

*Five-Year Economic Forecast  
and  
Revenue Projections*

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*2015-2019*

Section 3

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Committed Additions to the Base General Fund Forecast

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

As has been the practice, potential future-year program expenses in the General Fund have been included in a “**Committed**” Additions section of the General Fund Forecast.

**Committed Additions** involve expense changes for projects that have been previously approved by the City Council and deemed relatively unavoidable. The majority of items included in this category are additional maintenance and operating expenses that will be required to operate and maintain approved capital projects scheduled for completion or to open within the five-year horizon of this forecast. These expenses are related to the maintenance and operations of new parks and recreational facilities, traffic infrastructure assets, and the bond-funded Fire Station 21, Southeast Branch Library and Softball Complex facilities. It should be noted that the estimated costs included in this category have been submitted by the various departments involved, but have not yet been fully analyzed by the Budget Office. It can be anticipated that refinements of these estimates will be performed prior to bringing them forward for consideration by the City Council in any given year.

A summary of capital projects included in this Forecast is provided below and detailed in Chart A at the end of this section. In addition, based on the City Council’s adoption of Budget Principle #8 during the 2008-2009 budget process, a **General Fund Capital Operating and Maintenance/Budget Principle #8** discussion is included in this section. Capital projects with maintenance and operating costs over \$100,000 and previously certified and included in the approved Capital Improvement Program or approved by the City Council in 2013-2014 are identified in Chart A of this section. Certification for potential new projects or modifications to existing projects identified after the release of this Forecast, that have not been previously approved by the City Council, may be recommended for certification as part of the 2015-2019 Proposed Capital Improvement Program. If certified by the City Council, the maintenance and operating costs associated with these facilities would then be included in subsequent General Fund Five-Year Forecast documents.

Following is a summary of Committed Additions included in the General Fund Five-Year Forecast. Projections factor in an inflation escalator for the out-years of the forecast and are displayed in a cumulative, not incremental, cost method.

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions Summary

**New Parks and Recreation Facilities Maintenance and Operations** – This category reflects the projected additional costs of maintaining and operating new and expanded parks and recreation facilities included in the City’s Five-Year Capital Improvement Program. A number of parks scheduled to come online over the next five years include Del Monte Park, Lake Cunningham Bike Park and Robert Antonio Balermينو Park, to name a few. With the State of California’s initial acceptance of the joint bid submitted by the City and the Santa Clara Unified School District to purchase the Agnews Property, costs are included for the portion of the Agnews Property that would be the City’s responsibility to maintain. Should the sale transaction become final, it is anticipated that any major construction by the City on the Agnews property would occur outside this five-year period. The forecast also includes operating cost estimates for trail sections for the Coyote Creek Trail, Guadalupe River Trail, Lower Silver Creek Trail, Penitencia Creek Trail, and the Thompson Creek Trail. Funding continues to be set aside for Future Trail Projects to help meet the City’s goal to expand the City’s trail system to 100 miles by the year 2020. The City currently has over 55 miles of trails.

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
193,000	331,000	484,000	605,000	692,000

**New Traffic Infrastructure Assets Maintenance and Operations** – This category reflects the projected additional costs that will be necessary to operate and maintain transportation-related projects included in the City’s Five-Year Capital Improvement Program. Funding to operate and maintain new traffic signals, landscaping, street lighting, radar speed display signs and other traffic infrastructure is assumed in this category. Many projects are related to traffic safety enhancements for pedestrians and bicyclists. Notable projects coming online over the forecast period include maintenance of street trees and traffic signals related to Bus Rapid Transit, The Alameda – A Plan for the Beautiful Way, Route 101: Interstate 280 to Yerba Buena, and Route 280/880 Stevens Creek Upgrade.

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
11,000	57,000	121,000	131,000	145,000

**Measure O (Library) Maintenance and Operations** – This category reflects the projected additional maintenance and operations costs of new and expanded branch libraries that were approved by voters in November 2000. The final Measure O-approved library is the Southeast Branch Library, which is scheduled to open in the spring of 2016.

