

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

As has been the practice, potential future-year program expenses in the General Fund, considered virtually assured, have been included in a “**committed**” additions section of the General Fund Forecast.

**Committed** additions involve expense changes that are deemed relatively unavoidable. It should be noted that the majority of items included in this category are additional maintenance and operating expenses that will be required to operate and maintain funded capital projects scheduled for completion or to open within the five-year horizon of this forecast. These expenses for capital projects are related to the maintenance and operations of new street improvements, new parks and library facilities, and new community and public safety facilities. It should be noted, however, 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. This Budget Principle requires City Council certification that funding will be made available in the General Fund for capital projects with an estimated operating budget impact greater than \$100,000 at the time of taking beneficial use of the facility or project. Capital projects with operating and maintenance costs over \$100,000 and previously certified and included in the approved Capital Improvement Program are identified in Chart B. There are no potential projects where operating and maintenance 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 approved by the City Council may be recommended for certification as part of the 2012-2016 Proposed Capital Improvement Program. If certified by the City Council, the operating and maintenance 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

**New Parks and Recreation Facilities Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional costs of maintaining and operating new parks and recreation facilities included in the City’s Five-Year Capital Improvement Program. For 2011-2012, the majority of the funding is to support the Hitachi Turnkey Parks (\$335,000). The Emma Prusch – Back Acreage (Agricultural Field) project also requires a significant funding in the out years (\$408,000 in 2012-2013). In order to mitigate these impacts, staff is working with the property owner surrounding the Hitachi Turnkey Parks to create a Community Facilities District (CFD) which may take over the maintenance responsibilities. In addition, staff is preparing a Request for Proposals (RFP) for the back acreage expansion at Emma Prusch Park in order to identify a more financially sustainable expansion model. Without the CFD at Hitachi and the more financially sustainable model at Emma Prusch, the costs to maintain and operate the new parks and facilities are expected to increase to \$1.7 million in 2015-2016 as shown below.

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
421,000	933,000	1,032,000	1,226,000	1,723,000

**New Traffic Infrastructure Assets Maintenance and Operations** – As detailed in Chart A, this category reflects the projected additional costs that will be necessary to maintain new traffic signals, landscaping, streetscape, and street lighting included in the City’s Five-Year Capital Improvement Program. New traffic projects not previously identified in the 2011-2012 Preliminary General Fund Forecast issued in November 2010 include the Capitol Expressway Light Rail Transit to Eastridge (2012-2013) and Santa Clara to Alum Rock Bus Rapid Transit (2013-2014). Both of these projects are funded by grants.

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
60,000	142,000	216,000	268,000	331,000

**Measure O (Library) Maintenance and Operations** – As detailed in Chart A, 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 operating the Bascom Branch Library, Calabazas Branch Library, Educational Park Branch Library, Seven Trees Branch Library, and Southeast Branch Library.

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
3,082,000	3,801,000	4,778,000	4,878,000	4,974,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions (Cont'd.)

**Measure P (Parks) Maintenance and Operations** – As detailed in Chart A, 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 Bascom Community Center is the only facility that has completed construction. This Forecast assumes the opening of the facility in 2011-2012 with a projected net operating expenditure of \$666,000. For the Soccer Complex, the maintenance and operating costs (annualized to \$330,000 in 2013-2014) are expected to be fully offset by revenues from fee activity and concessions. For the Softball Complex project, the Parks, Recreation and Neighborhood Services Department is reviewing the scope of the project and has yet to determine a location or locations for the project. In the 2011-2015 Five-Year Forecast, the Softball Complex was comprised of multi-purpose lighted softball fields, recreation facilities, concession stands, restrooms, batting cages, parking, and other facility amenities at a sports park. The project was anticipated to come online in 2012-2013 and the maintenance and operations costs were \$677,000 for a full year. The project is now expected to be delayed for one year and the scope is expected to be revised. Based on the potential sites and funding availability, it is expected that the added fields will be at multiple locations and will be artificial turf. The artificial turf fields are anticipated to be at a significantly lower maintenance and operations costs than the much larger natural turf complex that was originally envisioned (\$90,000 in 2013-2014, annualized to \$186,000 in 2014-2015).

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
666,000	772,000	877,000	990,000	992,000

**Measure O (Public Safety) Maintenance and Operations: Fire** – As detailed in Chart A, 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 Fire Station 37 (South Willow Glen) in 2012-2013 at an annual cost of \$2,272,000, and relocation of Fire Station 21 in 2013-2014 (\$16,000 in 2013-2014, annualized to \$22,000 in 2014-2015).

