



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Margaret McCahan

**SUBJECT:** LOCAL SALES TAX BUDGET  
ADJUSTMENTS

**DATE:** May 31, 2019

Approved

Date

5/31/19

## RECOMMENDATION

Approve the General Fund revisions to the 2019-2020 Proposed Budget to specify the expenditures that will be funded by the Local Sales Tax in the General Fund as specified in Attachment A.

## BACKGROUND

On June 7, 2016, San Jose voters approved a one-quarter percent local sales tax to fund City services, with over 61% support. This measure requires Independent Citizens Oversight with public review of spending. The City began collecting this sales tax on October 1, 2016, and the allocation of the 2016-2017 funds (\$30 million) was incorporated into the 2016-2017 budget process as described in Manager's Budget Addendum #14 (*Sales Tax Ballot Measure: 2016-2017 provisional budget and Ongoing Spending Priorities Plan*). That document can be found at: <http://www.sanjoseca.gov/DocumentCenter/View/57131>.

On December 13, 2016, the City Council adopted a resolution designating the Neighborhoods Commission as the Independent Citizens Oversight Committee (ICOC) for the voter-approved sales tax measure. The scope of duties of the ICOC as well as the annual meeting requirement and process to report back to the City Council were also identified at that time. Though the Local Sales Tax is a general tax with no use restrictions, the ICOC, as appointed by the Neighborhoods Commission, have determined that they expect the City Council to approve specific expense allocations from the Local Sales Tax that generally align with the programs, projects, and services highlighted in the Measure B ballot language. The Administration recommends that these allocations be made through a Manager's Budget Addendum to ensure maximum transparency.

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### **ANALYSIS**

The Local Sales Tax is projected to generate \$47 million in 2019-2020 and represents 3.5% of the General Fund funding sources in the 2019-2020 Proposed Budget. By approving the recommendations included in this memorandum, the City Council identifies the programs, projects, and services in the 2019-2020 Local Sales Tax Spending Plan (Attachment A) as expenditures funded by the Local Sales Tax. This \$47 million spending plan includes ongoing expenditures initially funded by the Local Sales Tax in previous years, as well as any new allocations included in the 2019-2020 Proposed Budget. These allocations will be placed in separate appropriations to allow for straightforward expenditure tracking. Information in Attachment A includes the description of the budget item funded by the Local Sales Tax, the year the item was initiated, whether the item is a departmental activity or a City-wide expense, the positions associated with the item, and the item's total cost in 2019-2020.

### **PUBLIC OUTREACH**

This memorandum will be provided to the Independent Citizens Oversight Committee.



MARGARET MCCAHAN  
Budget Director

For more information, please contact Margaret McCahan, Budget Director, at (408) 535-8142.

