



Memorandum

TO: MAYOR REED

FROM: Councilmember Pete Constant

SUBJECT: BUDGET DOCUMENT

DATE: May 25, 2011

Approved

Date May 25, 2011

RECOMMENDATION

That one of the following recommendations be enacted.

BACKGROUND

City-Council Initiated Neighborhood Improvement Reserve Fund/Other Budget Proposals

OPTION 1

Program/Project Title: 8 Police Officer

Position Restorations [PATROL]

Amount of City Funding Required:

\$1,279,995

Fund Type (i.e. General Fund, C&C funds, etc.):

General Fund

OPTION 2

Program/Project Title: 21 Police Officer

Position Restorations [PATROL]

Amount of City Funding Required:

\$3,476,341

Fund Type (i.e. General Fund, C&C funds, etc.):

General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This will provide *ongoing* General Fund dollars to preserve much needed and essential police officer positions. Under OPTION 1, this would require that the Mayor and Council offices reduce spending to FY07-08 levels. Under OPTION 2, the Mayor and Council offices would reduce spending by 28.8% from projected FY10-11 actual amounts.

OPTION 1

Funding Source

Program/Project Title: Mayor and City Council Office Budget Reductions/Allocations

Amount of City Funding Change: (\$1,279,995)

Fund Type (i.e. General Fund, C&C funds, etc.):

General Fund

OPTION 2

Funding Source

Program/Project Title: Mayor and City Council Office Budget Reductions/Allocations

Amount of City Funding Change: (\$3,476,341)

Fund Type (i.e. General Fund, C&C funds, etc.):

General Fund

Anticipated Outcomes:

Mayor and Council offices should not be treated differently from any other city department as we struggle with the ninth straight year of budget deficits.

Overall, spending by the Mayor and Council offices has trended upward over the past several fiscal years. While the proposed budget allocation for FY11-12 is approximately 14% less than the FY10-11 budget allocation, it is still more than the actual spending by the Mayor and Council offices in FY05-06, FY06-07, FY07-08, FY08-09, and FY09-10. The proposed FY11-12 spend is 17.6% higher than the estimated actual expenditures for FY10-11. Please refer to Attachment A for year-to-year comparisons.

This ongoing process of consistently budgeting amounts that are in excess of actual spending creates ending fund balances that are then available for rollover to the next fiscal year. This year’s forecast for excess budgeted funds is approximately \$2.7 million (see my related Budget Document).

The majority of Mayor and Council office budgets are consumed by salary costs. The Mayor and Councilmembers have reduced our pay and council staff (Unit 99) salaries by 10% on an ongoing basis. Therefore it is reasonable for our budgets to be reduced by *at least* 10%. If we were to return spending to the FY07-08 actual expenditure levels of \$7.5 million, it would represent a reduction of 17% from the proposed FY11-12 budget allocation of \$8.8 million.

OPTION 1: Given the dire circumstances, the Mayor and Council should roll back our budget allocations to the FY07-08 levels. This action will provide \$1.3 million in projected savings that can fund 8 police officer positions on an ongoing basis.

OPTION 2: Alternatively, the Mayor and Council offices could take the same targeted reduction of 28.8% that was requested of all non-public safety departments at the start of the budget process. This reduction should be from actual expenditure history, not adopted budget allocations. This would prevent future excessive ending fund balances such as those we have seen in previous years.

	Proposed Budget	Adjusted Budget
Mayor	\$ 1,327,483	\$ 1,000,000
Council	\$ 2,425,760	\$ 2,000,000
Council General	\$ 5,059,162	\$ 2,336,034
	\$ 8,812,405	\$ 5,336,034

Reducing the proposed FY11-12 budget by 28.8% from the estimated FY10-11 actual would yield a FY11-12 total proposed allocation of \$5.3 million. **This option would free up \$3.4 million which we could use to add back 21 patrol officers on an on-going basis.**

Department or Organization: Mayor and Council Offices

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

Name: Dennis Hawkins, City Clerk’s Office
Phone number: 408-535-1275
E-mail address: dennis.hawkins@sanjoseca.gov

This change is:
 One-time Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services

ATTACHMENT A

	FY05-06 Actual	FY06-07 Adopted	FY06-07 Actual	FY07-08 Adopted	FY07-08 Actual	FY08-09 Adopted	FY08-09 Actual	FY09-10 Adopted	FY09-10 Actual	FY10-11 Adopted	FY10-11 Estimated	FY11-12 Proposed
MAYOR & COUNCIL												
Office of the Mayor	1,154,038	1,721,211	1,102,709	1,949,117	1,031,052	2,062,135	1,210,566	2,186,591	1,216,538	1,987,254	1,298,785	1,327,483
City Council	2,037,509	3,051,092	2,282,972	3,426,252	2,583,026	3,570,575	2,626,716	2,872,790	4,039,162	3,448,266	2,444,285	2,425,760
Council General	3,180,210	4,108,619	3,281,874	4,289,850	3,918,332	4,706,281	4,119,621	5,059,075	2,493,694	4,786,325	3,751,360	5,059,162
Totals	6,371,757	8,880,922	6,667,555	7,716,102	7,532,410	10,338,991	7,956,903	10,118,456	7,749,394	10,221,845	7,494,430	8,812,405

