2013-2014

Operating Budget

Attachment B - Status of Mayor and City Council Referrals

Status of Mayor and City Council Referrals
2013-2014 Proposed Operating Budget

Referral	Resolution
Budget Balancing Solutions – Identify potential ongoing budget balancing solutions that will allow the City to restore the services identified in the March Budget Message and establish an Employee Compensation Planning Reserve without reducing General Fund services	The 2013-2014 Proposed Budget incorporates this direction.
Budget Balancing Strategy – Use the 2013-2014 Budget Balancing Strategy Guidelines as detailed in Attachment B to the March Budget Message to help balance the budget, with the following addition to Guideline 11: Compensation increases included in the budget will be quantified and identified in separate categories: automatic step increases required by existing contracts, management pay for performance, and Employee Compensation Planning Reserve	The 2013-2014 Proposed Budget incorporates this direction. Consistent with the Five-Year General Fund Forecast document, the 2013-2014 Proposed Budget Message includes the quantification of the compensation increases.
List of $20 Million in Proposals for Delayed Implementation – Prepare a list of $20 million in proposed ongoing and/or one-time expenditures that will not be implemented until at least 60 days after a favorable verdict is received related to the Supplemental Retiree Benefit Reserve (SRBR) elimination and the lowest cost plan healthcare changes legal challenges	A $20 million General Fund Contingency Plan containing ongoing and one-time expenditures that will not be implemented for at least 60 days after a favorable verdict is received is included in Exhibit 1 to this message.
Outside Legal Counsel – Set aside sufficient funds in a reserve to pay for outside counsel as may be necessary to defend the City's interests related to Measure B. Savings in the City Attorney's Office should help replenish this reserve	The 2013-2014 Proposed Budget includes an increase of $1.35 million to the Fiscal Reform Plan Implementation Reserve that is partially funded by projected 2012-2013 savings in the City Attorney's Office.
Retiree Healthcare Costs – Meet and confer with the City's bargaining units to develop plan design changes to be effective January 1, 2013 that will keep the costs of retiree healthcare at 17% of payroll or less	Negotiations with unions in the Federated Retirement Plan are ongoing regarding this issue.

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2013-2014 Proposed Operating Budget

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Use of One-Time Funds – Use one-time funds as a bridge to avoid service cuts next year until additional savings or revenues from the Fiscal Reform Plan are realized	The 2013-2014 Proposed Budget incorporates this direction and establishes a 2014-2015 Future Deficit Reserve in the amount of $13.7 million to address the projected shortfall in that year as presented in the 2014-2018 General Fund Forecast released in February 2013.
Downtown and North San José Transportation Improvements – allocate the $3.0 million developer contribution related to the residential development at North First Street and River Oaks Place towards offsetting unfunded transportation improvements in Downtown and North San José	At the time the payment is received when the first building permit is issued for Parcel 1 of the multi-phased development, the Administration will recommend a 2013-2014 budget action to establisb a Downtown and North San José Transportation Improvements Reserve in the Traffic Capital Program. This reserve will be used to offset costs once specific projects are identified.
Center for Employment Training (CET) – Allocate one-time funding of $250,000 from the General Fund to help the CET achieve the required local match for its building renovation project	The 2013-2014 Proposed Budget includes one-time funding of $250,000 for the CET.
City-Funded Marketing Efforts – Require any group or City department that receives City funds to market San José for economic development campaigns to annually submit a proposed marketing plan, itemized budget, performance metrics, and results from the previous year's marketing efforts. These documents should be submitted to the City Manager (or designee) and Public Information Officer during the development of the Proposed Budget and be made available to tbe Mayor and City Council after the Proposed Budget is released	At this time, no department or organization or organizations using City funds is planning or proposing a substantive economic development campaign for the coming year.