Attachment A: 2019-2020 Local Sales Tax Spending Plan

**2019-2020 Local Sales Tax Spending Plan**

1. Approve the following amendments to the 2019-2020 Proposed Operating Budget in the General Fund:
  - a. Establish the Local Sales Tax – Office of Emergency Management appropriation to the City Manager’s Office in the amount of \$555,000;
  - b. Establish the Local Sales Tax – Community Emergency Response Training Program appropriation to the City Manager’s Office in the amount of \$244,000;
  - c. Establish the Local Sales Tax – Emergency Management Contractual Support appropriation to the City Manager’s Office in the amount of \$550,000;
  - d. Establish the Local Sales Tax – Emergency Management Training and Exercise appropriation to the City Manager’s Office in the amount of \$400,000;
  - e. Decrease the Personal Services appropriation to the City Manager’s Office by \$549,000;
  - f. Decrease the Non-Personal/Equipment appropriation to the City Manager’s Office by \$1,200,000;
  - g. Establish the Local Sales Tax – Two Fire Squad Units appropriation to the Fire Department in the amount of \$2,906,000;
  - h. Establish the Local Sales Tax – Fire Station Brown Outs Elimination appropriation to the Fire Department in the amount of \$3,118,000;
  - i. Establish the Local Sales Tax – Emergency Medical Services Response Time Improvement Technology Staffing appropriation to the Fire Department in the amount of \$177,000;
  - j. Establish the Local Sales Tax – Type 1 Engines for Relief Fleet appropriation to the Fire Department in the amount of \$138,000;
  - k. Decrease the Personal Services appropriation to the Fire Department by \$6,201,000;
  - l. Decrease the Non-Personal/Equipment appropriation to the Fire Department by \$138,000;
  - m. Establish the Local Sales Tax – 3-1-1 Call Transition appropriation to the Information Technology Department in the amount of \$227,000;
  - n. Decrease the Personal Services appropriation to the Information Technology Department by \$167,000;
  - o. Decrease the Non-Personal/Equipment appropriation to the Information Technology Department by \$60,000;
  - p. Establish the Local Sales Tax – Improve Police Response Time appropriation to the Police Department in the amount of \$10,130,000;
  - q. Establish the Local Sales Tax – Improve Burglary and Neighborhood Crimes Response Time – Community Services Officer Program appropriation to the Police Department in the amount of \$2,667,000;
  - r. Establish the Local Sales Tax – Working Smarter to Reduce Crimes appropriation to the Police Department in the amount of \$612,000;
  - s. Establish the Local Sales Tax – Police Officer Retention and Attraction appropriation to the Police Department in the amount of \$7,317,000;

**2019-2020 Local Sales Tax Spending Plan**

- t. Establish the Local Sales Tax – Police Backgrounding and Recruiting Program appropriation to the Police Department in the amount of \$825,000;
- u. Establish the Local Sales Tax – School Crossing Guard Program appropriation to the Police Department in the amount of \$538,000;
- v. Establish the Local Sales Tax – Sworn Hire Ahead Program appropriation to the Police Department in the amount of \$7,000,000;
- w. Establish the Local Sales Tax – Data Crime Center Staffing appropriation to the Police Department in the amount of \$191,000;
- x. Decrease the Personal Services appropriation to the Police Department by \$28,264,000;
- y. Decrease the Non-Personal/Equipment appropriation to the Police Department by \$1,016,000;
- z. Establish the Local Sales Tax – BeautifySJ Days appropriation to the Environmental Services Department in the amount of \$180,000;
- aa. Decrease the Non-Personal/Equipment appropriation to the Environmental Services Department by \$180,000;
- bb. Establish the Local Sales Tax – San José Streets Team Litter and Trash Removal appropriation to the Housing Department in the amount of \$135,000;
- cc. Decrease the Non-Personal/Equipment appropriation to the Housing Department by \$135,000;
- dd. Establish the Local Sales Tax – Neighborhood Parks Maintenance appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$833,000;
- ee. Establish the Local Sales Tax – Project Hope Program appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$944,000;
- ff. Establish the Local Sales Tax – Anti-Graffiti and Anti-Litter Programs Staffing (BeautifySJ) appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$1,038,000;
- gg. Decrease the Personal Services appropriation to the Parks, Recreation and Neighborhood Services appropriation by \$2,310,000;
- hh. Decrease the Non-Personal/Equipment appropriation to the Parks, Recreation and Neighborhood Services Department by \$505,000;
- ii. Establish a City-Wide Expenses appropriation for Local Sales Tax – Park Ranger Program Police Support to the Parks, Recreation and Neighborhood Services Department in the amount of \$275,000;
- jj. Decrease the City-Wide Expenses appropriation for Park Ranger Program Police Support to the Parks, Recreation and Neighborhood Services Department by \$275,000;
- kk. Establish a City-Wide Expenses appropriation for Local Sales Tax – FirstNet Emergency Communications Network to the City Manager’s Office in the amount of \$1,000,000;
- ll. Decrease the City-Wide Expenses appropriation for FirstNet Emergency Communications Network to the City Manager’s Office by \$1,000,000;

