

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2012-2013 PROPOSED BUDGET
IN BRIEF

DATE: May 1, 2012

Approved

A handwritten signature in black ink, appearing to read "Alvin F. Fong".

Date 5/1/12

The Budget Office has prepared the attached 2012-2013 Proposed Budget in Brief that provides an overview of the 2012-2013 Proposed Budget. A total of 50 copies has been distributed to the Mayor and each City Council Office.

This document is available on-line at <http://www.sanjoseca.gov/budget/FY1213/2012-2013BudgetinBrief.pdf>.

A handwritten signature in black ink, appearing to read "Jennifer A. Maguire".

JENNIFER A. MAGUIRE
Budget Director



2012-2013 PROPOSED BUDGET IN BRIEF

The Mission of the City of San José is to provide quality public services, facilities, and opportunities that create, sustain, and enhance a safe, livable, and vibrant community for its diverse residents, businesses, and visitors.

The 2012-2013 Proposed Operating and Capital Budgets for the City of San José total \$2.6 billion and represent the City Manager’s proposed financial plan for the upcoming year. The Mayor and City Council, who are responsible for approving the City’s final budget, will be holding a series of City Council Budget Study Sessions during May to thoroughly analyze the many proposals set forth in this budget. In June, the Mayor and City Council will adopt the final budget, incorporating any changes resulting from that review.

After 10 consecutive years of General Fund shortfalls, there is a small General Fund surplus of \$9 million projected for 2012-2013. Over the next five years, small surpluses or shortfalls are projected annually.

2013-2017 General Fund Surplus/(Shortfall) (\$ in millions)

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
\$9.0 M	(\$22.5 M)	(\$1.3 M)	\$19.0 M	\$10.7 M

As directed in the Mayor’s 2012-2013 March Budget Message as approved by the City Council, the Proposed Budget incorporates a two-year approach to balancing the budget, with the \$9.0 million projected surplus along with \$13.5 million of one-time funds reserved in 2012-2013 to address the projected shortfall of \$22.5 million in 2013-2014. Additionally, the Administration avoided adding or restoring services in the Proposed Budget that could not be maintained on an ongoing basis.

Major actions recommended will:

- Continue services funded on a one-time basis in 2011-2012
- Open four libraries and one community center constructed with General Obligation Bonds
- Address the most immediate and critical of the City’s unmet/deferred infrastructure needs
- Address essential operational and organizational needs to strengthen the organization, meet community expectations, or mitigate potential risk of higher long-term costs
- Fund a limited number of programs/initiatives identified in the Mayor’s March Budget Message
- Implement more effective service delivery models to improve efficiency, reduce costs and/or enhance service levels

Community Budget Meetings

April 10 – May 24

Budget Decision Milestones

May 9-17

City Council Study Sessions on 2012-2013 Proposed Budgets

May 15/June 11

Public Hearings on the 2012-2013 Proposed Budgets and Fees and Charges (evening meetings)

June 1

2012-2013 Mayor’s June Budget Message Released

June 12

City Council Review and Approval of the 2012-2013 Mayor’s June Budget Message

June 19

Adoption of the 2012-2013 Capital and Operating Budgets, 2013-2017 Capital Improvement Program, and the 2012-2013 Fees and Charges

INSIDE

*San José at a Glance
Balancing the Budget
Service Delivery Highlights
Capital Budget Highlights
Roster of City Officials
Managing Our Finances
Accessing the Budget*

San José at a Glance

Basic City Facts

FOUNDED: 1777; California's first civilian settlement
INCORPORATED: March 27, 1850; California's first incorporated City, and site of the first State capital

General Data

Population	958,789
Registered Voters	388,084
Median Household Income	\$76,794
Miles of Streets	2,400
Miles of Alleys	2
Area of City (square miles)	179.8

Major Employers

Santa Clara County	14,950
Cisco Systems	11,600
IBM	6,750
City of San José	5,400
San José State University	4,780
Ebay/Paypal, Inc.	4,700
San José Unified School District	2,330
Hitachi	2,000

Airport*

Size	Approx. 1,000 Acres
Terminals	2
Runways	3
Hours of Operation	24
Number of Passengers	8.27 Million

Environment and Utilities*

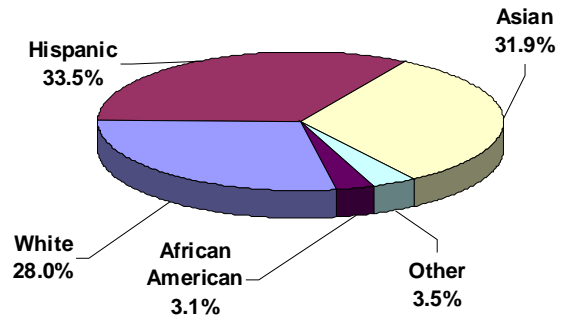
Miles of Municipal Sewer Mains	2,257
Tons of Recyclables	111,000
Tons of Yard Trimmings	133,000
Gallons of Used Motor Oil	115,000

