PROPOSED

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

2013-2014

OPERATING BUDGET

OFFICE
OF THE
CITY MANAGER

PROPOSED

2013-2014

OPERATING BUDGET

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Mayor

Chuck Reed

City Council

D1 - Pete Constant
D2 - Ash Kalra
D3 - Sam Liccardo
D4 - Kansen Chu
D5 - Xavier Campos
D6 - Pierluigi Oliverio
D7 - Madison Nguyen
D8 - Rose Herrera
D9 - Donald Rocha
D10 - Johnny Khamis

SUBMITTED BY

DEBRA FIGONE
CITY MANAGER

PROPOSED

2013-2014

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

OPERATING BUDGET

OFFICE OF THE CITY MANAGER

Prepared by:

City Manager		DEBRA FIGONE	
Assistant City Manager		ED SHIKADA	
Deputy City Managers	NORBERTO DUENAS		ALEX GURZA
Budget Director		JENNIFER A. MAGUIRE	
Asst/Dep Budget Directors	WALTER C. ROSSMANN		MARGARET MCCAHAN
Operating Budget Coordinator		KENN LEE	
Sr. Budget Analysts	TRESHA GRANT BONNY RICCOBONO	PAUL HARPER	KIELY SUENO NOSE ARACELY RODRIGUEZ
Budget Analysts	LEONARD MOY SELENA UBANDO	RACHEL QUIRIMIT	HEATHER TODD ALICE VURICH
Budget Production	LISA ESTRADA		SARAH WOOD
Special Assistance	JIM SHANNON BUDGET OFFICE	ANNE ORTIZ BUDGET OFFICE (RET.)	ROBIN SHINAGAWA BUDGET OFFICE (RET.)
	ERNEST AZEVEDO CITY MANAGER'S OFFICE	DAVID VOSSBRINK CITY MANAGER'S OFFICE	VALIA TOLENTINO FIRE
	JOY SUNG INFO. TECHNOLOGY		EILEEN YAN INFO. TECHNOLOGY

TABLE OF CONTENTS

PAGE

CITY MANAGER'S 2013-2014 BUDGET MESSAGE 1
Attachment A – General Fund Balancing Strategy Detail 1
Attachment B – Status of Mayor and City Council Referrals 1
Attachment C – Status of City Auditor Recommendations with Funding Impact 1

COMMUNITY PROFILE
San José at a Glance ..... I – 1
Roster of Elected Officials ..... I – 11
State and Local Legislative Highlights ..... I – 12

BUDGET GUIDE
Annual Budget Process ..... II – 1
City Organization by City Service Area ..... II – 2
City Organization by Function ..... II – 3
Operating Budget Guide ..... II – 4
Fund Descriptions ..... II – 8
Glossary of Terms ..... II – 18
Acronyms Index ..... II – 22

SUMMARY INFORMATION
Total City Source and Use of Funds (Table) ..... III – 1
Summary of Interfund Loans in Capital and Operating Funds (Table) ..... III – 8
Summary of the Successor Agency to the Redevelopment Agency Obligations and Risks to the City (Table) ..... III – 9
Summary of Fund Activity (Table) ..... III – 14
Summary of Total Operations by Department (All Funds) (Graph and Table) ..... III – 19
Summary of General Fund Sources (Graph and Table) ..... III – 22
Summary of General Fund Uses (Graph and Table) ..... III – 24
Summary of General Fund Uses by Category (Graph and Table) ..... III – 27
Summary of Capital Improvement Program Source of Funds (Table) ..... III – 29
Summary of Capital Improvement Program Use of Funds (Table) ..... III – 31
Descriptions of Major Capital Projects (Table) ..... III – 35
Summary of Operating Budget Impact from Capital Projects (Table) ..... III – 48
Summary of Total Staffing by Department (Graph and Table) ..... III – 51

HISTORY AND TREND INFORMATION
Five-Year Comparison of Total Operations by Department (All Funds) (Graph and Table) ..... IV – 1
Five-Year Comparison of Key General Fund Sources (Graph) ..... IV – 3
Five-Year Comparison of General Fund Sources (Table) ..... IV – 4
Five-Year Comparison of General Fund Uses (Graph and Table) ..... IV – 5
Five-Year Comparison of General Fund Uses by Category (Table) ..... IV – 7
Five-Year Comparison of Key Capital Fund Sources (Graph) ..... IV – 8
Five-Year Comparison of Total Staffing (Graph) ..... IV – 9
Five-Year Comparison of Total Staffing by Department (Graph and Table) ..... IV – 10

2013-2014

Operating Budget

General Fund Revenue Estimates

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

TABLE OF CONTENTS

PAGE

BUDGET POLICIES AND PRACTICES

Budget Policies ..... V – 1
City Service Area Policy Framework ..... V – 12
Significant Accounting Practices ..... V – 14
Debt Service Obligations ..... V – 16

GENERAL FUND REVENUE ESTIMATES

Overview ..... VI – 1
General Fund Revenue Descriptions ..... VI – 53

CITY SERVICE AREAS (CSA)

Overview ..... VII – 1
COMMUNITY AND ECONOMIC DEVELOPMENT CSA ..... VII – 9
ENVIRONMENTAL AND UTILITY SERVICES CSA ..... VII – 29
NEIGHBORHOOD SERVICES CSA ..... VII – 49
PUBLIC SAFETY CSA ..... VII – 67
TRANSPORTATION AND AVIATION SERVICES CSA ..... VII – 85
STRATEGIC SUPPORT CSA ..... VII – 107

CITY DEPARTMENTS/COUNCIL APPOINTEES

Airport ..... VIII – 1
City Attorney ..... VIII – 15
City Auditor ..... VIII – 25
City Clerk ..... VIII – 33
City Manager ..... VIII – 43
Economic Development ..... VIII – 55
Environmental Services ..... VIII – 69
Finance ..... VIII – 91
Fire ..... VIII – 107
Housing ..... VIII – 123
Human Resources ..... VIII – 139
Independent Police Auditor ..... VIII – 149
Information Technology ..... VIII – 157
Library ..... VIII – 169
Mayor and City Council ..... VIII – 179
Parks, Recreation and Neighborhood Services ..... VIII – 185
Planning, Building and Code Enforcement ..... VIII – 205
Police ..... VIII – 223
Public Works ..... VIII – 249
Retirement Services ..... VIII – 273
Transportation ..... VIII – 283

CITY-WIDE

City-Wide Expenses ..... IX – 1
General Fund Capital, Transfers, Reserves ..... IX – 23

TABLE OF CONTENTS PAGE

SELECTED SPECIAL FUNDS SUMMARIES

Community Development Block Grant Fund ..... X – 1
Integrated Waste Management Fund ..... X – 9
Sewer Service and Use Charge Fund ..... X – 23
Storm Sewer Operating Fund ..... X – 35
Transient Occupancy Tax Fund ..... X – 47

SOURCE AND USE OF FUNDS STATEMENTS

Airport Customer Facility and Transportation Fee Fund (519) ..... XI – 1
Airport Fiscal Agent Fund (525) ..... XI – 2
Airport Maintenance and Operation Fund (523) ..... XI – 3
Airport Revenue Fund (521) ..... XI – 5
Airport Surplus Revenue Fund (524) ..... XI – 6
Anti-Tobacco Master Settlement Agreement Revenue Fund (426) ..... XI – 7
Benefit Funds – Benefit Fund (160) ..... XI – 8
Benefit Funds – Dental Insurance Fund (155) ..... XI – 10
Benefit Funds – Life Insurance Fund (156) ..... XI – 11
Benefit Funds – Unemployment Insurance Fund (157) ..... XI – 12
Business Improvement District Fund (351) ..... XI – 13
Cash Reserve Fund (002) ..... XI – 14
City Hall Debt Service Fund (210) ..... XI – 15
Community Development Block Grant Fund (441) ..... XI – 16
Community Facilities District No. 1 (Capitol Auto Mall) Fund (371) ..... XI – 18
Community Facilities District No. 2 (Aborn – Murillo) and Community Facilities District No. 3 (Silverland – Capriana) Fund (369) ..... XI – 19
Community Facilities District No. 8 (Communications Hill) Fund (373) ..... XI – 20
Community Facilities District No. 11 (Adeline – Mary Helen) Fund (374) ..... XI – 21
Community Facilities District No. 12 (Basking Ridge) Fund (376) ..... XI – 22
Community Facilities District No. 13 (Guadalupe Mines) Fund (310) ..... XI – 23
Community Facilities District No. 14 (Raleigh – Charlotte) Fund (379) ..... XI – 24
Community Facilities Revenue Fund (422) ..... XI – 25
Convention and Cultural Affairs Fund (536) ..... XI – 26
Convention Center Facilities District Revenue Fund (791) ..... XI – 28
Downtown Property and Business Improvement District Fund (302) ..... XI – 29
Economic Development Administration Loan Fund (444) ..... XI – 30
Economic Development Enhancement Fund (439) ..... XI – 31
Edward Byrne Memorial Justice Assistance Grant Trust Fund (474) ..... XI – 32
Emergency Reserve Fund (406) ..... XI – 33
Federal Drug Forfeiture Fund (419) ..... XI – 34
Federated Retiree Health Care Trust Fund (124) ..... XI – 35
Federated Retirement Fund (134) ..... XI – 36
Fiber Optics Development Fund (007) ..... XI – 37
Gas Tax Maintenance and Construction Fund – 1943 (409) ..... XI – 38
Gas Tax Maintenance and Construction Fund – 1964 (410) ..... XI – 39
Gas Tax Maintenance and Construction Fund – 1990 (411) ..... XI – 40
General Purpose Parking Fund (533) ..... XI – 41
Gift Trust Fund (139) ..... XI – 43

TABLE OF CONTENTS PAGE

SOURCE AND USE OF FUNDS STATEMENTS

Home Investment Partnership Program Trust Fund (445) ..... XI – 47
Housing Trust Fund (440) ..... XI – 49
Ice Centre Revenue Fund (432) ..... XI – 50
Integrated Waste Management Fund (423) ..... XI – 51
Library Parcel Tax Fund (418) ..... XI – 54
Local Law Enforcement Block Grant Fund (415) ..... XI – 55
Low and Moderate Income Housing Fund (443) ..... XI – 56
Low and Moderate Income Housing Asset Fund (346) ..... XI – 58
Maintenance District No. 1 (Los Paseos) Fund (352) ..... XI – 60
Maintenance District No. 2 (Trade Zone Blvd. – Lundy Ave.) Fund (354) ..... XI – 61
Maintenance District No. 5 (Orchard Parkway – Plumeria Drive) Fund (357) ..... XI – 62
Maintenance District No. 8 (Zanker – Montague) Fund (361) ..... XI – 63
Maintenance District No. 9 (Santa Teresa – Great Oaks) Fund (362) ..... XI – 64
Maintenance District No. 11 (Brokaw Rd. from Junction Ave. to Old Oakland Rd.) Fund (364) ..... XI – 65
Maintenance District No. 13 (Karina – Onel) Fund (366) ..... XI – 66
Maintenance District No. 15 (Silver Creek Valley) Fund (368) ..... XI – 67
Maintenance District No. 18 (The Meadowlands) Fund (372) ..... XI – 68
Maintenance District No. 19 (River Oaks Area Landscaping) Fund (359) ..... XI – 69
Maintenance District No. 20 (Renaissance – N. First Landscaping) Fund (365) ..... XI – 70
Maintenance District No. 21 (Gateway Place – Airport Parkway) Fund (356) ..... XI – 71
Maintenance District No. 22 (Hellyer Ave. – Silver Creek Valley Rd.) Fund (367) XI – 72
Multi-Source Housing Fund (448) ..... XI – 73
Municipal Golf Course Fund (518) ..... XI – 75
Police and Fire Retiree Health Care Trust Fund (125) ..... XI – 76
Police and Fire Retirement Fund (135) ..... XI – 77
Public Works Program Support Fund (150) ..... XI – 78
San José Arena Capital Reserve Fund (459) ..... XI – 80
San José Arena Enhancement Fund (301) ..... XI – 81
San José Diridon Development Authority Fund (482) ..... XI – 82
San José Municipal Stadium Capital Fund (476) ..... XI – 83
San José-Santa Clara Treatment Plant Income Fund (514) ..... XI – 84
San José-Santa Clara Treatment Plant Operating Fund (513) ..... XI – 85
Sewage Treatment Plant Connection Fee Fund (539) ..... XI – 87
Sewer Service and Use Charge Fund (541) ..... XI – 88
State Drug Forfeiture Fund (417) ..... XI – 90
Stores Fund (551) ..... XI – 91
Storm Sewer Operating Fund (446) ..... XI – 92
Supplemental Law Enforcement Services Fund (414) ..... XI – 94
Transient Occupancy Tax Fund (461) ..... XI – 95
Vehicle Maintenance and Operations Fund (552) ..... XI – 96
Water Utility Fund (515) ..... XI – 98
Workforce Investment Act Fund (290) ..... XI – 100

APPENDICES

1. *Mayor's March Budget Message for Fiscal Year 2013-2014*

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of San Jose

California

For the Fiscal Year Beginning

July 1, 2012

President

Executive Director

The Government Finance Officers Association of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

City of San Jose
City of San Jose, California

The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

Date **February 15, 2013**

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2012-2013

Presented to the

City of San Jose

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 6, 2013

Laura Nomura
CSMFO President

Scott Catlett, Chair
Professional Standards and Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

2013-2014

Operating Budget

City Manager's 2013-2014 Budget Message

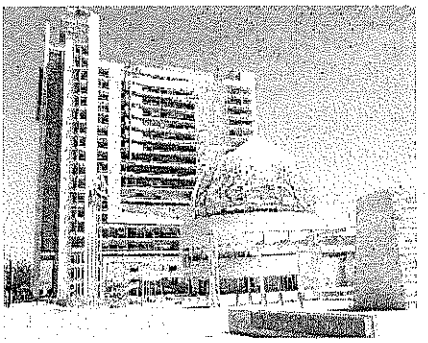
CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Manager

May 1, 2013

Honorable Mayor and City Council:

I am relieved and grateful to present another balanced budget that builds on the progress achieved in the current year and reflects the benefits resulting from the difficult decisions in recent years. The City Manager's 2013-2014 Proposed Operating Budget continues our commitment to the prudent rebuilding of services that we were able to start last year. It also continues our multi-year approach to ensuring fiscal stability by setting aside reserves that are sufficient to address the small projected General Fund shortfall in 2014-2015.



With strategic fiscal reform, moderate increases in revenues from a stronger economy, and the very careful management of expenses, the City's budget continues to stabilize with revenues and expenditures in close alignment. As a result, we were not faced with the challenge of closing a massive shortfall as we had to do every year, but one, over the past 11 years. With the improved forecast this year, I am proposing a budget that holds the line with a limited number of new proposals, avoids service cuts, and allows for small potential increases in employee compensation. These small compensation increases have been made possible, however, due to funds that are currently only available because of the lowering or elimination of certain significant costs. Were it not for these changes, these resources would not be available as discussed later in this message. The Proposed Budget also includes specific reductions in areas where service delivery efficiencies and cost savings can be obtained with no service level impacts.

Despite our good progress, significant work toward long-term fiscal reform remains ahead of us until we achieve a more desirable level of budget stability, with services at a higher level than currently provided. We still continue to have significant budgetary challenges and uncertainties facing us, and our current reduced service levels fall short of community expectations.

With those challenges in mind and the many competing demands for limited resources, we used a balanced approach to develop the Proposed Budget that focuses on the following goals:

- Achieving budget and service level stability;
- Targeting investments to meet priority needs of the community; and
- Continuing service delivery efficiencies and strategies for cost reduction and revenue growth.

Community Budget Meetings

May 1 – May 30

Budget Decision Milestones

May 8-16
City Council Study Sessions on 2013-2014 Proposed Budgets

May 14/June 10
Public Hearings on the 2013-2014 Proposed Budgets and Fees and Charges

May 31
2013-2014 Mayor's June Budget Message Released

June 11
City Council Review and Approval of the 2013-2014 Mayor's June Budget Message

June 18
Adoption of the 2013-2014 Capital and Operating Budgets, 2014-2018 Capital Improvement Program, and the 2013-2014 Fees and Charges

General Fund Budget is Stabilizing

Over the next five years, very small shortfalls and a surplus are projected annually as shown in Table 1 below. These variances represent less than 1% of the projected General Fund budget (revenues and expenditures).

2014-2018 General Fund Forecast Incremental Surplus/(Shortfall) ($ in millions)[1] (Table 1)					
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Incremental Surplus/(Shortfall)	($3.8 M)[2]	($13.7 M)	$2.0 M	($4.7 M)	($6.0 M)
% of Annual Budget	(0.21%)	(0.78%)	0.11%	(0.25%)	(0.31%)

1 Includes proposed Employee Compensation Planning Reserve, as well as salary steps for eligible non-management employees and management performance pay, and anticipated savings from first-year implementation of some elements of the Fiscal Reform Plan and Measure B retirement changes approved by voters in June 2012. Does not include impacts associated with elements of the Fiscal Reform Plan/Measure B that are not yet implemented; tax increment funding for the Successor Agency to the Redevelopment Agency, a public entity, regarding the outcome of litigation with the County of Santa Clara related to the PERS and Water District levies; costs associated with fully funding the annual required contributions for police and fire retiree health care; costs associated with restoration of key services funded on a one-time basis in 2012-2013; costs associated with the restoration of key services to January 2011 levels; costs associated with unmet/deferred infrastructure and maintenance needs; or one-time revenues/expenses.

2 This figure excludes the Development Fee Programs and was revised from the $5.5 million shortfall presented in the February 2013 Forecast as a result of the continued analysis and updating of projected revenues and expenditures. With a surplus of $1.2 million in the Development Fee Programs, the net General Fund shortfall addressed in the 2013-2014 Proposed Budget totals $2.6 million.

Balanced Approach to Achieving Stability and Meeting Service Delivery Needs

Consistent with the 2012-2013 Adopted Budget, as directed by the City Council's approval of the 2013-2014 Mayor's March Budget Message, this Proposed Budget includes a two-year approach to balancing this year's budget. To this end, we have set aside $13.7 million in one-time funds to address the projected shortfall in 2014-2015. The Proposed Budget also reflects the ongoing commitment to operate the four new branch libraries and a new community center that we were able to finally open in the current year. These neighborhood enhancements were constructed with General Obligation bonds approved by San José voters in 2000 and were completed up to three years ago.

This Proposed Budget includes the following welcome news:

- We will continue to address the most immediate and critical of the City's unmet or deferred infrastructure needs through one-time funding, although the backlog of maintenance and replacement remains very long.
- We will provide for limited service enhancements, including the opening of the South San José Police Substation that will improve police service levels and deliver better operational efficiencies for the department. The new substation was built with General Obligation bonds approved by voters in 2001, and the building was completed over two years ago.

Balanced Approach to Achieving Stability and Meeting Service Delivery Needs (Cont'd.)

- We will set aside one-time reserve funding for budget stabilization, potential legal obligations to the City associated with the elimination of the Redevelopment Agency and the creation of the Successor Agency to the Redevelopment Agency, Essential Services, as well as potential expenses related to the ongoing implementation of the Fiscal Reform Plan.
- We will continue services that had been funded on a one-time basis in 2012-2013.
- We will add resources to meet the increased demand for development services and to invest in systems to improve efficiencies for these services in the future.
- We will continue to identify and implement service delivery alternatives that will provide efficiencies to help us reduce costs and/or improve service levels and their quality.
- We will set aside $11.1 million for an Employee Compensation Reserve so that we can start addressing the painful cuts endured by employees in recent years, and to enhance the City's ability to be a competitive and attractive employer for the talented and skilled staff we need to deliver community services.

Planning for Uncertainties

While there is always a certain level of uncertainty in the development of a budget, two elements incorporated into the Proposed Budget are the subject of current litigation that could have a significant impact on our budget balancing plan. These include legal challenges to elements of retirement reform, including those approved by San José voters with the passage of Measure B in June 2012. In addition, litigation with the County of Santa Clara related to the withholding of Successor Agency to the Redevelopment Agency tax increment associated with the PERS and Water District levies is not yet resolved. In light of these major uncertainties, we have developed two contingency plans totaling $33.5 million (of which $22.7 million would need to be rebalanced ongoing) to address potential adverse decisions that could create a shortfall in the 2013-2014 Proposed Budget. These contingency plans are summarized in the Budget Strategies discussion below and included as Exhibits 1 and 2 to this document.

Continued Focus on Fiscal Reform Plan Efforts

The elements in the Proposed Budget represent genuine progress, but they are also a reminder that we must remain very disciplined and committed to the path of fiscal reform. Unfortunately, we still do not have the financial capacity to restore key service levels that we cut in recent years back to prior levels, and then continue to sustain them for the long term. We are addressing only a small part of our significant backlog of infrastructure and maintenance needs. Although this budget does include a small reserve to provide potential raises for our employees, it would not fully restore the significant reductions in compensation sacrificed by our City employees. We will continue to be understaffed in key areas, including those that provide direct services to our community as well as those that provide internal support to our operating departments.

Retirement costs, including both pension and retiree healthcare, remain a major cost factor in this budget. For 2013-2014, retirement costs are projected to total $212.9 million in the General Fund,

Continued Focus on Fiscal Reform Plan Efforts (Cont'd.)

which is almost 14% above the 2012-2013 level of $187.1 million. Retirement costs represent 23% of total General Fund expenditures in the 2013-2014 Proposed Budget. In the 2014-2018 Forecast, General Fund retirement costs are projected to increase an additional 21% from 2013-2014 to 2017-2018.

Controlling the growth in retirement costs remains a critical priority for the City in order to achieve financial stability and ensure appropriate levels of service to the community. Measure B was designed to control these costs, and it amended the City Charter in order to reduce costs of the City's pension plans for current and future employees. Elements of Measure B have been challenged with litigation, and final rulings by the courts could occur in the coming year or beyond. When finally implemented, the pension plan for existing employees will increase the employee share towards the cost of the current level of pension benefits or create a new "opt-in" plan for current employees that would reduce both the costs and benefits for participating employees going forward. General Fund savings estimated at approximately $48 million annually would be realized from the increase in the employee contributions after the planned four-year implementation period. Because this change has not yet been implemented, however, these savings have not been factored into this Proposed Budget.

For non-sworn employees hired on or after September 30, 2012, a second-tier pension benefit went into effect that will address the long-term financial sustainability of the City's retirement benefit. A Tier 3 is also an option that was put in place for unrepresented management and professional employees hired into Unit 99 on or after February 3, 2013. Tier 3 provides for a defined contribution plan in lieu of participating in Tier 2 of the Federated Retirement Plan. The Administration also has been in negotiations with the two public safety unions to establish a second-tier pension benefit for newly hired sworn staff. The City and the San Jose Police Officers' Association (SJPOA) recently reached an agreement establishing a Tier 2 program for new employees represented by the SJPOA, which will soon be implemented. The City and the San José Firefighters have been unable to reach an agreement and the City has a motion to compel arbitration pending. While the City faces challenges in implementing retirement reform, I am confident that we are on the right path for moderating the growth in retirement costs, and the steps we have already taken have been necessary and effective.

Pursuing additional revenues is also a major strategy to help achieve budget stability. Despite the ongoing recovery of the Silicon Valley economy, the City's revenue collections do not always keep pace due to the outdated structure of many of our revenues. San José, like many cities, relies heavily on Sales Tax and Property Tax receipts to support General Fund services. We are projecting modest revenue increases, but cities in general continue to lose ground with the shift to a service-based economy as those services are not taxed. With property taxes, Proposition 13 passed by the voters in 1978 limits the growth in receipts and constrains the ability of cities to increase them. The City's two largest General Fund revenue sources, sales and property taxes, account for approximately half of our General Fund revenues, and together they pay for only 80% of our Police and Fire services combined.

We have made extraordinary progress in cost containment through painful cuts to service levels, employee staffing levels, and employee compensation, as well as leading the State and nation in

Continued Focus on Fiscal Reform Plan Efforts (Cont'd.)

meaningful retirement reform. However, we have not yet taken comparable steps to increase revenues, although we continue to aggressively and strategically seek economic development that has the long term potential to generate revenue. Both the 2008 General Fund Structural Deficit Elimination Plan and the Fiscal Reform Plan approved in May 2011 identified new revenue as a key part of the City's long-term strategy to enable the City to rebuild its capacity and begin to restore service levels, but this budget does not assume any increase in local taxes, with the exception of the Marijuana Business Tax, bringing that tax rate from 7% to 10% of gross receipts. The City Council may consider opportunities for bringing additional revenues to the voters in the coming year.

Total Proposed Budget

In the 2013-2014 Proposed Budget, the total net funding is $2.6 billion for all City funds (General, Special, and Capital). This is $136.8 million (4.9%) below the 2012-2013 Adopted Budget (Table 2 below). The major factors contributing to this decline include: 1) the Proposed Budget does not yet include funds that will be rebudgeted and added to the final Adopted Budget to complete multi-year projects; and 2) a smaller Airport Capital Program which has contributed to a large decline in Capital Funds.

2013-2014 Proposed Budget — All Funds (Table 2)

	2012–2013 Adopted	2013–2014 Proposed	% Change
General Fund	$ 966,690,580	$934,008,927	(3.4%)
Special Funds	1,472,249,982	1,514,091,407	2.8%
<Less: Operating Transfers>	(521,799,243)	(547,757,849)	5.0%
Net Operating Funds	**1,917,141,319**	**1,900,342,485**	**(0.9%)**
Capital Funds	863,721,527	748,245,102	(13.4%)
<Less: Capital Transfers>	(3,941,000)	(8,482,000)	115.2%
Net Capital Funds	**859,780,527**	**739,763,102**	**(14.0%)**
Total	**$ 2,776,921,846**	**$2,640,105,587**	**(4.9%)**

Position Impacts

This Proposed Budget includes increases to staffing levels to support police services, development fee programs, continuation of one-time activities funded in 2012-2013, and limited enhancements to other critical services. At the same time, however, targeted reductions are proposed in other programs where alternative models for service delivery that are more cost-effective have been identified or special funding is no longer available. Overall, the level of staffing will increase by a net 129 positions, from 5,522 full time equivalent positions in the 2012-2013 Adopted Budget to 5,651 positions in the 2013-2014 Proposed Budget as shown in the Table 3 below. This 2.3% increase still leaves City staffing 24% below its peak of almost 7,500 positions in 2001-2002.

Position Impacts (Cont'd.)

Changes in Position Count from 2012-2013 Adopted to 2013-2014 Proposed Budget (Table 3)	
2012-2013 Adopted Budget	**5,522 positions**
2013-2014 Base Budget Changes	20 positions
2013-2014 Proposed Budget Changes	109 positions
Total Net Position Changes	129 positions
2013-2014 Proposed Budget	**5,651 positions**

Employee Compensation

As a service organization, City employees are critical in the delivery of quality services to our community. In order to maintain service level stability, it is very important that we retain and attract quality employees. In recognition of this important goal, the 2013-2014 Proposed Budget includes funding $14.28 million in the General Fund ($19.43 million in all funds) for compensation increases as shown in the Table 4 below.

2013-2014 Proposed Budget Funding for Compensation Increases (Table 4)		
	General Fund	**All Funds**
Employee Compensation Planning Reserve*	$11.10 M	$14.78 M
Automatic Step Increases	2.04 M	2.31 M
Management Pay for Performance	1.14 M	2.34 M
2013-2014 Compensation Increases	**$14.28 M**	**$19.43 M**

* The allocation of the Employee Compensation Planning Reserve is subject to negotiations with the City's bargaining units.

Balancing the Budget

As displayed in Table 5 on the following page, the 2013-2014 Proposed General Fund Budget Balancing Plan includes recommendations that address the overall $2.6 million shortfall, which includes a general shortfall of $3.8 million combined with a $1.2 million surplus for the cost-recovery Development Fee Programs. This table shows the matrix of balancing strategies and the dollars associated with each action. A complete discussion of the balancing strategies can be found in Attachment A and throughout the Proposed Budget. Attachment B also responds to the directives contained in the Mayor's March Budget Message that was approved by the City Council. Proposed Budget actions that respond to City Auditor referrals is included in Attachment C.

Balancing the Budget (Cont'd.)

2013-2014 Proposed Operating Budget General Fund Budget Balancing Plan (in 000's) (Table 5)	2013-2014	Ongoing
2013-2014 General Fund Shortfall	($ 3,844)	($ 3,844)
Development Fee Program Impact	1,222	1,222
Revised Base Budget Forecast	($ 2,622)	($ 2,622)
Balancing Strategy		
Source of Funds		
Available Fund Balance:		
2013-2014 Future Deficit Reserve Elimination	$ 29,400	$ 0
SARA City Subsidy (12-13/13-14 cash flow)	6,400	0
Police Department Overtime Reserve	4,000	0
Tobacco Settlement Revenue	3,500	0
Development Fee Reserves	2,569	2,268
Additional 2012-2013 Ending Fund Balance	5,150	0
Grants/Reimbursements/Fees:		
SAFER Grant 2010 Extension	2,313	0
Development Fee Program Technology Fee	717	717
Other Reimbursements/Fee Activity	915	548
Other Revenue Changes:		
Medical Marijuana Tax Rate Increase (7% to 10%)	1,500	1,500
Vendor Payment Automation/Revenue Sharing	250	500
Transfers and Reimbursements:		
Overhead Reimbursements	855	790
Transfers from Other Funds	(786)	100
Subtotal Source of Funds	**$ 56,783**	**$ 6,423**
Use of Funds		
2014-2015 Future Deficit Reserve	$ 13,700	$ 0
Unmet/Deferred Infrastructure and Maintenance	15,160	0
Service Level Enhancements	10,317	5,717
Other Reserves (Budget Stabilization, SARA City Legal Obligations, Essential Services, Fiscal Reform Plan Implementation)	9,850	0
2012-2013 One-Time Funded Services	6,602	3,146
Development and Other Fee Programs/Grants	4,821	3,822
Use of Reserves (Committed Additions/Deferred Infrastructure)	(2,634)	(2,782)
Service Delivery Efficiencies/Cost Reductions	(3,655)	(6,102)
Subtotal Use of Funds	**$ 54,161**	**$ 3,801**
Total Balancing Strategy	**$ 2,622**	**$ 2,622**
Remaining Balance	**$ 0**	**$ 0**

In preparing the 2013-2014 Proposed Operating Budget, the Administration followed budget balancing strategy guidelines in the City Manager's Budget Request for Fiscal Year 2013-2014 and adopted by the City Council as part of the approval of the Mayor's March Budget Message. As we continue to stabilize the City's budget and implement elements of the Fiscal Reform Plan, it is important that the City take a holistic approach regarding the restoration of services as additional

***Balancing the Budget** (Cont'd.)*

resources become available. The Service Restoration Decision-Making Framework and the City Council-approved Guiding Principles for Restoring City Service Levels provide the broader context for analyzing potential service restorations. These guidelines, framework, and principles are included in Exhibit 3 to this message.

The Service Restoration Decision Making Framework provides a multi-pronged approach that considers various factors, including the adequacy of resources for strategic support, infrastructure and maintenance; efficient service delivery methods; service delivery goals and current performance status; service level sustainability; and staffing. The Guiding Principles for Restoring City Service Levels approved last year by the City Council provide direction to help the City determine not only the appropriate service levels and most cost-effective method for service delivery, but also critical areas for investment. The principles extend beyond the January 1, 2011 service restoration goals identified in the Fiscal Reform Plan (included in Exhibit 3) to include further considerations such as infrastructure maintenance, technology improvements, and alternative service delivery models. These principles fall into three general categories: ensure the fiscal soundness of the City; choose investments that achieve significant outcomes; and improve the efficiency and effectiveness of service delivery.

As mentioned previously, three main themes were central in the development of the 2013-2014 Proposed Budget:

- Achieve budget and service level stability;
- Targeting investments to meet priority needs of the community; and
- Continue service delivery efficiencies and strategies for cost reduction and revenue growth.

Detailed information about budget proposals and performance outcomes is included in the sections for specific City Service Areas and departments.

BUDGET/SERVICE LEVEL STABILITY

As the City's budget continues to stabilize, it is important to ensure that this hard-earned achievement can be maintained for the delivery of priority services to our community. To this end, we recommend several actions in the Proposed Budget, including: establishing a 2014-2015 Future Deficit Reserve; continui ng services funded on a one-time basis in 2012-2013; and increasing earmarked reserves to address potential funding needs. In addition, two contingency plans have been developed to address uncertainty regarding the outcome of litigation involving some retirement changes as well as litigation with the County of Santa Clara associated with distribution of tax increment that was withheld from the Successor Agency to the Redevelopment Agency.

The 2013-2014 Proposed Budget also includes an Employee Compensation Planning Reserve to allow for modest compensation increases. Any allocation of these funds will be determined through the negotiation process with the City's bargaining units that is currently underway. We included this reserve for the first time in many years in recognition of our need to remain competitive as an employer in a fiscally responsible manner so that we can continue to retain and attract the talent and skills necessary for quality service delivery. I regard this as an essential component for our long-term

Balancing the Budget (Cont'd.)

organizational stability. No service reductions were necessary in 2013-2014 to accommodate this reserve funding. However, the budget included $20 million in savings from the elimination of the Supplemental Retiree Benefit Reserve and implementation of lowest cost healthcare plan changes. Without this $20 million in savings, the Employee Compensation Planning Reserve would not have been able to be included in the 2013-2014 General Fund Forecast. These savings are currently the subject of litigation.

Following is a discussion of some of the major budget actions that support continued budget and service level stability.

- **2014-2015 Future Deficit Reserve:** Establishes a 2014-2015 Future Deficit Reserve of $13.7 million to address the projected shortfall for 2014-2015 that was presented in the 2014-2018 General Fund Five-Year Forecast. This Reserve will provide for budget stability over the next two years.

- **Continue Services Funded on a One-Time Basis in 2012-2013:** The following services were funded on a one-time basis in 2012-2013. The majority of these proposals are recommended to be continued with ongoing funding in the Proposed Budget.

  - ***San Jose BEST and Safe Summer Initiative Programs*** – As directed by the City Council through approval of the 2013-2014 Mayor's March Budget Message, includes funding of $3.0 million in 2013-2014, of which $500,000 is ongoing, and adds 4.5 positions. With the ongoing funding, a total of $3.5 million is proposed over a two-year period to continue the City's strong support of gang prevention, intervention and suppression programs for youth through the collaborative efforts of the Mayor's Gang Prevention Task Force. With the recommended budget action, the ongoing allocation of $2.6 million will again be increased by $1.5 million in both 2013-2014 and 2014-2015, consistent with the 2012-2013 Budget. An additional $500,000 would also be available on an ongoing basis starting in 2014-2015 to support these efforts.

  - ***Senior Wellness and Transportation Services*** – Continues ongoing funding of $460,000, including the addition of 1.0 Mobility Manager, for senior wellness and transportation services that was added one-time in 2012-2013. With the continuation of funding, transportation and senior nutrition options will be provided at the 14 senior community centers as well as a variety of recreation classes and resources targeted for this community.

  - ***Community Action and Pride (CAP) Grants*** – Provides one-time funding of $200,000 to continue the CAP Grant Program through 2014-2015, with $100,000 allocated to each year. This program provides small grants to San José neighborhood groups to fund activities and projects that result in cleaner, safer, and more engaged communities.

  - ***Parks, Recreation and Neighborhood Services (PRNS) Volunteer Management Unit*** – Continues staffing additions (1.25 positions) ongoing to support the PRNS Department volunteer efforts. This program leverages approximately 24,000 volunteer hours annually.

  - ***Summer Recreational Swim Program for the Evergreen Community*** – Continues funding on an ongoing basis to support a summer recreational swim program for the Evergreen community.

***Balancing the Budget** (Cont'd.)*

- ***San Jose Downtown Association*** – Maintains funding for the San Jose Downtown Association (SJDA) at $320,000 for 2013-2014 to continue its partnership with the City in activating and promoting Downtown. SJDA provides services related to downtown business retention and recruitment, promotion, and event production. (Special Funds)

- ***Economic Development Incentive Fund*** – Continues one-time funding for economic development support and incentives in the amount of $750,000. This funding will allow the City to continue planning and competing for development projects that will generate revenue and create jobs.

- ***Neighborhood Business Districts*** – Continues funding of $5,000 on an ongoing basis to each of nine City-recognized Neighborhood Business Districts in the City of San José, for total funding of $45,000. This funding will provide small businesses the resources needed to organize important community and cultural events.

- ***Medical Marijuana Program*** – Continues 7.5 positions (Finance, Planning, Building and Code Enforcement, Police, City Attorney's Office, and City Manager's Office) on an ongoing basis to support the Medical Marijuana Program as well as 0.5 position to support the Gaming Unit at a cost of $1.3 million. The Medical Marijuana Program ensures collection of the Marijuana Business Tax and compliance with various City codes. This program will continue to be evaluated as related federal, state, and local legal issues evolve.

- ***Legal Support Staffing*** – Continues funding on an ongoing basis for 2.0 positions that provide legal support related to the Successor Agency to the former Redevelopment Agency and the Oversight Board, increase capacity for legal transactional services to various departments, and provide support related to fiscal reform, as needed and appropriate. Also continues funding for 2.0 positions on a one-time basis to provide legal support to the Environmental Service and Public Works capital programs (Partial Capital Funds)

- ***Office of the City Clerk Staffing*** – Continues 2.0 positions on an ongoing basis to assist with compliance monitoring for campaign finance, statements of economic interest, and lobbyist and City Council disclosures; support the Mayor and City Council in areas of budget, grants, and human resources; and process City contracts, grants, and agreements.

- ***Office of Employee Relations Fiscal Reform Staffing*** – Continues 2.0 positions in the Office of Employee Relations to ensure sufficient resources are dedicated to the Fiscal Reform Plan efforts and labor relations issues.

- ***Sanitary Sewer Maintenance Management Staffing*** – Makes permanent 4.0 positions (1.0 Analyst, 1.0 Associate Engineering Technician, 1.0 Information System Analyst, and 1.0 Systems Application Programmer) that were funded on a temporary basis in 2012-2013 in order to continue to reduce Sanitary Sewer Overflows (SSOs). (Special Funds)

Balancing the Budget (Cont'd.)

- **Other Reserves:** The 2013-2014 Proposed Budget includes funding to increase reserves to better position the City to address potential funding needs.
  - ***Budget Stabilization Reserve*** – Establishes a Budget Stabilization Reserve of $4.0 million to help ensure resources are available to address unforeseen changes in revenues or expenditures in any given year. Given the size of the City's budget and the relatively small General Fund Contingency Reserve, this proposed reserve is considered a prudent investment, serving as a small buffer, or bridge funding to balance the budget, if necessary. In the future, the Administration recommends that the City Council consider changing the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18) to broaden the use and distribution of excess fund balance to allow for any available funds in any year to be allocated to a Budget Stabilization Reserve, as appropriate.
  - ***Successor Agency Legal Obligations Reserve*** – An increase in the Successor Agency City Legal Obligations Reserve of $2.5 million will bring the total reserve to $10.0 million. Funds are recommended to be set aside in an amount equivalent to the value of loans made between the City and former Redevelopment Agency as part of the SERAF Loan in 2011. Although loans such as these were invalidated by AB X1 26, the approval of AB 1484 outlined that such loans may be deemed an enforceable obligation if they meet certain requirements. As the Administration continues to work through these requirements and seek clarification from the state, this action proactively sets aside funds since these loans are due and payable by June 30, 2015.
  - ***Fiscal Reform Plan Implementation Reserve*** – Increases the Fiscal Reform Plan Implementation Reserve by $1.35 million (from $150,000 to $1.5 million in 2013-2014). Additional funding will continue to be used for costs associated with implementing the Fiscal Reform Plan, particularly for costs related to litigation.
- **Contingency Plans:** The Administration has developed two contingency plans to address uncertainty related to the outcomes of (1) litigation related to various retirement reform efforts and (2) litigation with the County of Santa Clara related to the withholding of Successor Agency to the Redevelopment Agency (SARA) tax increment associated with the PERS and Water District levies. Depending on the outcome of these issues, these proposals may be shifted between the contingency plans, particularly if only the contingency plan related to retirement reform litigation is needed.
  - ***$20 Million General Fund Contingency Plan*** – The 2014-2018 General Fund Forecast included approximately $20 million of ongoing General Fund savings from the elimination of the Supplemental Retiree Benefit Reserve (SRBR) and implementation of the lowest cost healthcare plan changes. These changes have been legally challenged and the SRBR is part of a trial related to Measure B in the Superior Court in July 2013. In the 2013-2014 Mayor's March Budget Message, the Administration was directed to develop a list of $20 million of proposed ongoing and/or one-time expenditures that will not be implemented until at least 60 days after a favorable verdict is received. Exhibit 1 provides the list of budget proposals that meet this City Council direction. The largest components of this plan include the Employee Compensation Planning Reserve ($11.1 million), the Budget Stabilization Reserve ($4.0 million), the opening of the South San José Police Substation (net $2.1 million after closure costs), and the Police Community Service Officers Staffing ($1.1 million).

***Balancing the Budget** (Cont'd.)*

- ***SARA PERS Levy/Water District Levy General Fund Contingency Plan*** – The 2013-2014 Proposed Budget assumes that the County of Santa Clara will not be allowed to withhold Successor Agency property tax increment to fund the County employees' retirement plan (the "PERS Levy") and Water District levy. As a result of a tentative ruling in the Sacramento Superior Court this spring, this budget presumes that the County will be ordered to remit funds withheld for the PERS and Water District levies to SARA beginning in 2012-2013 ($7.65 million) and ongoing (approximately $7.5 million annually). With additional tax increment available to fund SARA obligations, the anticipated General Fund subsidy of $15.0 million in 2013-2014 can be reduced by $13.5 million in 2013-2014 and $2.7 million ongoing. However, if the Court ultimately determines that the County can withhold this tax increment, no change to the 2013-2014 General Fund subsidy will result. We have developed a contingency plan (Exhibit 2) that outlines General Fund budget reductions of $13.5 million in 2013-2014 and $2.7 million ongoing that would be necessary if SARA does not prevail. The largest components of this plan include the Police Communications Building Unmet/Deferred Infrastructure and Maintenance investments ($3.6 million), the Operating/Capital Budget System Replacement Reserve ($2.9 million), the SARA Legal Obligations Reserve ($2.5 million), and the Homeless Response Team Reserve for 2014-2015 ($1.5 million).

Targeted Investments to Meet Community Needs

With the financial condition of the City somewhat improving, we have identified a limited amount of funding for targeted investments to meet community needs. Following is a discussion of some of the recommended major budget actions for this purpose.

- **Unmet/Deferred Infrastructure and Maintenance:** A wide range of one-time and ongoing funding proposals will address critical replacement, repair, and maintenance at City facilities and for infrastructure. These efforts are necessary to reduce potential risk of failure, damage, or higher costs in the future.

  - ***Police Communications and Police Administration Buildings*** – Adds one-time funding of $6.6 million to address several critical infrastructure needs at the Police Communications Building, including upgrading the fire protection system that is 25 years old and has on average three false alarms a month, upgrading critical electrical systems, replacing a chiller that is 25 years old, performing waterproofing on the concrete exterior, and designing a redundant electric circuitry power system. An additional $2.0 million is recommended to address critical needs at the Police Administration Building, including replacing a chiller that is over 40 years old, replacing two elevator controllers that have the original control systems from the 1970's, replacing the Heating, Ventilation and Air Conditioning (HVAC) controls, performing waterproofing on the concrete exterior, and replacing and reconfiguring lighting at the firing range.

  - ***City Hall Waterproofing*** – Provides one-time funds of $1.6 million to develop a plan to address water infiltration in the parking and basement level of City Hall, implement corrective actions, and ensure that power supply equipment is not compromised.

Balancing the Budget *(Cont'd.)*

- ***Operating/Capital Budget Systems Replacement Reserve*** – Establishes a $2.85 million reserve for the replacement of the City's Operating and Capital budgeting systems. The Operating Budget System was first developed in the 1980's and lacks the basic functionality of systems that are now available. The Capital Budget System was developed in the early 2000's and, while an improvement from the Operating System, lacks functionality and integration with other systems. With the existing system, an excessive amount of staff resources throughout the City are necessary to produce the annual budget as the system does not capture all of the budget data, does not have effective user interfaces, does not provide effective tools to manage the budget development process, and does not allow the leveraging of the budget information. Because the existing operating system has undergone a series of incremental revisions over more than a decade, the system architecture does not easily allow changes and there is a risk that the system will not be able to meet changing data requirements.

- ***Preventative Maintenance Program*** – Adds one-time funding of $1.3 million and 3.0 one-time positions to extend the current Preventative Maintenance Program that was included in the 2012-2013 Adopted Budget. This action will allow the overall preventative maintenance of City facilities to be maintained for another year at the industry standard of 80% for work orders pertaining to HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems.

- ***Street Tree Maintenance*** – Adds one-time funding of $160,000 to remove dead or dying trees in several key locations, particularly palm trees, throughout the City. In the 2012-2013 Adopted Budget, one-time funding of $500,000 was added for the structural pruning of approximately 5,000 (or 50%) of the 10,000 City-owned trees in median islands and roadside properties which were in need of pruning.

- ***Sanitary Sewer, Storm Sewer, and Municipal Water Equipment and Fleet Replacement*** – Adds 1.0 Senior Mechanic and one-time funding to add four combination cleaning vehicles for the Sewer Maintenance Program, as well as aging and outdated vehicles that support the Sanitary Sewer and Storm Sewer Programs. Also replaces four vehicles and adds a trailer to support the Municipal Water System operations. (Special Funds)

- ***Other Investments*** – Other investments are recommended to maintain the City's facilities and technology infrastructure, including: computer server replacements and network upgrades; a real estate services document imaging and records retention system; and the renovation of the City Hall Bamboo Courtyard.

- **Service Level Enhancements:** A limited number of service enhancements are recommended to address the most urgent service delivery needs.

  - ***South San José Police Substation*** – Provides funds for the January 2014 Phase I opening of the South San José Police Substation that will allow the Police Department to shift the Southern Patrol Division (approximately 270 sworn positions) to the facility in order to improve response times and service to the southern part of the City. This Phase I opening does not include public access to the facility. This action adds 14.0 positions and $2.3 million in 2013-2014 ($2.2 million ongoing). The $2.3 million in 2013-2014 will be added to the $3.2 million that has been funded or is expected to be funded from various law enforcement grants, bringing total resources to open the facility to $5.5 million.

***Balancing the Budget** (Cont'd.)*

- ***Homeless Response Team*** – Provides funding of $3.3 million over a two-year period to address concerns about the growing and visible homeless encampments throughout the community. This includes the addition four Park Rangers and one Community Coordinator to provide enforcement of the encampments along Coyote Creek and near Guadalupe River Park, facilitate encampment clean-ups, and provide on-site assistance for waste disposal contractors. A Program Manager, funded by the Housing Trust Fund, will be added to focus on the broader issues of homeless encampments, impacts on neighborhoods, and connecting encampment residents with services and housing. Funding will also be allocated to property storage, waste clean-ups, security services, encampment physical deterrents such as fencing, and outreach services to distribute information, materials and supplies and to provide transportation to shelter or housing for encampment residents.

- ***Police Community Service Officers Staffing*** – Adds 21.0 Community Service Officers (CSOs) as of January 2014. These positions will perform non-sworn technical and administrative support services including interviewing witnesses, photographing crime scenes, collecting evidence, taking telephone reports, conducting follow-up investigations, and fingerprinting. Each of the three patrol divisions will be assigned seven CSOs. These positions will respond to lower priority non-enforcement calls, thereby increasing capacity for existing sworn Police Officer positions to respond to higher priority calls and conduct more proactive police work.

- ***Police Crime Prevention*** – Adds 3.0 Crime Prevention Specialists (CPS) in order to increase community outreach, disseminate crime prevention information to City residents, and respond to residents' concerns about crime. The additional 3.0 CPS will allow the Crime Prevention Unit to provide each of the three Patrol Divisions with 2.0 CPS as well as 1.0 CPS for citywide coordination of training and presentations.

- ***Police Automated Field Reporting/Records Management System (AFR/RMS) Maintenance and Operation*** – Adds funding to the Police Department, partially offset by an earmarked reserve established in the 2014-2018 Forecast, to support maintenance and operating costs for the new Records Management System (RMS) that was implemented in July 2012 and the Automated Field Reporting (AFR) that will be implemented by July 2013. This system will create Department-wide efficiencies in the time spent by sworn positions for regular job duties.

- ***Police Sworn and Civilian Recruitment Activities and Firefighter Recruit Testing*** – Adds one-time funding of $325,000 for recruiting and hiring efforts for Police Department sworn and civilian vacancies. An additional $125,000 is recommended for outreach, recruitment, and testing to establish a new Firefighter Recruit eligibility list that was last created in 2008.

- ***Police Crime Analysis Staffing*** – Adds 1.0 position to support the IMPACT (Investing in Management, Police, Accountability, Community, and Technology) Program in order to more effectively analyze crime data and better link crime analysis, community policing, and crime prevention programs.

- ***Fire Cardiac Monitors/Defibrillators*** – Adds funding of $195,000 to purchase seven cardiac monitor/defibrillator units. Grant funds were used to replace cardiac monitor/defibrillators for the front-line apparatus; however, with the reconfiguration of apparatus and the inclusion of squad cars, an additional seven cardiac monitor/defibrillator units are needed.

Balancing the Budget *(Cont'd.)*

- ***Fire Functional Movement Screening and Testing*** – Adds one-time funding of $100,000 for Fire Department personnel to become peer trainers to help reduce the frequency of injuries caused by strains and sprains and reduce resulting workers' compensation claims costs.

- ***La Raza Roundtable/Harvard Study Consensus Building Project*** – Continues matching funding of $50,000 with Santa Clara County for facilitation of the Harvard Study Consensus Process to create transformative multisystem change aimed at eliminating Latino overrepresentation in the criminal justice, juvenile justice and child welfare systems.

- ***Senior Nutrition Program Meal Enhancements*** – Adds ongoing funding of $100,000 to support meal enhancements at the 14 senior nutrition program sites.

- ***Anti-Graffiti Program*** – Adds ongoing funding of $75,000 to implement a two-year strategy to enhance the Anti-Graffiti Program. In the first year, funding will be allocated to increase the graffiti abatement zones covered within the 24-hour response area in the City and to market volunteer opportunities. In the second year, with the anticipated increase in volunteers and enhanced level of graffiti abatement, it is expected that the expanded graffiti abatement zones will require only routine maintenance for graffiti removal. This will enable a year two shift of the additional program support funds to partner service providers, such as Conservation Corp or Green Cadre, and to part-time staff support to manage the extra volunteers recruited.

- ***Microsoft Office Upgrade*** – Adds funding to upgrade the City's Microsoft Office 2003 Suite to an Office 365 subscription model. The City's current Office 2003 version is three full generations behind the proposed version.

- ***Center for Employment Training*** – Adds one-time funding of $250,000 for the Center for Employment Training (CET) as directed and approved by the City Council as part of the 2013-2014 Mayor's March Budget Message. In 2008, CET received a Federal grant of $3 million to renovate its buildings that required a 40% local match. With the dissolution of the Redevelopment Agency, local funding ($950,000) is no longer available. This action will help CET achieve the required $2 million local match.

- ***Active Transportation Program and Pedestrian Safety*** – Adds resources to develop and implement pedestrian crossing improvements on major roads and manage the City's Active Transportation Program, which promotes safe walking and bicycle commuting. (Capital Funds)

- ***LED Streetlight Conversion Staffing*** – Adds 1.0 position, supported by capital funds, to manage the LED Streetlight conversion program as well as to pursue future grant opportunities and other potential financing strategies to accelerate the conversion of the City's streetlight inventory. (Capital Funds)

- ***Transportation Staffing*** – Adds resources to support pavement maintenance management and engineering, local transportation projects and policy oversight, transportation development program staffing, regional transportation projects staffing, and parking program/special events management staffing. (Capital/Special Funds)

Balancing the Budget ***(Cont'd.)***

- ***Radar Speed Display Signs*** – Adds one-time funding of $100,000 to install five new radar feedback speed limit signs to help reduce traffic speeds and improve safety, tentatively planned at the following locations: Blossom Hill Road (2 signs) west of Camden Avenue and east of Leigh Avenue; Taylor Street (2 signs) west of Route 87 and east of Coleman Avenue; and Hellyer Avenue (1 sign) west of Route 101 and east of Senter Road.

- ***Environmental Services Technical and Administrative Staffing*** – Adds staffing to support solid waste contract compliance, Administrative Services Division oversight, Municipal Water and Water Pollution Control Plant engineering staffing, and Recycle Plus transition project staffing. (Special Funds)

- ***Airport Councils – North America Conference*** – Adds $75,000 for the 2013 Airport Councils International World/North American (ACI-NA) Annual Conference and Exhibition which will be held at the San José Convention Center from September 23 through September 25, 2013. In addition, to support the event, which is expecting over 5,100 hotel rooms to be booked, Team San José, San José Convention and Visitors Bureau, and Hotel Business Improvement District in partnership with Airport are contributing resources to fund the conference. (Special Funds)

- ***Other Investments*** – Adds resources to: address the increased demand for employment and classification services as well as provide support for workforce planning and human resources analytics; perform an internal financial controls evaluation; ensure Minimum Wage Ordinance compliance; and perform ballot measure polling for potential revenue measures.

- **Development Fee Programs and Other Fee/Grant Programs:** Several recommended budget actions are included for the four Development Fee Programs and other fee and grant programs with a net-zero impact on the General Fund.

  - ***Development Fee Programs*** – New resources are included in the Development Fee Programs (Building, Planning, Public Works, Fire) to ensure increasing demands can be met within expected service delivery timeframes. This includes the addition of approximately 30 positions, overtime funding for after-hours inspections, and administrative support. No general fee increases are necessary in order to meet the increased development services activities. However, a new Technology Fee (2% fee on permits) is proposed to support technology initiatives for these programs. It is anticipated that approximately $700,000 would be generated in 2013-2014 for these initiatives.

  - ***Other Fee/Grant Programs*** – In addition, several other fee-supported additions as well and revenue generating proposals are included, including positions to support the Sidewalk Repair Program, additional Animal Care and Services staffing to support the contract with the City of Milpitas, additional revenue-generating proposals in the Parks, Recreation and Neighborhood Services Department, and additional City Hall facility rental staffing. In addition, adjustments to the Fire Non-Development Fee Program are recommended to achieve 100% cost recovery.

- **Essential Services Reserve**: Establishes a one-time Essential Services Reserve of $2.0 million to fund services that are of importance to the community. These funds will be allocated by the City Council later in the 2013-2014 Budget process.

***Balancing the Budget** (Cont'd.)*

Continue Service Delivery Efficiencies and Cost Reduction/Revenue Strategies

As was the case in 2012-2013, this Proposed Budget generally maintains current levels of services and staffing. However, we continue to identify opportunities to implement new models for delivering services that may cause position impacts in specific programs. The Administration will continue to work toward minimizing potential layoffs triggered by these changes by taking advantage of vacancies and appropriate redeployment of employees. A number of cost reduction and revenue strategies are also incorporated into the Proposed Budget.

- ***Service Delivery Efficiencies:*** The following list contains examples of changes in service delivery models that are designed to improve efficiency, reduce costs, and enhance service levels.
  - ***Workers' Compensation Service Delivery Pilot Program*** – Implements the Workers' Compensation Service Delivery model pilot approved by the City Council on October 30, 2012. During this two-year pilot, approximately 40-50% of the Workers' Compensation claims administration services will be provided by a third party administrator (TPA). With $19.5 million in workers' compensation claims costs assumed in 2013-2014, the goal of this pilot will be to determine if the overall cost of the program can be reduced.
  - ***work2future – Service Delivery Model Change*** – Eliminates 25.0 positions and adds 1.0 Accountant I/II position in the work2future Division (current total of 41.3 positions) that is supported by the Workforce Investment Act Fund as part of a recommended phased transition of direct client services from the City to a third party administrator (TPA). The work2future Division provides workforce development services through case management, workshops, training, job fairs, and special recruitments to 5,000 - 10,000 unemployed workers in Santa Clara County annually. By transitioning the direct client services function to a TPA, it is anticipated that the TPA will be able to provide this service in a more cost-effective manner and mitigate the effects of reduced federal funding. Under this new service delivery model, the TPA will have greater flexibility in aligning resources to address specialized program needs, changing funding levels, and variable workload demands. The remaining 17.3 work2future City staff will be responsible for fiscal and program management, monitoring and reporting and interface with the State's Job Training Automation system, labor market information management, small business services, and staff support for the work2future Board. (Special Funds)
  - ***Regional Wastewater Facility Trainee Staffing*** – Adds 7.0 Plant Attendant positions and eliminates 4.0 vacant journey-level Plant Mechanic positions in order to 1) create additional points of entry into the Regional Wastewater Facility Mechanic classification series and 2) help obtain a qualified candidate pool for existing Plant Operator Trainee (O.I.T), Apprentice Plant Mechanic (M.I.T.), Electrician, Instrument Control Technician and Heavy Equipment Operator positions. The Plant Attendants will assist Plant Mechanics by performing the lower level tasks and will learn various job functions as they rotate through the various Plant work groups. (Special Funds)

***Balancing the Budget** (Cont'd.)*

- ***Police Overtime*** – Allocates $4.0 million from the Police Department Overtime Earmarked Reserve, established in the 2012-2013 Mid-Year Review. Although the Department is conducting recruit academies to hire for sworn vacancies, the Department is anticipated to begin 2013-2014 with at least 80 sworn vacancies. As an interim strategy to meet service delivery needs until the Department is staffed at authorized levels, the overtime funding will be used in 2013-2014 to continue backfilling for vacant patrol positions while they are being hired and trained, maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, and backfill for civilian vacancies as needed.