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
0	2,272,000	3,027,000	3,247,000	3,378,000

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### Committed Additions (Cont'd.)

**Measure O (Public Safety) Maintenance and Operations: Police** – As detailed in Chart A, 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 2011-2012, the Forecast assumes the Substation opening in September 2011 at a cost of \$2.49 million that annualizes to \$2.54 million in 2012-2013.

<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
2,490,000	2,538,000	2,588,000	2,639,000	2,692,000

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

As part of the 2008-2009 budget process, the City Council adopted the Budget Principles recommended in 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 operations and maintenance costs, will not require a decrease in existing basic neighborhood services."

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 operating and maintenance impacts to the General Fund. Adoption of Resolution No. 75638 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. General guidelines were developed to guide the City Manager in determining the appropriate length of time for the "long-term maintenance." Preferably, the combination of the park establishment period and long term maintenance mechanism will provide for at least a 10 year period before the maintenance of the facility would need to be supported by the General Fund. Additionally, the Resolution authorizes the following to assist with funding for park development and maintenance:

1. The ability to pay for a three year park establishment period with parkland fees and Construction & Conveyance taxes (C&C) as part of the construction bid on the project provided that including such funding does not prevent funding the development of a Greenprint priority facility;
2. The ability to credit a developer's parkland fees if the developer provides an equivalent monetary donation for at least 10 years of park maintenance of the new recreational facility; and
3. The ability to exempt donated park establishment services and park maintenance of at least two years from prevailing wage.

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### General Fund Capital Operating and Maintenance/Budget Principle #8 (Cont'd.)

Items 1 and 2 above are part of a Resolution guiding a pilot program that expires on December 31, 2012. Item 3, the prevailing wage exemption, is not a part of the pilot program and is a tool for staff to continue to seek public/private partnerships for donated park maintenance for new or existing facilities. There are two park facilities that have proceeded with development that fit under these criteria: Newhall Neighborhood Park and Buena Vista Park Expansion.

Chart A details a list of all project operations and maintenance costs assumed in this Forecast. There are no new projects identified in the Forecast that would need certification. In addition, a detailed list of projects is included in Chart B for capital projects that were previously approved for certification by the City Council with annual operating and maintenance costs in the General Fund greater than \$100,000. Funding for these projects have been included as part of approved Capital Improvement Programs. The majority of these costs are associated with the voter-approved General Obligation bonds for Park, Library, and Public Safety facilities. The operating and maintenance costs for these facilities are included in the figures presented in this General Fund Forecast. It should be noted that, by 2015-2016, the annualized costs to operate and maintain the City Council approved facilities with annual operating and maintenance costs in the General Fund greater than \$100,000 are projected at \$13.37 million annually, of which \$12.01 million are related to the voter-approved bond measures.

Please note that all operating and maintenance costs for these facilities will be evaluated on an annual basis for inclusion in subsequent Five-Year General Fund Forecasts. As part of this evaluation, the costs and staffing necessary to operate and maintain these facilities may change as further analysis on the operational needs of each facility are conducted. Notably, further analysis will be required to determine the actual staffing of Fire Station 37. For purposes of this document, however, pending further analysis, the operating and maintenance costs for Fire Station 37 – Willow Glen reflects the Council-directed assumption that no staff would be relocated from Fire Station 6, and that new personnel (four additional duty positions per shift or 13 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 operating and maintenance costs projected for this facility alone, if this policy were to be implemented represents \$3.0 million in 2013-2014, the first full year of operations. In addition, it is assumed at this time that 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. Pending the outcome of the staffing and apparatus analysis, funding for a new apparatus may be required at a later date.

Additional operating and maintenance costs are identified for other (non-General Obligation Bond) City Council-approved projects. The General Fund costs associated to operate and maintain these facilities are projected at \$341,000 in 2011-2012 and \$1.4 million annually by 2015-2016. These facilities include projects such as the Emma Prusch – Back Acreage, Landscape Maintenance - New Traffic Infrastructure Assets Maintenance and Operations Costs, Hitachi Turnkey Parks, and Vietnamese Heritage Garden.

