- Create more jobs and increase tax revenues.

At the eighth Annual Neighborhood Association and Youth Commission Priority Setting Session, nearly 100 residents participated in an exercise where they were given 24 hypothetical funding proposals and the revenue expected from a proposed $\frac{1}{4}$ cent or $\frac{1}{2}$ cent sales tax and were asked to purchase the items that were most important to them. Regardless of the available budget, public safety, gang prevention, and crime prevention were the top concerns. Participants also routinely explained their choices in terms of “systems thinking,” such as the influence of roads on public safety and the impact of park rangers on police.

As in past years, our budget should be built around the priorities and values of our residents and taxpayers. It is clear that the community wants us to not burden future generations and keep our eyes on the long-term goal: a future in which San José is fiscally strong and can afford to provide the service levels that our residents expect and deserve.

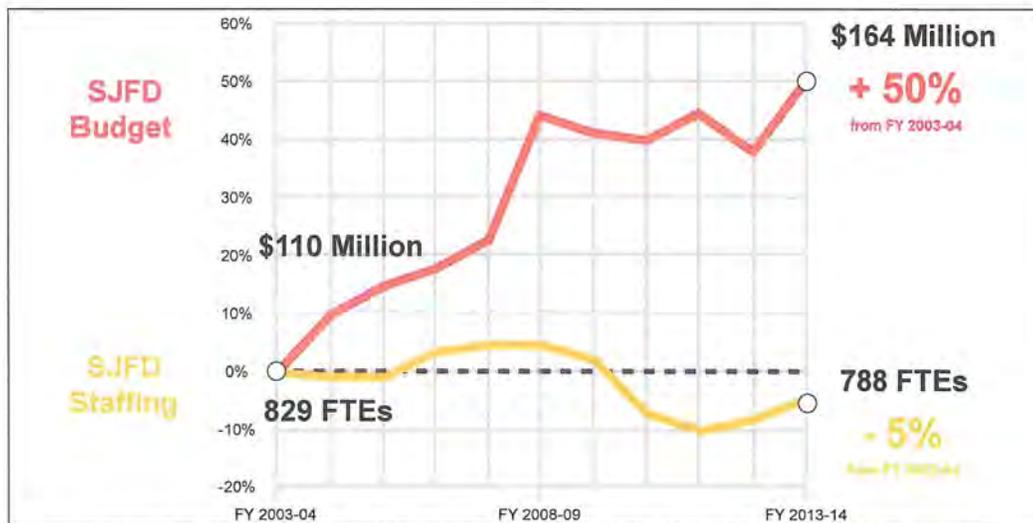
Our top priority should be improving public safety and the quality of life for our residents. Unfortunately, as illustrated in the following charts, over the past ten years the Police and Fire Department budgets have increased but the number of police officers and firefighters has decreased. This is due primarily to rising retirement costs which have consumed the departments’ budgets.

Police Department Budget and Staffing Since Fiscal Year 2003-2004



Sources: City of San José Adopted Operating Budgets, FY 2003-2004 through FY 2012-2013; FY 2013-2014 Modified Operating Budget

Fire Department Budget and Staffing Since Fiscal Year 2003-2004



Sources: City of San José Adopted Operating Budgets, FY 2003-2004 through FY 2012-2013; FY 2013-2014 Modified Operating Budget

In 2014-2015 and following years, additional funding for the police and fire department will continue to be consumed by large increases in retirement costs. Funding for pay raises for police officers approved by the Council also will be included in the Police Department budget. Paying for these costs will take most of our available funds; but, even with limited resources, there are steps we can take to improve service levels by both the Police and Fire Departments:

1. Funding for recruiting and training new police officers should be set at the level necessary to achieve the maximum number of academies and the maximum number of recruits so that we can reach authorized strength as soon as possible and then start implementing the Police Staffing Restoration Plan.

2. Civilians should be hired to handle police-related duties that do not require peace officer training and skills in such areas as burglary investigations.
3. Police officers and firefighters who are injured and want to work while recovering should be allowed to temporarily fill positions they are capable of handling.
4. Police retiree rehiring should be implemented to fill in as many positions as possible until we reach authorized strength.
5. Uncertainty around disability retirement can be eliminated and provisions can be made to ensure that anyone who is injured in the line of duty and cannot perform their prior position either retires on a disability or obtains a different job in their department.
6. Use of reserve officers can be expanded, as has been done in other cities.
7. Staffing levels for fire apparatus can be modified to allow addition of more advanced life support units to improve response times for medical emergencies.

Controlling costs and making more effective use of our resources will allow us to avoid cutting services and instead modestly improve services. However, to improve services significantly, we will need new revenues, which is an important element of our Fiscal Reform Plan.

In order to prepare for the possibility of additional revenues from a sales tax measure, the budget should include funding priorities that are contingent upon approval by the voters of a ¼ cent and ½ cent sales tax increase. These priorities should be consistent with those identified in the community survey as detailed on page 3 of this Message. In the 2014-2015 budget, these priorities should be listed in a separate section so they can be readily identified, as we did last year with the contingency planning for the Measure B litigation.

SPENDING PRIORITIES

1. Public Safety and Neighborhood Services

- a. **Police Staffing Restoration Strategy:** On September 3, 2013, the City Council directed the City Manager to present for City Council consideration a four-year Police Staffing Restoration Strategy to reach a level of 1,250 officers. The Strategy included: (1) filling current vacancies; (2) restoring wages by at least ten percent within four years; and (3) adding 141 new sworn positions, as well as consideration of funding sources necessary and identification of any shortfall that would require a voter-approved revenue measure to address. On December 10, 2013, the City Council approved a Memorandum of Agreement with the San José Police Officers Association that, among others, restores the ten percent pay reduction over a two and a half year period. Also since the adoption of the Strategy, the City has begun to realize savings from Tier 2 retirement benefits for new police officers effective August 2013. As part of the 2014-2015 budget process, the City Manager is directed to present the City Council with a MBA that provides a four-year Police Staffing Restoration Strategy.
- b. **Burglary Unit:** In 2012, sworn staff was reallocated to patrol from special operational and investigative units, including the Burglary Investigation Unit, in an effort to maximize patrol resources and maintain response for Priority One calls for service. With fewer resources in investigations, the number of cases investigated has declined and an

increase in the number of cases “operationally closed due to lack of investigative resources.” 2013-2014 MBA #6 Residential Burglary Reduction Efforts outlined a plan to address the increase in residential burglaries. Yet, as the state reduces the prison population, property crimes are rising and we need more capacity to respond. As part of the Police Staffing Restoration Strategy discussed above, the City Manager is directed to prioritize the reestablishment of a Burglary Unit within the Police Department, drawing staff from positions that could be done by civilians, retiree rehires, and Community Service Officers.

- c. Police Department Community Service Officers:** The 2013-2014 Adopted Budget included the addition of 21 Community Service Officers (CSOs) to perform a wide variety of non-sworn technical and administrative support services with a heavy emphasis on patrol-related support. The hiring process for this first cohort of CSOs is nearing completion. However, in the interim, the Police Department returned to a four division model; this results in an uneven distribution of CSOs. Further, there is a need to expand the use of CSOs beyond the minimum level provided currently. The City Manager is directed to explore adding funding for a minimum of seven additional CSO positions and to identify additional opportunities to improve service by adding more CSO positions in the future.
- d. Use of Police Reserves:** The Police Reserve is a volunteer organization that provides emergency callback to the Police Department on a 24-hour basis. When on duty they are classified as Police Officers with full powers of arrest whose authority extends to any place in the State. The Reserve Police Officers have the same duties and responsibilities as regular officers. The 2013-2014 March Budget Message directed the City Manager to fully engage the use of police reserves. The City Manager is directed to present to the Public Safety, Finance, and Strategic Support Committee at its April 17, 2014 meeting, a report on the current use of Police Reserves.
- e. Police Department Overtime Reserve:** The 2013-2014 Mid-Year Budget Review established a \$4 million Police Department Overtime Reserve for 2014-2015 that is funded by departmental vacancy-related savings. This funding is needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The overtime funding is also available to cover civilian staffing vacancies, as needed. This item is related to the Police Staffing Restoration Strategy discussed above. The City Manager is directed to allocate this Reserve to the Police Department as part of the 2014-2015 proposed budget.
- f. Eliminating Uncertainty About Disability Retirements:** In 2012, the voters overwhelmingly approved Charter changes to reform our disability retirement system. These reforms were based on the recommendations of the City Auditor and will help curb abuses that have led to 2/3 of our firefighters and 1/3 of our police officers retiring on disability. Uncertainties surrounding disability retirements have since arisen that must be resolved. On January 8, 2014, the Rules and Open Government Committee directed staff to, starting with the Police Department, develop an ordinance for City Council consideration to provide a job for employees who: (1) are injured in the line of duty; (2) cannot do the work they did before the injury; (3) are not yet eligible for a service

retirement; and (4) do not qualify for a disability retirement. In addition, staff was directed to provide cost estimates for the City to provide matching funds to obtain long term disability insurance for employees who do not qualify for a disability retirement, but incur long term reductions in compensation as the result of being injured in the line of duty. Staff was directed to first engage with our bargaining units as may be necessary to develop the ordinance and consult with the retirement boards as required. In the upcoming budget process, the City Manager is directed to provide estimates of the costs to fund the jobs and pay supplement/insurance. The City Manager is also directed to fund on an ongoing basis a Human Resources (HR) position assigned to the Police Department to manage its HR needs, including assisting employees with disability retirement issues, and create a single point of contact to serve as a resource for employees with HR-related questions.

- g. Fire Department Response Times:** The majority of the emergency calls to the Fire Department are medical and our staffing model needs to better reflect that reality. We need to use existing resources more effectively, such as expanding the use of two-person squad vehicles and testing the use of motorcycle paramedics, as has been done in other states. If necessary, we should also follow the rest of the fire departments in the County, who deploy three firefighters on an engine. That staffing change alone will allow us to open all of our fire stations, eliminate the brownouts, and improve response times in medical emergencies. The City Manager is directed to explore implementing changes to staffing models and deployment, and bring that analysis before the City Council for its consideration, before the City Council considers any staffing increases for sworn positions. The City Manager is also directed to explore the necessity of additional staffing in order to undertake data analysis.
- h. Fire Station 37 (Willow Glen):** Fire Station 37 is the final station scheduled for construction as part of the Public Safety Bond Program (Measure O; 2002). Due primarily to the unexpectedly high cost of construction during much of the Measure O program, the decision to rebuild instead of remodel Fire Station 2 (which resulted in a net cost increase of approximately \$4.1 million), and the recent uptick in bid prices expected for Fire Station 21, the Administration anticipates that only \$2.0 million in Measure O funds will remain after the completion of Fire Station 21. This amount leaves the Fire Station 37 project over \$5.0 million short of the funds needed to complete the project. Prior to 2008-2009, it was assumed that Fire Station 37 would be a relocation of Fire Station 6 (also located in Willow Glen), including staffing. Proceeds from the sale of Fire Station 6 were to be used to fund Furniture, Fixtures, and Equipment for newly constructed fire stations. In 2008, the City Council removed the sale of Fire Station 6 (including reallocation of staff) from the Budget. 2013-2014 MBA #31 placed the construction of Fire Station 37 "on hold" pending evaluation of the following options on costs and operational impact to Fire and Paramedic emergency response: (1) Build Fire Station 37 and close Fire Station 6; (2) Build Fire Station 37 and keep Fire Station 6 open; and (3) Do not build Fire Station 37 and remodel Fire Station 6. Due to other urgent priorities, the Administration indicates that this analysis will not be completed in time to be included in the 2014-2015 Proposed Operating and Capital Budgets. The City Manager is therefore directed to bring forward a MBA with a recommendation, including any operating and/or capital budget impacts, as part of the 2014-2015 budget process.