- ***Police Contractual Backgrounding Services*** – Adds one-time funding of $385,000 for contractual backgrounding services, bringing total funding to $1.0 million, to address the increased activity level anticipated in 2013-2014 due to the high number of vacancies. Prior to contracting out background services in 2012-2013, 12 sworn positions were temporarily re-assigned from other areas within the Police Department to conduct backgrounds and were not able to perform front-line police work.

- ***Cost Reductions/Revenue Strategies:*** The Proposed Budget incorporates a limited number of cost reductions as well as includes additional funding sources.

  - ***Successor Agency to the Redevelopment Agency*** – As a result of a tentative ruling in the Superior Court in Sacramento County, it is anticipated that the County of Santa Clara will be ordered to remit funds withheld for PERS and Water District levies beginning in 2012-2013 ($7.65 million) and ongoing (approximately $7.5 million annually) to the Successor Agency. This additional funding is expected to be received in 2013-2014 and will reduce the anticipated General Fund subsidy to the Successor Agency by $13.5 million, from $15.0 million to $1.5 million, in 2013-2014. This additional tax increment available to the Successor Agency will not be sufficient to cover administrative costs given their place in the current priority of obligations. The ongoing savings as a result of this decision is $2.7 million in 2014-2015.

  - ***Successor Agency to the Redevelopment Agency Transition*** – Continues the transition of the Successor Agency, phasing out, where appropriate, related Successor Agency administration, including staffing, and adding 2.5 positions to the Finance Department for net savings of $426,000.

  - ***Children's Health Initiative*** – Transitions responsibility for the Children's Health Initiative to the County of Santa Clara. The City's current annual allocation of $2.1 million provides health insurance access to children of Santa Clara County with family income that falls below the federal poverty level. With the recent passage of the County's Measure A sales tax increase, it is anticipated that the County will be able to assume these costs with no reductions to the program.

  - ***Housing Rehabilitation Loan and Grant Program*** – Eliminates 5.0 positions supported by Housing Funds in the Rehabilitation Loan and Grant Program as a result of reduced tax increment funding due to the dissolution of the San Jose Redevelopment Agency, decreased entitlement funding in the Community Development Block Grant (CDBG) Program due to the federal sequestration, and the strict requirements of the use of CalHome funds. Because of the requirements of the use of CalHome funds, there have not been a large amount of applicants that qualify for the loans and the Department has been only able to provide for three loans within the past year. (Special Funds)

***Balancing the Budget** (Cont'd.)*

- ***Homeownership Down Payment Program*** – As a result of reduced federal and State grant funding, eliminates 2.0 positions in the Homeownership Downpayment Program that provides downpayment assistance to low-income first time homebuyers. The demand for this program has significantly decreased as the housing market recovers. (Special Funds)

- ***Available Fund Balance*** – Additional Fund Balance of $51.0 million in the General Fund would primarily be generated from various reserves as well as excess revenues and expenditure savings in 2012-2013. The liquidation of various reserves is projected to generate $36.6 million for use in 2013-2014, the largest of which include: Future Deficit Reserve of $29.4 million (established in the 2012-2013 Adopted Budget at $22.5 million and increased by $6.9 million as part of the 2012-2013 Mid-Year Budget Review actions); Police Department Overtime Reserve of $4.0 million (this reserve was established in 2012-2013 to address overtime needs in 2013-2014 due primarily to the large number of vacancies); and Development Fee Reserves of $2.6 million ($2.2 million ongoing). Projected cash flow of SARA between 2012-2013 and 2013-2014 will change the allocation of funds ($6.4 million) between these two fiscal years and an additional $3.5 million from higher than anticipated Tobacco Settlement funds that included a one-time settlement payment in 2012-2013 are also included. Additional excess revenues and expenditures savings from 2012-2013, including the close-out of two funds, are expected to generate an additional $5.2 million from levels assumed in the 2014-2018 Forecast.

- ***Medical Marijuana Tax Increase*** – Recognizes additional revenue of $1.5 million generated from an increase in the Marijuana Business Tax rate from 7% to 10% of gross receipts (increasing the revenue estimate from $3.9 million to $5.4 million). A public meeting regarding this increase is scheduled for May 21, 2013, and the public hearing is scheduled for June 4, 2013, where City Council will consider an ordinance to increase the tax rate.

- ***Vendor Automation/Revenue Sharing*** – Changes the vendor payment process to allow vendors to pay a small fee to receive electronic payments in lieu of manual checks, and recognizes revenue of $250,000 ($500,000 ongoing) from a revenue-sharing agreement with the City's banking services provider. With this streamlined process, the Finance Department will be able to return to issuing vendor checks weekly rather than bi-weekly.

- ***Transfer from the Park Trust Fund*** – Recognizes a transfer from the Park Trust Fund of $594,000 to reimburse the General Fund for prior year expenditures related to Watson Park that were eligible to be paid from Park Trust Fund.

- ***Transfers from the Integrated Waste Management Fund and the Water Utility Fund*** – Increases the transfer from the Integrated Waste Management Fund by $350,000 (from $250,000 to $600,000) in 2013-2014 and $50,000 ongoing to reflect unclaimed Construction Demolition Diversion Deposit (CDDD) Program revenues that can be transferred to the General Fund. Also, increases the transfer from the Water Utility Fund by $50,000 (from $225,000 to $275,000) on an ongoing basis to reflect actual late fees that can be transferred to the General Fund.

Balancing the Budget *(Cont'd.)*

- ***Transfer to the Community Facilities Revenue Fund*** – Reduces the General Fund subsidy to the Community Facility Revenue Fund (Hayes Mansion) by $300,000 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 between $3.5 million to $7.2 million in the General Fund. These savings will be recommended to be used reduce the City's outstanding variable rate debt, specifically the 2008D Lease Revenue Bonds issued for the Hayes Mansion improvements. The savings will be recommended to be used to pay down a portion of the $53.7 million in outstanding principal, which will reduce annual debt service payments by approximately $300,000 to $600,000, reducing the annual ongoing General Fund subsidy to the Community Facilities Revenue Fund. The Proposed Budget currently reflects a $300,000 reduction to the General Fund subsidy to the Community Facilities Revenue Fund as the minimum amount of savings that are expected to be realized. Additional budget adjustments will be brought forward to recognize the savings in the Civic Center Fund and pay down of a portion of the Lease Revenue Bonds for the Hayes Mansion improvements once the City Hall refunding is complete.

- ***SAFER Grant Revenue/Airport Reimbursement for Fire Services*** – Recognizes SAFER 2010 grant revenues of $2.3 million anticipated to be received in 2013-2014 as a result of the approved extension of the period to expend the grant funds. This additional revenue is recommended to be used to reduce the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department in 2013-2014 and 2014-2015. With the acceptance of the SAFER 2011 grant, the potential outsourcing of aircraft rescue and firefighting services will have to be postponed to October 2014 to remain in compliance with the SAFER grant requirements. By lowering the transfer to the General Fund from the Airport Maintenance Operation Fund by $1.8 million in 2013-2014, the cost to Airport for fire services will be in-line with an outsourcing proposal received by the Airport. The remaining $0.5 million in SAFER grant revenues will be used to establish an Aircraft Fire Services Reserve to offset the higher aircraft rescue and firefighting services costs for a portion of 2014-2015. This action will maintain sworn firefighter staffing levels and avoid layoffs.

Limited Fee Impacts

There are a limited number of fee increases in the 2013-2014 Proposed Budget. No rate increases will be recommended for the Sewer Service and Use Charge, Storm Sewer Service Fee, and Recycle Plus rates in 2013-2014. The Municipal Water System rates are recommended to increase by approximately 8% (but no more than 9%), due primarily to the higher cost of wholesale water purchases.

In the four Development Fee Programs (Building, Fire, Planning, and Public Works), no general fee increases are needed to maintain cost recovery. The existing revenue streams in those programs along with the use of portions of the Development Fee Program Reserves are sufficient to support additional staffing to meet service demands and improve customer service in these areas without fee increases. However, a new Technology Fee, which will apply a 2% fee on development permits, is recommended and will be used to fund technology initiatives for the Development Fee Program. There are adjustments to various departmental fees and some new fees proposed to maintain or improve cost-recovery levels.

LOOKING FORWARD

While it is good news that our overall financial position continues to stabilize and allows us to continue to make modest investments to address our most critical needs, services also continue to remain well below desired levels. One of the principal goals of the Fiscal Reform Plan issued in May 2011 was to restore key services to January 2011 levels, including police, fire, community centers, libraries, and street maintenance. It remains important to note that even when we achieve this goal for service restoration, we will not be at the full levels of service that we were able to provide to our community in the past.

The Fiscal Reform Plan identified specific cost reduction and revenue strategies to provide the capacity to meet this goal. While some of the components of this plan have been implemented and have started to generate savings to help us restore stability, other elements remain outstanding. One major component of the Fiscal Reform Plan that has not yet been implemented is the increase in employee retirement contributions required under Measure B that was approved by the voters in June 2012. This is currently a matter under litigation, and therefore its effect on long-term cost control has not been realized. Another major component of Fiscal Reform Plan is a revenue strategy, specifically a potential increase in the local Sales Tax of up to ½%. The City Council decided not to pursue this step for the current year, but it could revisit bringing such a measure to San Jose voters for their approval in the coming year. These two elements together would generate additional resources of approximately $85 million to $122 million annually, depending on the Sales Tax rate increase, and could enable significant improvements in the City's capacity to restore and enhance delivery of critical services.

CONCLUSION

It is a great relief to present a balanced budget without the need to resort to the painful decisions we have had to make in recent years. We still have a long way to go, however, to achieve the budget stability that will allow us to restore service levels and meet major community and organizational needs. We are now seeing the benefits of those difficult decisions, which combined with economic recovery, have allowed us to address some of our most urgent needs. Our current level of stability, however, is not where we want to stay, and we also must be mindful that economic or financial conditions could quickly become adverse again as a result of factors beyond our control. Our financial progress could be reversed by a number of events, such as swings in the rate of economic recovery, policies made by the Governor and Legislature of California, negative Court decisions, or potential increases in the required contributions to the City's retirement funds.

For these reasons we must continue the remarkable discipline and leadership exhibited by elected officials, City management, and our outstanding employees in order to keep steadfast with our commitment to our community. The goals of the Fiscal Reform Plan remain valid, and we must continue to seek ways to reduce costs through innovations, partnerships, efficiencies, and community support. Economic development must continue to be a priority for our community so that we can strengthen our economic foundation that generates the revenues we need to provide vital public services. I am confident that we are on a good path back to sustainable financial stability.

CONCLUSION

Finally, I must again thank our remarkably dedicated and talented City staff – great people from the front lines of each department to the City Manager's Budget Office – who have worked so hard and spent long hours to prepare this Proposed Budget. They represent the best in public service, and I continue to be inspired by their commitment to ensure that San José remains a wonderful city for our residents, businesses, and employees.

Debra Figone
City Manager

2013-2014 Proposed Operating Budget

$20 Million General Fund Contingency Plan

The 2014-2018 General Fund Forecast included approximately $20 million in ongoing savings from the Supplemental Retiree Benefit Reserve (SRBR) elimination and the lowest cost healthcare plan changes. These changes have been challenged and the SRBR is part of a trial related to Measure B in the Superior Court in July 2013. In the Mayor's March Budget Message approved by the City Council, the Administration was directed to develop 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. Below is the list of budget proposals that meet this City Council direction with $20 million in 2013-2014 budget reductions, of which $15.7 million is ongoing. Additional detail regarding these proposals is included in the City Departments and City-Wide Sections of this document. If the City does not prevail, the one-time proposals will need to be replaced with ongoing solutions in order to not carry over an additional shortfall to 2014-2015.

$20 Million General Fund Contingency Plan

Proposal	2013-2014	Ongoing
Budget Stabilization Reserve	(4,000,000)	
Employee Compensation Planning Reserve[1]	(11,100,000)	(11,100,000)
Employment Services Staffing[2]	(77,000)	(94,000)
Microsoft Office Upgrade	(812,000)	(262,000)
Police Field Patrol Community Service Officers[3]	(1,107,000)	(1,836,000)
Police Crime Analysis Staffing[2]	(64,000)	(78,000)
Police Crime Prevention Staffing[2]	(224,000)	(244,000)
Preventative Maintenance Program	(370,000)	
Senior Nutrition Program Meal Enhancements	(100,000)	(100,000)
South San José Police Substation Opening[4]	(2,146,000)	(2,006,000)
Total	**(20,000,000)**	**(15,720,000)**

1 If all or part of the savings associated with the SRBR and lowest cost healthcare plan changes contained in the 2013-2014 budget are not realized, the City will no longer have identified ongoing funding to pay for compensation increases. In the event all or part of these savings are not realized, the City's proposal on the table with most of its bargaining units would be to roll back any negotiated compensation increases prospectively, effective the pay period upon notice that the savings will not be realized. However, since the pay adjustment would not be retroactive, the costs associated with salary increases provided up until the notice date would have to be backfilled with the 2014-2015 Future Deficit Reserve.

2 Start date of September 2013

3 Start date of January 2014

4 Opening planned for January 2014; staff start date of November 2013, includes closure costs

In addition to this plan, the Administration has developed a contingency plan to address the uncertainty related to the final outcome of the litigation with the County of Santa Clara related to the withholding of Successor Agency to the Redevelopment Agency tax increment associated with the PERS and Water District levies (see Exhibit 2). Depending on the final outcome of litigation, proposals may be shifted between the contingency plans, particularly if only the contingency plan related to the SRBR and lowest cost healthcare plan changes litigation is needed.

EXHIBIT 2

2013-2014 Proposed Operating Budget

Successor Agency to the Redevelopment Agency
PERS Levy/Water District Levy General Fund Contingency Plan

In the 2013-2014 Proposed Budget, it is assumed that the County of Santa Clara will not be allowed to withhold Successor Agency to the Redevelopment Agency (SARA) property tax increment to fund the County employees' retirement plan (the PERS Levy) and Water District levy. As a result of a tentative ruling in the Superior Court, Sacramento County, this budget presumes that Santa Clara County will be ordered to remit funds withheld for the PERS and Water District levies to SARA beginning in 2012-2013 ($7.65 million) and ongoing (approximately $7.5 million annually). With additional tax increment available to fund SARA legal obligations, the required $15.0 million estimated 2013-2014 SARA General Fund subsidy is reduced by $13.5 million in 2013-2014 and $2.7 million ongoing. However, if it is determined that the County can withhold this tax increment, the SARA General Fund subsidy will remain at the $15.0 million level.

Following is a contingency plan that lists the General Fund budget proposals of $13.5 million in 2013-2014 and $2.7 million ongoing that would not be funded if the Successor Agency does not prevail. In a number of cases, the proposals would be funded in 2013-2014 but would not receive ongoing funding, such as the City Attorney's Office Legal Support Staffing and the Medical Marijuana Program. Additional detail regarding these proposals is included in the City Departments and City-Wide Sections of this document. The 2013-2014 expenditures of $13.5 million for the items listed below would be placed on hold pending the outcome of the litigation.

Successor Agency to the Redevelopment Agency
PERS Levy/Water District Levy General Fund Contingency Plan

Proposal	2013-2014	Ongoing
2014-2015 Community Action and Pride Grants Reserve	(100,000)	
2014-2015 Homeless Response Team Reserve	(1,500,000)	
Anti-Graffiti Program	(75,000)	(75,000)
City Attorney's Office Legal Support Staffing		(350,000)
Office of the City Clerk Staffing		(250,000)
City Hall Bamboo Courtyard Renovation	(250,000)	
Computer Server Replacements/Network Upgrades	(250,000)	
Economic Development/Incentive Fund	(750,000)	
Evergreen Community Aquatics Program		(25,000)
Medical Marijuana Program		(1,257,000)
Neighborhood Business Districts		(45,000)
Office of Employee Relations Fiscal Reform Staffing		(208,000)
Operating/Capital Budget System Replacement Reserve	(2,850,000)	
Police Administration Building Unmet/Deferred Infrastructure and Maintenance (chiller, HVAC, waterproofing, firing range lighting)	(1,350,000)	
Police Communication Building Unmet/Deferred Infrastructure and Maintenance (electrical, chiller, waterproofing)	(3,600,000)	
Preventative Maintenance Program	(300,000)	
Radar Speed Display Signs	(100,000)	
Real Estate Services Document Imaging and Records Retention System	(200,000)	
San Jose BEST and Safe Summer Initiative Programs	500,000	(500,000)
Successor Agency Legal Obligations	(2,500,000)	
Street Tree Maintenance	(160,000)	
Total	**(13,485,000)**	**(2,710,000)**

EXHIBIT 2

2013-2014 Proposed Operating Budget

Successor Agency to the Redevelopment Agency
PERS Levy/Water District Levy General Fund Contingency Plan

In addition to this plan, the Administration has developed a contingency plan to address the uncertainty related to the final outcome of the litigation regarding the Supplemental Retiree Benefit Reserve (SRBR) elimination and the lowest cost healthcare plan changes (see Exhibit 1). Depending on the final outcome of litigation, proposals may be shifted between the contingency plans, particularly if only the contingency plan related to the SRBR and lowest cost healthcare plan changes litigation is needed.

EXHIBIT 3

2013-2014 Proposed Operating Budget

2013-2014 Budget Balancing Strategy Guidelines

1. Develop a budget that balances the City's delivery of the most essential services to the community with the resources available.
2. Balance ongoing expenditure needs with ongoing revenues to ensure no negative impact on future budgets and to maintain the City's high standards of fiscal integrity and financial management.
3. Focus on business process redesign in light of the severe staff reductions experienced during the last several years in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).
4. Explore alternative service delivery models (e.g., partnerships with the non-profit, public, or private sector for out- or in-sourcing services) to ensure no service overlap, reduce and/or share costs, and use our resources more efficiently and effectively. The City Council Policy on Service Delivery Evaluation provides a decision-making framework for evaluating a variety of alternative service delivery models.
5. Analyze non-personal/equipment/other costs, including contractual services, for cost savings opportunities. Contracts should be evaluated for their necessity to support City operations and to identify negotiation options to lower costs.
6. Explore redirecting and/or expanding existing revenue sources and/or adding new revenue sources.
7. Establish a fee structure to assure that operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services, where appropriate.
8. Identify City policy changes that would enable/facilitate service delivery changes or other budget balancing strategies.
9. As additional resources become available, focus service restorations to meet the baseline January 1, 2011 service levels previously identified by the City Council in the areas of fire, police, library, community centers, street maintenance, and facility openings.
10. In addition to considering the service restorations to meet the baseline January 1, 2011 service levels, take a holistic approach regarding the restoration of services. As outlined in the Guiding Principles for Restoring City Service Levels, allocate additional resources with the following goals in mind: ensure the fiscal soundness of the City; choose investments that achieve significant outcomes; and improve efficiency and effectiveness of service delivery. Using a multi-pronged approach to restoring direct services, take into consideration the following factors: adequate strategic support resources; adequate infrastructure; service delivery method to ensure efficient and effective operations; service delivery goals and current performance status; service sustainability; and staffing resources.
11. Incorporate compensation adjustments in a fiscally responsible manner that does not result in a reduction or elimination of services in the General Fund. 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.
12. Engage employees in department budget proposal idea development.
13. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.
14. Continue a community-based budget process where the City's residents and businesses are educated and engaged, as well as have the opportunity to provide feedback regarding the City's annual budget.

EXHIBIT 3

2013-2014 Proposed Operating Budget

Service Restoration Decision Making Framework

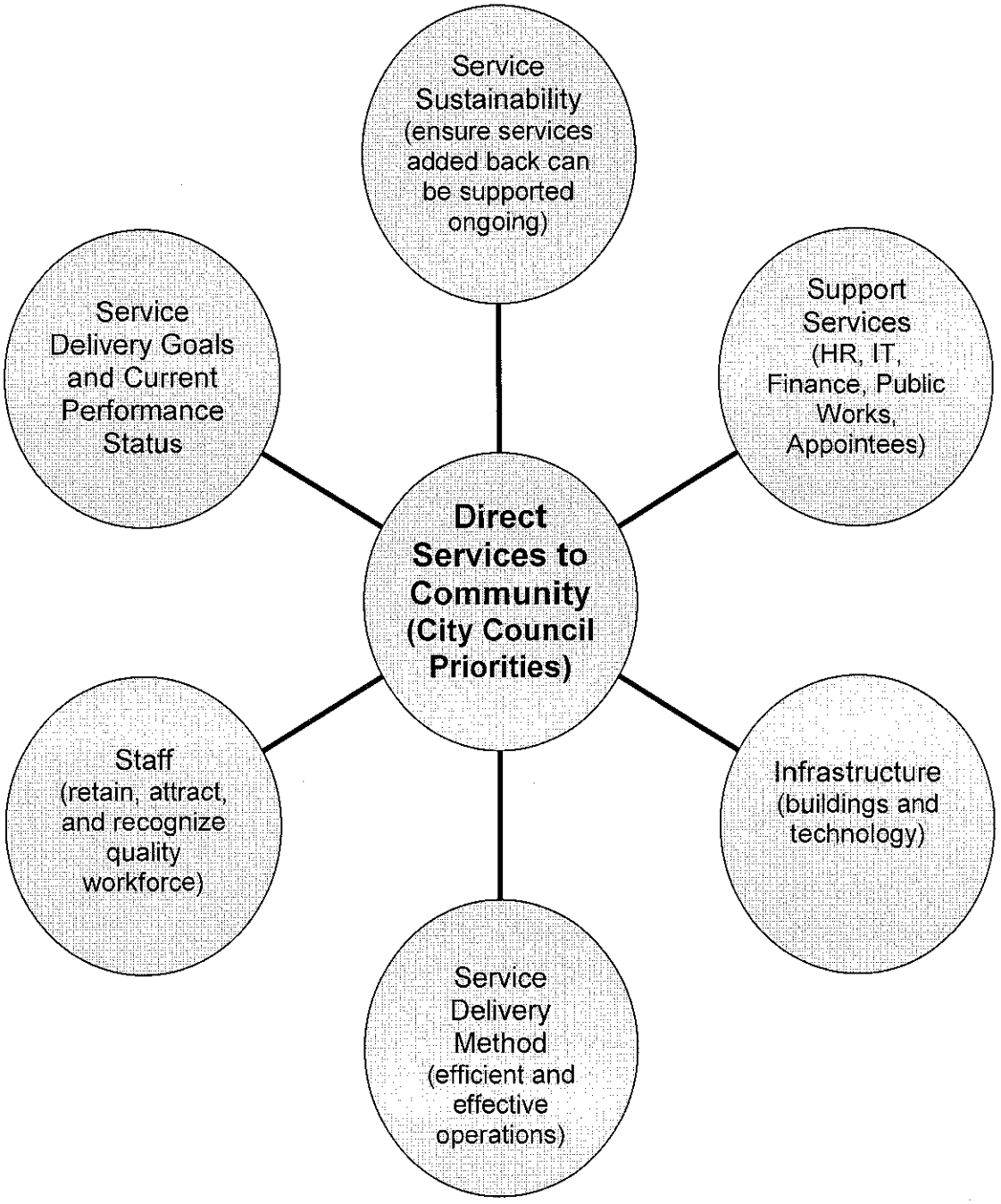


EXHIBIT 3

2013-2014 Proposed Operating Budget

Guiding Principles for Restoring City Service Levels

Ensure the Fiscal Soundness of the City

1. Develop the General Fund budget to support the City's mission and use the City Council-approved Budget Principles to ensure the long term fiscal health of the City *(City of San José Budget Principles)*
2. Ensure services that are restored can be sustained over the long-run to avoid future service disruption (Use Five-Year General Fund Forecast as one tool)
3. If possible, defer adding new permanent positions until new retirement system is in place

Choose Investments that Achieve Significant Outcomes

4. Ensure restored services represent City Council priorities and the highest current need in the community
5. Balance investments among three categories:
   - Restoration of services (public safety and non-public safety services, including critical strategic support services)
   - Opening of new facilities
   - Maintenance of City infrastructure and assets
6. Prioritize baseline service level restorations using performance goals *(Exhibit 1 – Service Restorations Previously Identified by City Council – January 1, 2011 Levels)*
7. Focus funding on areas where there is a high probability of success and/or high cost of failure
   - Focus funding on infrastructure needs where there is a significant increase in cost if maintenance is delayed (such as street maintenance)
   - Focus investments in technology that have the greater return on investment in terms of services to the public and employee productivity

Improve the Efficiency and Effectiveness of Service Delivery

8. Before restoring prior service methods, evaluate options to determine if alternative service delivery models would be more cost effective.
9. Ensure strategic support and technology resources are capable of supporting direct service delivery and effective management of the organization.
10. Prioritize organizational investments that maximize workforce productivity, efficiency, and effectiveness.
11. Pursue opportunities and methods, including performance, to retain, attract, and recognize employees within resource constraints.

EXHIBIT 3

2013-2014 Proposed Operating Budget

Service Restorations Previously Identified by City Council (January 1, 2011 Levels)	
Fire	• 33 Fire Stations open; • On average, Citywide, 82.6% of time, the initial responding fire unit arrives within 8 minutes after an emergency 9-1-1 call is received*; and • On average, Citywide, 85.2% of time, the second response fire unit arrives within 10 minutes after an emergency 9-1-1 call is received*. * Response time data under review
Police	• On average, Citywide, average response time for Priority One police calls for service (present or imminent danger to life or major damage/loss of property) is 6.04 minutes; • On average, Citywide, average response time for Priority Two police calls for service (injury or property damage or potential for either to occur) is 12.74 minutes; and • On average, overall, the clearance rate (number cleared / total cases) for Part 1 crimes is as follows: Homicide (65.00%), Rape (19.37%), Robbery (26.54%), Aggravated Assault (39.93%), Burglary (5.58%), Larceny (18.90%), and Vehicle Theft (8.85%).

Library	• On average, 18 library branches open 39 hours per week; and
	• On average, King Library (subject to future contractual arrangements with San José State University):
	  • Hours open: 72 hours per week per academic semester; 58 hours per week otherwise;
	  • Children's Room: 50 hours per week;
	  • Third Floor General Collection and Reference Desks: 64 hours per week;
	  • California Room: 20 hours per week;
	  • Access Services: 72 hours per week;
	  • Periodicals: 72 hours per week; and
	  • Second Floor Reference Desk: 72 hours per week.

Community Centers	• On average, 10 Hub Community Centers open 63 hours per week; • On average, 9 Satellite Community Centers open 40 hours per week; and • On average, 8 Neighborhood Centers open for 15 hours of programming per week.
Street Maintenance	• 72 miles of residential and arterial streets resealed and 6 miles of residential and arterial streets resurfaced with various Capital and Grant funds (no General Fund allocation). Maintaining this street maintenance level will be contingent upon receiving commensurate levels of regional, State, and federal funds annually.
Facilities Built or Under Construction/ Opening Deferred	• South San José Police Substation.

2013-2014

Operating Budget

Attachment A - General Fund Balancing Strategy Detail

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

INTRODUCTION

This Attachment is intended to provide a more detailed summary of the key actions taken to balance the 2013-2014 Proposed General Fund Budget. Revisions to the February Base Budget Forecast, as well as the key elements of the strategy to bring the General Fund into balance in the Proposed Budget are described.

In February 2013, the Administration prepared formal projections for the 2013-2014 General Fund Budget as part of the *2013-2014 City Manager's Budget Request & 2014-2018 Five-Year Forecast and Revenue Projections* document that was presented to the City Council. The 2013-2014 "base-case" projections in that document estimated a 2013-2014 General Fund shortfall of approximately $5.5 million (no development fee impact assumed). This shortfall represented the gap between projected 2013-2014 General Fund resources and the expected cost of approved 2013-2014 Base Budget services in next year's terms, as well as several City Council "committed" augmentations (e.g., the costs of operating and maintaining new facilities).

Subsequent to the release of the February Forecast and based on updated information, a number of revisions to both expenditures and revenue estimates were made, which constituted the **Revised Base Budget Forecast** included in the Proposed Budget.

The revisions to the February Base Budget Forecast included a series of changes that produced an increase in General Fund sources and an increase in overall uses. These changes resulted in a decrease of $1.6 million to the estimated General Fund shortfall, bringing the revised shortfall to $3.8 million (no development fee program impact assumed). With the development fee program impact is included, the shortfall was lowered to $2.6 million. This is the amount that is addressed by the Proposed Budget balancing plan. These adjustments to the February Base Budget Forecast are described in more detail later in this section.

This Proposed Budget contains a set of recommended actions that increased both overall General Fund sources (by a total of $56.8 million), and increased net uses (by $54.2 million).

The increase in sources of $56.8 million includes several major components: a higher Available Fund Balance of $51.0 million over half of which reflects the liquidation of the 2013-2014 Future Deficit Reserve; additional revenue from grants, reimbursements, and fees totaling $3.9 million; other revenue changes of $1.8 million; and a net increase in transfers and reimbursements from other funds of $68,000.

The increase in uses of $54.2 million includes additional funding for the following: a 2014-2015 Future Deficit Reserve ($13.7 million); a small number of critical unmet/deferred infrastructure and maintenance needs ($15.2 million); a limited number of service level enhancements ($10.3 million); various other reserves ($9.9 million); 2012-2013 one-time funded services ($6.6 million); and development fee as well as other fee and grant program services ($4.8 million). These increases were offset by savings realized from service delivery efficiencies and cost reductions ($3.7

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

INTRODUCTION

million) and decreases due to the use of reserves that had been established to address 2013-2014 City Council committed additions ($2.6 million). The result was a balanced 2013-2014 General Fund Proposed Budget of $934.0 million.

Table I below displays the overall projections for the 2013-2014 General Fund as they changed between the February Base Budget Forecast and the Proposed Budget. Table II summarizes the changes from the February Base Budget Forecast to the Revised Base Budget Forecast, including Forecast revisions and the development fee program impact. The specific elements of the City Manager's Proposed Budget balancing strategy are summarized in Table III.

Table I
2013-2014 PROPOSED OPERATING BUDGET
Forecast To Proposed Budget Reconciliation (in $000s)

	Total Sources	Total Uses	(Shortfall)/ Surplus
February Base Budget Forecast	**$ 873,173**	**$ 878,626**	**($ 5,453)**
Forecast Revisions	2,782	1,173	1,609
Revised Base Budget Forecast (no fee impact)	**875,955**	**879,799**	**(3,844)**
Development Fee Program Impact	1,271	49	1,222
Revised Base Budget Forecast (with fee impact)	**877,226**	**879,848**	**(2,622)**
Proposed Revisions	56,783	54,161	2,622
2013-2014 Proposed Budget	**$ 934,009**	**$ 934,009**	**$ 0**

REVISED BASE BUDGET FORECAST

As discussed previously, following the issuance of the February Base Budget Forecast, detailed analysis of the status of General Fund revenues and expenditures continued. Based on this review, the Proposed Budget incorporated a series of changes to the February Base Budget Forecast estimates for both sources and uses to form a Revised Base Budget Forecast. This Revised Base Budget Forecast resulted in a revised shortfall estimate of $2.6 million (with the Development Fee Program Impact), a decrease of $2.8 million from the $5.5 million shortfall in the February Base Budget Forecast (with no development fee program impact assumed). Changes are detailed in Table II on the following page.

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

REVISED BASE BUDGET FORECAST

Table II
2013-2014 PROPOSED OPERATING BUDGET
Revised Base Budget Forecast Summary of Changes (in $000s)
(Forecast Revisions combined with Development Fee Program Impact)

Sources	Revision
Departmental Charges	$ 1,340
Sales Tax	1,050
Property Tax	950
Licenses and Permits	452
Business Taxes	235
Transfers and Reimbursements	164
Beginning Fund Balance	13
Revenue from Local Agencies	(103)
Other Revenue	(48)
Net Change in Sources	**$ 4,053**

Uses	Revision
Non-Personal/Equipment and City-Wide Expenses Adjustments	$ 1,049
Fund and Position Realignments	124
Development Fee Program Changes	49
Net Change in Uses	**$ 1,222**

Total Change (Shortfall)/Surplus	**$ 2,831**

Following is a description of the Revised Forecast changes in General Fund sources:

- The Departmental Charges category was increased by $1.3 million due to the following: an increase of $780,975 to the Parks, Recreation and Neighborhood Services Departmental Charges to align revenues with current estimated activity levels; an increase of $762,000 to the Public Works Development Fee Program revenue estimate to reflect the anticipated 2013-2014 collection and activity levels; an increase of $50,000 to the Public Works Development Fee Program revenue estimate to reflect the reclassification of the Seismic Review fee from the Other Revenue category; a decrease of $235,000 to reflect the City Council approved elimination of the Business Tax Exempt Processing Fee on April 23, 2013; and a decrease of $18,000 to reflect the realignment of revenues for the Finance Department Collection Fee with base activity levels.

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

REVISED BASE BUDGET FORECAST

- The Sales Tax category was increased by $1.1 million to reflect an increase of $950,000 to the General Sales Tax revenue estimate based on slightly higher than anticipated collections for the second quarter of 2012-2013 and an increase of $100,000 to the Proposition 172 Sales Tax revenue estimate to reflect higher than anticipated collections in 2012-2013 and maintain the estimated 4% growth assumed in the 2014-2018 General Fund Five Year Forecast.

- The Property Tax estimate was increased by $950,000 to reflect a change in the projected 2013-2014 Secured Property Tax growth rate from 2.5% assumed in the February Forecast to 3.0%. This increase was based on an analysis of the latest information from the Santa Clara County Assessor's Office on the estimated roll growth for 2013-2014 in San José.

- The Licenses and Permits category was increased by $452,000 due to an increase of $446,000 to the Fire Permits revenue estimate to reflect the anticipated 2013-2014 collection and activity levels and an increase of $6,300 to the Animal Care and Services Category I miscellaneous permits to align with base activity levels.

- The Business Tax revenue estimate was increased by $235,000 to reflect the anticipated ongoing impact of the current Business Tax Amnesty Program which ends May 2013.

- The Transfers and Reimbursements category was increased by $164,000 to reflect the net result of: an increase of $500,000 to the estimate for Highway Users Tax Funds (Gas Tax) based on the current collection trend experienced in 2012-2013; a decrease of $346,000 to reflect updated overhead reimbursements from both operating and capital funds based on final 2013-2014 base expenditures and final 2013-2014 overhead rates as provided by the Finance Department; an increase in the transfer of interest earnings from the Emergency Reserve Fund ($4,000); and a Deferred Compensation Program reimbursement adjustment based on a revised cost estimate ($5,500).

- The Beginning Fund Balance estimate was increased by $13,000 to reflect the assumption that an additional $13,000 will be available at the end of 2012-2013 from the Building Development Fee Reserve that will be used to fund 2013-2014 Base Budget costs for the Building Development Fee Program in the Planning Building and Code Enforcement Department as this program is designed to be 100% cost recovery.

- The Revenue from Local Agencies category was decreased by $103,000 to reflect the net result of: a decrease of $302,000 to reflect the restatement of Cal ID revenue to eliminate revenues associated with the payment of overhead costs from other jurisdictions as the delivery of this program is under review; and an increase of $199,000 to reflect an agreement between the City and the City of Campbell for the unincorporated territory designated as Cambrian No. 36.

- The Other Revenue category was decreased by $48,000 to reflect the reclassification of the Seismic Review fee revenues ($50,000) from Other Revenue to Departmental Charges - Public Works Development Fee Program, partially offset by higher than estimated receipts for the Finance Department Return Check Fee ($2,000).

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

REVISED BASE BUDGET FORECAST

Following is a brief description of the Revised Forecast changes in General Fund uses:

- Non-Personal/Equipment and City-Wide Expenses adjustments totaled $1.0 million. The largest adjustment was an increase of $600,000 for Police Department backgrounding contractual services. An increase to Parks, Recreation, and Neighborhood Services (PRNS) Department fee activity funding ($431,000) was included to match expenditures with anticipated fee activity, which is offset by fee revenue. Other changes included increases to the Police Department polygraph contract ($55,000), Public Works Department for animal care medical supplies ($40,000), and City-Wide Expenses Police Retirees' Health and Dental fees ($30,000). These increases were partially offset by decreases to the City-Wide Expenses Successor Agency to the Redevelopment Agency City Subsidy ($100,000) and Silicon Valley Regional Interoperability Agency ($8,000) costs.

- A net increase of $124,000 reflected various fund and position realignments, including the reallocation of funding for positions to better align with work currently performed, reallocation of positions between departments, position transactions approved through the add/delete process, and various funding corrections/adjustments based on updated information.

- Minor development fee program adjustments to the Public Works ($38,000) and Building ($11,000) Fee Programs were included as a result of fund and position realignments. These adjustments, in addition to the Base Budget revenue revisions previously discussed, result in a net surplus of $1.2 million for the Development Fee Programs.

General Fund Balancing Strategy Detail

2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

As summarized in Table III and discussed below, the Administration's budget balancing strategy resolved a $2.6 million (with the Development Fee Program Impact) General Fund shortfall and resulted in a balanced 2013-2014 General Fund Proposed Budget totaling $934.0 million.

Table III
2013-2014 PROPOSED OPERATING BUDGET
General Fund Funding Requirements and Balancing Strategy (in $000s)

	2013-2014	Ongoing
2013-2014 General Fund Shortfall	$ (3,844)	$ (3,844)
Development Fee Program Impact	1,222	1,222
Revised Base Budget Forecast	$ (2,622)	$ (2,622)
Balancing Strategy		
Source of Funds		
Available Fund Balance:		
2013-2014 Future Deficit Reserve Elimination	$ 29,400	$ 0
SARA City Subsidy (12-13/13-14 cash flow)	6,400	0
Police Department Overtime Earmarked Reserve Liquidation	4,000	0
Tobacco Settlement Revenue	3,500	0
Development Fee Program Reserves	2,569	2,268
Additional 2012-2013 Ending Fund Balance	5,150	0
Grants/Reimbursements/Fees		
SAFER Grant 2010 Extension	2,313	0
Development Fee Program Technology Fee	717	717
Other Fee Programs/Reimbursements	915	548
Other Revenue Changes		
Medical Marijuana Tax Rate Increase (7% to 10%)	1,500	1,500
Vendor Payment Automation/Revenue Sharing	250	500
Transfers and Reimbursements		
Overhead Reimbursements	855	790
Transfer from Other Funds	(786)	100
Subtotal Source of Funds	**$ 56,783**	**$ 6,423**
Use of Funds		
2014-2015 Future Deficit Reserve	$ 13,700	$ 0
Unmet/Deferred Infrastructure and Maintenance	15,160	0
Service Level Enhancements	10,317	5,717
Other Reserves (Budget Stabilization, SARA City Legal Obligations, Essential Services, Fiscal Reform Plan Implementation)	9,850	0
2012-2013 One-Time Funded Services	6,602	3,146
Development and Other Fee/Grant Programs	4,821	3,822
Service Delivery Efficiencies/Cost Reductions	(3,655)	(6,102)
Use of Reserves (Committed Additions/Deferred Infrastructure & Maint.)	(2,634)	(2,782)
Subtotal Use of Funds	**$ 54,161**	**$ 3,801**
Total Balancing Strategy	**$ 2,622**	**$ 2,622**
Remaining Balance	**$ 0**	**$ 0**

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Specific City Council direction regarding the preparation of the Proposed Budget was provided in the *Mayor's March Budget Message for Fiscal Year 2013-2014* as approved by the City Council (see Appendices Section of this document). The details of the specific direction of that Message and the responses contained in this budget are provided in Attachment B. Attachment C contains information regarding the status of City Auditor recommendations with funding impacts.

Following is a brief discussion of the key elements of the budget balancing actions that are included in the Proposed Budget.

Source of Funds

From the Revised Base Budget Forecast of $877.2 million, a net increase of $56.8 million to the General Fund revenue estimate is recommended, bringing the 2013-2014 Proposed Budget revenue estimate to $934.0 million. The components of the $56.8 million increase include an increase in the estimate for the 2012-2013 Ending Fund Balance of $51.0 million and a net increase to various revenue categories of $5.8 million. Following is a discussion of those changes, which are further detailed in the *General Fund Revenue Estimates* section of this document.

Available Fund Balance

The increase of $51.0 million to the 2013-2014 Beginning Fund Balance estimate from the February Forecast (from $50.8 million to $101.8 million) reflects the use of unexpended earmarked reserves totaling $36.6 million and additional excess revenues and expenditures savings from 2012-2013 of $14.4 million. The unexpended earmarked reserves that will provide a source of funding for 2013-2014 include: the $29.4 million 2013-2014 Future Deficit Reserve; the $4.0 million Police Department Overtime Reserve, $2.6 million from the Development Fee Program Reserves, $345,000 Martha Gardens Alley Way Reserve, and $250,000 from the Future Capital Projects (FF&E) Reserve for the South San José Substation.

In addition, $14.4 million from increased expectations for expenditure savings and additional revenue in 2012-2013 will be available for use in 2013-2014. Additional funds are primarily due to the projected cash flow of the Successor Agency between 2012-2013 and 2013-2014, which will change the allocation of funds ($6.4 million) between these two fiscal years, and an additional $3.5 million from higher than anticipated Tobacco Settlement funds for a one-time settlement payment for the years 2003-2012. Remaining excess funds of $4.5 million are due primarily to additional Sales Tax revenue, and City Attorney's Office and Police Department savings, and the close-out and transfer of balances in three funds to the General Fund.

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Grants/Reimbursements/Fees

A $3.9 million increase to the revenue estimates reflects the following adjustments:

- One-time increase of $2.3 million reflects the Fire SAFER 2010 grant revenues anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. This additional revenue is recommended to be used to lower the Transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department.
- An increase of $717,000 generated from a new Technology Fee of 2% assessed on all building, planning, public works, and fire permits to fund technology initiatives for the Development Fee Programs. The revenues collected from this fee will be placed in a reserve for this purpose.
- An increase of $254,000 to the Parks, Recreation and Neighborhood Services Department Charges estimate reflects the following: the expansion of catering services provided by Happy Hollow Park and Zoo Picnic Basket restaurant ($100,000); recognition of the portion of increased community centers rental revenues used to offset the addition of 3.0 Recreation Leader PT positions ($92,000); the addition of 12 park picnic sites that will be available for reservation ($34,000); and revenue associated with new facilities that are scheduled to come on-line in 2013-2014 ($28,000).
- Increase of $170,000 to reflect a payment from the Santa Clara Valley Water District (SCWVD) to partially offset the costs of four Park Ranger positions that are recommended to support the Homeless Response Team.
- An increase of $114,000 to reflect increased payment from the City of Milpitas for services provided by the Animal Care and Services Program.
- A net increase in other fee programs of $378,000 due to the following: an increase of $145,000 to reflect changes in various fee levels in Finance Department, Police Department, Code Enforcement Fees, City Hall facilities rental, and Animal Care and Services Category I permits to maintain cost recovery levels; a one-time increase of $140,000 to the estimate for Sidewalk Repairs; an increase of $80,000 reflects the extension of a grant from CalTrans (Community Based Transportation Planning and Urban Corridor Master Plan); and an increase the estimated reimbursement from Christmas in the Park Foundation by $12,000.

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Other Revenue Changes

Miscellaneous revenue changes result in a net increase of $1.8 million and include the following adjustments:

- Increase of $1.5 million generated from an anticipated increase in the Marijuana Business Tax rate from 7% to 10% of gross receipts (increasing the revenue estimate from $3.9 million to $5.4 million). It is assumed that the ordinance amendment to increase the tax rate will be brought forward for City Council approval prior to the adoption of the budget as directed in the Mayor's March Budget Message as approved by the City Council.
- An increase of $250,000 to reflect a new revenue sharing agreement with the City's banking services provider due to a recommended change in the vendor payment process. The new vendor payment process would allow vendors to receive electronic payments in lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner will incur a small fee assessed by the banking services provider. The banking services provider will share a portion of this revenue with the City. With the automation of vendor payments, the Finance Department expects that it will be able to improve service levels for other payment processing, improving cycle times from two to one week. The ongoing revenue to the City is estimated at $500,000 after the transition of vendors to the new system.

Overhead Reimbursements

A net increase of $855,000 ($790,000 ongoing) in anticipated overhead reimbursements is included to reflect the impact of various budget actions recommended in the Proposed Budget that change the staffing levels funded by special and capital funds.

Transfers from Other Funds

A net decrease of $786,000 is included and reflects the following adjustments:

- A decrease of $1.8 million to the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department. By lowering the Transfer to the General Fund from the Airport Maintenance Operation Fund by $1.8 million in 2013-2014, the cost to the Airport for fire services will be in-line with an aircraft rescue and firefighting services outsourcing proposal received in 2011. With the acceptance of the Fire SAFER 2011 grant, the potential outsourcing of this function would have to be postponed until October 2014 to remain in compliance with the SAFER grant requirements. This action is offset by additional Fire SAFER 2010 grant revenues of $2.3

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Source of Funds

Transfers from Other Funds *(Cont'd.)*

million anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. The remaining $0.5 million in Fire SAFER grant revenues are recommended to be used to establish an Aircraft Rescue and Firefighting Services Reserve to offset the higher Fire Department costs for a portion of 2014-2015. This action will maintain sworn firefighter staffing levels and avoid layoffs.

- A one-time transfer of $594,000 from the Park Trust Fund to reimburse the General Fund for prior year expenditures related to the Watson Park project that are eligible to be paid from Park Trust Funds.
- An increase of $350,000 to the transfer from the Integrated Waste Management Fund (from $250,000 to $600,000) reflecting unclaimed Construction and Demolition Diversion Deposits (CDD) that are eligible to be transferred to the General Fund. On an ongoing basis, an additional $50,000 is expected to be generated annually from this source.
- An ongoing increase of $50,000 to the transfer from the Water Utility Fund (from $225,000 to $275,000) reflecting the transfer of estimated late fees on customer payments that are eligible to be transferred to the General Fund.
- A one-time increase of $25,000 to the transfer from the Construction Excise Tax Fund to fund 50% of the additional $50,000 included in the Proposed Budget to conduct polling of potential revenue generating ballot measures, including measures pertaining to pavement maintenance.

Use of Funds

From the Revised Base Budget Forecast of $879.8 million, a net increase of $54.2 million to the General Fund expenditures is recommended, bringing the 2013-2014 Proposed Budget Use of Funds estimate to $934.0 million. A listing of the Proposed Budget modifications is provided by specific categories in Table III and briefly discussed in the following pages. Further detail is incorporated into the CSA and departmental sections of this document.

2014-2015 Future Deficit Reserve

In accordance with the Mayor's 2013-2014 March Budget Message as approved by the City Council, the Proposed Budget establishes a 2013-2014 Future Deficit Reserve of $13.7 million to address the projected shortfall for 2014-2015 that was presented in the 2014-2018 General Fund Five-Year Forecast released in February 2013.

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Use of Funds

Unmet/Deferred Infrastructure and Maintenance

To address the growing backlog of unmet and deferred infrastructure and maintenance, funding of $15.2 million is included for the following: critical public safety infrastructure needs at the Police Administration and Communications Buildings ($8.6 million); information technology investments ($3.1 million) for replacement of the Operating/Capital Budget System and computer/network upgrades; City Hall waterproofing and courtyard renovations ($1.9 million); Public Works Department preventative maintenance funding ($1.3 million); Real Estate Services document imaging and records retention system ($200,000); and Department of Transportation street tree maintenance ($160,000).

Service Level Enhancements

Total funding of $10.3 million is included in the Proposed Budget for service level enhancements. The largest investments included funding for a Homeless Response Team ($3.2 million); opening the South San José Police Substation ($2.6 million); 21 Police Community Service Officers to enhance Police Department field patrol ($1.1 million); transition to Microsoft Office 365 ($812,000); and Police Department support for the AFR/RMS system ($420,000), crime prevention staffing ($224,000) and recruitment activites ($325,000).

Other Reserves

One-time reserves totaling $9.9 million are included in this document. This includes a new Budget Stabilization Reserve ($4.0 million) to help ensure resources are available to address unforeseen changes in revenues or expenditures in any given year. Allocations are included to increase the Successor Agency City Legal Obligations Reserve ($2.5 million) and the Fiscal Reform Plan Implementation Reserve ($1.35 million). In accordance with the 2013-2014 Mayor's March Budget Message approved by the City Council, an Essential Services Reserve of $2.0 million is included to fund services that are of importance to the community. This reserve will be allocated by the City Council later in the 2013-2014 budget process.

2012-2013 One-Time Funded Services

In accordance with the 2013-2014 Mayor's March Budget Message approved by the City Council, funding is included to continue 2012-2013 one-time funded services in 2013-2014. The largest investments include funding to continue San José BEST programming ($3.0 million) over a two-year period; Medical Marijuana and Gaming/Public Safety oversight ($1.3 million); economic development and incentive activities ($750,000); senior wellness and transportation services ($460,000); and staffing for the City Attorney's Office ($350,000), City Clerk's Office ($247,000),

General Fund Balancing Strategy Detail
2013-2014 Proposed Operating Budget

PROPOSED BUDGET BALANCING STRATEGY

Use of Funds

2012-2013 One-Time Funded Services *(Cont'd.)*

and City Manager's Office-Employee Relations ($208,000). All programs and positions are continued in 2013-2014, with the exception of one position in the Independent Police Auditor's Office.

Development Fee and Other Fee/Grant Programs

Approximately 30 positions and $4.0 million of new resources are included in the Development Fee Programs (Building, Planning, Public Works, and Fire) to meet increased development services activities. The addition of 6 positions and funding of $826,000 is included to support other activities supported by fees, grants, or reimbursements.

Service Delivery Efficiencies/Cost Reductions

Savings of $3.7 million are included as a result of service delivery efficiencies or cost reductions. The largest actions include a reduction to the Successor Agency subsidy and administrative staff ($7.8 million), partially offset by reallocation of Police Department overtime ($4.0 million) from reserves as an interim strategy to meet service delivery needs until the Police Department is staffed at authorized levels.

Use of Reserves

The Proposed Budget includes the liquidation of earmarked reserves that were established in the 2013-2014 General Fund Forecast Base Budget to address the projected additional costs to operate and maintain the new South San José Police Substation ($1.6 million), the new Police Department AFR/RMS system ($336,000), new parks and recreation facilities ($51,000), and new traffic infrastructure assets ($31,000) including traffic signals, landscaping, and street lighting that are scheduled to become operational in 2013-2014. In addition, the liquidation of a reserve ($600,000) set aside for deferred infrastructure and maintenance needs is included in the Proposed Budget.

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.

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

Referral	Resolution
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.

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

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.

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

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.

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

Referral	Resolution
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

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

Referral	Resolution
	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

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

Referral	Resolution
	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-

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

Referral	Resolution
	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.

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

Referral	Resolution
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.

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

Referral	Resolution
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.

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

Referral	Resolution
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.

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

Attachment C - Status of City Auditor Recommendations with Funding Impact

Status of City Auditor Recommendations With Funding Impact

2013-2014 Proposed Operating Budget

There are a number of audit recommendations that are incorporated into actions recommended in the 2013-2014 Proposed Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2013-2014, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2013-2014 Proposed Budget. The City Auditor's Office reports on all outstanding audit recommendations on a semi-annual basis. These status reports can be found on the Auditor's Office website at: http://www.sanjoseca.gov/index.aspx?nid=309.

Department	Item	Remarks
Human Resources/ City Manager's Office – Employee Relations	Audit of Employee Medical Benefits – Pursue at least one or a combination of the aforementioned cost-containment strategies and work with the Office of Employee Relations on potential meet-and-confer issues that such a change would present (6/10/09, #17)	In June 2012, the City Council approved a low cost/high deductible healthcare plan for non-sworn employees and retirees in both Retirement Plans effective December 23, 2012. Additionally, effective July 1, 2012, Federated Retirement System members are required to enroll in Medicare A and B supplemental plans at the age of 65. These changes are expected to generate General Fund savings of $6.5 million annually due to lower employer contribution rates for the Federated Retirement System. Per the Memoranda of Agreements with the public safety bargaining units, the City and employees' retiree healthcare contributions are capped at 11.0% and 10.0%, respectively. Although the healthcare modifications reduce the unfunded liability for the Police and Fire Department Retirement Plan, the annual required contribution is still above the capped rate of 11% for the employer contributions. Therefore, no immediate savings are realized. This change, however, is the subject of litigation. The 2013-2014 Proposed Budget includes a list of $20 million of proposed ongoing and one-time expenditures that will not be implemented pending the outcome of litigation associated with this new plan as well as the elimination of the Supplemental Retiree Benefit Reserve (SRBR).

Status of City Auditor Recommendations With Funding Impact

2013-2014 Proposed Operating Budget

Department	Item	Remarks
Police/ City Manager's Office – Employee Relations	Audit of Civilianization Opportunities in the San José Police Department – Consider how Community Service Officers and Investigative Aides might be used in the future in San Jose and meet and confer with the SJPOA regarding this provision (Issued 1/14/10, #4)	The 2013-2014 Proposed Budget includes the addition of 21.0 Community Service Officers (CSOs) and seven vehicles as of January 2014 at a cost of $1.1 million in 2013-2014 ($1.8 million ongoing). These positions would perform non-sworn technical and administrative support services (interviewing witnesses, photographing crime scenes, collecting evidence, taking telephone reports, conducting follow-up investigations, and fingerprinting). Each of the three patrol divisions would be assigned seven CSOs. These positions would respond to lower priority, non-enforcement calls, thereby increasing capacity for existing Police Officer positions to respond to higher priority calls and conduct more proactive police work. This classification has been developed and an appeal of the unit designation is pending. In addition, this is a subject of the ongoing negotiations with the Police Officers' Association (POA).

Status of City Auditor Recommendations With Funding Impact
2013-2014 Proposed Operating Budget

Department	Item	Remarks
Employee Relations	Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels – Alternatives for a Sustainable Future – Pursue at least one or a combination of pension cost-containment strategies (9/29/10, #3)	The 2013-2014 Proposed Budget incorporates savings associated with the elimination of the Supplemental Retiree Benefit Reserve (SRBR) that have been factored into the City retirement contribution rates for 2013-2014. This change is projected to generate General Fund savings of $13.4 million annually. This change, however, is the subject of litigation. The 2013-2014 Proposed Budget includes a list of $20 million of proposed ongoing and one-time expenditures that will not be implemented pending the outcome of litigation associated with the elimination of the SRBR as well as the implementation of the low cost/high deductible health plan. A Tier 2 Retirement Plan has been implemented for non-sworn employee groups effective September 30, 2012. A Tier 3 Plan for new unrepresented employees was effective February 4, 2013. The savings associated with the implementation of these lower-cost plans will be reflected in the annual budget as new employees are enrolled in these plans.

Status of City Auditor Recommendations With Funding Impact

2013-2014 Proposed Operating Budget

Department	Item	Remarks
Information Technology	Audit of Information Technology General Controls – ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to: a) better evaluate purchasing needs; b) identify opportunities to redistribute and/or share equipment and software; c) to the extent possible, ITD should pursue opportunities to centrally install packages, rather than installing packages at individual workstations. (1/18/12, #9)	The 2013-2014 Proposed Budget includes funding to upgrade the City's Microsoft's Office 2003 Suite to an Office 365 subscription model. The City's current Office 2003 version is three full generations behind the proposed version. The upgraded version will increase productivity through enhanced features and mitigate certain security and compatibility risks by ensuring that the City remains on current and supported versions in a sustainable hosted model. Further, the software is delivered through a web browser rather than a traditional PC by PC installation, which significantly addresses the recommendation to centrally install and manage software. Included in this action is a one-time allocation of $550,000 for implementation and training and ongoing funding of $262,000 for the subscription service.

Status of City Auditor Recommendations With Funding Impact
2013-2014 Proposed Operating Budget

Department	Item	Remarks
Environmental Services	Environmental Services: A Department at a Critical Juncture – The Administration should continue pursuing ways to retain high-performing, critical Plant staff (8/8/12, #1)	The 2013-2014 Proposed Budget includes the addition of 7.0 Plant Attendant positions and the elimination of 4.0 vacant journey-level Plant Mechanic positions in order to 1) create additional points of entry into the Water Pollution Control Plant (WPCP) Mechanic classification series and 2) help obtain a qualified candidate pool for existing Plant Operator Trainee (O.I.T), Apprentice Plant Mechanic (M.I.T.), Electrician, Instrument Control Technician and Heavy Equipment Operator positions. The Plant Attendants will assist Plant Mechanics by performing the lower level tasks and will learn various job functions as they rotate through the various Plant work groups. The Proposed Budget also includes the addition of 1.0 Division Manager position and 1.0 Senior Analyst position to the Administrative Services Division of the Environmental Services Department. The Division Manager position will manage the Department's Fiscal, Budget, MIS, and new Workforce Planning Section that will be responsible for all activities related to Plant staffing, developing and implementing a recruiting and retention strategy, management of all human resources, and employee relations activities. The Senior Analyst will assist with recruitments, training and development, and performance appraisal management at the WPCP.