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Referral	Resolution
Accelerating Public Safety Recruitment, Hiring, and Training – Determine what additional steps can be taken to increase the rate of hiring and training of new public safety officers. Explore "hiring ahead" of police officers to reduce the impact of vacancies, options for expanding the size/frequency of our academies, and possibly reinstituting the satellite Field Training Officer program to handle larger groups of hires	In response to this direction, a Manager's Budget Addendum will be issued that evaluates potential strategies to increase the rate of hiring and training of new public safety officers. The 2013-2014 Proposed Budget also includes funding in the amount of $325,000 for recruiting and hiring efforts for sworn and civilian vacancies. Funding will be used to attend job fairs and recruiting events, and conduct targeted marketing and outreach in publications, community colleges, and military agencies.
One-Time Bonuses – In light of the increasing rate of departures in the Police Department and the need to explore all ideas to help with retention, consider one-time bonuses in form of retention bonuses and signing incentives for laterals as a potential strategy to help with retention	Negotiations with the San José Police Officers' Association (POA) are ongoing.
Police Overtime – Ensure that the reserve of $4 million for 2013-2014 overtime needs established as part of the 2012-2013 Mid-Year Budget Review is primarily used for patrol and investigation services, as well as critical non-sworn positions such as dispatchers; also explore the use of overtime to ensure officers are able to use vacation hours during the summer months	The 2013-2014 Proposed Budget allocates the $4.0 million Police Department Overtime Earmarked Reserve to address Police Department overtime needs in 2013-2014. Although the Department is conducting police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2013-2014 with at least 80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions, maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, and backfill for civilian vacancies as needed. To the extent possible, the additional overtime will be used to ensure officers are able to use vacation during the summer months.

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Referral	Resolution
Continue to Fund Public Safety Positions Funded with Expiring Federal Grants – Consistent with the 2013-2014 Forecast, include funding in the amount of $8 million in the 2013-2014 budget to retain the firefighter positions funded with the SAFER 2010 grant	The 2013-2014 Proposed Budget includes the firefighter positions that were added with the SAFER 2010 grant.
Gang Prevention and Safe Summer Initiative Funding – Allocate $3.5 million in one-time funding to support a two-year funding strategy for San José BEST and the Safe Summer Initiative	The 2013-2014 Proposed Budget includes funding of $3.0 million in 2013-2014, of which $500,000 is ongoing. With the ongoing funding, a total of $3.5 million is proposed over a two-year period to continue the current level of support for the gang prevention and intervention services provided by San José BEST and the Safe Summer Initiative. A portion of this funding ($1.5 million) would be set aside in a reserve to support this program in 2014-2015.
Crossing Guards – Maintain funding to the elementary and middle school crossing guard programs	The 2013-2014 Proposed Budget maintains current funding for the crossing guard programs at elementary and middle schools.
South San José Substation – Identify funds to proceed with the opening of the Police Substation	The 2013-2014 Proposed Budget includes $2.3 million in the General Fund to open the Police Substation in January 2014. This funding will be added to the $3.1 million that has been funded or is expected to be funded from various law enforcement grants, bringing total resources to open the facility to $5.4 million. Ongoing funding of $2.2 million in the General Fund is needed annually to operate this facility.
Gun Task Force – Confer with the District Attorney and the Sheriff about development of a regional Gun Task Force to confiscate weapons from registered gun owners who are prohibited from possessing firearms and provide a cost estimate in the budget process	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that outlines the efforts in this area.