Parking*

Parking Meters	2,584
Parking Lots (1,285 total spaces)	9
Parking Garages (6,175 total spaces)	8

* Current counts or 2011-2012 year-end estimates

Demographics



Public Safety*

Police Stations	1
Emergency Police Calls	481,000
Non-Emergency Police Calls	357,000
Fire Stations	33
Fire Companies	40
Emergency Medical Calls	49,000
Fire Safety Code Inspections	11,000
Fires	1,560
Hazardous Materials Incidents	140

Neighborhood Services*

Park Sites	192
Park Amenities:	
Basketball Courts	95
Skate Parks	6
Softball/Baseball/T-Ball Fields	52
Swimming Pools	6
Tennis Courts	93
Soccer Fields	46
Park Acreage	3,418
Community Centers	12
Re-Use Sites	43
Participation in Recreation Programs at Community Centers	214,000

Libraries*

Number of Outlets:	
Main Library	1
Branches	21
Items Checked Out (Circulation)	11,525,000

San José at a Glance

2012-2013 Proposed Budget

GENERAL FUND

Police	\$ 290,533,197
Fire	150,915,065
City-Wide Expenses	79,615,751
Parks, Recreation & Neighborhood Services	48,682,619
Transportation	25,772,677
Planning, Building & Code Enforcement	31,122,839
Libraries	24,020,561
City Management (Manager and City Council)	20,525,385
Finance and Human Resources	18,208,125
Information Technology	12,961,856
City Attorney	11,831,436
Public Works	30,600,031
Transfers to Other Funds	39,386,581
Capital Improvements	10,800,000
Other	10,280,595
Reserves	77,116,568
Total General Fund	\$ 882,373,286

SPECIAL FUNDS

Airport	\$ 498,494,335
Waste Water Treatment Plant & Sanitary Sewer	282,299,953
Waste Mgmt (Garbage Collection/Recycling)	132,250,216
Housing	86,789,265
Convention and Cultural Facilities	63,644,304
Storm Sewer Operations	50,093,395
Municipal Water	35,921,754
Parking	22,249,186
Transient Occupancy Tax	14,712,659
Community Development Block Grant	14,551,639
Workforce Investment Act	12,157,282
Other	237,767,554
Total Special Funds	\$ 1,450,931,542

CAPITAL IMPROVEMENT FUNDS

Airport	\$215,392,145
Parks and Community Facilities	125,813,843
Water Pollution Control	111,313,097
Sanitary Sewer	97,004,453
Traffic	84,869,132
Library	36,993,390
Public Safety	19,122,291
Other	52,672,567

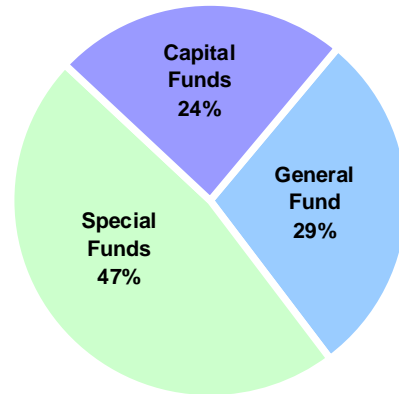
Total Capital Funds \$ 743,180,918

TOTAL ALL FUNDS \$ 3,076,485,746

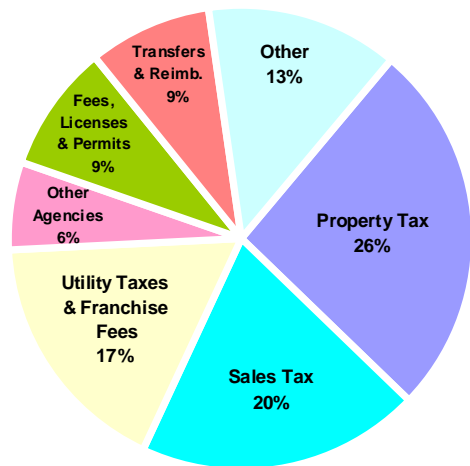
Less Transfers, Loans & Contributions (511,066,643)

NET CITY USE OF FUNDS \$ 2,565,419,103

2012-2013 Proposed Budget

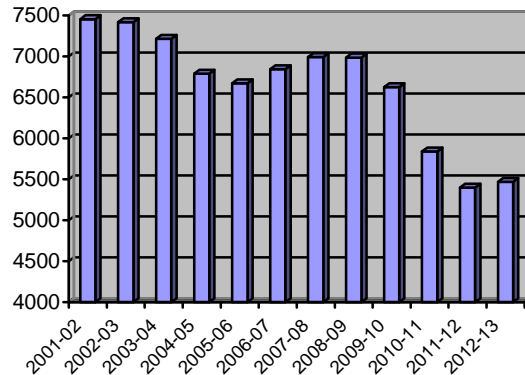


2012-2013 Major Sources of General Fund Revenues*



* Excludes Fund Balance

Total City Positions



With the net addition of 70 positions from the 2011-2012 Adopted Budget to the 2012-2013 Proposed Budget, the number of City positions totals 5,470 (1988-1989 levels).