Status of City Auditor Recommendations With Funding Impact

2013-2014 Proposed Operating Budget

Department	Item	Remarks
Environmental Services/City Manager - Office of Economic Development	Environmental Services: A Department at a Critical Juncture – The Environmental Services Department, along with the Office of Cultural Affairs and the City Attorney's Office, should review past and current public art allocations in the Sanitary Sewer System, Water Pollution Control, Storm Sewer, and Water Utility Capital Funds to determine whether appropriations are in accordance with the City's Public Art Ordinance. (8/8/12, #20)	Past allocations for Public Art from the referenced capital programs will continue to be programmed for Public Art in the 2013-2014 Proposed Capital Budget. Consistent with the adoption of the 2011-2012 Capital Budget, current and future Public Art allocations in the referenced programs will exclude rehabilitation projects that replace assets in kind, projects which primarily replace existing equipment, and projects that constitute site remediation.

2013-2014

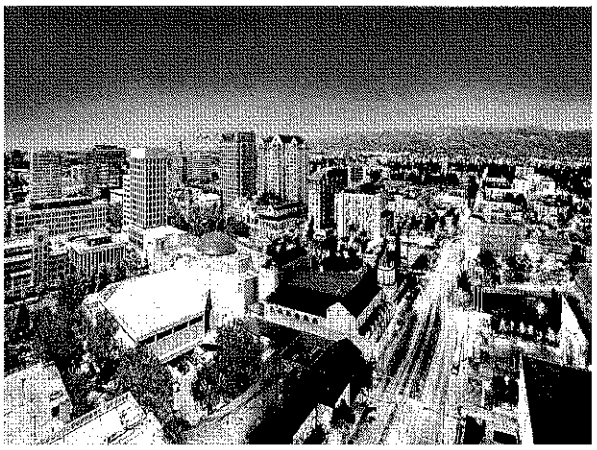
Operating Budget

Community Profile

SAN JOSE AT A GLANCE

STRATEGIC LOCATION

Situated between the Diablo and Santa Cruz mountain ranges, the City of San José encompasses 179.8 square miles at the southern tip of the San Francisco Bay. San José's central location between San Francisco to the north and Monterey/Carmel to the south makes the "Capital of Silicon Valley" a gateway to adventures throughout California.



With a population of 971,372, San José is the 10th largest city in the nation.[1] Over 1.8 million people reside in Santa Clara County, of which San José is the county seat.

HISTORY

In November 1777, El Pueblo San José de Guadalupe became the first civil settlement in California. The settlement was mostly occupied by the Ohlone Indians along the Guadalupe River and Spanish settlers. At that time, San José was a farming community cultivating a number of different crops, which served the military communities in San Francisco and Monterey. In 1850, San José became the first capital of California, but this honor remained for only two years due to the lack of hotel capacity and flooding in downtown. Furthering San José's difficulties, the City was plagued with floods, earthquakes and fires in the early 1900s. However, over the next century, San José experienced one of the most significant economic changes in California history, transforming from an agricultural community to what is known today as the "Capital of Silicon Valley."

QUALITY OF LIFE

San José's quality of life is unsurpassed. With an average of 300 days of sunshine a year, and temperatures varying from an average of 50 degrees in January to an average of 70 degrees in July, those living and working in San José can enjoy the City's many attractions, cultural and performing arts, sports and recreation opportunities, and year-round festivals and celebrations. In addition, San José is rated as one of the "Safest Big Cities" in the nation. So, it is no surprise that 78 percent of its residents rated the quality of life in the City as either "excellent" or "good" in the City's most recent Community Survey (2009). San José also has received accolades from Business Week, Money Magazine, and other national media as a place to live and do business.

DIVERSITY

Diversity is a hallmark of San José. San José is a city proud of the cultural and ethnic diversity of its population and workforce and the rich cultural identity of its many neighborhoods. City residents speak more than 50 different languages. Japantown

[1] State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change—January 1, 2011 and 2012. (Released May 2012).

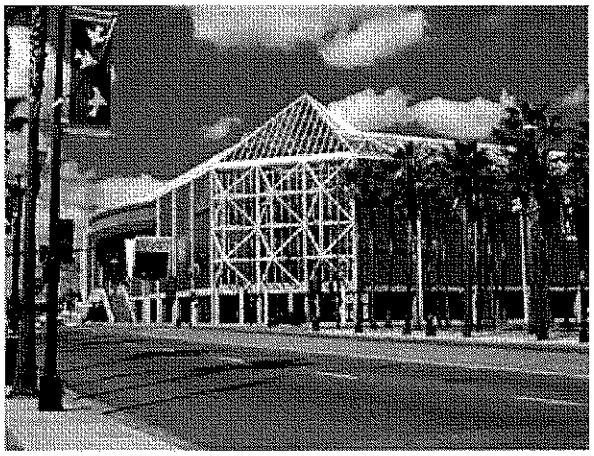
SAN JOSE AT A GLANCE

DIVERSITY

is a popular tourist stop and a cornerstone neighborhood full of tradition. Little Saigon is a haven of Vietnamese owned and operated businesses where customers and tourists can experience unique shopping experiences and diverse restaurants. Biblioteca Latinoamericana, one of the City's innovative library branches, boasts one of the largest collections of Spanish language materials in northern California. The City hosts many cultural festivals and numerous ethnic chambers of commerce are active in the community. According to the 2011 American Community Survey demographics, residents of the City are 33.2% Hispanic, 32.7% Asian, 27.5% White, 2.7% African American, and 3.9% other.

EDUCATION

Fifteen public school districts and an estimated 300 private and parochial schools provide families with a range of educational choices. Innovative programs in local school districts include a nationally acclaimed performing arts magnet and concentrations in aerospace, international studies, math and science, and radio and television.



Higher education facilities in and around San José are superior. San José State University (SJSU) is California's oldest public university, founded in 1857. It offers strong programs in business, information technology, journalism, mass communications, and engineering, with SJSU graduating twice as many engineers annually as any nearby university. In addition, the collaboration between SJSU and the City of San José to construct and operate the Dr. Martin Luther King, Jr. Library, the first joint City/University library, earned the prestigious national title of Gale/Library Journal 2004 Library of the Year.

Area colleges include Santa Clara University, the State's oldest institution of higher private education, founded in 1851. Other excellent nearby universities include Stanford University, University of California at Berkeley, University of California at San Francisco, and University of California at Santa Cruz.

Seven community colleges serve the County of Santa Clara, offering a variety of two-year programs and work-ready certificate programs. Community-based programs like Metropolitan Education District and the Center for Employment Training fill the need for basic skills and job training.

ECONOMIC DIVERSITY

Perhaps more important than rankings and statistics, the term "Capital of Silicon Valley" describes not only a city and geographic region, but also a culture, an entrepreneurial energy, a spirit of innovation, and a symbol of opportunity. That entrepreneurial spirit led to the launch of the San José Bioscience Incubator and Innovation Center. Today, the BioCenter provides space for more than 21 high-potential startup companies involved in a diverse range of bio-convergence industry sectors. Building upon this success, the City has adopted a Green Vision which aggressively

SAN JOSE AT A GLANCE

ECONOMIC DIVERSITY

promotes the growth of 'clean technology' companies that are developing the alternative energy, energy efficiency, and transportation innovations of tomorrow. There are 112 clean tech companies in San José employing over 10,100 residents. The Environmental Business Cluster continues to excel in commercializing environmental technologies. Additional investments by the City include a 46,000 square foot building that will house ProspectSV which is intended to strengthen San José's leadership in clean technology demonstration, slated to open in fall 2013. While San José and Silicon Valley are largely associated with the technology industry, the City's business profile is diverse and healthy. Commercial, retail, industrial, professional, and service businesses all thrive in San José. The area is rich with research and development resources, as San José area companies receive on average about one-third of the nation's venture capital investments each year.

INTERNATIONAL

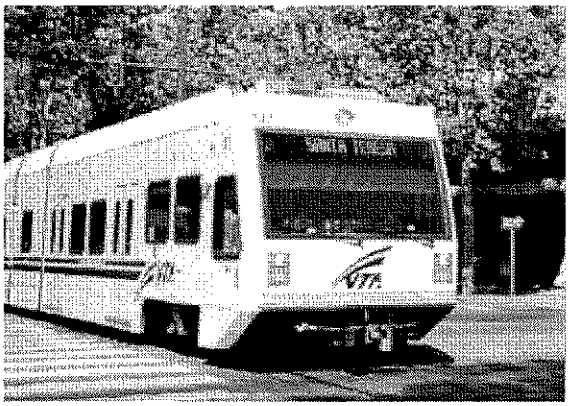
On the international front, San José attracts significant foreign investment from throughout the globe, particularly in information technology industrial sectors. San José is also a leading city in exporting goods and services. To expand international economic ties, the City maintains Economic Partnership Agreements with key international cities and regions that complement San José's economic profile in technological innovation and entrepreneurship.

TOURISM

Residents and visitors enjoy the City's many attractions year-round: museums, parks, sports, multicultural festivals, theme parks, shopping, and of course, great hotels and restaurants. Attractions include the Tech Museum of Innovation, San José Museum of Art, Raging Waters, Happy Hollow Park and Zoo, the Japanese Friendship Garden, the Winchester Mystery House, and the Children's Discovery Museum of San José.

SPORTS

Several professional sports teams call San José home: the Sharks, National Hockey League; the Earthquakes, Major League Soccer; SaberCats, Arena Football League; and the Giants, Minor League Baseball. The City also has a state-of-the-art community ice center, golf courses, and parklands, including 55 miles of beautiful walking and biking trails.



TRANSPORTATION

San José/Silicon Valley has the following mass transportation options:

- The Norman Y. Mineta San José International Airport, located within minutes of downtown, serving over 8.3 million passengers annually, with 11 major passenger airlines operating service to 29 U.S. cities and three international destinations.
- The Santa Clara Valley Transportation Authority's (VTA) 42-mile light rail service with 62 stations, serving over ten million passengers annually. VTA's active fleet of 426 buses serving 32 million annual riders with 71 routes and over 4,300 stops.

TRANSPORTATION

- Caltrain, a commuter rail service, with 33 stations, runs from Gilroy through San José and north to San Francisco, with an average weekday ridership of 42,354. Caltrain operates 86 weekday trains, including 22 Baby Bullet express route trains that travel from San José to San Francisco in less than an hour.
- Bay Area Rapid Transit (BART) and California High-Speed Rail both have planned routes to San José. In April 2012, BART construction has begun on freight track relocation for the Silicon Valley extension.

SAN JOSE AT A GLANCE

BASIC CITY FACTS

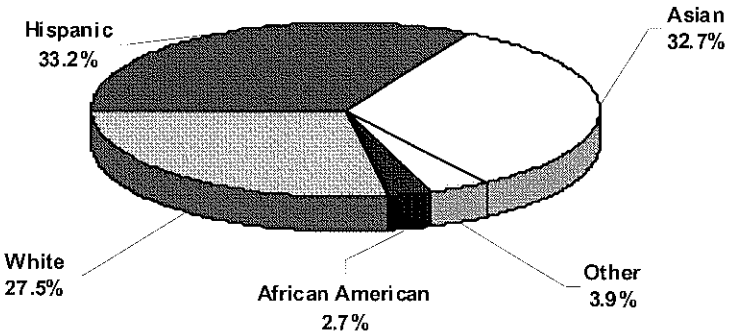
FOUNDED: 1777; California's first civilian settlement
INCORPORATED: March 27, 1850; California's first incorporated City, and site of the first State capital

GENERAL DATA

Population[2]	971,372
Registered Voters	418,946
Median Household Income	$76,593
Miles of Streets	2,400
Miles of Alleys	2
Area of City (square miles)	179.8
Land Use:	
Single-Family	33.3%
Two-Family	2.3%
Multi-Family	6.5%
Mobile Home	0.8%
Commercial	5.1%
Industrial	7.6%
Government Institutions	2.8%
Airports	1.2%
Schools	4.5%
Parks/Open Space	8.6%
Roadways	20.9%
Mixed Use	0.8%
Undeveloped	5.6%

DEMOGRAPHICS

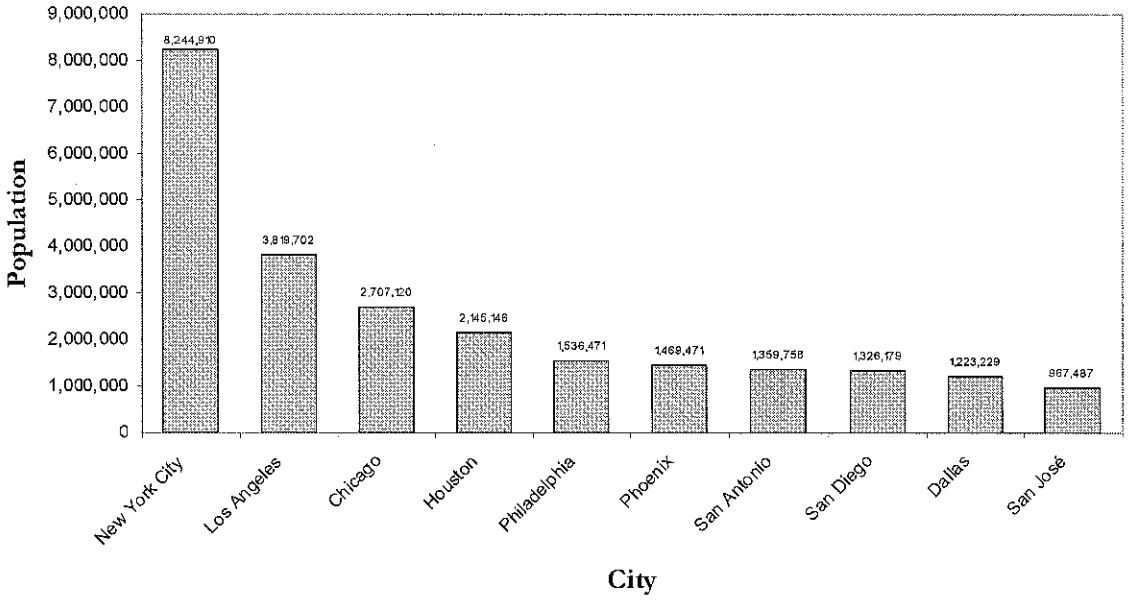
Breakdown of Race/Ethnicities (U.S. Census Bureau, 2011 American Community Survey)



[2] State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2011 and 2012. (Released May 2012)

SAN JOSE AT A GLANCE

POPULATION OF 10 LARGEST U.S. CITIES



Source: U.S. Census Bureau, Population Division. (Released June 2012)

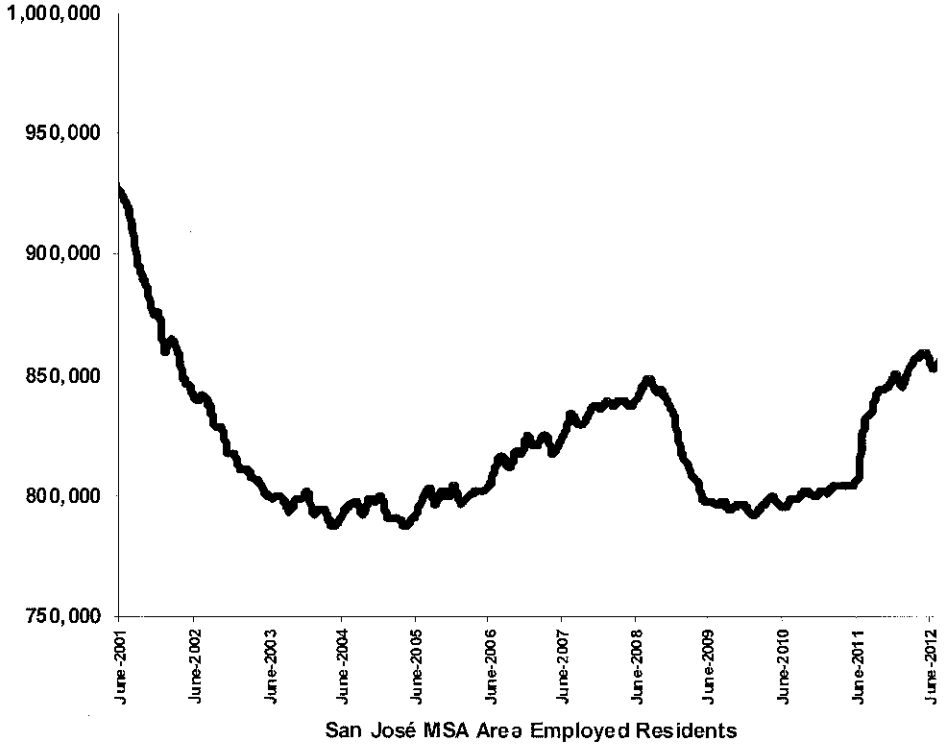
MAJOR EMPLOYERS

Company	Number of Employees
Santa Clara County	14,950
Cisco Systems	13,600
City of San José*	5,495
eBay/Paypal, Inc.	4,690
IBM Corporation	4,200
US Postal Service	3,920
San José State University	3,120
San José Unified School District	2,330
Western Digital/Hitachi	2,040
Adobe Systems Inc.	2,000
Kaiser Permanente	1,920
Good Samaritan Health System	1,850
Cadence Design Systems Inc.	1,800
Sanmina-SCI	1,770
Maxim Integrated Product	1,650

Source: City of San José, Office of Economic Development
* 2012-2013 Adopted Operating Budget

SAN JOSE AT A GLANCE

San Jose Metropolitan Statistical Area (MSA) Employed Residents*



* The San José, Sunnyvale, and Santa Clara Metropolitan Statistical Area (MSA) includes Santa Clara and San Benito Counties
Source: U.S. Census Bureau, California Employment Development Department. (Released March 2013)

Annual Unemployment Rates**

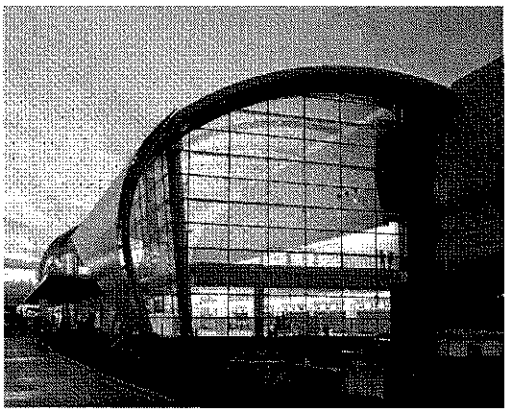
Unemployment Rates***	2007	2008	2009	2010	2011	2012	2013 (as of Mar 2013)
San José MSA	4.8%	6.1%	11.0%	11.2%	9.9%	8.6%	7.9%
State	5.4%	7.2%	11.3%	12.4%	11.7%	10.5%	10.1%
National	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.7%

** Average annual rates based on monthly employment statistics
*** Unadjusted unemployment rates
Source: U.S. Census Bureau, California Employment Development Department (Released March 2013)

SAN JOSE AT A GLANCE

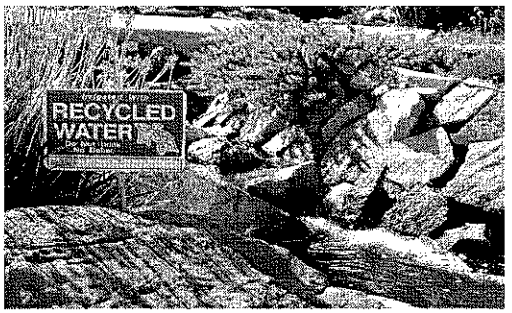
AIRPORT*

Size	1,050	Approx. Acres
Terminals	2	
Runways	3	
Hours of Operation	24	
Flights in 2012-2013:		
Commercial Airline Operations	71,000	
Cargo Commercial Airlines Operations	1,500	
Taxi/Commuter Commercial	16,000	
General Aviation	31,000	
Military Flights	230	
Landings Per Day in 2012-2013:		
Commercial	120	
General Aviation	40	
Number of Passengers in 2012-2013:	8.30	Million
Public Parking Spaces:		
Hourly Parking	2,500	
Daily Parking	1,400	
Economy Parking	1,700	
Services:		
Passenger Airlines	11	
All-Cargo Airlines	2	
General Aviation Based Aircraft	63	



ENVIRONMENT AND UTILITIES*

Miles of Municipal Sewer Mains	2,271	
Number of Water Pollution Control Plants[3]	1	
Number of Square Miles the Sanitary Sewer System Spans	179.8	
Gallons of Wastewater the Plant has the Capacity to Treat Per Day	167.0	Million
Gallons of Wastewater Treated Per Day	106.0	Million
Number of Municipal Water Systems[4]	1	
Water Services in Municipal Service Water Area	26,500	
Miles of Water Mains	345	
Gallons of Potable Municipal Water Delivered	6.7	Billion
Gallons of Recycled Municipal Water Delivered	1.2	Billion
2012-2013 Recycled Materials:		
Tons of Paper	57,000	
Tons of Glass	16,000	
Tons of Cardboard	12,000	
Tons of Metals	4,000	



* Current Counts or 2012-2013 Year-End Estimates

[3] Serving the San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno areas.

[4] Serving the Evergreen, North San José, Alviso, Edenvale, and Coyote Valley areas. Other areas served by private water companies.

SAN JOSE AT A GLANCE

ENVIRONMENT AND UTILITIES *

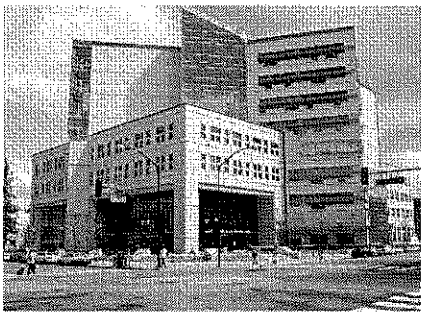
2012-2013 Recycled Materials:	
Tons of Plastics	7,000
Tons of Other Materials	11,000
Total Tons of Recyclables	107,000
Multi-Family Dwelling Tons Composted	55,000
Tons of Yard Trimmings	133,000
Gallons of Used Motor Oil	95,000

FIRE*

Fire Stations	33
Companies	40
Equipment	
Engines:	
Front Line	30
Relief	15
Trucks:	
Front Line	9
Relief	4
Brush Patrol Apparatus:	
Front Line	7
Relief	6
Aircraft Rescue and Firefighting Apparatus:	
Front Line	2
Relief	1
Urban Search/Rescue and Hazmat Apparatus:	
Front Line	3
Auxiliary Apparatus	131
Emergency Medical Calls	51,000
Fire Safety Code Inspections	14,000
Fires	2,000
Hazardous Materials Incidents	800

LIBRARIES*

Number of Outlets:	
Main Library	1
Branches	22
Items Checked Out (Circulation)	10,650,000
Books (Inventory)	1,690,000
Audio Visual Materials (Inventory)	350,000
Reference Questions	625,000



PARKING*

Parking Meters	2,582
Parking Lots (1,285 total spaces)	9
Parking Garages (6,175 total spaces)	8

* Current Counts or 2012-2013 Year-End Estimates

SAN JOSE AT A GLANCE

PARKS, RECREATION AND NEIGHBORHOOD SERVICES *

Park Sites**	193
Basketball Courts	95.5
Bocci Ball Courts	12
Exercise Courses	32
Handball Courts	7
Horseshoe Pits	17
Lawn Bowling Greens	13
Sand Volleyball Courts	9
Skate Parks	6
Softball/Baseball/T-Ball Fields	52
Swimming Pools	6
Tennis Courts	95
Soccer Fields	46
Park Acreage**	3,432
Playgrounds**	261
City Operated Community Centers	12
Partner Operated Re-Use Sites	42
Public Golf Courses	3
Gymnasiums	7
Fitness Rooms	5
Youth Centers	6
Walking and Biking Trails (miles)	55
Total Participation in Recreation Programs at Community Centers	258,000
Total Participation in Recreation Programs at Re-Use Centers	14,000

POLICE*

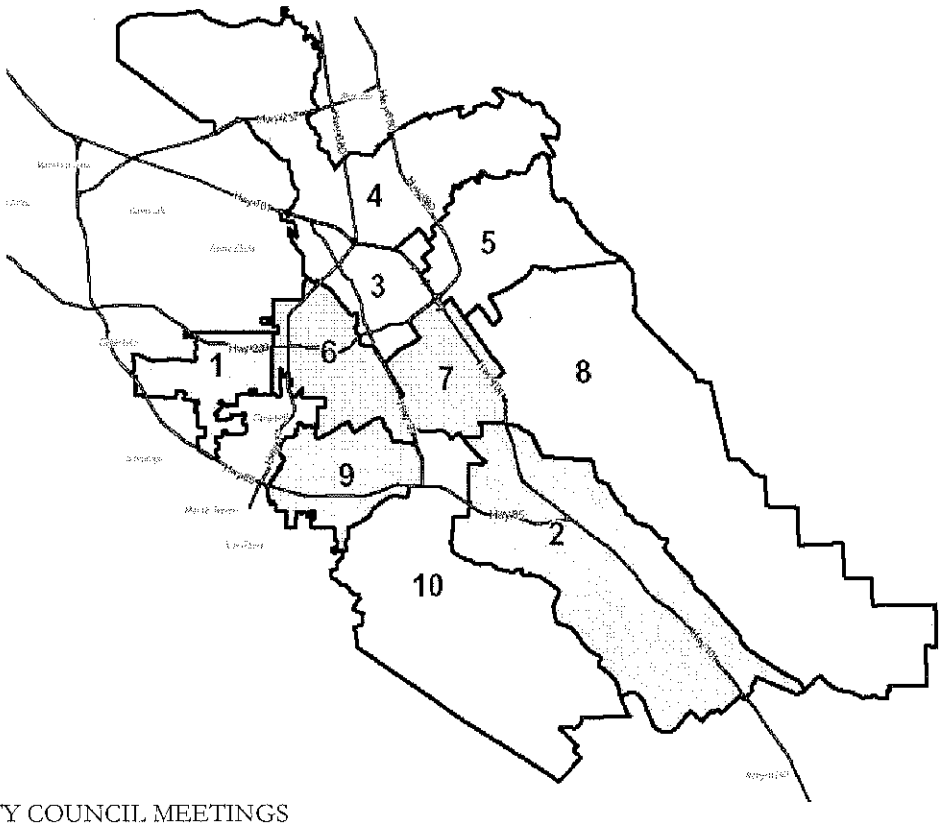
Police Stations	1
Community Policing Centers	3
Police Vehicles	376
Motorcycles	54
Horses	5
Dogs	13
Aircraft:	
Helicopter	1
Fixed Wing	1
Number of Emergency Calls Received	467,000
Number of Non-Emergency Calls Received	390,000
Cases Investigated Per Year***	unavailable

* Current Counts or 2012-2013 Year-End Estimates
** Data represents City services (excludes school data)
*** Data currently unavailable due to the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

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	ash.kalra@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
Johnny Khamis	10	535-4910	district10@sanjoseca.gov



CITY COUNCIL MEETINGS

- Every Tuesday at 1:30 p.m. in the Council Chambers.
- Evening meetings at 7:00 p.m. in addition to the afternoon meeting once a month, as listed in the approved City Council Meeting Schedule, in the Council Chambers.
- Closed sessions every Tuesday at 9:30 a.m. in the Council Chambers conference rooms.
- No meetings are held in July when the City Council is in recess.

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

Following is a list of significant State and local voter-approved initiatives.

2010s INITIATIVES

Measure D requires the payment of minimum wages in San José at $10 per hour with an annual increase, if any, based on the Consumer Price Index beginning January 1, 2014; City enforcement through fines, penalties, civil actions, or revocation or suspension of permits or licenses; voter approval of substantive changes to the ordinance; and allows private enforcement through civil actions. Measure D was passed by the voters in 2012.

Measure B allowed the City Charter to be amended to modify retirement benefits of City employees and retirees by: increasing employees' contributions, establishing a voluntary reduced pension plan for current employees, establish pension cost and benefit limitations for new employees, modify disability retirement procedures, temporarily suspend retiree COLAs during emergencies, and require voter approval for increases in future pension benefits. Measure B was passed by the voters in 2012.

Measure K increased the Cardroom Tax rate on gross revenues from 13% to 15%, allowed each cardroom to seek City approval to increase the number of tables from 40 to 49, removed the limit on the number of permissible card games to allow any card game permissible under State law consistent with City regulations, and increased the betting limit from $200 to that allowed under State law. Measure K was passed by the voters in 2010.

Measure U allowed the City Council to impose a business tax on marijuana businesses in San José at a rate of up to 10% of gross receipts. The revenues from the marijuana business tax are subject to an annual audit. Measure U was passed by the voters in 2010.

Measure V changed the mandatory arbitration process regarding the selection of the Chair of the Board and required all hearings and documents submitted in arbitration to be accessible to the public. Further, it requires that the Arbitration Board consider the City's financial condition and ability to pay; provide consideration to the rate of increase or decrease of compensation approved by the City Council for other bargaining units; be precluded from rendering a decision, or issuing an award that increases the projected cost of compensation at a rate that exceeds the rate of increase in certain revenues, retroactively increases or decreases compensation, creates a new or additional unfunded liability; and interferes with the discretion of the Police or Fire Department to make managerial, operational or staffing decisions. Measure V was passed by the voters in 2010.

Measure W allowed the City Council to adopt an ordinance to exclude future City officers and employees from any existing retirement plans or benefits and to establish retirement plans for future employees that do not provide for the current minimum requirements set forth in the San José City Charter. Measure W was passed by the voters in 2010.

Proposition 22 reduces or eliminates the State's authority to delay or redirect the distribution of tax revenues for transportation, redevelopment, or local government projects and services, even during periods of severe fiscal hardship. The proposition requires the State Controller to reimburse local governments or accounts, if a court rules that the State violated a provision of Proposition 22. Proposition 22 was passed by the voters in 2010.

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

Proposition 26 requires that certain State fees be approved by a two-thirds vote of the Legislature and certain local fees be approved by two-thirds of voters. The proposition broadened the definition of a State or local tax to include some fees and charges that governments previously could impose with a majority vote. Proposition 26 was passed by the voters in 2010.

2000s INITIATIVES

Measure J replaced the Emergency Communication System Support Fee of $1.75 per telephone line per month with a tax of $1.57 per telephone line per month. The City ceased collecting the fee and began collecting the tax on April 1, 2009. The tax is collected from telephone users on their phone bills. Exemptions to the tax include low-income seniors and disabled persons who receive lifeline telephone service. Measure J was passed by the voters in 2008.

Measure K reduced the telephone utility rate from 5% to 4.5% (10% reduction) in San José. This measure broadened the base for the utility tax and the definition of technologies covered by the tax. The utility company collects the tax from consumers on a monthly basis and is required to remit the tax to the City by the 25th of the following month. The tax is not applicable to State, County, or City agencies. Measure K was passed by the voters in 2008.

Proposition 1A prohibits the State from reducing local governments' property tax revenue. The provisions may be suspended only if the Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension. Suspended funds must be repaid within three years. Proposition 1A also requires local sales tax revenues to remain with local governments, and for the State to fund legislative mandates. Proposition 1A was passed by the voters in 2004 but became effective 2006.

Measure S authorized the collection of a parcel tax to enhance the City's library services and facilities. The tax is collected twice per year on each parcel of real property and deposited into the Library Parcel Tax Fund. All proceeds, including interest, must be expended for Library purposes. This tax sunsets in 2014-2015. Measure S was passed by voters in 2004.

Measure A, the Airport Security and Traffic Relief Act, authorized the City to implement infrastructure improvements at the Airport to meet federally mandated security requirements, improve passenger facilities, and add nine new gates once the Airport street system is within three years of completion and funding has been identified for the implementation of the Airport People Mover transit connection. Measure A was passed by the voters in 2003.

Measure O authorized the issuance of a $159 million general obligation bond (Neighborhood Security Act Bond Measure) to improve San José's fire, police, and paramedic response times by adding and improving fire stations and police stations, training facilities, and creating state-of-the-art 9-1-1 communications facilities. Measure O was passed by the voters in 2001.

Measure K approved an update to San José's General Plan to modify greenline/urban boundaries. Measure K was passed by the voters in 2000.

Measure O authorized the issuance of $212 million in bonds over 10 years for the establishment of six new and 14 expanded branch libraries in San José. Meas ure O was passed by the voters in 2000.

Measure P authorized the issuance of $228 million in general obligation bonds for the establishment of new and improved existing public parks and facilities in San José. Measure P was passed by the voters in 2000.

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

1990s INITIATIVES

Measure I authorized the construction of a new City Hall, located in downtown San José. Measure I was passed by the voters in 1996.

Proposition 218 extended the two-thirds majority vote requirement for any new user fees or new taxes to be levied at the local level. Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing. Proposition 218 was passed by the voters in 1996.

Proposition 172 enacted a half-cent sales tax increase. Monies derived from this tax must be utilized solely for public safety services. Revenue is distributed to cities and counties for purposes such as police, sheriffs, fire, district attorneys, and corrections. Proposition 172 was passed by the voters in 1993.

Measure I established term limits for the City. City Council members and the Mayor can only serve for two successive four-year terms in office. Measure I was passed by the voters in 1990.

Proposition 8 allowed a property owner to file an assessment appeal when the market value of the property is less than the current assessed value. If the appeal is successful, the assessed valuation is lowered to reflect current market conditions. Proposition 8 also provided that the value of reassessed properties may be increased to previous levels when market values increase. Proposition 8 was passed by the voters in 1990.

Proposition 111 enacted a statewide traffic congestion relief program and changed the procedures for calculating the Gann Limit by updating the spending limit on state and local government to better reflect the needs of a growing California population. It provided new revenues to reduce traffic congestion by building state highways, local streets and roads, and public mass transit facilities. Proposition 111 was passed by the voters in 1990.

1980s INITIATIVES

Measure C authorized the City to use public funds to build low-rent housing. Measure C was passed by the voters in 1988.

Measure H authorized the City to build a sports arena, currently known as the HP Pavilion at San José. Measure H was passed by the voters in 1988.

1970s INITIATIVES

Proposition 4, otherwise known as the "Gann Limit," stipulated that the City must compute an annual appropriations limit which places a ceiling on the total amount of tax revenues the City can appropriate annually. The limit is adjusted each year using the following criteria: (1) the percentage change in California Per Capita Income or the change in the City's Assessed Valuation due to new non-residential construction, whichever is greater and (2) the percentage change in the city-wide population, whichever is greater. Proposition 4 was passed by the voters in 1979.

Proposition 13 placed a substantial limitation on the ability of local governments to collect sufficient property taxes commensurate with the historical role this revenue source has played in funding both municipal operations and new public facilities. Proposition 13 specified that an assessed value may increase at the rate of the Consumer Price Index, not to exceed two percent per year based on the 1979 value, unless the property is improved or sold aligning the newly assessed value to the market value. Proposition 13 was passed by voters in 1979.

STATE AND LOCAL LEGISLATIVE HIGHLIGHTS

1890 – 1970 INITIATIVES

1965 – Passed by the voters in 1965, the City Charter reaffirms the Council-Manager form of government in San José. The City consists of 10 council members elected by district and a Mayor elected at large.

1897 – The City Charter was adopted in 1897. The Charter generally establishes the organization and structure of City government. The Charter also empowers the City Council to make and enforce all ordinances and regulations with respect to municipal affairs subject only to the limitations specified in the Charter.

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

Budget Guide

CITY OF SAN JOSE
ANNUAL BUDGET PROCESS

	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
October	**Input on Budget Priorities and Direction Through:** ■ Direct contact with Mayor and City Council ■ Community-Wide Surveys and Meetings	**Review and Approval of Annual Report** ■ Provides understanding of the fiscal status and condition of the City to inform the upcoming budget process	**Annual Report on Prior-Year Financial and Service Results** ■ Report to City Council and Community on financial performance of the City for the proceeding fiscal year
November December January			**Preliminary General Fund Forecast Planning and Department Budget Proposal Submittal** ■ In context of the preliminary budget outlook, departments develop service delivery and budget strategies for upcoming budget process
February		**City Council Priority Setting Process** ■ Develop budget priorities for the City based on input from the Community, Staff, and City Council	**Release City Manager's Budget Request and Five-Year Forecast and Revenue Projections for the General Fund and Capital Improvement Program** ■ Projects revenues for next 5-year period ■ Projects General Fund expenditures to achieve City Council-approved service levels
March	**Public Hearing on Mayor's March Budget Message** ■ City Council meets to receive public input on Mayor's March Budget Message	**Review and Approval of Mayor's March Budget Message** ■ Provides more specific direction for preparation of the Proposed Budget	**Finalize City Manager's Proposed Budget/Capital Improvement Program** ■ CSAs incorporate strategic planning and City Council direction into results-driven spending plans ■ Analyze budget strategies and other service delivery options within context of budgetary outlook
April			
May	**Initial Public Hearing on Proposed Budget** ■ City Council meets to receive public input on Proposed Budget	**Review Proposed Budget in Budget Study Sessions** ■ Working sessions with City Manager, CSA, and department representatives to review details of the Proposed Budget **Release City Council Budget Documents** ■ Requested reports and amendments to the Proposed Budget	**Release City Manager's Proposed Operating and Capital Budgets, Capital Improvement Program, and Fees and Charges Report** ■ Provide service delivery strategies in the context of proposed revenue projections and a balanced spending plan **Release City Manager's Budget Addenda** ■ Administration's reports and amendments to the Proposed Budget are submitted for City Council review and consideration
June	**Final Public Hearing on Proposed Budget** ■ Last opportunity for public input on Proposed Budget	**Review and Approval of Mayor's June Budget Message** ■ Changes to Proposed Budget based on feedback from City Council and public	

Final City Council Budget Adoption

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

CITY ORGANIZATION BY CITY SERVICE AREA

Community and Economic Development

City Manager - Economic Development
- Arts and Cultural Development
- Business Development and Economic Strategy
- Real Estate Services
- Regional Workforce Development

Fire
- Fire Safety Code Compliance

Housing
- Community Development and Investment
- Housing Development and Preservation
- Neighborhood Development and Stabilization

Planning, Building and Code Enforcement
- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

Public Works
- Regulate/Facilitate Private Development

Environmental and Utility Services

Environmental Services
- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

Transportation
- Sanitary Sewer Maintenance
- Storm Sewer Management

Public Safety

Fire
- Emergency Response
- Fire Prevention

Independent Police Auditor
- Independent Police Oversight

Police
- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

Neighborhood Services

Library
- Access to Information, Library Materials, and Digital Resources
- Formal and Lifelong Self-Directed Education

Parks, Recreation and Neighborhood Services
- Parks Maintenance and Operations
- Recreation and Community Services

Planning, Building and Code Enforcement
- Community Code Enforcement

Public Works
- Animal Care and Services

Transportation and Aviation Services

Airport
- Airport Facilities Maintenance
- Airport Operations
- Airport Planning and Development

Police
- Traffic Safety Services

Transportation
- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

Strategic Support

Finance
- Disbursements
- Financial Reporting
- Purchasing and Risk Management
- Revenue Management
- Treasury Management

Human Resources
- Employee Benefits
- Employment Services
- Health and Safety
- Training and Development

Information Technology
- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

Public Works
- Facilities Management
- Fleet and Equipment Services
- Plan, Design, and Construct Public Facilities and Infrastructure

Retirement Services
- Retirement Plan Administration

Mayor, City Council, and Appointees

Mayor and City Council
- Office of the Mayor
- City Council

City Attorney
- Legal Representation
- Legal Transactions

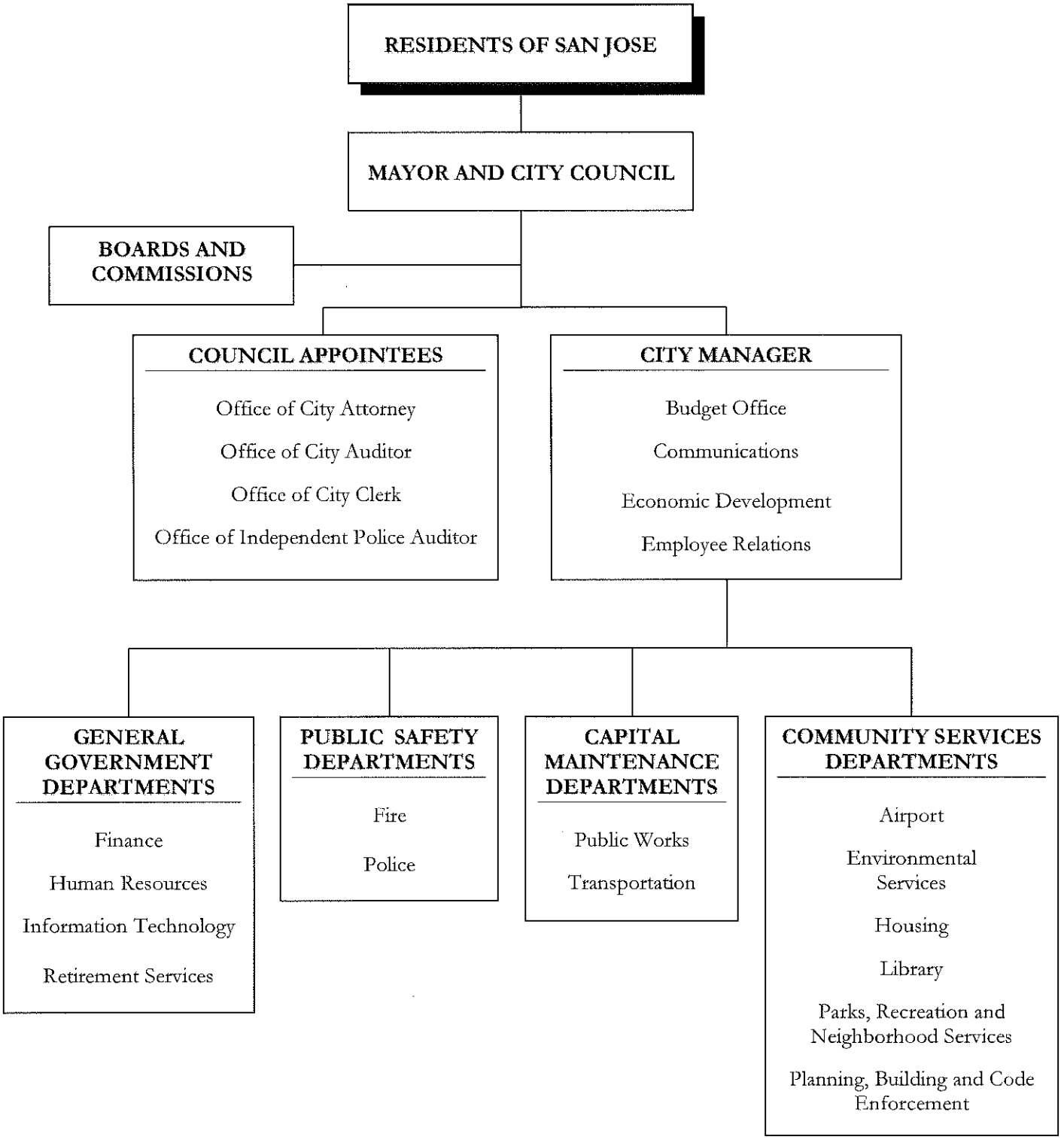
City Auditor
- Audit Services

City Clerk
- Facilitate the City's Legislative Process

City Manager
- Analyze, Develop, and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

CITY ORGANIZATION BY FUNCTION



OPERATING BUDGET GUIDE

The Operating Budget document includes the **City Manager's Budget Message**, outlining major policy issues and changes to City programs, including the General Fund Balancing Strategy Detail, status of Mayor and City Council referrals, and status of City Auditor recommendations with funding impact. The **Community Profile** section includes basic City information and data, the roster of elected officials, as well as a listing of State and local legislative highlights. The **Budget Guide** section provides a flow chart of the City of San José's annual budget process, City organization charts by City Service Area and function, this operating budget guide, fund descriptions, a glossary of terms, and an acronyms index. **Summary Information** of expected revenues and expenditures is then presented, along with comparative five-year **History and Trend** information on revenues, expenditures, and staffing. The **Budget Policies and Practices** section includes budgeting policies, a City Service Area policy framework, significant accounting practices, and information regarding debt service obligations. The **General Fund Revenue Estimates** section contains assumptions used in budget development as well as descriptions of major General Fund revenue sources. The remaining Operating Budget document is organized by the following sections as discussed below.

City Service Areas (CSAs) align services provided in individual departments into the City's six key lines of business as viewed from the community's perspective. A collection of core services from various partner departments, CSAs show the results of the collaboration among the departments at a higher organizational level:

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

Strategic Support represents functions that provide organization-wide guidance and support to enable the delivery of the City's direct services.

As an introduction to the CSA section, an **Overview** of the CSA concept, structure, and role in strategic planning and cross-departmental management of service delivery is included. Also, **City Service Area Budget and Position Summary** charts, including information regarding total operations and staffing, and a **City Service Area/Core Service Map** are provided.

CSA SECTION

Individual sections on each of the six CSAs follow. Each individual CSA section begins with a **Cover Page** that lists the **CSA Mission Statement**, **Outcomes**, and **Primary Partners**, followed by a **Service Delivery Framework** that maps the linkage between the CSA mission, outcomes, and core services. A **Budget Summary** follows, which includes the CSA's **Expected 2013-2014 Service Delivery** and **2013-2014 Budget Actions** for the next year, a chart dividing the CSA's

CSA SECTION

Total Operations by Core Service, and a detailed **City Service Area Budget Summary**.

The CSA Budget Summary is followed by a **CSA Overview** that includes highlights of the CSA's **Service Delivery Accomplishments**, **Service Delivery Environment**, and **Priorities/Key Services**. The CSA Overview continues with the **Budget Dollars At Work: Performance Goals** section, which focuses on strategic goals and performance measures by outcome. A chart is displayed under each outcome outlining the current year, subsequent year, and five-year Strategic Goals and associated performance measures. Below the charts, key highlights are discussed that help explain service delivery objectives related to current and planned performance (the "ends" toward which the plans, efforts, and resources of the CSA are directed); performance and budget changes in that outcome; the CSA's strategy to achieve strategic goals with available resources; and/or explanations of performance data variances or adjusted targets to reflect program changes. The **Budget Changes** section provides a listing of actions including position and budget changes.

CITY DEPARTMENTS

Next, the **City Departments** section, organized alphabetically, reflects technical budget information for each department and provides a full description of budget changes. Each department section begins with a brief synopsis of the department, including the department's **Mission Statement**, listing of the **City Service Areas** supported by the department, and listing and description of the department's **Core Services**. A **Service Delivery Framework** follows, which maps the linkage between the department's **Core Services** and **Key Operational Services**.

This framework is followed by a **Department Budget Summary**, which includes a summary description of expected 2013-2014 service delivery, impacts of 2013-2014 budget actions, and a list of operating funds managed by the department (if applicable). A table reflecting funding by core service, category, and funding source for four separate points in time: 2011-2012 Actual Expenditures, 2012-2013 Adopted Budget, 2013-2014 Forecast (Base Budget), and 2013-2014 Proposed Budget follows. Total Authorized Positions by Core Service are also provided.

Next, the **Budget Reconciliation** is presented, providing significant Base Budget adjustments (such as negotiated salary and benefit changes and contractual obligations) from the prior year's Adopted Budget and a listing of Budget Proposals proposed for 2013-2014.

The details of **Budget Changes by Department** are provided next. Included for each change is a budget action title; the action's impact on positions, all funds, and the General Fund; a list of the CSAs and core services impacted; followed by a description of what will be added or deleted, the need for the change, the amount and nature of the funding involved; and performance results expected to occur when the action is implemented. The **Performance Results** describe, in quantitative terms, wherever possible, the expected outcome of the approved action. This information is characterized by one or more of the four key measurement areas: Quality, Cost, Cycle Time, and/or Customer Satisfaction.

OPERATING BUDGET GUIDE

CITY DEPARTMENTS

The **Performance Summary** charts are next. These charts present the measures and data used in evaluating core service results. Most core services include performance measures that describe expected results in four key measurement areas:

- Quality – How well is the service doing what it is intended to do?
- Cost – What resources are used to achieve results?
- Cycle Time – Timeliness of service delivery.
- Customer Satisfaction – How customers view the City's service efforts.

Attempts were made to limit the total number of measures shown by combining similar types, such as Customer Satisfaction measures, for all operational services within the core service.

Any performance measures that are new, revised, or deleted from the prior year are highlighted in footnotes underneath the Performance Summary chart. The following footnote symbols delineate the type of change, followed by a rationale and additional information where applicable: + New, ↺ Revised, ✕ Deleted.

The **Activity and Workload Highlights** section shows the scope and extent of the workload demand and the activities completed. For example, while the Performance Summary section focuses on percentages of workload accomplished successfully, the Activity and Workload Highlights section may provide a count of the total workload attempted/completed. As with performance measures, any activity and workload highlights that are new, revised, or deleted from the prior year are highlighted in footnotes with the same footnote symbols as described above.

The department section ends with a **Departmental Position Detail** that provides the authorized positions for the department and a one-year history of changes.

CITY-WIDE

The next major section of the budget includes technical budget information. **City-Wide Expenses** are General Fund allocations that relate to more than one department or are not directly associated with ongoing departmental operations. These expenses are categorized to align to the CSAs to which they primarily contribute. **General Fund Capital, Transfers, and Reserves** includes budget information regarding capital contributions, transfers to other funds, earmarked reserves, and the contingency reserve. Both the City-Wide Expenses and General Fund Capital, Transfers, and Reserves sections include a **Mission Statement**, listing of **City Service Areas** and **Programs** supported by these allocations, **Budget Summary**, **Budget Reconciliation**, **Budget Changes by Program**, and **Detail of Costs Description** (a listing of all allocations for each Program).

SELECTED SPECIAL FUNDS SUMMARIES

The **Selected Special Funds Summaries** section provides budget summary information for certain special funds, including the Community Development Block Grant Fund, Integrated Waste Management Fund, Sewer Service and Use Charge Fund, Storm Sewer Operating Fund, and Transient Occupancy Tax Fund. These funds support activities in several CSAs and departments. Each summary provides the fund's **Mission Statement**, **Budget Summary**, **Budget Highlights**, a **Budget Byte** (a graph or chart that communicates key information for the fund, such as growth in demand, progress toward multi-year goals, or benchmarking comparisons), a **Fund Overview** (an overview of the fund's status and performance and service delivery issues for the upcoming year), a **Fund Summary** (detail on the major areas of each fund's sources and uses), a **Budget Category Overview** (providing a high-level description of the budget category), and a **Budget Category Summary** (a listing of allocations for the next year).

SOURCE AND USE OF FUNDS STATEMENTS

The **Source and Use of Funds Statements** detail projected revenues, expenditures, and fund balances and are included for all budgeted special funds.

APPENDICES

In the Proposed Budget, the appendices section includes the Mayor's March Budget Message. In the Adopted Budget, the Mayor's March and June Budget Messages and the Gann Limit Compliance Memorandum are included.

FUND DESCRIPTIONS

Airport Capital Funds

These Enterprise Funds account for the Airport's capital expenditures and revenues and consist of the following: Airport Capital Improvement Fund; Airport Revenue Bond Improvement Fund; Airport Renewal and Replacement Fund; and the Airport Passenger Facility Charge Fund.

Airport Operating Funds

These Enterprise Funds account for the operation of the Airport and consist of the following: Airport Revenue Fund; Airport Maintenance and Operation Fund; Airport Surplus Revenue Fund; Airport Customer Facility and Transportation Fee Fund; and the Airport Fiscal Agent Fund.

Anti-Tobacco Master Settlement Agreement Revenue Fund ("Healthy Neighborhoods Venture Fund")

This Special Revenue Fund accounts for the disposition of encumbered funds related to the national tobacco settlement received by the City of San José prior to July 1, 2010. As of June 30, 2011, this fund will be closed and future proceeds from the settlement will be deposited into the General Fund.

Benefit Funds

These Internal Service Funds account for the provision and financing of benefits to City employees, retirees, and their dependents. It consists of the Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, and Benefit Fund.

Branch Libraries Bond Projects Fund

This Special Revenue Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure O). The use of this fund is restricted to the acquisition of property and the expansion and construction of branch libraries.

Building and Structure Construction Tax Fund

This Capital Fund accounts for the tax on residential, commercial, and industrial development. The use of these funds, along with grant revenues, is restricted to traffic capital improvements on major arterials and collectors, including bridges, culverts, lighting, and traffic control systems.

Business Improvement District Fund

This Special Revenue Fund accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

In the City's Comprehensive Annual Financial Report, this fund is grouped with the City's General Fund. This accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

FUND DESCRIPTIONS

City Hall Debt Service Fund

This Special Revenue Fund accounts for the debt service payments for City Hall, the City Hall off-site parking garage, and City Hall furniture, fixtures, and equipment. This fund receives transfers from the General Fund, special funds, and capital funds in amounts sufficient to cover the debt service payments.

Civic Center Construction Fund

This Capital Fund accounts for the revenues and construction costs related to the construction of City Hall.

Community Development Block Grant Fund

This Special Revenue Fund accounts for federal grant monies received from the U.S. Department of Housing and Urban Development under Title II Housing and Community Development Act of 1974 and Rental Rehabilitation Program funds.

Community Facilities and Maintenance Districts Funds

These Special Revenue Funds account for the maintenance and administration of assessment districts throughout the City.

Community Facilities Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Hayes Mansion operations and provides for the accumulation and transfer of base rental income to the appropriate debt service funds for repayment of facilities-related debts.

Construction and Conveyance Tax Funds

These Capital Funds account for Construction and Conveyance tax receipts. The Construction Tax is a flat rate assessed to residential, commercial, and industrial development. The Conveyance Tax is a fee imposed at a rate of $3.30 for each $1,000 of the value of property conveyed. Construction and Conveyance Tax Funds are dedicated to the Parks and Community Facilities Development, Communications, Public Safety (for Fire capital purposes), Library, and Service Yards Capital Programs.

Construction Excise Tax Fund

This Capital Fund accounts for the tax on the construction of residential, commercial, and mobile home developments (also referred to as the Commercial, Residential, Mobile Home Park Building Tax). This general purpose tax is based on building valuation, with the majority of the revenues in the fund historically being used for traffic improvements.

Contingent Lien District Fund

This Capital Fund accounts for cost sharing agreements through special districts between private parties in regards to the construction of public improvements as required by the City for development purposes. The use of this fund is restricted to completing any unconstructed improvements specified in the engineer's report as approved by the City Council.

FUND DESCRIPTIONS

Convention and Cultural Affairs Fund

This Special Revenue Fund accounts for the costs of managing and operating the San José McEnery Convention Center, California Theatre, Center for the Performing Arts (CPA), California Theatre, Civic Auditorium, Montgomery Theatre, Parkside Hall, South Hall and their related facilities and grounds.

Convention Center Facilities District Project Fund

This Special Revenue Fund accounts for the bond proceeds and construction costs related to the expansion and renovation of the San José McEnery Convention Center.

Convention Center Facilities District Revenue Fund

This Special Revenue Fund accounts for Special Tax revenues collected by the City on behalf of the Convention Center Facilities District No. 2008-1.

Downtown Property and Business Improvement District Fund

This Special Revenue Fund accounts for revenue collected and expenses related to maintaining and operating any public improvements, which are payable from annual assessments apportioned among the several lots of parcels or property within the Downtown area.

Economic Development Administration Loan Fund

This Special Revenue Fund accounts for federal funds and loan repayments associated with the economic development administration program, which provides loans to small businesses for business expansion, remodeling, working capital, equipment or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José.

Economic Development Enhancement Fund

This Special Revenue Fund accounts for grants and interest income to assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards and provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested.

Edward Byrne Memorial Justice Assistance Grant Trust Fund

This Special Revenue Fund accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement. The Justice Assistance Grant process replaces the Local Law Enforcement Block Grant (LLEBG) process.

FUND DESCRIPTIONS

Emergency Reserve Fund

This Special Revenue Fund accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

This Capital Fund accounts for the development and improvement of the Emma Prusch Memorial Park.

Federal Drug Forfeiture Fund

This Special Revenue Fund accounts for federal drug forfeiture monies received pursuant to the drug abuse prevention and control provisions of Title 21, Chapter 13 of the United States Code. Federal guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Fiber Optics Development Fund

This Special Revenue Fund accounts for the repayment of a loan from the Sewage Treatment Plant Connection Fee Fund for the installation of a fiber optic conduit system owned by the City.

Gas Tax Maintenance and Construction Fund

This Special Revenue Fund accounts for the City's portion of the State collected Gas Tax. Revenues are restricted for acquisition, construction, improvement, and maintenance of public streets subject to provisions of the Streets and Highways Code of the State of California and to provide for traffic capital improvements.

