

*Five-Year Economic Forecast  
and  
Revenue Projections*

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*2013-2017*

**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 the Police Automated Field Reporting/Records Management System, as well as for new parks and recreational facilities, traffic infrastructure assets, and bond-funded library, parks and public safety facilities. It should be noted that the projected 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 2011-2012 are identified in Chart A of this section. There are no potential projects where maintenance and operating funding has not yet been certified. 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 2013-2017 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

**Police Maintenance and Operations** – This category reflects the projected additional maintenance and operations costs of the new Automated Field Reporting/Records Management System (AFR/RMS) project. Implementation of the AFR/RMS project (including hardware, software, and training costs) has been funded mainly by Urban Area Security Initiatives (UASI), Recovery Act - Justice Assistance, and Supplemental Law Enforcement Services Fund grants. The new system, anticipated to come on-line July 2012, will centralize data, reduce data entry redundancies and enable the Police Department to conduct more thorough and detailed analysis of crime and resources.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
0	335,000	438,000	461,000	376,000

**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. The majority of the funding is to support various trails such as the Lower Guadalupe River Trail or sections of the Lower Silver Creek Trail and Three Creeks Trail, and the Vietnamese Heritage Gardens project. Funding is also set aside for Future Trail Projects to meet the City’s goal to expand the City’s trail system to 100 miles by the year 2020. The City currently has over 50 miles of trails.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
49,000	131,000	234,000	294,000	521,000

**New Traffic Infrastructure Assets Maintenance and Operations** – This category reflects the projected additional costs that will be necessary to operate and maintain projects included in the City’s Five-Year Capital Improvement Program. Funding to operate and maintain new traffic signals, landscaping, and street lighting is assumed in this category. The majority of the projected costs are for traffic signals and lighting and these costs are largely associated with the improvements along Capitol Expressway and includes the installation of 260 streetlights from Capitol Avenue to Eastridge Transit Center. In future years of the forecast, the funding assumed in this category will also support the installation of structural gateway controls (which aid in remotely programming LED streetlights) and audible pedestrian signals throughout the City, as well as other streetlight and signal needs associated with distinct capital projects. Funding to maintain the new Traffic Incident Management Center (located at Fourth and St. John), currently scheduled to be operational in January 2013, is assumed. Lastly, funding is assumed for the maintenance of new landscape improvements, such as trees on Capitol Expressway and along the route connecting San José State University, City Hall, and Japantown through the Hensley Historic District.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
49,000	82,000	107,000	124,000	127,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions

**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. These additional expenditures include the costs of a staggered opening of the Bascom (Jan. 2013), Calabazas (May 2013), Educational Park (April 2013), and Seven Trees (Dec. 2012) branch libraries in 2012-2013 and Southeast (Aug. 2015) Branch Library in 2015-2016. Costs have been greatly reduced compared to the last Forecast primarily due to employee savings associated with total compensation reductions, a revised opening schedule for the branch libraries operating next year, and a reduction in the number of positions needed for the new branch libraries. The estimated staffing needed for each new branch library was reduced from an average of 11 positions per branch for all five branches to an average of 9 positions per branch, based on a review of actual staffing requirements at existing branch libraries.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
1,185,000	3,106,000	3,160,000	3,851,000	3,962,000

**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. This Forecast assumes the opening of the Bascom Community Center in 2012-2013 with a projected net operating expenditure of \$653,000. The maintenance and operations expenditures currently anticipated for the community center totals \$840,000, which consists of 9.5 positions and associated non-personal/equipment costs. This cost is partially offset by earned revenue of \$187,000 for anticipated fee based activity at the community center. For the Soccer Complex also assumed in this Forecast, the maintenance and operating costs (\$368,000 beginning in 2013-2014) are expected to be fully offset by revenues from fee activity and concessions. Construction bids for this project have been received and it is anticipated the bid/award memorandum will be brought forward for City Council consideration in late March 2012. For the Softball Complex project, the Parks, Recreation and Neighborhood Services Department is reviewing the scope of the project and is evaluating alternative locations. It is currently anticipated a recommended site location will be brought forward for City Council consideration in late summer/early fall 2012. The complex will most likely include artificial turf, which results in the fields having a significantly lower maintenance and operations cost than the much larger natural turf complex that was originally envisioned. Revenues are expected to partially offset the maintenance and operations costs for the Softball Complex and the net impact is expected to be \$45,000 in 2015-2016 and annualized to \$72,000 in 2016-2017.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
653,000	712,000	720,000	774,000	810,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions

**Measure O (Public Safety) Maintenance and Operations: Fire** – This category reflects the projected additional maintenance and operations (including Fire personnel) costs of new and expanded fire facilities that were included as part of a bond measure adopted by the voters in March 2002. These include operating Fire Station 37 (South Willow Glen) in 2014-2015 at a presumed annual cost of slightly under \$2.5 million and Fire Station 21 (relocation to White Road) in 2014-2015 at a cost of \$23,000. As discussed later in this section of the report, Fire Station 37 includes the addition of 14 sworn positions and with no new apparatus redeployment. However, prior to the award of the construction contract, per City Council direction, further analysis will be conducted by the Administration to determine the actual recommended staffing needed for this station.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
0	0	2,503,000	2,474,000	2,618,000