- i. **La Raza Roundtable Consensus Process:** For years we have seen Latinos disproportionately represented in our criminal justice, juvenile justice, and child welfare systems. With so many different causes and factors involved, this problem has long been considered impossible to solve. Yet, through the leadership of La Raza Roundtable and the Harvard Study Consensus Process, we have a broad collaborative effort that cuts across different agencies and levels of government to address the various pieces of the problem. The City Manager is directed to continue to support these efforts next year.
- j. **Gang Prevention and Intervention Efforts:** Gang prevention and intervention efforts continue to be a priority for our residents and neighborhood associations during our community budgeting process. The City has a proven track record of impactful programs that support these goals through a variety of efforts, including the San Jose Bringing Everyone's Strengths Together (BEST)/Safe Summer Initiative Programs, the Mayor's Gang Prevention Task Force, and the Safe Schools Campus Initiative. The 2013-2014 budget previously set aside an additional \$1.5 million in one-time funding to support these efforts, bringing the total funding for these programs to \$4.6 million in 2014-2015. The City Manager is directed to allocate an additional \$1.5 million in one-time funding for Fiscal Year 2015-2016 to support the Mayor's Gang Prevention Task Force, Safe School Campus Initiative, and the Safe Summer Initiative to keep the available funding at the same level for another year.
- k. **Truancy Abatement/Burglary Suppression (TABS) Programs:** Truancy has a direct link to increased crime and gang involvement. The TABS program was created with two goals: (1) reduce the number of daytime burglaries in the City; and (2) reduce truancy. Past experience has shown that many daytime burglaries are committed by juvenile suspects, many of whom are cutting school. The City Manager is directed to review and continue funding the TABS programs.
- l. **Crossing Guards:** The safety of our school children remains a top priority for San José residents, as well as the City Council. During meetings with Superintendents at the Schools/City Collaborative, the Superintendents stated that this was the most important service the City provides for the schools. The City Manager is directed to maintain funding to the elementary and middle school crossing guard program.

2. Community and Economic Development Services

- a. **United States Patent and Trademark Office:** Later this spring, it is expected that a lease agreement with the United States Patent and Trademark Office for the use of the City Hall Wing will be brought before the City Council for consideration. The 2013-2014 Mid-Year Budget Review increased the Public Works Unfunded Projects appropriation by \$200,000 to fund the planning activities associated with the development of this lease agreement, including for programming, space planning, and procurement of a design-build contractor to reconstruct office space in the Wing, as well as the space in the Tower (to accommodate the City operations displaced from the Wing). The lease agreement is expected to include a cost sharing component for the capital costs of the project. The City Manager is directed to further evaluate and identify the one-time funding necessary in 2014-2015 for the construction of this project. In undertaking this

evaluation, the City Manager is directed to consolidate operations and otherwise maximize operational efficiencies to ensure the relocation of displaced City services to the Tower is completed in the most cost effective manner as possible. The City Manager is directed to present the recommended plan to the City Council as part of the 2014-2015 budget process.

- b. Downtown and North San José Transportation Improvements:** Consistent with prior Council direction, the \$3 million received from the Irvine Company for a residential development at North First Street and River Oaks Place was allocated towards offsetting unfunded transportation improvements in Downtown and North San José. Another \$2.6 million is expected from Schmidt CS Seufferlein et al for the Century Court high-rise residential development in North San José. Even with these infusions, a substantial outstanding balance of transportation infrastructure improvement commitments that were made by the former Redevelopment Agency in Downtown and North San José remain unfunded. The City Manager is directed to maximize the use of the additional revenues received in the Building and Structure Construction Tax Fund and Construction Tax Excise Fund in the current year to address the unfunded transportation infrastructure commitments in Downtown and North San José, while also addressing the other high priority transportation issue - Street Maintenance, Repair, and Safety (see next item).
- c. Street Maintenance, Repair, and Safety:** In the past decade, the lack of sufficient funding has resulted in deferred maintenance and a decline in the condition of the City's infrastructure, particularly our roads. Ten years ago, the overall quality of City streets was considered "good;" today they are considered "fair." Ten years ago, six percent of neighborhood streets were considered "poor;" today, 25 percent are considered "poor" and that is expected to increase to 50 percent by 2020. The adopted Council Policy is to allocate funding for the 400-mile priority street network (main roads that are most heavily used by San José residents and provide access to major job centers and residential areas throughout the City). This policy recognizes that approximately 1,600 miles of local/residential roads would have their maintenance deferred. While road maintenance has suffered, the rise of traffic-related accidents is also a serious cause for concern. At this time, revenues are tracking above projections in the Building and Structure Construction Tax Fund and Construction Tax Excise Fund, providing a limited but important opportunity to address the City's street maintenance, repair, and safety needs. The City Manager is directed to maximize the use of the additional revenues received in the Building and Structure Construction Tax Fund and Construction Tax Excise Fund in the current year to address street maintenance for local/residential and priority street network of main roads, and repair and invest in road safety improvements, while also addressing the other high priority transportation issue - Downtown and North San José Transportation Improvements (see prior item).
- d. Ending Homelessness:** The 2013-2014 Adopted Budget added funding of \$7 million in General Fund one-time funds over a two-year period to address concerns about the homeless and homeless encampments, and explore long-term strategies to address these issues including: homeless outreach services; creek clean-ups; and permanent housing. Of that total and over the two-year period, \$3 million was allocated for the Homeless Response Team, with the remaining funding of \$4 million allocated to the Homeless

Rapid Rehousing Plan strategy. The City Manager is directed to allocate \$3.5 million in one-time funding for these purposes in Fiscal Year 2015-2016 to continue the strategy for another year.

e. Cultural and Arts Facilities Capital Replacement and Maintenance Funding Plan:

As regional destinations, City-owned cultural facilities, including the San Jose Museum of Art, Tech Museum of Innovation, San Jose Repertory Theatre, History San Jose, School of Arts & Culture at Mexican Heritage Plaza, and Children's Discovery Museum, generate significant economic impact and downtown vibrancy. A number of significant and critical capital needs have arisen that pose challenges for these facilities and put the General Fund at risk. One-time funds provided in 2013-2014, while helpful, were insufficient to address all of the critical facility needs. By setting aside growth in the four percent of Transient Occupancy Tax (TOT) revenues that are allocated to the General Fund above the 2013-2014 base year, a strong first step will be made in securing a dedicated stream of annual funding for these facilities' deferred maintenance and capital replacement needs. In addition, to expand the TOT taxable base to increase overall TOT revenues, the Administration should explore applying the TOT to non-hotel lessors utilizing internet-transacted vacation rentals and creating a similar assessment for hotels constructed since the creation of the Convention Center Financing District. The City Manager is directed to allocate the growth in TOT revenues (over the 2013-2014 base level) to support City-owned cultural and art facilities' capital needs, including developing a project approval process through the Department of Public Works, as part of the development of the 2014-2015 budget. The City Manager and City Attorney are also directed to explore the viability of the two options to expand the TOT taxable base and report back to the City Council when the analysis is complete.

f. Convention Center Facilities District Revenue Fund: The Convention Center Facilities District (CCFD) tax revenues are deposited into the Convention Center Facilities District Revenue Fund for Convention Center use. Due to revenues anticipated to exceed projections, the amount necessary to cover annual debt service payments and required reserves is estimated to be exceeded over the next several years. The City Manager is directed to transfer, on an annual basis and after it is actually realized, any additional funds in the CCFD to the Convention and Cultural Affairs Fund and use that funding for Convention Center debt expenses in that fund which will, in turn, free up funding for capital repairs and improvements to the facilities managed by Team San Jose, as appropriate. The facilities managed by Team San Jose include: the Civic Auditorium; Parkside Hall; Center for the Performing Arts; California Theatre; South Hall; and Montgomery Theatre. Before any transfer is made, the City Manager is directed to ensure that all bond covenants for the CCFD have been met, including full funding of the Debt Service Reserve and Revenue Stabilization Reserve, to protect against any economic downturn.

g. SJ2020: About 40,000 San José students, nearly half of all public students tested, are not proficient in their grade level skills. About 2,300 middle and high school students drop out each year. These students are left with much fewer options and are more likely to be unemployed, rely on public assistance, and engage in criminal behavior. To address this problem, the City, the Santa Clara County Office of Education, educators, business

leaders, and community organizations have launched SJ2020 with the goal to eliminate the achievement gap in San José by the year 2020. The City Manager is directed to continue to support these efforts next year.

- h. Move Your Jobs to San José Communications:** As part of the 2014-2015 budget process, the City Manager is directed to provide a cost proposal for the City Council's consideration of a communications campaign directed at large and small Silicon Valley driving industry companies seeking location and/or expansion space. Developed in partnership with property owners who will help fund it, the campaign should: (1) promote premier entitled/vacant lands and recently renovated office/R&D buildings in North San José, Downtown, and Edenvale; (2) highlight San José's competitive advantages and City Council approved business incentives; and (3) be prepared for launch by July 1, 2014.
- i. Keeping Downtown Safe and Clean:** As the City budget suffered annual shortfalls and the Redevelopment Agency (RDA) suffered death, the San Jose Downtown Association has stepped up its efforts in cleaning, maintaining, promoting, and policing the downtown. The Downtown Association will continue to play an important role as the City's partner to activate and promote the Downtown. At a minimum, the City Manager is directed to make one-time funding which was provided the previous two years ongoing. The City Manager is further directed to review the cuts in City and RDA funding over the last decade and to determine if funding for some of the work being done by the San Jose Downtown Association should be included in the base budget to offset some of the expenses the Association incurs.
- j. SAP Center Renegotiation:** The current Operating Agreement with the San Jose Sharks for the management of the San Jose Arena expires on June 30, 2018. Operating agreements are complicated documents that require extensive staff work by various departments within the Administration, including the Office of Economic Development, as well as require securing consultants who can provide necessary outside expertise regarding industry information and trends. The City Manager is directed to allocate the necessary one-time funding to ensure the City is positioned for the renegotiation process.
- k. Diridon Area Community Parking District:** The Deferred Maintenance Infrastructure Backlog totals roughly \$900 million in unfunded costs, with an additional \$148 million needed annually in order to maintain the City's infrastructure in a sustained functional condition. Considering these unfunded needs, and the restriction these needs place on limited resources, we have to develop new funding sources for projects in the downtown and in the urban villages. A Community Parking District provides a funding opportunity for a future parking facility in the Diridon Area. The City Manager is directed to explore the use of a Community Parking District supported by revenues from new parking meters in the Diridon Area to support a new parking facility as part of the work on Community Parking Districts as previously directed by the City Council.