General Purpose Parking Fund

This Enterprise Fund accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

Gift Trust Fund

This Special Revenue Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City.

Home Investment Partnership Program Trust Fund

This Special Revenue Fund accounts for all monies allocated to the City by the U.S. Department of Housing and Urban Development for affordable housing projects pursuant to the HOME Investment Partnership Act.

Housing Trust Fund

This Special Revenue Fund accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Ice Centre Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Ice Centre operations and provides for the accumulation and transfer of base income to the appropriate debt service funds for repayment of facilities-related debts.

FUND DESCRIPTIONS

Integrated Waste Management Fund

This Special Revenue Fund accounts for activities related to the Integrated Waste Management Program, which includes garbage collection, recycling services and related billing operations. The fund collects revenues from the City's Recycle Plus program. These funds are expended for programs related to the City's efforts to comply with State law requiring cities to reduce waste sent to landfills along with other integrated waste management services.

Interim City Facilities Improvement Fund

This Capital Fund accounts for expenditures related to programming, relocation services, technology, furniture and equipment, and improvements to existing facilities to complete the City's interim space plan.

Lake Cunningham Fund

This Capital Fund accounts for the parking fees and lease payment revenues used for the purchase of equipment, maintenance, and operations at Lake Cunningham Park.

Library Parcel Tax Fund

This Special Revenue Fund accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

Local Law Enforcement Block Grant Fund

This Special Revenue Fund accounts for funding received from the federal government in support of the Local Law Enforcement Block Grant Program. These grant funds are used to support law enforcement activities such as training, overtime for law enforcement officers, procurement of equipment, technology and other material directly related to law enforcement functions.

Low and Moderate Income Housing Asset Fund

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund was established in February 1, 2012 with the dissolution of the former Redevelopment Agency through recognition of loan repayments and other sources to provide funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future. This fund was previously named Affordable Housing Investment Fund, but the name was changed, on October 16, 2012, to the Low and Moderate Income Housing Asset Fund.

FUND DESCRIPTIONS

Major Collectors and Arterial Fund

This Capital Fund accounts for the collection of monies owed by developers for previously completed street improvements.

Major Facilities Fund

This Capital Fund accounts for fees associated with the connection of municipal water activities for many water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas. These fees are assessed for the future construction of large water mains, reservoirs, and other large projects.

Multi-Source Housing Fund

This Special Revenue Fund accounts for grants, inclusionary fees, and rental dispute mediation fees to support the rental rights and referrals program, to expand the supply of affordable housing for low and very-low income residents by providing both financial and technical assistance to non-profit organizations in the production and operation of affordable housing, and to preserve the existing supply of affordable housing by providing rehabilitation grants and loans to low and moderate income homeowners.

Municipal Golf Course Fund

This Special Revenue Fund accounts for the construction, management, and operation of various City golf courses, including the San José Municipal Golf Course, Los Lagos Golf Course, and Rancho del Pueblo Golf Course.

Neighborhood Security Act Bond Fund

This Capital Fund accounts for General Obligation Bond proceeds authorized by voters on the March 2002 ballot (Measure O). This fund is dedicated for the acquisition of real property and construction and rehabilitation of public safety-related facilities.

North San José Traffic Impact Fee Fund

This Capital Fund accounts for fees imposed to offset the impacts on traffic from new industrial and residential development within the boundaries of and subject to the North San José Area Development Policy.

Parks and Recreation Bond Projects Fund

This Capital Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure P). The use of this fund is restricted to acquisition of property, upgrades, and construction of neighborhood parks, community centers, trails, regional parks, and sports complexes.

Public Works Program Support Fund

This Internal Service Fund accounts for Public Works administrative costs, compensated absences, unfunded activities, and non-personal costs. An annual cost allocation plan is utilized to equitably allocate these costs to capital programs on the basis of service levels received as compensated time-off is earned rather than charging the costs when the time-off is taken. Various capital projects are charged a rate for each hour Public Works' staff spends on the project and corresponding revenue is received by this fund.

Residential Construction Tax Contribution Fund

This Capital Fund accounts for taxes imposed upon the construction of single-family dwelling units or any mobile home lots in the City. The tax is used to reimburse developers who have constructed that portion of an arterial street that is wider than what is normally required in connection with residential development. The funds are also used to construct median island landscaping and other street improvements.

Retirement Funds

These Trustee Funds account for the accumulation of resources to be used for retirement annuity payments and consist of the following: Federated Retiree Health Care Trust Fund; Federated Retirement Fund; Police and Fire Retiree Health Care Trust Fund; and Police and Fire Retirement Fund.

San José Arena Capital Reserve Fund

This Capital Fund provides funding for repairs and replacements of capital items at the San José Arena, including fixtures, machinery, and equipment. The fund receives revenues from San José Arena Management, the ownership group of the San José Sharks, and a General Fund contribution supported by revenue generated from the Arena. The amount of funding and the eligible capital repair items are specified by agreement between the City of San José and the San José Arena Management.

San José Arena Enhancement Fund

This Special Revenue Fund accounts for the payback of an $8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (HP Pavilion).

San José Diridon Development Authority Fund

This Special Revenue Fund accounts for revenues and expenditures associated with the San José Diridon Development Authority and certain properties in the area.

San José Municipal Stadium Capital Fund

This Special Revenue Fund accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company for the use, operation, and management of the Municipal Stadium.

FUND DESCRIPTIONS

San José-Santa Clara Treatment Plant Capital Fund

This Capital Fund accounts for the construction of improvements to the regional San José/Santa Clara Water Pollution Control Plant (WPCP), and the purchase of equipment through contributions from the City of Santa Clara and other tributary agencies and transfers from the Sewer Service and Use Charge Fund.

San José-Santa Clara Treatment Plant Income Fund

This Enterprise Fund accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. It contains the City's share of revenue from activities such as land rentals, legal settlements, and purchase of land located at the WPCP.

San José-Santa Clara Treatment Plant Operating Fund

This Enterprise Fund accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

Sanitary Sewer Connection Fee Fund

This Capital Fund accounts for connection fees charged to developers for access to the City's sanitary sewer system. Funds are restricted to the construction and reconstruction of the sewer system.

Sewage Treatment Plant Connection Fee Fund

This Enterprise Fund accounts for revenues from new residential, commercial and industrial connections to the WPCP. These revenues pay the City's share of acquisition, construction, reconstruction or enlargement of the WPCP.

Sewer Service and Use Charge Fund

This Enterprise Fund accounts for Sewer Service and Use Charge fees collected from San José property owners to be used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

Sewer Service and Use Charge Capital Improvement Fund

This Capital Fund accounts for the reconstruction of the sanitary sewer system and is funded primarily by annual transfers from the Sewer Service and Use Charge Fund.

State Drug Forfeiture Fund

This Special Revenue Fund accounts for State drug forfeiture monies received whenever the Police Department is involved in asset seizures from convicted drug law violators. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

FUND DESCRIPTIONS

Stores Fund

This Internal Service Fund accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations.

Storm Drainage Fee Fund

This Capital Fund accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for expansion or capacity improvements of the storm drainage system or land acquisition for the system.

Storm Sewer Capital Fund

This Capital Fund accounts for the construction and reconstruction of the storm drainage system, and is funded primarily by transfers from the Storm Sewer Operating Fund.

Storm Sewer Operating Fund

This Special Revenue Fund accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on maintenance and operation of the storm drainage system as well as non-point source pollution reduction.

Subdivision Park Trust Fund

This Capital Fund accounts for payments of fees in lieu of dedication of land for park and recreation purposes in residential subdivisions. Moneys in the fund, including accrued interest, may be expended solely for the acquisition or development of improvements on parkland to serve the subdivision for which the fees were paid.

Supplemental Law Enforcement Services Fund

This Special Revenue Fund accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

Transient Occupancy Tax Fund

This Special Revenue Fund accounts for receipts generated through the assessment of a percentage of the rental price for transient occupancy lodging charged when the period of occupancy is less than 30 days. The tax rate is currently 10%, 6% of which is placed in this fund and 4% of which is deposited in the General Fund. The uses of revenues from this source are specified by City Ordinance and include grants and rental subsidies for fine arts and cultural programs, and subsidies for the San José Convention and Visitors Bureau and Convention and Cultural Facilities.

FUND DESCRIPTIONS

Underground Utility Fund

This Capital Fund accounts for fees collected from developers in lieu of placing utility facilities underground at the time of development. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

This Internal Services Fund accounts for the operation, maintenance, and replacement of City vehicles and equipment.

Water Utility Capital Fund

This Capital Fund accounts for the acquisition, construction, and installation of water system capital improvements for the Municipal Water System. This system provides water service to North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas and is primarily funded through user charges.

Water Utility Fund

This Enterprise Fund accounts for the operation of five water system districts: North San José, Evergreen, Coyote Valley, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Workforce Investment Act Fund

This Special Revenue Fund accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

GLOSSARY OF TERMS

Accrual Basis

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Appropriation

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

Balanced Budget

Budgeted revenue levels are equivalent to budgeted expenditure levels.

Base Budget

The ongoing expense level necessary to maintain service levels previously authorized by the City Council.

Capital Budget

A financial plan of capital projects and the means of financing them for a given period of time.

Capital Expenditures

Expenditures to acquire, rehabilitate, or construct general fixed assets and major improvements.

Capital Improvement Program (CIP)

A plan, separate from the annual budget, which identifies all capital projects to be undertaken during a five-year period, along with cost estimates, method of financing, and a recommended schedule for completion.

Carryover

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

City Service Area (CSA)

City Service Areas integrate Core Services provided by individual departments into the City's key lines of business, as viewed from the community's perspective. CSAs enable the City to plan and show results of the collaboration among the departments at a higher organizational level. There are six CSAs, five of which deliver direct services (Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, and Transportation and Aviation Services). The sixth, Strategic Support, represents functions that provide guidance and support contributing to the delivery of direct services.

CSA Primary Partners

City departments with Core Services most directly responsible for overall CSA service delivery.

GLOSSARY OF TERMS

CSA Outcome

A desirable overall condition or "Picture of Success." At the CSA level, the specified outcomes are the "ends" toward which the plans, efforts, resources, and results of the CSA are directed.

Contingency Reserve

An appropriation of funds to cover unforeseen events during the budget year, such as emergencies, newly required programs, shortfalls in revenue or other unforeseen eventualities.

Contractual Services

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

Core Services

The City departments' key lines of business. Core Services produce the primary deliverables of a department.

Debt Service

The amount required to pay interest on and to retire the principal of outstanding debt.

Encumbrance

Financial commitments, such as purchase orders or contracts, which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

Fiscal Year

A 12-month accounting period to which the annual budget applies; for San José, it is the period from July 1 through June 30.

Fund

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

Fund Balance

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

General Fund

The primary operating fund used to account for all the revenues and expenditures of the City which are not related to special or capital funds.

Infrastructure Management System (IMS)

The City's computerized system used to identify the condition of streets, sewers, and other infrastructure, forecast maintenance needs, and project future replacement expenditures.

Mission

A unifying statement of why an organization exists.

GLOSSARY OF TERMS

Non-Personal/Equipment Expenses

Operating costs which are not related to personnel, such as supplies, training, contract services, utilities, and vehicles.

Ongoing Cost/Savings

The 12-month value of partial year additions or reductions.

Operating Budget

A financial plan for the provision of direct services and support functions.

Operational Services

Elements necessary to accomplish the Core Services of the organization; the "front line" of service delivery.

Overhead

Administrative costs associated with city-wide operations, which cannot be attributed to any specific department (such as Finance or Human Resources). These costs are subject to a city-wide overhead cost allocation plan to distribute costs on an equitable basis to departments and funds that are the beneficiaries of such expenses.

Performance Measure

Measures the results of services delivered to customers. Performance measures fall into the four Key Measurement Areas of Quality, Cost, Cycle Time, and Customer Satisfaction. Performance measures are developed at the CSA, Core Service, and Operational Service levels.

Performance Measure Goals and Targets

Quantitative benchmarks for each Performance Measure (PM). **PM Goals** represent the optimum performance level, or the long-range planned level of performance identified in the CSA Overview. **PM Targets,** for CSAs and departmental Core Services, represent the one-year performance level commitment, given allocated resources.

Personal Services

Salary and fringe benefit costs of City employees.

Program

A group of people working together to deliver a discrete service to identifiable users as part of an operational service.

Rebudget

Unspent or unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

Reserve

Funds budgeted for a particular purpose but not authorized for immediate obligation.

Special Funds

Funds, exclusive of the General Fund and capital funds, which are separately administered because they are associated with a distinct function or enterprise.

GLOSSARY OF TERMS

Strategic Goals/Objectives

Represent elements or sub-elements of a strategic plan. The City's planned response to address service delivery needs and priorities. Strategic goals and objectives are guided by the related Outcomes, but represent only the City's contribution toward those Outcomes. Strategic goals and objectives also determine how the City's Core Services, Operational Services, and special projects should be aligned and directed toward producing the planned service delivery response.

Strategic Support

Includes various functions that support and/or guide delivery of direct services. Examples include technology, financial and human resources administration, purchasing, and training, as well as strategic leadership and policy development.

Transfers

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.

Vision

A guiding statement describing a desirable future state toward which efforts should be directed. An effective vision statement inspires creativity while keeping an organization "on track" for the future by aligning its priorities.

ACRONYMS INDEX

A

ABAG	Association of Bay Area Governments
ACT	Acoustical Treatment Program
ADA	Americans with Disabilities Act
AFR	Automated Field Reporting
AIP	Airport Improvement Program
ARRA	American Recovery and Reinvestment Act

B

BACWA	Bay Area Clean Water Agencies
BART	Bay Area Rapid Transit
BD	Budget Document (Mayor/City Council)
BEST	Bringing Everyone's Strengths Together

C

C&C	Construction and Conveyance
CAD	Computer Aided Dispatch System
CAFR	Comprehensive Annual Financial Report
CAP	Community Action and Pride Grant
CAPS	City Administrative Project System
CBO	Community-Based Organization
CCF	Convention and Cultural Facilities
CDBG	Community Development Block Grant
CDDD	Construction and Demolition Diversion Deposit
CDI	Community Development Improvements
CDLAC	California Debt Limit Allocation Committee
CED	Community and Economic Development CSA
CEQA	California Environmental Quality Act
CFC	Customer Facility Charges
CIO	Chief Information Officer
CIP	Capital Improvement Program
CIWMB	California Integrated Waste Management Board
CNEL	Community Noise Equivalent Level
CNG	Compressed Natural Gas
COPS	Citizens Option for Public Safety (State)
CPE	Cost Per Enplaned Passenger
CPMS	Capital Project Management System
CSA	City Service Area
CSMFO	California Society of Municipal Finance Officers
CVB	Convention and Visitors Bureau
CWFA	Clean Water Finance Authority

ACRONYMS INDEX

D

DCAC	Deferred Compensation Advisory Committee
DMV	Department of Motor Vehicles

E

EUS	Environmental and Utility Services CSA
EHS	Employee Health Services
EIR	Environmental Impact Report
EMS	Emergency Medical Services
EOC	Emergency Operations Center
EPA	Environmental Protection Agency

F

FAA	Federal Aviation Administration
FCERS	Federated City Employee Retirement System
FEHA	Fair Employment and Housing Act
FF&E	Fixtures, Furnishings and Equipment
FMS	Financial Management System
FT	Full-Time
FTE	Full-Time Equivalent

G

GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
GIS	Geographic Information System

H

HBRR	Highway Bridge Replacement and Rehabilitation Program
HHW	Household Hazardous Waste
HUD	Housing and Urban Development
HVAC	Heating, Ventilation, and Air Conditioning

I

I&I	Inflow/Infiltration
IBS	Integrated Billing System
ICC	International Code Council
ICMA	International City/County Management Association
IDC	International Disposal Corporation
IMS	Infrastructure Management System
IPA	Independent Police Auditor
ITI	Industrial Tool Installation
ITS	Intelligent Transportation System
IWM	Integrated Waste Management

ACRONYMS INDEX

J

K

L

LED	Light Emitting Diode
LEED	Leadership in Energy and Environmental Design Program
LLEBG	Local Law Enforcement Block Grant
LOCC	League of California Cities
LOI	Letter of Intent
LRT	Light Rail Transit

M

MBA	Manager's Budget Addendum
MCA	Master Contract Agreement
MFD	Multi-Family Dwelling
MGPTF	Mayor's Gang Prevention Task Force
MMRS	Metropolitan Medical Response System
MWS	Municipal Water System

N

NAC	Neighborhood Action Coalition
NDC	Neighborhood Development Center
NEPA	National Environmental Policy Act
NIMS	National Incident Management System
NPDES	National Pollution Discharge Elimination System
NS	Neighborhood Services CSA

O

O&M	Operating and Maintenance
OES	Office of Emergency Services
OSA	Open Space Authority
OTS	Office of Traffic Safety

P

P&CFD	Parks and Community Facilities Development
P&F	Police and Fire
PAB	Police Administration Building
PAC	Project Area Committee
PBID	Property and Business Improvement District Fund
PCI	Pavement Condition Index
PDO	Parkland Dedication Ordinance
PG&E	Pacific Gas and Electric Company

ACRONYMS INDEX

P

PIO	Park Impact Ordinance
PLF	Public Library Fund
PM	Performance Measure
PMMS	Parks Maintenance Management System
PMP	Parking Management Plan
PS	Public Safety CSA
PT	Part-Time
PWCAP	Public Works Cost Allocation Plan

Q

R

RCTCF	Residential Construction Tax Contribution Fund
RECS	Registration and E-Commerce System
RFP	Request for Proposal
RFQ	Request for Quote
RLF	Revolving Loan Fund
RMS	Records Management System
RSBAP	Revised South Bay Action Plan
RWQCB	Regional Water Quality Control Board
RZH	Robert-Z'berg-Harris Urban Open Space and Recreation Grant

S

SAFER	Staffing for Adequate Fire and Emergency Response
SAN	Storage Area Network
SBAP	South Bay Action Plan
SBWR	South Bay Water Recycling
SCADA	Supervisory Control and Data Acquisition
SCBA	Self Contained Breathing Apparatus
SCVWD	Santa Clara Valley Water District
SDMS	Storm Drain Management System
SERAF	Supplemental Education Revenue Augmentation Fund
SFD	Single-Family Dwelling
SJDA	San José Downtown Association
SJMWS	San José Municipal Water System
SJPD	San José Police Department
SJRA	San Jose Redevelopment Agency
SJSU	San José State University
SNI	Strong Neighborhood Initiative
SRTF	Sunshine Reform Task Force

ACRONYMS INDEX

S

SS	Strategic Support CSA
SS&UC	Sewer Service and Use Charge
SSMP	Sanitary Sewer Management Plan
SSO	Sanitary Sewer Overflow
STI	Special Tenant Improvements
SUASI	Super Urban Area Security Initiative
SV-ITS	Silicon Valley Intelligent Transportation Systems
SVRIA	Silicon Valley Regional Interoperability Authority
SVWIN	Silicon Valley Workforce Investment Network
SWRCB	State Water Resources Control Board

T

TAS	Transportation and Aviation Services CSA
TiMC	Transportation Incident Management Center
TLC	Technology Leadership Council
TOT	Transient Occupancy Tax
TSA	Transportation Security Administration
TSJ	Team San Jose

U

UAAL	Unfunded Accrued Actuarial Liability
UASI	Urban Area Security Initiative
URMP	Urban Runoff Management Plan
USGBC	United States Green Building Council
UUT	Utility Users Tax

V

VoIP	Voice over Internet Protocol
VTA	Valley Transportation Authority (Santa Clara)

W

WEP	Water Efficiency Program
WIA	Workforce Investment Act
WIB	Workforce Investment Board (work2future Board)
WPCP	Water Pollution Control Plant (SJ/SC)

X

Y

Z

2013-2014

Operating Budget

Summary Information

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
GENERAL FUND			
Fund Balance			
Encumbrance Reserve	$ 20,634,920	$ 20,880,882	$ 20,423,841
Carryover	121,060,735	155,467,037	101,831,275
Beginning Fund Balance	$ 141,695,655	$ 176,347,919	$ 122,255,116
General Revenue			
Property Tax	$ 201,454,000	$ 202,925,000	$ 210,000,000
Sales Tax	140,906,000	152,680,000	167,710,000
Transient Occupancy Tax	7,202,000	8,715,000	10,600,000
Franchise Fees	43,025,000	43,625,000	43,923,000
Utility Tax	88,035,000	91,855,000	91,895,000
Telephone Line Tax	20,525,000	20,525,000	20,600,000
Business Taxes	38,795,000	40,550,000	42,435,000
Licenses and Permits	34,567,094	37,812,739	40,824,246
Fines, Forfeitures, and Penalties	17,471,000	16,708,500	15,862,200
Revenue from Money and Property	2,413,000	2,910,500	2,625,000
Revenue from Local Agencies	19,331,237	29,250,390	26,320,279
Revenue from State Government	14,211,106	10,686,292	10,686,451
Revenue from State Gov. - Recovery and Reinvestment Act	254,027	60,590	0
Revenue from Federal Government	12,807,900	13,287,954	9,247,547
Revenue from Federal Gov. - Recovery and Reinvestment Act	8,400,311	3,322,706	0
Departmental Charges	29,576,872	32,126,081	35,620,213
Other Revenue	14,918,888	16,270,331	15,316,183
Subtotal General Revenue	$ 693,893,435	$ 723,311,083	$ 743,665,119
Transfers and Reimbursements			
Overhead Reimbursements	$ 33,269,386	$ 32,348,979	$ 36,894,081
Transfers	21,227,628	18,998,020	15,951,778
Reimbursements for Services	16,371,905	15,684,579	15,242,833
Subtotal Transfers and Reimbursements	$ 70,868,919	$ 67,031,578	$ 68,088,692
Total General Fund	$ **906,458,009**	$ **966,690,580**	$ **934,008,927**
Less Transfers, Loans, and Contributions	(100,754,132)	(106,897,718)	(109,228,625)
NET GENERAL FUND TOTAL	$ **805,703,877**	$ **859,792,862**	$ **824,780,302**

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
SPECIAL FUNDS			
Airport Customer Facility and Transportation Fee Fund	$ 13,815,072	$ 21,281,588	$ 24,181,874
Airport Fiscal Agent Fund	123,864,352	190,725,592	182,491,328
Airport Maintenance and Operation Fund	106,670,742	99,699,712	107,307,118
Airport Revenue Fund	148,244,202	170,829,070	170,824,221
Airport Surplus Revenue Fund	28,418,734	16,193,720	19,547,075
Benefit Funds - Benefit Fund	54,939,523	60,054,103	68,527,913
Benefit Funds - Dental Insurance Fund	15,253,783	16,100,212	16,589,670
Benefit Funds - Life Insurance Fund	1,244,206	1,124,447	1,151,119
Benefit Funds - Unemployment Insurance Fund	14,339,121	6,647,196	5,117,691
Business Improvement District Fund	3,564,143	3,010,722	3,911,441
Cash Reserve Fund	5,551	5,567	5,579
City Hall Debt Service Fund	21,519,700	22,732,565	22,447,100
Community Development Block Grant Fund	18,695,769	15,097,000	15,745,277
Community Facilities Revenue Fund	11,409,417	10,561,265	11,395,005
Convention and Cultural Affairs Fund	23,595,854	35,974,690	44,606,707
Convention Center Facilities District Revenue Fund	15,510,157	28,299,614	30,713,842
Downtown Property and Business Improvement District Fund	3,336,527	3,529,708	3,653,602
Economic Development Administration Loan Fund	131,487	73,045	63,477
Economic Development Enhancement Fund	850,394	650,737	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	501,747	348,933	274,634
Emergency Reserve Fund	3,388,532	3,397,532	3,392,532
Federal Drug Forfeiture Fund	2,643,109	2,426,980	3,107,677
Fiber Optics Development Fund	78,908	2,279,000	0
Gas Tax Maintenance and Construction Fund - 1943	6,965,000	6,950,000	6,800,000
Gas Tax Maintenance and Construction Fund - 1964	3,443,000	3,350,000	3,300,000
Gas Tax Maintenance and Construction Fund - 1990	5,259,000	4,700,000	4,400,000
General Purpose Parking Fund	19,425,673	22,985,186	24,356,808
Gift Trust Fund	2,062,329	3,785,566	3,206,297
Home Investment Partnership Program Trust Fund	13,961,920	14,677,361	3,211,519
Housing Trust Fund	2,644,084	2,366,421	3,227,810
Ice Centre Revenue Fund	4,981,492	6,109,756	7,091,152
Integrated Waste Management Fund	138,423,585	141,102,905	140,223,729
Library Parcel Tax Fund	12,264,904	13,445,418	15,108,644
Local Law Enforcement Block Grant Fund	3,714	0	0
Low and Moderate Income Housing Fund*	93,261,124	19,560,248	0
Low and Moderate Income Housing Asset Fund*	0	26,338,719	31,812,422
Multi-Source Housing Fund	42,039,254	27,353,052	45,286,944
Municipal Golf Course Fund	2,597,647	2,709,231	2,895,482
Public Works Program Support Fund	16,480,773	15,957,561	16,151,348
San José Arena Capital Reserve Fund	0	0	2,834,752
San José Arena Enhancement Fund	1,078,116	2,597,255	2,022,678
San José Diridon Development Authority Fund	0	392,700	0
San José Municipal Stadium Capital Fund	12,000	29,000	30,000
San José-Santa Clara Treatment Plant Income Fund	3,546	28,318	28,727

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
SPECIAL FUNDS			
San José-Santa Clara Treatment Plant Operating Fund	$ 106,723,146	$ 106,310,619	$ 108,727,773
Sewage Treatment Plant Connection Fee Fund	9,357,444	10,891,855	9,209,676
Sewer Service and Use Charge Fund	159,411,577	166,329,161	172,105,053
Special Assessment Maintenance District Funds:			
Community Facilities District No. 1 (Capitol Auto Mall) Fund	654,895	546,531	643,324
Community Facilities District No. 2 (Aborn - Murillo) and No. 3 (Silverland - Capriana) Fund	2,950,657	3,153,730	3,343,271
Community Facilities District No. 8 (Communications Hill) Fund	3,693,408	3,796,188	4,047,421
Community Facilities District No. 11 (Adeline - Mary Helen) Fund	262,669	265,489	285,437
Community Facilities District No. 12 (Basking Ridge) Fund	1,203,336	1,340,807	1,515,424
Community Facilities District No. 13 (Guadalupe Mines) Fund	0	0	131,726
Community Facilities District No. 14 (Raleigh - Charlotte) Fund	0	674,813	715,334
Maint. District No. 1 (Los Paseos) Fund	881,088	978,499	1,029,795
Maint. District No. 2 (Trade Zone Blvd. - Lundy Ave.) Fund	146,997	155,009	176,570
Maint. District No. 5 (Orchard Parkway - Plumeria Dr.) Fund	418,527	414,400	439,400
Maint. District No. 8 (Zanker - Montague) Fund	375,985	350,956	383,311
Maint. District No. 9 (Santa Teresa - Great Oaks) Fund	530,957	565,619	576,258
Maint. District No. 11 (Brokaw Rd. from Junction Ave. to Old Oakland Rd.) Fund	225,154	278,659	289,621
Maint. District No. 13 (Karina - Onel) Fund	101,328	98,633	114,443
Maint. District No. 15 (Silver Creek Valley) Fund	6,267,135	5,540,150	6,016,260
Maint. District No. 18 (The Meadowlands) Fund	140,393	143,756	159,951
Maint. District No. 19 (River Oaks Area Landscaping) Fund	422,948	347,564	365,611
Maint. District No. 20 (Renaissance - N. First Landscaping) Fund	409,335	413,851	431,310
Maint. District No. 21 (Gateway Place - Airport Parkway) Fund	344,030	357,840	390,632
Maint. District No. 22 (Hellyer Ave. - Silver Creek Valley Rd.) Fund	389,446	381,088	380,350
State Drug Forfeiture Fund	1,344,947	1,580,749	954,066
Stores Fund	2,253,886	249,009	0
Storm Sewer Operating Fund	46,651,709	51,088,395	57,235,340
Supplemental Law Enforcement Services Fund	674,503	1,713,515	2,076,247
Transient Occupancy Tax Fund	14,379,181	15,462,659	18,986,799
Vehicle Maintenance and Operations Fund	24,001,228	22,680,977	25,149,423
Water Utility Fund	33,878,930	35,322,754	40,071,769
Workforce Investment Act Fund	16,243,911	15,335,012	11,096,618
Total Special Funds	$ **1,411,266,941**	$ **1,472,249,982**	$ **1,514,091,407**
Less Transfers, Loans, and Contributions	(431,907,715)	(414,901,525)	(438,529,224)
NET SPECIAL REVENUE FUNDS TOTAL	$ **979,359,226**	$ **1,057,348,457**	$ **1,075,562,183**
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Beginning Fund Balance	$ 822,115,079	$ 616,340,027	$ 451,864,003
Sale of Bonds	9,230,000	9,230,000	9,230,000
Fees and Charges	35,785,000	44,990,000	56,125,000

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Revenue from Other Agencies	$ 61,569,911	$ 69,000,000	$ 85,839,308
Transfers, Loans, and Contributions	107,347,971	98,959,500	124,114,791
Interest Income	1,962,500	1,289,000	1,493,000
Miscellaneous Revenue	22,226,000	20,233,000	18,579,000
Development Contribution	4,647,000	3,680,000	1,000,000
Total Capital Improvement Program Funds	**$ 1,064,883,461**	**$ 863,721,527**	**$ 748,245,102**
Less Transfers, Loans, and Contributions	(6,036,000)	(3,941,000)	(8,482,000)
NET CAPITAL FUNDS TOTAL	**$ 1,058,847,461**	**$ 859,780,527**	**$ 739,763,102**
NET CITY SOURCE OF FUNDS	**$ 2,843,910,564**	**$ 2,776,921,846**	**$ 2,640,105,587**
GENERAL FUND EXPENDITURES			
City Attorney	$ 10,789,776	$ 12,114,436	$ 11,975,897
City Auditor	2,001,234	2,010,679	2,114,135
City Clerk	2,343,498	2,069,210	2,056,211
City Manager	10,113,137	10,758,802	10,957,874
Economic Development	5,359,184	5,254,549	3,694,009
Environmental Services	562,241	427,752	184,941
Finance	12,180,755	12,275,583	12,711,696
Fire	158,623,872	151,324,065	162,913,235
Housing	0	253,862	242,297
Human Resources	6,023,925	5,982,542	6,206,544
Independent Police Auditor	963,329	1,065,761	1,065,706
Information Technology	13,973,626	13,361,856	13,805,471
Library	22,641,679	24,030,561	25,897,723
Mayor and City Council	10,318,824	11,022,359	9,642,500
Parks, Recreation and Neighborhood Services	45,560,206	49,381,157	51,733,673
Planning, Building and Code Enforcement	27,322,064	33,926,588	35,192,994
Police	298,335,882	294,752,941	306,860,815
Public Works	26,447,178	30,600,031	34,789,387
Transportation	24,561,744	25,906,405	26,867,623
Subtotal Departmental Charges	$ 678,122,154	$ 686,519,139	$ 718,912,731
City-Wide Expenses	$ 112,940,556	$ 109,864,148	$ 77,185,653
Capital Contributions	9,695,000	15,640,000	16,450,000
Transfers	25,093,798	39,386,581	25,635,266
Earmarked Reserves	30,662,581	65,090,830	46,092,436
Contingency Reserve	29,309,000	29,309,000	29,309,000
Encumbrance Reserve	20,634,920	20,880,882	20,423,841
Subtotal Non-Departmental Charges	$ 228,335,855	$ 280,171,441	$ 215,096,196
Total General Fund Expenditures	**$ 906,458,009**	**$ 966,690,580**	**$ 934,008,927**

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
SPECIAL FUNDS			
Airport Customer Facility and Transportation Fee Fund	$ 13,815,072	$ 21,281,588	$ 24,181,874
Airport Fiscal Agent Fund	123,864,352	190,725,592	182,491,328
Airport Maintenance and Operation Fund	106,670,742	99,699,712	107,307,118
Airport Revenue Fund	148,244,202	170,829,070	170,824,221
Airport Surplus Revenue Fund	28,418,734	16,193,720	19,547,075
Benefit Funds - Benefit Fund	54,939,523	60,054,103	68,527,913
Benefit Funds - Dental Insurance Fund	15,253,783	16,100,212	16,589,670
Benefit Funds - Life Insurance Fund	1,244,206	1,124,447	1,151,119
Benefit Funds - Unemployment Insurance Fund	14,339,121	6,647,196	5,117,691
Business Improvement District Fund	3,564,143	3,010,722	3,911,441
Cash Reserve Fund	5,551	5,567	5,579
City Hall Debt Service Fund	21,519,700	22,732,565	22,447,100
Community Development Block Grant Fund	18,695,769	15,097,000	15,745,277
Community Facilities Revenue Fund	11,409,417	10,561,265	11,395,005
Convention and Cultural Affairs Fund	23,595,854	35,974,690	44,606,707
Convention Center Facilities District Revenue Fund	15,510,157	28,299,614	30,713,842
Downtown Property and Business Improvement District Fund	3,336,527	3,529,708	3,653,602
Economic Development Administration Loan Fund	131,487	73,045	63,477
Economic Development Enhancement Fund	850,394	650,737	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	501,747	348,933	274,634
Emergency Reserve Fund	3,388,532	3,397,532	3,392,532
Federal Drug Forfeiture Fund	2,643,109	2,426,980	3,107,677
Fiber Optics Development Fund	78,908	2,279,000	0
Gas Tax Maintenance and Construction Fund - 1943	6,965,000	6,950,000	6,800,000
Gas Tax Maintenance and Construction Fund - 1964	3,443,000	3,350,000	3,300,000
Gas Tax Maintenance and Construction Fund - 1990	5,259,000	4,700,000	4,400,000
General Purpose Parking Fund	19,425,673	22,985,186	24,356,808
Gift Trust Fund	2,062,329	3,785,566	3,206,297
Home Investment Partnership Program Trust Fund	13,961,920	14,677,361	3,211,519
Housing Trust Fund	2,644,084	2,366,421	3,227,810
Ice Centre Revenue Fund	4,981,492	6,109,756	7,091,152
Integrated Waste Management Fund	138,423,585	141,102,905	140,223,729
Library Parcel Tax Fund	12,264,904	13,445,418	15,108,644
Local Law Enforcement Block Grant Fund	3,714	0	0
Low and Moderate Income Housing Fund*	93,261,124	19,560,248	0
Low and Moderate Income Housing Asset Fund*	0	26,338,719	31,812,422
Multi-Source Housing Fund	42,039,254	27,353,052	45,286,944
Municipal Golf Course Fund	2,597,647	2,709,231	2,895,482
Public Works Program Support Fund	16,480,773	15,957,561	16,151,348
San José Arena Capital Reserve Fund	0	0	2,834,752
San José Arena Enhancement Fund	1,078,116	2,597,255	2,022,678
San José Diridon Development Authority Fund	0	392,700	0
San José Municipal Stadium Capital Fund	12,000	29,000	30,000
San José-Santa Clara Treatment Plant Income Fund	3,546	28,318	28,727
San José-Santa Clara Treatment Plant Operating Fund	106,723,146	106,310,619	108,727,773
Sewage Treatment Plant Connection Fee Fund	9,357,444	10,891,855	9,209,676
Sewer Service and Use Charge Fund	159,411,577	166,329,161	172,105,053

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
SPECIAL FUNDS			
Special Assessment Maintenance District Funds:			
Community Facilities District No. 1 (Capitol Auto Mall) Fund	$ 654,895	$ 546,531	$ 643,324
Community Facilities District No. 2 (Aborn - Murillo) and No. 3 (Silverland - Capriana) Fund	2,950,657	3,153,730	3,343,271
Community Facilities District No. 8 (Communications Hill) Fund	3,693,408	3,796,188	4,047,421
Community Facilities District No. 11 (Adeline - Mary Helen) Fund	262,669	265,489	285,437
Community Facilities District No. 12 (Basking Ridge) Fund	1,203,336	1,340,807	1,515,424
Community Facilities District No. 13 (Guadalupe Mines) Fund	0	0	131,726
Community Facilities District No. 14 (Raleigh - Charlotte) Fund	0	674,813	715,334
Maint. District No. 1 (Los Paseos) Fund	881,088	978,499	1,029,795
Maint. District No. 2 (Trade Zone - Lundy Ave.) Fund	146,997	155,009	176,570
Maint. District No. 5 (Orchard Parkway - Plumeria Drive) Fund	418,527	414,400	439,400
Maint. District No. 8 (Zanker - Montague) Fund	375,985	350,956	383,311
Maint. District No. 9 (Santa Teresa - Great Oaks) Fund	530,957	565,619	576,258
Maint. District No. 11 (Brokaw Rd. from Junction Ave. to Old Oakland Rd.) Fund	225,154	278,659	289,621
			0
Maint. District No. 13 (Karina - Onel) Fund	101,328	98,633	114,443
Maint. District No. 15 (Silver Creek Valley) Fund	6,267,135	5,540,150	6,016,260
Maint. District No. 18 (The Meadowlands) Fund	140,393	143,756	159,951
Maint. District No. 19 (River Oaks Area Landscaping) Fund	422,948	347,564	365,611
Maint. District No. 20 (Renaissance - N. First Landscaping) Fund	409,335	413,851	431,310
Maint. District No. 21 (Gateway Place - Airport Parkway) Fund	344,030	357,840	390,632
Maint. District No. 22 (Hellyer Ave. - Silver Creek Valley Rd.) Fund	389,446	381,088	380,350
State Drug Forfeiture Fund	1,344,947	1,580,749	954,066
Stores Fund	2,253,886	249,009	0
Storm Sewer Operating Fund	46,651,709	51,088,395	57,235,340
Supplemental Law Enforcement Services Fund	674,503	1,713,515	2,076,247
Transient Occupancy Tax Fund	14,379,181	15,462,659	18,986,799
Vehicle Maintenance and Operations Fund	24,001,228	22,680,977	25,149,423
Water Utility Fund	33,878,930	35,322,754	40,071,769
Workforce Investment Act Fund	16,243,911	15,335,012	11,096,618
Total Special Funds	**$ 1,411,266,941**	**$ 1,472,249,982**	**$ 1,514,091,407**
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Airport Capital Improvement Fund	$ 14,779,423	$ 15,764,385	$ 12,360,260
Airport Passenger Facility Charge Fund	59,596,269	55,276,052	50,430,373
Airport Renewal and Replacement Fund	11,971,740	15,489,454	14,009,214
Airport Revenue Bond Improvement Fund	289,723,900	127,832,279	69,541,977
Branch Libraries Bond Projects Fund	22,042,229	19,539,671	16,302,424
Building and Structure Construction Tax Fund	29,544,261	31,669,895	26,369,032
Civic Center Construction Fund	65,000	5,697	0
Construction and Conveyance Tax Funds:			
Communications C&C Tax Fund	3,120,374	3,336,690	2,365,155
District 1 Parks C&C Tax Fund	4,276,109	4,889,409	4,407,354
District 2 Parks C&C Tax Fund	1,021,125	972,170	1,446,878
District 3 Parks C&C Tax Fund	1,597,044	983,790	1,227,027

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

TOTAL CITY SOURCE AND USE OF FUNDS

	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Proposed
CAPITAL IMPROVEMENT PROGRAM FUNDS			
District 4 Parks C&C Tax Fund	$ 5,074,271	$ 2,603,493	$ 5,430,853
District 5 Parks C&C Tax Fund	3,267,474	2,383,879	3,388,442
District 6 Parks C&C Tax Fund	2,146,843	2,851,261	2,740,595
District 7 Parks C&C Tax Fund	4,509,373	6,417,761	5,408,614
District 8 Parks C&C Tax Fund	3,651,988	3,514,790	4,539,203
District 9 Parks C&C Tax Fund	1,743,086	2,021,712	2,444,542
District 10 Parks C&C Tax Fund	4,609,879	4,423,519	2,363,245
Fire C&C Tax Fund	3,618,035	3,566,107	3,360,455
Library C&C Tax Fund	13,062,548	14,935,719	13,783,213
Park Yards C&C Tax Fund	2,760,224	2,491,341	2,307,764
Parks Central C&C Tax Fund	16,620,386	16,778,647	22,965,033
Parks City-Wide C&C Tax Fund	5,897,947	5,033,074	6,873,619
Service Yards C&C Tax Fund	2,778,913	2,695,074	4,770,809
Construction Excise Tax Fund	46,234,662	77,562,321	91,126,340
Contingent Lien District Fund	0	0	3,846,291
Convention Center Facilities District Project	99,920,000	14,663,154	429,244
Emma Prusch Fund	334,863	401,596	396,726
General Fund Capital Improvement	9,695,000	15,640,000	16,450,000
General Purpose Parking Fund	1,148,000	3,335,000	1,966,000
Lake Cunningham Fund	1,257,437	1,352,431	1,675,934
Library Parcel Tax Fund	3,646,000	3,743,000	3,892,000
Integrated Waste Management Fund	11,587,471	8,411,000	0
Major Collectors and Arterial Fund	914,125	1,012,500	866,402
Major Facilities Fund	2,894,843	2,958,315	3,548,755
Neighborhood Security Act Bond Fund	13,708,675	10,695,184	4,642,474
Parking Capital Development Fund	1,817,101	0	0
Park Trust Fund	64,293,190	70,726,205	57,565,705
Parks and Recreation Bond Projects Fund	34,953,202	34,456,765	17,617,610
Redevelopment Capital Projects Fund	469,285	0	0
Residential Construction Tax Contribution Fund	1,162,826	1,175,765	1,600,944
San José-Santa Clara Treatment Plant Capital Fund	132,294,744	144,338,097	139,248,157
Sanitary Sewer Connection Fee Fund	14,528,272	9,922,982	10,349,728
Sewer Service and Use Charge Capital Improvement Fund	91,319,312	92,106,471	77,554,397
Storm Drainage Fee Fund	298,344	459,227	585,232
Storm Sewer Capital Fund	15,214,999	14,718,624	26,262,905
Underground Utility Fund	2,449,465	2,968,446	1,955,203
Water Utility Capital Fund	7,263,204	7,598,575	7,828,974
Total Capital Improvement Program Funds	**$ 1,064,883,461**	**$ 863,721,527**	**$ 748,245,102**
GRAND TOTAL (Gross City Use of Funds)	$ 3,382,608,411	$ 3,302,662,089	$ 3,196,345,436
Less Transfers, Loans, and Contributions	(538,697,847)	(525,740,243)	(556,239,849)
NET CITY USE OF FUNDS	**$ 2,843,910,564**	**$ 2,776,921,846**	**$ 2,640,105,587**

* Due to the dissolution of the former San Jose Redevelopment Agency consistent with the passing of AB 1X26, the Low and Moderate Income Housing Fund was eliminated and the Low and Moderate Income Housing Asset Fund was established.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF INTERFUND LOANS IN CAPITAL AND OPERATING FUNDS

Receiving Fund	Lending Fund	Amount of Loan/ Issue Date	Loan Description and Terms	Amount Outstanding Est. 6/30/13	2013-2014 Loan Payment to Fund Receiving Loan	2013-2014 Repayment to Fund that Provided Loan
Council District 7 Construction and Conveyance Tax Fund (385)	Subdivision Park Trust Fund (375)	$1,828,000 June 2012	Long-term loan from the Communications Hill Reserve to finance the construction of the Roberto Antonio Balermino Park. This loan will be repaid upon receipt of grant reimbursements from the Statewide Park Development and Community Revitalization Program (Prop 84, Phase 2). The term of the grant is July 1, 2012 to June 30, 2019; therefore, the interfund loan would expire on June 30, 2019. The loan will be repaid with interest at the City's pooled investment rate. Staff will file for reimbursements with the State on a regular basis and when a significant amount of funds has accumulated, the funds will be transferred to the Subdivision Park Trust Fund Communications Hill Reserve as part of the budget process. A final balloon payment will be required if the loan has not been fully repaid from the grant reimbursements by June 30, 2019.	$1,834,032	$0	$0

SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OBLIGATIONS AND RISKS TO THE CITY

Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26. As part of the legislation, Successor Agencies are charged with winding down operations and overseeing the dissolution process in an orderly manner. On January 24, 2012, the City Council adopted Resolution No. 76128 documenting its decision to serve as the Successor Agency to the former Redevelopment Agency ("Successor Agency"), a public entity. Over the years, the City of San José made a number of loans to the Redevelopment Agency for specified eligible redevelopment purposes, including loans made to pay debt service, and other long-standing obligations. With narrow exceptions, loans between cities and their redevelopment agencies were invalidated by AB X1 26. However, with the approval of AB 1484 in June 2012, loans such as those outlined below may be deemed an enforceable obligation contingent upon 1) a finding by the State Department of Finance that all required audits of the Successor Agency have been completed, and 2) a finding by the Oversight Board that these loans were for legitimate redevelopment purposes. In the event a loan is deemed an enforceable obligation, the loan terms will need to be revised to conform to statutory criteria for interest calculations and repayment priorities. Loans between the Low and Moderate Income Housing Fund and the former Redevelopment Agency are enforceable obligations of the Successor Agency, including the Supplemental Educational Revenue Augmentation Fund Loan, which must be repaid with funds deposited into the new Low and Moderate Income Housing Asset Fund established pursuant to AB 1484. However, the enforceability of the SERAF Loan is being questioned by the State Department of Finance. The Administration will continue to work through these requirements during 2013-2014.

Outlined below are the outstanding loans which remained February 1, 2012 upon the dissolution of the former Redevelopment Agency. Currently, they remain unenforceable obligations except where otherwise noted. Unenforceable obligations would be required to be paid in full from an alternative funding source should repayment from the Successor Agency not be legal; repayments would require General Fund support.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OBLIGATIONS AND RISKS TO THE CITY

Lending Fund	Outstanding Obligation (March 31, 2013)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Supplemental Educational Revenue Augmentation Fund (SERAF) Loan					
Low and Moderate Income Housing Fund* (443)	$65,527,100	Low and Moderate Income Housing Fund, Deferred Interest and Fees, and other City funds loaned funding to the former San Jose Redevelopment Agency (Agency) in order for the former Agency to make the State mandated payments of $62.0 million and $12.8 million to the SERAF on May 10, 2010 and May 10, 2011, respectively. Per the Loan Agreement by and among the City, the City of San José Financing Authority, and the former Agency dated May 6, 2010, the Successor Agency must repay the SERAF Loan as follows:	$0	$65,527,100	$65,527,100
Ice Centre Revenue Fund (432)	$2,023,996	i) $52.0 million principal plus associated costs due to the Low and Moderate Income Housing Fund by June 30, 2015. ii) $13.0 million principal plus associated costs due to the Low and Moderate Income Housing Fund by June 30, 2016. iii) $10.0 million principal plus interest due to the Ice Centre Revenue Fund ($2.0 million), Sewage Treatment Plant Connection Fee Fund ($5.0 million), and Subdivision Park Trust Fund ($3.0 million) by June 30, 2015.	$2,023,996	$0	$2,023,996
Sewage Treatment Plant Connection Fee Fund (539)	$5,059,989		$5,059,989	$0	$5,059,989
Subdivision Park Trust Fund (375)	$3,035,993		$3,035,993	$0	$3,035,993
Subtotal	**$75,647,078**		**$10,119,978**	**$65,527,100**	**$75,647,078**

SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OBLIGATIONS AND RISKS TO THE CITY

Lending Fund	Outstanding Obligation (March 31, 2013)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Parking Fund Loans					
General Purpose Parking Fund (533)	$6,800,000	In April 2005, the City and former Agency entered into a Loan Agreement whereby the City loaned the former Agency $6.8 million from the City's Parking Fund, representing approximately two years of debt service the former Agency would be paying on the Fourth and San Fernando Street Parking Garage. The loan was requested by the former Agency in response to reductions in its tax increment revenue to "ensure the continuity of Agency projects and essential redevelopment programs." The loan was originally scheduled for repayment in January 2009. In 2007, the loan was amended to defer repayment of the $6.8 million loan until July 31, 2012 and eliminating the accrual of interest after June 30, 2007 if the loan was repaid by July 31, 2012. In February 2010, the loan was amended again. The principal payment date was extended to be due on or before June 30, 2015. If payment was made by this date, interest on the $6.8 million would be waived. If not, interest would accrue from June 30, 2007.	$0	$6,800,000	$6,800,000
Parking Capital Development Fund (556)	$6,728,294	In February 2010, the City Council approved an additional loan to the former Agency for debt service payments on the Fourth and San Fernando Street Parking Garage: $1.7 million for the second debt service payment due in 2009-2010, $3.4 million in 2010-2011 and $1.7 million in 2011-2012. An agreement between the City and the Redevelopment Agency calls for a full repayment of this $6.7 million loan to the Parking Capital Development Fund in 2015-2016. The loaned amounts to the former Agency for these purposes do not accrue interest.	$0	$6,728,294	$6,728,294
Subtotal	**$13,528,294**		**$0**	**$13,528,294**	**$13,528,294**

SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OBLIGATIONS AND RISKS TO THE CITY

Lending Fund	Outstanding Obligation (March 31, 2013)	Loan Description and Terms	Funding Source Backup Obligation		
			General Fund	Other Funds	Total All Funds
Other Obligations					
Subdivision Park Trust Fund (375)	$8,111,800	The former Agency owes the City deferred payments under the Parkland In-Lieu Fee for Low-Income Residential Units Voucher Program. In February 2010, the City Council/Agency Board approved scheduling the payment by the Agency for 2015-2016.	$0	$8,111,800	$8,111,800
Total	**$97,287,172**		**$10,119,978**	**$87,167,194**	**$97,287,172**

* This portion of the SERAF Loan borrowed from the Low and Moderate Income Housing Fund is an enforceable obligation and repayment is anticipated to be made by the Successor Agency. It should be noted, a finding by the State Department of Finance calls into question this obligation in both the Housing Due Diligence Report and the Housing Asset Transfer Report; the Administration is working to address this.

Successor Agency Obligations with City Impacts

As part of determining the current financial state of the Successor Agency, the Administration continues to project future property tax increment revenues and analyze the current level of enforceable obligations. Based on that analysis, the 2014-2018 February Forecast projected that there would not be sufficient property tax increment revenue to pay all of the enforceable obligations in the foreseeable future. Since the publication of that document, the City has received a tentative ruling in the Superior Court of California, County of Sacramento. It is anticipated that the County of Santa Clara will be ordered to remit funds withheld for PERS and Water District levies beginning in 2012-2013 ($7.65 million) and ongoing (approximately $7.5 million annually) to the Successor Agency. With additional tax increment available to fund Successor Agency obligations, the necessary General Fund subsidy can be reduced. However, if it is determined that the County can withhold this tax increment, an increase to the General Fund subsidy to the Successor Agency will be necessary. Included in this document, a SARA PERS/Water District Levy General Fund Contingency Plan can be found pending the outcome of this litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Based on current budget projections, it is assumed that City funds would be used to ensure adequate funding for City contractually obligated Successor Agency obligations as well as administrative expenses.

SUMMARY OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OBLIGATIONS AND RISKS TO THE CITY

Successor Agency Obligations with City Impacts

The City is not legally obligated to assume all of the Successor Agency obligations, but there may be policy reasons why the City Council would want to see certain redevelopment obligations continue. The City is only contractually obligated to make payments for certain of the Successor Agency enforceable obligations as follows: 4th Street Garage Debt Service, Convention Center Debt Service, HUD 108 Loan payments, ERAF Loan Payments, and Interfund Loans made in connection with the SERAF Loan. In addition, due to the projected insufficient redevelopment tax increment revenues to provide funding for all obligations, the City has assumed payment of Administrative Budget costs until sufficient tax increment is received.

If the Successor Agency is not able to make the loan repayment for the HUD Section 108 loan program to the Federal Department of Housing and Urban Development, Community Development Block Grant (CDBG), the CDBG Fund may be used to cover this payment. Per the bond covenants for the 4th and San Fernando Street Parking Garage, revenues of both the Successor Agency and the General Purpose Parking Fund are pledged to make the loan repayment for the annual debt service of $3.4 million related to this facility. In the event the Successor Agency has insufficient revenues to make the payment, the General Purpose Parking Fund is required to cover the payment. In 2013-2014, other City Funds are pledged to make these payments in part or in whole; the General Fund impact for support for the Successor Agency is recommended to be reduced to only administrative costs in 2013-2014.