## COMMITTED ADDITIONS TO THE BASE GENERAL FUND FORECAST

### **General Fund Capital Operating and Maintenance/Budget Principle #8** (Cont'd.)

Maintenance and operating costs will present challenges to the General Fund shortfall in future years; therefore, a continuation of the City Council-approved strategy to defer or delay opening facilities or pursue alternative funding sources must be adhered to. For all projects in 2011-2012, analysis of the project schedules and/or staffing necessary to maintain and operate these facilities will be included in the upcoming budget process.

**CHART A - 2012-2016 GENERAL FUND FORECAST**  
**Operating Impact of Capital Programs**

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>					
Antonio Balermino Park (Almaden Apartments Area)	-	-	-	-	13,000
Cadence Turnkey Park (Land)	-	-	-	-	3,000
Chelmers Park	-	-	-	-	3,000
Commodore Children's Park (Mabury Park)*	-	-	-	-	44,000
Del Monte Park	-	-	-	-	39,000
Emma Prusch - Back Acreage*	-	408,000	418,000	425,000	434,000
Future Trails Projects*	-	-	39,000	92,000	148,000
Hitachi Turnkey Parks*	335,000	341,000	348,000	356,000	362,000
Martial-Cottle Community Garden	-	-	-	-	26,000
Nisich Park	15,000	15,000	16,000	16,000	17,000
North San Pedro Turnkey Park and Tot Lot	-	5,000	15,000	16,000	16,000
Northpointe (Land)	1,000	2,000	2,000	2,000	2,000
O'Donnell Garden Park Gazebo	3,000	3,000	3,000	3,000	3,000
Pellier Park	-	-	-	-	4,000
River Oaks Park	-	-	-	-	30,000
Shady Oaks Sports Park	-	-	-	51,000	76,000
South Rincon Area Park (Land)	1,000	1,000	1,000	1,000	1,000
Spartan/Keyes Park Phase I (Land)	1,000	1,000	2,000	2,000	2,000
Tamien Specific Plan Area Park	-	-	21,000	37,000	38,000
TRAIL: Lower Guadalupe River Trail (Gold St. to Hwy 880)	58,000	59,000	60,000	61,000	62,000
TRAIL: Lower Silver Creek 4/5A (Alum Rock to Hwy 680)	-	15,000	16,000	16,000	16,000
TRAIL: Lower Silver Creek VI (Dobern Bridge to Foxdale)	-	5,000	5,000	5,000	5,000
TRAIL: Penitencia Creek Reach I	-	35,000	36,000	36,000	37,000
TRAIL: Three Creeks - East	-	-	7,000	63,000	64,000
TRAIL: Three Creeks - West	-	40,000	40,000	41,000	42,000
TRAIL: Three Creeks (Land)	6,000	-	-	-	-
Venetian Terrace - Scottish Rite (Land)	1,000	3,000	3,000	3,000	3,000
Vietnamese Heritage Garden*	-	-	-	-	175,000
Vista Montana Turnkey Park and Tot Lots	-	-	-	-	46,000
West Evergreen Park	-	-	-	-	12,000
<b>TOTAL NEW PARK AND RECREATION FACILITIES MAINTENANCE AND OPERATIONS</b>	<b>421,000</b>	<b>933,000</b>	<b>1,032,000</b>	<b>1,226,000</b>	<b>1,723,000</b>
<b>NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS</b>					
Traffic Projects - Forecast	21,000	48,000	63,000	67,000	82,000
Traffic Incident Management Center	-	11,000	22,000	22,000	22,000
Traffic Light Synchronization Project	33,000	33,000	33,000	33,000	33,000
Landscape Maint - New Infra Assets and Op Costs*	6,000	50,000	98,000	146,000	194,000
<b>TOTAL NEW TRAFFIC INFRASTRUCTURE ASSET MAINTENANCE AND OPERATIONS</b>	<b>60,000</b>	<b>142,000</b>	<b>216,000</b>	<b>268,000</b>	<b>331,000</b>