3. Strategic Support

- a. **Preventive Maintenance Program:** For the past two years, the City Council has approved \$1.8 million in funding, of which \$1.3 million was one-time, for a Preventive Maintenance Program (Program) which has allowed the overall preventive maintenance of City facilities to increase from 38 percent to the industry standard of 80 percent for Heating, Ventilation, and Air Conditioning (HVAC), plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems. As a measure of its success, the Program is currently achieving over 90 percent of all City facilities' preventive maintenance needs. The Program continues to reduce the amount of corrective maintenance needed on City facilities and the program addresses some deferred infrastructure needs. As a result, the City Manager is directed to explore the continuation of the Program as part of the 2014-2015 budget process.
- b. **Review of One-Time Funded Services from 2013-2014:** The City Manager is directed to review one-time funded services that were included in the 2013-2014 Adopted Budget for continuation again in Fiscal Year 2014-2015, where appropriate. This review should also include any programs funded for two years using one-time funds that were included in the 2013-2014 Adopted Budget.
- c. **Essential Services Reserve:** The City Manager is directed to set aside \$2 million in one-time funds that may be used for the purpose of supporting services that are of essential importance to our residents. Services deemed essential by the City Council may be funded with the use of these one-time funds.
- d. **Civic Innovation Staffing:** Through the Silicon Valley Talent Partnership, the City has been able to access private sector talent and innovative problem solving to address issues where internal staffing or capacity has been lost after years of budget cuts. The City has also been able to utilize skilled volunteers in various capacities throughout the City operations. Both the City and community benefit from enhanced government operations and services developed through these partnerships. In order to not lose this momentum, the City Manager is directed to fund a Civic Innovation Position in the City Manager's Office on an ongoing basis to manage projects done with skills-based volunteers.
- e. **Google Fiber:** As announced on February 19, 2014, San José is one of 34 cities in nine metropolitan areas across the nation being considered for the expansion of Google Fiber. Google Fiber provides residential Internet connectivity at one gigabit per second, which is up to 100 times faster than the basic broadband speeds currently available in the United States. Google will announce by the end of the year which cities have been selected to move forward. Pursuit of this project involves working with Google during the planning and permitting phases. For instance, the City would need to: provide detailed, accurate maps of housing density, topography, geology, and existing infrastructure such as utility poles, conduit, and water, gas, and electricity lines; ascertain if the fiber can be installed on existing poles or conduits to avoid construction disruption; and review the permit process and its scalability for a project of this size which will result in as many as 100 times the usual number of permits. The City Manager is directed to explore what resources, including staffing, might be necessary to support the Google Fiber project. In

addition, and as a part of this analysis, the City Manager is directed to prepare a plan to streamline permitting while still maintaining full cost recovery for the project.

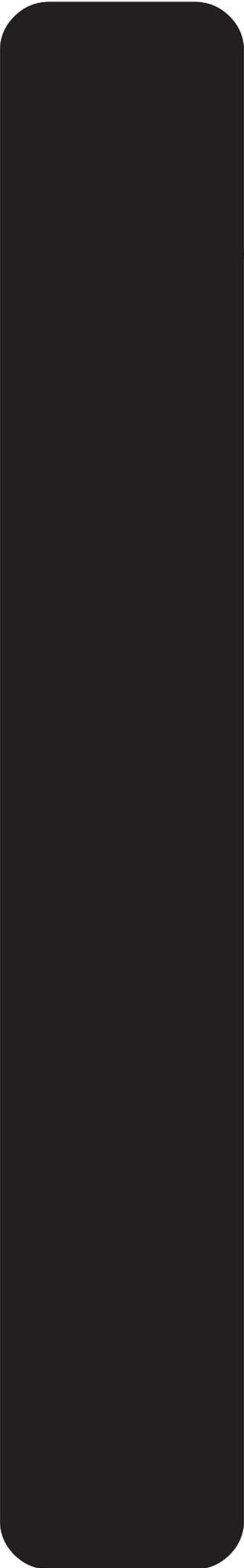
- f. Council General Phase Out:** The 2013-2014 March Budget Message directed the City Manager to phase out the Council General budget item. This direction was provided to ensure truth-in-spending, as the use of the Council General budget item resulted in certain costs, such as for Mayor and Councilmember salaries and benefits, and administrative costs, being charged to other appropriations and not the individual office budgets. The 2014-2015 Base Budget will reflect the phase out of Council General to increase spending transparency. Going forward, the Council Office budgets should be set equally. Administrative costs should be set at the average cost of projected payroll.
- g. Future Deficit Reserve:** In developing the 2014-2015 budget, the City Manager is directed to use a two-year approach to ensure that there is sufficient Future Deficit Reserves remaining in order to cover the projected General Fund deficit in 2015-2016 if necessary that year as a stopgap measure.
- h. Potential Ballot Measures:** At the February 10, 2014, City Council Study Session on the 2014-2015 Budget, there was extensive discussion about placing a sales tax increase on the November 2014 ballot, including the need for additional polling. The City Manager is directed to allocate appropriate funding to conduct further polling and to continue to work with the Mayor's Office on the development of the polling.
- i. Budget Balancing Strategy Guidelines:** The City Manager is directed to use the 2014-2015 Budget Balancing Strategy Guidelines as detailed in Attachment A to this March Budget Message Memorandum to develop a balanced budget for the next fiscal year.

COORDINATION

This memorandum has been coordinated with the City Manager and City Attorney.

2014-2015 Budget Balancing Strategy Guidelines

1. Develop a budget that balances the City's delivery of the most essential services to the community with the resources available.
2. Balance ongoing expenditure needs with ongoing revenues to ensure no negative impact on future budgets and to maintain the City's high standards of fiscal integrity and financial management. Maintain adequate reserves to cover any budgetary shortfalls in the following year as a stopgap measure if necessary.
3. Focus on business process redesign in light of the severe staff reductions experienced during the last several years in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).
4. Explore alternative service delivery models (e.g., partnerships with the non-profit, public, or private sector for out- or in-sourcing services) to ensure no service overlap, reduce and/or share costs, and use our resources more efficiently and effectively. The City Council Policy on Service Delivery Evaluation provides a decision-making framework for evaluating a variety of alternative service delivery models.
5. Analyze non-personal/equipment/other costs, including contractual services, for cost savings opportunities. Contracts should be evaluated for their necessity to support City operations and to identify negotiation options to lower costs.
6. Explore redirecting and/or expanding existing revenue sources and/or adding new revenue sources.
7. Establish a fee structure to assure that operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services, where appropriate.
8. Identify City policy changes that would enable/facilitate service delivery changes or other budget balancing strategies.
9. If additional resources become available, spending on increasing compensation and restoring services should be balanced.
10. Focus service restorations to meet the baseline January 1, 2011, service levels previously identified by the City Council in the areas of fire, police, library, community centers, and street maintenance.
11. In addition to considering service restorations to meet the baseline January 1, 2011, service levels, take a holistic approach regarding the restoration of services. As outlined in the Guiding Principles for Restoring City Service Levels as approved by the City Council on March 20, 2012, allocate additional resources with the following goals in mind: ensure the fiscal soundness of the City; choose investments that achieve significant outcomes; and improve efficiency and effectiveness of service delivery. Using a multi-pronged approach to restoring direct services, take into consideration the following factors: adequate strategic support resources; adequate infrastructure; service delivery method to ensure efficient and effective operations; service delivery goals and current performance status; service sustainability; and staffing resources.
12. Incorporate compensation adjustments in a fiscally responsible manner that does not result in a reduction or elimination of services in the General Fund.
13. Engage employees in department budget proposal idea development.
14. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.
15. Continue a community-based budget process where the City's residents and businesses are educated and engaged, as well as have the opportunity to provide feedback regarding the City's annual budget.



2014-2015

OPERATING BUDGET



**MAYOR'S JUNE
BUDGET MESSAGE**



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed

**SUBJECT: JUNE BUDGET MESSAGE FOR
FISCAL YEAR 2014-2015**

DATE: May 30, 2014

Approved:

Chuck Reed

Date:

5/30/14

RECOMMENDATION

I recommend that the City Council:

1. Approve the City Manager's Proposed Budget with the additional direction outlined in this memorandum for purposes of adopting a final budget for Fiscal Year 2014-2015.
2. Adopt a resolution authorizing the City Manager to negotiate and execute agreements for projects approved in the Mayor's Budget Message when amounts exceed the City Manager's existing contract authority provided that any required environmental review for the project has been completed.
3. Authorize the changes proposed in the following Manager's Budget Addenda and incorporate them in the Adopted Budget, except in cases where the Addenda are amended or superseded by the contents of this Budget Message.

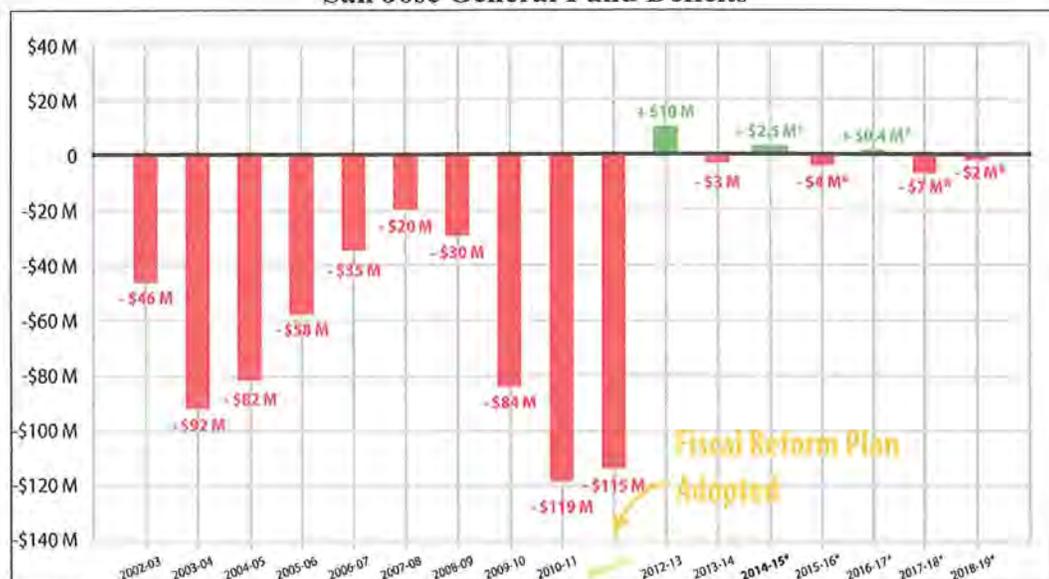
MBA #6	Recommendation on the 2015-2019 Proposed Capital Improvement Program
MBA #8	North San José Transportation Funding Strategy
MBA #10	City Council Policies: Debt Management Policy and Operating Budget and Capital Improvement Program Policy
MBA #15	Arena Authority Funding
MBA #17	Fire Station 37 (Willow Glen): Analysis of Options
MBA #18	Parking Meters, Rates, and Community Parking Districts
MBA #20	TRANS Interest and Issuance Costs and Banking Services Adjustments
MBA #21	Proposed 2014-2015 Transient Occupancy Tax Funded Arts and Cultural Development Grants
MBA #25	Amendments to the 2014-2015 Proposed Fees and Charges Document
MBA #26	Abandoned Shopping Cart Program
MBA #27	Recommended Amendments to the 2014-2015 Proposed Operating and Capital Budgets
MBA #28	Updates to the 2014-2015 Property Tax and General Fund Beginning Fund Balance Estimates
MBA #29	Community Budget Meetings

INTRODUCTION

As we enter the 2014-2015 Fiscal Year, we are grateful for the third year in a row, to be making modest improvements in services to our residents and taxpayers as crime rates are headed down and tax revenues are headed up.

We have worked hard and made many difficult decisions to reach this point.

San José General Fund Deficits



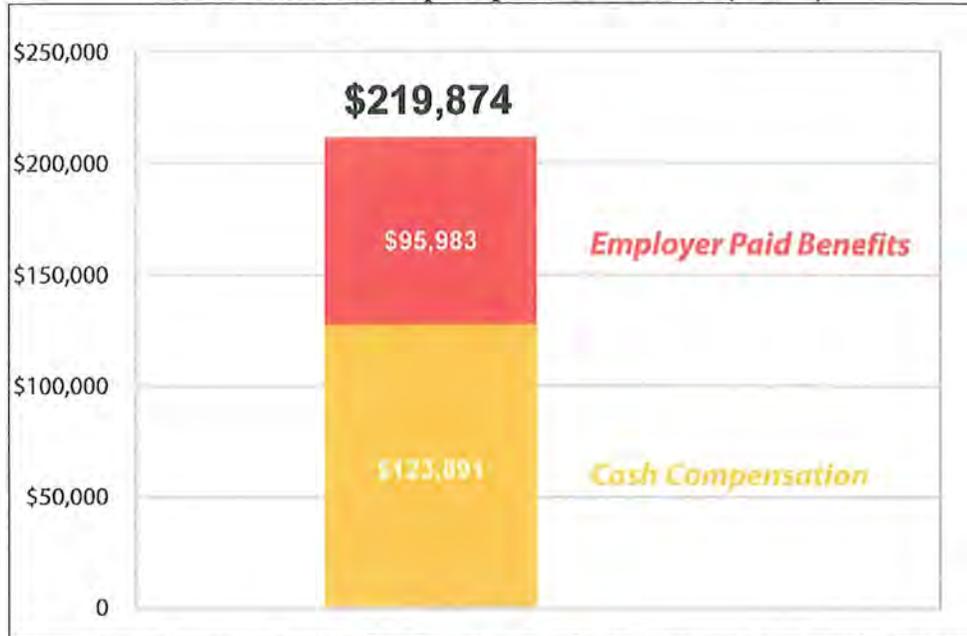
*Projections as of May 2014.