It should be noted that the City Attorney's Office and the Administration continue to review all of the Successor Agency obligations to reduce the impact on the General Fund, the CDBG Fund, and the General Purpose Parking Fund. In addition, the funding levels and actions recommended in this document assume the approval and direction of the Successor Agency Oversight Board, that the City and Successor Agency entering into a Reimbursement Agreement, which will provide a mechanism for reimbursement to the City of all financial support on both a cash flow basis as well as a structural deficit once sufficient funding remains in the priority of obligations beginning July 1, 2012.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

		Beginning Fund Balance 07/01/2013	Revenue and Transfers	Estimated Sources Available	Expenses Transfers	Ending Fund Balance 06/30/2014	Estimated Uses Available
General Fund							
001	General Fund	122,255,116	811,753,811	934,008,927	913,585,086	20,423,841	934,008,927
Special Funds							
519	Airport Customer Facility And Transportation Fee Fund	6,767,463	17,414,411	24,181,874	17,858,463	6,323,411	24,181,874
525	Airport Fiscal Agent Fund	87,071,830	95,419,498	182,491,328	97,246,501	85,244,827	182,491,328
523	Airport Maintenance And Operation Fund	29,782,051	77,525,067	107,307,118	70,059,122	37,247,996	107,307,118
521	Airport Revenue Fund	50,514,536	120,309,685	170,824,221	130,479,786	40,344,435	170,824,221
524	Airport Surplus Revenue Fund	9,630,802	9,916,273	19,547,075	6,916,273	12,630,802	19,547,075
160	Benefit Funds - Benefit Fund	4,715,913	63,812,000	68,527,913	64,796,139	3,731,774	68,527,913
155	Benefit Funds - Dental Insurance Fund	4,543,670	12,046,000	16,589,670	12,510,184	4,079,486	16,589,670
156	Benefit Funds - Life Insurance Fund	129,419	1,021,700	1,151,119	1,009,578	141,541	1,151,119
157	Benefit Funds - Unemployment Insurance Fund	5,107,691	10,000	5,117,691	1,657,621	3,460,070	5,117,691
351	Business Improvement District Fund	949,119	2,962,322	3,911,441	2,962,322	949,119	3,911,441
002	Cash Reserve Fund	5,561	18	5,579		5,579	5,579
210	City Hall Debt Service Fund	1,393,381	21,053,719	22,447,100	22,447,100		22,447,100
441	Community Development Block Grant Fund	7,154,007	8,591,270	15,745,277	10,320,701	5,424,576	15,745,277
371	Community Facilities District No. 1 (Capitol Auto Mall) Fund	490,824	152,500	643,324	165,355	477,969	643,324
374	Community Facilities District No. 11 (Adeline-Mary Helen) Fund	231,237	54,200	285,437	74,233	211,204	285,437
376	Community Facilities District No. 12 (Basking Ridge) Fund	1,298,824	216,600	1,515,424	196,696	1,318,728	1,515,424
310	Community Facilities District No. 13 (Guadalupe Mines) Fund	66,505	65,221	131,726	70,967	60,759	131,726
379	Community Facilities District No. 14 (Raleigh - Charlotte) Fund	212,934	502,400	715,334	500,311	215,023	715,334
369	Community Facilities District No. 2 (Aborn-Murillo) And Community Facilities District No. 3 (Silverland-Capriana) Fund	1,984,371	1,358,900	3,343,271	1,269,240	2,074,031	3,343,271
373	Community Facilities District No. 8 (Communications Hill) Fund	3,578,121	469,300	4,047,421	487,803	3,559,618	4,047,421

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

		Beginning Fund Balance 07/01/2013	Revenue and Transfers	Estimated Sources Available	Expenses Transfers	Ending Fund Balance 06/30/2014	Estimated Uses Available
Special Funds (Cont'd.)							
422	Community Facilities Revenue Fund	1,765,395	9,629,610	11,395,005	10,740,898	654,107	11,395,005
536	Convention & Cultural Affairs Fund	4,796,842	39,809,865	44,606,707	41,776,219	2,830,488	44,606,707
791	Convention Center Facilities District Revenue Fund	20,682,842	10,031,000	30,713,842	8,730,625	21,983,217	30,713,842
302	Downtown Property And Business Improvement District Fund	1,101,067	2,552,535	3,653,602	2,575,000	1,078,602	3,653,602
444	Economic Development Administration Loan Fund	57,377	6,100	63,477	60,000	3,477	63,477
474	Edward Byrne Memorial Justice Assistance Grant Trust Fund	274,634		274,634		274,634	274,634
406	Emergency Reserve Fund	3,381,532	11,000	3,392,532	11,000	3,381,532	3,392,532
419	Federal Drug Forfeiture Fund	2,952,677	155,000	3,107,677	708,083	2,399,594	3,107,677
409	Gas Tax Maintenance And Construction Fund - 1943		6,800,000	6,800,000	6,800,000		6,800,000
410	Gas Tax Maintenance And Construction Fund - 1964		3,300,000	3,300,000	3,300,000		3,300,000
411	Gas Tax Maintenance And Construction Fund - 1990		4,400,000	4,400,000	4,400,000		4,400,000
533	General Purpose Parking Fund	12,481,808	11,875,000	24,356,808	12,127,458	12,229,350	24,356,808
139	Gift Trust Fund	3,206,297		3,206,297	3,204,583	1,714	3,206,297
445	Home Investment Partnership Program Trust Fund	410,721	2,800,798	3,211,519	2,120,915	1,090,604	3,211,519
440	Housing Trust Fund	2,112,810	1,115,000	3,227,810	1,406,894	1,820,916	3,227,810
432	Ice Centre Revenue Fund	3,999,241	3,091,911	7,091,152	4,759,161	2,331,991	7,091,152
423	Integrated Waste Management Fund	12,054,174	128,169,555	140,223,729	125,646,555	14,577,174	140,223,729
418	Library Parcel Tax Fund	7,201,644	7,907,000	15,108,644	7,969,361	7,139,283	15,108,644
346	Low And Moderate Income Housing Asset Fund	24,643,412	7,169,010	31,812,422	12,888,747	18,923,675	31,812,422
352	Maintenance District No. 1 (Los Paseos) Fund	824,495	205,300	1,029,795	261,894	767,901	1,029,795
364	Maintenance District No. 11 (Brokaw Rd. From Junction Ave. To Old Oakland Rd.) Fund	218,867	70,754	289,621	62,766	226,855	289,621
366	Maintenance District No. 13 (Karina-O'Nel) Fund	68,343	46,100	114,443	40,195	74,248	114,443
368	Maintenance District No. 15 (Silver Creek Valley) Fund	5,018,106	998,154	6,016,260	1,243,093	4,773,167	6,016,260
372	Maintenance District No. 18 (The Meadowlands) Fund	65,451	94,500	159,951	101,522	58,429	159,951
359	Maintenance District No. 19 (River Oaks Area Landscaping) Fund	318,516	47,095	365,611	85,876	279,735	365,611

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

		Beginning Fund Balance 07/01/2013	Revenue and Transfers	Estimated Sources Available	Expenses Transfers	Ending Fund Balance 06/30/2014	Estimated Uses Available
Special Funds (Cont'd.)							
354	Maintenance District No. 2 (Trade Zone Blvd.-Lundy Ave.) Fund	102,062	74,508	176,570	69,651	106,919	176,570
365	Maintenance District No. 20 (Renaissance-N. First Landscaping) Fund	368,949	62,361	431,310	76,585	354,725	431,310
356	Maintenance District No. 21 (Gateway Place-Airport Parkway) Fund	310,536	80,096	390,632	102,312	288,320	390,632
367	Maintenance District No. 22 (Hellyer Ave.-Silver Creek Valley Rd.) Fund	294,327	86,023	380,350	112,029	268,321	380,350
357	Maintenance District No. 5 (Orchard Parkway-Plumeria Drive) Fund	377,900	61,500	439,400	68,736	370,664	439,400
361	Maintenance District No. 8 (Zanker-Montague) Fund	302,558	80,753	383,311	98,031	285,280	383,311
362	Maintenance District No. 9 (Santa Teresa-Great Oaks) Fund	431,478	144,780	576,258	129,486	446,772	576,258
448	Multi-Source Housing Fund	19,393,113	25,893,831	45,286,944	39,918,474	5,368,470	45,286,944
518	Municipal Golf Course Fund	339,482	2,556,000	2,895,482	2,403,000	492,482	2,895,482
150	Public Works Program Support Fund	541,883	15,609,465	16,151,348	14,787,090	1,364,258	16,151,348
459	San Jose Arena Capital Reserve Fund	2,029,752	805,000	2,834,752	1,134,000	1,700,752	2,834,752
301	San Jose Arena Enhancement Fund	3,000	2,019,678	2,022,678	2,022,678		2,022,678
476	San Jose Municipal Stadium Capital Fund		30,000	30,000	30,000		30,000
514	San Jose/Santa Clara Treatment Plant Income Fund	28,627	100	28,727		28,727	28,727
513	San Jose/Santa Clara Treatment Plant Operating Fund	36,850,293	71,877,480	108,727,773	84,217,705	24,510,068	108,727,773
539	Sewage Treatment Plant Connection Fee Fund	7,181,676	2,028,000	9,209,676	3,350,000	5,859,676	9,209,676
541	Sewer Service & Use Charge Fund	44,067,194	128,037,859	172,105,053	128,213,657	43,891,396	172,105,053
417	State Drug Forfeiture Fund	901,066	53,000	954,066	745,795	208,271	954,066
446	Storm Sewer Operating Fund	25,126,429	32,108,911	57,235,340	41,553,797	15,681,543	57,235,340
414	Supplemental Law Enforcement Services Fund	2,076,247		2,076,247	847,000	1,229,247	2,076,247
461	Transient Occupancy Tax Fund	3,080,799	15,906,000	18,986,799	17,400,001	1,586,798	18,986,799
552	Vehicle Maintenance And Operations Fund	1,596,536	23,552,887	25,149,423	23,431,700	1,717,723	25,149,423
515	Water Utility Fund	8,345,769	31,726,000	40,071,769	31,813,930	8,257,839	40,071,769
290	Workforce Investment Act Fund	1,002,265	10,094,353	11,096,618	10,132,116	964,502	11,096,618

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF FUND ACTIVITY

		Beginning Fund Balance 07/01/2013	Revenue and Transfers	Estimated Sources Available	Expenses Transfers	Ending Fund Balance 06/30/2014	Estimated Uses Available
Capital Improvement Program Funds							
520	Airport Capital Improvement Fund	4,529,260	7,831,000	12,360,260	7,799,000	4,561,260	12,360,260
529	Airport Passenger Facility Charge Fund	33,132,373	17,298,000	50,430,373	25,779,000	24,651,373	50,430,373
527	Airport Renewal And Replacement Fund	9,841,214	4,168,000	14,009,214	5,027,000	8,982,214	14,009,214
526	Airport Revenue Bond Improvement Fund	69,462,977	79,000	69,541,977	15,382,000	54,159,977	69,541,977
472	Branch Libraries Bond Projects Fund	10,376,424	5,926,000	16,302,424	16,013,424	289,000	16,302,424
429	Building And Structure Construction Tax Fund	4,947,032	21,422,000	26,369,032	25,379,000	990,032	26,369,032
397	C & C Tax Fund - Communications	1,076,655	1,288,500	2,365,155	1,223,000	1,142,155	2,365,155
392	C & C Tax Fund - Fire	829,455	2,531,000	3,360,455	3,208,000	152,455	3,360,455
393	C & C Tax Fund - Library	9,471,213	4,312,000	13,783,213	7,242,000	6,541,213	13,783,213
398	C & C Tax Fund - Park Yards Maintenance	1,937,764	370,000	2,307,764	1,884,000	423,764	2,307,764
390	C & C Tax Fund - Parks Central	3,553,033	19,412,000	22,965,033	19,987,000	2,978,033	22,965,033
391	C & C Tax Fund - Parks City Wide	3,704,619	3,169,000	6,873,619	3,165,000	3,708,619	6,873,619
377	C & C Tax Fund - Parks District 1	3,732,354	675,000	4,407,354	1,341,000	3,066,354	4,407,354
378	C & C Tax Fund - Parks District 2	997,878	449,000	1,446,878	621,000	825,878	1,446,878
380	C & C Tax Fund - Parks District 3	894,027	333,000	1,227,027	689,000	538,027	1,227,027
381	C & C Tax Fund - Parks District 4	2,926,853	2,504,000	5,430,853	1,484,000	3,946,853	5,430,853
382	C & C Tax Fund - Parks District 5	2,707,442	681,000	3,388,442	1,836,000	1,552,442	3,388,442
384	C & C Tax Fund - Parks District 6	1,191,595	1,549,000	2,740,595	1,173,000	1,567,595	2,740,595
385	C & C Tax Fund - Parks District 7	4,759,614	649,000	5,408,614	4,294,000	1,114,614	5,408,614
386	C & C Tax Fund - Parks District 8	3,285,203	1,254,000	4,539,203	1,015,000	3,524,203	4,539,203
388	C & C Tax Fund - Parks District 9	1,860,542	584,000	2,444,542	890,000	1,554,542	2,444,542
389	C & C Tax Fund - Parks District 10	2,068,245	295,000	2,363,245	664,000	1,699,245	2,363,245
395	C & C Tax Fund - Service Yards	2,128,809	2,642,000	4,770,809	3,513,000	1,257,809	4,770,809
465	Construction Excise Tax Fund	39,169,340	51,957,000	91,126,340	87,346,348	3,779,992	91,126,340
634	Contingent Lien District Fund		3,846,291	3,846,291	3,758,291	88,000	3,846,291
691	Convention Center Facilities District Project Fund	429,244		429,244	429,244		429,244
131	Emma Prusch Fund	316,726	80,000	396,726	108,000	288,726	396,726
462	Lake Cunningham Fund	887,934	788,000	1,675,934	1,348,000	327,934	1,675,934
421	Major Collectors And Arterial Fund	862,402	4,000	866,402	4,000	862,402	866,402
502	Major Facilities Fund	3,531,755	17,000	3,548,755	1,615,000	1,933,755	3,548,755
475	Neighborhood Security Act Bond Fund	1,295,474	3,347,000	4,642,474	4,202,474	440,000	4,642,474

SUMMARY OF FUND ACTIVITY

		Beginning Fund Balance 07/01/2013	Revenue and Transfers	Estimated Sources Available	Expenses Transfers	Ending Fund Balance 06/30/2014	Estimated Uses Available
Capital Improvement Program Funds (Cont'd.)							
375	Park Trust Fund	57,565,705		57,565,705	57,565,705		57,565,705
471	Parks And Recreation Bond Projects Fund	17,557,610	60,000	17,617,610	17,245,610	372,000	17,617,610
420	Residential Construction Tax Contribution Fund	1,420,944	180,000	1,600,944	846,000	754,944	1,600,944
512	San Jose/Santa Clara Treatment Plant Capital Fund	74,141,157	65,107,000	139,248,157	88,003,000	51,245,157	139,248,157
540	Sanitary Sewer Connection Fee Fund	9,498,728	851,000	10,349,728	4,623,000	5,726,728	10,349,728
545	Sewer Service And Use Charge Capital Improvement Fund	53,102,397	24,452,000	77,554,397	73,547,000	4,007,397	77,554,397
413	Storm Drainage Fee Fund	429,232	156,000	585,232	393,000	192,232	585,232
469	Storm Sewer Capital Fund	6,432,597	19,830,308	26,262,905	25,029,000	1,233,905	26,262,905
416	Underground Utility Fund	1,151,203	804,000	1,955,203	597,000	1,358,203	1,955,203
500	Water Utility Capital Fund	4,656,974	3,172,000	7,828,974	7,300,000	528,974	7,828,974
TOTAL CITY FUNDS		**$ 1,052,135,570**	**$ 2,121,901,866**	**$ 3,174,037,436**	**$ 2,531,861,195**	**$ 642,176,241**	**$ 3,174,037,436**

NOTE: The total in the Summary of Fund Activity schedule is higher than the net total presented in the Total City Source and Use of Funds schedule due to the Summary of Fund Activity schedule including all interfund transfers, loans, and contributions, but excluding all capital related expenditures in the General Fund, General Purpose Parking Fund, and Library Parcel Tax Fund to avoid double counting.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

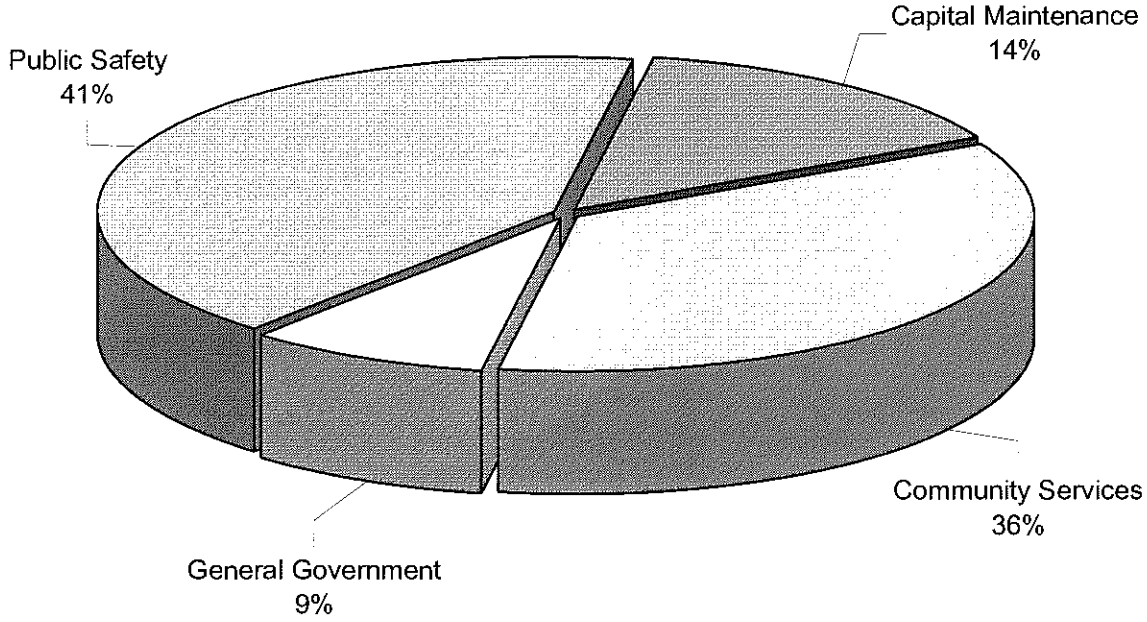
SUMMARY OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Transportation and Public Works Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Finance, Economic Development, Independent Police Auditor, Information Technology, Retirement Services, City Attorney, City Manager, Mayor and City Council, City Auditor, and City Clerk.



TOTAL OPERATIONS $1,143,921,055

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)*

	General Fund	Special Funds	Capital Funds	TOTAL
GENERAL GOVERNMENT DEPARTMENTS				
City Attorney	$ 11,975,897	$ 2,182,188	$ 386,084	$ 14,544,169
City Auditor	2,114,135	106,773	0	2,220,908
City Clerk	2,056,211	0	0	2,056,211
City Manager	10,957,874	318,891	0	11,276,765
Economic Development	3,694,009	5,040,608	1,234,530	9,969,147
Finance	12,711,696	2,882,388	0	15,594,084
Human Resources	6,206,544	2,242,793	0	8,449,337
Independent Police Auditor	1,065,706	0	0	1,065,706
Information Technology	13,805,471	4,410,780	0	18,216,251
Mayor and City Council	9,642,500	0	0	9,642,500
Retirement	0	5,019,025	0	5,019,025
Total General Government Departments	**$ 74,230,043**	**$ 22,203,446**	**$ 1,620,614**	**$ 98,054,103**
PUBLIC SAFETY DEPARTMENTS				
Fire	$ 162,913,235	$ 0	$ 675,902	$ 163,589,137
Police	306,860,815	2,497,306	0	309,358,121
Total Public Safety Departments	**$ 469,774,050**	**$ 2,497,306**	**$ 675,902**	**$ 472,947,258**

* Department operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

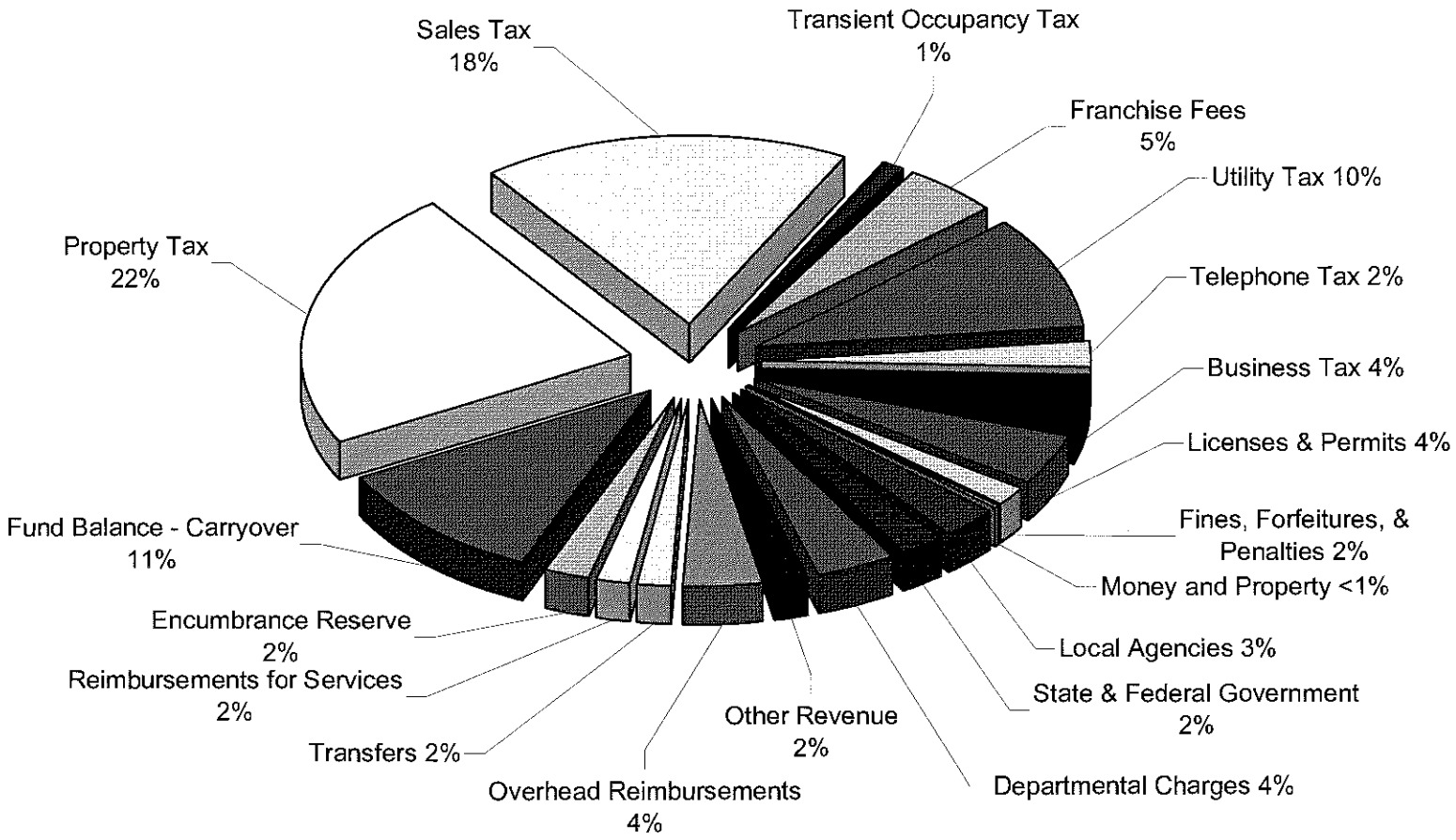
SUMMARY OF TOTAL OPERATIONS
BY DEPARTMENT (ALL FUNDS)*

	General Fund	Special Funds	Capital Funds	TOTAL
CAPITAL MAINTENANCE DEPARTMENTS				
Public Works	$ 34,789,387	$ 26,320,382	$ 27,412,022	$ 88,521,791
Transportation	26,867,623	36,569,284	12,739,828	76,176,735
Total Capital Maintenance Departments	**$ 61,657,010**	**$ 62,889,666**	**$ 40,151,850**	**$ 164,698,526**
COMMUNITY SERVICES DEPARTMENTS				
Airport	$ 0	$ 58,337,909	$ 0	$ 58,337,909
Environmental Services	184,941	213,779,070	2,085,673	216,049,684
Housing	242,297	8,454,763	0	8,697,060
Library	25,897,723	4,984,435	259,920	31,142,078
Parks, Recreation and Neighborhood Services	51,733,673	683,338	4,949,867	57,366,878
Planning, Building and Code Enforcement	35,192,994	1,378,221	56,344	36,627,559
Total Community Services Departments	**$ 113,251,628**	**$ 287,617,736**	**$ 7,351,804**	**$ 408,221,168**
TOTAL DEPARTMENT USES	**$ 718,912,731**	**$ 375,208,154**	**$ 49,800,170**	**$ 1,143,921,055**

* Department operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF GENERAL FUND SOURCES

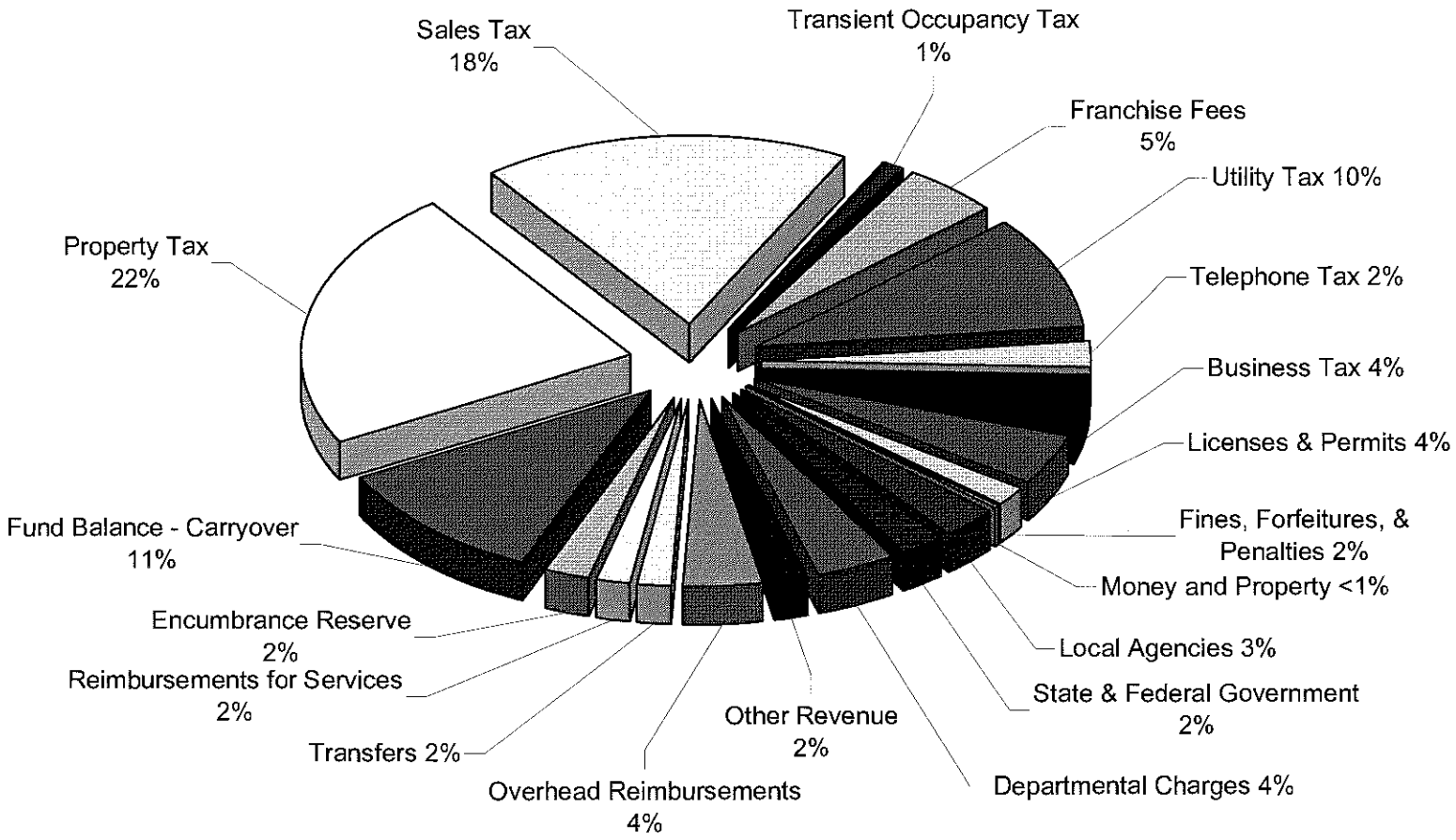


TOTAL GENERAL FUND SOURCES $934,008,927

For a more detailed discussion on General Fund Sources, please refer to the section entitled "General Fund Revenue Estimates"

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF GENERAL FUND SOURCES



TOTAL GENERAL FUND SOURCES $934,008,927

For a more detailed discussion on General Fund Sources, please refer to the section entitled "General Fund Revenue Estimates"

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
SUMMARY OF GENERAL FUND SOURCES

SOURCE OF FUNDS	1 2011-2012 Actuals	2 2012-2013 Adopted Budget	3 2012-2013 Modified Budget*	4 2013-2014 Forecast Budget	5 2013-2014 Proposed Budget	2 TO 5 % Increase/ (Decrease)
FUND BALANCE						
Encumbrance Reserve	$ 20,933,254	$ 20,880,882	$ 20,423,841	$ 20,423,841	$ 20,423,841	(2.2%)
Carryover	137,536,794	155,467,037	168,299,570	$ 50,812,296	$ 101,831,275	(34.5%)
Total Fund Balance	**$ 158,470,048**	**$ 176,347,919**	**$ 188,723,411**	**$ 71,236,137**	**$ 122,255,116**	**(30.7%)**
GENERAL REVENUE						
Property Tax	$ 201,711,784	$ 202,925,000	$ 202,925,000	$ 210,000,000	$ 210,000,000	3.5%
Sales Tax	154,026,546	152,680,000	161,270,000	167,710,000	167,710,000	9.8%
Telephone Line Tax	20,529,291	20,525,000	20,525,000	20,600,000	20,600,000	0.4%
Transient Occupancy Tax	8,983,963	8,715,000	10,100,000	10,600,000	10,600,000	21.6%
Franchise Fees	41,708,845	43,625,000	43,625,000	43,923,000	43,923,000	0.7%
Utility Tax	90,382,878	91,855,000	90,973,000	91,895,000	91,895,000	0.0%
Business Taxes	41,131,557	40,550,000	42,400,000	40,935,000	42,435,000	4.6%
Licenses and Permits	43,838,469	37,812,739	39,093,779	40,256,286	40,824,246	8.0%
Fines, Forfeitures, and Penalties	18,358,430	16,708,500	15,458,500	15,862,200	15,862,200	(5.1%)
Revenue from Money and Property	3,328,263	2,910,500	2,910,500	2,625,000	2,625,000	(9.8%)
Revenue from Local Agencies	30,178,586	29,250,390	38,066,606	26,036,236	26,320,279	(10.0%)
Revenue from State Government	14,054,986	10,686,292	12,640,779	10,606,059	10,686,451	0.0%
Rev from State Gov-Recovery Act	363,603	60,590	8,986	0	0	(100.0%)
Revenue from Federal Government	15,217,476	13,287,954	19,683,732	6,934,349	9,247,547	(30.4%)
Rev from Fed Gov-Recovery Act	4,483,666	3,322,706	3,502,238	0	0	(100.0%)
Departmental Charges	34,276,699	32,126,081	32,934,892	35,079,456	35,620,213	10.9%
Other Revenue	116,060,672	16,270,331	121,772,132	14,906,978	15,316,183	(5.9%)
Total General Revenue	**$ 838,635,714**	**$ 723,311,083**	**$ 857,890,144**	**$ 737,969,564**	**$ 743,665,119**	**2.8%**
TRANSFERS AND REIMBURSEMENTS						
Overhead Reimbursements	$ 32,374,004	$ 32,348,979	$ 32,348,979	$ 36,039,356	$ 36,894,081	14.1%
Transfers	21,172,191	18,998,020	20,118,464	16,738,225	15,951,778	(16.0%)
Reimbursements for Services	15,458,514	15,684,579	15,184,579	15,242,833	15,242,833	(2.8%)
Total Transfers and Reimbursements	**$ 69,004,709**	**$ 67,031,578**	**$ 67,652,022**	**$ 68,020,414**	**$ 68,088,692**	**1.6%**
TOTAL SOURCE OF FUNDS	**$ 1,066,110,471**	**$ 966,690,580**	**$ 1,114,265,577**	**$ 877,226,115**	**$ 934,008,927**	**(3.4%)**

* As of April 15, 2013

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
SUMMARY OF GENERAL FUND USES

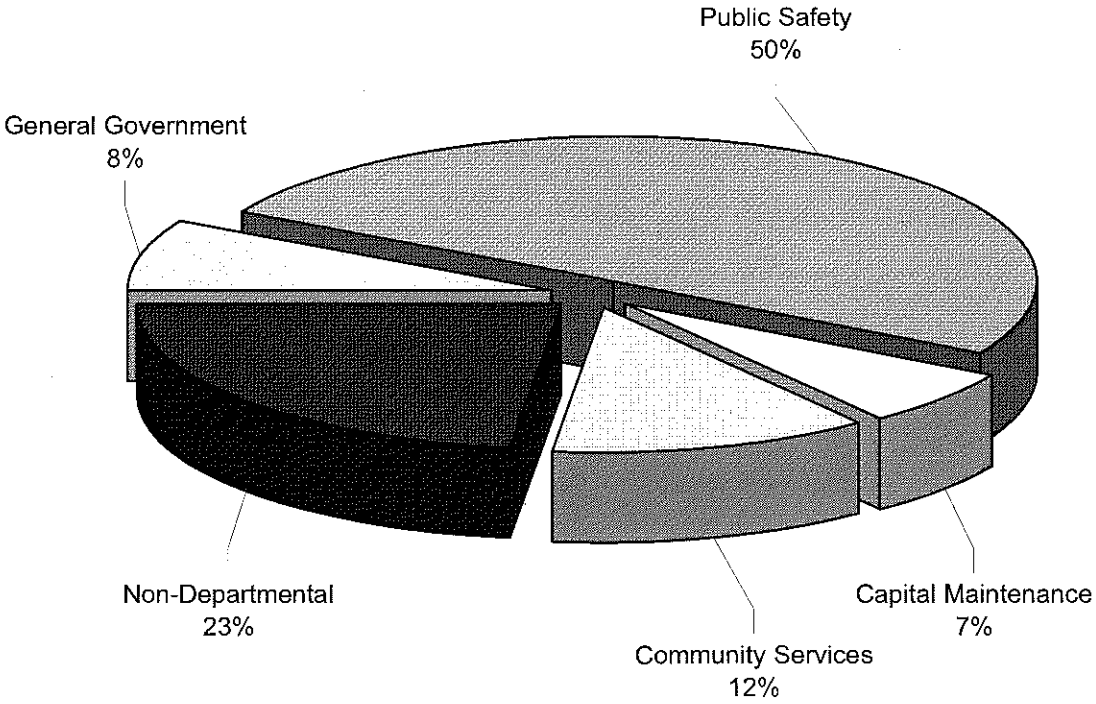
Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Public Works and Transportation Departments.

Community Services Departments - provide programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Economic Development, Information Technology, Finance, Retirement Services, Independent Police Auditor, City Manager, City Auditor, City Clerk, Mayor and City Council, and City Attorney.

Non-Departmental - include City-Wide expenses, capital contributions, transfers and reserves.



TOTAL GENERAL FUND USES $934,008,927

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
SUMMARY OF GENERAL FUND USES

	1 2011-2012 Actuals	2 2012-2013 Adopted Budget	3 2012-2013 Modified Budget*	4 2013-2014 Forecast Budget	5 2013-2014 Proposed Budget	2 TO 5 % Increase/ (Decrease)
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	$ 10,832,061	$ 12,114,436	$ 12,105,213	$ 11,131,753	$ 11,975,897	(1.1%)
City Auditor	1,780,723	2,010,679	1,997,580	2,114,135	2,114,135	5.1%
City Clerk	1,661,969	2,069,210	2,067,902	1,808,975	2,056,211	(0.6%)
City Manager	9,695,693	10,758,802	10,227,801	10,535,454	10,957,874	1.9%
Economic Development	4,463,879	5,254,549	5,259,981	3,494,009	3,694,009	(29.7%)
Finance	10,926,514	12,275,583	12,687,525	12,189,662	12,711,696	3.6%
Human Resources	5,364,639	5,982,542	5,992,561	5,923,956	6,206,544	3.7%
Independent Police Auditor	934,379	1,065,761	1,065,008	1,065,706	1,065,706	(0.0%)
Information Technology	11,953,042	13,361,856	12,883,835	12,775,371	13,805,471	3.3%
Mayor and City Council	8,463,117	11,022,359	10,780,870	9,642,500	9,642,500	(12.5%)
Total General Government Departments	**$ 66,076,016**	**$ 75,915,777**	**$ 75,068,276**	**$ 70,681,521**	**$ 74,230,043**	**(2.2%)**
PUBLIC SAFETY DEPARTMENTS						
Fire	$ 153,789,767	$ 151,324,065	$ 154,526,234	$ 162,485,593	$ 162,913,235	7.7%
Police	288,670,461	294,752,941	291,884,312	298,538,202	306,860,815	4.1%
Total Public Safety Departments	**$ 442,460,228**	**$ 446,077,006**	**$ 446,410,546**	**$ 461,023,795**	**$ 469,774,050**	**5.3%**
CAPITAL MAINTENANCE DEPARTMENTS						
Public Works	$ 26,523,289	$ 30,600,031	$ 30,754,578	$ 31,302,139	$ 34,789,387	13.7%
Transportation	24,217,763	25,906,405	25,891,699	26,696,623	26,867,623	3.7%
Total Capital Maintenance Departments	**$ 50,741,052**	**$ 56,506,436**	**$ 56,646,277**	**$ 57,998,762**	**$ 61,657,010**	**9.1%**

* As of April 15, 2013

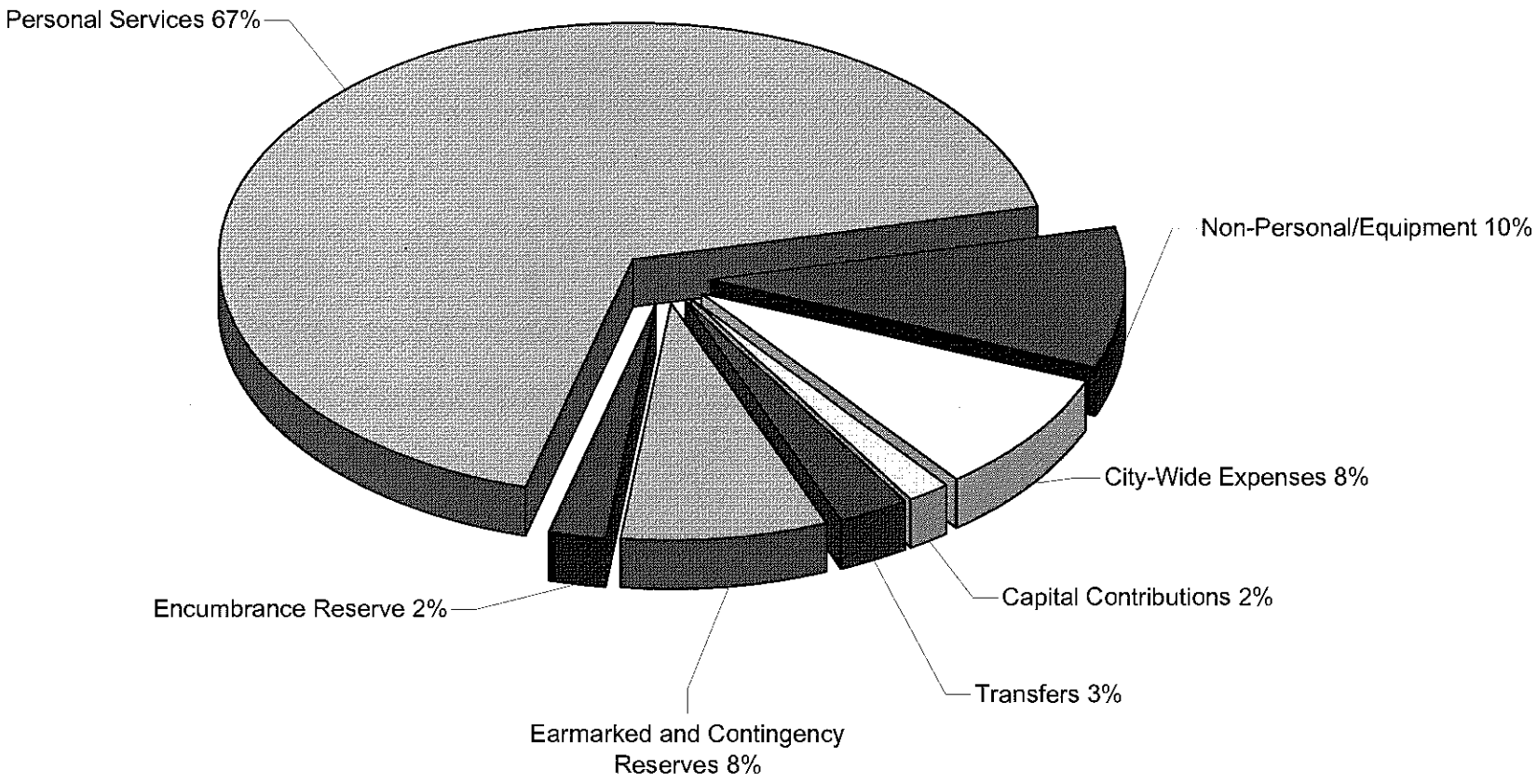
CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
SUMMARY OF GENERAL FUND USES

	1 2011-2012 Actuals	2 2012-2013 Adopted Budget	3 2012-2013 Modified Budget*	4 2013-2014 Forecast Budget	5 2013-2014 Proposed Budget	2 TO 5 % Increase/ (Decrease)
COMMUNITY SERVICES DEPARTMENTS						
Environmental Services	$ 389,320	$ 427,752	$ 552,110	$ 232,841	$ 184,941	(56.8%)
Housing	N/A	253,862	253,677	254,671	242,297	(4.6%)
Library	21,919,687	24,030,561	23,956,988	25,897,723	25,897,723	7.8%
Parks, Recreation and Neighborhood Services	47,003,582	49,381,157	49,847,850	50,758,315	51,733,673	4.8%
Planning, Building and Code Enforcement	25,758,658	33,926,588	34,520,104	33,077,728	35,192,994	3.7%
Total Community Services Departments	**$ 95,071,247**	**$ 108,019,920**	**$ 109,130,729**	**$ 110,221,278**	**$ 113,251,628**	**4.8%**
Total Departmental Uses	**$ 654,348,543**	**$ 686,519,139**	**$ 687,255,828**	**$ 699,925,356**	**$ 718,912,731**	**4.7%**
NON-DEPARTMENTAL						
City-Wide Expenses	$ 187,245,271	$ 109,864,148	$ 232,796,363	$ 81,052,653	$ 77,185,653	(29.7%)
Capital Contributions	5,571,227	15,640,000	16,559,000	6,050,000	16,450,000	5.2%
Transfers	30,222,019	39,386,581	29,074,790	26,085,266	25,635,266	(34.9%)
Earmarked Reserves	N/A	65,090,830	98,846,755	17,001,685	46,092,436	(29.2%)
Ending Fund Balance	N/A	N/A	N/A	N/A	N/A	N/A
Contingency Reserve	N/A	29,309,000	29,309,000	29,309,000	29,309,000	0.0%
Encumbrance Reserve	20,423,841	20,880,882	20,423,841	20,423,841	20,423,841	(2.2%)
Total Non-Departmental Uses	**$ 243,462,358**	**$ 280,171,441**	**$ 427,009,749**	**$ 179,922,445**	**$ 215,096,196**	**(23.2%)**
TOTAL USE OF FUNDS	**$ 897,810,901**	**$ 966,690,580**	**$ 1,114,265,577**	**$ 879,847,801**	**$ 934,008,927**	**(3.4%)**

* As of April 15, 2013

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF GENERAL FUND USES BY CATEGORY



TOTAL GENERAL FUND USES $934,008,927

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
SUMMARY OF GENERAL FUND USES BY CATEGORY

USE OF FUNDS	1 2011-2012 Actuals	2 2012-2013 Adopted Budget	3 2012-2013 Modified Budget*	4 2013-2014 Forecast Budget	5 Proposed Increase/ (Decrease)	6 2013-2014 Proposed Budget	2 TO 6 % Increase/ (Decrease)
DEPARTMENTAL							
Personal Services	$ 581,158,396	$ 595,733,084	$ 591,713,133	$ 616,829,519	$ 11,631,713	$ 628,461,232	5.5%
Non-Personal/Equipment	73,190,147	90,786,055	95,542,695	83,095,837	7,355,662	90,451,499	(0.4%)
Departmental Total	**$ 654,348,543**	**$ 686,519,139**	**$ 687,255,828**	**$ 699,925,356**	**$ 18,987,375**	**$ 718,912,731**	**4.7%**
NON-DEPARTMENTAL							
City-Wide Expenses	$ 187,245,271	$ 109,864,148	$ 232,796,363	$ 81,052,653	$ (3,867,000)	$ 77,185,653	(29.7%)
Capital Contributions	5,571,227	15,640,000	16,559,000	6,050,000	10,400,000	16,450,000	5.2%
Transfers	30,222,019	39,386,581	29,074,790	26,085,266	(450,000)	25,635,266	(34.9%)
Earmarked Reserves	N/A	65,090,830	98,846,755	17,001,685	29,090,751	46,092,436	(29.2%)
Ending Fund Balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contingency Reserve	N/A	29,309,000	29,309,000	29,309,000	0	29,309,000	0.0%
Encumbrance Reserve	20,423,841	20,880,882	20,423,841	20,423,841	0	20,423,841	(2.2%)
Total Non-Departmental	**$ 243,462,358**	**$ 280,171,441**	**$ 427,009,749**	**$ 179,922,445**	**$ 35,173,751**	**$ 215,096,196**	**(23.2%)**
TOTAL EXPENDITURES	**$897,810,901**	**$966,690,580**	**$1,114,265,577**	**$879,847,801**	**$54,161,126**	**$934,008,927**	**(3.4%)**

* As of April 15, 2013

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM SOURCE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Beginning Fund Balance	451,864,003	202,368,006	255,430,506	164,196,506	93,010,506	451,864,003 *
Sale of Bonds	9,230,000	177,340,000				186,570,000
Revenue from Other Agencies:						
Federal Government	35,941,000	12,501,000	9,042,000	6,257,000	11,532,000	75,273,000
State Government	15,677,308	10,518,000	10,300,000	10,100,000	10,100,000	56,695,308
Water Pollution Control Plant User Agencies	25,598,000	68,564,000	45,448,000	42,649,000	21,325,000	203,584,000
Sanitary Sewer Joint Participation	160,000	160,000	160,000	160,000	160,000	800,000
County of Santa Clara	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	27,000,000
Valley Transportation Authority	1,147,000	950,000	800,000	650,000		3,547,000
Other Agencies	1,916,000	2,227,000	971,000	469,000	104,000	5,687,000
Taxes, Fees and Charges:						
Building and Structure Construction Tax	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	55,000,000
Construction Excise Tax	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	70,000,000
Construction and Conveyance Tax	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	150,000,000
Residential Construction Tax	175,000	175,000	175,000	200,000	200,000	925,000
Sanitary Sewer Connection Fees	650,000	650,000	650,000	650,000	650,000	3,250,000
Storm Drainage Fees	150,000	150,000	150,000	150,000	150,000	750,000
Water Utility Fees	150,000	150,000	150,000	150,000	150,000	750,000
Contributions, Loans and Transfers from:						
General Fund	16,712,500	7,180,500	7,188,000	7,241,000	7,286,000	45,608,000
Special Funds	98,920,291	98,612,000	76,095,000	79,541,000	81,798,000	434,966,291
Capital Funds	8,482,000	8,385,000	8,211,000	8,299,000	8,214,000	41,591,000

* The 2014-2015 through 2017-2018 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM SOURCE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Interest Income	1,493,000	1,951,000	2,037,000	1,925,000	1,814,000	9,220,000
Miscellaneous Revenue	18,579,000	32,969,000	19,379,000	19,789,000	20,300,000	111,016,000
Developer Contributions	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	5,500,000
TOTAL SOURCE OF FUNDS	**748,245,102**	**686,300,506**	**497,686,506**	**403,976,506**	**318,393,506**	**1,939,596,602** *

* The 2014-2015 through 2017-2018 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Construction Projects						
Airport	16,000,000	8,153,000	13,598,000	11,002,000	18,152,000	66,905,000
Communications	293,000	449,000	449,000	449,000	449,000	2,089,000
Developer Assisted Projects	150,000	100,000	850,000	850,000	800,000	2,750,000
Library	12,337,000	70,000	83,000	10,000		12,500,000
Municipal Improvements	11,529,244	900,000	900,000	900,000	900,000	15,129,244
Parking	1,946,000	2,061,000	600,000	600,000	801,000	6,008,000
Parks and Community Facilities Development	17,987,000	1,387,000	505,000			19,879,000
Public Safety	783,000	708,000	195,000	295,000	195,000	2,176,000
Sanitary Sewer System	69,926,000	25,356,000	22,877,000	19,886,000	20,090,000	158,135,000
Service Yards	434,000	434,000	434,000	434,000	434,000	2,170,000
Storm Sewer System	10,743,000	3,435,000	2,871,000	3,171,000	2,971,000	23,191,000
Traffic	68,531,000	39,209,000	27,709,000	26,380,000	25,630,000	187,459,000
Water Pollution Control	66,277,000	192,143,000	122,916,000	115,313,000	54,663,000	551,312,000
Water Utility System	4,170,000	1,124,000	2,094,000	2,204,000	2,002,000	11,594,000
Total Construction Projects	**281,106,244**	**275,529,000**	**196,081,000**	**181,494,000**	**127,087,000**	**1,061,297,244**
Non-Construction						
Contributions, Loans and Transfers to Capital Funds						
Parks and Community Facilities Development	8,482,000	8,385,000	8,211,000	8,299,000	8,214,000	41,591,000
Total Contributions, Loans and Transfers to Capital Funds	**8,482,000**	**8,385,000**	**8,211,000**	**8,299,000**	**8,214,000**	**41,591,000**
Contributions, Loans and Transfers to General Fund						
Communications	6,000	6,000	6,000	6,000	6,000	30,000

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Non-Construction						
Contributions, Loans and Transfers to General Fund						
Developer Assisted Projects	3,000	3,000	3,000	4,000	5,000	18,000
Library	46,000	46,000	51,000	51,000	51,000	245,000
Parks and Community Facilities Development	4,051,000	3,457,000	3,475,000	3,478,000	3,478,000	17,939,000
Public Safety	11,000	11,000	12,000	12,000	12,000	58,000
Service Yards	8,000	8,000	8,000	9,000	9,000	42,000
Storm Sewer System	1,000	1,000	1,000	1,000	1,000	5,000
Traffic	1,775,000	1,750,000	1,750,000	1,750,000	1,750,000	8,775,000
Total Contributions, Loans and Transfers to General Fund	**5,901,000**	**5,282,000**	**5,306,000**	**5,311,000**	**5,312,000**	**27,112,000**
Contributions, Loans and Transfers to Special Funds						
Airport	36,862,000	36,846,000	36,831,000	30,432,000	18,624,000	159,595,000
Communications	3,000	3,000	3,000	4,000	4,000	17,000
Developer Assisted Projects	15,000	16,000	17,000	18,000	20,000	86,000
Library	30,000	32,000	34,000	36,000	38,000	170,000
Parks and Community Facilities Development	450,000	323,000	337,000	362,000	384,000	1,856,000
Public Safety	59,000	63,000	66,000	71,000	75,000	334,000
Sanitary Sewer System	309,000	332,000	346,000	372,000	394,000	1,753,000
Service Yards	5,000	5,000	6,000	6,000	6,000	28,000
Storm Sewer System	96,000	103,000	107,000	115,000	122,000	543,000
Traffic	811,000	871,000	907,000	975,000	1,035,000	4,599,000
Water Pollution Control	76,000	82,000	85,000	91,000	97,000	431,000
Water Utility System	8,000	9,000	9,000	10,000	10,000	46,000

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Non-Construction						
Contributions, Loans and Transfers to Special Funds						
Total Contributions, Loans and Transfers to Special Funds	**38,724,000**	**38,685,000**	**38,748,000**	**32,492,000**	**20,809,000**	**169,458,000**
Other Non-Construction Items						
Airport	1,125,000	245,000	245,000	245,000	316,000	2,176,000
Communications	921,000	1,187,000	1,263,000	1,346,000	1,428,000	6,145,000
Developer Assisted Projects	1,797,000	562,000	569,000	576,000	583,000	4,087,000
Library	9,657,000	8,059,000	5,919,000	5,928,000	5,892,000	35,455,000
Municipal Improvements	350,000	150,000	150,000	150,000	150,000	950,000
Parking	20,000	20,000	20,000	20,000	20,000	100,000
Parks and Community Facilities Development	19,939,000	12,628,000	12,731,000	12,572,000	12,545,000	70,415,000
Public Safety	7,012,000	7,027,000	6,742,000	6,752,000	6,763,000	34,296,000
Sanitary Sewer System	7,935,000	7,786,000	6,607,000	6,019,000	6,161,000	34,508,000
Service Yards	3,066,000	16,934,000	3,129,000	3,139,000	3,141,000	29,409,000
Storm Sewer System	4,582,000	2,305,000	2,309,000	1,861,000	1,865,000	12,922,000
Traffic	12,664,000	10,649,000	10,376,000	9,305,000	8,174,000	51,168,000
Water Pollution Control	16,650,000	24,334,000	22,684,000	22,206,000	20,831,000	106,705,000
Water Utility System	1,102,000	1,127,000	1,157,000	1,187,000	1,217,000	5,790,000
Total Other Non-Construction Items	**86,820,000**	**93,013,000**	**73,901,000**	**71,306,000**	**69,086,000**	**394,126,000**
Reserves						
Developer Assisted Projects	3,236,291					3,236,291
Library	5,077,424	100,000				5,177,424
Parks and Community Facilities Development	64,401,315	7,736,000	7,738,000	7,540,000	7,543,000	94,958,315

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM USE OF FUNDS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Total
Non-Construction						
Reserves						
Public Safety	4,545,474		300,000	300,000	400,000	5,545,474
Storm Sewer System	10,000,000					10,000,000
Traffic	28,948,348	2,000,000	3,000,000	4,000,000	5,754,000	43,702,348
Water Pollution Control	5,000,000					5,000,000
Water Utility System	3,635,000	140,000	205,000	224,000	193,000	4,397,000
Total Reserves	**124,843,852**	**9,976,000**	**11,243,000**	**12,064,000**	**13,890,000**	**172,016,852**
Total Non-Construction	**264,770,852**	**155,341,000**	**137,409,000**	**129,472,000**	**117,311,000**	**804,303,852**
Ending Fund Balance						
Airport	92,354,824	70,606,824	47,432,824	33,970,824	31,371,824	31,371,824*
Communications	1,142,155	985,655	765,655	511,655	225,655	225,655*
Developer Assisted Projects	2,201,147	2,551,147	2,196,147	1,907,147	1,707,147	1,707,147*
Library	6,830,213	5,878,213	4,108,213	2,400,213	736,213	736,213*
Parks and Community Facilities Development	27,488,829	22,599,829	18,456,829	15,660,829	12,377,829	12,377,829*
Public Safety	592,455	317,455	534,455	636,455	723,455	723,455*
Sanitary Sewer System	9,734,125	4,454,125	1,698,125	2,091,125	1,798,125	1,798,125*
Service Yards	1,257,809	1,186,809	914,809	635,809	349,809	349,809*
Storm Sewer System	1,426,137	752,137	634,137	657,137	869,137	869,137*
Traffic	5,632,426	4,161,426	6,002,426	5,205,426	3,826,426	3,826,426*
Water Pollution Control	51,245,157	139,503,157	79,008,157	26,834,157	17,447,157	17,447,157*
Water Utility System	2,462,729	2,433,729	2,444,729	2,499,729	2,562,729	2,562,729*
Total Ending Balance	**202,368,006**	**255,430,506**	**164,196,506**	**93,010,506**	**73,995,506**	**73,995,506***
TOTAL USE OF FUNDS	**748,245,102**	**686,300,506**	**497,686,506**	**403,976,506**	**318,393,506**	**1,939,596,602**

* The 2013-2014 through 2016-2017 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Airport				
Airfield Preventive Pavement Maintenance	This allocation funds a preventative maintenance program to assess and maintain airfield pavement/concrete (runways, taxiways, and aprons) at an acceptable level of service as measured by the pavement condition index, and maximize the serviceable life of the pavement. Based on recommendations from the Airport's Pavement Maintenance Management System (PMMS), maintenance projects in the coming years will include Portland cement concrete slab replacement, asphalt overlays, concrete patch repairs, crack sealing, slurry seals, and joint seal replacement.	$400,000	$1,600,000	*
Federal Inspection Facility Sterile Corridor Extension	This allocation funds the construction of a secure interior corridor connecting Terminal B Gates 17 and 18 to the ramp which leads deplaning international passengers to the U.S. Customs and Border Protection (CBP) Document Examination Hall. This project would also convert unfinished concessions space across from the Gate 18 to additional hold room seating.	$1,945,000	$1,945,000	$2,545,000
Taxiway W Improvements	This project funds the design and construction of the phased extension of Taxiway W. Three phases of the project have been completed and Phase IV is underway. Phase V will construct the final phase of Taxiway W from Taxiway D to Taxiway G and includes the removal of existing pavement, excavation and disposal, construction of new taxiways and shoulders, site grading, storm drainage, airfield signage, and lighting. Upon completion, there will be a full length parallel taxiway to serve large aircraft operating on the Westside of the Airport.	$8,348,000	$8,348,000	$48,403,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Airport				
Terminal A Ground Transportation Island Modification	This allocation funds the design and renovation of the Terminal A Ground Transportation Island to increase operational efficiency and more closely resemble the appearance of the Terminal B Ground Transportation Island.	$475,000	$1,875,000	$1,875,000
Communications				
City-wide Trunking Radio System	This allocation provides funding for trunked radio system infrastructure that maximizes available capacity in a two-way radio system, increasing capacity without adding frequencies.	$170,000	$170,000	$2,611,000
Communications Equipment Replacement and Upgrade	This allocation funds the replacement of communications equipment based upon useful life expectancy.	$120,000	$1,900,000	*
Developer Assisted Projects				
Underground Utility Administration (20A)	PG&E and other utility companies allocate their own funds to replace existing overhead electrical facilities with underground electrical facilities within the communities they serve. This allocation provides funding for the day-to-day administration of the undergrounding program, including design and plan review, coordination, inspection of undergrounding projects, underground service alert location, and legislation of the Underground Utility Districts.	$350,000	$1,800,000	*
Underground Utility Program (20B)	Rule 20B Underground Utility Districts are established with fees paid to the City when a developer opts out of placing facilities underground at the time of development. Projects are prioritized with a five-year plan based on several criteria, the largest of which is the total amount of fees collected within the Underground District. This allocation is used for the design, construction, and administration of these projects.	$150,000	$2,750,000	*