Balancing the Budget

The General Fund is used to provide many of the basic services provided by the City, including police, fire, libraries, parks, and street maintenance.

2012-2013 GENERAL FUND PROPOSED BALANCING PLAN		
(\$ in 000s)		
	<u>2012-2013</u>	<u>Ongoing</u>
General Fund Surplus	\$8,986	\$8,986
Development Fee Program Surplus	1,401	1,401
Total General Fund Surplus	\$10,387	\$10,387
Source of Funds:		
2012-2013 Future Deficit Reserve Elimination	\$21,947	\$0
Additional 2011-2012 Ending Fund Balance	6,000	0
Development Fee Program Reserves	2,908	2,644
Transfer from Other Funds	1,999	292
Fee Changes/Activity Level Adjustments	1,756	2,398
Other Revenue Changes	1,247	146
Transfers/Overhead Reimbursements	(938)	(1,179)
Total Change to Source of Funds	\$34,919	\$4,301
Use of Funds:		
2013-2014 Future Deficit Reserve	\$22,500	\$9,000
Unmet/Deferred Infrastructure and Maintenance	9,625	1,275
Miscellaneous Additions	7,235	1,968
Services Funded on a One-Time Basis in 2011-2012	3,539	2,346
Development Fee Programs	3,349	3,014
Fiber Optics Loan Repayment	2,200	(50)
New Facilities Operating and Maintenance	2,064	3,951
Essential Services Reserve	1,500	0
Non-Development Fee Programs	279	320
Use of Reserves	(4,929)	(3,978)
Position Changes/Other Personal Services Savings	(1,967)	(2,168)
Non-Personal/Equipment and City-Wide Expenses	0	(906)
Funding Shifts to Other Funds	(89)	(84)
Total Change to Use of Funds	\$45,306	\$14,688
Total Change in the General Fund	\$10,387	\$10,387

How was the General Fund Budget Surplus Calculated?

Each year, a Five-Year General Fund Forecast is prepared that compares the estimated revenues and expenditures over the next five years to determine if there is a projected surplus or deficit.

The expenditure figures, which reflect the cost of existing programs, are updated to reflect estimated salary and benefit costs and any changes in contractual obligations. In addition, expenditures to which the City is considered to be committed by prior City Council action are included, such as costs related to operating new facilities.

In 2012-2013, revenues are projected to exceed expenditures by \$9 million (excluding the Development Fee Program). In the February 2012 Forecast, small budget surpluses and deficits were projected in each of the five years of the Forecast.

Two-Year Budget Strategy

The 2012-2013 Proposed Budget focuses on meeting basic needs. The small General Fund surplus projected in 2012-2013, along with the other recommended budget actions, provide capacity to address the most critical of the City's service delivery and infrastructure needs as well as set aside funds to address the projected General Fund shortfall in 2013-2014. This is welcomed news after a decade of shortfalls and painful decisions that have significantly reduced community services and the City's workforce.

Although the 2012-2013 Proposed Budget has been balanced without the deep cuts faced in recent years, there is still a long way to go to achieve the fiscal stability that will allow the City to restore service levels and meet major community and organizational needs. In June 2011, with the adoption of the 2011-2012 budget, the City Council approved a Fiscal Reform Plan that presented a strategy to achieve long-term financial stability, restore key services to January 1, 2011 levels, and open facilities that have been recently completed or are under construction. This Plan relies on a combination of cost reduction strategies (primarily retirement-related) and revenue strategies (primarily Sales Tax and Business Tax measures) to provide additional resources to meet these goals. As part of this plan, the City Council authorized a June 2012 ballot measure that would amend the City Charter in order to modify the City's pension plans. It is anticipated that revenue measures will be brought forward for voter consideration in the future.

Service Delivery Highlights

Public Safety



Key Public Safety Services

Crime Prevention
Emergency Medical Services
Emergency Preparedness
Fire Prevention
Fire Suppression
Independent Police Oversight
Police Investigations
Police Patrol
Public Education



Expected Service Delivery

Police Services

- Respond to calls for service and emergencies in a timely and effective manner
- Investigate crimes effectively and seek successful prosecution of criminals
- Continue efforts to deter gang violence
- Prompt review of Police complaints by the Independent Police Auditor

Fire Services

- Respond to fires, medical calls, and other emergencies in a timely and effective manner
- Provide regulatory enforcement of fire and hazardous materials codes through inspection activities
- Investigate fire causes effectively
- Continue regional all-hazard emergency management and San José Prepared!