**Measure O (Public Safety) Maintenance and Operations: Police** – This category reflects the projected additional maintenance and operations costs of new and expanded police facilities that were included as part of a bond measure adopted by the voters in March 2002. Included is the projected cost for the South San José Substation. For 2012-2013, the Forecast assumes the Substation opening in September 2012 (partial occupancy) at a cost of approximately \$2.4 million that annualizes to approximately \$2.5 million in 2013-2014. The Maintenance and Operations funding for the Substation will be used to fund various positions and non-personal/equipment needs in several departments to support the new facility. In the Police Department, funding will cover Central Supply Unit positions that distribute safety equipment to field patrol personnel and intake and catalog evidence collected by the patrol staff. In the Public Works Department, funding will pay for general maintenance and repairs to the building, including a dedicated Air Conditioning Mechanic to handle maintenance of the large heating, ventilation, and air conditioning system at the building; contracted custodial services; and fleet mechanic personnel and equipment to maintain the marked fleet for the Southern Patrol Division. In the Parks, Recreation and Neighborhood Services Department, funding will be used for personnel and equipment to maintain and upkeep the building’s green roof as well as the grounds surrounding the Substation. With the partial occupancy, the Southern Patrol Division, Central Supply staff, and a few investigations staff would occupy the new facility, however, there would not be a Pre-Processing Center, no public access to the building, and no records or administrative staff.

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
2,393,000	2,465,000	2,504,000	2,545,000	2,585,000

### 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

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

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

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.”

On February 9, 2010, the City Council approved to place a hold on the design and construction of 12 new parks and recreation facilities (including trails) in order to avoid the impact of ongoing operating and maintenance costs to the General Fund. Staff was instructed to reevaluate these projects annually during the budget process. On November 16, 2010, the City Council adopted Resolution No. 75638 which provides various mechanisms for proceeding with development of new parks and recreation facilities while minimizing the maintenance and operating impacts to the General Fund. This Resolution provided guidance for a pilot program that expires in December 2012 which authorizes the City Manager to move forward with the construction of new recreational facilities if non-General Fund funding is identified to provide for a three year park establishment period and/or for long-term maintenance of the new recreational facility.

On June 14, 2011, the City Council adopted a resolution to amend and restate the resolution and pilot program approved by the City Council on November 16, 2010. This change removed any reference to “trail” from the resolution as well as allowed more residential development projects to take advantage of the pilot program by receiving credit against related parkland fees in exchange for providing long-term maintenance of the new park or recreational facility. As new parks and recreation facilities are allowed to proceed based on this revised resolution, no additional operating and maintenance costs to the General Fund are expected to be generated for at least 10 years after a project is completed. Subsequent to these resolutions, three parks previously placed on hold are now proceeding with development – Buena Vista, Commodore and Newhall Parks. There are approximately 10 to 15 additional parks that are in the development phase that are anticipated to come online in the next three to seven years, assuming maintenance funding can be identified.

Chart A details a list of all project maintenance and operations costs assumed in this Forecast. Funding for all those projects have been included as part of approved Capital Improvement Programs or approved by the City Council in 2011-2012. 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 majority of these costs are associated with the voter-approved General Obligation bonds for Park, Library, and Public Safety facilities. The maintenance and operating costs for these facilities are included in the figures presented in this General Fund Forecast. By 2016-2017, the annualized costs to maintain and operate all City Council approved projects expected to come online during the five year period are projected at approximately \$11.0 million annually, of which approximately \$10.0 million are related to voter-approved bond measures.

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

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

All project maintenance and operating costs will be evaluated on an annual basis for inclusion in subsequent Five-Year General Fund Forecasts. As part of this evaluation, the staffing necessary to maintain and operate these facilities, as well as other costs, may change as further analysis on the operational needs of each facility or project are conducted. Notably, further analysis will be required to determine the actual staffing need of Fire Station 37. For purposes of this document, however, pending further analysis, the maintenance and operating costs for Fire Station 37 – Willow Glen reflects the City Council-directed assumption that no staff would be relocated from Fire Station 6 and that new personnel (four additional duty positions per shift plus reserve staffing or 14 positions) would staff that facility. This assumption is drawn from the “*City-Wide Policy for the Relocation/Closure and/or Selling Fire Stations and Removal of Fire Station 6 from the Budget*,” approved by the City Council on September 9, 2008. The additional annual General Fund maintenance and operating costs projected for this facility alone, if this policy were to be implemented, represents approximately \$2.5 million in 2014-2015, the first full year of the fire station’s operation. In addition, it is currently assumed an unstaffed apparatus from a deactivated company will be reallocated to Station 37 and this newly staffed station will be part of the Dynamic Deployment model implemented by the Fire Department for efficient and effective resource allocations. Pending the outcome of the staffing and apparatus analysis, funding for a new apparatus may be required at a later date. Note also that the personal services costs do not include funding for an additional Fire Fighter Recruit Academy. It is anticipated that there will be a low number of retirements in the near future; therefore, the Fire Department is expected to be able to recruit for new personnel at Fire Station 37 as part of the regular recruitment process.