**2019-2020 Local Sales Tax Spending Plan**

- mm. Establish a City-Wide Expenses appropriation for Local Sales Tax – San José Works – Youth Jobs Initiative/Gang Prevention to the Office of the Economic Development in the amount of \$1,500,000;
- nn. Decrease the City-Wide Expenses appropriation for San José Works – Youth Jobs Initiative to the Office of the Economic Development by \$1,500,000;
- oo. Establish a Capital appropriation for the Local Sales Tax – Police Administration Building/Police Communications Center Phase I Elevator Modernization project to the Public Works Department in the amount of \$3,500,000; and
- pp. Decrease the Capital appropriation for the Police Administration Building/Police Communications Center Phase I Elevator Modernization project to the Public Works Department by \$3,500,000.

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<b>Office of Emergency Management:</b> continues 1.0 Deputy Director, 1.0 Senior Executive Analyst, and \$100,000 in non-personal/equipment funding that was added in 2018-2019 to support emergency operations planning, training, and the Community Emergency Response Team program.	2018-2019	CMO	2.00	555,000
<b>Community Emergency Response Training Program:</b> adds 1.0 Senior Executive Analyst limited through June 30, 2020 and one-time non-personal/equipment funding of \$150,000 to continue providing Community Emergency Response Training classes across the City.	2019-2020	CMO	1.00	244,000
<b>Emergency Management Contractual Support:</b> adds one-time non-personal/equipment funding of \$550,000 for the development of multiple Emergency Management plans identified in the City Council-adopted 2017 Coyote Creek Flood After Action Report and Improvement Plan.	2019-2020	CMO		550,000
<b>Emergency Management Training and Exercise:</b> adds one-time non-personal/equipment funding of \$400,000 to train selected City staff to a Type II level of Emergency Operations Center (EOC) credentialing, and Office of Emergency Management staff to Type I level.	2019-2020	CMO		400,000
<b>Two Fire Squad Units:</b> continues two Fire Squad Units added in 2016-2017 from the Local Sales Tax. The Squads are two-person response units that respond to low level emergency medical services (EMS) requests and provide utility support at larger incidents.	2016-2017	Fire	12.00	2,906,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<b><i>Fire Station Brown Outs Elimination:</i></b> continues ongoing overtime added in 2016-2017 from the Local Sales Tax to maintain Fire Department sworn minimum staffing levels, which prevents the "browning out" (placing out of service) of any fire companies when there are staff absences.	2016-2017	Fire		3,118,000
<b><i>Emergency Medical Services (EMS) Response Time Improvement Technology Staffing:</i></b> adds 1.0 Network Engineer position through June 30, 2020 to provide additional support to implement EMS technology projects, including installation of communications equipment on apparatus, support the electronic patient care system, and assist with the implementation of a backup network and support for the Fire Station Alerting System.	2019-2020	Fire	1.00	177,000
<b><i>Type 1 Engines for Relief Fleet:</i></b> adds one-time non-personal/equipment funding of \$138,000 for vehicle operation and maintenance to support six Fire Type 1 Engines.	2019-2020	Fire		138,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<p><b>3-1-1 Call Transition:</b> adds 1.0 Analyst II and 2.0 Senior Office Specialist positions, starting January 1, 2020, and one-time funding of \$60,000 to support the first phase transition of 3-1-1 calls (non-emergency) from Police and Fire Dispatch Center to the City's Customer Contact Center, to relieve call load pressures from Police and Fire that impede the City Public Safety Answering Point (PSAP) from meeting State mandates and national standards.</p>	2019-2020	Information Technology		227,000
<p><b>Improve Police Response Time:</b> continues 1.0 Police Lieutenant, 7.0 Police Sergeant, and 33.0 Police Officer positions, increasing the sworn staffing level from 1,109 to 1,150, overtime funding of \$237,000, and associated non-personal/equipment funding of \$738,000 that was added in 2018-2019. These additional positions will augment the patrol and investigations functions, which will improve response times to calls for service, enhance proactive policing efforts, and improve clearance rates by investigating additional cases and increasing follow-up investigative efforts. These positions were identified in the Sales Tax Measure: 2016-2017 Provisional Budget for addition in the future once vacancies were filled.</p>	2018-2019	Police	41.00	10,130,000



## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<p><b><i>Improve Burglary and Neighborhood Crimes Response Time - Community Service Officer (CSO) Program:</i></b> continues 14.0 Community Service Officer I/II, 4.0 Senior Community Service Officer, and 1.0 Supervising Community Service Officer positions as well as non-personal/equipment funding added in 2016-2017 from the Local Sales Tax. The CSO Program increased from 54 to 73 positions to handle low-priority calls for service, freeing time for sworn officers to respond to higher priority calls for service and conduct proactive police work. The CSOs perform non-hazardous and non-emergency police functions, including field report writing, interviewing witnesses, conducting follow-up investigations, and collecting evidence.</p>	2016-2017	Police	19.00	2,667,000
<p><b><i>Working Smarter to Reduce Crimes:</i></b> continues 5.0 Crime and Intelligence Analyst positions and non-personal/equipment funding added in 2016-2017 from the Local Sales Tax. These positions support Field Patrol (1.0 position in each of the four Patrol Divisions) and Special Operations (1 position) in analyzing and reporting on real time divisional crime trends, allowing for consistency and continuity in this work.</p>	2016-2017	Police	5.00	612,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<p><b><i>Police Officer Retention and Attraction (Salary Increases over 3% Assumed in General Fund Five-Year Forecast):</i></b> to improve sworn Police recruiting and retention and increase the number of sworn officers hired, salary increases were approved in 2017-2018, 2018-2019, and 2019-2020 that exceeded the 3% increase assumed in the General Fund Forecast. Since these increases went into effect, the Police Department has successfully hired 325 sworn officers and an additional 55 recruits are anticipated in June 2019. The sworn pay increase over the forecasted amount in 2019-2020 totals approximately \$27 million; however, \$7.3 million is supported by the Local Sales Tax.</p>	2017-2018	Police		7,317,000
<p><b><i>Police Backgrounding and Recruiting Program:</i></b> adds one-time funding of \$825,000 for recruiting and backgrounding candidates for the upcoming Police Officer Recruit Academies as well as civilian candidates for non-sworn vacancies, such as Public Safety Communications Specialists and Public Safety Dispatchers in the 9-1-1 Emergency Communications Center.</p>	2019-2020	Police		825,000
<p><b><i>School Crossing Guard Program:</i></b> continues 1.0 School Safety Supervisor position that was added in 2018-2019 to support the School Crossing Guard Program. This position assists with additional outreach, recruiting, and retention efforts as well as help with the supervisor span of control. Adds 9.5 School Crossing Guard PT unbenefited positions ongoing in 2019-2020 to the School Safety and Education Program to align the number of budgeted positions with the anticipated need for crossing guards.</p>	2018-2019, 2019-2020	Police	10.50	538,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<b>Sworn Hire Ahead Program:</b> adds one-time overtime funding of \$7.0 million to fund the Sworn Hire Ahead Program in 2019-2020. The Program aims to fill vacant positions with street-ready officers within an average of 90 days and uses dedicated funding to overstaff the Department above authorized sworn staffing levels to get a head start on training recruits so they are street-ready when sworn vacancies occur.	2019-2020	Police		7,000,000
<b>Data Crime Center Staffing:</b> adds 1.0 Division Manager to support a new Data Crime Center for the Police Department. The Center will pool resources (local, State, and national), share information with law enforcement partners, and create a conduit between Patrol and Investigations Units through a data-drive approach to address crime, crime trends, hot spots, and social network analysis.	2019-2020	Police		191,000
<b>BeautifySJ Days:</b> continues ongoing funding added in 2017-2018 to provide for approximately six neighborhood-led BeautifySJ Days for each of the City's ten Council districts. Each beautification event averages six to eight 40-cubic yards bins.	2017-2018	ESD		180,000