**CHART A - 2012-2016 GENERAL FUND FORECAST  
Operating Impact of Capital Programs**

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>					
Bascom Branch*	954,000	1,147,000	1,169,000	1,194,000	1,217,000
Calabazas Branch*	569,000	785,000	803,000	819,000	836,000
Educational Park Branch*	684,000	886,000	905,000	923,000	942,000
Seven Trees Branch*	875,000	983,000	1,004,000	1,026,000	1,046,000
Southeast Branch*	-	-	897,000	916,000	933,000
<b>TOTAL MEASURE O (LIBRARY) MAINTENANCE AND OPERATIONS</b>	<b>3,082,000</b>	<b>3,801,000</b>	<b>4,778,000</b>	<b>4,878,000</b>	<b>4,974,000</b>
<b>MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>					
Bascom Community Center*	666,000	772,000	787,000	804,000	819,000
Softball Complex*	-	-	90,000	186,000	173,000
<b>TOTAL MEASURE P (PARKS) MAINTENANCE AND OPERATIONS</b>	<b>666,000</b>	<b>772,000</b>	<b>877,000</b>	<b>990,000</b>	<b>992,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>					
Fire Station 21 - Maintenance and Utilities	-	-	16,000	22,000	23,000
Fire Station 37 - South Willow Glen - Staffing/NP*	-	2,241,000	2,969,000	3,182,000	3,311,000
Fire Station 37 - South Willow Glen - Maint/Util*	-	31,000	42,000	43,000	44,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: FIRE</b>	<b>-</b>	<b>2,272,000</b>	<b>3,027,000</b>	<b>3,247,000</b>	<b>3,378,000</b>
<b>MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>					
South San José Substation - Maint/Oper*	1,875,000	2,003,000	2,043,000	2,083,000	2,125,000
South San José Substation - Fleet*	479,000	396,000	404,000	412,000	420,000
South San José Substation - Parks Maintenance*	136,000	139,000	141,000	144,000	147,000
<b>TOTAL MEASURE O (PUBLIC SAFETY) MAINTENANCE AND OPERATIONS: POLICE</b>	<b>2,490,000</b>	<b>2,538,000</b>	<b>2,588,000</b>	<b>2,639,000</b>	<b>2,692,000</b>
<b>TOTAL OPERATING IMPACT OF CAPITAL PROGRAMS</b>	<b>6,719,000</b>	<b>10,458,000</b>	<b>12,518,000</b>	<b>13,248,000</b>	<b>14,090,000</b>

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



**CHART B - 2012-2016 GENERAL FUND FORECAST**  
**Capital Projects - Operating and Maintenance Costs Greater than \$100,000 Annually**

**CITY COUNCIL-CERTIFIED GENERAL OBLIGATION BOND CAPITAL PROJECTS**

<b>PUBLIC SAFETY</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>
Fire Station 37 - Willow Glen	0	2,272,000	3,011,000	3,225,000	3,355,000
South San José Police Substation	2,490,000	2,538,000	2,588,000	2,639,000	2,692,000
<b>LIBRARY</b>					
Bascom Branch	954,000	1,147,000	1,169,000	1,194,000	1,217,000
Calabazas Branch	569,000	785,000	803,000	819,000	836,000
Educational Park Branch	684,000	886,000	905,000	923,000	942,000
Seven Trees Branch	875,000	983,000	1,004,000	1,026,000	1,046,000
Southeast Branch	0	0	897,000	916,000	933,000
<b>PARKS</b>					
Bascom Community Center	666,000	772,000	787,000	804,000	819,000
Softball Complex	0	0	90,000	186,000	173,000
<b>Total O&amp;M - City-Council Approved GO Bond Capital Projects</b>	<b>6,238,000</b>	<b>9,383,000</b>	<b>11,254,000</b>	<b>11,732,000</b>	<b>12,013,000</b>

**OTHER CITY COUNCIL-CERTIFIED CAPITAL PROJECTS**

	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>
Emma Prusch - Back Acreage	0	408,000	418,000	425,000	434,000
Future Trail Projects	0	0	39,000	92,000	148,000
Commodore Children's Park (Mabury Park)	0	0	0	0	44,000
Landscape Maint - New Infra Assets and Op Costs	6,000	50,000	98,000	146,000	194,000
Hitachi Turnkey Parks	335,000	341,000	348,000	356,000	362,000
Vietnamese Heritage Garden	0	0	0	0	175,000
<b>Total O&amp;M - Other City-Council Approved Capital Projects</b>	<b>341,000</b>	<b>799,000</b>	<b>903,000</b>	<b>1,019,000</b>	<b>1,357,000</b>

<b>TOTAL - CERTIFIED CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY</b>	<b>6,579,000</b>	<b>10,182,000</b>	<b>12,157,000</b>	<b>12,751,000</b>	<b>13,370,000</b>
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**OTHER POTENTIAL FUTURE CAPITAL PROJECTS WITH OPERATING AND MAINTENANCE COSTS GREATER THAN \$100,000 ANNUALLY (NOT INCLUDED IN FORECAST)**

None