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Library				
Acquisition of Materials	This allocation provides funding for the acquisition of books, periodical subscriptions, video cassettes, computer disks, and other types of materials for the library's collection.	$4,492,000	$21,134,000	*
Automation Projects and System Maintenance	This allocation provides funding for automation equipment to improve information access and electronic processing. Funds may be used to purchase, maintain, and upgrade catalogs, automated reference resources, and costs related to installation and maintenance of the online system.	$1,150,000	$5,000,000	*
Southeast Branch	This project provides funding for the design, construction, and public art for the new 16,000 square foot Southeast Branch Library.	$10,035,000	$10,108,000	$12,070,000
Municipal Improvements				
Police Administration Building/Police Communications Center Chiller Replacements	This allocation provides funding to replace one chiller at the Police Administration Building and two chillers at the Police Communications Center.	$2,400,000	$2,400,000	$2,400,000
Police Communications Center Electrical System Upgrade	This allocation provides funding to upgrade three critical electrical systems at the Police Communications Center. These electrical systems include transfer switches that allow for the shift of power from normal PG&E power to the emergency Uninterrupted Power Supply and generator power; the electrical main power connection that provides the main power to the Police complex; and the electrical distribution panels.	$1,650,000	$1,650,000	$1,650,000
Police Communications Fire Protection System Upgrade	This allocation funds the upgrade of the fire protection system at the Police Communications Center.	$3,000,000	$3,000,000	$3,000,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Parking				
Downtown Event Parking Dynamic Message Sign Repair and Upgrades	This project will provide funding to repair and upgrade nine existing electronic message signs that are used to provide real time traffic and parking condition information during Downtown and HP Arena special events. The nine electronic signs, of which only five are currently operable and functioning, are nearly 20 years old and the parts for these signs have become obsolete.	$295,000	$295,000	$685,000
Revenue Control & Meter Upgrades	This project will provide funding for replacement meters and upgrades to parking access and revenue control equipment at parking facilities.	$900,000	$1,950,000	*
Parks and Community Facilities Development - Council District 4				
TRAIL: Bay Trail Reach 9B Design	This allocation provides funding for the preparation of construction documents and environmental review reports for the future construction of an additional 1.1 miles of the Bay Trail. When completed, this trail segment would link the Bay Trail Reach 9B bridge to the San Tomas Aquino/Saratoga Creek Trail.	$550,000	$550,000	$550,000
Parks and Community Facilities Development - Council District 5				
Hillview Park Renovation	This project provides funding for renovations at Hillview Park. Project elements may include construction of an exercise path/track with directional signage, exercise stations, a concrete pathway, and the relocation of the picnic area.	$702,000	$750,000	$750,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Council District 6				
Willow Glen Community Center Improvements	This project provides partial funding for improvements at Willow Glen Community Center. Project elements may include repairing and replacing the air conditioning and heating controls as well as installing double pane windows in the main building of the community center.	$450,000	$450,000	$450,000
Parks and Community Facilities Development - Council District 7				
Roberto Antonio Balermino Park	This project provides funding for the design and construction of the Roberto Antonio Balermino Park. This new 1.8 acre neighborhood park is located on the west side of Almaden Road between Alma Avenue and Highway 87, in front of a 318 multi-family low-income housing unit. Project elements will include a basketball court, horseshoe courts, a children's playground, two irrigated turf areas for informal play, a plaza area, site furnishings, security lights, fencing, and associated landscaping.	$2,462,000	$2,462,000	$2,500,000
Parks and Community Facilities Development - Lake Cunningham				
Lake Cunningham Bike Park	This project provides funding for the design and construction of a bike park near the existing skate park at Lake Cunningham Park. The conceptual site plan that was developed includes two options; further refinement of the site plan in subsequent stages will determine which is the ideal configuration. Some of the features being proposed include a pump track, pump park, flow trail, dirt jump area, trials area, freeride area, freeride drop zone, dual slalom course, and a walking path.	$600,000	$600,000	$700,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
Cahill Park Turf Renovation	This project provides funding to renovate the turf at Cahill Park, a 3.7 acre neighborhood park in Council District 6. Project elements may include removal of the existing soil and replacement with topsoil, grading, installation of sodded turf, installation of a new irrigation system, and construction of a new sidewalk bisecting the turf area.	$1,000,000	$1,000,000	$1,000,000
Martin Park Expansion	This project provides funding to expand Martin Park, currently a 9.3 acre neighborhood park in Council District 3. Project elements include capping off the former landfill and providing additional recreational opportunities; including constructing a soccer field, picnic facility, and walkways.	$2,788,000	$2,788,000	$3,038,000
Penitencia Creek Park Playground Renovation	This project provides funding to renovate the youth lot and tot lot at Penitencia Creek Park, a 36.0 acre neighborhood park in Council District 4. Project elements may include removal of existing equipment at the play areas, installation of rubber surfacing in the tot lot and swing areas, installation of half rubber and half fiber in the youth area, and installation of new play equipment including swings.	$1,330,000	$1,330,000	$1,456,000
TRAIL: Coyote Creek (Story Road to Selma Olinder Park)	This project provides partial funding for the design and construction of a 0.70 mile paved trail along the east bank of Coyote Creek. Project elements include design and construction of the trail including centerline striping, signage, and interpretive elements. The completed trail segment will extend the existing Coyote Creek Trail within Selma Olinder Park and support future interconnectivity with future Five Wounds Trail and the planned Coyote Creek Trail south of Story Road.	$2,000,000	$2,000,000	$2,000,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Parks and Community Facilities Development - Park Trust Fund				
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)	This project provides partial funding for the design and construction of a 0.35 mile paved trail along Penitencia Creek. When completed, this trail will extend from Noble Avenue to Dorel Drive, leading to Alum Rock Park. Project elements include construction of a 0.35 mile trail, signage, striping, and a gateway.	$730,000	$730,000	$1,948,000
Public Safety				
Fire Apparatus Replacement	This allocation provides funding for scheduled fire apparatus replacement based on the following replacement intervals: overhead vehicles (formerly battalion chief vehicles), 10 years; brush patrols, 12 years; engines, light units, rescue units, USARs, and other special equipment, 20 years; and trucks 25 years.	$5,350,000	$26,750,000	*
Fire Station 21 - Relocation (White Road)	This project provides funding for relocation and replacement of existing Fire Station 21, currently located at Mt. Pleasant Road and Mt. Pleasant Court, with a new fire station facility at White Road, south of Cunningham Court.	$492,000	$935,000	$8,018,000
Sanitary Sewer System				
60" Brick Interceptor, Phase VIA and VIB	This project replaces approximately 5,000 linear feet of existing 54-inch reinforced concrete sanitary sewer with an 84-inch lined reinforced concrete pipe. The start date and completion dates above refer to Phase VIA. The prior year funding in the chart below includes earlier phases of this project. Phase VIB will rehabilitate the existing 60-inch brick sewer after the completion of Phase VIA.	$26,000,000	$30,201,000	$67,895,382

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Sanitary Sewer System				
Bollinger Road - Blaney Avenue Sanitary Sewer Improvements	This project will utilize the design-build delivery method. The project includes the capacity upgrade of approximately 17,060 feet of sanitary sewer mains and a sanitary sewer siphon that crosses Saratoga Creek.	$7,170,000	$7,634,000	$8,087,000
Rincon Avenue - Virginia Avenue Sanitary Sewer Improvements	This project will upsize approximately 5,060 feet of 6-inch, 8-inch, and 10-inch sanitary sewer pipes along Virginia Avenue from Bucknall Road to Rincon Avenue; along Rincon Avenue from Virginia Avenue to Via Napoli, along Middleton Drive from Rincon Avenue to Valerie Drive, along Valerie Drive from Middletown Drive to Twyla Lane, along Twyla Lane from Velerie Drive to Twyla Court, and on Twyla Court.	$3,405,000	$3,405,000	$3,627,000
Service Yards				
Roof Replacement, Painting, and Supplemental Needs	This allocation funds emergency repairs and miscellaneous projects such as parking site improvements and repaving, roof repair and replacement, and painting.	$375,000	$1,875,000	*
Storm Sewer System				
Alviso Storm Pump Station	This project will determine the feasibility and complete initial design of constructing a new storm pump station or upgrading the existing Gold Street Storm pump station to provide the Alviso area with flood protection from a 10-year storm event.	$1,500,000	$1,500,000	$1,500,000
Charcot Storm Pump Station at Coyote Creek	This project allocates funding for a new pump station at Charcot Avenue by Coyote Creek that will have a capacity of approximately 300 cubic feet per second.	$1,500,000	$1,500,000	$1,500,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Storm Sewer System				
Gold Street Storm Pump Station Force Main	This allocation funds the rehabilitation of the 1,200 foot existing force main or construction of a new force main connecting the Gold Street Pump Station to the Guadalupe River.	$811,000	$911,000	$1,026,000
Storm Sewer Master Plan - City-wide	This allocation funds a master planning effort for the storm sewer system, which involves mapping and identification of existing main storm drainage trunk lines, outfalls, laterals, and other storm system facilities. The report will guide the overall system design for capacity needs. Funding beyond 2015-2016 will provide for updates to the master plan as new developments and projects add or change the infrastructure.	$2,348,000	$5,748,000	*
Traffic				
Autumn Street Extension	This allocation provides funding to extend and construct improvements on Autumn Street including curb, gutter, sidewalk and lighting between Coleman Avenue and Julian Street as well as begin design and right-of-way acquisition for Phase II between Julian and Santa Clara Streets. This project will enhance connectivity between Coleman Avenue and Julian Street and will provide a new alternative route into west Downtown and the Arena.	$7,000,000	$7,000,000	$13,500,000
Pavement Maintenance - City	In March 2012 the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by Construction Excise Tax proceeds, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.	$5,000,000	$21,000,000	*

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Traffic				
Pavement Maintenance - Federal	In March 2012 the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by the federal government, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.	$5,764,000	$11,528,000	$19,515,000
Pavement Maintenance - Measure B	In March 2012 the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by County Measure B vehicle registration fees, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.	$5,400,000	$27,000,000	*
Pavement Maintenance - State Gas Tax	In March 2012 the City Council approved the designation of a 400-mile Priority Street Network. The Priority Street Network consists of 400 miles of the City's 800 miles of major roads. The major roads carry 87% of all city-wide traffic, with the Priority Street Network including those roads deemed to be the most important in achieving the City Council policy goals. This allocation, funded by the State Gas Tax, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.	$8,750,000	$43,750,000	*

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Traffic				
Pavement Maintenance - State Route Relinquishment	This allocation provides funding to resurface and rehabilitate State Route 82 from I-880 to Route 101 and State Route 130 from Route 101 to White Road. These routes were relinquished by the State of California in December 2011 to provide the City with local control of the design, construction, operations and maintenance of these roadways without the constraints of Caltrans design standards and encroachment permit process. This project allocates federal funds originally set aside for Caltrans to bring the roadways to a state of good repair.	$12,400,000	$12,400,000	$12,400,000
Route 101/Mabury Road Project Development	This allocation provides funding for staff and consultant work for a project study report (PSR) and environmental impact report (EIR) for the Route 101/Mabury Road Interchange and other future activities. The Route 101/Mabury Road area is intended to be a key access point for the BART system which is scheduled to be operational in 2017.	$1,640,000	$2,600,000	$4,440,000
Safety - Pedestrian Improvements	This allocation provides funding for traffic safety enhancements focused on improving pedestrian crossings on major roads. Potential improvements include crosswalks enhanced with flashing beacons, high visibility markings, median refuge, and curb return treatments. Other traffic devices having a positive safety impact, such as speed radar signs, will also be considered.	$1,000,000	$5,000,000	*

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Traffic				
Safety - Traffic Signal Modifications/Construction	This allocation provides funding to enhance traffic safety and mobility along major roadways. Construction of new traffic signal systems or modifications to the existing traffic signal system is anticipated to be the main element of this program. Work will also include traffic safety evaluation, data collection, identification of operational improvements, and design and construction of such improvements to better support safer travel across intersections for all modes.	$1,400,000	$5,400,000	*
Water Pollution Control				
Energy Generation Improvements	The Plant currently uses engine-generators to meet a portion of its power needs. While these systems meet current air regulations, it is anticipated these regulations will become more stringent in the future. The Plant will replace the existing engines with a lower emissions technology, such as fuel cells, gas turbines, or newer internal combustion engines. In 2013-2014, the amounts for the various cost elements will be refined in preparation for the sale of bonds. This project is part of the "Package 2" projects, described in the Overview of this CIP.	$40,000,000	$100,000,000	$101,300,000
New Biosolids Facility	The project will study and evaluate mechanical sludge dewatering and drying technologies; construct new mechanical dewatering facilities, thermal drying facilities, covered lagoons, biosolids greenhouses, cake and emergency biosolids storage, and a sludge line; dispose of biosolids in the inactive lagoons; and retire the existing lagoons and drying beds. In 2013-2014, the amounts for the various cost elements will be refined in preparation for the sale of bonds. This project is part of "Package 2", as described in the Overview of this CIP.	$3,000,000	$325,000,000	$326,000,000

DESCRIPTION OF MAJOR CAPITAL PROJECTS

Project	Description	2013-2014	5-Year CIP	Total Project Budget
Water Utility System				
Dove Road Main Extension	This project will construct approximately 2,500 feet of water main on Dove Road, between Hassler Parkway and Hellyer Avenue.	$800,000	$800,000	$865,000
Nortech and Trimble Reservoir Rehabilitation	This project includes the rehabilitation of two 3.0 million gallon steel reservoirs that provide fire protection and emergency supply for the North San José and Alviso service areas.	$1,340,000	$1,340,000	$1,400,000

* Selected budget information is not provided due to the ongoing nature of this project.

Summary of Operating Budget Impact from Capital Projects

	2014-2015	2015-2016	2016-2017	2017-2018
Library				
Southeast Branch				
Maintenance		$97,000	$106,000	$109,000
Cost Offset		($35,000)	($35,000)	($35,000)
Operating		$586,000	$654,000	$668,000
Total Library		**$648,000**	**$725,000**	**$742,000**
Parks and Community Facilities Development - Bond Projects				
Softball Complex				
Cost Offset		($471,000)	($824,000)	($858,000)
Maintenance		$333,000	$583,000	$598,000
Operating		$188,000	$328,000	$341,000
Total Parks and Community Facilities Development - Bond Projects		**$50,000**	**$87,000**	**$81,000**
Parks and Community Facilities Development - City-Wide Parks				
Vietnamese Cultural Heritage Garden				
Maintenance			$169,000	$172,000
Total Parks and Community Facilities Development - City-Wide Parks			**$169,000**	**$172,000**
Parks and Community Facilities Development - Council District 4				
TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)				
Maintenance	$12,000	$12,000	$12,000	$12,000
Operating	$1,000	$1,000	$1,000	$1,000
Total Parks and Community Facilities Development - Council District 4	**$13,000**	**$13,000**	**$13,000**	**$13,000**
Parks and Community Facilities Development - Council District 5				
TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)				
Maintenance		$16,000	$16,000	$17,000
Operating		$1,000	$3,000	$3,000
Total Parks and Community Facilities Development - Council District 5		**$17,000**	**$19,000**	**$20,000**

Summary of Operating Budget Impact from Capital Projects

	2014-2015	2015-2016	2016-2017	2017-2018
Parks and Community Facilities Development - Council District 7				
Roberto Antonio Balermino Park				
Maintenance	$10,000	$21,000	$22,000	$22,000
West Evergreen Park				
Maintenance	$18,000	$18,000	$19,000	$19,000
Total Parks and Community Facilities Development - Council District 7	**$28,000**	**$39,000**	**$41,000**	**$41,000**
Parks and Community Facilities Development - Lake Cunningham				
Lake Cunningham Bike Park				
Operating	$35,000	$36,000	$37,000	$38,000
Maintenance	$35,000	$35,000	$35,000	$35,000
Total Parks and Community Facilities Development - Lake Cunningham	**$70,000**	**$71,000**	**$72,000**	**$73,000**
Parks and Community Facilities Development - Park Trust Fund				
Council District 4 Dog Park				
Maintenance	$10,000	$20,000	$20,000	$21,000
Del Monte Park				
Maintenance	$53,000	$59,000	$60,000	$61,000
Martial-Cottle Community Garden				
Operating	$36,000	$36,000	$37,000	$38,000
Maintenance	$1,000	$1,000	$1,000	$1,000
Martin Park Expansion				
Operating		$7,000	$8,000	$8,000
Maintenance		$63,000	$64,000	$66,000
TRAIL: Guadalupe River (Branham Lane to Chynoweth Avenue)				
Maintenance				$1,000
TRAIL: Thompson Creek (Tully Road to Quimby Road)				
Maintenance	$6,000	$6,000	$6,000	$6,000
Tamien Specific Plan Area Park				
Maintenance		$36,000	$37,000	$38,000
Total Parks and Community Facilities Development - Park Trust Fund	**$106,000**	**$228,000**	**$233,000**	**$240,000**
Public Safety				
Fire Station 21 - Relocation (White Road)				
Maintenance	$8,000	$24,000	$24,000	$25,000

Summary of Operating Budget Impact from Capital Projects

	2014-2015	2015-2016	2016-2017	2017-2018
Public Safety				
Fire Station 37 (Willow Glen)				
Operating			$2,956,000	$3,074,000
Maintenance			$46,000	$47,000
Total Public Safety	**$8,000**	**$24,000**	**$3,026,000**	**$3,146,000**
Traffic				
Bus Rapid Transit Program				
Maintenance		$14,000	$15,000	$16,000
Innovative Bicycle Detection System				
Maintenance		$3,000	$4,000	$4,000
Safety - Pedestrian Improvements				
Maintenance		$8,000	$8,000	$8,000
Safety - Traffic Signal Modifications/Construction				
Maintenance	$14,000	$14,000	$15,000	$15,000
The Alameda - A Plan for the Beautiful Way				
Maintenance	$7,000	$7,000	$8,000	$8,000
Total Traffic	**$21,000**	**$46,000**	**$50,000**	**$51,000**
Total Operating Budget Impact	**$246,000**	**$1,136,000**	**$4,435,000**	**$4,579,000**

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

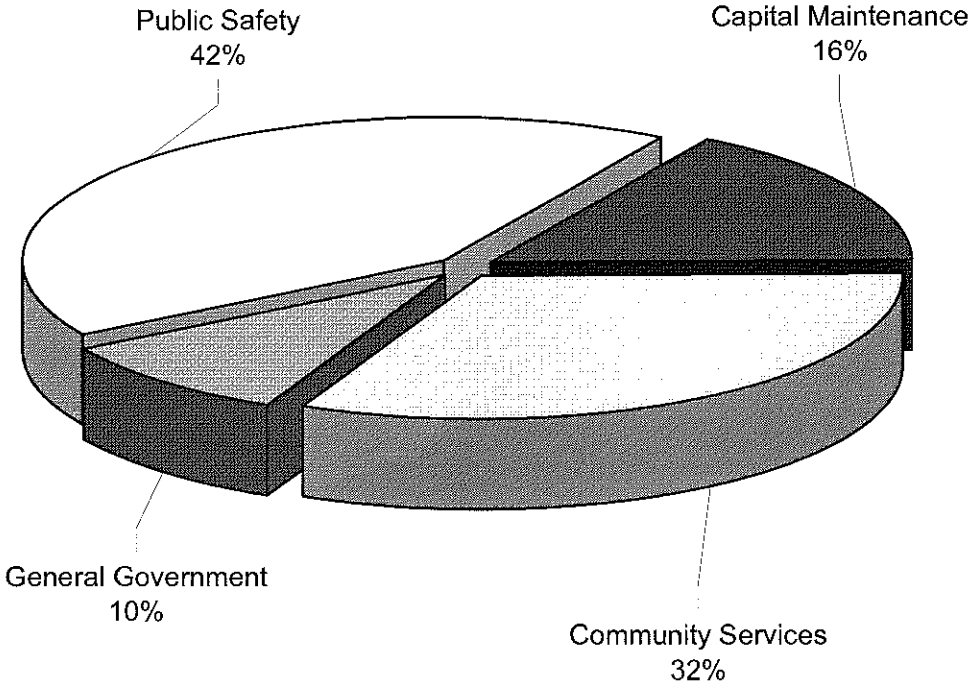
SUMMARY OF TOTAL STAFFING BY DEPARTMENT

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure by the Transportation and Public Works Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Recreation and Neighborhood Services, Library, and Planning, Building and Code Enforcement.

General Government Departments - provide for the overall management and administrative functions of the City, including Human Resources, Finance, Economic Development, Independent Police Auditor, Information Technology, Retirement Services, City Attorney, City Manager, Mayor and City Council, City Auditor, and City Clerk.



TOTAL STAFFING BY DEPARTMENT 5,650.74

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

SUMMARY OF TOTAL STAFFING BY DEPARTMENT

DEPARTMENT	2012-2013 Adopted	Changes in 2013-2014 Forecast	Changes in 2013-2014 Proposed	Net-Zero Inter-department Transfers	Total Changes	2013-2014 Proposed
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	72.00	(7.00)	7.00	0.00	0.00	72.00
City Auditor	15.00	0.00	0.00	0.00	0.00	15.00
City Clerk	15.00	(2.00)	2.00	0.00	0.00	15.00
City Manager	58.50	(1.00)	3.25	0.00	2.25	60.75
Economic Development	76.00	1.00	(24.00)	0.00	(23.00)	53.00
Finance	114.50	(2.00)	5.50	(3.00)	0.50	115.00
Human Resources	54.25	0.00	(7.00)	0.00	(7.00)	47.25
Independent Police Auditor	7.00	(1.00)	0.00	0.00	(1.00)	6.00
Information Technology	91.50	0.00	(1.00)	0.00	(1.00)	90.50
Mayor and City Council	27.00	0.00	0.00	0.00	0.00	27.00
Retirement	35.50	0.00	1.00	0.00	1.00	36.50
Total General Government Departments	**566.25**	**(12.00)**	**(13.25)**	**(3.00)**	**(28.25)**	**538.00**
PUBLIC SAFETY DEPARTMENTS						
Fire	762.98	27.00	1.00	0.00	28.00	790.98
Police	1,548.37	(1.00)	36.00	0.00	35.00	1,583.37
Total Public Safety Departments	**2,311.35**	**26.00**	**37.00**	**0.00**	**63.00**	**2,374.35**
CAPITAL MAINTENANCE DEPARTMENTS						
Public Works	482.87	6.00	29.00	3.00	38.00	520.87
Transportation	391.00	(1.00)	13.50	0.00	12.50	403.50
Total Capital Maintenance Departments	**873.87**	**5.00**	**42.50**	**3.00**	**50.50**	**924.37**
COMMUNITY SERVICES DEPARTMENTS						
Airport	184.00	3.00	0.00	0.00	3.00	187.00
Environmental Services	498.95	1.00	4.00	0.00	5.00	503.95
Housing	62.00	0.00	(5.00)	0.00	(5.00)	57.00
Library	314.63	0.45	0.00	0.00	0.45	315.08
Parks, Recreation and Neighborhood Services	480.19	(9.76)	22.56	0.00	12.80	492.99
Planning, Building and Code Enforcement	231.00	6.00	21.00	0.00	27.00	258.00
Total Community Services Departments	**1,770.77**	**0.69**	**42.56**	**0.00**	**43.25**	**1,814.02**
TOTAL DEPARTMENT STAFFING	**5,522.24**	**19.69**	**108.81**	**0.00**	**128.50**	**5,650.74**

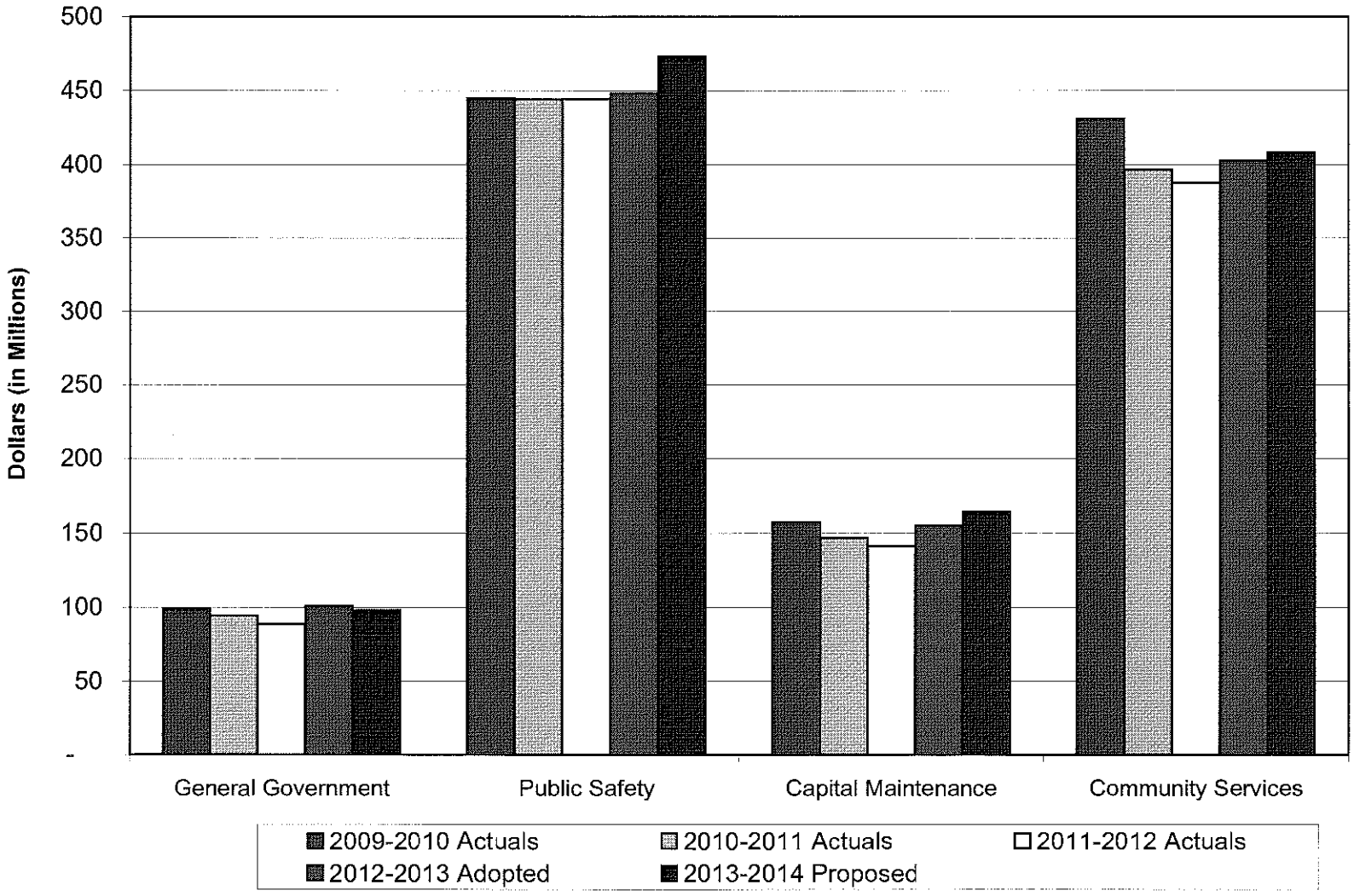
2013-2014

Operating Budget

History and Trend Information

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

FIVE-YEAR COMPARISON OF TOTAL OPERATIONS BY DEPARTMENT (ALL FUNDS)



FIVE-YEAR COMPARISON OF TOTAL OPERATIONS BY DEPARTMENT (ALL FUNDS)*

	1 2009-2010 ACTUALS	2 2010-2011 ACTUALS	3 2011-2012 ACTUALS	4 2012-2013 ADOPTED	5 2013-2014 PROPOSED
GENERAL GOVERNMENT					
City Attorney	15,102,566	13,331,015	13,070,085	14,646,866	14,544,169
City Auditor	2,115,950	1,795,654	1,780,723	2,117,479	2,220,908
City Clerk	2,062,048	3,879,638	1,661,969	2,069,210	2,056,211
City Manager	10,956,895	10,449,810	9,953,524	11,044,608	11,276,765
Economic Development	9,581,910	9,169,140	11,916,275	12,939,103	9,969,147
Finance	14,429,674	14,124,733	13,611,934	15,213,671	15,594,084
Human Resources	9,720,399	8,911,328	7,459,095	8,234,892	8,449,337
Independent Police Auditor	694,265	823,221	934,379	1,065,761	1,065,706
Information Technology	20,935,855	19,020,888	15,919,855	17,562,341	18,216,251
Mayor and City Council	7,749,394	7,559,361	8,463,117	11,022,359	9,642,500
Redevelopment Agency	1,896,431	1,284,425	0	0	0
Retirement	3,611,643	4,017,155	3,848,372	4,953,694	5,019,025
Total General Government	**98,857,030**	**94,366,368**	**88,619,328**	**100,869,984**	**98,054,103**
PUBLIC SAFETY					
Fire	153,180,585	153,359,783	154,297,611	151,780,246	163,589,137
Police	291,658,856	290,787,311	290,298,883	296,326,620	309,358,121
Total Public Safety	**444,839,441**	**444,147,094**	**444,596,494**	**448,106,866**	**472,947,258**
CAPITAL MAINTENANCE					
Public Works**	85,258,425	81,468,376	74,779,737	82,113,490	88,521,791
Transportation	72,102,362	65,319,291	66,677,252	72,800,461	76,176,735
Total Capital Maintenance	**157,360,787**	**146,787,667**	**141,456,989**	**154,913,951**	**164,698,526**
COMMUNITY SERVICES					
Airport	82,848,385	64,928,818	57,651,884	60,754,488	58,337,909
Convention Facilities***	23,497,950	20,000,436	22,260,406	0	0
Environmental Services	191,027,899	184,380,265	192,191,212	213,321,532	216,049,684
Housing	10,762,248	9,851,681	7,995,491	9,347,322	8,697,060
Library	34,150,039	30,559,210	27,277,529	29,003,571	31,142,078
Parks, Recreation & Neighborhood Services	61,577,201	59,798,119	51,861,309	54,540,564	57,366,878
Planning, Building and Code Enforcement	27,091,287	26,894,298	28,446,014	35,557,741	36,627,559
Total Community Services	**430,955,009**	**396,412,827**	**387,683,845**	**402,525,218**	**408,221,168**
TOTAL DEPARTMENT USES	**1,132,012,267**	**1,081,713,956**	**1,062,356,656**	**1,106,416,019**	**1,143,921,055**

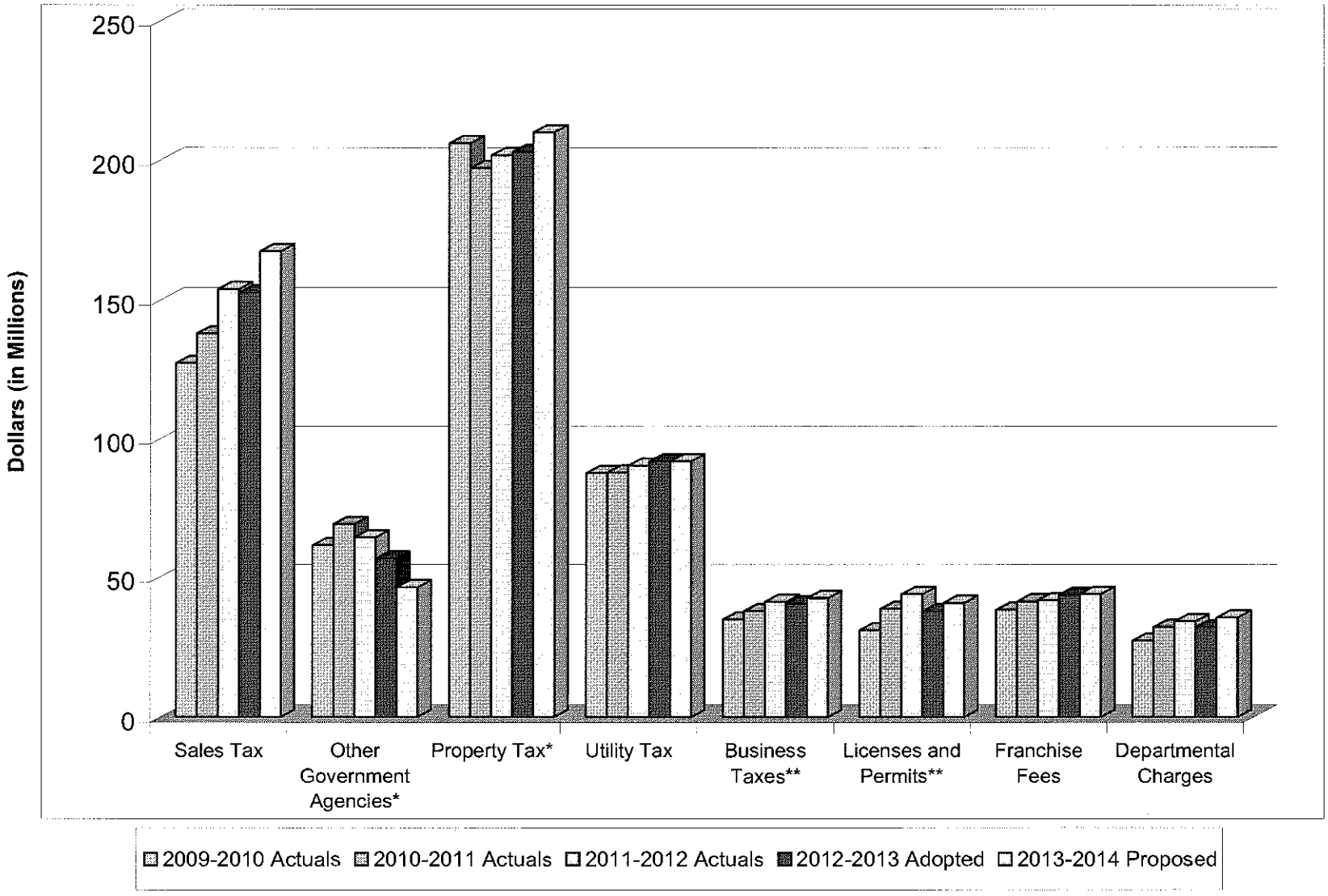
* Department Operations include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

** In 2010-2011, the General Services Department was eliminiated and consolidated into the Public Works Department. The General Services Department is now displayed in the Public Works Department.

*** As part of the 2012-2013 Adopted Budget, the Convention Facilities Department was eliminated.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

FIVE-YEAR COMPARISON OF KEY GENERAL FUND SOURCES



* The Property Tax and Revenue from State Government revenues have been restated to reflect the recategorization of Aircraft Property Tax into the Property Tax category.

** The Business Taxes and Licenses and Permits revenues have been restated to reflect the recategorization of Business Tax, Cardroom Business Tax, and Disposal Facility Tax into the Business Taxes category.

FIVE-YEAR COMPARISON OF GENERAL FUND SOURCES

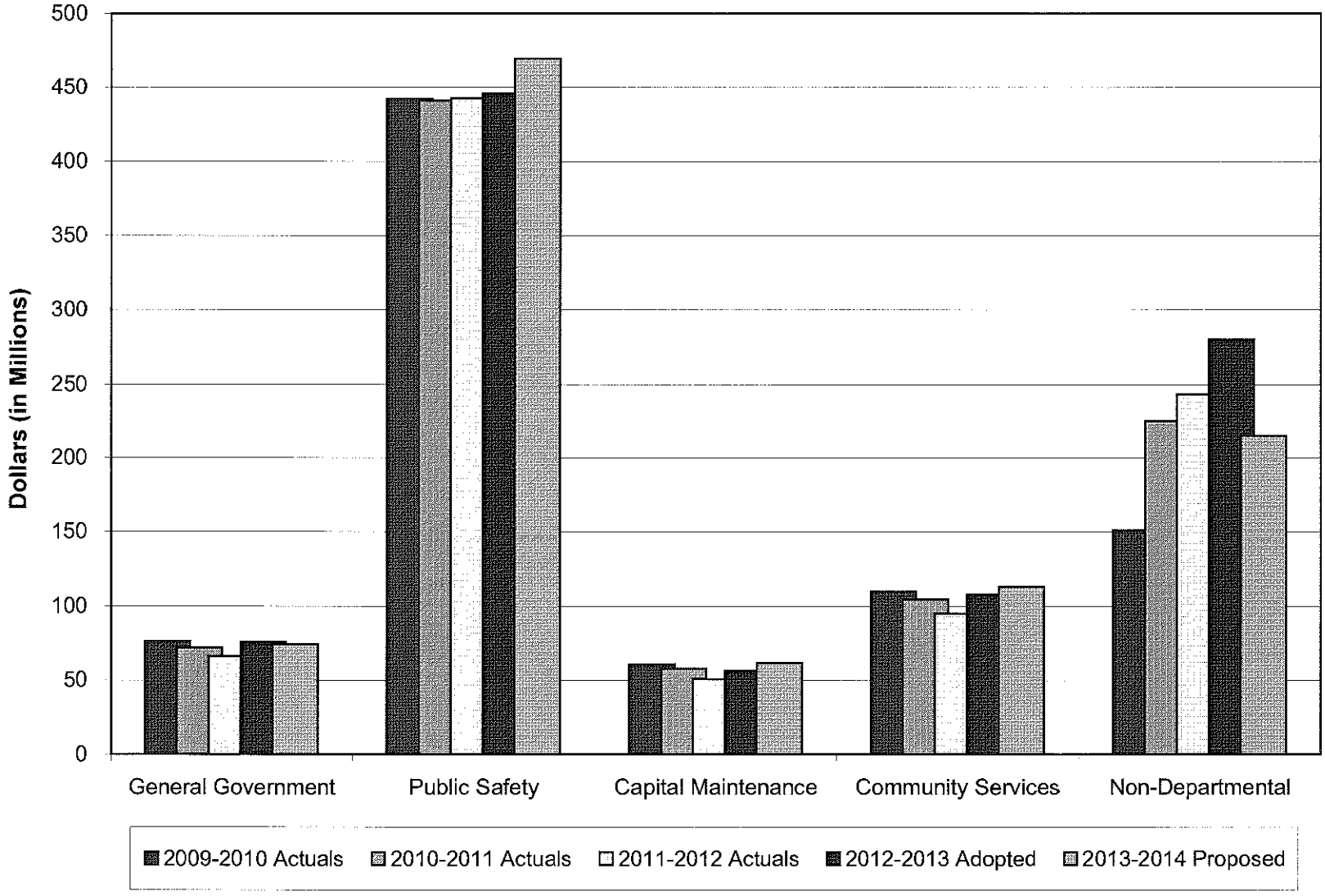
SOURCE OF FUNDS	1 2009-2010 ACTUALS	2 2010-2011 ACTUALS	3 2011-2012 ACTUALS	4 2012-2013 ADOPTED	5 2013-2014 PROPOSED
FUND BALANCE					
Encumbrance Reserve	25,823,874	20,635,146	20,933,254	20,880,882	20,423,841
Carryover	173,212,933	141,483,795	137,536,794	155,467,037	101,831,275
Total Fund Balance	**199,036,807**	**162,118,941**	**158,470,048**	**176,347,919**	**122,255,116**
GENERAL REVENUE					
Property Tax*	206,062,364	197,176,722	201,711,784	202,925,000	210,000,000
Sales Tax	127,237,777	137,969,758	154,026,546	152,680,000	167,710,000
Transient Occupancy Tax	6,900,000	7,221,860	8,983,963	8,715,000	10,600,000
Franchise Fees	38,410,069	41,272,610	41,708,845	43,625,000	43,923,000
Utility Tax	87,650,883	87,884,597	90,382,878	91,855,000	91,895,000
Telephone Tax	20,500,000	20,643,328	20,529,291	20,525,000	20,600,000
Business Taxes**	34,951,949	37,959,146	41,131,557	40,550,000	42,435,000
Licenses and Permits**	31,032,714	38,735,094	43,838,469	37,812,739	40,824,246
Fines, Forfeitures, and Penalties	15,998,354	17,925,992	18,358,430	16,708,500	15,862,200
Revenue from Money and Property	3,190,707	3,672,149	3,328,263	2,910,500	2,625,000
Revenue from Local Agencies	48,067,421	44,247,174	30,178,586	29,250,390	26,320,279
Revenue from State Government*	7,872,927	15,434,030	14,054,986	10,686,292	10,686,451
Revenue from State Gov-Recovery Act	0	128,902	363,603	60,590	0
Revenue from Federal Government	5,126,784	5,844,286	15,217,476	13,287,954	9,247,547
Rev from Fed Gov-Recovery Act	366,513	3,488,382	4,483,666	3,322,706	0
Departmental Charges	27,281,416	32,148,993	34,276,699	32,126,081	35,620,213
Other Revenue	27,022,507	92,572,585	116,060,672	16,270,331	15,316,183
Total General Revenue	**687,672,385**	**784,325,608**	**838,635,714**	**723,311,083**	**743,665,119**
TRANSFERS AND REIMBURSEMENTS					
Overhead Reimbursements	40,530,055	34,480,195	32,374,004	32,348,979	36,894,081
Transfers	37,504,273	41,451,436	21,172,191	18,998,020	15,951,778
Reimbursements for Services	16,916,238	16,125,296	15,458,514	15,684,579	15,242,833
Total Transfers and Reimbursements	**94,950,566**	**92,056,927**	**69,004,709**	**67,031,578**	68,088,692
TOTAL SOURCE OF FUNDS	**981,659,758**	**1,038,501,476**	**1,066,110,471**	**966,690,580**	**934,008,927**

* The Property Tax and Revenue from State Government revenues have been restated to reflect the recategorization of Aircraft Property Tax into the Property Tax category.

** The Business Taxes and Licenses and Permits revenues have been restated to reflect the recategorization of Business Tax, Cardroom Business Tax, and Disposal Facility Tax into the Business Taxes category.

CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

FIVE-YEAR COMPARISON OF GENERAL FUND USES

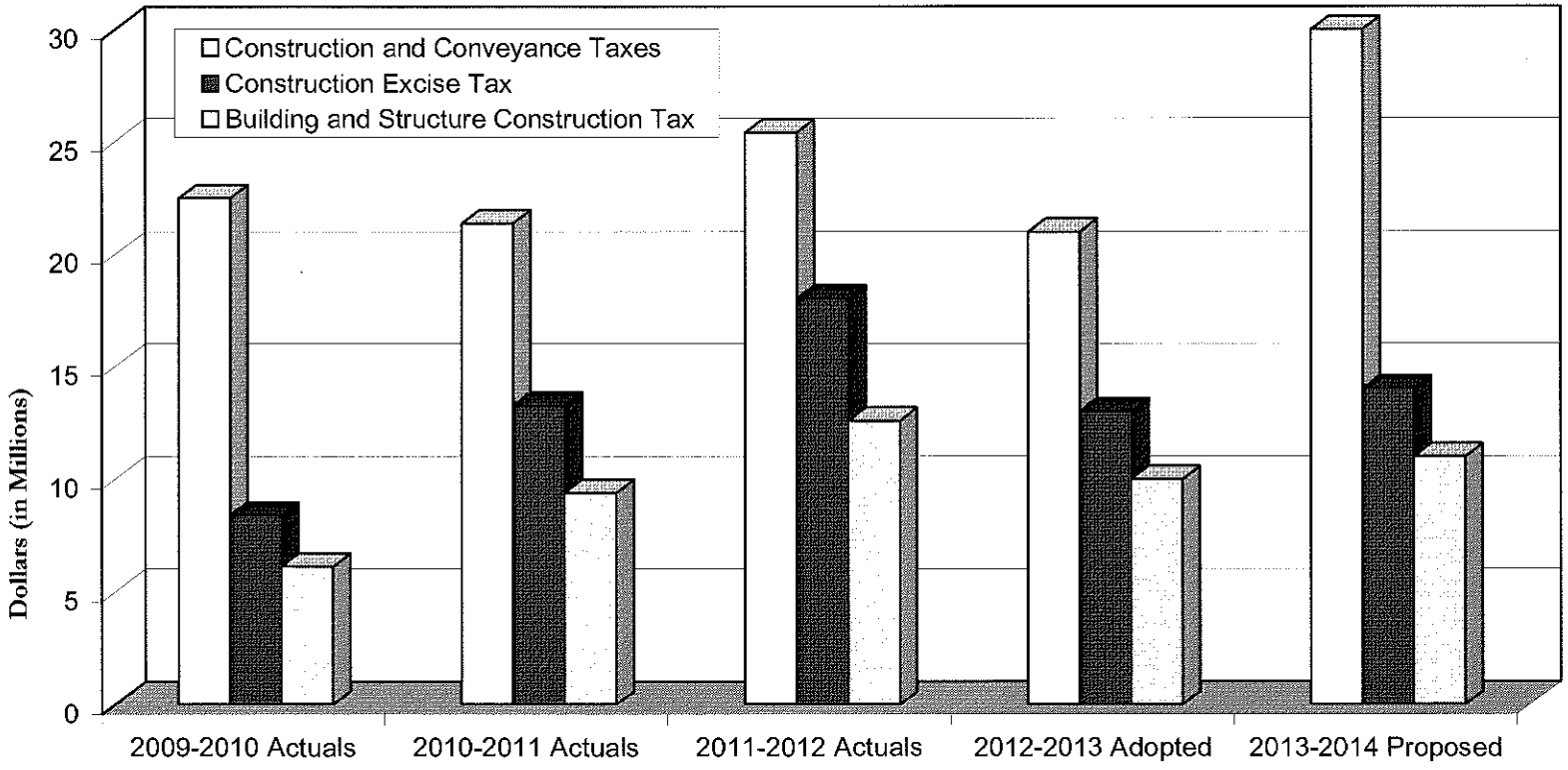


CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET
FIVE-YEAR COMPARISON OF GENERAL FUND USES

USE OF FUNDS	1 2009-2010 ACTUALS	2 2010-2011 ACTUALS	3 2011-2012 ACTUALS	4 2012-2013 ADOPTED	5 2013-2014 PROPOSED
GENERAL GOVERNMENT DEPARTMENTS					
City Attorney	13,083,065	11,411,870	10,832,061	12,114,436	11,975,897
City Auditor	2,115,950	1,775,423	1,780,723	2,010,679	2,114,135
City Clerk	2,062,048	3,879,638	1,661,969	2,069,210	2,056,211
City Manager	10,785,291	10,290,784	9,695,693	10,758,802	10,957,874
Economic Development	3,645,178	2,821,174	4,463,879	5,254,549	3,694,009
Finance	11,254,669	10,964,592	10,926,514	12,275,583	12,711,696
Human Resources	7,698,688	6,917,844	5,364,639	5,982,542	6,206,544
Independent Police Auditor	694,265	823,221	934,379	1,065,761	1,065,706
Information Technology	15,495,572	14,154,489	11,953,042	13,361,856	13,805,471
Mayor and City Council	7,749,394	7,559,361	8,463,117	11,022,359	9,642,500
Redevelopment Agency	1,896,431	1,284,425	0	0	0
Total General Government Departments	**76,480,551**	**71,882,821**	**66,076,016**	**75,915,777**	**74,230,043**
PUBLIC SAFETY DEPARTMENTS					
Fire	152,579,419	152,743,428	153,789,767	151,324,065	162,913,235
Police	289,709,482	288,598,705	288,670,461	294,752,941	306,860,815
Total Public Safety Departments	**442,288,901**	**441,342,133**	**442,460,228**	**446,077,006**	**469,774,050**
CAPITAL MAINTENANCE DEPARTMENTS					
Public Works*	31,361,065	29,705,102	26,523,289	30,600,031	34,789,387
Transportation	29,417,826	28,056,912	24,217,763	25,906,405	26,867,623
Total Capital Maintenance Departments	**60,778,891**	**57,762,014**	**50,741,052**	**56,506,436**	**61,657,010**
COMMUNITY SERVICES DEPARTMENTS					
Environmental Services	603,679	509,663	389,320	427,752	184,941
Housing	N/A	N/A	N/A	253,862	242,297
Library	29,850,849	24,867,497	21,919,687	24,030,561	25,897,723
Parks, Recreation and Neighborhood Services	55,750,462	55,354,426	47,003,582	49,381,157	51,733,673
Planning, Building and Code Enforcement	23,575,331	23,985,187	25,758,658	33,926,588	35,192,994
Total Community Services Departments	**109,780,321**	**104,716,773**	**95,071,247**	**108,019,920**	**113,251,628**
Total Departmental	**689,328,664**	**675,703,741**	**654,348,543**	**686,519,139**	**718,912,731**
NON-DEPARTMENTAL					
City-Wide Expenses	92,285,521	171,112,793	187,245,271	109,864,148	77,185,653
Capital Contributions	12,587,567	4,733,102	5,571,227	15,640,000	16,450,000
Transfers	25,424,995	28,534,164	30,222,019	39,386,581	25,635,266
Earmarked Reserves	N/A	N/A	N/A	65,090,830	46,092,436
Contingency Reserve	N/A	N/A	N/A	29,309,000	29,309,000
Encumbrance Reserve	20,634,920	20,880,882	20,423,841	20,880,882	20,423,841
Total Non-Departmental	**150,933,003**	**225,260,941**	**243,462,358**	**280,171,441**	**215,096,196**
TOTAL USE OF FUNDS	**840,261,667**	**900,964,682**	**897,810,901**	**966,690,580**	**934,008,927**

* In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. The General Services Department budget is now displayed in the Public Works Department.

FIVE-YEAR COMPARISON OF KEY CAPITAL FUND SOURCES

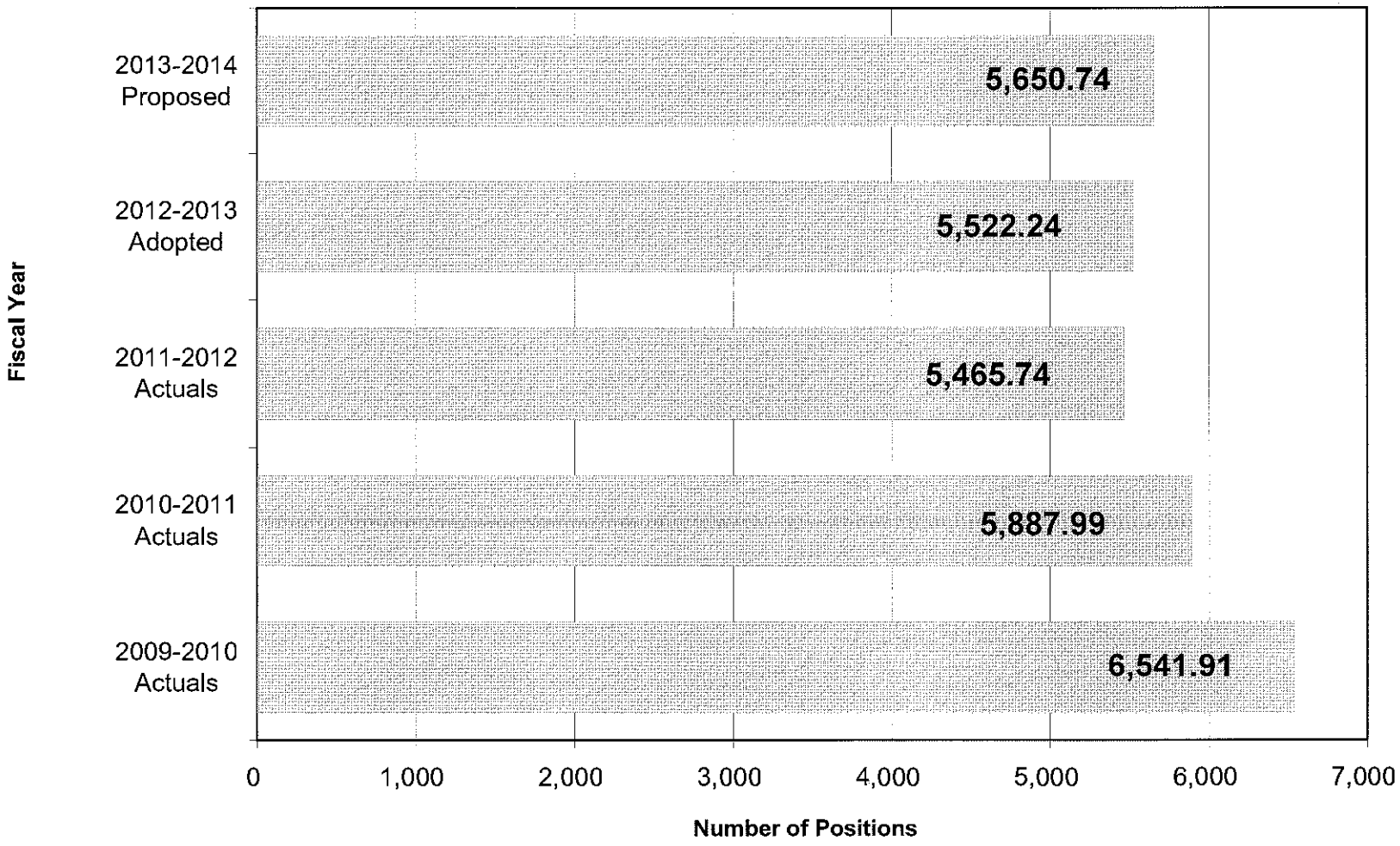


Construction and Conveyance Taxes - The construction tax is a flat fee assessed to residential, commerical, and industrial developments. The Conveyance Tax is a fee based on the value of property conveyed. These funds are dedicated to the Parks and Community Facilities Development, Communications, Public Safety, Library, and Service Yards capital programs.

Construction Excise Tax - A tax on the construction of residential, commerical, and mobile home developments. This general tax is based on building valuation, and revenues produced are used primarily for traffic improvements.

Building and Structure Construction Tax - A tax on residential, commercial, and industrial development. These funds are used for traffic capital improvements.

FIVE-YEAR COMPARISON OF TOTAL STAFFING



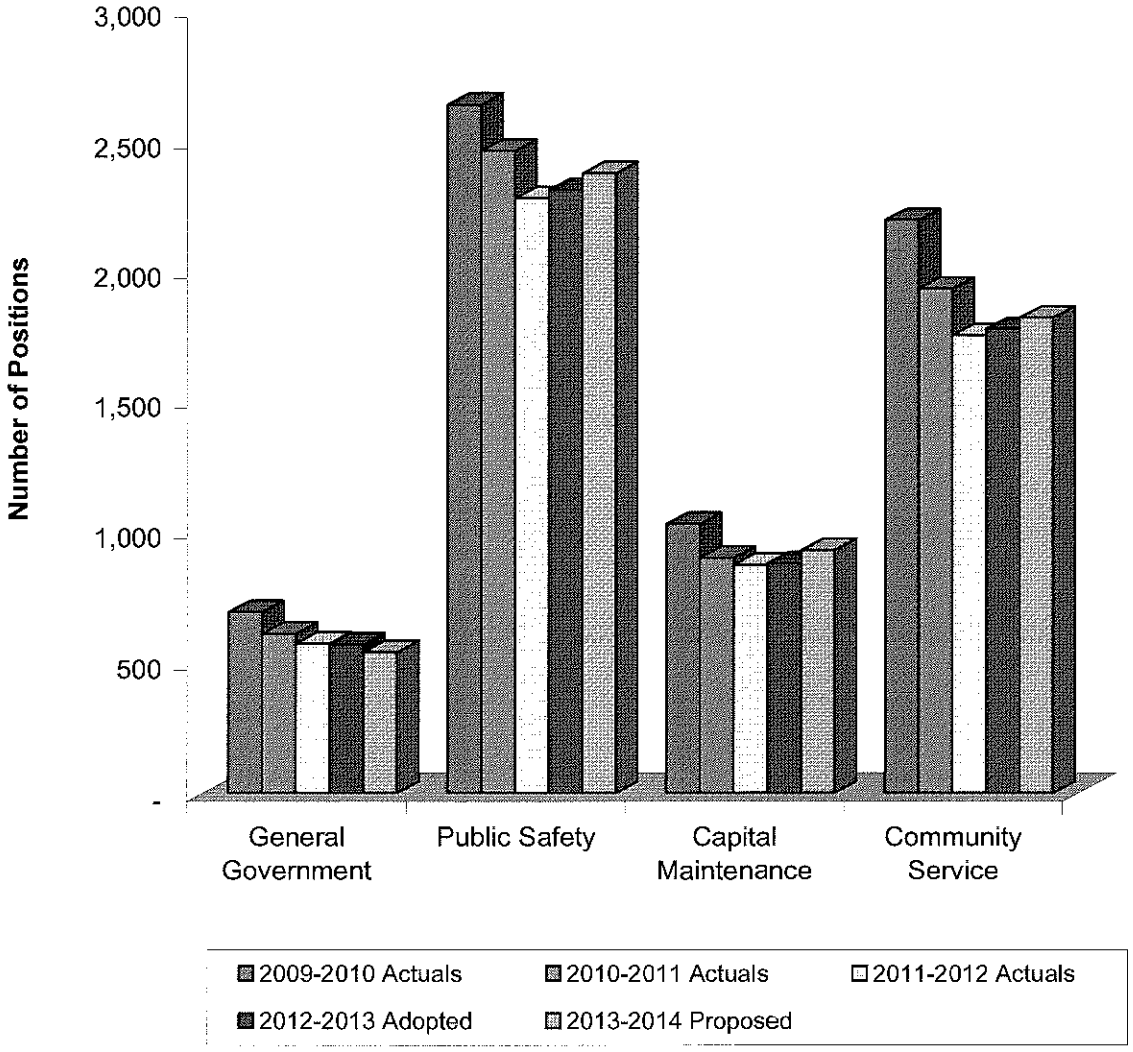
FIVE-YEAR COMPARISON OF TOTAL STAFFING BY DEPARTMENT

General Government Departments provide for the overall management and administrative functions of the City, including Human Resources, Finance, City Manager, City Attorney, City Auditor, City Clerk, Economic Development, Independent Police Auditor, Information Technology, and Retirement.

Public Safety Departments provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Capital Maintenance Departments provide for the construction and maintenance of the City's infrastructure by Public Works and Transportation.

Community Services Departments provide programs that affect citizens on a daily basis, such as Airport, Environmental Services, Housing, Parks, Library, and Planning, Building and Code Enforcement.