Sources: Fiscal Years 2002-03 through 2013-14: 9/3/2013 Presentation – City Council Study Session: City Service Restoration and Revenue Measures. Fiscal Years 2014-15 through 2018-19: FY 2014-2015 Proposed Operating Budget. Note: FY 2003-04 and FY 2004-05 includes State impact of \$10.8 million and \$11.4 million, respectively.

For Fiscal Years 2002-2003 through 2011-2012, the City faced a tremendous amount of red ink that resulted in cutting 2,000 positions from our workforce. When we adopted the Fiscal Reform Plan in 2011-2012, we turned the corner. But those reforms were difficult. They included reducing total compensation for all City employees by at least ten percent, outsourcing work, and obtaining voter approval for pension and retiree healthcare reforms.

Even though we are looking ahead to five years with a stable General Fund condition, the largest single factor during that decade of red ink – the huge increase in retirement costs – remains a threat to the City’s financial stability. Tier 1 retirement costs add over 80 percent of pay to public safety employee costs and over 70 percent of pay to non-public safety employee costs. Total costs for a top step Police Officer are nearly \$220,000 a year, based on 2013 data. For 2014-2015, these costs increase to \$240,000 annually for existing Police Officers at top step.

Employer Costs - San José Police Officers: Average Total Compensation and Benefits for Top Step Police Officers (Tier 1)



Source: Office of Employee Relations. Data is based on information for 2013 from the pay plan, SJPOA MOA, Police Benefit Fact Sheets, and Medical and Dental Plan Premiums, with the exception of average overtime which is actual data from 2013 W-2's and includes stand-by, callback, comp time payouts, and overtime. Overtime compensation is non-pensionable. POST is not the average POST pay received; it is the average of Basic POST (0%), Intermediate POST (5%), and Advanced POST (7.5%) multiplied by the top step of base pay.

The high costs are driven by the high level of retirement benefits. The average benefit for public safety retirements in the last five years is nearly \$120,000 a year.

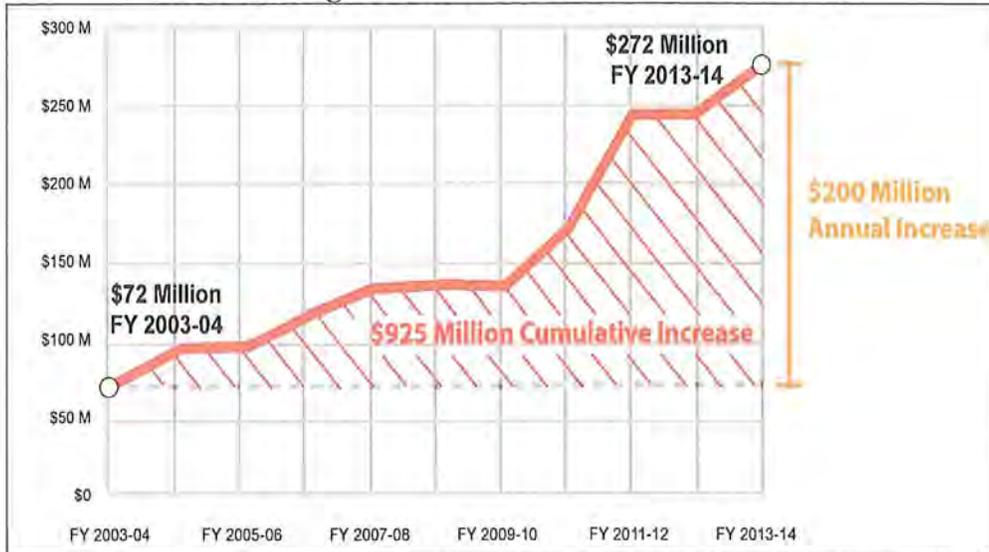
Public Safety Retirement Benefits: Average Pension and Health Care Benefits for Tier 1 Safety Employees Who Retired Between 2009-2014



Source: Office of Employee Relations. Includes approved retirements January 1, 2009 through March 31, 2014. Value of Retiree Health and Dental Benefits is taken from the City of San José Police and Fire Department Retirement Plan 2012-2013 Comprehensive Annual Financial Report; the average figure is for 2012 only, is per retiree and beneficiary, and includes single or family coverage.

Total retirement costs have increased by over \$200 million per year. The actuaries for the retirement boards tell us these costs will continue to grow for another decade. In 2014-2015, retirement costs are estimated to increase to \$308 million (up \$23.9 million in the General Fund and \$36.5 million all funds).

The Crushing Burden of Retirement Cost Increases

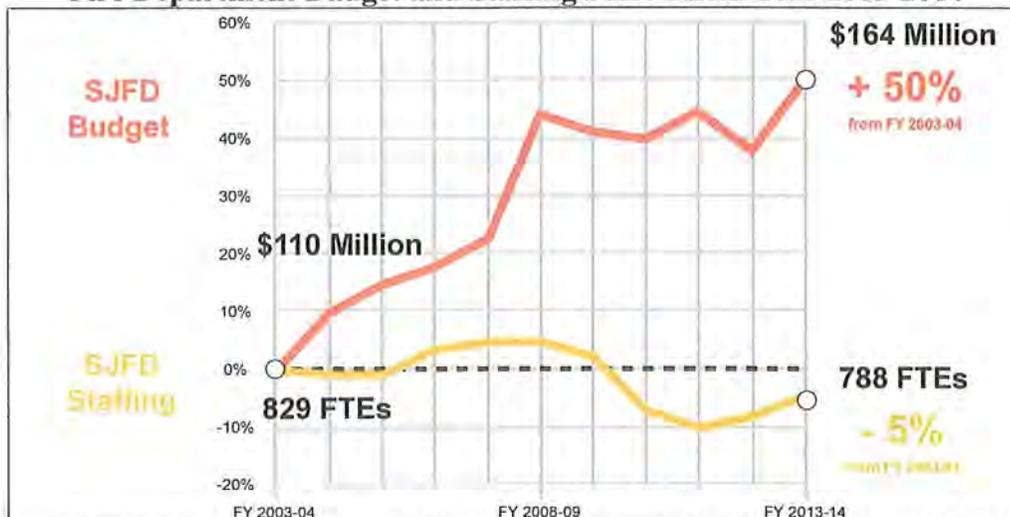


Sources: Retirement Systems Comprehensive Annual Financial Reports (FY 2004-04 through 2012-13); City of San José FY 2014-2015 Forecast.
 *Figures note the employer's (the City's) share of retirement contributions. These costs do not include employee contributions.

Over the last decade, retirement cost increases resulted in staffing cuts in every City department, even though departmental budgets increased.

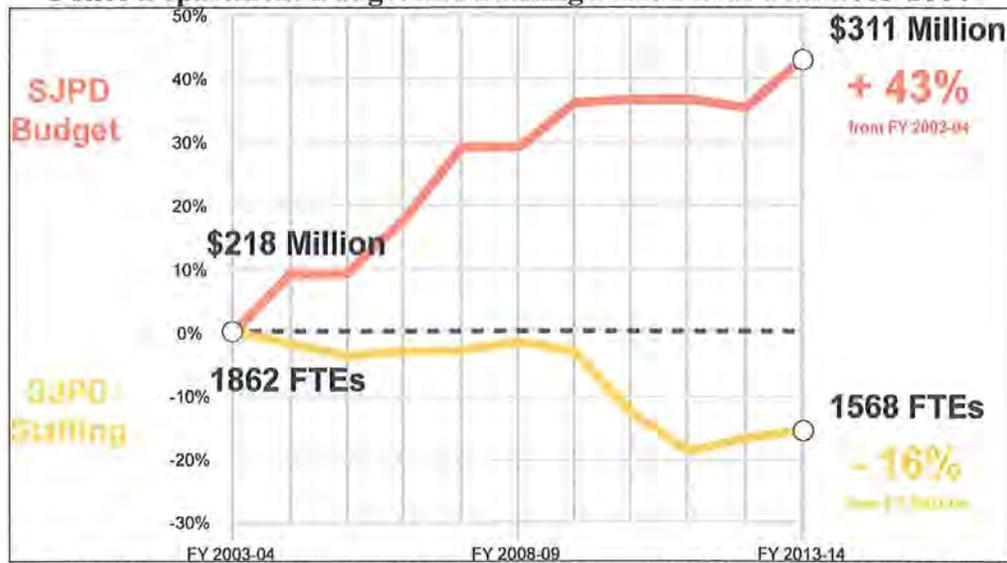
As illustrated in the next two charts, since 2003-2004 the Fire Department's budget has increased by \$54 million, yet staffing decreased by 41 full-time equivalent employees. The Police Department's budget experienced a similar trajectory – a \$93 million budget increase, yet staffing decreased by 294 full-time equivalent employees. This outcome is a result of growing employee costs, primarily driven by increases in retirement costs.

Fire Department Budget and Staffing Since Fiscal Year 2003-2004



Sources: City of San José Adopted Operating Budgets, FY 2003-2004 through FY 2012-2013; FY 2013-2014 Modified Operating Budget.

Police Department Budget and Staffing Since Fiscal Year 2003-2004



Sources: City of San José Adopted Operating Budgets, FY 2003-2004 through FY 2012-2013; FY 2013-2014 Modified Operating Budget.

The City has made progress in controlling these costs. The Fiscal Year 2014-2015 budget will reflect major savings from Measure B. Next year we will have ongoing savings of over \$25 million in the General Fund (over \$30 million all funds) through the elimination of bonus pension checks, changes to retiree healthcare plans, and from having lower-cost retirement benefits for new employees. These savings will continue to grow as new workers are hired.

We are also working smarter. We figured out ways to deliver services more efficiently and more effectively so that we can get better service from within existing budgets. Most notably, and in the past year, even though the Police Department is not at full authorized staffing, we saw a decrease in Part 1 crimes (which include assault and theft). Property crimes were down by 12 percent the first four months of this year compared to last year. These decreases are attributable to the hard work of the men and women of the Department in cooperation with our residents and businesses. We should continue to expect all of our departments to work at being more effective at delivering services given our fiscal constraints. For instance, our Fire Department is currently figuring out how to improve response time performance within existing resources and met the County contract standard in April of this year.

All of these efforts allowed us to maintain service levels and make targeted improvements in Fiscal Years 2012-2013 and 2013-2014, including:

- ✓ retaining 76 Firefighters and 19 Police Officers who were previously paid with federal grant funding that expired;
- ✓ adding 21 Community Service Officers, three Park Rangers, and three Crime Prevention Staff;
- ✓ restoring some pay for some of our employees;
- ✓ recruiting for Police Officers;
- ✓ opening four libraries and one community center;
- ✓ continuing one-time funding for homelessness and gang prevention, intervention, and suppression; and
- ✓ turning on 900 street lights.

With a relatively flat budget over the next five years, albeit with small deficits in three of those years, we can continue in this pattern. We will continue to be prudent with the funds we have available, avoid spending in ways that will create future deficits, and focus spending on the highest priorities of our community.