Maintenance and operating costs will present challenges to the General Fund in future years until the General Fund Structural Deficit is resolved. 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 - 2013-2017 GENERAL FUND FORECAST**  
**Net Operating Impact of Capital Programs**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>POLICE MAINTENANCE AND OPERATIONS</b>					
Automated Field Reporting/Records Management System*	-	335,000	438,000	461,000	376,000
<b>TOTAL POLICE MAINTENANCE AND OPERATIONS</b>	<b>0</b>	<b>335,000</b>	<b>438,000</b>	<b>461,000</b>	<b>376,000</b>
<b>NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>					
Cadence Turnkey Park (Land)	-	-	-	3,000	5,000
Future Trails Projects*	-	-	32,000	85,000	139,000
TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman)	-	16,000	17,000	17,000	17,000
TRAIL: Highway 237 Bikeway (Zanker Rd to Coyote Creek)	12,000	12,000	12,000	12,000	12,000
TRAIL: Lower Guadalupe River Trail (Gold St to Hwy 880)	19,000	58,000	59,000	60,000	60,000
TRAIL: Lower Silver Creek 4/5A (Alum Rock to Hwy 680)	-	14,000	15,000	16,000	16,000
TRAIL: Lower Silver Creek VI (Dobern Bridge to Foxdale)	2,000	5,000	5,000	5,000	5,000
TRAIL: Penitencia Creek Reach IB (Noble Ave to Dorel Dr)	3,000	13,000	13,000	14,000	14,000
TRAIL: Three Creeks - East	-	-	67,000	68,000	70,000
TRAIL: Three Creeks - West	13,000	13,000	14,000	14,000	14,000
Vietnamese Heritage Garden*	-	-	-	-	169,000
<b>TOTAL NEW PARKS AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>	<b>49,000</b>	<b>131,000</b>	<b>234,000</b>	<b>294,000</b>	<b>521,000</b>
<b>NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS</b>					
Traffic Lighting and Signals	27,000	44,000	69,000	85,000	87,000
Traffic Incident Management Center	8,000	17,000	17,000	18,000	19,000
Landscape Maintenance	14,000	21,000	21,000	21,000	21,000
<b>TOTAL NEW TRAFFIC INFRASTRUCTURE ASSETS MAINTENANCE AND OPERATIONS</b>	<b>49,000</b>	<b>82,000</b>	<b>107,000</b>	<b>124,000</b>	<b>127,000</b>
<b>MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>					
Bascom Branch*	432,000	943,000	956,000	989,000	1,001,000
Calabazas Branch*	90,000	543,000	550,000	557,000	565,000
Educational Park Branch*	158,000	688,000	709,000	718,000	728,000
Seven Trees Branch*	505,000	932,000	945,000	957,000	970,000
Southeast Branch*	-	-	-	630,000	698,000
<b>TOTAL MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>	<b>1,185,000</b>	<b>3,106,000</b>	<b>3,160,000</b>	<b>3,851,000</b>	<b>3,962,000</b>
<b>MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>					
Bascom Community Center*	653,000	712,000	720,000	729,000	738,000
Softball Complex*	-	-	-	45,000	72,000
<b>TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>	<b>653,000</b>	<b>712,000</b>	<b>720,000</b>	<b>774,000</b>	<b>810,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>					
Fire Station 21 - Maintenance and Utilities	-	-	23,000	23,000	23,000
Fire Station 37 - South Willow Glen - Staffing/NP*	-	-	2,436,000	2,406,000	2,549,000
Fire Station 37 - South Willow Glen - Maint/Util*	-	-	44,000	45,000	46,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>	<b>0</b>	<b>0</b>	<b>2,503,000</b>	<b>2,474,000</b>	<b>2,618,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>					
South San José Substation - Maint/Oper*	1,782,000	1,930,000	1,963,000	1,997,000	2,031,000
South San José Substation - Fleet*	475,000	398,000	402,000	407,000	411,000
South San José Substation - Parks Maintenance*	136,000	137,000	139,000	141,000	143,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>	<b>2,393,000</b>	<b>2,465,000</b>	<b>2,504,000</b>	<b>2,545,000</b>	<b>2,585,000</b>
<b>TOTAL OPERATING IMPACT OF CAPITAL PROGRAMS</b>	<b>4,329,000</b>	<b>6,831,000</b>	<b>9,666,000</b>	<b>10,523,000</b>	<b>10,999,000</b>

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



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