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Residential Burglaries – Review and report back with a plan and the resources needed to deal with the increase in residential burglaries	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that outlines a plan to deal with the increase in residential burglaries.
Community Service Officers/Use of Police Reserves – Aggressively pursue additional opportunities to civilianize positions in the Police Department and fully engage the use of police reserves to put officers on the streets. Staff should seek to increase the number of positions allowed for civilianization in the Memorandum of Agreement with the San José Police Officers Association (SJPOA), consider how Community Service Officers might be used in the future, as well as meet and confer with the SJPOA regarding this provision	The 2013-2014 Proposed Budget includes the addition of 21 Community Service Officers (CSOs) to the Police Department to perform a wide variety of non-sworn technical and administrative support services with a heavy emphasis on patrol-related support. Each of the three patrol divisions would be assigned seven CSOs. These positions would respond to lower priority non-enforcement calls, thereby increasing the capacity of existing Police Officer positions to respond to higher priority calls and conduct more proactive police work. The Community Service Officer classification has been developed and an appeal of the unit designation is pending. This is also a subject in the ongoing negotiations with the San José Police Officers' Association (POA). The Police Department will continue to explore expanding the role of police reserves to increase support to patrol functions.
Homeless Encampments – Return during the 2013-2014 budget process with a funding recommendation and strategy to support homeless outreach services, creek clean-ups, and permanent housing	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that outlines the strategy to support homeless outreach services, creek clean-ups, and permanent housing. The 2013-2014 Proposed Operating Budget includes recommendations to fund a Homeless Response Team in 2013-2014 and set aside $1.5 million of funding in an Earmarked Reserve to continue the program in 2014-2015. The recommended actions will add two positions (1.0 Senior Park Ranger and 1.0 Park Ranger) through June 30, 2014, add three positions (2.0 Park Ranger and 1.0 Community Coordinator) through June 30, 2015, add a permanent Program Manager funded by Housing funds, shift funding for Student Interns between Housing funds, and add funding

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	for associated non-personal/equipment costs for the Park Rangers, contractual services funding for waste disposal and clean-ups, security, property storage, outreach workers, and encampment deterrents.
Marijuana Business Tax – Before the adoption of the budget, the City Attorney is directed to bring to the City Council an ordinance amendment for an increase of the Marijuana Business Tax from 7% of gross receipts to the maximum allowable amount of 10% of gross receipts as approved by the voters under Measure U	The City Attorney's Office has worked with the Finance Department and City Clerk's Office to arrange for the appropriate public notice regarding this item. The Public Meeting is scheduled for May 21, 2013 and the Public Hearing is scheduled for June 4, 2013, at which time the City Council will consider the ordinance that will increase the Marijuana Business Tax rate from 7% to 10%, bringing additional estimated revenues of $1.5 million to the General Fund annually.
La Raza Roundtable/Harvard Study Consensus Building Project – Continue to support the efforts of the La Raza Roundtable to address the problem of the disproportionate representation of Latinos in the criminal justice, juvenile justice, and child welfare systems	The 2013-2014 Proposed Budget includes one-time funding of $50,000 to continue support for these efforts.
Children's Health Initiative – Begin negotiations with the County of Santa Clara on a three year phase-out of the City's funding for the Children's Health Initiative	Negotiations are underway with the County of Santa Clara. The 2013-2014 Proposed Budget includes the assumption that this program will be transitioned to the County of Santa Clara with ongoing savings of $2.1 million realized in the General Fund. A Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget to discuss the status of these negotiations.
Aquatics Programs – Continue one-time funding to support the aquatics programs at Fair Swim Center and Silver Creek High School	The 2013-2014 Proposed Budget includes ongoing funding of $25,000 for the summer 2013 swim program that will serve the Evergreen Community. No funding has been programmed for the Fair Swim Center Program as the Parks, Recreation and Neighborhood Services