We also need to be mindful that the General Fund forecast presumes voter approval to continue for another 25 years the parcel tax that provides \$8 million annually (or 22 percent) of the San José Public Library System's operating budget. Should the voters reject Measure B this June, we will face difficult budget decisions as our Library Department budget will have an \$8 million shortfall effective July 1, 2015.

As we look ahead to next year, the good news is that tax revenues are increasing year-over-year. Sales Tax, Property Tax, and Utility Tax are up by \$28 million total from this year; these three sources combined represent almost 60 percent of General Fund Revenues in the 2014-2015 Proposed Budget. But most of these revenues are going to be spent to cover increased retirement costs and for compensation increases for employees (up \$38 million total from this year). The remaining new revenues, when combined with other cost savings, rebudgets, and reductions, allow us to make additional targeted service improvements in 2014-2015, including:

- ✓ adding seven Community Service Officers, seven Park Rangers, three Code Enforcement Inspectors, and two Crime Prevention Staff;
- ✓ increasing efforts to recruit Police Officers;
- ✓ adding a third Police Academy;
- ✓ continuing one-time funding for homelessness and gang prevention, intervention, and suppression; and
- ✓ allocating an additional \$16 million one-time for pavement maintenance (Construction Excise Tax Fund).

The additional \$16 million in one-time funding for pavement maintenance is good news. Our community survey and Neighborhood Association Priority Setting Session identified stopping the deteriorating of our streets as one of the top priorities. When the \$16 million is combined with the amount we already planned to spend and federal funds we will receive, we have enough funding for the first time in over a decade (\$48 million) to prevent the average condition of our streets from deteriorating further.

However, the City faces a substantial unfunded Deferred Maintenance and Infrastructure Backlog. The current backlog totals roughly \$1.05 billion, with an additional \$175.7 million needed annually in order to meet maintenance costs associated with normal wear and tear and maintain the City's infrastructure. Of the \$1.05 billion backlog, the largest need is \$587 million for transportation infrastructure, of which \$434 million is for deferred pavement maintenance. The remaining major categories of the unfunded infrastructure backlog include: building facilities; parks, pools and open space; sanitary sewer; and airport.

The City's Deferred Maintenance and Infrastructure Backlog was first compiled in 2007, the midpoint of the decade of red ink. At that time, the backlog was estimated at \$915 million with an ongoing unfunded need of \$45 million. It is a testament to the hard work and resourcefulness of City staff, and their ability to stretch and leverage each available dollar, that the total backlog has only grown by \$135 million in the ensuing years. Yet, with a total of \$1.05 billion unfunded and the annual need now catalogued at \$175.7 million, the Deferred Maintenance and Infrastructure

Backlog will continue to present a serious budget and operational challenge for the City for the foreseeable future.

POTENTIAL TAX MEASURES

One option for restoring additional services is through a local tax measure. During my term, San José voters have approved four revenue measures and a fifth one is on the ballot June 3. I remain open to going to the voters again when the conditions are right. Recent discussions have centered around two options:

- *A General City Sales Tax Increase:* Recent polls have put support for a general sales tax increase over the 50% threshold. However, the margin remains extremely tentative and history has shown that sales tax measures will lose ground unless there is an active and well-funded campaign supporting it. As a point of reference, \$750,000 was spent in support of Santa Clara County's 2012 sales tax increase and \$1.5 million was spent to pass VTA's 2008 sales tax increase.

There is no such coalition of support for a city sales tax measure. My own conversations with potential donors have revealed very little appetite for helping organize or fund a sales tax measure campaign. And despite repeated calls for any interested party to step forward, none of our public employee unions or traditional sales tax supporters has made even the slightest commitment to help mount an effective campaign.

- *A Countywide Sales Tax Increase:* The Silicon Valley Leadership Group (SVLG) has expressed its interest in sponsoring a countywide sales tax measure on the November ballot to fund critical transportation needs. SVLG has indicated that the measure would direct a portion of new revenues to each respective city for street maintenance and repairs, which would generate about \$10 million a year for San José.

SVLG's polling shows a very strong margin of support for such a measure. SVLG also has pledged to raise the money needed to support a robust political campaign and has a proven record of successful ballot measures.

Right now, it appears that our best chance for new revenue is through a countywide transportation measure. The City Council could also advance a sales tax measure in November, but the presence of two sales tax increases on the same ballot could doom both measures and leave the City without any new revenues.

We shouldn't jeopardize the strong prospect of reaping new transportation revenues in order to pursue a city measure that would start in an extremely vulnerable position. If the countywide proposal moves forward, we should defer placing a city measure on the ballot at this time.

But since we do not yet know what action the County or VTA might take, we should continue exploring our options.

The City Manager is directed to: (1) continue discussions with SVLG regarding how a countywide measure could be crafted to best address the City's most pressing transportation needs; and (2) agendize a discussion of potential city revenue measures during the City Council's June 17 meeting.

The June 17 discussion should include alternative revenue measures that have been of interest to Councilmembers (i.e. dedicated tax for public safety, marijuana tax increase). Staff should also provide an update on the potential countywide sales tax measure, including: (1) the proposed breakdown of revenues, including the City's estimated share; and (2) the status of the County's or VTA's deliberations on whether to place the measure on the November ballot.

Consistent with the March Budget Message, the 2014-2015 Proposed Budget includes one-time funding for potential ballot measure polling. In developing the polling survey, the City Manager is directed to: (1) gauge the impact of having multiple local tax measures on the November ballot and (2) gauge support for alternative revenue measure options, as may be directed by the City Council during the June 17 meeting.

SPENDING PROPOSALS

Our budget should be built around the priorities and values of our residents and taxpayers. Our top priority should be improving public safety and the quality of life for our residents. It is clear that the community wants us to not burden future generations and keep our eyes on the long-term goal: a future in which San José is fiscally strong and can afford to provide the service levels that our residents expect and deserve.

1. Public Safety and Neighborhood Services

a. Police Department Staffing and Prioritization of the Burglary Investigation Unit. As directed in the Police Staffing Restoration Strategy Memorandum dated August 28, 2013, and in the March Budget Message, MBAs #14 and #24 provide a four-year Police Staffing Strategy to reach a level of 1,250 officers and prioritization of the burglary investigation unit (burglary reduction efforts). As also approved in the March Budget Message, the City Manager is directed to prioritize the reestablishment of a burglary unit within the Police Department, drawing staff from positions that could be done by civilians, retiree rehires, and Community Service Officers. These staffing and service level restorations will require substantial new resources. Under one scenario, adding 36 sworn positions in 2015-2016 would cost an estimated \$5.1 million in that year; by 2018-2019, when all 141 sworn positions have been hired, the annualized cost is estimated at \$21.5 million. Finding funds for additional officers will be a challenge. We need to start setting money aside now. The City Manager is directed to create a Police Department Staffing Reserve and set aside funds annually, until all 141 positions have been funded on an ongoing basis, beginning with, but not limited to, the following three sources:

- \$10 million in 2014-2015 funds, of which \$500,000 is ongoing funding;
- Ongoing cost savings from new police officers who receive Tier 2 retirement benefits; and
- One-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs.

For the ongoing cost savings from Tier 2 retirement benefits, beginning in 2015-2016, the City Manager is directed to use the 2014-2015 savings of \$2.3 million and increase that amount annually by the additional expected police sworn Tier 2 savings that are expected to grow by at least six percent per year, bringing the 2015-2016 figure to \$2.4 million. These funds can be used to help increase Police Department staffing through measures to

improve recruiting, hiring, training, and retention of police officers, to improve capacity of existing officers by relieving officers from duties that can be done by civilians or more efficiently through technology, to cover the costs of additional vehicles and equipment for additional officers, to provide improved burglary response, and to increase total staffing.

b. Fire Department Response Time Performance. As discussed at the May 9, 2014 City Council Study Session on Fire Emergency Medical Services, the Fire Department (Department) is continuing its efforts to improve overall fire and emergency medical services response time performance to the community. There have been immediate positive results – the Department met the County contract standard in April of this year. Additional budgetary resources are needed to support the Department’s efforts to improve response time performance.

i. Fire Informational Technology Staffing. The Department currently has six staff members to develop and maintain data analysis systems and provide support to Department administration and 33 fire stations. The March Budget Message directed the City Manager to explore the necessity of additional data analysis staffing related to Department response time performance. The City Manager’s Proposed 2014-2015 Operating and Capital Budgets include, respectively, a Senior Geographic Systems Specialist to assist with the data analytic needs within the Department, as well as \$220,000 in one-time consulting services funding for implementation of Computer-Aided Dispatch (CAD) system software in order to improve automation and accuracy of reporting. The Department only recently reached full staffing for its six authorized positions. Therefore, it is crucial that the new position be hired as quickly as possible to allow the staffing to operate at full capacity and enable a review of whether additional staffing is warranted to ensure continued progress. The City Manager is directed to complete the hiring of the new position as soon as is possible, to closely monitor the Department’s information technology staffing needs, and to report to the Public Safety, Finance, and Strategic Support Committee at its November 2014 meeting about the status of the Department’s information technology team and the need, if any, to make any further adjustments to the staffing levels as part of next year’s budget process.

ii. Fire Department Organizational Review. As detailed in MBA#17, the Department, in conjunction with the City Manager’s Office, is undertaking a comprehensive Department organizational review with an expected completion date of winter of 2015. This analysis will include: (1) reviewing staff workload and service outcomes achieved based upon the type of services delivered; (2) assessing the appropriateness of fire response time performance targets based upon the type of service call; (3) reviewing alternative service/staffing deployment options; (4) assessing apparatus types and locations throughout the City; and (5) exploring pre-emption systems to improve travel time performance. This analysis will provide crucial information to the Department, City Manager’s Office, and City Council as we continue to work collectively to improve overall fire and emergency medical services response time performance. Some of the costs of the analysis can be absorbed within the Department’s existing budget. However, to ensure both its comprehensiveness and its timely completion, the City Manager is directed to allocate \$150,000 in one-time funding (of the \$620,000 in one-time funds identified in MBA #17) to provide for the costs of the review.

- c. Police Department Bilingual Pay.** MBA # 27 recommends approval of amendments to the 2014-2015 Proposed Operating and Capital Budgets and includes numerous budget adjustments and clean-up/rebudget actions. Included is a rebudget of \$225,000 for increases in bilingual pay and education expense reimbursement for Police Officers that have been previously authorized by the City Council. Both items are subject to meet and confer with the Police Officer's Association. Multiple negotiation sessions have been held but no agreement has been reached and the City's offers have not been presented for a vote of the membership. The City Manager is directed to ensure that sufficient funds to cover the City's offers are rebudgeted for these purposes.
- d. School Crossing Guards.** The safety of our school children remains a top priority for San José residents, as well as the City Council. Our School/City Collaborative participants have identified crossing guards as the most important program that the City does for our schools. Accordingly, the City's budget has provided funding for Adult Crossing Guards at designated intersections throughout the City. The Department of Transportation (DOT) continually studies intersections for potential placement of adult crossing guards based upon requests from schools. DOT is scheduled to complete crossing guard studies at 16 intersections by the end of 2013-2014 and anticipates that some of these intersections will meet the Safety Index threshold of 120 for placement of an adult crossing guard(s). For staffed intersections, the Police Department determines the number of guards that are required based primarily upon traffic patterns and roadway geometry; some intersections may only require one guard, with others requiring two or three guards. The City Manager is directed to allocate \$127,000 in ongoing funding to add 3.3 FTE school crossing guards, which is sufficient to provide adult crossing guard(s) at roughly ten additional intersections. The City Manager is also directed to report to the Public Safety, Finance, and Strategic Support Committee as DOT completes further studies of additional intersections to ensure the City Council is kept informed of programmatic needs for Adult Crossing Guards. (BD #12, #34, #50 Khamis, Rocha, Campos)
- e. Park Rangers/Safe Cam Program.** Park Rangers serve a vital public safety function in our parks to preserve and maintain the ability of our residents to enjoy a family friendly environment. Increased staffing to this public safety resource will help our community enjoy our parks and reap the health benefits of outdoor physical activity. The City Manager is directed to provide ongoing funding of \$380,000 for three additional Park Rangers to patrol our seven regional Parks, city-wide parks, and neighborhood parks. The City Manager is also directed to pursue and identify funding to install motion sensor trail cameras in City parks to decrease crime and drug activity. (BD #6, #21, #22, #28, and #48 Nguyen, Herrera, Chu, Campos)
- f. Parks and Community Facilities Development.** Council District 1 has experienced difficulties in identifying parkland due to the level of build-out in that part of the City. But there may be an opportunity to acquire land for a park in District 1. Detailed cost and funding information about this possibility was not available in time for inclusion in this Message. The City Manager is directed to continue to explore all options for acquiring this land, including potential funding and financing options, and report to the City Council as part of its consideration of the 2013-2014 City Manager's Annual Report in fall 2014.