2012-2013 Proposed Budget Actions

- **Police Field Patrol:** restore funding for 3 Police Officers funded on a one-time basis in 2011-2012 to maintain Patrol staffing.
- **Police Field Patrol Targeted Enforcement:** add \$500,000 in overtime funds to provide targeted enforcement of high crime activity, specifically gangs, prostitution, and graffiti.
- **Police School Safety Unit:** restore funding for 21 Crossing Guard positions (3.69 full-time equivalents) in order to maintain 2011-2012 School Safety Program service levels.
- **Medical Marijuana Program:** continue funding for 1 Police Sergeant to support the Medical Marijuana Program.
- **Creek Encampment Clean-Ups:** continue Police overtime funding for assistance with creek encampment clean-ups.
- **Police Gaming Unit:** add 3 Senior Auditor positions and 1 Staff Specialist for forensic auditing of the Cardrooms.
- **La Raza Study:** continue \$50,000 to support efforts to create transformative, multi-system change aimed at eliminating disproportionate Latino representation in the criminal justice, juvenile justice, and child welfare systems serving San José.
- **Police Officer Recruit Academy:** eliminate 3 Police Officer positions and use the South Bay Public Safety Training Consortium to provide a Peace Officer Standards and Training certified Police Officer Recruit Academy at a lower cost.
- **Police Permits Unit Civilianization:** eliminate 2 Police Officer positions and add 2 civilian Staff Technician positions to better align work with the appropriate job classification to support the Police Permits Unit, resulting in cost savings.
- **Bureau of Police Administration Staffing Reorganization:** eliminate 1 Police Lieutenant and 1 Administrative Officer and add 2 Crime and Intelligence Analysts and 1 Division Manager to better align staffing with administrative support needs.
- **Police Substation:** continue the deferral of the opening of the Police Substation from September 2012 to September 2013.
- **Fire Code Compliance Program:** add 1 Fire Prevention Inspector to improve cycle times for fire code inspections.
- **Firefighter Recruit Academy Elimination:** eliminate funding for one of two Firefighter Recruit Academies through 2014-2015 based on the estimated number of retirements and separations, generating annual savings of \$1.2 million.

Service Delivery Highlights

Neighborhood Services



Key Neighborhood Services

After School Programs
Anti-Graffiti and Anti-Litter
Code Enforcement
Libraries
Senior Services

Animal Care Services
At-Risk Youth Services
Community Centers
Park Facilities



Expected Service Delivery

Parks and Community Services

- Operate 12 community centers
- Continue anti-gang activities
- Continue fee-based homework centers
- Offer Family Camp Program
- Keep parks and trails open
- Deliver Senior Nutrition and Wellness Program

Code Enforcement

- Code Enforcement field inspection services for emergency and priority complaints within 24 – 72 hours
- Proactive enforcement of vacant buildings

Library Services

Branch Hours:

Open 4 days per week (33-34 hours per week total).

Dr. Martin Luther King, Jr. Library:

Open 72 hours/week during the academic year

Open 58 hours/week when the University is not in session

Animal Care and Services

- Animal Care and Services to focus on health and safety related calls

2012-2013 Proposed Budget Actions

- **Open Libraries:** open 4 libraries constructed with General Obligation Bonds: Seven Trees (Dec. 2012/Jan. 2013); Bascom (Jan./Feb. 2013); Educational Park (April 2013); Calabazas (May 2013).
- **Open Bascom Community Center:** open this center, constructed with General Obligation Bonds, in summer 2012.
- **San Jose BEST:** \$2 million increase, from \$2.6 million to \$4.6 million, to support gang prevention and suppression efforts.
- **Safe Schools Campus Initiative (SSCI):** continue 4 positions to provide the SSCI program at middle schools.
- **Community Action and Pride Grants:** remaining funds of \$110,000 will be used to continue program in 2012-2013.
- **Senior Services and Wellness Program:** continue 2 positions to support Alma and Gardener Community Centers; add \$200,000 one-time, and permanently reallocate Healthy Neighborhood Venture Fund funding (\$400,000) to Senior Wellness.
- **Park Rangers:** continue 2 positions for Guadalupe River Park, trails, Lake Cunningham, and high need areas; add 2.74 part-time Park Ranger positions to address public safety concerns in regional parks.
- **Fair Swim Center:** provide funding for a Summer 2012 Swim Program.
- **Lake Cunningham Skate Park:** continue funding for 2.6 positions to operate the fully cost-recovery Skate Park.
- **Landscape Watering:** add \$400,000 (approximately 70% of the 2011-2012 reduction) to allow more frequent watering.
- **Medical Marijuana Program:** continue 1 Code Enforcement Inspector to enforce code compliance.
- **Vacant and Dangerous Building Code Inspection:** continue 1 Inspector to enforce vacant/neglected building violations.
- **Park Landscape Maintenance Team-Based Model:** consolidate work units into larger teams that address entire parks.
- **Graffiti Abatement Program Efficiencies:** increase square footage of graffiti eradicated by shifting funds from Sentencing Alternative Program to a graffiti abatement contract.
- **Happy Hollow Park and Zoo and Leininger Center Staffing Efficiencies:** realign full-time and part-time staff to create operational efficiencies, improve customer service, and improve cost-recovery levels.
- **Community Development Block Grant Code Enforcement:** eliminate 5 positions due to lower grant entitlement; move from proactive enforcement services in low-income areas to a targeted, neighborhood-focused code enforcement strategy.