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	Department has secured a vendor to provide swim lessons and a recreational swim program.
Senior Services and Wellness Program and Senior Transportation Services – Continue one-time support for the Senior Nutrition Program and senior transportation services	The 2013-2014 Proposed Budget continues funding on an ongoing basis of $460,000 for senior nutrition and wellness as well as senior transportation services that was added on a one-time basis in 2012-2013. In addition, ongoing funding of $100,000 is recommended to enhance senior nutrition program meals at the 14 sites.
Cardroom Administration – Consider moving the Division of Gaming from the Police Department to another City department or office; also consult with the City Auditor on the best ways to implement outstanding audit recommendations	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget addressing the Administration's plan to administer the Cardroom Program.
Downtown College Prep – Forgive $200,000 of the original loan to the Downtown College Prep for each year the Downtown College Prep Alum Rock campus stays open	Currently, there is a $600,000 outstanding interest-free loan with the Across the Bridge Foundation associated with the Downtown College Prep. The Administration will bring forward a memorandum for City Council consideration by June 11, 2013 that will amend the agreement with the Across the Bridge Foundation to incorporate the loan forgiveness terms.
Litigation with the County – If the City prevails in its dispute with the County over the County's withholding of $7.5 million annually from the redevelopment tax increment to fund the County employees retirement plan (the PERS levy) and water district costs, use this funding to help resolve the General Fund structural deficit and/or identify and provide ongoing funding for priority programs	Based on a tentative ruling in the Superior Court, Sacramento County, it is anticipated that the County of Santa Clara will be ordered to remit tax increment funds withheld for PERS and Water District levies for 2012-2013 ($7.65 million) and ongoing ($7.5 million annually) to the Successor Agency to the Redevelopment Agency (SARA). The 2013-2014 Proposed Budget assumes these funds will be released to SARA in 2013-2014, which will relieve the SARA General Fund subsidy by $13.5 million in 2013-2014 and $2.7 million ongoing. However, it should be noted that a SARA PERS/Water District Levy General Fund Contingency Plan of $13.5 million in one-

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	time funding and $2.7 million in ongoing funding is included in this document pending the outcome of this litigation. Please refer to Exhibit 2 of this Budget Message for further information.
Pay Increases – Target pay increase to help retain our most experienced employees; by increasing the pay at "top step", senior employees would get a raise, rewarding them for their experience and encouraging them to stay	Negotiations are ongoing. The City has proposed to various bargaining units increasing the top of the salary range by 2.5% each year for two years.
Essential Services Reserve – Set aside $2 million of one-time funds for essential services to residents	The 2013-2014 Proposed Budget includes a $2 million Essential Services Reserve that will be allocated by the City Council later in the 2013-2014 budget process.
Review of One-Time Funded Services from 2012-2013 – Review one-time funded services included in the 2012-2013 Adopted Budget for continuation in 2013-2014, where appropriate	All of the services funded one-time in 2012-2013 were re-evaluated as part of the development of the 2013-2014 Proposed Budget. With the exception of one position in the Independent Police Auditor's Office, funding is recommended to continue these programs and positions in 2013-2014 with the majority of programs funded on an ongoing or two-year basis.
City Debt Refinancing – Develop a policy where one-time savings from debt restructurings and refundings could be used to further reduce the City's financial risk and create ongoing savings from reducing principal on these bonds	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that addresses this direction. In addition, the Proposed Budget includes a $300,000 reduction to the General Fund subsidy to the Community Facility Revenue Fund (Hayes Mansion) to reflect lower anticipated debt service payments. The anticipated refunding of outstanding fixed rate and variable rate bonds issued to finance the construction of City Hall and associated parking garage is projected to generate savings in 2013-2014. These savings will be recommended to be used to reduce outstanding variable rate debt, specifically the 2008D Lease Revenue Bonds issued for the Hayes Mansion improvements.