- g. Silicon Valley Regional Communications System.** The Silicon Valley Regional Interoperability Authority (SVRIA) is leading the effort to implement the technologies needed to allow first responders to easily communicate across agencies. The project, currently known as the Silicon Valley Regional Communications System (SVRCS), includes a significant upfront investment to build the system and purchase new radios. San José's portion is estimated to be \$13.9 million and \$13.0 million, respectively. There are also anticipated annual operation and maintenance costs; the City's share of those costs is estimated at \$1.8 million. Currently, the City pays annual operation and maintenance fees to the SVRIA, estimated at \$617,000 in 2014-2015 (and would be included in the annual \$1.8 million needed once the SVRCS is built out). Funding for the costs for the SVRCS could be accommodated in the potential countywide sales tax measure in November 2014. However, since this measure and its components, as well as its placement on the ballot, are not yet finalized, identifying the one-time funding necessary for the City's portion of the SVRCS remains a priority. Therefore, consistent with Provision 4 of Council Policy 1-18, which pertains to Fund Balance, the City Manager is directed to prioritize funding the City's portion of the SVRCS and allocate any remaining unbudgeted fund balance for that purpose, after any necessary corrections, cleanups, and/or rebudgets, until the SVRCS is funded. Further, and with regard to the 2013-2014 Fiscal Year, should any excess fund balance be identified above and beyond that assumed in the development of the 2014-2015 Budget, the City Manager is directed to allocate those funds to the City's SVRCS costs. (BD #19 Constant)
- h. Medical Marijuana Enforcement.** The City Council will continue its consideration of amendments to Title 20 and Title 6 to establish Medical Marijuana Regulations at the June 3, 2014, City Council meeting. The City Council's eventual action on that issue will likely necessitate corresponding budget actions to establish a full cost recovery fee-supported enforcement structure, including, at a minimum, support for the Police Department and the Planning, Building and Code Enforcement Department. However, given that the City Council will act to adopt the 2014-2015 Operating Budget on June 17, 2014, the timing of any budget-related action(s) on Medical Marijuana enforcement will have to follow that date and instead will likely occur at a Council meeting in August 2014 and as part of next year's budget process. The City Manager is directed to include sufficient funding and staffing to allow for robust enforcement of restrictions on marijuana growing operations in residential areas. To fund the staffing resources needed until the transition to the fee supported enforcement structure is complete, and to build upon existing enforcement staffing, the City Manager is directed to allocate on a temporary limit dated basis through June 30, 2015, \$75,000 for 1.0 Code Inspector and \$125,000 for 1.0 Deputy City Attorney. The City Manager is also directed to allocate \$100,000 in one-time funding for Police Department overtime for these purposes. (BD #52 Campos)
- i. Aquatics Program.** The Parks, Recreation and Neighborhood Services Department offers an Aquatics Program at City pools, including during the summer months. At the Mayfair Pool, there is a gap between the end of the pool season and the start of the school year. Operating the Mayfair Pool during those additional days would be consistent with the current Recreation Swim Program and provide a needed service to the community. The City Manager is directed to allocate \$7,900 in ongoing funding to provide additional days for the City aquatics programs at Mayfair Pool. (BD #55 Campos)

- j. **Mayor's Gang Prevention Task Force.** Gang prevention efforts have been identified as a top priority for our residents and neighborhood associations during our community budgeting process. The City Manager is directed to allocate an additional \$1 million in one-time funding for gang prevention programs including: BEST funding; addressing issues related to females in gangs; and a pilot program for after school homework assistance/academic programming for youth. (BD #8, #23, #44, #57 Nguyen, Herrera, Rocha, Campos)

2. Community and Economic Development Services

- a. **San Jose Sports Authority Major Events Fund.** The San Jose Sports Authority has been instrumental in securing major sporting events in San José, including the NCAA men's Basketball Championships and the 2012 U.S. Figure Skating Championships, as well as San José being one of the finalist cities considered for the 2012 U.S. Olympic Trials in Gymnastics. Securing first class sporting events, as well as ensuring their eventual success, requires that the Sports Authority be adequately funded. The 2012 events necessitated cumulative City support of roughly \$300,000 provided over several fiscal years. The Sports Authority is currently working to secure the 2016 Olympic Trials. To support this effort, and provide an initial partial payment of the total \$300,000 that is needed to secure the 2016 Olympic Trials for the City, the City Manager is directed to allocate \$100,000 in one-time funding to the San Jose Sports Authority Major Events Fund.
- b. **Downtown Streets Monterey Road Pilot Program.** The City Manager is directed to provide \$68,300 in one-time funding to expand the successful Downtown Streets Team program on a one year pilot program basis to Monterey Road (from Alma Avenue to Curtner Avenue and Umbarger Road South to Senter Road) removing debris, reporting code violations, covering/preventing graffiti, and providing general blight removal services. (BD #7 Nguyen)
- c. **Student Achievement.** The City has historically worked as part of a broad coalition of educators, business leaders, and community organizations to address achievement gap issues for public school students in San José. Prior Budget Messages have directed the City Manager to support these efforts and continually seek ways to engage and collaborate with local schools to improve educational outcomes. The East Side Alliance is currently working to address student achievement issues and improve educational outcomes consistent with the work of the larger coalition. The City Manager is directed to support these efforts next year with a focus on aligning City resources, such as library reading and after school programs and community center programs, with the work of the East Side Alliance.
- d. **Responsible Landlord Engagement Initiative (RLEI).** Historically, renters in certain neighborhoods have experienced difficulties with their landlords providing essential services, such as eliminating blight and overflowing garbage bins. Years of budget deficits that reduced City police and code enforcement staff further exacerbated the problem. However, the situation has recently shown improvement due to the work of the Neighborhood Housing Services of Silicon Valley and the United Neighborhoods of Santa Clara County with various government entities and private groups to act as a third party to get blighted areas cleaned up. The RLEI program improves the conditions of properties by encouraging and motivating property owners and investors to commit to manage their

properties responsibly. The City Manager is directed to allocate \$25,000 in one-time funding to support this program. (BD #14 Khamis)

- e. **Creating Jobs and Increasing Tax Revenues.** The Silicon Valley continues to drive not only the California economy but leads the nation in innovation, entrepreneurship, and job growth. We've experienced sustained economic growth, business expansion and reinvestment, job growth, strong real estate occupancy gains, new construction, and renovation of office/R&D and manufacturing facilities in the last couple of years. Every effort must continue to be made to preserve our employment lands in the Downtown, North San José, Edenvale, Monterey Corridor, and the International Business Park for driving industry companies large and small, whose success will in turn, generate growth in our business support and people-serving industries. States throughout the US and countries around the world want our companies to move R&D and manufacturing facilities to those locales and offer substantial incentives to do so. Our community survey and Neighborhood Association Priority Setting Session identified creating jobs and increasing tax revenues through economic development as one of the top priorities. The City Manager is directed to allocate \$1 million in one-time funding to the Economic Development/Incentive Fund to support the location of new companies in San José that will generate at least 100 jobs in manufacturing and generate revenues for City services and infrastructure investments.

3. Transportation and Environment

- a. **Pavement Maintenance.** In the past decade, a lack of sufficient funding has resulted in deferred maintenance and a decline in the condition of the City's infrastructure, particularly our roads. As detailed earlier in this Message, of the City's current \$1.05 billion Deferred Maintenance and Infrastructure Backlog, the largest need is \$587 million for transportation infrastructure, of which \$434 million is for deferred pavement maintenance. The Construction Excise Tax is imposed upon construction, alteration, repair, or improvement of any building or structure that is for residential or commercial purposes or is associated with a mobile home. Per City Council policy, the proceeds have traditionally been dedicated primarily to the Traffic Capital Improvement Plan. The 2014-2015 Capital Budget allocates additional Construction Excise Tax revenues (over the levels projected in the 2014-2018 CIP) to pavement maintenance. Should those Construction Excise Tax revenues exceed projections in any year from those assumed in the 2015-2019 CIP, at a minimum and given the need to prioritize pavement maintenance, the City Manager is directed to allocate those revenues to pavement maintenance.
- b. **Downtown and North San José Transportation Improvements Reserve.** The March Budget Message directed the City Manager to maximize the use of the additional revenues received in the Building and Construction Tax Fund and the Construction Excise Tax Fund in the 2013-2014 Fiscal Year to address unfunded transportation infrastructure commitments in Downtown and North San José. Additionally, the March Budget Message identified a total of \$5.6 million in funding (\$3.0 million from the Irvine Company's Riverview Project and \$2.6 million from Schmidt CS Seufferlein's Century Court Project) directed to be used for transportation purposes, which were repeated from the March and June 2013-2014 Budget Messages, respectively. The Proposed 2015-2019 CIP includes a \$16 million reserve for Downtown and North San José Transportation Improvements. MBA #8 details a strategy to address an estimated \$50 million funding shortfall for the North San José Area Development Policy Phase I transportation improvements. Part of

this strategy includes allocating \$8 million of the \$16 million Reserve for North San José as part of the Traffic Capital Program (2015-2019 CIP). The City Manager is directed to allocate the remaining \$8 million in the Reserve to a separate reserve for the Autumn Parkway Project (north of Santa Clara Street). With the \$7 million separately budgeted for land acquisition costs for the Autumn Parkway Project, the \$8 million held in reserve translates to the City being just \$500,000 short of the total funding needed to complete construction of this critical project Downtown. With regard to the \$2.6 million related to the Century Court project, the City Manager and City Attorney are directed to draft an amendment to the ordinance approving the Development Agreement to utilize these funds for transportation needs as directed in prior Budget Messages.

- c. **Pedestrian Safety.** The City funds a variety of projects and programs that improve the operational efficiency and safety of the City's transportation network, such as for enhanced pedestrian crossings on major roadways to access neighborhood schools, parks, community centers, and nearby transit stops. Depending on the roadway and traffic conditions present, safety enhancements can include such minor improvements as upgrading flashing beacons at pedestrian crossings. The City Manager is directed to allocate \$45,000 in one-time Construction Excise Tax funding for this type of minor pedestrian safety improvement on Lincoln Avenue. (BD #4 Oliverio)

- d. **Parking Meters, Rates, and Community Parking Districts (MBA #18).** MBA #18 identifies \$700,000 in increased Parking Meter Revenues in the 2014-2015 Operating Budget and recommends establishing two reserves, for the Diridon and Downtown areas, respectively, both in the amount of \$350,000. MBA #18 also estimates the ongoing net revenues that the Smart Meters combined with the rate adjustment will generate once the capital investment to install the meters has been recovered. The MBA projects it will take approximately two years to recover the capital investment. The City Manager is directed to name the Diridon Area Reserve the "SAP Center Area Parking Reserve" and restrict expenditures from that Reserve for priority parking projects in the SAP Center Area, such as a new parking structure in partnership with the SAP Center. The City Manager is further directed to allocate, once the capital investment from the Smart Meters is recovered, any net new revenues from the Smart Meters after the 4th and San Fernando Street Garage debt service obligation has been met, and after the Smart Parking Meter System Costs have been accounted for, on a 50-50 split basis to the SAP Center Area Parking Reserve and the Downtown Parking Investment Reserve.