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
0	237,000	735,000	757,000	779,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions Summary

**Measure P (Parks) Maintenance and Operations** – This category reflects the projected additional maintenance and operations costs of new and expanded parks and community facilities that were included as part of a bond measure approved by the voters in November 2000. The only project included in this forecast—and the last remaining Measure P park project—is the Softball Complex tentatively scheduled to open in 2017-2018 with a projected net operating expenditure of \$87,000. While the City recently identified the Arcadia property as the site to build the Softball Complex, the final costs to maintain the facility and the amount of anticipated revenue collected from field rental fees will likely be revised upon determination of the final project scope.

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
0	0	0	87,000	81,000

**Measure O (Public Safety) Maintenance and Operations: Fire** – This category reflects the projected additional maintenance and operations costs of new and expanded fire facilities that were included as part of a bond measure adopted by the voters in March 2002. The last two fire stations scheduled for construction under the Measure O program are Fire Station 21 (relocation to White Road) and Fire Station 37 (South Willow Glen). This forecast only includes the costs for Fire Station 21, which is programmed to open mid-2016.

While the future operating and maintenance costs of approximately \$3.1 million for Fire Station 37 were included in previous forecasts, Fire Station 37 has been removed from this forecast due to a lack of sufficient funding for project construction. 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 public safety bond 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. As outlined in the Manager’s Addendum #31 sent to the City Council on May 28, 2013, the Administration intends to perform an analysis studying the operational impact of Fire and Paramedic emergency response coverage if the City were to (1) build and open Fire Station 37 and keep Fire Station 6; (2) build and open Fire Station 37 and close Fire Station 6; and (3) remodel Fire Station 6 and not construct Fire Station 37. Combined with this analysis, the construction and ongoing operational costs for each scenario will need to be developed. This analysis is expected to be released as a Manager’s Budget Addendum as part of the 2014-2015 budget process.

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
0	11,000	23,000	23,000	23,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### General Fund Capital Operating and Maintenance/Budget Principle #8

In March 2008, the City Council adopted the Budget Principles as part of the approval of the Mayor's 2008-2009 March Budget Message. Budget Principle #8 pertains to Capital Improvement Projects and directs that capital improvement projects with annual operating and maintenance costs "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 maintenance and operations costs, will not require a decrease in existing basic neighborhood services."

Chart A details a list of all project maintenance and operations costs assumed in this Forecast. Funding for these projects has been included as part of the approved Capital Improvement Program, approved by the City Council in 2013-2014, or align with previous City Council direction. There are no new projects identified in the Forecast that would need certification in accordance with Budget Principle #8. All capital projects that were previously approved for certification by the City Council with annual maintenance and operating costs in the General Fund greater than \$100,000 have been denoted in the chart with an asterisk. The Softball Complex has been previously certified by the City Council even though early operations and maintenance estimates do not exceed \$100,000; however, these costs may rise upon determination of the final project scope. By 2018-2019, the costs to maintain and operate all City Council approved projects, expected to come online during the five-year period, are projected at approximately \$1.7 million annually, of which approximately \$883,000 are related to voter-approved bond measures.

While the General Fund budget has started to stabilize, maintenance and operating costs for new capital facilities will continue to present challenges given the General Fund's very thin margins. All project maintenance and operating costs will be evaluated on an annual basis for inclusion in subsequent Five-Year General Fund Forecasts. A careful evaluation of the project schedules and/or staffing necessary to maintain and operate these facilities will be performed prior to bringing them forward for consideration by the City Council in any given year.