Service Delivery Highlights

Community & Economic Development



Key Community & Economic Development Services

Building Permits
Development Services
Economic Development
Housing Services
Land Use and Planning
Local & Small Business Technical Services
Public Art
Workforce Investment Network



Expected Service Delivery

Economic Development

- Attract and retain companies, with focus on clean technology and emerging technology companies
- Provide a range of workforce programs and services for displaced workers
- Manage the City's real property assets

Planning and Building Services

- Provide excellent development review process customer service
- Provide expedited plan review services

Housing Services/Community Development Block Grant (CDBG)

- Provide financial assistance to individuals for home purchases and rehabilitations
- Continue to work with Destination: Home, a public-private partnership with the goal of ending chronic homelessness
- Employ a place-based, neighborhood-focused strategy with most of the CDBG funds.

Arts and Cultural Events

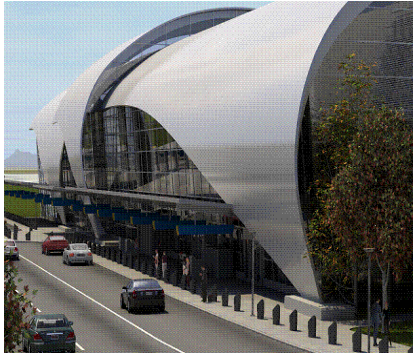
- Through arts and cultural development programs, maintain a culturally vibrant community

2012-2013 Proposed Budget Actions

- **Development Fee Programs:** New resources are included for the development fee programs (Building, Planning, Public Works, Fire) to ensure increasing service demands can be met within expected service delivery timeframes. No fee increases are necessary in order to meet the increased development services activities.
- **Small Business Ambassador:** add 1 position to act as the point of contact for small businesses to help them move efficiently through the permitting process.
- **Ordinance Staffing:** continue funding for a Planner position to update and modify various City Ordinances.
- **Economic Development/Incentive Fund:** establish a one-time allocation for economic development support and incentives in the amount of \$750,000.
- **Enterprise Zone Program:** continue funding for 1 position added in 2011-2012 to support this cost-recovery program.
- **Christmas in the Park Transition:** continue an Exhibit/Designer position through June 2014, reimbursed by the Christmas in the Park Foundation; Foundation to receive grant funds of \$129,000, including a Transient Occupancy Tax Cultural Development grant of \$75,000.
- **Convention Center Kitchen and HVAC System:** provide funding for a kitchen remodel and HVAC repairs at the Convention Center. This \$10 million project will be funded through a commercial paper issuance and will be repaid over a 7-year period from the Convention and Cultural Affairs Fund.
- **Convention Facilities Staffing:** eliminate the remaining 9 City positions under management of Team San Jose and increase funding for contractual staffing to address the variable nature of activity at the Convention Facilities.
- **Convention and Visitors Bureau Marketing Program:** eliminate the General Fund allocation of \$554,000 for the marketing program, as an increase in Transient Occupancy Tax receipts and other City funds can offset this impact.
- **Housing Department Staffing Reorganization:** net reduction of 2 positions to better reorganize functions due to the dissolution of the San Jose Redevelopment Agency.

Service Delivery Highlights

Transportation & Aviation Services



Key Transportation & Aviation Services

Airport Operations
Landscape & Tree Maintenance
Parking Services
Street Pavement Maintenance
Traffic Capital Improvements
Traffic Maintenance
Traffic Safety Education
Transportation Planning and Project Delivery



Expected Service Delivery

Airport Operations

- Operate the Norman Y. Mineta San Jose International Airport in a safe and efficient manner
- Deliver positive, reliable and efficient air traveler services and amenities; complete for community air service destinations and frequencies
- Preserve Airport assets and facilities through cost effective maintenance and operations
- Provide mandatory security, safety, and regulatory compliance for air service operations

Transportation Operations

- Provide safe and viable transportation choices consistent with the Envision San José 2040 General Plan
- Focus street infrastructure maintenance efforts on facilities with the highest use and economic significance
- Improve regional travel on major arterials, freeways, and transit corridors to address ongoing concerns with traffic congestion