- e. **Shuttle from Caltrain and BART Stations to North San José.** At meetings with North San José developers on February 3 and May 21 of this year, it was made clear that the need for connectivity to Caltrain and BART via a dedicated, free or partially subsidized shuttle service was important to attracting high tech companies and young engineers to North San José. Other business parks in Sunnyvale and Santa Clara have successfully implemented shuttles recently. A Caltrain ridership survey for 2014 shows that Caltrain ridership is booming as tech companies locate and expand closer to stops. However, North San José is not easily accessible from any Caltrain stations. Some companies located along the 237 and North First Street corridors finance their own shuttles to transport employees from the Santa Clara Caltrain and Fremont BART stations. The City should develop a pilot program in coordination with the VTA, Bay Area Air Quality Management District, developers, and corporations interested in jointly sponsoring a shuttle service to North San José. The City

Manager is directed to return to the City Council in September 2014 with an analysis and cost estimate on how to implement a shuttle service to begin in early 2015.

4. Strategic Support

- a. **Data Analytics Team.** As discussed earlier in this Message, the Fire Department is successfully using data analytics to improve response time performance. Separately, the Parks, Recreation and Neighborhood Services Department has undertaken a Business Intelligence Project to utilize data, analytics, and activity based costing to review services provided and determine ways to provide the most cost effective services and enhance existing services. These recent examples illustrate how using data and data analytics increases the effectiveness and efficiency of the decision-making process and improves outcomes. Opportunities exist to scale this work and expand the use of data analytics to other City departments. For instance, we could utilize predictive policing in the Police Department to reduce high-frequency, geographically-focused crimes like burglary and drug dealing. To increase the use of data analytics throughout City operations, as well as assesses the current analytic capacity in individual departments, the City Manager is directed to allocate \$195,000 (\$209,000 in ongoing funding) to provide a data analytics team consisting of 1.0 Senior Executive Analyst and 1.0 Analyst to allow the City Manager's Office to: (1) execute data analysis projects directly, independent from City departments; and (2) undertake a review of all City departments and their existing analytic capability. Through the independent projects, this team will develop best practices that can be utilized in guiding those departments needing improvement and support in the use of data analytics. (BD #59 Liccardo)
- b. **Open Data Initiative.** Open data initiatives highlight accountability by providing the public access to the same data sets used by the Administration to make decisions. The 2014-2015 Proposed Budget includes 1.0 Supervising Applications Analyst to provide a dedicated resource to serve as the City's Open Data Architect, as well as \$50,000 in one-time funding for the purchase of an open data tool set to integrate legacy systems. This dedication of resources, will provide the public with much better access to the performance of the City, increase transparency, and emphasize accountability. In addition, the City is currently in the procurement process for a new Operating/Capital Budget System. This advance, once implemented, is anticipated to have an open data component which will improve transparency and accountability. As part of these efforts, the City Manager is directed to explore whether the City should also subscribe to the OpenGov.com's web-based government financial transparency platform as part of the City's Open Data Initiative. (BD #11 Khamis)
- c. **Human Resources Contractual Services.** The Police Department currently conducts exit interviews for personnel resigning from the Department. This effort would be complemented by the addition of contractual services managed by the Human Resources Department to conduct interviews with current officers about what factors motivate them to stay with and succeed in the Department. This information would enhance the City's recruitment and retention efforts within the Department. Further, on an ongoing basis, these services could function as the exit lead for other departments. The City Manager is directed to add \$100,000 in ongoing funding for contractual services within the Human Resources Department for these purposes. (BD #20 Herrera)

- d. Recycled Water.** The City has successfully built, maintained and operated South Bay Water Recycling (SBWR), the largest recycled water system in California presently delivering over 14 million gallons a day. In Fiscal Year 2014-2015, SBWR will become the first recycled water system in the country to operate at cost recovery. In our current drought situation, SBWR can serve as a renewable resource to support our regional economic recovery. The City Manager is directed to continue working with the Santa Clara Valley Water District, as well as our water retailers, to expand recycled water deliveries.
- e. Regional Wastewater Facility.** The City has been successful in stemming the exodus of staff from the Regional Wastewater Facility by providing opportunities for staff to find a career path that will keep them working in critical functions. We need to build on these successes. The City Manager is directed to continue these efforts to retain and recruit staff for critical functions at the Regional Wastewater Facility.
- f. Office of the City Attorney Staffing.** The City Attorney requested \$180,000 in one-time funding to temporarily rehire two retirees to fill critical transition needs in two key operational areas: (1) complex litigation and (2) legal staffing for Planning, Administrative Hearings, and Environmental Services. Due to significant staff turnover in recent years, the rehired retirees would ensure continuity in litigation knowledge and skills and in transactional knowledge and skills, respectively. This is a one-time infusion of resources; the City Attorney has stated that his office will continue to develop an administrative advisory plan during the transition. The City Manager is directed to allocate \$180,000 in one-time funding for these purposes to the Office of the City Attorney. Further, the City Attorney has identified increased workload related to the implementation of Urban Villages, as the office provides legal support to the Planning Department. The City Manager is directed to provide \$220,000 to fund a Legal Analyst II position for two years on a temporary limit dated basis through June 30, 2016, to support this workload. Prior to the end of the two-year period, the City Manager is directed to assess whether the workload justifies this position and the funding on an ongoing basis.
- g. Lease Revenue Bond Financings.** MBA #10 recommends adoption of various amendments to Council Policies 1-15 and 1-18 related to debt management and the Operating Budget and Capital Improvement Program to reflect the City Council's January 28, 2014, action related to lease revenue bond financings. The January 28, 2014 action also directed staff to prepare an ordinance amending the Municipal Code to require two-thirds majority approval of lease revenue bond financings. MBA #10 states that the proposed amendment to the Municipal Code will be separately agendized. The City Manager is directed to agendize the ordinance for the June 10, 2014 City Council meeting to ensure its adoption concurrent with the City Council action to adopt the 2014-2015 Budget (including MBA #10).
- h. 2015-2016 Future Deficit Reserve:** Through the adjustments and modifications made in this Message, the projected General Fund deficit in 2015-2016 is \$2.4 million. The City Manager is directed to set aside the necessary one-time funding to cover that projected deficit in 2015-2016.

- i. **Funding Sources.** To fund many of the items included in this Message that have not been discussed, the City Manager is directed to use the \$2 million in the Essential Services Reserve in the 2014-2015 Proposed Budget and the funding identified in MBA #17 (additional Essential Services Reserve funding of \$620,000), MBA #20 (additional Essential Services Reserve funding of \$150,000), MBA #26 (additional Essential Services Reserve funding of \$26,100), and MBA #28 (additional Essential Services Reserve funding of \$11.6 million).

5. Rebudget Proposals

For Mayor and City Council Offices, I recommend the following rebudgets subject to final verification of accounts by the City Clerk’s Office. With the elimination of Council General, the City Manager is directed to allocate remaining Council General funds of \$1.9 million to fund items identified in the Message, leaving \$100,000 for transition costs.

	Net Office Rebudget	Constituent Outreach Rebudget	Total Rebudget
Mayor’s Office*	\$55,000	\$70,000	\$225,000
Council General**	0	0	\$100,000
District 1*	\$47,432	0	\$47,342
District 2	\$52,687	0	\$52,687
District 3*	0	0	\$0
District 4	\$6,000	0	\$6,000
District 5*	\$27,000	0	\$27,000
District 6	\$70,000	0	\$70,000
District 7*	\$55,000	0	\$55,000
District 8	\$72,943	0	\$72,943
District 9*	\$136,578	\$19,000	\$155,778
District 10	\$77,360	0	\$77,360

*The Office of the Mayor and Council Districts 1, 3, 5, 7, and 9 rebudgets reflect the direction contained in the City Council approved Mayor’s March Budget Message for Fiscal Year 2013-2014 related to budgeting during election years. The rebudget amount will be halved to maintain separate budget allocations for the outgoing and incoming elected officials. The first appropriation will be for the July through December 2014 period for the Mayor and Councilmembers whose terms expire in December 2014 (50 percent of the total rebudget). The second appropriation will be for the January through June 2015 period for the newly elected Mayor and Councilmembers (50 percent of the total rebudget).

**For the 2014-2015 Budget, as directed by the Mayor’s March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the Council General allocation has been eliminated to increase spending transparency.

COORDINATION

This memorandum has been coordinated with the City Manager and City Attorney.

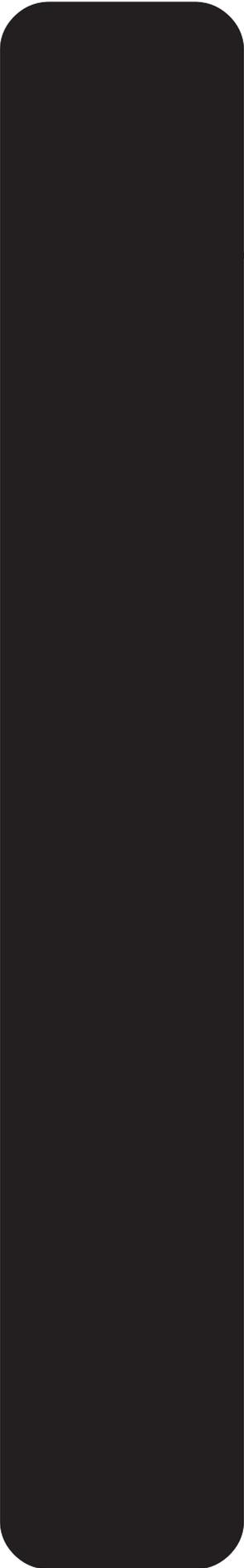
CITY SOURCE AND USE OF FUNDS

GENERAL FUND		2014-2015	Ongoing
SOURCE OF FUNDS			
MBA #17	Beginning Fund Balance	620,000	0
MBA #26	Departmental Charges	(26,100)	(26,100)
MBA #28	Property Tax	5,400,000	5,400,000
MBA #28	Beginning Fund Balance	3,000,000	0
Page 17	Beginning Fund Balance: Mayor and City Council Rebudgets	2,798,110	0
Total General Fund Source of Funds		11,792,010	5,373,900
USE OF FUNDS			
MBA #20	TRANs Debt Service	(400,000)	(400,000)
MBA #20	Banking Services	250,000	250,000
MBA #28	2015-2016 Future Deficit Reserve	(4,200,000)	4,200,000
MBA #28	Contingency Reserve	1,000,000	0
Page 8	Police Department Staffing Reserve	10,000,000	500,000
Page 9	Fire Department Organizational Review	150,000	0
Page 10	School Crossing Guards (3.0 School Crossing Guard PT)	127,000	127,000
Page 10	Park Rangers/Safe Cam Program (3.0 Park Ranger FT)	380,000	380,000
Page 11	Medical Marijuana Enforcement (1.0 Deputy City Attorney, 1.0 Code Enforcement Inspector limit-dated through June 30, 2015)	300,000	0
Page 11	Aquatics Program (0.02 Swimming Pool Manager PT, 0.02 Assistant Swimming Pool Manager PT, 0.26 Lifeguard PT)	7,900	7,900
Page 11	Mayor's Gang Prevention Task Force	1,000,000	0
Page 12	San Jose Sports Authority Major Events Fund	100,000	0
Page 12	Downtown Streets Monterey Road Pilot Program	68,300	0
Page 12	Responsible Landlord Engagement Initiative	25,000	0
Page 13	Creating Jobs and Increasing Tax Revenues	1,000,000	0
Page 15	Data Analytics Team (1.0 Senior Executive Analyst, 1.0 Analyst II)	195,000	209,000
Page 15	Human Resources Contractual Services	100,000	100,000
Page 16	Office of the City Attorney Staffing (1.0 Legal Analyst II, limit-dated through June 30, 2016)	400,000	0
Page 16	2015-2016 Future Deficit Reserve	2,400,000	0

