

*Five-Year Economic Forecast
and
Revenue Projections*

2022-2026

Appendix A

City of San José Budget Principles
Service Delivery Framework
City Roadmap

CITY OF SAN JOSE 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.

CITY OF SAN JOSE 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.

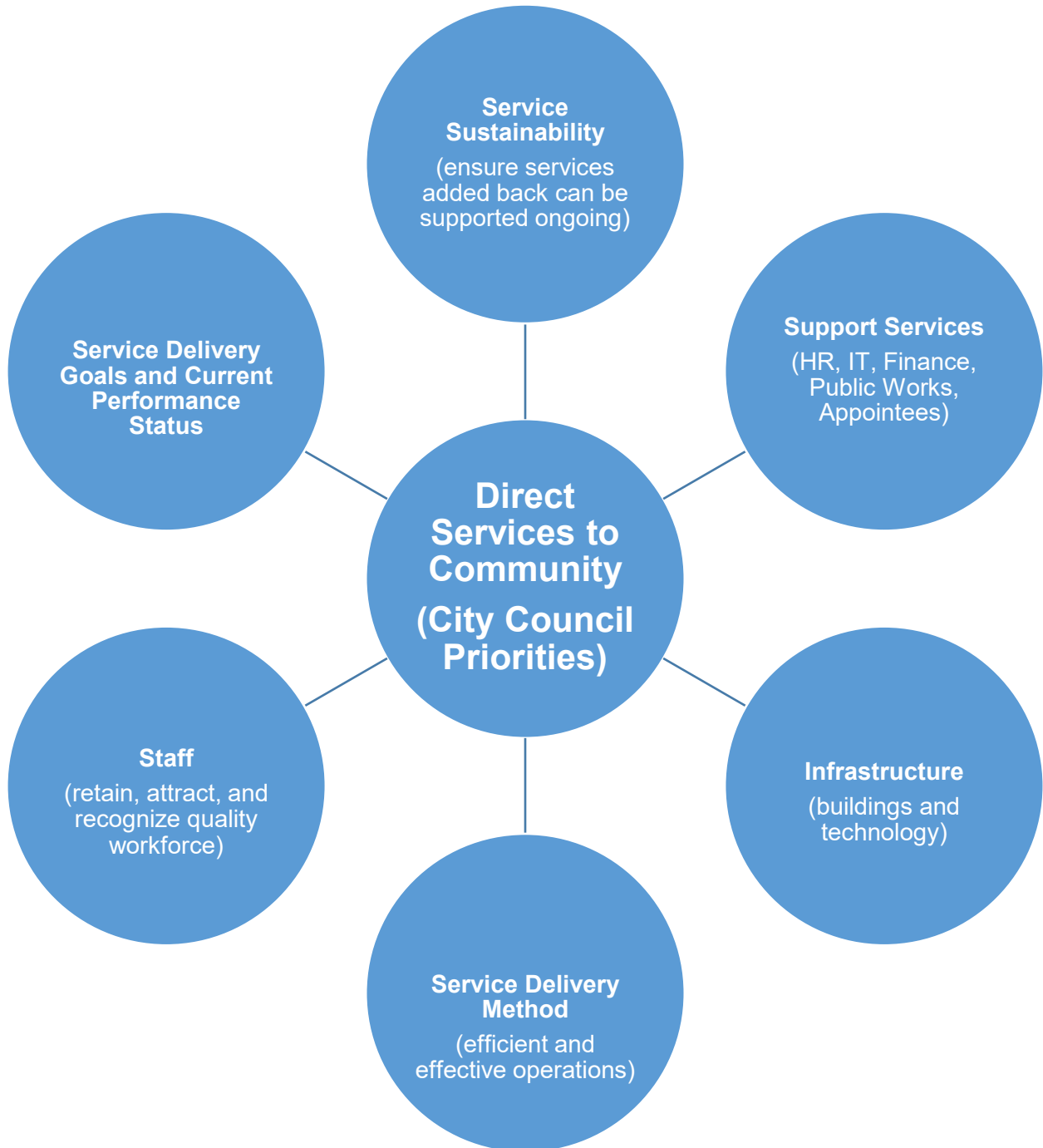
12) PERFORMANCE MEASURES

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.

Service Delivery Framework



San José City Roadmap | Draft FY 2021-2022 City Roadmap (2/25/2021)

Legend: COVID-19 Response Enterprise Initiatives

Enterprise Priority
Emergency Management + Preparedness <i>C+ER: Community + Economic Recovery</i>
Creating Housing + Preventing Homelessness <i>C+ER: Community + Economic Recovery</i>
Safe, Vibrant, + Inclusive Neighborhoods + Public Life <i>C+ER: Community + Economic Recovery</i>
The Future of Downtown
Building the San José of Tomorrow: Private Development Services
Smart, Sustainable, + Reliable City: 21st Century Infrastructure

Project							
Vaccination Taskforce	<i>C+ER</i> Food + Necessities Distribution	<i>C+ER</i> Digital Equity					
<i>C+ER</i> Rental Assistance	Emergency Housing Construction + Operation	Sheltering + Enhanced Encampment Services					
<i>C+ER</i> Re-Employment + Workforce Development	<i>C+ER</i> Small Business Recovery	<i>C+ER</i> Child Care Learning Pods	Police Reforms Work Plan	San José 311 + Service Delivery	Encampment Waste Pick-Up BeautifySJ	Vision Zero Traffic Safety	
Google Development							
Align Zoning with General Plan	Development Services Transformation	Major Real Estate Development Projects					
Pavement, Fire, EOC, Transit Capital Improvements	Regional Wastewater Facility Capital Improvements	Electrical Service for Major Development	Climate Smart American Cities Climate Challenge				

Strategy	
North San José Strategy	
Equity Strategy Development	Neighborhood Services Access Strategy
BART + High-Speed Rail Strategy	
Lowering PG&E Above Market Costs for Clean Energy	

Policy
Soft-Story Building Earthquake Retrofit Policy

Enterprise Priority Foundational
Strategic Fiscal Positioning + Resource Deployment
Powered by People 2.0

Project						
Federal + State Stimulus Advocacy	Secure City Cybersecurity	Procurement Improvement	Pension Obligation Bond Analysis			
Continuity of City Services	Workplace Safety	Employee Health + Wellness	Drive to Digital	Effective Teams	Bargaining Unit Contract Negotiations	

Strategy	
Budgeting for Equity	City Roadmap Budgeting, Accountability, + Performance
City Workforce Diversity + Skill Building	

Policy

Priority Higher ● ————— ● Lower Higher ● ————— ● Lower Higher ●● Lower