2012-2013 Proposed Budget Actions

- **Transportation Deferred Maintenance Investments:** replace raised reflective markers and arterial street striping (\$500,000), structural pruning of City-owned trees in median islands and roadside properties (\$500,000); replace damaged vehicle detection loops (sensors) and associated pavement repairs (\$250,000); and replace 20 fixed radar speed display signs (\$250,000).
- **Landscape Maintenance Vehicle Replacement:** replace four aging trucks assigned to the Landscape Maintenance team.
- **Street Maintenance Strategy:** eliminate pavement maintenance on local/neighborhood streets and shift this funding to maintain the priority street network (400 miles) within the City's major streets (which carry 87% of the traffic). While neighborhood preventative street maintenance will be deferred, corrective maintenance, such as pothole repairs, will still be performed. This action reduces 11 positions as arterial streets are maintained contractually.
- **Sidewalk Repair Program:** increase the Sidewalk Repairs Program by \$900,000 (from \$600,000 to \$1.5 million), offset by property owner reimbursements and fees, which will allow the City to begin addressing a backlog of needed repairs.
- **San Jose Downtown Association:** increase funding by \$190,000 (from \$70,000 to \$260,000) supported by the General Purpose Parking Fund.
- **Airport Curbside Management Service Delivery Change:** as part of the implementation of the Airport Competitiveness Strategic Plan, eliminate 20 Parking and Traffic Control Officer positions and outsource the curbside traffic, congestion, and security control services, resulting in annual savings of \$1 million to the Airport.
- **Airport Service Enhancements:** add three new services, including operation of a shared-use lounge, in-terminal customer service cart service to assist customers in reaching the northernmost gates in Terminal B; and delivery services for oversized luggage and animals in carriers to enhance the customer experience.
- **Collaborative Air Service Marketing:** add contractual services funding of \$250,000 for a joint Airport and airline collaborative marketing program supporting All Nippon Airline's new international flight to Tokyo, Japan from San José.

Service Delivery Highlights

Environmental & Utility Services



Key Environmental & Utility Services

Energy Conservation Efforts
Garbage Collection & Recycling
"Green" Building Program
Municipal Water System
Neighborhood Cleanups
Sanitary Sewer Maintenance
Storm Sewer Maintenance
Water Pollution Control Plant
Water Recycling



Expected Service Delivery

- ❑ Build, operate, and maintain the City's wastewater, stormwater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety
- ❑ Promote the health of the public, environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff
- ❑ Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment
- ❑ Reduce the City's environmental footprint by leading city-wide programs for energy efficiency and conservation, water conservation, renewable energy use, environmentally preferable purchases, and Green Building
- ❑ Support the community in implementing sustainable infrastructure, equipment, and behaviors through education, public-private partnerships, and implementation of the City's Green Building Policy
- ❑ Operate and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply

2012-2013 Proposed Budget Actions

- **Treatment Plant Repairs and Maintenance:** add \$1.5 million for the replacement of aging dissolved air flotation tanks and primary sedimentation tanks components, as well as \$500,000 annually for four years for coating and painting of buildings and a digester at the Water Pollution Control Plant.
- **Sanitary Sewer Overflow Mitigation:** add \$1.9 million to fund several measures to reduce the occurrence of and improve the response times to sanitary sewer overflows, including a root control program, sewer video inspection, a first responder program, capital maintenance management staffing, and technology enhancements.
- **Treatment Plant Engineering Support, Training, and Capital Improvement Program Staffing:** add \$700,000 for contractual engineering services to provide technical expertise, \$500,000 for a technical training program, and 1 Senior Sanitary Engineer and 1 Principal Sanitary Engineer to assist with piloting, pre-design, and alternative technology evaluation that will lead to Treatment Plant capital projects.
- **Vehicle and Equipment Replacement:** replace a combination cleaning truck (Vactor) and an aging dump truck that support the Sanitary Sewer Program, add two pump hose trailers and one truck mounted power rodder to support the Storm and Sanitary Sewer Programs, and replace four vehicles used in the operation and maintenance of the Municipal Water System.
- **Street Sweeping Signage:** install and support 40 miles of additional residential street sweeping parking restrictions.
- **Environmental Services Department Staffing:** eliminate positions that support communications, information technology, the Water Resources Division, and the Office of Sustainability to reflect the conclusion of projects that no longer require support and the implementation of more efficient staffing configurations.
- **Rate Changes:** No rate increases are recommended for the Sewer Service and Use Charge Fee, Storm Sewer Service Fee, and Recycle Plus rates in 2012-2013. Municipal Water System rates are anticipated to increase by approximately 9.5% due to the higher cost for wholesale water.

Service Delivery Highlights

Strategic Support



Key Strategic Support Services

Facility Maintenance
Financial Management
Fleet Maintenance
Human Resources
Information Technology
Public Works Services
Retirement Services



Expected Service Delivery

- Attract and retain qualified employees
- Ensure that the City's finance and technology resources are protected and available to address the short and long-term needs of the community
- Maintain a safe and healthy work environment
- Manage space usage at City-owned facilities
- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities that meet both customer and City staff needs
- Maintain City facilities, equipment, and vehicles