<b>San Jose Streets Team Litter and Trash Removal:</b> adds non-personal/equipment funding of \$135,000 to fund litter and trash removal services as part of the larger effort to tackle blight and litter in public spaces.	2018-2019	Housing		135,000
<b>Neighborhood Parks Maintenance:</b> continues 2.0 Park Maintenance Repair Worker and 7.0 Groundswoker positions and \$25,000 in non-personal/equipment funding added in 2017-2018 to improve the overall appearance of the City's neighborhood park system.	2017-2018	PRNS	9.00	833,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<p><b><i>Project Hope Program (Gang Prevention and Neighborhood Safety):</i></b> continues 2.0 Community Coordinator and 1.0 Community Activity Worker positions and \$35,000 in non-personal/equipment funding added in 2018-2019; adds 1.0 Community Services Supervisor, 3.0 Community Activity Workers positions and \$120,000 in non-personal/equipment funding for 2019-2020 to expand the Project Hope Program by three additional sites for a total of six sites. Project Hope leverages community partnerships, community empowerment, and coordination of a broad range of City services to address challenges of crime, poverty, and blight. Project Hope's model focuses on catalyzing community engagement to sustain lasting change, with City staff providing the initial assistance.</p>	2018-2019, 2019-2020	PRNS	7.00	944,000
<p><b><i>Anti-Graffiti and Anti-Litter Programs Staffing (BeautifySJ):</i></b> continues 2.0 Community Activity Worker positions and \$25,000 in non-personal/equipment funding added in 2018-2019 to support community clean-up efforts; adds 1.0 Program Manager I, 1.0 Maintenance Worker II, 2.0 Community Activity Worker, and 2.0 Regional Park Aide PT positions, as well as \$300,000 in one-time non-personal/equipment funding for a trash compactor and vehicle in 2019-2020. In February 2017, the Mayor's Office launched the "BeautifySJ" initiative that challenges residents to become more engaged in beautifying the city. The Anti-Graffiti and Anti-Liter Program takes the lead in this initiative in addressing litter/trash and graffiti-related blight.</p>	2018-2019	PRNS	8.00	1,038,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<b><i>Park Ranger Program Police Support:</i></b> adds one-time funding of \$275,000 for Police staffing to assist Park Rangers three days per week, which includes Saturday patrol, in abating homeless encampments and preventing future re-encampments along creeksides and surrounding areas.	2019-2020	City-Wide		275,000
<b><i>FirstNet Emergency Communications Network:</i></b> adds one-time funding of \$1.0 million to replace existing and add new cellular equipment and adds \$400,000 ongoing for cellular and data services for the City to join the nationwide FirstNet emergency responder broadband network. In the event of an emergency, this dedicated network bypasses the congestion that would occur on the current networks.	2019-2020	City-Wide		1,000,000
<b><i>San José Works - Youth Jobs Initiative/Gang Prevention:</i></b> continues ongoing funding of \$1.5 million added in 2018-2019 for the San José Works: Youth Jobs Initiative, a partnership between work2future and the Mayor's Gang Prevention Task Force. This program provides 1,000 youth with employment services and critical life skills instruction, including leadership development, financial literacy, job counseling, job readiness training, and other supportive services such as transportation and clothing. San José Works allows youth to gain work experience, succeed and deter involvement in gangs and crime throughout San José.	2018-2019	City-Wide		1,500,000

## 2019-2020 Local Sales Tax Spending Plan

Budget Item	Year Initiated	Dept.	Positions	2019-2020 Budget
<p><i>Police Administration Building/Police Communications Center Phase I Elevator Modernization:</i> adds one-time funding of \$3.5 million for the modernization of five elevators, including design and construction of two mechanical rooms to meet code requirements at the Police Administration Building and Police Communications Center. The elevators were built in the 1960s and are frequently out of service, and replacement parts are not readily available and are expensive to custom make.</p>	2019- 2020	Capital		3,500,000
<b>Total 2019-2020 Local Sales Tax Spending Plan</b>			<b>115.50</b>	<b>47,000,000</b>