CITY OF SAN JOSE
2013-2014 PROPOSED OPERATING BUDGET

FIVE-YEAR COMPARISON OF TOTAL STAFFING BY DEPARTMENT

DEPARTMENT	1 2009-2010 ACTUALS	2 2010-2011 ACTUALS	3 2011-2012 ACTUALS	4 2012-2013 ADOPTED	5 2013-2014 PROPOSED
GENERAL GOVERNMENT DEPARTMENTS					
City Attorney	89.00	80.00	71.00	72.00	72.00
City Auditor	17.00	15.00	13.00	15.00	15.00
City Clerk	16.00	15.00	13.00	15.00	15.00
City Manager	85.69	72.75	61.75	58.50	60.75
Economic Development	72.00	69.00	75.00	76.00	53.00
Finance	127.50	116.50	116.50	114.50	115.00
Human Resources	73.62	60.50	52.50	54.25	47.25
Independent Police Auditor	5.00	5.00	6.00	7.00	6.00
Information Technology	133.00	106.00	101.00	91.50	90.50
Mayor and City Council	27.00	27.00	27.00	27.00	27.00
Redevelopment Agency	8.00	5.00	0.00	0.00	0.00
Retirement	33.25	33.50	33.50	35.50	36.50
Total General Government Departments	**687.06**	**605.25**	**570.25**	**566.25**	**538.00**
PUBLIC SAFETY DEPARTMENTS					
Fire	849.98	770.48	754.98	762.98	790.98
Police	1,786.65	1,688.94	1,524.93	1,548.37	1,583.37
Total Public Safety Departments	**2,636.63**	**2,459.42**	**2,279.91**	**2,311.35**	**2,374.35**
CAPITAL MAINTENANCE DEPARTMENTS					
Public Works*	572.62	487.62	472.62	482.87	520.87
Transportation	452.00	407.50	397.00	391.00	403.50
Total Capital Maintenance Departments	**1,024.62**	**895.12**	**869.62**	**873.87**	**924.37**
COMMUNITY SERVICES DEPARTMENTS					
Airport	305.00	207.00	205.00	184.00	187.00
Convention Facilities**	56.00	9.00	9.00	0.00	0.00
Environmental Services	506.50	500.50	506.95	498.95	503.95
Housing	80.00	76.00	63.00	62.00	57.00
Library	365.43	300.63	271.36	314.63	315.08
Parks, Recreation and Neighborhood Services	669.67	624.07	460.40	480.19	492.99
Planning, Building and Code Enforcement	211.00	211.00	230.25	231.00	258.00
Total Community Services Departments	**2,193.60**	**1,928.20**	**1,745.96**	**1,770.77**	**1,814.02**
TOTAL DEPARTMENT STAFFING	**6,541.91**	**5,887.99**	**5,465.74**	**5,522.24**	**5,650.74**

* In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. The General Services Department positions are now displayed in the Public Works Department.

** As part of the 2012-2013 Adopted Budget, the Convention Facilities Department was eliminated.

2013-2014

Operating Budget

Budget Policies and Practices

BUDGET POLICIES

The Operating and Capital Budgets and the Capital Improvement Program are prepared and administered in accordance with several sources of policy direction. First, the City Charter requires that the budget be balanced, include a complete financial plan for all City funds, and meet certain legal deadlines for submittal. Second, the City Council has established two budget policies: (1) the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18), which includes guidelines, standards, and requirements for preparation and monitoring of the Capital Budget; and (2) the Estimating Construction Costs and Development of Project Budget Policy (Council Policy 8-12), which establishes guidelines for estimating construction project costs and developing project budgets (the complete text of these adopted policies is presented below). Third, the budget is developed in accordance with the Mayor's budget priorities and direction as approved by the City Council in March and June of each year. Fourth, recommendations of special studies by Council-appointed task forces, boards, commissions, and committees may be considered upon the direction of the City Council. Finally, public input is considered throughout the process, with scheduled public hearings at key City Council decision points.

A. OPERATING BUDGET

1. General

The budget should be a performance, financing, and spending plan agreed to by the Mayor, City Council, City Manager, and other Council Appointees. It should contain information and data regarding expected revenues and resources (inputs), expected expenditures, and expected performance (outcomes). During the fiscal year, actual experience (revenues, expenditures, and performance) will be periodically measured against the plan.

The City will prepare and annually refine written goals and policies to guide the preparation of financing, spending, and performance plans for the City budget. Proposed budgets will comply with the proposed budget policies and Council priorities.

The City uses a performance-based budget. The core service is the lowest level in the organization for which budgets are prepared. Each core service budget will include financing and spending plans. Each core service will also propose an annual performance plan. The plan must identify ongoing performance targets and corresponding indicators, which measure performance. The plan should also include specific performance targets, which will have results during the budget year. All performance at the core service level must be consistent with the mission statements at the department level and the outcomes of the City Service Area at the City level, meeting the performance as well as budget goals and policies established by the Mayor and City Council.

Department and program managers will not exceed the Council-approved appropriations in any fund. Appropriations for departmental operations are approved by the City Council in two categories: Personal Services and Non-Personal/Equipment. These appropriations are shown in the departmental budgets. In addition, appropriations are approved for Capital Projects, City-Wide projects, and other targeted functions with special and capital funds. The City Council may approve modifications to these appropriations throughout the year as warranted by revenue collections and activity demands.

A. OPERATING BUDGET

2. Fiscal Integrity

The City will maintain the fiscal integrity of its operating, debt service, and capital improvement budgets, which provide services and maintain public facilities, streets, and utilities.

Ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs. Interfund loans will not be used as a funding mechanism to address ongoing gaps between revenues and costs. If a new program is added on an ongoing basis, an ongoing revenue source will be identified to fund the program costs. Any available carryover balance will only be used to offset one-time costs.

3. Contingency Funds or Accounts

Four different contingency funds or accounts are established:

a) Contingency Reserve

For the General Fund, a contingency reserve amount, which is a minimum of 3% of the operating budget, is established. The purpose of this reserve is to meet unexpected circumstances, such as a General Fund revenue shortfall.

Appropriate levels of contingency funds will be determined and maintained in the capital and special funds.

b) Cash Reserve Fund (Earmarked Reserve)

An earmarked reserve for known but unspecified expenses, as mandated by the City Charter, that can be spent throughout the year as the City Council authorizes shall be established.

c) Emergency Reserve Fund

An adequate emergency reserve (Fund 406), as mandated by the City Charter, shall be determined and maintained.

d) Economic Uncertainty Reserve

An adequate reserve shall be maintained. The reserve shall include the revenues realized from the sale of surplus City properties, excluding those that have been designated for specific project funding as of October 1, 2004. As of July 1, 2009, revenues realized from the sale of surplus City properties may also be used for the backlog of unmet/deferred infrastructure and maintenance needs, asset management program costs,

A. OPERATING BUDGET

3. Contingency Funds or Accounts (Cont'd.)

and to pay down General Fund debt at the recommendation of the City Manager and approval by the City Council.

4. Fund Balance

The appropriation of carryover fund balance must be approved judiciously. This should ensure that ongoing expenditures will be budgeted only to the extent that proven revenue streams exist.

In the annual budget, and in subsequent reports, there will be a presentation on fund balances and their anticipated uses.

a) The first increment of any General Fund "Ending Fund Balance" identified in the Manager's Annual Report shall be split 50% for unmet/deferred infrastructure and maintenance needs in the areas of: 1) transportation; 2) technology infrastructure and software upgrades; 3) fleet replacement; and 4) building facilities at the recommendation of the City Manager and approval by the City Council, and 50% to offset any projected deficit for the following fiscal year, after necessary appropriation adjustment actions to rebudget funds, correct errors, or reflect updated cost information have been accounted for in the fund balance reconciliation.

b) If the projected deficit is less than the amount allocated for this purpose, the remaining funds shall be allocated for the following uses:

   1) Economic Uncertainty Reserve.
   2) Unfunded Capital needs for approved projects.
   3) FT&E for any capital projects that are funded with voter-approved bonds.
   4) City equipment sinking fund.

c) Annual surplus funds shall not be used for ongoing expenditures, unless those expenditures can be accommodated in Year Two and possibly Year Three of the five-year financial forecast. Any available carryover balance should only be used to offset one-time costs or to increase revenues.

5. Mid-Year Adjustments

Mid-year budget adjustments recommended by Council Committees, task forces, or the full Council, should be referred to the Mid-Year Budget Review or the annual budget process for consideration along with other competing budget needs and priorities. In general, ongoing budget changes should be dealt with during the annual budget process while one-time budget changes may be considered during either the Mid-Year Budget Review or during the annual budget process.

A. OPERATING BUDGET

5. Mid-Year Adjustments (Cont'd.)

The authority to make expenditures in accordance with a City Council-approved spending plan is only valid as long as revenue for the budgets is equal to or greater than estimated expenditures.

All appropriation amendments and revenue estimate changes will be reported in the monthly financial report.

6. Overhead Cost Allocation

All overhead costs shall be allocated to the appropriate program within the limits of local, State and federal laws.

7. Budget System

The City will maintain a budget control system to adhere to the budget.

There will be delivery of a Proposed Budget, in accordance with the Adopted Budget schedule, that accurately depicts the financial condition and goals of the City. This budget should be in a form that enables decision makers to set the direction and policy of the City.

The Proposed Budget will illustrate the General Fund, special funds, and capital funds so that the entire resources of the City may be viewed comprehensively for decision-making. Decision-making for capital improvements will be coordinated with the operating budget to make effective use of the City's overall resources for operating and maintaining facilities.

The adoption of the annual appropriations ordinance will coincide with the adoption of the resolution setting forth the annual revenue estimates.

Budget detail shall contain line-item detail for the core service spending plan, a personnel summary report listing the types of positions for each department, and a corresponding core service performance plan. It shall also contain department and fund summaries for spending and personnel as well as a detailed financing plan for the core service.

8. Debt

The City Council adopted a Debt Management Policy that establishes the following equally important objectives:

a) Minimize debt service and issuance costs.
b) Maintain access to cost-effective borrowing.
c) Achieve the highest practical credit rating.

A. OPERATING BUDGET

8. Debt (Cont'd.)

d) Full and timely repayment of debt.
e) Maintain full and complete financial disclosure and reporting.
f) Ensure compliance with applicable State and Federal laws.

9. Self Insurance

The budget will provide for the adequate funding for the City's self-insurance programs.

10. Capital and Equipment Maintenance

The budget will provide for the adequate maintenance and orderly replacement of capital, plant, and equipment.

11. Retirement

The budget will provide for the adequate funding of all retirement systems.

12. Monthly Report

The Administration will prepare regular monthly reports comparing actual revenues and expenditures to budgeted amounts.

The budget will be produced so that it can be directly compared to the actual results of the fiscal year and presented in a timely monthly report.

All budget amendments, both for revenues and expenditures, will be noted in the monthly report.

13. Multi-Year Estimates

Each year the City will update expenditure and revenue projections for the next five years. Projections will include estimated maintenance and operating costs of future capital improvements that are included in the capital budget.

This budget data will be presented to elected officials in a form that will facilitate annual budget decisions, based on a multi-year strategic planning perspective.

14. Performance and Productivity

The City will integrate performance measurement and productivity indicators within the budget. Prior to implementation, performance objectives and service levels will be submitted for all new and existing programs established during the budget process. The

A. OPERATING BUDGET

14. Performance and Productivity (Cont'd.)

selection of performance standards should be made on the basis of information reliability, relevance to current year budget change proposals, value to Mayor/City Council decision making, and utility for program management.

The City will promote the understanding that City employees are the most valuable resource of the City and that their understanding and involvement in the budget process is crucial to the City's continuing success on behalf of the community.

The City will employ good management practices when planning for service delivery by including money in budget requests to pursue activities such as:

a) office automation and computer applications that increase productivity;
b) equipment modernization;
c) work-flow simplification;
d) risk management, exposure reduction, and employee safety;
e) preventive maintenance;
f) energy conservation;
g) life-cycle costing in purchasing of equipment;
h) lease-purchase options for high cost equipment and purchases that reduce operating expenses;
i) performance planning, reporting, and evaluation; and
j) employee training.

The City will prepare and evaluate program performance plans that relate to financing and spending plans in the annual City budget.

15. Public Involvement

Public involvement shall be encouraged in the annual budget decision making process through public hearings, public outreach and information, and informal meetings.

16. "Distinguished Budget" Presentation

The approved budget shall be submitted to the Government Finance Officers Association and the California Society of Municipal Finance Officers for consideration for professional awards and recognition for Distinguished Budget Presentation.

A. OPERATING BUDGET

17. Fees

Fees shall be set to cover 100% of the cost of service delivery, unless such amount prevents residents from obtaining an essential service. Fees or service charges should not be established to generate money in excess of the cost of providing services.

Fees may be less than 100% if Council determines that other factors (e.g., market forces, competitive position, etc.) need to be recognized.

18. Non-Profit Organizations

Future funding decisions regarding non-profit organizations will be based on guidelines, policies and priorities determined by the Mayor/City Council and availability of funding based on spending priorities.

The City shall execute performance contracts with those agencies that receive City funding.

19. Master Plans

Master plans for specific service areas brought forward for Council consideration shall include options for capital and operating financing. Master plans shall be required to propose funding mechanisms for all recommendations.

20. Interfund Loans

Interfund loans are loans from one City fund to another City fund for a designated purpose. To ensure that all interfund loans are appropriate, properly documented, and not established to the detriment of the fund issuing the loan, the following interfund loan eligibility and documentation requirements are established.

a) Interfund Loan Eligibility Requirements – Interfund loans may not be used to solve ongoing structural budget problems. Interfund loans must have an identified repayment source and date; include an interest component that equals the investment earnings the fund would have received had the loan not occurred; and be immediately due and payable if needed by the fund that provided the loan.

b) Interfund Loan Documentation Requirements – Loan amount, term, and repayment source will be identified any time a loan is recommended. Loans will be coordinated with the City Attorney's Office to ensure compliance with the Municipal Code and will be approved by the City Council. Payments made on outstanding loans shall be reflected in the Proposed and Adopted Budget and Annual Report, as applicable. A summary of all outstanding loans will also be included in the annual Proposed and Adopted Operating Budget and the Comprehensive Annual Financial Report (CAFR). The

A. OPERATING BUDGET

20. Interfund Loans (Cont'd.)

CAFR will also consistently include the loan term, rate of interest, and the interest amount due in its calculation of the total liability associated with the loan.

B. CAPITAL IMPROVEMENT PROGRAM

1. Fiscal Policies

a) Capital project proposals should include complete, reliable, and attainable cost estimates. Based upon a thorough analysis of the project, project cost estimates for the Five-Year Capital Improvement Plan will vary in reliability depending upon whether they are to be undertaken in the first or fifth year of the Plan. Project estimates for the Five-Year Capital Improvement Plan should include the basis on which the project costs were prepared (conceptual design, master plan, etc.), and the relative reliability of those estimated costs.

b) Capital project proposals should include a comprehensive resource plan. This plan should include the amount and type of resources required, and the funding and financing strategies to be employed. The specific fund and timing should be outlined. The plan should indicate resources needed to complete any given phase of a project in addition to the total project. The City Manager's Office is responsible and accountable for providing Council with an accurate, comprehensive resource plan.

c) Changes in project estimates for the comprehensive resource plan should be fully reported to the City Council for review and approval.

d) Project proposals should indicate the project impact on the operating budget. Each project that is proposed in any year of the 5-year Capital Improvement Program shall have an estimate of the costs for furniture, fixtures, equipment and technology and the annual operations and maintenance costs in the appropriate year of the Operating Budget or in the Five-Year Forecast and Revenue Projections.

e) During the annual Capital Budget process for multi-year budgeted projects, the City Manager will provide the Council with more information regarding the project including the original budget, budget addendums, and the projected schedule in spreadsheet format.

f) At the time of award of the construction contract, each project shall include reasonable provision for contingencies.

g) At the time of award of the construction contract, each project shall include reasonable provisions for furniture, fixtures, equipment, and technology that are separately identified in a line item or items in the construction budget and those costs shall be noted in the staff report to the Council.

B. CAPITAL IMPROVEMENT PROGRAM

1. Fiscal Policies (Cont'd.)

h) At the time of award of the construction contract, each project's estimated annual operating and maintenance costs shall be identified in the staff report to the Council and shall be included in the Operating Budget or in the Five-Year Forecast and Revenue Projections for projects expected to be completed after the end of the budget year.

i) The contingency amounts to be used for various types of projects were approved by the City Council on December 3, 2002 and amended on December 15, 2009, and are as follows:

- 5% of the total contract for street, sidewalk and park projects;
- 10% of the total contract amount for trails, utilities and building projects;
- 15% of the total contract amount for building renovation projects; or
- Such other amount as approved by the Mayor/City Council for a particular project.

j) Project contingencies may, unless otherwise determined by the City Council, be used only to compensate for unforeseen circumstances requiring additional funds to complete the project within the original project scope and identified needs.

k) For budgeting purposes, project contingencies are a reasonable estimating tool. At the time of contract award, the project's budgeted appropriation, including contingency, will be replaced with a new appropriation equal to the approved project contract contingency developed in the manner described above.

l) The City Administration shall seek ways of ensuring that administrative costs of carrying out the Capital Improvement Program are kept at appropriate levels.

m) The Annual Capital Budget shall include only those projects that can reasonably be accomplished in the indicated timeframe. Multi-year budgeting of projects shall be used to ensure a reasonable timeframe for projecting costs. The detail sheet for each budgeted capital project should include a projected schedule.

n) The status of all capital projects, and the entire Capital Budget, will be monitored by the Mayor/Council as part of the Mid-Year Budget Review. Large projects of crucial importance may be monitored on a more frequent basis as determined by the City Council.

o) Capital projects which are not encumbered or completed during the fiscal year will be rebudgeted to the next fiscal year except as reported to and subsequently approved by the City Council. All rebudgeted capital projects should be so noted in the Proposed Capital Budget.

B. CAPITAL IMPROVEMENT PROGRAM

2. Capital Improvement Plan Policies

Public participation in the Capital Improvement Program is a priority concern for the City. Among the activities conducted to address this need are the following:

a) The Capital Improvement Plan shall be provided to the City Council in a timely manner as required by the City Charter to allow for Council members to review the proposal with constituents before it is considered for adoption.

b) Council budget review study sessions on the Capital Improvement Plan shall be open to the public and advertised sufficiently in advance of the meetings to allow for public attendance.

c) Prior to the adoption of the Capital Improvement Plan, the City Council shall hold noticed public hearings to provide an opportunity for residents to express their opinions on the proposed plan.

d) The City Planning Commission shall review the proposed Capital Improvement Plan and provide their comments on its contents before the Council considers the plan for final adoption.

e) All projects included in the Capital Improvement Program shall be consistent with the City's General Plan and the City's Energy and Water Policies. The goals and policies within the General Plan relating to community development, housing, services and facilities, transportation, solid waste, aesthetic, cultural and recreational resources, natural resources and hazards should be followed in the development of the Capital Improvement Plan. The General Plan service-level goals will be clearly stated in the Capital Improvement Program.

f) Capital projects shall be financed to the greatest extent possible through user fees and benefit districts where construction of the project results in direct benefit to users.

g) The Council will annually review and establish criteria for measuring proposed capital improvement projects. Among the factors that will be considered for priority ranking are the following:

- Projects that have a positive impact on the operating budget, such as reduced expenditures or increased revenues.
- Projects that are programmed in the Five-Year Operating Budget Forecast.
- Projects that can be completed or significantly advanced during the Five-Year Capital Improvement Plan.
- Projects that can realistically be accomplished during the year they are scheduled.
- Projects that implement prior Council-adopted reports and strategies.

B. CAPITAL IMPROVEMENT PROGRAM

2. Capital Improvement Plan Policies (Cont'd.)

h) Projects that involve inter-governmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.

3. Debt Policies

The City Council has adopted a Debt Management Policy that establishes the following equally important objectives:

a) Minimize debt service and issuance costs.
b) Maintain access to cost-effective borrowing.
c) Achieve the highest practical credit rating.
d) Full and timely repayment of debt.
e) Maintain full and complete financial disclosure and reporting.
f) Ensure compliance with applicable state and federal laws.

CITY SERVICE AREA POLICY FRAMEWORK

A variety of master plans, strategic plans, regulations, and City Council direction comprise a City Service Area policy framework that guides City operations and the development of the Capital and Operating Budgets. A listing of the framework's major components is provided below.

- Airline Master Lease Agreements
- Airport Master Plan
- Airport Public Art Master Plan (2005)
- Airport Security and Traffic Relief Act (ASTRA) Ballot Measure A
- Aquatics Master Plan (2007)
- Blue Ribbon Report (2008)
- Business Process Transformation/Infrastructure Optimization Information Technology 10 Year Investment Roadmap
- City Charter and Municipal Code
- City Council Policies
- City Council Priorities
- City of San José 2010-2015 Consolidated Plan
- City of San José Traffic Calming Policy and Traffic Signal Warrant Policy
- City of San José Transportation Impact Policy
- Cultural Connection: San José's Cultural Plan for 2011-2020
- Early Care and Education Investment in the Future Strategic Work Plan (2009-2014)
- Economic Development Strategy (2010)
- Environmental Management Policies as set by regulatory agencies including CalTrans Aeronautics Program, California Air Resources Board, Bay Area Air Quality Management District, Regional Water Quality Control Board, California Department of Fish and Game, Santa Clara Valley Water District, and Santa Clara County Department of Environmental Health
- Envision San José 2040 General Plan
- Federal Aviation Administration and Transportation Security Administration Policies and Mandates
- Framework for Evaluating Proposed Conversions of Industrial Lands (updated 2007)
- Greenprint: A 20-Year Strategic Plan for Parks and Community Facilities and Programs (2009)
- Information Technology Operations – Green Technology Initiatives
- Investment and Debt Management Policies
- Local Area Development Policies (i.e. North San José, Edenvale, and Evergreen)
- Mayor's Gang Prevention Task Force Strategic Plan Update (2011-2013)
- National Pollutant Discharge Elimination System Stormwater Permit (2009)
- National Pollutant Discharge Elimination System Wastewater Permit (2009)
- Neighborhood Security Bond Act (2002)
- "One Voice" Economic and Neighborhood Development (2003)
- Parks and Library Bond Measures (2000)
- Priority Street Network (2012)
- Public Art Master Plan (2007)
- Public Art Policy

- San José Greater Downtown Strategy for Development: Downtown Parking Management Plan (2007)
- San José Green Vision (2007)
- San José Public Library Master Plan and Branch Facilities Master Plan (2008)
- Santa Clara County Emergency Medical Services contract (2010)
- Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan (2013)
- Schools and City Collaborative Policy
- Strategic Plan for Persons with Disabilities (2000)
- Sustainable City Major Strategy
- Taxi Regulatory and Service Model Study
- Ten-Year Plan to Eliminate Chronic Homelessness in Santa Clara County (2005)
- Ten-Year Strategic Plan to Advance the Well-Being of Older Adults in Santa Clara County
- Trail Master Plans
- Transportation 2035 Plan for the San Francisco Bay Area (Metropolitan Transportation Commission)
- Transportation Level of Service Policy
- Tree Preservation Policy
- Urban Environmental Accords
- Urban Runoff Management Plan (URMP)
- Use of Plant Buffer Lands Policy
- Valley Transportation Plan 2035 (VTA)
- Water Policy Framework (2006)
- Water Pollution Control Plant Master Plan (2011)
- Various City of San José policies, ordinances, and studies

SIGNIFICANT ACCOUNTING PRACTICES

The following information summarizes the significant accounting practices of the City of San José.

BUDGETARY BASIS

The budget is prepared in accordance with Generally Accepted Accounting Principles, except for encumbrances being recognized as expenditures. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

FUND STRUCTURE AND BASIS OF ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into three broad fund categories (governmental, proprietary, and fiduciary). A general description of each follows:

- ***Governmental Fund Types***

  Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds include the General, Special Revenue, Debt Service, and Capital Project funds of the City. These funds are maintained on a modified accrual basis where the measurement focus is on the current financial resources method rather than upon net income.

- ***Proprietary Fund Types***

  Proprietary funds, which include Enterprise and Internal Service funds, are used to account for the City's business-type activities. Proprietary funds use the economic resources measurement focus and accrual basis of accounting, which is the same as used for private-sector business enterprises. These funds are used where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

DEBT SERVICE OBLIGATIONS

OVERVIEW

The City's debt service obligations include general obligation bonds, revenue bonds (enterprise funds), City of San José Financing Authority revenue and lease revenue bonds, commercial paper, special assessment bonds, community facilities district bonds, and San Jose Redevelopment Agency debt that was transferred to the Successor Agency of the Redevelopment Agency of the City of San José on February 1, 2012.

- **General obligation bonds** are issued to finance various public improvements in the City for which the primary collateral for repayment is the ad valorem tax on property within the City.

- **Revenue bonds** are issued to acquire or construct assets owned by the City whereby the City pledges income derived from the asset or enterprise to pay the debt service.

- **City of San José Financing Authority revenue and lease revenue bonds** are secured by revenues that are defined under Trust Agreements and generally include lease payments received by the Authority under a Project Lease. The City makes the lease payments to the Authority and covenants to annually appropriate funds. These payments are included in the City budget as part of the annual appropriation process.

- **Commercial paper** is a short-term promissory note issued by the City or its related entities with a maturity of 270 days or less. Maturing commercial paper notes are repaid from the proceeds of sale of new commercial paper notes or bonds, or from other funds provided by the City.

- **Special assessment bonds** are issued to pay for public infrastructure improvement costs in special assessment districts and are fully secured by liens against the privately-owned properties benefited by the improvements for which the bonds were issued.

- **Community facilities district bonds** are issued to finance the construction and/or acquisition of facilities and the provision of certain services in community facilities districts. The source of repayment for community facilities district bonds is a special tax on privately-owned properties within the community facilities districts.

- **San Jose Redevelopment Agency debt** was issued to finance redevelopment activities within, or of benefit to, the Agency's Merged Redevelopment Project Area in accordance with California Community Redevelopment Law. With the dissolution of the former Redevelopment Agency, the principal source of repayment for former Redevelopment Agency debt is future property tax increment revenues of the Successor Agency to the Redevelopment Agency of the City of San José, a public entity, and is administered by the Successor Agency. No further debt can be issued per State legislation.

DEBT SERVICE OBLIGATIONS

OVERVIEW

The City's debt service obligations include general obligation bonds, revenue bonds (enterprise funds), City of San José Financing Authority revenue and lease revenue bonds, commercial paper, special assessment bonds, community facilities district bonds, and San Jose Redevelopment Agency debt that was transferred to the Successor Agency of the Redevelopment Agency of the City of San José on February 1, 2012.

- **General obligation bonds** are issued to finance various public improvements in the City for which the primary collateral for repayment is the ad valorem tax on property within the City.

- **Revenue bonds** are issued to acquire or construct assets owned by the City whereby the City pledges income derived from the asset or enterprise to pay the debt service.

- **City of San José Financing Authority revenue and lease revenue bonds** are secured by revenues that are defined under Trust Agreements and generally include lease payments received by the Authority under a Project Lease. The City makes the lease payments to the Authority and covenants to annually appropriate funds. These payments are included in the City budget as part of the annual appropriation process.

- **Commercial paper** is a short-term promissory note issued by the City or its related entities with a maturity of 270 days or less. Maturing commercial paper notes are repaid from the proceeds of sale of new commercial paper notes or bonds, or from other funds provided by the City.

- **Special assessment bonds** are issued to pay for public infrastructure improvement costs in special assessment districts and are fully secured by liens against the privately-owned properties benefited by the improvements for which the bonds were issued.

- **Community facilities district bonds** are issued to finance the construction and/or acquisition of facilities and the provision of certain services in community facilities districts. The source of repayment for community facilities district bonds is a special tax on privately-owned properties within the community facilities districts.

- **San Jose Redevelopment Agency debt** was issued to finance redevelopment activities within, or of benefit to, the Agency's Merged Redevelopment Project Area in accordance with California Community Redevelopment Law. With the dissolution of the former Redevelopment Agency, the principal source of repayment for former Redevelopment Agency debt is future property tax increment revenues of the Successor Agency to the Redevelopment Agency of the City of San José, a public entity, and is administered by the Successor Agency. No further debt can be issued per State legislation.

FUND STRUCTURE AND BASIS OF ACCOUNTING

- ***Fiduciary Fund Types***

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds. Investment trust funds are used to report on the external portion of investment pools. Private–purpose trust funds are used to report on trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and to report the assets and liabilities of the dissolved Redevelopment Agency. Agency funds are used to account for resources held in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

OVERHEAD COST ALLOCATION

All overhead costs are allocated to the appropriate program within the limits of local, State and federal laws. The City utilizes a two step method (double step down method) where costs are first allocated among the central service support programs to arrive at the total cost of the central service programs. These total costs are then allocated down to the departments and funds that are benefiting from these expenses. The Finance Department uses this process to develop overhead rates that recover these central support program costs from various funds and fee programs. The corresponding revenue is collected by the General Fund.

DEBT SERVICE OBLIGATIONS

OVERVIEW

The City Council has adopted a general debt management policy, which allows flexibility when opportunities arise, but at the same time establishes parameters for entering into debt/capital lease obligations. In addition, the City Council has approved a supplemental Multi-Family Housing Revenue Bond Policy and Residential Development Guidelines.

The City of San José Charter establishes the following requirements associated with debt limitations:

- Section 1216 sets the bonded debt limit for General Obligation bonds at fifteen percent (15%) of the total assessed valuation of all the real and personal property within the City.

- Section 1220 establishes the power of the City Council to issue revenue bonds to finance the acquisition, construction, establishment, expansion, improvement, maintenance, operation, and administration of off-street vehicular parking facilities within the City or of municipal airport facilities. No additional voter authorization is necessary to issue bonds under this section of the City Charter.

- Section 1221 provides that no revenue bonds may be issued by the City for the purpose of supplying its inhabitants, or any portion thereof, with water, light, heat, power, railroad, motor vehicle transportation services (other than airport service), telephone, telegraph, or wireless communication service unless authorized by the affirmative vote of a majority of the electors voting on such a proposition in each case.

- Section 1222 states that revenue bonds may be issued by the City for purposes other than those specified in Sections 1220 and 1221 only under and pursuant to the laws of the State of California.

DEBT STATUS AND CAPACITY

The City of San José Charter limits bonded indebtedness for General Obligation bonds to fifteen percent (15%) of the total assessed valuation of all real and personal property within the City. As of June 30, 2012, the total assessed value of taxable property was $124.4 billion, which results in a total debt limit capacity of approximately $18.7 billion. As of June 30, 2012, the City had $460.67 million of General Obligation bonds outstanding which represents approximately 2.5% of the debt limit.

As shown in Table A, the City and related entities (excluding Multi-Family Housing Revenue conduit debt) had additions in long-term debt of $49.1 million and repayments of $193.1 million in 2012-2013 resulting in a total estimated long-term debt balance of $4.9 billion as of June 30, 2013. Table B summarizes the City's and related entities' long-term debt (excluding Multi-Family Housing Revenue conduit debt) by issuance and maturity, as well as short-term commercial paper notes for a combined estimated outstanding debt balance of $5.0 billion as of June 30, 2013. It should be noted that long-term lease obligations are not considered indebtedness under the State Constitution. Table

DEBT SERVICE OBLIGATIONS

DEBT STATUS AND CAPACITY

C summarizes the City and related entities' annual requirements to amortize principal and pay interest due on all long-term debt outstanding for each of the next five fiscal years and thereafter.

The Debt Management Policy (Council Policy 1-15) for the City was adopted by the City Council on May 21, 2002, and is affirmed annually by the City Council. The Debt Management Policy was subsequently amended on December 5, 2012. The first set of program-specific policies, related to the City's Multi-Family Housing Program, was adopted by the City Council on June 11, 2002, and subsequently amended on December 6, 2005.

Descriptions of City of San José and related entity debt activity for 2012-2013, as well as issues planned for 2013-2014, are provided in the following sections.

2012-2013 DEBT ISSUES

The following debt issues have been completed in 2012-2013.

- **2012 Tax and Revenue Anticipation Note** The City issued a short-term note (the "2012 Note") in a total commitment amount not to exceed $125 million for cash flow purposes to facilitate the prefunding of employer retirement contributions. The Initial Note Portion of the 2012 Note was purchased by U.S. Bank on July 2, 2012 in the amount of $100 million at an interest rate of LIBOR plus 0.10%. Security for repayment of the 2012 Note was a pledge of the City's 2012-2013 secured property tax and sales tax revenues plus all other legally available General Fund revenues legally available to the City, if required. The City fully repaid the 2012 Note on February 14, 2013.

- **City of San José Airport Revenue Bonds, Series 2012A (Refunding of Series 2002A)** The City refunded the $49.1 million in outstanding Airport Revenue Bonds, Series 2002A as a direct placement with Bank of America. The refunding provided savings to the Airport of approximately $1.0 million per year through the maturity of the refunding bonds.

- **City of San José Financing Authority Lease Revenue Bonds, Series 2013A (Civic Center Project Refunding) and Series 2013B (Civic Center Garage Project Refunding)** The City anticipates refunding four series of Civic Center and Civic Center Garage debt including the Series 2002B, 2008A, and 2008B-1 and 2008B-2 by June 30, 2013. The City expects to recognize debt service savings for a refunding of the 2002B fixed rate bonds. The refunding of the variable rate bonds (series 2008A, and 2008B-1 and 2008B-2) with fixed rate bonds will reduce variable rate exposure and letters of credit renewal risk.

DEBT SERVICE OBLIGATIONS

DEBT STATUS AND CAPACITY

- **Multi-Family Housing Revenue Bonds** Federal Tax law requires an allocation of the State's private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City received the following allocations from the California Debt Limit Allocation Committee (CDLAC):

  Allocations awarded on September 28, 2011, with an expected bond issuance in 2013:
  – 3rd Street Apartments ($7.3 million); expected close spring 2013.

  Allocations awarded on July 18, 2012, resulting in bond issuance in 2012:
  – La Moraga Apartments ($53.5 million); closed September 7, 2012.

2013-2014 PLANNED DEBT ISSUES

- **2013 Tax and Revenue Anticipation Note** The City anticipates issuing a short-term note in 2013 to facilitate the prefunding of employer retirement contributions for 2013-2014. Staff is currently performing cash flow and feasibility analysis and evaluating potential financing options to meet necessary cash flow needs for 2013-2014.

- **City of San José General Obligation Bonds, Series 2014 (Libraries and Public Safety Projects)** The City anticipates issuing approximately $9.2 million of General Obligation Bonds in spring 2014. The issuance will utilize all of the remaining unissued bond authorization approved by voters in November 2000 and March 2002 for libraries and public safety projects. The City also anticipates refunding General Obligation Bonds, Series 2001, Series 2002, and Series 2004, if market conditions provide sufficient economic and financial benefits.

- **Multi-family Housing Revenue Bonds** Federal Tax law requires an allocation of the State's private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City has not yet received any allocations from the California Debt Limit Allocation Committee (CDLAC) for 2013-2014.

DEBT SERVICE OBLIGATIONS

(A) Summary of Changes in Long-Term Debt for the Year Ending June 30, 2013

(In Thousands of Dollars)

	Balance June 30, 2012	Additions to Long-Term Obligations	Current Maturities and Retirements	Estimated Balance June 30, 2013
GENERAL LONG TERM DEBT				
General Obligation Bonds	$ 460,670	$ -	$ 19,645	$ 441,025
HUD Section 108 Loan	20,803	-	6,097	14,706
Special Assessment Bonds with Limited Governmental Commitment	160,310	-	3,765	156,545
CITY OF SAN JOSE FINANCING AUTHORITY				
Lease Revenue Bonds, Series 1993B	763	-	763	-
Lease Revenue Bonds, Series 1997B	365	-	365	-
Lease Revenue Bonds, Series 2001F	129,020	-	9,150	119,870
Lease Revenue Bonds, Series 2002B	290,775	-	215	290,560
Lease Revenue Bonds, Series 2003A	15,505	-	1,035	14,470
Lease Revenue Bonds, Series 2006A	57,440	-	1,315	56,125
Lease Revenue Bonds, Series 2007A	31,475	-	1,070	30,405
Lease Revenue Bonds, Series 2008A	56,920	-	-	56,920
Lease Revenue Bonds, Series 2008B-1	16,910	-	385	16,525
Lease Revenue Bonds, Series 2008B-2	16,905	-	390	16,515
Lease Revenue Bonds, Series 2008C	10,915	-	-	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	41,300	-	2,380	38,920
Lease Revenue Bonds, Series 2008E-1 (Taxable)	11,870	-	630	11,240
Lease Revenue Bonds, Series 2008E-2 (Taxable)	11,860	-	630	11,230
Lease Revenue Bonds, Series 2008F (Taxable)	65,590	-	1,705	63,885
Lease Revenue Bonds, Series 2011A	30,985	-	-	30,985
Revenue Bonds, Series 2001A	35,105	-	1,670	33,435
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY				
Housing Tax Allocation Bonds	240,380	-	7,420	232,960
Housing Tax Allocation Bonds (Subordinate)	88,600	-	2,425	86,175
Redevelopment Tax Allocation Bonds	1,661,800	-	51,590	1,610,210
Redevelopment Tax Allocation Bonds (Sub.)	93,655	-	3,300	90,355
HUD Section 108 Loans	29,745	-	1,740	28,005
CSCDA ERAF Loans	13,760	-	3,755	10,005
CITY OF SAN JOSE ENTERPRISE FUNDS				
Airport Revenue Bonds	1,420,395	49,140	62,580	1,406,955
Sewer Revenue Bonds/State Revolving Fund Loan	75,057	-	9,103	65,954
TOTAL	**$ 5,088,878**	**$ 49,140**	**$ 193,123**	**$ 4,944,895**

DEBT SERVICE OBLIGATIONS

(B) Summary of Bonds and Notes Payable at June 30, 2013 by Individual Issue

	Due To	Effective	Estimated ($ Thousands)
CITY OF SAN JOSE			
General Obligation Bonds, Series 2001	2031	5.00-5.125%	$ 44,935
General Obligation Bonds, Series 2002	2032	4.00-5.00%	77,390
General Obligation Bonds, Series 2004	2034	4.00-5.00%	87,060
General Obligation Bonds, Series 2005	2035	4.00-4.50%	35,520
General Obligation Bonds, Series 2006	2036	4.00-5.00%	84,340
General Obligation Bonds, Series 2007	2037	4.00-5.50%	75,000
General Obligation Bonds, Series 2008	2038	4.00-5.00%	28,680
General Obligation Bonds, Series 2009	2039	4.00-5.00%	8,100
HUD Section 108 Loan	2024	Variable Rate	14,706
Total City of San José			$ 455,731
SPECIAL ASSESSMENT BONDS WITH LIMITED GOVERNMENTAL COMMITMENT	2042	3.00-6.65%	$ 156,545
CITY OF SAN JOSE FINANCING AUTHORITY			
Lease Revenue Bonds, Series 2001F	2022	5.00%	$ 119,870
Lease Revenue Bonds, Series 2002B	2037	5.00-5.25%	290,560
Lease Revenue Bonds, Series 2003A	2023	3.90-4.70%	14,470
Lease Revenue Bonds, Series 2006A	2039	4.125-5.00%	56,125
Lease Revenue Bonds, Series 2007A	2030	4.125-4.75%	30,405
Lease Revenue Bonds, Series 2008A	2039	Variable Rate	56,920
Lease Revenue Bonds, Series 2008B-1	2039	Variable Rate	16,525
Lease Revenue Bonds, Series 2008B-2	2039	Variable Rate	16,515
Lease Revenue Bonds, Series 2008C	2027	Variable Rate	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	2025	Variable Rate	38,920
Lease Revenue Bonds, Series 2008E-1 (Taxable)	2025	Variable Rate	11,240
Lease Revenue Bonds, Series 2008E-2 (Taxable)	2025	Variable Rate	11,230
Lease Revenue Bonds, Series 2008F (Taxable)	2034	Variable Rate	63,885
Lease Revenue Bonds, Series 2011A	2042	3.00-5.75%	30,985
Revenue Bonds, Series 2001A	2026	4.30-5.25%	33,435
Commercial Paper Notes	Short Term	Various	45,348
Total City of San José Financing Authority			$ 847,348
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY			
Housing Tax Allocation Bonds	2035	3.45-5.85%	$ 232,960
Housing Tax Allocation Bonds (Sub.)	2035	Variable Rate	86,175
Redevelopment Tax Allocation Bonds	2036	3.75-7.00%	1,610,210
Redevelopment Tax Allocation Bonds (Sub.)	2032	Variable Rate	90,355
HUD Section 108 Loans	2025	Variable Rate	28,005
CSCDA ERAF Loans	2016	4.96-5.67%	10,005
Total Redevelopment Agency			$ 2,057,710

DEBT SERVICE OBLIGATIONS

(B) Summary of Bonds and Notes Payable at June 30, 2013 by Individual Issue

	Due To	Effective	Estimated ($ Thousands)
ENTERPRISE FUNDS			
Norman Y. Mineta San José International Airport			
Revenue Bonds, Series 2001A	2031	5.00.%	$ 45,710
Revenue Bonds, Series 2004C (AMT)	2026	4.625-5.25%	70,730
Revenue Bonds, Series 2004D	2028	5.00%	34,270
Revenue Bonds, Series 2007A (AMT)	2047	5.00-6.00%	545,755
Revenue Bonds, Series 2007B	2037	4.25-5.00%	179,260
Revenue Bonds, Series 2011A-1 (AMT)	2034	3.00-6.25%	143,180
Revenue Bonds, Series 2011A-2 (Non-AMT)	2034	3.00-5.25%	82,255
Revenue Bonds, Series 2011B	2041	3.32-6.75%	264,085
Revenue Bonds, Series 2012A	2018	1.53%	41,710
Commercial Paper Notes	Short Term	Various	47,937
San José-Santa Clara Clean Water Financing Authority:			
Revenue Refunding Bonds, Series 2005A	2016	3.75-5.00%	21,765
Revenue Refunding Bonds, Series 2009A	2020	3.00-5.00%	21,420
State of California Revolving Loan	2019	Various	22,769
Total Enterprise Funds			$ 1,520,846
GRAND TOTAL			**$ 5,038,180**

DEBT SERVICE OBLIGATIONS

(C) Annual Requirements to Amortize Principal and Interest Due on All Long-Term Debt Outstanding as of June 30, 2013*

(In Thousands of Dollars)

Year Ending June 30	City of San José	Special Assessment Bonds	City of San José Financing Authority	Successor Agency to the Redevelopment Agency	Enterprise Funds
2014	$ 42,322	$ 13,432	$ 52,897	$ 168,858	$ 108,343
2015	41,604	14,641	53,892	169,399	108,752
2016	40,942	14,357	55,783	168,033	109,031
2017	40,492	13,511	59,165	167,702	109,141
2018	40,669	13,509	61,902	168,498	108,527
Thereafter	524,924	237,230	1,001,387	2,345,487	2,315,213
Total	**$ 730,953**	**$ 306,680**	**$ 1,285,026**	**$ 3,187,977**	**$ 2,859,007**

* The following interest rates were used to project debt service for variable-rate bonds:

	Tax-Exempt	Taxable	HUD Section 108	RDA HSA 2010C
2013-2014	2.40%	2.40%	0.83%	3.96%
2014-2015	2.40%	2.64%	0.96%	4.00%
2015-2016	2.70%	3.13%	1.28%	4.49%
2016-2017	3.55%	4.34%	1.88%	5.70%
2017-2018	4.24%	5.33%	2.40%	6.69%

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

General Fund Revenue Estimates

OVERVIEW

For 2013-2014, Proposed General Fund revenue estimates (excluding fund balance) total $811.8 million, representing a 2.7% increase from the 2012-2013 Adopted Budget level. When Fund Balance-Carryover is included, General Fund resources total $913.6 million, which is 3.4% below the prior year. This comparison, however, is misleading as the Proposed Budget does not yet contain estimates for carryover rebudgeted funding, which was a significant portion of the 2012-2013 Adopted Budget Fund Balance total. Rebudgets for the 2013-2014 budget will be brought forward later in the budget process.

Estimates for the 2013-2014 Beginning Fund Balance and for over 450 separate General Fund revenue accounts were formulated as part of the 2014-2018 Five-Year Forecast prepared in February 2013. These estimates have been reviewed continually since the Forecast document was released and have been revised again, as appropriate, in this Proposed Budget based on more recent information. Estimates for each account are based upon a careful examination of the collection history and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year. Most estimates involve two projections: an estimate for the amount to be collected in 2012-2013 and an estimate for the increase or decrease in activity and receipts anticipated for 2013-2014. Each source of revenue can be influenced by external (outside of the City's control) and/or internal factors. The 2013-2014 General Fund revenue estimates are summarized below and discussed in detail in the material that follows.

Revenue Category	1 2011-2012 Actuals	2 2012-2013 Adopted	3 2013-2014 Forecast	4 2013-2014 Proposed	2 to 4 % Change	% of Total
Property Tax	201,711,784	202,925,000	210,000,000	210,000,000	3.5%	23.0%
Sales Tax	154,026,546	152,680,000	167,710,000	167,710,000	9.8%	18.4%
Transient Occupancy Tax	8,983,963	8,715,000	10,600,000	10,600,000	21.6%	1.2%
Franchise Fees	41,708,845	43,625,000	43,923,000	43,923,000	0.7%	4.8%
Utility Taxes	90,382,878	91,855,000	91,895,000	91,895,000	0.0%	10.1%
Telephone Tax	20,529,291	20,525,000	20,600,000	20,600,000	0.4%	2.3%
Business Taxes	41,131,557	40,550,000	40,935,000	42,435,000	4.6%	4.6%
Licenses and Permits	43,838,469	37,812,739	40,256,286	40,824,246	8.0%	4.5%
Fines, Forfeitures and Penalties	18,358,430	16,708,500	15,862,200	15,862,200	(5.1%)	1.7%
Rev. from Money and Property	3,328,264	2,910,500	2,625,000	2,625,000	(9.8%)	0.3%
Rev. from Local Agencies	30,178,586	29,250,390	26,036,236	26,320,279	(10.0%)	2.9%
Rev. from State Government	14,054,986	10,686,292	10,606,059	10,686,451	0.0%	1.2%
Rev. from State Govt-Recovery Act	363,603	60,590	-	-	(100.0%)	0.0%
Rev. from Federal Government	15,217,476	13,287,954	6,934,349	9,247,547	(30.4%)	1.0%
Rev. from Fed Govt-Recovery Act	4,483,666	3,322,706	-	-	(100.0%)	0.0%
Departmental Charges	34,276,699	32,126,081	35,079,456	35,620,213	10.9%	3.9%
Other Revenue	116,060,672	16,270,331	14,906,978	15,316,183	(5.9%)	1.7%
Transfers and Reimbursements	69,004,709	67,031,578	68,020,414	68,088,692	1.6%	7.5%
Subtotal	**907,640,424**	**790,342,661**	**805,989,978**	**811,753,811**	**2.7%**	**89.1%**
Fund Balance-Carryover (1)	137,536,794	155,467,037	50,812,296	101,831,275	(34.5%)	10.9%
Total General Fund Sources	**1,045,177,218**	**945,809,698**	**856,802,274**	**913,585,086**	**(3.4%)**	**100.0%**

(1) The Fund Balance figure does not include the Reserve for Encumbrances.

OVERVIEW

Economic Performance

The 2013-2014 revenue estimates were built on the assumption that the economy would continue to experience growth, which will positively impact the City's economic performance.

The following is a discussion of both the national and local economic outlooks used to develop the 2013-2014 revenue estimates. Various economic forecasts are reviewed in the development of the revenue estimates, including the national and State economic forecasts produced by the Anderson School of Management at the University of California – Los Angeles (UCLA), California's Legislative Analysts Office, and Beacon Economics. The City also uses various consultants to assist in the development of these revenue estimates.

National Outlook

Moderate economic growth appears likely for the next two to three years, driven by growing strength in the housing market and, in the longer term, the expansion of domestic energy production, according to the UCLA Anderson Business School Forecast. Weighing on the economy, however, are economic weakness abroad, anticipated tax increases and spending cuts at the Federal level, and, in the near-term, decreases in economic output that are the result of Hurricane Sandy.

As described above, the housing sector, which had been slow to recover after the 2009 recession, is growing. The UCLA Anderson Business School Forecast anticipates that the expansion in this sector will continue into 2014. Expansive domestic fiscal and monetary policy is forcing interest rates down to historic lows, enticing millions of Americans to buy homes. This rebound in housing brings a boost to other sectors of the economy. New housing starts are particularly important to economic growth because they create construction jobs and demand for materials and components, such as appliances, many of which are domestically produced. Additionally, rising prices for existing homes also translate to economic growth, as the equity they create for homeowners provides them with greater spending power, and may make them more confident in making larger purchases.

Specifically, nationwide, privately-owned housing starts in January 2013 reflected a 23.6% increase from the prior year level.[1] Existing home sales in December 2012 were also 12.8% above the December 2011 level and the preliminary annual total for existing home sales in 2012 was up 9.2% from the prior year.[2] While housing starts remain below the 1990-2007 average of 1.5 million units per year[3], the sector is showing a strong recovery and is expected to continue growing.

United States Gross Domestic Product (GDP) increased 2.2% in 2012, which is 0.4 percentage points higher than the 1.8% increase experienced in 2011, according to the Bureau of Economic Analysis. In the fourth quarter of 2012, GDP increased by an annual rate of 0.4%, according to the "third" estimate, after increasing 3.1% in the third quarter. The fourth quarter increase primarily reflected positive contributions from personal consumption expenditures (PCE), non-residential

[1] U.S. Census Bureau and U.S. Department of Housing and Urban Development, News Release, February 20, 2013.
[2] National Association of Realtors, News Release, January 22, 2013.
[3] UCLA Andersen Forecast, December 2012.

OVERVIEW

Economic Performance

National Outlook *(Cont'd.)*

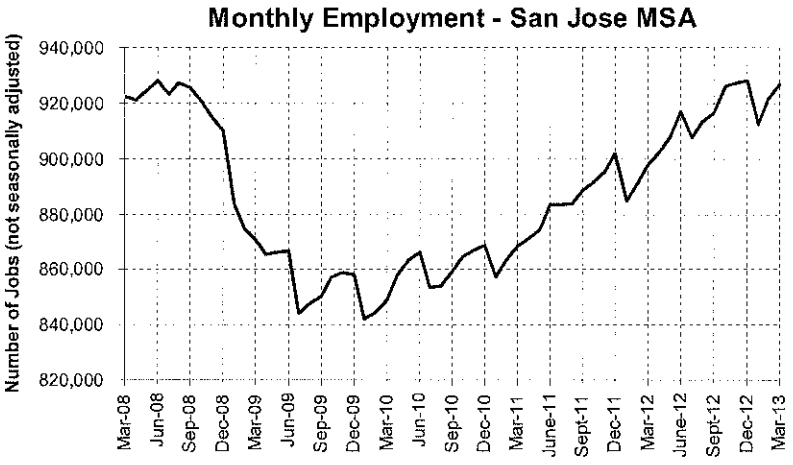
fixed investment, and residential fixed investment, partially offset by negative contributions from private inventory investment, federal government spending, and exports.

It should be noted though that although consumer confidence rebounded in February from a January decline, it declined again in March 2013. According to Lynn Franco, Director of Economic Indicators at the Consumer Conference Board: "Consumer Confidence fell sharply in March...The month's retreat was driven primarily by a sharp decline in expectations...The loss of confidence, particularly expectations, mirrors the losses experienced this past December and January. The recent sequester has created uncertainty regarding the economic outlook and as a result, consumers are less confident." As consumer confidence is a key indicator to understanding our future economy, it will continue to be on careful watch over the coming months and year to understand the national economic outlook.

City of San José Outlook

The majority of economic indicators show significant improvement from the same period a year ago. Employment indicators, residential, and industrial permit activity, median single-family home prices and days on market have all improved. Weaker performance, however, was experienced in the commercial permit activity, which is tracking below prior year levels.

The March 2013 employment level in the San José, Sunnyvale, Santa Clara Metropolitan Statistical Area (San José MSA) of 926,800 was 3.2% above the March 2012 level of 897,900, reflecting continued growth in this area. Employment in this area is now comparable to pre-recession levels.



OVERVIEW

Economic Performance

City of San José Outlook *(Cont'd.)*

Unemployment Rate (Unadjusted)

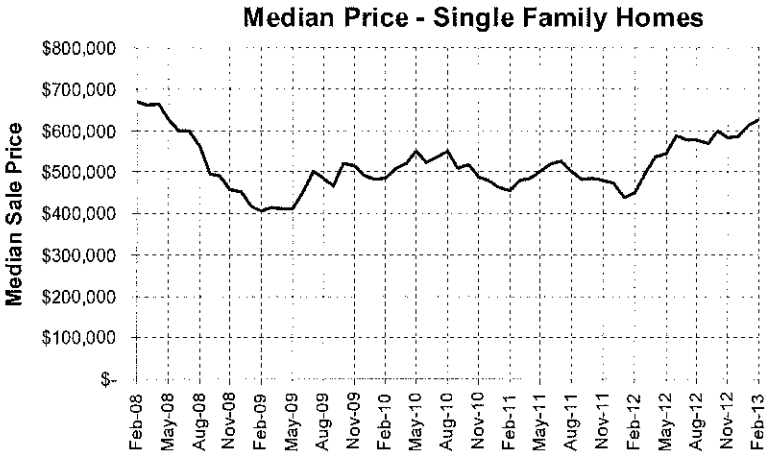
	Mar. 2012	Feb. 2013	Mar. 2013**
San José Metropolitan Statistical Area*	9.1%	7.6%	7.3%
State of California	11.1%	9.7%	9.4%
United States	8.4%	8.1%	7.6%

* San Benito and Santa Clara Counties
** March 2013 estimates are preliminary and may be updated
Source: California Employment Development Department

The unemployment rates at the local, State, and national levels continue to show improvement. The unemployment rate for the San José Metropolitan Statistical Area dipped to 7.3% in March 2013. This rate represents a significant drop from March 2012, when the rate was 9.1%. In this region, the March 2013 unemployment rate is significantly less than the unadjusted unemployment rate for the State (9.4%) and is also slightly below the nation (7.6%).

Through February 2013, residential permit activity remained strong with total permits of 2,051 units compared to the prior year level of 1,226. Commercial activity through February was moderate, with permit valuation of $143.1 million compared to $152.3 million through the same period last year. Industrial permit activity continues strong activity with valuation of $141.1 million through February, compared to $87.7 million collected through the same period last year.

The median single-family home price in February 2013 of $625,000 is up almost 39% from the February 2012 price of $450,000. This February 2013 figure represents the highest median single-family home price since May 2008. Further, the amount of time it is taking to sell these homes is dropping significantly. Average days-on-market for single-family and multi-family dwellings in February 2013 was 37 days, which is a decrease of almost 52% from the 77 days experienced in February 2012. However, the February 2013 number of property transfers totaled 449, which represents a decrease of over 20% when compared to February 2012 number of sales.



In summary, the recovery from the economic recession is expected to continue to positively impact the City's economic performance in 2013-2014 and beyond. Due to this outlook, the economically sensitive revenues, such as Sales Tax and Property Tax receipts, are expected to experience moderate growth over the forecast period.

OVERVIEW

Non-Economically Sensitive Revenue Drivers

The economic conditions discussed above are the primary drivers for the economically sensitive revenues, with the most significant impacts in the Sales Tax and Property Tax categories. However, performance in other areas is primarily driven by other factors. For example, the Utility Tax and Franchise Fee categories are more heavily impacted by utility rate changes, energy prices, and consumption levels. Collections from local, State, and federal agencies are primarily driven by the grant and reimbursement funding available from these agencies. As a result, these General Fund revenues experience no significant net gain or loss in times of an economic expansion or slowdown, respectively. Because these revenue sources do not track directly with the performance of the economy, the growth in these areas, even in times of economic strength, can dampen the City's overall revenue growth. Conversely, in an economic slowdown, these categories can act as a buffer, easing the impact of declines in the economically sensitive revenue categories.

Revised General Fund Forecast

Between the issuance of the February Forecast and the release of the Proposed Budget, staff continued to review and update the estimated revenue collections for 2013-2014. Based on this analysis, a number of the revenue estimates presented in the February Forecast were revised in this budget to reflect more recent information. The net result of these revisions is an upward adjustment of $4.1 million to the Forecast from $852.7 million to $856.8 million.

Following is a summary table and descriptions of the changes incorporated into the Revised Forecast that was used as the starting point in preparing the 2013-2014 Proposed Budget.

2013-2014 Revised Forecast Changes

Category	$ Change
Departmental Charges	$ 1,340,303
Sales Tax	1,050,000
Property Tax	950,000
Licenses and Permits	452,430
Business Taxes	235,000
Transfers and Reimbursements	163,966
Beginning Fund Balance	12,769
Revenue from Local Agencies	(103,314)
Other Revenue	(48,000)
Total	**$ 4,053,154**

A brief discussion of these changes follows.

Departmental Charges

- An increase of $780,975 to the Parks, Recreation and Neighborhood Services Departmental Charges aligns revenues with current estimated activity levels. The following adjustments are included: a $588,000 increase in fees and charges activities; a $175,000 increase in community

OVERVIEW

Revised General Fund Forecast

Departmental Charges (Cont'd.)

facility rentals; a $78,000 increase in parking revenues, a $45,000 increase in Lake Cunningham Skate Park revenues; a $30,000 increase in sports facilities reservations; and a $7,000 increase in surcharges/administrative services. These increases are partially offset by the following decreases: a $50,000 decrease in family camp reservations revenue; a $40,000 decrease in community center revenues; a decrease of $40,000 in park permits; and a $13,000 reduction in the Summer Swim Program. These actions were partially offset by increases in base costs to administer these services.

- An increase of $762,000 to align Public Works Development Fee Program revenue estimate to reflect the anticipated 2013-2014 collection and activity levels.
- An increase of $50,000 in the Public Works Development Fee Program revenues estimate to reflect the reclassification of the Seismic Review fee from the Other Revenue category.
- A decrease of $235,000 reflects the City Council approved elimination of the Business Tax Exempt Processing Fee on April 23, 2013.
- A decrease of $18,000 reflects the realignment of revenues for the Finance Department Collection Fee with base activity levels.