Page 16	Essential Services Reserve (Funding Sources)	(2,000,000)	0
Page 17	Mayor's Office Rebudget	224,700	0
Page 17	Council General	100,000	0
Page 17	Council District 1 Rebudget	47,342	0
Page 17	Council District 2 Rebudget	52,687	0
Page 17	Council District 4 Rebudget	6,000	0
Page 17	Council District 5 Rebudget	27,000	0
Page 17	Council District 6 Rebudget	70,000	0
Page 17	Council District 7 Rebudget	55,000	0
Page 17	Council District 8 Rebudget	72,943	0
Page 17	Council District 9 Rebudget	155,778	0
Page 17	Council District 10 Rebudget	77,360	0
Total General Fund Use of Funds		11,792,010	5,373,900
Additional Funding Available		0	0

CONSTRUCTION EXCISE TAX FUND		2014-2015	Ongoing
SOURCE OF FUNDS			
NONE		0	0
Total Construction Excise Tax Fund Source of Funds		0	0
USE OF FUNDS			
Page 13	Reserve for Downtown and North San Jose Transportation Improvements	(6,000,000)	0
Page 13	Reserve for Autumn Parkway	6,000,000	0
Page 14	Pedestrian Safety	45,000	0
Page 14	Ending Fund Balance	(45,000)	0
Total Construction Excise Tax Fund Use of Funds		0	0

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2014-2015

OPERATING BUDGET

GANN LIMIT



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: June 10, 2014

Approved

Date

6/10/14

SUBJECT: ADOPTION OF A RESOLUTION IN COMPLIANCE WITH ARTICLE XIII B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND AS MODIFIED BY PROPOSITION 111 AND SB 88 ELECTING THE POPULATION AND INFLATION FACTORS AND ESTABLISHING THE FISCAL YEAR 2014-2015 APPROPRIATION LIMIT

RECOMMENDATION

It is recommended that the City Council adopt a resolution taking the following actions with respect to the City's 2014-2015 "Gann Limit":

- (1) Elect the per capita income index as the inflation factor for 2014-2015 on a provisional basis, with the option to adjust the Limit, if necessary, once the non-residential assessment data is available from the County Assessor; and
- (2) Elect the City population growth index as the population factor for 2014-2015; and
- (3) Establish the Fiscal Year 2014-2015 Appropriation Limit at \$936,545,078 in compliance with Article XIII B of the State Constitution.

OUTCOME

The establishment of the 2014-2015 Appropriation Limit ("Gann Limit") is necessary to comply with Article XIII B of the State Constitution.

BACKGROUND

California voters approved an initiative on November 6, 1979 that added Article XIII B to the State Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The Appropriation Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors.

The original legislation implementing the provisions of Article XIII B became effective January 1, 1981. In accordance with that legislation, the governing body of each government jurisdiction must, by resolution, establish its annual Appropriation Limit for the coming year (prior to July 1) at a regularly scheduled meeting or noticed special meeting.

The original Article XIII B (Proposition 4) and its implementing legislation Chapter 1205/80 were modified by Proposition 111 and SB 88 (Chapter 60/90). Significant changes imposed by Proposition 111 include the following:

- The provision of a choice in methodologies for determining the annual inflation factor between (1) growth in California per capita income, or (2) growth in non-residential assessed valuation due to new construction within the City.
- The provision of a choice in methodologies for determining the annual population growth factor between (1) City population growth, or (2) County population growth.
- Regulations allowing the exclusion of “qualified capital outlay” expenditures from the calculation of the Limit.
- Provision of a process for avoiding tax refunds if a city falls sufficiently below the Limit in the next fiscal year. The revised language provides two years, beyond the second year, to refund any remaining excess during which jurisdictions can seek to obtain a successful override vote.

ANALYSIS

The State Constitution (Article XIII B) specifies that the Appropriation Limit restricts the amount of revenue that can be appropriated. Not all revenues are restricted by the Limit, only those that are “proceeds of taxes”. The majority of the major General Fund revenue sources (Sales Tax, Property Tax, Utility Tax, Business Taxes, Telephone Line Tax) are classified as proceeds of taxes, and are, therefore, subject to the Limit. Special fund revenue sources subject to the Limit generally include local construction tax revenues. Each revenue source is reviewed annually for classification as subject to, or exempt from, this Limit.

Appropriation Limit Adjustment Factors

In addition, proceeds of taxes may be spent on several types of appropriations that do not count against the Limit. The law allows a city to spend tax proceeds on voter-approved debt, costs of complying with court orders and federal mandates, with certain restrictions, and expenditures for qualified capital outlay. Appropriations for these excludable categories do not count against the Limit.

As a result of Proposition 111, the City is required to choose between two annual inflation factors and two population growth factors.

The choice offered for the annual inflation factor is the greater of (1) the growth in California per capita income or (2) the growth in non-residential assessed valuation due to new construction within the City. The data necessary to calculate the increase in non-residential assessed valuation is not currently available from the County Assessor. Until such information is available, it is recommended that the City approve the 2014-2015 Appropriation Limit on a provisional basis using the inflation factor of California per capita income.

The choice offered for the annual population growth factor is the greater of the growth in City or County population. The California State Department of Finance provided the 2013 population growth rates for both the City of San José and County of Santa Clara at 1.72% and 1.50%, respectively. Based on these growth rates, it is recommended that the City Council approve the 2014-2015 Appropriation Limit using the City's population growth factor.

Calculation of the 2014-2015 Appropriation Limit

The application of the annual growth factors to the 2013-2014 Limit result in a 2014-2015 Limit of \$936,545,078:

2013-2014 Appropriation Limit	\$ 922,831,397
Inflation factor	X 0.9977
Population factor	X <u>1.0172</u>
2014-2015 Appropriation Limit	<u>\$ 936,545,078</u>

Based on these calculations, the City Attorney, as required by the State Constitution, has prepared a resolution for City Council consideration that would establish the 2014-2015 Appropriation Limit for the City of San José at \$936,545,078.

Appropriations Subject to the Limit

The amounts in the City's 2014-2015 Proposed Budget subject to the Limit (net proceeds of taxes) total \$648,178,846, which represent 69% of the Appropriation Limit. This amount is approximately \$288 million below the required Limit:

2014-2015 Appropriation Limit	\$ 936,545,078
2014-2015 Appropriations Subject to Limit	<u>(648,178,846)</u>
Amount Under Limit	<u>\$ 288,366,232</u>

When the annual budget is prepared each year for the City of San José, the appropriations subject to the Appropriation Limit are typically well below the Appropriation Limit as shown below:

Fiscal Year	Appropriation Limit	Appropriations Subject to the Limit*	Amount Under Limit
2013-2014	\$923 million	\$600 million	\$323 million
2012-2013	\$864 million	\$510 million	\$354 million
2011-2012	\$821 million	\$515 million	\$306 million
2010-2011	\$790 million	\$458 million	\$332 million
2009-2010	\$798 million	\$458 million	\$340 million

* Actual data used for 2009-2010 through 2012-2013; Proposed Budget data used for 2013-2014.

Over the last five years, and including 2014-2015, the City's appropriations subject to the Appropriation Limit have remained well below the Appropriation Limit, with these appropriations totaling between 57% and 69% of the Appropriation Limit. Given the size of this gap, it is unlikely that the City will exceed the Appropriation Limit in the upcoming years without significant changes to the City's tax structure.

EVALUATION AND FOLLOW-UP

At the end of the 2014-2015 fiscal year, the Finance Department will reconcile actual revenues and expenditures to ensure compliance with the Gann Limit.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

HONORABLE MAYOR AND CITY COUNCIL

June 10, 2014

Subject: Adoption of a Resolution Establishing the Fiscal Year 2014-2015 Appropriation Limit

Page 5

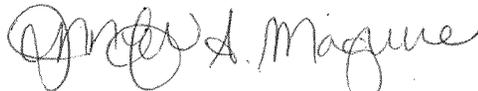
While the recommended actions do not meet any of the above criteria, this memorandum will be posted on the City's website for the June 17, 2014, Council Agenda.

COORDINATION

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

CEQA

Not a project.

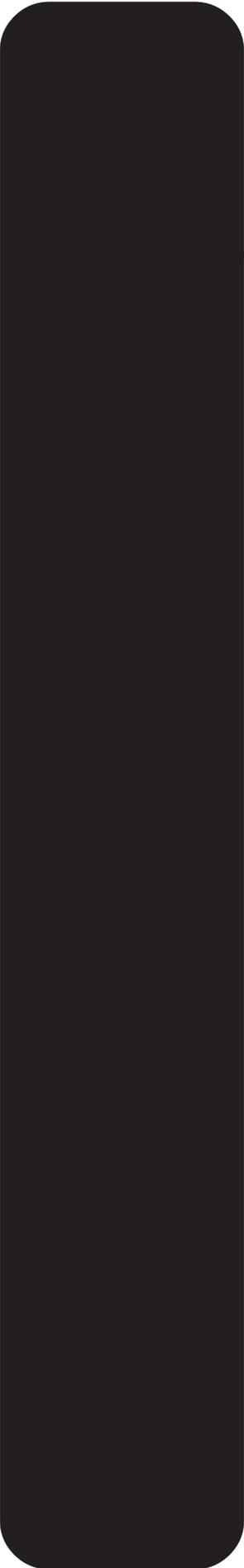


JENNIFER A. MAGUIRE

Deputy City Manager/Budget Director

For questions, please contact Margaret McCahan, City Manager's Budget Office, at (408) 535-8132.

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2014-2015

OPERATING BUDGET

**BUDGET
ADOPTION
RESOLUTION**

RESOLUTION NO. 77017

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING FOR ADOPTION THE OPERATING BUDGET FOR FISCAL YEAR 2014-2015

WHEREAS, the Proposed Operating Budget for fiscal year 2014-2015 was submitted by the City Manager to the City Council on May 1, 2014; and

WHEREAS, several hearings have been conducted where members of the public have had prior notice and an opportunity to appear and be heard regarding the Proposed Operating Budget for fiscal year 2014-2015; and

WHEREAS, the Council held a public hearing on June 9, 2014, to consider the "Proposed 2014-2015 Operating Budget" as presented by the Mayor in his memorandum entitled "June Budget Message for Fiscal Year 2014-2015" and dated May 30, 2014;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Pursuant to and in accordance with applicable provisions of the Charter of the City of San José, the "2014-2015 Operating Budget," submitted by the City Manager to the City Council on May 1, 2014, as modified by the City Council on June 10, 2014, is hereby approved for adoption.

SECTION 2. The City Manager is hereby directed to file the Adopted 2014-2015 Operating Budget, as adopted by the City Council on June 10, 2014, in the Office of the City Clerk.

ADOPTED this 10th day of June, 2014, by the following vote:

AYES: CAMPOS, CONSTANT, HERRERA, KALRA, KHAMIS,
LICCARDO, NGUYEN, OLIVERIO, ROCHA; REED.

NOES: NONE.

ABSENT: CHU.

DISQUALIFIED: NONE.



CHUCK REED
Mayor

ATTEST:



TONI J. TABER, CMC
City Clerk