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Council General Phase Out – Work with the Mayor's Office to reallocate costs from Council General to individual City Council Office budgets as part of the 2014-2015 Base Budget process	The City Manager's Budget Office will work with the Mayor's Office during the development of the 2014-2015 Base Budget to incorporate this change.
City Council Office Budgets – The City Clerk is directed to present to the City Council by the end of the fiscal year a policy to ensure that in the years in which the Mayor or Councilmembers leave office, a separate appropriation in created for the incoming Councilmember	The City Clerk plans to bring forward a new Council Policy for City Council consideration that limits the expenditures of the outgoing Councilmember and ensures that 50% of the total budget for the fiscal year in which the transition takes place is available for the incoming Councilmember. This policy will include HP Arena funds, the Council District budget, and the constituent outreach funds.
Street Tree Maintenance Costs – Set local prevailing wage for tree maintenance and return to the City Council with the associated changes to the prevailing wage policy	The Department of Public Works (DPW) will issue a wage survey to tree care providers in the Santa Clara County area by the end of April to collect wage data on relevant tree maintenance work, with responses expected back in May. It is anticipated that DPW will have local prevailing wage rates set by July 2013, at which time a new Request for Proposal will be released for tree maintenance activities. Existing purchase orders with current service providers have been extended through November 30, 2013, to allow time for this process to complete.
Potential Ballot Measures – Allocate funding to conduct additional polling in September for potential ballot measures in 2014	Adds one-time General Fund funding of $50,000 to allow for polling potential revenue generating ballot measures. This action is partially offset by a $25,000 transfer to the General Fund from the Construction Excise Tax Fund due to the anticipated polling of measures pertaining to pavement maintenance.
Public Data Initiative – Report back on principles, a workplan, and a budget for a San José Public Data Initiative	The City Manager's Office will present a report on the development of a Public Data Initiative in the summer/fall 2013 timeframe that incorporates the requested information.

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Employee Training and Leadership Development – Provide the City Council with a plan to restore some of the capacity for employee training and skills development, including the associated costs	The Administration plans to issue a report in the summer/fall 2013 timeframe that presents a plan for employee training and leadership development, including the program costs.
Office of the City Clerk – The City Manager is to work with the City Clerk's Office to use 2012-2013 savings in the City Clerk's budget to fund a electronic document management system	The Administration will bring forward a recommendation to rebudget current year savings generated in the City Clerk's Office to 2013-2014 as part of the 2013-2014 Rebudget/Clean-up Manager's Budget Addendum that will be issued after the release of the Proposed Budget. It is anticipated that $100,000 will be rebudgeted for this purpose.
Eco Pass – Explore and report back through the budget process on options for restoring a transit benefit to City employees, such as the Eco Pass or commuter checks. Staff should also consider whether it may be possible to develop a model under which the City would facilitate employee purchase of transit passes at a reduced price	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that addresses this direction regarding the Eco Pass or other transit benefits.
South San José Police Substation – Provide an analysis during the budget process that compares the service level improvements that could be achieved through efficiency gains from opening the Substation with the service level improvements that could be achieved by using the same amount of resources it would be required to open the Substation to enhance police resources in other ways, such as hiring more officers	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that provides this analysis on the South San José Police Substation.
Downtown College Prep – Provide contextual information about the $600,000 loan to the Downtown College Prep	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that provides the requested contextual information regarding the Downtown College Prep loan.

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Senior Nutrition Program – Provide Senior Nutrition Program participation data from the last two years in the update on the Senior Nutrition Program at the April 11, 2013 Neighborhood Services and Education Committee	A Senior Services Program Report dated March 25, 2013 was presented to the Neighborhood Services and Education Committee on April 11, 2013 (item d(3)). This report included Senior Nutrition Program participation data from January 2011 through February 2013.
San José Parks Foundation – Allocate $60,000 in one-time funding to support the San José Parks Association	As discussed during the deliberation regarding the Mayor's March Budget Message for 2013-2014, this item will be considered for funding as part of the distribution of the Essential Services Reserve.
Fire Department Hardware and Software – Provide an update regarding the cost and feasibility of updating the hardware and software used by the Fire Department	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that provides this information regarding the Fire Department hardware and software.
e-Ideas Suggestion Program – Evaluate the potential for incorporating a self-funded financial incentive element into the City's e-Ideas employee suggestion program or any similar program that may take the place of the e-Ideas Program	In response to this direction, a Manager's Budget Addendum will be issued after the release of the 2013-2014 Proposed Budget that evaluates a financial incentive for the e-Ideas Suggestion Program.

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