**CHART A - 2015-2019 GENERAL FUND FORECAST  
Net Operating Impact of Capital Programs**

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>					
Agnews Park and Community Center ( <i>undeveloped</i> )	22,000	22,000	23,000	26,000	26,000
Del Monte Park	47,000	52,000	53,000	54,000	55,000
Future Trail Projects*	-	-	24,000	88,000	156,000
Lake Cunningham Bike Park	-	-	20,000	58,000	65,000
Martial-Cottle Community Garden	44,000	60,000	61,000	64,000	66,000
Martin Park	-	23,000	47,000	48,000	49,000
Montecito Vista Park	15,000	37,000	38,000	39,000	39,000
Noble Park Dog Park	-	15,000	31,000	32,000	33,000
Ocala Middle School Sportsfields**	-	-	-	-	-
Pellier Park	-	-	17,000	18,000	18,000
Roberto Antonio Balermino Park	11,000	22,000	22,000	23,000	23,000
Santana Park	-	-	-	4,000	9,000
Shady Oaks Sportsfield**	-	-	-	-	-
TRAIL: Coyote Creek (Flea Market)	-	-	5,000	5,000	5,000
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)	-	-	10,000	10,000	10,000
TRAIL: Guadalupe River Trail (Tasman Dr Undercrossing)	-	2,000	2,000	2,000	2,000
TRAIL: Guadalupe River Trail (Coleman Rd Undercrossing)	-	-	3,000	3,000	3,000
TRAIL: Lower Silver Creek (Alum Rock Ave to Highway 680)	-	-	29,000	30,000	30,000
TRAIL: Lower Silver Creek (Dobern Bridge to Foxdale Dr)	-	6,000	6,000	6,000	6,000
TRAIL: Lower Silver Creek 4/5A (Alum Rock to Hwy 680)	-	23,000	23,000	24,000	24,000
TRAIL: Penitencia Creek Reach 1A (Noble Ave to Dorel Dr)	-	7,000	7,000	7,000	7,000
TRAIL: Penitencia Creek 1B (Dorel Dr to Noble Ave)	15,000	15,000	15,000	16,000	16,000
TRAIL: Thompspon Creek (Tully Road to Quimby Ave)	7,000	7,000	7,000	7,000	7,000
TRAIL: Three Creeks Pedestrian Bridge	-	2,000	2,000	2,000	2,000
Vista Montana Park (Turnkey) - Phase 2	14,000	19,000	20,000	20,000	21,000
West Evergreen Park	18,000	19,000	19,000	19,000	20,000
<b>TOTAL NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>	<b>193,000</b>	<b>331,000</b>	<b>484,000</b>	<b>605,000</b>	<b>692,000</b>
<b>NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS</b>					
Bus Rapid Transit	-	20,000	42,000	43,000	44,000
Innovative Bicycle Detection	-	-	16,000	16,000	16,000
Jackson Complete Streets (OBAG)	-	-	9,000	9,000	10,000
LED Streetlight Program (White Road)	-	2,000	2,000	2,000	2,000
Ocala Avenue Pedestrian Improvements (OBAG)	-	-	5,000	5,000	5,000
Route 101: Interstate 280 to Yerba Buena	5,000	5,000	5,000	6,000	6,000
Route 280/880/Stevens Creek Upgrade	-	6,000	6,000	6,000	6,000
Safe Pathways to Diridon Station	-	1,000	1,000	1,000	1,000
San Fernando Street Enhanced Bikeway & Ped Access	1,000	1,000	1,000	2,000	2,000
The Alameda - A Plan for the Beautiful Way	5,000	8,000	8,000	9,000	9,000
The Alameda - A Plan for the Beautiful Way Phase 2	-	-	4,000	4,000	5,000
Safety - Pedestrian Improvements	-	12,000	20,000	26,000	37,000
Safety - Traffic Signal Modifications/Construction	-	2,000	2,000	2,000	2,000
<b>TOTAL NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS</b>	<b>11,000</b>	<b>57,000</b>	<b>121,000</b>	<b>131,000</b>	<b>145,000</b>
<b>MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>					
Southeast Branch*	-	237,000	735,000	757,000	779,000
<b>TOTAL MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>	<b>-</b>	<b>237,000</b>	<b>735,000</b>	<b>757,000</b>	<b>779,000</b>
<b>MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>					
Softball Complex*	-	-	-	87,000	81,000
<b>TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,000</b>	<b>81,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>					
Fire Station 21 - Maintenance and Utilities	-	11,000	23,000	23,000	23,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>	<b>-</b>	<b>11,000</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>
<b>TOTAL OPERATING IMPACT OF CAPITAL PROGRAMS</b>	<b>204,000</b>	<b>636,000</b>	<b>1,363,000</b>	<b>1,603,000</b>	<b>1,720,000</b>

\*Capital Projects with operating and maintenance costs in the General Fund greater than \$100,000 annually that have been previously certified.

\*\*Capital projects that are anticipated to recover all operating and maintenance costs from revenues generated by those facilities.