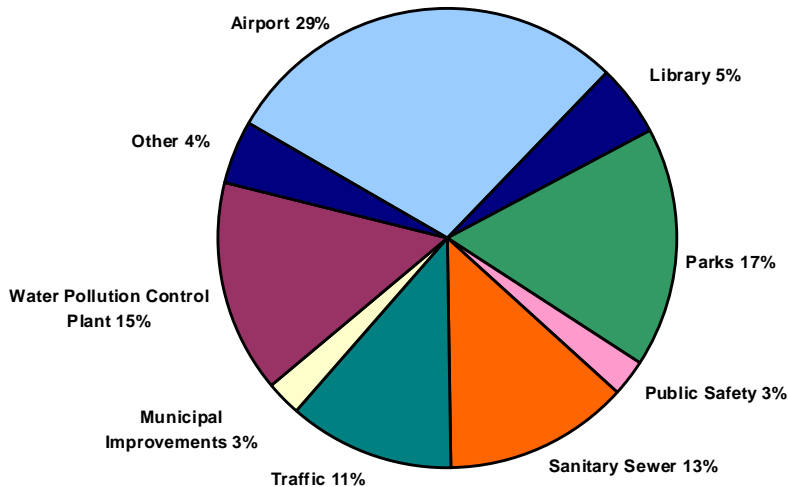
2012-2013 Proposed Budget Actions

- **Deferred Infrastructure and Maintenance Needs at Police Facilities:** replace the Uninterrupted Power Supply at the Police Communications Building (\$2.5 million); replace back-up generators (\$500,000); critical repairs/maintenance at the Police Administration Building (restrooms, replace secured corridor doors, ceiling tiles, lighting) (\$500,000). In addition, increase custodial services at the Police facilities, restoring services cut in previous years.
- **Preventative Maintenance at City Facilities:** one-time funding of \$1.8 million (\$500,000 ongoing) to increase critical preventative maintenance at City facilities from 38% to 80% for HVAC, plumbing, lighting, roofing, generators, and emergency fire alert systems. Ongoing funding will allow preventative maintenance to continue at a 40-50% level.
- **Technology Investments:** add funding of \$1.2 million in 2012-2013 (\$390,000 ongoing) to help address a portion of the City's technical infrastructure backlog. Projects include: Financial Management System business process mapping; hosted email; server licensing; annual audits for compliance with the payment card industry standards and general data security; and centralized software deployment to ensure users receive software and licensing updates efficiently.
- **Business Tax System:** add \$1.5 million to replace the City's Business Tax System that will no longer be supported by the current vendor. Ongoing funding of \$300,000 will fund system licenses and maintenance.
- **Strategic Support Staffing:** add staffing to ensure basic support services are at minimum levels needed for overall City service delivery. These additions include staffing for employment services, special accounting, information technology help desk needs, and retirement services operational and accounting support.
- **Capital Project Staffing:** add capital-funded staff in the Public Works Department to support an anticipated increase in workload associated with capital projects for the sanitary and storm sewer systems and the Water Pollution Control Plant.
- **Legal Services:** restore staff to provide legal support to the Successor Agency for the San Jose Redevelopment Agency, increased legal transactions services to City departments, Fiscal Reform, the Workers' Compensation Program, and capital projects as needed and appropriate; add \$200,000 to provide ongoing funding for outside counsel legal services.
- **Medical Marijuana Program:** continue staffing in the Finance Department, the Attorney's Office, and the City Manager's Office to support this program.

Capital Budget Highlights

The 2012-2013 Proposed Capital Budget and 2013-2017 Proposed Capital Improvement Program is composed of 14 capital programs. Following is a breakdown of the major programs.

**2012-2013 Proposed Capital Budget
Use of Funds (\$743 million)**



In this budget, capital program investments fund infrastructure improvements throughout the City including: airport, community centers, libraries, municipal water systems, public safety facilities, parks, sanitary and storm sewer systems, transportation systems, and the Water Pollution Control Plant. The Administration focused the City's limited resources on the sustainability of City facilities by addressing the most immediate needs of the City's infrastructure and prioritized funding for upgrades, expansions, and renovations with positive operation and maintenance impacts. Where possible, grants and funding from others will be leveraged to stretch City funds. Alternative funding sources will also be pursued to address the increasingly critical backlog of unmet/deferred infrastructure needs, particularly in the local street infrastructure.

The largest component of next year's budget is the Airport Capital Program (\$215 million) and it reflects a shift in focus from the many projects comprising the Airport Terminal Area Improvement Program to the maintenance and preservation of Airport infrastructure. The Parks and Community Facilities Development Capital Program is the next largest capital program (\$126 million) and its focus is to develop sports fields (ideally through joint-use agreements), develop the City's trail system further, and convert existing sports fields to artificial turf.

Major Projects to be Completed Over the Next Five Years

2012-2013 Projects

Branch Library Efficiency Projects
Convention Center Expansion and Renovation Project
Diridon Area Parking and Multi-Modal Improvements
Police Communications Emergency Uninterrupted Power Supply
Solari Park Sports Field Conversion

2013-2014 Projects

30" Old Bayshore Sewer Pipe Rehabilitation
Allen at Steinbeck School Soccer Field
Commodore Children's Park
Fire Station 21 – Relocation (White Road)
Transportation Incident Management Center
Pavement Maintenance – State Route Relinquishment
Stevens Creek Boulevard Sanitary Sewer Improvement

2014-2015 Projects

60" Brick Interceptor Replacement of the Sanitary Sewer System, Phase VIA and VIB
Autumn Street Extension
Bollinger Road – Blaney Avenue Sanitary Sewer Improvement
Fourth Major Interceptor Rehabilitation of the Sanitary Sewer System, Phase IIB/IIIB
Headworks No. 1 Repair & Rehabilitation at the Water Pollution Control Plant
Rincon Avenue – Virginia Avenue Sanitary Sewer Improvement
Southeast Branch Library
Penitencia Creek Trail Reach IB (Noble Avenue to Dorel Drive)
Willow Glen-Guadalupe Storm Sewer System, Phase III

2015-2016 Projects

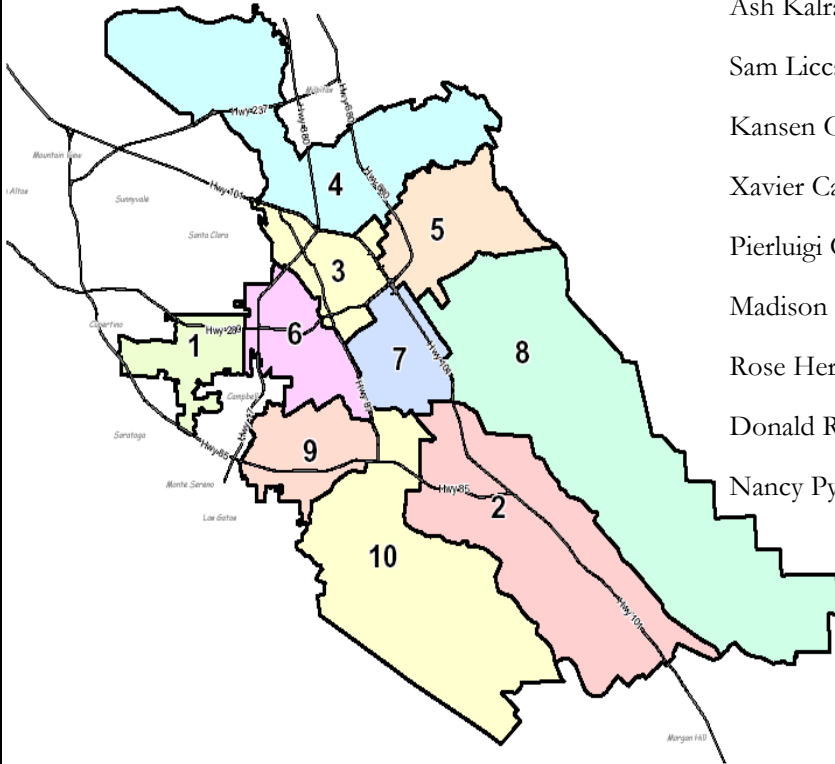
New Pipeline connection for the Biological Nutrients Removal (BNR) 1 & BNR 2
Digester Rehabilitation at the Water Pollution Control Plant
SBWR System Reliability and Infrastructure Replacement
Taxiway W Improvements

2016-2017 Projects

Airport Rescue and Fire Fighting Facility
BART Design, Policy, Planning and Construction Support
Fourth Major Interceptor Rehabilitation of the Sanitary Sewer System, Phase VIIA

Roster of City Officials

City Council Districts



Roster of Elected Officials

CITY COUNCIL	DISTRICT	TELEPHONE/ E-MAIL
Chuck Reed	Mayor	535-4800 mayoremail@sanjoseca.gov
Pete Constant	1	535-4901 District1@sanjoseca.gov
Ash Kalra	2	535-4902 District2@sanjoseca.gov
Sam Liccardo	3	535-4903 District3@sanjoseca.gov
Kansen Chu	4	535-4904 District4@sanjoseca.gov
Xavier Campos	5	535-4905 District5@sanjoseca.gov
Pierluigi Oliverio	6	535-4906 pierluigi.oliverio@sanjoseca.gov
Madison P. Nguyen	7	535-4907 District7@sanjoseca.gov
Rose Herrera	8	535-4908 rose.herrera@sanjoseca.gov
Donald Rocha	9	535-4909 District9@sanjoseca.gov
Nancy Pyle	10	535-4910 District10@sanjoseca.gov

City Manager

Debra Figone
Phone: (408) 535-8100
Webmaster.manager@sanjoseca.gov

Managing Our Finances

The City's current general credit is rated Aa1/AA+/AA+ from Moody's, Standards and Poor's, and Fitch, respectively. Considering the City's fiscal challenges in recent years, the ratings by the three rating agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City still remains one of the highest rated large cities in California and the country. The City's Operating and Capital Budgets and the Comprehensive Annual Financial Report (CAFR) have received awards from the Government Finance Officers Association and the California Society of Municipal Finance Officers. The City's strong credit ratings have saved taxpayers money due to lower financing costs for debt issuance including the three general obligation bond measures passed for park, library, and public safety improvements and other debt obligations.

Accessing the Budget

On-line versions of the City of San José's 2012-2013 Proposed Operating and Capital budgets are posted on the City's website at www.sanjoseca.gov/budget. These documents are also available at your public library. For more information about the City of San José Budget, please contact the City Manager's Budget Office at (408) 535-8144.

This publication can be made available upon request in alternative formats such as Braille, large print, audio-tape or computer disk. Requests can be made by calling (408) 535-8144 (Voice) or (408) 294-9337 (TTY).