Sales Tax

- An increase of $950,000 to the General Sales Tax revenue estimate to reflect slightly higher than anticipated collections for the second quarter of 2012-2013.
- An increase of $100,000 to the Proposition 172 Sales Tax revenue estimate to reflect higher than anticipated collections in 2012-2013 and maintain the estimated 4% growth assumed in the 2014-2018 General Fund Five Year Forecast.

Property Tax

- An increase of $950,000 to the Secured Property Tax estimate to reflect a change in the projected 2013-2014 growth rate from 2.5% assumed in the February Forecast to 3.0%. This increase was based on an analysis of the latest information from the Santa Clara County Assessor's Office on the estimated roll growth for 2013-2014 in San José.

Licenses and Permits

- An increase of $446,000 to the Fire Permits revenue estimate to reflect the anticipated 2013-2014 collection and activity levels.
- An increase of $6,300 to the Animal Care and Services Category I miscellaneous permits to align with base activity levels.

OVERVIEW

Revised General Fund Forecast

Business Taxes

- An increase of $235,000 to the Business Tax revenue estimate reflects anticipated ongoing impacts of the current Business Tax Amnesty Program which ends May 2013.

Transfers and Reimbursements

- A net decrease of $346,000 to reflect updated overhead reimbursements from both operating (-$350,000) and capital ($5,000) funds based on final 2013-2014 base expenditures and final 2013-2014 overhead rates as provided by the Finance Department.
- Various adjustments resulting in a net increase of $9,500, including: an increase in the transfer of interest earnings from the Emergency Reserve Fund ($4,000) and a Deferred Compensation Program reimbursement adjustment based on a revised cost estimate ($5,500).
- An increase of $500,000 to the estimate for Highway Users Tax Funds (Gas Tax) based on the current collection trend experienced in 2012-2013.

Beginning Fund Balance

- An increase of $13,000 to the Beginning Fund Balance reflects the assumption that an additional $13,000 will be available at the end of 2012-2013 from the Building Development Fee Reserve that will be used to fund 2013-2014 Base Budget costs for the Building Development Fee Program in the Planning Building and Code Enforcement Department as this program is designed to be 100% cost recovery.

Revenue from Local Agencies

- An increase of $199,000 reflects an agreement between the City and the City of Campbell for the unincorporated territory designated as Cambrian No. 36. Per this agreement, the City will receive $199,000 annually for five years, after that period the amount will be calculated and determined by both the City of San José and the City of Campbell based on a formula outlined in the agreement. The term of this agreement ends June 20, 2053.
- A decrease of $302,000 reflects the restatement of Cal ID revenue to eliminate revenues associated with the payment of overhead costs from other jurisdictions as the delivery of this program is under review.

Other Revenue

- A net decrease of $48,000 to the Other Revenue estimate reflects higher than estimated receipts for the Finance Department Return Check Fee ($2,000) offset by the reclassification of the Seismic Review fee revenues ($50,000) from Other Revenue to Departmental Charges Public Works Development Fee Program.

OVERVIEW

Changes from Forecast to Proposed Budget

From the Revised Forecast of $856.8 million, a net increase of $56.8 million to the General Fund revenue estimates is recommended, bringing the 2013-2014 Proposed Budget revenue estimate to $913.6 million. The components of the increase include an increase to the estimate for 2012-2013 Ending Fund Balance/2013-2014 Beginning Fund Balance ($51.0 million), and an increase to various revenue categories ($5.8 million). These changes are summarized in the following table:

2013-2014 Proposed Budget Changes

Category	$ Millions
Beginning Fund Balance	51.02
Revenue from the Federal Government	2.31
Business Taxes	1.50
Licenses and Permits	0.57
Departmental Charges	0.54
Other Revenue	0.41
Revenue from Local Agencies	0.28
Revenue from the State	0.08
Transfers and Reimbursements	0.07
Total	**$ 56.78**

A brief discussion of these changes follows.

Beginning Fund Balance

- An increase of $51.0 million from the February Forecast is included bringing the estimated 2013-2014 Beginning Fund Balance from $50.8 million to $101.8 million to reflect the following:
  - liquidation of various reserves including the: $29.4 million 2013-2014 Future Deficit Reserve, $4.0 million Police Department Overtime Reserve, $2.6 million in Development Fee Program Reserves, $345,000 Martha Gardens Alley Way Reserve, and $250,000 Future Capital Projects (FF&E) Reserve for the South San José Substation; and
  - additional anticipated fund balance of $14.4 million from increased expectations for expenditure savings and additional revenue in 2012-2013 that will be available for use in 2013-2014. Additional funds are primarily due to the projected cash flow of the Successor Agency between 2012-2013 and 2013-2014, which will change the allocation of funds ($6.4 million) between these two fiscal years, and an additional $3.5 million from higher than anticipated Tobacco Settlement funds for a one-time settlement payment for the years 2003-2012. Remaining excess funds of $4.5 million are due primarily to additional Sales Tax revenue and City Attorney's Office and Police Department savings, and the close-out and transfer of balances in three funds to the General Fund.

OVERVIEW

Changes from Forecast to Proposed Budget

Revenue from the Federal Government

- One-time increase of $2.3 million reflects the Fire SAFER 2010 grant revenues anticipated to he received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. This additional revenue will be used to lower the Transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department.

Business Taxes

- Increase of $1.5 million generated from an increase in the Marijuana Business Tax rate from 7% to 10% of gross receipts (increasing the revenue estimate from $3.9 million to $5.4 million). It is assumed that the ordinance amendment to increase the tax rate will be brought forward for City Council approval prior to the adoption of the budget as directed in the Mayor's March Budget Message as approved by the City Council.

Licenses and Permits

- Establish a Technology Fee of 2% generating $546,000 on all building ($420,000) and fire ($126,000) permits for technology initiatives for the Development Fee Program. The revenues collected from this fee will be placed in a reserve for this purpose.
- An increase of $32,000 to adjust various Code Fees to bring them to 100% cost recovery.
- An increase of $19,000 in Animal Care and Services Category I miscellaneous permits to reflect increases in various permits.
- A decrease of $29,000 in Police Department permits to reflect various fee revisions.

Departmental Charges

- Establish a Technology Fee of 2% generating $171,000 on all public works ($111,000) and planning ($60,000) permits for technology initiatives for the Development Fee Program. The revenues collected from this fee will be placed in a reserve for this purpose.
- An increase of $85,000 adjusts the Solid Waste Enforcement Fee to 100% cost recovery levels.
- An increase of $30,000 reflects an increase in the Finance Department Collection Fee to maintain 100% cost recovery levels.
- An increase of $31,000 reflects additional revenues from increased activity in fees associated with the rental of City Hall facilities.
- A decrease of $29,000 to the Police Department fees and charges to reflect various fee revisions.

OVERVIEW

Changes from Forecast to Proposed Budget

Departmental Charges (Cont'd.)

- An increase of $254,000 to the Parks, Recreation and Neighborhood Services Department Charges estimate reflects the following: the expansion of catering services provided by Happy Hollow Park and Zoo Picnic Basket restaurant ($100,000); recognition of the portion of increased community centers rental revenues used to offset the addition of 3.0 Recreation Leader PT positions ($92,000); the addition of 12 park picnic sites that will be available for reservation ($34,000); and revenue associated with new facilities that are scheduled to come on-line in 2013-2014 ($28,000).

Other Revenue

- An increase of $250,000 to reflect a new revenue sharing agreement with the City's banking services provider due to a recommended change in the vendor payment process. The new vendor payment process would allow vendors to receive electronic payments in lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner will incur a small fee assessed by the banking services provider. The banking services provider will share a portion of this revenue with the City. With the automation of vendor payments, the Finance Department expects that it will be able to improve service levels for other payment processing, improving cycle times from two to one week. The ongoing revenue to the City is estimated at $500,000 after the transition of vendors to the new system.

- A one-time increase of $140,000 to the estimate for Sidewalk Repairs (from $600,000 to $740,000) to reflect the anticipated increase in reimbursements from property owners for contractual sidewalk repairs performed by the City on behalf of the property owners as a result of the approved expansion of the Sidewalk Repair Program. This increase in revenue is offset by a corresponding expenditure increase in the City-Wide Expenses allocation for this purpose.

- Increase the estimated reimbursement from Christmas in the Park Foundation by $12,000 (from $55,000 to $67,000). Part-time City staff hours are needed to transport props to and from the City warehouse. Incurred costs are fully reimbursed by the Christmas in the Park Foundation.

- An increase of $7,000 reflects an increase in the Finance Department Return Check Fee to maintain 100% cost recovery levels.

Revenue from Local Agencies

- Increase of $170,000 to reflect a payment from the Santa Clara Valley Water District (SCWVD) to partially offset the costs of four Park Ranger positions that are recommended to support the Homeless Response Team. These positions will help ensure public safety and prevent the destruction of natural resources along local waterways. Efforts will be targeted along the Coyote Creek and Guadalupe River watersheds, which are mutually owned and operated by the City and the SCVWD.

OVERVIEW

Changes from Forecast to Proposed Budget

Revenue from Local Agencies (Cont'd.)

- Increase of $114,000 to reflect increased payment from the City of Milpitas for services provided by the Animal Care and Services Program in accordance with the new contract with the City of Milpitas.

Revenue from the State of California

- Increase of $80,000 reflects the extension of a grant from CalTrans (Community Based Transportation Planning and Urban Corridor Master Plan) that will support the extension of a Senior Planner from January 1 through June 30, 2014.

Transfers and Reimbursements

- A net increase of $855,000 ($790,000 ongoing) in anticipated overhead reimbursements to reflect the impact of various budget actions recommended in the Proposed Budget that change the staffing levels funded by special and capital funds.
- A one-time transfer of $594,000 from the Park Trust Fund to reimburse the General Fund for prior year expenditures related to the Watson Park project eligible to be paid from Park Trust Funds. The Almaden Towers development was to provide the PDO/PIO fee revenue that would support a portion of the Watson Park project. However, because the developer received an extension on the payment of these fees, the revenue associated with this development was not available for the Watson Park project at the time of construction, necessitating interim funding from the General Fund. Since the PDO/PIO fees and associated interest and penalties have now been received for the Almaden Towers development, funding is available to reimburse the General Fund.
- An increase of $350,000 to the transfer from the Integrated Waste Management Fund reflecting unclaimed Construction and Demolition Diversion Deposits (CDD) that are eligible to be transferred to the General Fund. On an ongoing basis, $50,000 is expected to be generated annually from this source.
- An increase of $50,000 to the transfer from the Water Utility Fund reflecting the transfer of late fees on customer payments that are eligible to be transferred to the General Fund.
- A one-time increase of $25,000 to the transfer from the Construction Excise Tax Fund to fund 50% of the additional $50,000 included in the Proposed Budget to conduct polling of potential revenue generating ballot measures, including measures pertaining to pavement maintenance.
- A decrease of $1.8 million to the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department. By lowering the Transfer to the General Fund from the Airport Maintenance Operation Fund by $1.8 million in 2013-2014, the cost to the Airport for fire services will be in-line with an aircraft rescue and firefighting services outsourcing proposal received in 2011. With the acceptance of the Fire SAFER 2011 grant, the potential outsourcing of this function would

OVERVIEW

Changes from Forecast to Proposed Budget

Transfers and Reimbursements (Cont'd.)

have to be postponed until October 2014 to remain in compliance with the SAFER grant requirements. This action is offset by additional Fire SAFER 2010 grant revenues of $2.3 million anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. The remaining $0.5 million in Fire SAFER grant revenues are recommended to be used to establish an Aircraft Rescue and Firefighting Services Reserve to offset the higher Fire Department costs for a portion of 2014-2015. This action will maintain sworn firefighter staffing levels and avoid layoffs.

PROPERTY TAX

2011-2012 Actual	$ 201,711,784
2012-2013 Adopted	$ 202,925,000
2013-2014 Forecast*	$ 210,000,000
2013-2014 Proposed	$ 210,000,000
% of General Fund	23.0 %
% Change from 2012-2013 Adopted	3.5 %

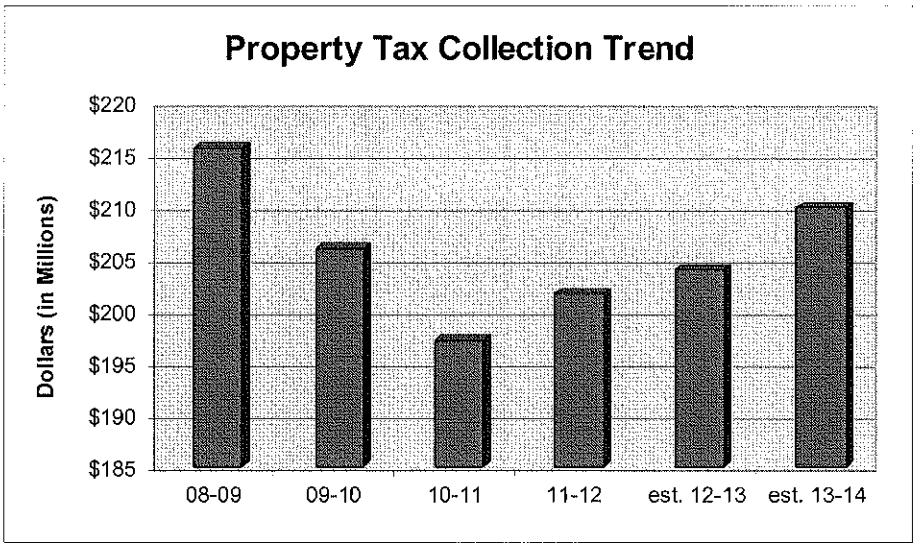
* The 2013-2014 Forecast was increased $950,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Current Secured Property Tax
- Current and Prior Unsecured Property Tax
- Current SB 813 Property Tax (retroactive collections for reassessments of value due to property resale)
- Aircraft Property Tax
- Homeowner's Property Tax Relief Exemption

Revenue Estimates:

Property Tax receipts of $204.0 million are projected for 2012-2013, which represents 1.1% growth from the prior year and is slightly above the modified budget estimate of $202.9 million. This projected increase continues the modest growth seen in 2011-2012, where actual Property Tax receipts were up 2.3% year-over-year for the first time since 2008-2009. Growth is reflected in the Secured, Unsecured, and Airplane Property Tax categories. Overall, in 2013-2014, collections are expected to continue to increase 2.9% to $210.0 million, due primarily to a 2% California Consumer Price Index (CCPI) increase, which will be assessed in the Secured Property Tax category. In addition, the overall increase in property values in 2012 should positively impact property taxes collections.



PROPERTY TAX

Revenue Estimates

Secured Property Tax

Secured Property Taxes account for over 90% of the revenues in this category. In 2012-2013, Secured Property Tax receipts are expected to total $186.0 million, reflecting growth of only 1.1% from the prior year. Although this slight increase marks the second year of positive performance after two years of declines in this category, estimated receipts remain below the most recent peak of $192.3 million in 2008-2009. In 2013-2014, Secured Property Tax receipts, which will be based on real estate activity through January 1, 2013, are expected to increase by 3.0% to $191.6 million. This projected growth rate is above the growth assumed in the February Forecast of 2.5% based on an analysis of latest information provided by the Santa Clara County Assessor's Office.

This projected increase is related to two factors: the change in the CCPI and the net change in residential and commercial valuation. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CCPI adjustment for the 2013-2014 tax roll is an increase of 2.0%, consistent with the prior year. A net increase in residential and commercial valuation is also anticipated from the combination of changes in ownership, new construction, and the partial restoration of property values that had previously been reassessed downward under Proposition 8 due to declining home values. All properties that have received a reduction under Proposition 8 do not automatically receive the 2% CCPI adjustment as these properties are assessed annually and adjusted upward or downward depending on the changes to property values. As property values increase, the property taxes can be restored up to the factored base year value. With the improvement in the real estate market, it is anticipated that some partial or full restoration adjustments will be realized in 2013-2014. In calendar year 2012, residential real estate experienced gains as the December 2012 median sales price of $584,500 for single-family homes was 23% above of the December 2011 level.

It should be noted that final data on the actual tax levy for 2013-2014 is not yet available as adjustments are made through June 30, 2013. Each month, the County of Santa Clara provides information on the status of the property tax roll for the upcoming year. As additional information becomes available, refinements to the Property Tax estimates may be brought forward during the Proposed Budget review process in May and June.

Unsecured Property Tax

Unsecured Property Taxes are the second largest revenue source in this category. Growth in this category is driven primarily by increases in the value of personal property (e.g. equipment and machinery used by business and industry for manufacturing and production). During the last decade, performance in this category has been volatile with annual growth or declines reaching double-digit levels based primarily on the strength of the local business sector. Based on actual collections, receipts in this category are expected to grow to $11.5 million in 2012-2013, which is 2.7% above the prior year collection level of $11.2 million. Collections are expected to increase an additional 2.6% in 2013-2014 to $11.8 million based on improving business conditions and increasing employment.

PROPERTY TAX

Revenue Estimates

SB 813 Property Tax (Property Resales)

SB 813 Property Taxes (supplemental taxes) represent payments for taxes owed on recent housing resales. In recent years, collections in this category had fallen significantly, due, in part, to a substantial number of refunds that were due to property owners as a result of declining home values. In 2011-2012, collections of $3.3 million experienced strong growth, but remained well below the peak of $10.1 million received in 2005-2006 and below levels seen just a few years ago (e.g., $8.0 million in 2006-2007 and $7.9 million in 2007-2008). Based on the most recent estimate from the County of Santa Clara Controller's Office, receipts in this category are expected to total $3.3 million in 2012-2013, consistent with the prior year collection level. In 2013-2014, collections in this category are projected to increase 2.6% to $3.4 million.

Aircraft Property Tax

The Aircraft Property Tax payment is estimated at $2.2 million in 2012-2013, a 1.3% increase from the 2011-2012 receipts of $2.17 million. In 2013-2014, collections are expected to remain flat at $2.2 million based on information from the County of Santa Clara Assessor's Office.

Homeowners Property Tax

The Homeowners Property Tax Relief category is projected at $1.1 million for 2013-2014, which is consistent with the 2012-2013 revenue estimate and 2011-2012 actual collections.

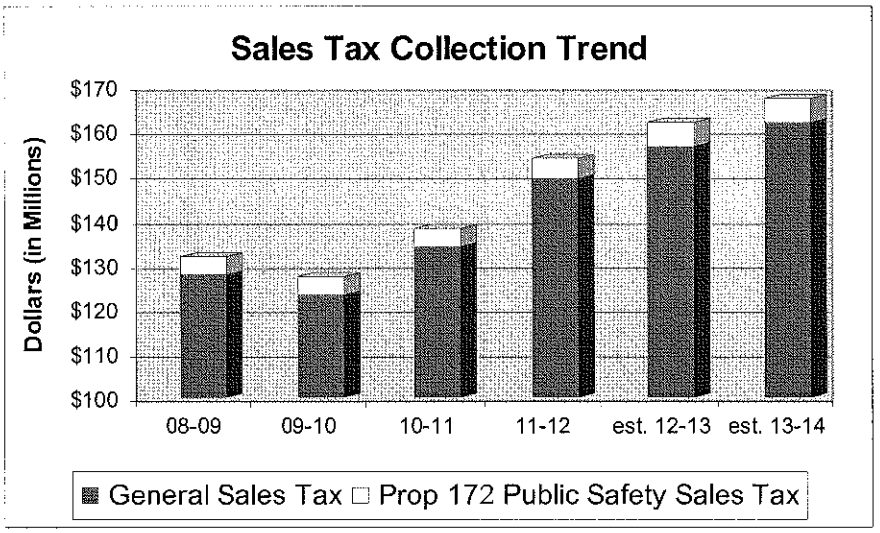
SALES TAX

2011-2012 Actual	$ 154,026,546
2012-2013 Adopted	$ 152,680,000
2013-2014 Forecast*	$ 167,710,000
2013-2014 Proposed	$ 167,710,000
% of General Fund	18.4 %
% Change from 2012-2013 Adopted	9.8 %

* The 2013-2014 Forecast was increased $1.1 million from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- General Sales Tax
- Public Safety (Proposition 172) Sales Tax



Distribution of Sales Tax:

As shown in the following chart, the City receives 1.0% of the 8.75% Sales Tax collected for items sold in San José. In addition, the City receives a portion of the Public Safety Fund (Proposition 172) Sales Tax collected State-wide.

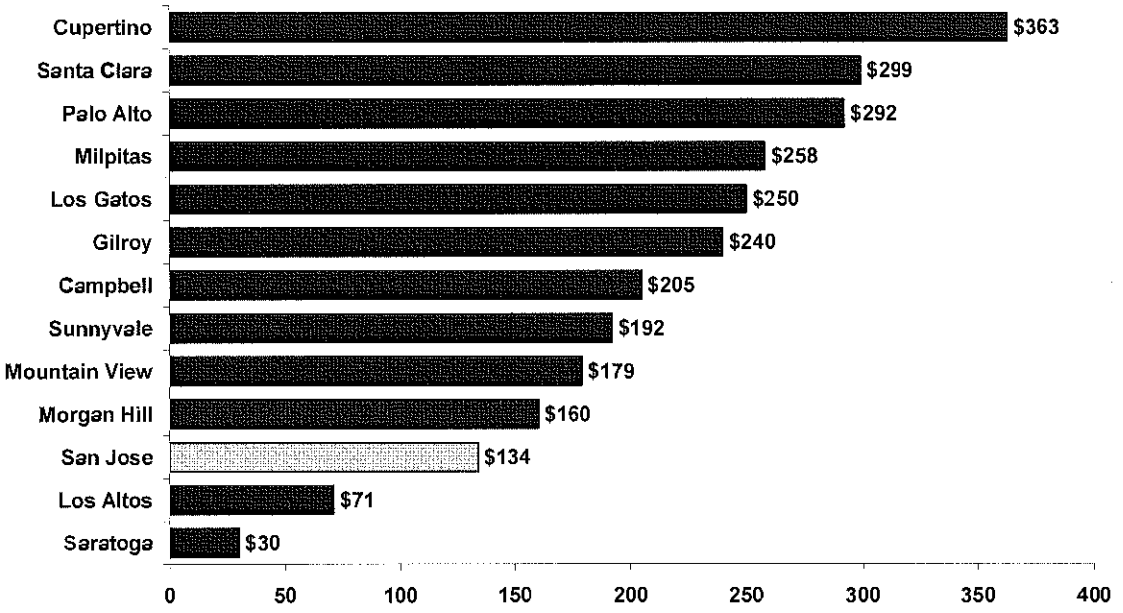
Agency	Distribution Percentage
State of California	5.750%
City of San José	1.000%
Santa Clara County	0.875%
Santa Clara Valley Transportation Authority	0.625%
Public Safety Fund (Proposition 172)	0.500%
Total Sales Tax Rate	**8.750%**

Starting in 2004-2005, the City was impacted by the State action known as the "Triple Flip," which affects the timing of actual sales tax receipts. As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), 0.25% of the City's one percent Bradley Burns sales tax has been temporarily suspended and replaced dollar-for-dollar with property tax revenue. This action, which went into effect on July 1, 2004, will remain in effect until the State's bond obligations have been satisfied. However, the City will continue to record the replacement property tax revenues as sales tax because the growth formula for these receipts is tied to sales tax and this action is considered a temporary property tax in lieu of sales tax.

SALES TAX

Collection Trend:

As shown in the chart below, the per capita Sales Tax in San José is significantly lower than in neighboring cities, up to 63% below the highest level of $363 per capita in Cupertino.



Source: MuniServices, Cash Receiots 4th Quarter 2012

Revenue Estimates:

Overall, Sales Tax receipts are estimated to generate $162.2 million in 2012-2013, which is up 5.3% from the 2011-2012 collection level. In 2013-2014, Sales Tax receipts are projected at $167.7 million, a 3.4% increase from the 2012-2013 estimated collection level.

General Sales Tax

Sales Tax by Economic Sector

Economic Sector	% of Total Revenue
General Retail	26.9%
Transportation	24.8%
Business to Business	22.5%
Food Products	15.5%
Construction	9.7%
Miscellaneous	0.6%
Total	**100.0%**

Source: MuniServices, benchmark year ending 4O 2012

The forecast for the General Sales Tax revenue estimate is built on estimated collections of $156.8 million in 2012-2013 which reflects a 5.0% increase from the 2011-2012 collection level. This reflects actual performance for the first quarter (up 6.4%) and second quarter (up 4.9%), one-time prior year adjustments and true-up payments, and the assumed growth of 3.0% for the remaining two quarters. In 2013-2014, the General Sales Tax revenue estimate is $162.1 million, reflecting an increase of 3.4% from the estimated 2012-2013 collection level and an 8.5% increase from actual 2011-2012 collections. As shown in the chart above. a number of economic sectors contributed to the total Sales Tax receipts though nearly 75% was generated from General Retail, Transportation, and Business to Business categories.

SALES TAX

Revenue Estimates

General Sales Tax *(Cont'd.)*

For 2013-2014, the General Sales Tax revenue projection of $162.1 million assumes moderate growth of 4.0% in taxable sales from 2012-2013 levels. Because there are one-time accounting adjustments to reflect prior-year collections and the "Triple Flip" true-up payment from the State in 2012-2013 that are not reflected in 2013-2014, as discussed above, the year-over-year growth in 2013-2014 is estimated to be approximately 3.4%. To put the 2013-2014 estimate into perspective, the projected revenue of $162.1 million is only $2.2 million (1.3%) below the peak collections of $164.3 million collected in 2000-2001, bringing revenues above pre-recession levels and close to levels seen during the dotcom boom.

Consistent with past years, Sales Tax collections will be carefully monitored during the year and the status reported to the City Council through the Bi-Monthly Financial Reports. The third quarter 2012-2013 receipts will not be received until June 2013. If warranted, an adjustment to the 2013-2014 revenue estimate may be brought forward at the end of the budget process based on the results of that quarter.

Public Safety (Proposition 172) Sales Tax

Proposition 172 Sales Tax collections (representing the one-half cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs) are expected to total $5.4 million in 2012-2013, which represents a 15.7% increase from the prior year collections of $4.7 million based on activity through the first seven months of 2012-2013. In 2013-2014, collections are projected to increase approximately 4.0%, to $5.6 million.

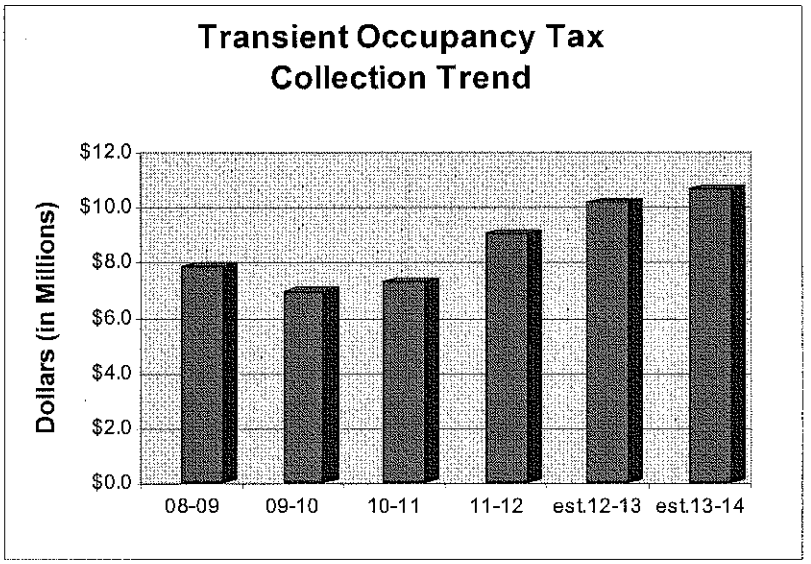
TRANSIENT OCCUPANCY TAX

2011-2012 Actual	$ 8,983,963
2012-2013 Adopted	$ 8,715,000
2013-2014 Forecast	$ 10,600,000
2013-2014 Proposed	$ 10,600,000
% of General Fund	1.2 %
% Change from 2012-2013 Adopted	21.6 %

Distribution of Transient Occupancy Tax:

The City of San José assesses a ten percent Transient Occupancy Tax (TOT) on the rental price for transient lodging. Of this ten percent, six percent is placed in the Transient Occupancy Tax Fund and four percent is deposited in the General Fund. This discussion addresses the portion of the Transient Occupancy Tax that is allocated to the General Fund.

The allocation of the six percent portion is described in the Selected Special Funds Summary section of this document.



Revenue Estimate:

Currently Transient Occupancy Tax (TOT) receipts in 2012-2013 are projected to reach $10.1 million, reflecting an increase of 12.4% from the 2011-2012 collection level. Current year receipts mark the third year of growth in this category which is in stark contrast to prior year declines of 11.5% and 18.5% in 2009-2010 and 2008-2009, respectively. Despite the renovation and expansion construction activity at the Convention Center that was expected to adversely impact those hotels most reliant on convention-related business, the hotel industry continues to experience a period of strong growth with increases in occupancy levels and average daily room rates. Projected 2012-2013 receipts exceed the pre-recession level of $9.6 million collected in 2007-2008 by approximately 5.2%.

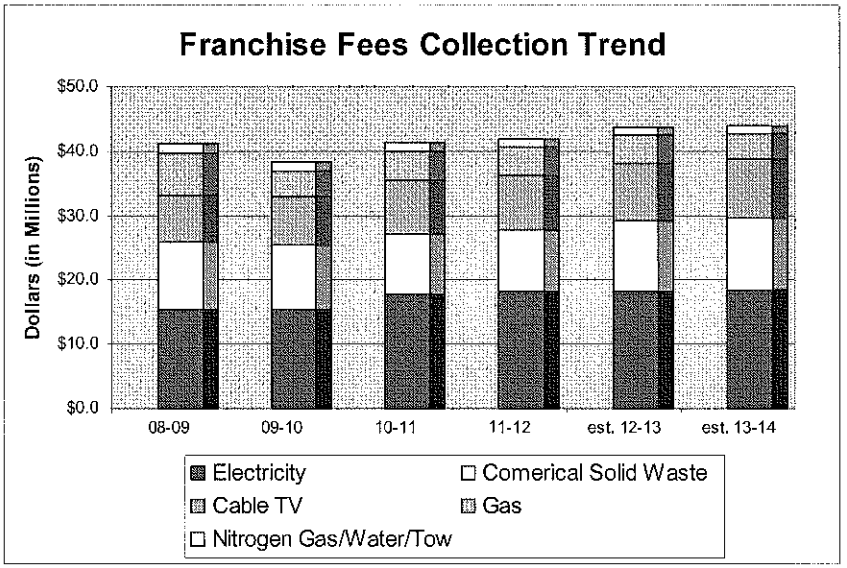
In 2013-2014, growth of 5.0% from the 2012-2013 estimate is anticipated which allows for the stabilization of the current high level of growth and allow for potential disruption associated with the ongoing Convention Center renovation and expansion project. The completion of the Convention Center renovation and expansion project in late 2013, which will add 125,000 square feet of new flexible space as well as improvements to the existing space, is expected to drive additional room night activity in the market.

FRANCHISE FEES

2011-2012 Actual	$ 41,708,845
2012-2013 Adopted	$ 43,625,000
2013-2014 Forecast	$ 43,923,000
2013-2014 Proposed	$ 43,923,000
% of General Fund	4.8 %
% Change from 2012-2013 Adopted	0.7 %

Major Categories:

- Electricity, Gas, and Water Utility Services
- Commercial Solid Waste
- Cable Television
- City-Generated Towing
- Nitrogen Pipelines



Revenue Estimates:

Franchise Fees are collected in the Electricity, Gas, Cable, Tow, Commercial Solid Waste, Water, and Nitrogen Gas Pipeline categories. Overall, collections are projected at $43.6 million in 2012-2013, an increase of 4.6% from prior year receipts of $41.7 million. The projected increase in 2012-2013 is primarily due to higher collections in the Commercial Solid Waste category, reflecting the new methodology for assessing this fee effective July 1, 2012. In 2013-2014, Franchise Fees are expected to increase 0.6% to $43.9 million.

Electricity, Gas, and Water Utility Services

Franchise Fees for electricity and gas services provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in the calendar year (revenues in 2012-2013 are based on the calendar year 2012). Year-end estimates are typically based upon an examination of electricity and gas rate changes, industry actions, and actual collection patterns in the utility tax categories.

In the Electric Franchise Fee category, collections in 2012-2013 are expected to reach $18.3 million, which is slightly above the $18.2 million received in 2011-2012. In 2013-2014, collections are projected to increase to $18.6 million. Growth in this category is anticipated due to a California Public Utilities Commission approved rate increase of 2.6% effective January 2013. It should be noted that due to the uncertainty regarding the outcome of rate cases, no rate increases associated with any pending rate cases have been assumed.

FRANCHISE FEES

Revenue Estimates

Electricity, Gas, and Water Utility Services *(Cont'd.)*

In the Gas Franchise Fee Category, the 2012-2013 estimated collections of $4.2 million reflect a 4.0% decline from the $4.4 million received in the prior year. This decline primarily reflects a reduction in gas prices, consistent with information from PG&E. In 2013-2014, Gas Franchise Fee collections are projected to decline further by approximately 5% based on the assumption that costs and consumption will continue to fall. It should be noted that due to the uncertainty regarding the outcome of any rate cases, no rate increases associated with pending rate cases have been assumed in 2013-2014.

Water Franchise Fees are expected to total $245,000 in 2012-2013, an 8.1% increase from the 2011-2012 collection level. This increase is primarily due to an increase in the wholesale price of water. In 2013-2014, estimated collections of $289,000 reflect the anticipated continued increase in the wholesale price of water.

Commercial Solid Waste

Commercial Solid Waste (CSW) Franchise Fee collections are estimated to reach budgeted levels of $11.0 million in 2012-2013, a 14.7% increase from the prior year collections ($9.6 million) reflecting the new methodology for assessing this fee that became effective July 1, 2012. On October 19, 2010 the City Council amended the CSW fee to charge franchises based on geographic collection districts rather than volume. The new fee structure is $5 million per year for each of two geographic collection districts plus a supplemental fee of $1.0 million for the right to conduct CSW services in both the North District and the South District. This revised structure is subject to an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years. It should be noted that this increase is not automatic and would require City Council approval. No rate increase is proposed for 2013-2014.

Cable Television

The 2012-2013 Cable Television Franchise Fee estimate is $9.0 million, which is 5.9% above the 2011-2012 actual collection level of $8.5 million. In 2013-2014, estimated collections of $9.1 million reflect a year-over-year increase of 1.7%.

City-Generated Towing and Nitrogen Pipelines

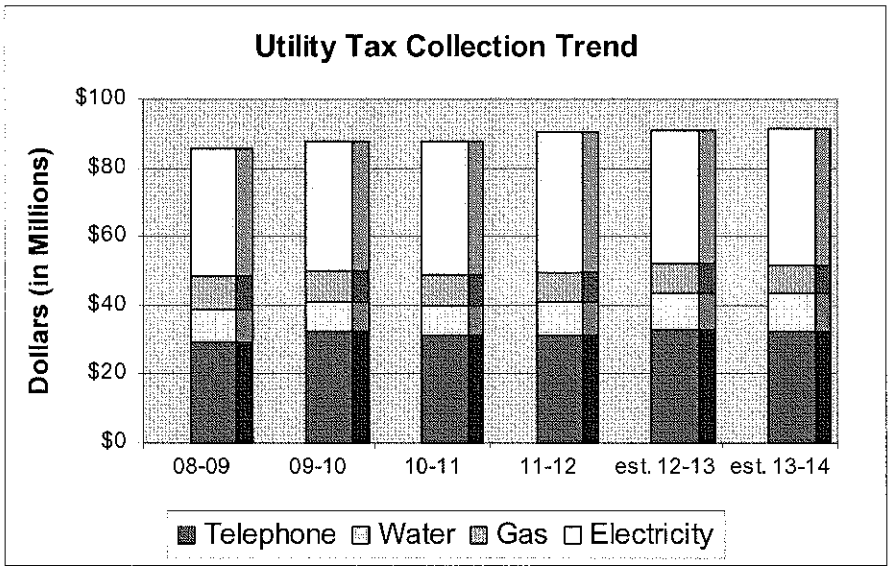
In City-Generated Towing, revenues are growing compared to prior year levels and are estimated to reach $875,000 to $900,000 in 2012-2013, an increase of up to 17.2% from the $770,000 received in 2011-2012. Collections are anticipated to dampen slightly in 2013-2014 with receipts estimated at $850,000 to reflect the continued change in procedures by the Police Department, which reduced the number of tow and impounds for persons with violations that are not related to serious driving offenses. The Nitrogen Pipeline Franchise Fees are anticipated to generate $55,000 in both 2012-2013 and 2013-2014.

UTILITY TAX

2011-2012 Actual	$ 90,382,878
2012-2013 Adopted	$ 91,855,000
2013-2014 Forecast	$ 91,895,000
2013-2014 Proposed	$ 91,895,000
% of General Fund	10.1 %
% Change from 2012-2013 Adopted	0.0 %

Major Categories:

- Electricity Utility Tax
- Gas Utility Tax
- Water Utility Tax
- Telephone Utility Tax



Revenue Estimates:

Utility Taxes are imposed on electricity, gas, water, and telephone usage. Collections in 2012-2013 are anticipated to total $91.2 million, representing a slight increase of approximately 1% from the 2011-2012 collection level. Growth from 2011-2012 is slightly skewed from a one-time settlement of $1.6 million from PG&E received in 2011-2012. This settlement corrected for underpayments and related penalties and interest of Gas and Electric franchise fees, surcharges and utility users taxes from January 1, 2007 through December 21, 2010 that were not coded as San José properties in PG&E's billing system. After adjusting for this one-time settlement, 2012-2013 revenues are estimated to increase 2.6% from prior year levels. This 2.6% growth reflects approved rate increases for Water (5% increase in July 2012) and Electric (2.6% effective January 2013), declines in the Gas Utility Tax category, and changes in consumption levels.

In 2013-2014, Utility Tax collections are projected to increase 0.8% to $91.9 million. Overall, a number of proposed rate cases have been filed that would affect electricity, gas, and water rates and consequently revenues. Due to the uncertainty regarding the outcome of rate cases, this budget generally does not assume revenue increases associated with pending rate cases. Rate cases will continue to be monitored and adjustments will be brought forward as appropriate based on the final outcomes.

UTILITY TAX

Revenue Estimates

Electricity Utility Tax

The Electricity Utility Tax is anticipated to generate $39.3 million in 2012-2013, a 0.5% increase from the 2011-2012 collection level. Estimated revenues in 2012-2013 reflect actual collection trends that incorporate the average 2.6% rate increase effective January 2013 and the 2.9% average rate increase that began January 2012. In 2013-2014, revenues are estimated to increase 2.3% to $40.2 million based on the annualization of the January 2013 rate increase with minimal changes in anticipated consumption levels.

Gas Utility Tax

Gas Utility Taxes are estimated at $8.1 million in 2012-2013, a 7.9% decrease from 2011-2012 levels based on current collection trends. This decline is consistent with information from PG&E on the drop in gas prices. In 2013-2014, revenues are anticipated to remain flat at $8.1 million. The PG&E gas rate projections for 2013 do show some expected growth in the average bills in the latter part of 2013. Actual collections continue to be subject to significant fluctuations from the impact of weather conditions and/or rate changes; as such, no assumptions for changes due to rate cases are included and revenues will be monitored closely for projected performance.

Water Utility Tax

Water Utility Tax receipts of $11.0 million are anticipated to be received in 2012-2013, a 15.4% increase from 2011-2012. This growth reflects approved rate increases including a 5% rate increase in January 2012 and a 5% increase July 2012. In 2013-2014, receipts are expected to increase 3.6% to $11.4 million based on the rising wholesale price of water. No change in consumption levels is assumed. It should be noted that a significant rate case is under review by the Public Utilities Commission and no assumption for these proposed increases are assumed for 2013-2014.

Telephone Utility Tax

In the Telephone Utility category, revenues are collected on landlines, wireless, and VoIP. Based on current tracking, receipts in 2012-2013 are anticipated to reach $32.7 million, a 4.1% increase from 2011-2012. This is a significant improvement from recent years in which collections have remained flat or declined. In 2013-2014, revenues are conservatively estimated at $32.2 million to allow a slight decline, as this category has fluctuated in recent years.

TELEPHONE LINE TAX

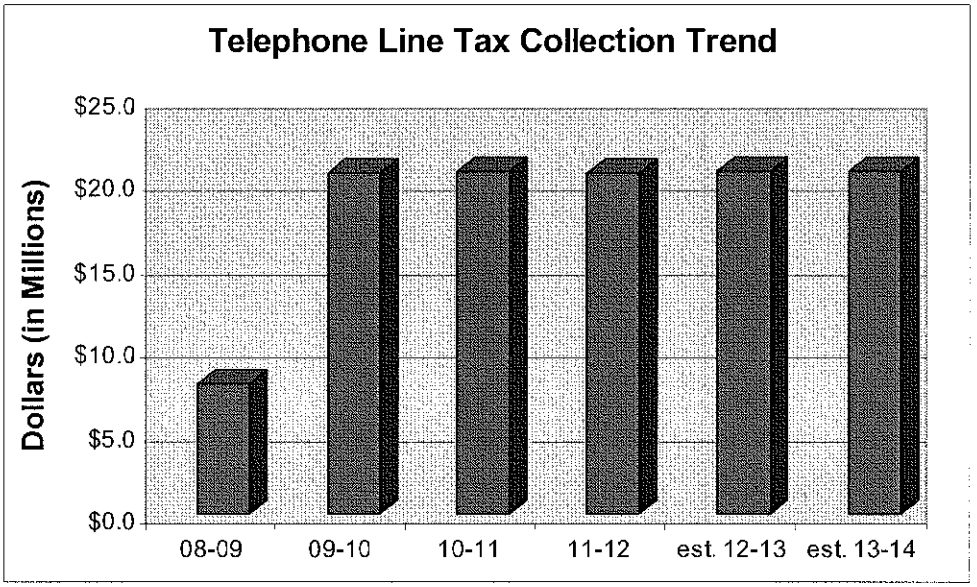
2011-2012 Actual	$ 20,529,291
2012-2013 Adopted	$ 20,525,000
2013-2014 Forecast	$ 20,600,000
2013-2014 Proposed	$ 20,600,000
% of General Fund	2.3 %
% Change from 2012-2013 Adopted	0.4 %

Major Categories:

- Telephone Line Tax

Revenue Estimates:

Based on the current collection trend, receipts in both 2012-2013 and 2013-2014 are anticipated to total $20.6 million, which is very close to the collection levels seen since 2009-2010.



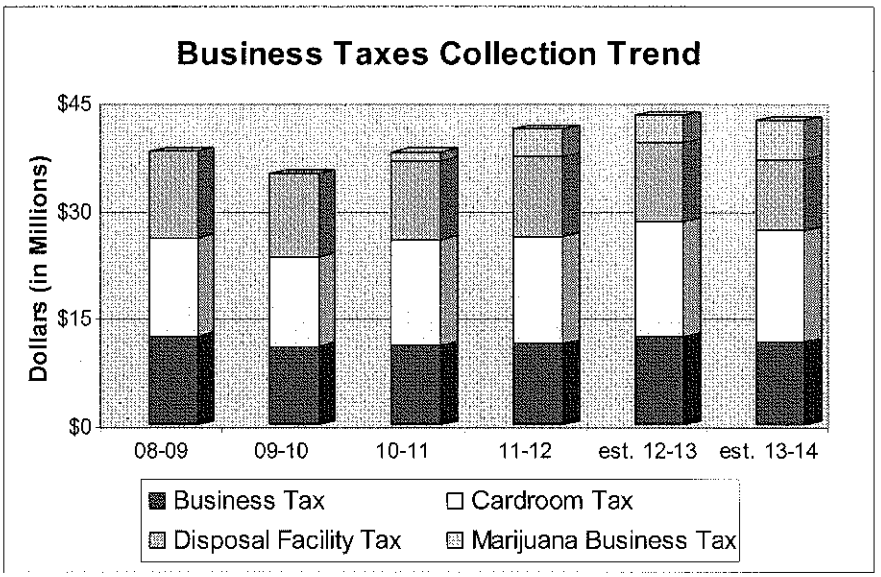
BUSINESS TAXES

2011-2012 Actual	$ 41,131,557
2012-2013 Adopted	$ 40,550,000
2013-2014 Forecast*	$ 40,935,000
2013-2014 Proposed	$ 42,435,000
% of General Fund	4.6 %
% Change from 2012-2013 Adopted	4.6 %

* The 2013-2014 Forecast was increased $235,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Business Tax
- Cardroom Tax
- Disposal Facility Tax
- Marijuana Business Tax



Revenue Estimates:

In 2012-2013, Business Taxes are estimated to reach $43.0 million, a 4.7% increase from prior year levels. This increase is primarily due to higher than anticipated Cardroom Tax receipts (7.1% increase) as well as Marijuana Business Tax (4.4%) and General Business Tax (7.6%). In 2013-2014, revenues are estimated to decrease 1.4% to $42.4 million due to a decrease in Disposal Facility Tax as well as the normalization of one-time activities in the current year for both General Business Tax and Cardroom Tax.

Business Tax

In 2012-2013, General Business Tax proceeds are expected to reach $12.1 million, a 7.6% increase from the prior year level of $11.3 million. This positive collection trend reflects the gradual economic recovery, efforts by the Finance Department to maximize the receipt of this tax, and the preliminary results of the City Council approved Business Tax Amnesty Program. As part of the Amnesty Program, a business owner may file a request for amnesty between December 1, 2012 and March 29, 2013. An extension to this program to May 31, 2013 was approved by the City Council. In 2013-2014, a decline of 5.0% to $11.5 million is projected and reflects the elimination of the projected one-time revenues generated by the Amnesty Program. This collection level factors in historical trends as well as the preliminary estimated ongoing impacts of the Amnesty Program. Once the final ongoing results of the Amnesty Program are known, any necessary revenue estimate revisions will be brought forward for City Council consideration as appropriate.

BUSINESS TAXES

Revenue Estimates

Cardroom Tax

Based on current performance, collections in the Cardroom Tax category are estimated at $16.0 million in 2012-2013, an increase of 7.1% from the prior year collection level ($14.9 million). This increase primarily reflects a spike in activity resulting from the opening of Casino M8trix in August 2012. Though this accounts for the majority of the upward growth in the current year, the continued economic recovery is also a contributing factor in the additional activity. In 2013-2014, a decline of 3.1% from 2012-2013 is anticipated, normalizing the spike in activity for the opening of M8trix. When compared to 2011-2012 receipts that did not have these one-time impacts, estimated 2013-2014 collections of $15.5 million reflect growth of 3.7%.

Disposal Facility Tax

In the Disposal Facility Tax category, collections are estimated at $11.0 million in 2012-2013 based on current collection trends, which reflect a slight decline of 1.5% from prior year collection levels. Disposal Facility Taxes (DFT) are business taxes based on the tons of solid waste disposed at landfills within the City. This revenue stream varies due to factors that affect the amount of waste generated and how it is disposed including: economic activity, weather, diversion programs, and price sensitivity to disposal rates. In recent years, revenues in this category have declined due, in large part, to increased waste diversion and the overall slowdown in the economy. In 2012-2013, receipts have been tracking to meet or slightly exceed the prior year collection level. However, improvements in the processing of waste for the commercial program are expected to reduce DFT collections beginning in the second half of 2012-2013. The commercial program represents approximately 10-15% of total DFT associated waste. At the time of the printing of this document, preliminary revised estimates indicated that collections may decline to $10.8 million in 2012-2013 based on the first two months of 2013. To account for the potential impact of this change as well as the historical downward trend in this category, the 2013-2014 revenue estimate of $10.0 million allows for a decline of 7-9% from the 2012-2013 estimates. These revenues will be monitored closely to identify the impact of the improvements in the processing of waste.

Marijuana Business Tax

On November 2, 2010, San José voters approved Ballot Measure U, which allows the City to tax all marijuana businesses (medical and non-medical; legal and illegal) at a rate of up to 10% of gross receipts. The City Council approved a 7% rate and the tax became effective on March 1, 2011. In 2012-2013, collections are anticipated to reach $3.9 million, reflecting growth of 4.4% from the prior year collection level. In 2013-2014, estimated collections of $5.4 million reflect the recognition of an additional $1.5 million that is expected to be generated from an increase in the tax rate for the Marijuana Business Tax from 7% to 10% of gross receipts. It is assumed that the ordinance amendment to increase the tax rate will be brought forward for City Council approval prior to the adoption of the budget as directed in the Mayor's March Budget Message as approved by the City Council.

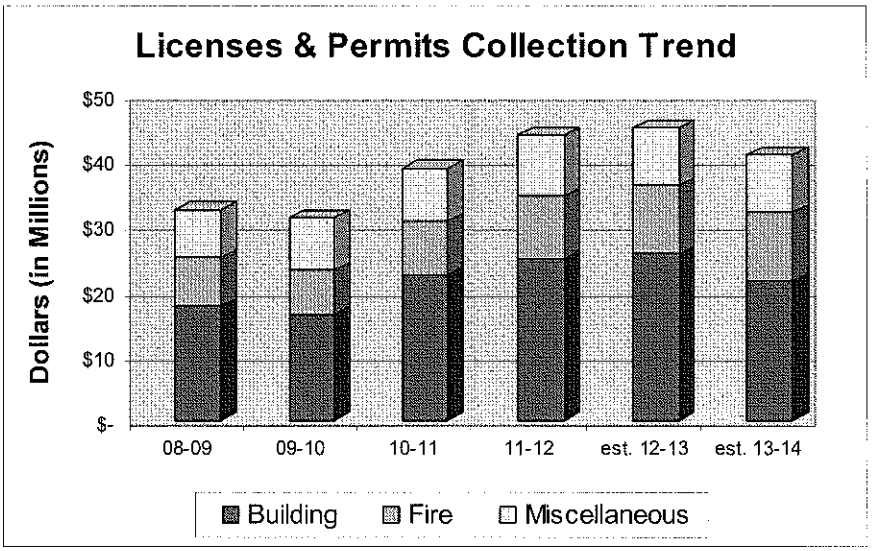
LICENSES AND PERMITS

2011-2012 Actual	$ 43,838,469
2012-2013 Adopted	$ 37,812,739
2013-2014 Forecast*	$ 40,256,286
2013-2014 Proposed	$ 40,824,246
% of General Fund	4.5 %
% Change from 2012-2013 Adopted	8.0 %

* The 2013-2014 Forecast was increased $452,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Building Permits
- Fire Permits
- Miscellaneous Other Licenses and Permits



Revenue Estimates:

The Licenses and Permits category contains fees and charges collected by various departments. The most significant revenue sources are development-related fees. Revenue collection levels are projected based on City Council-approved cost-recovery policies with the goal of a net-zero impact on the General Fund.

Building Permits

In 2013-2014, Building Permit revenue is projected to total $21.4 million, which is below the estimated 2012-2013 collection level of $25.6 million. In 2012-2013, revenues in building plan check, building permits, plumbing permits, mechanical permits, electrical permits, and permit processing categories are all tracking above estimated levels. Strong revenue receipts are being driven by an increase in residential and industrial permits, offset by slow commercial activity. The 2013-2014 revenue estimate assumes continued strong development performance. This collection level, along with the use of a portion of the Building Development Fee Program Reserve, is sufficient to support program additions in 2013-2014 without any fee increases. However, a new Technology Fee of 2% on all building permits, estimated to increase revenues by $420,000 is included in the 2013-2014 estimate which will be placed in Development Fee Program Technology Reserve.

LICENSES AND PERMITS

Revenue Estimates

Building Permits *(Cont'd.)*

A number of expenditure actions totaling $1.7 million are recommended resulting in the addition of 17.19 positions in order to keep pace with the increased demand. The use of $2.0 million from the Building Development Fee Program Reserve is recommended to balance this fee program (estimated remaining reserve of $10.5 million primarily for works-in-progress projects). With these actions, the Building Fee Program is expected to remain at 100% cost recovery.

Additional detail on these budget actions is provided in the Planning, Building, and Code Enforcement Department under the City Departments section of this document. A more detailed description of the various fees is provided in the 2013-2014 Proposed Fees and Charges document that is released under separate cover.

Fire Permits

The 2013-2014 Proposed Budget revenue estimate of $10.5 million is slightly above the 2012-2013 estimated collection level. The Fire Fee program aligns projected revenues, reserves, and costs to remain at 100% cost recovery. This fee program includes both the development and non-development fee areas. To maintain cost recovery in these areas and ensure that service delivery needs are met for 2013-2014, a number of budget actions are recommended in the Proposed Budget.

In the development fee area, the 2013-2014 revenue estimate of $6.4 million reflects a 1.5% increase from the 2012-2013 year-end estimate of $6.3 million based on the recommended establishment of a new Technology Fee of 2% on all fire permits. This fee is estimated to generate an additional $126,000, which will be placed in a Development Fee Program Technology Reserve. Strong development activity is expected to continue in 2013-2014 and the projected revenues are sufficient to fund a number of recommended program additions without a general fee increase. Major budget actions include the realignment of staffing resulting in a net addition of 2.0 positions which will address increased activity levels and improve performance and customer support. The use of program reserves are not anticipated as part of these recommended expenditure changes, therefore, the Fire Development Fee Program Reserve is estimated to total $4.3 million in 2013-2014. In the non-development area, the 2013-2014 revenue estimate of $4.1 million remains consistent with the 2012-2013 estimate.

Additional detail on these budget actions is provided in the Fire Department under the City Departments section of this document. A more detailed description of the various fees is provided in the 2013-2014 Proposed Fees and Charges document that is released under separate cover.

LICENSES AND PERMITS

Revenue Estimates

Miscellaneous Other Licenses and Permits

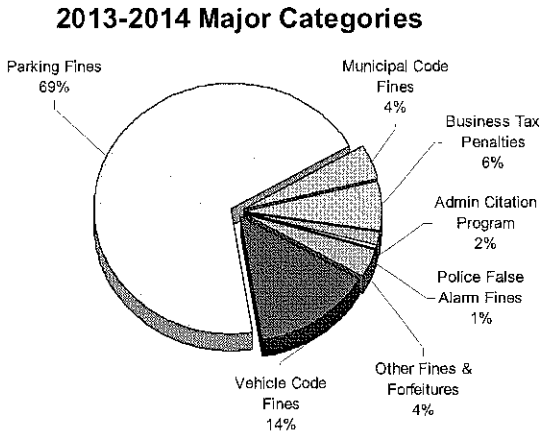
The 2013-2014 Proposed Budget includes $8.9 million for a variety of other Licenses and Permits. In the Proposed Budget, recommended changes within this category reflect fee adjustments to maintain 100% cost-recovery and anticipated changes in activity levels. These adjustments include an increase of $32,000 to adjust various Code Fees to bring them to 100% cost recovery and an increase of $19,000 in Animal Care Services Category I miscellaneous permits to reflect increases in various permits, partially offset by a decrease of $29,000 in Police Department permits to reflect various fee revisions.

FINES, FORFEITURES, AND PENALTIES

2011-2012 Actual	$ 18,358,430
2012-2013 Adopted	$ 16,708,500
2013-2014 Forecast	$ 15,862,200
2013-2014 Proposed	$ 15,862,200
% of General Fund	1.7 %
% Change from 2012-2013 Adopted	(5.1 %)

Major Categories:

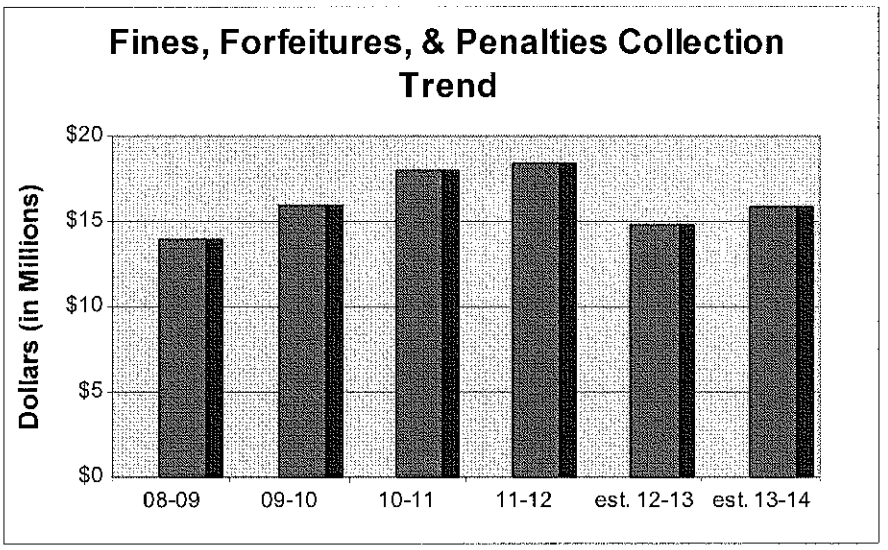
- Vehicle Code Fines
- Parking Fines
- Municipal Code Fines
- Business Tax Penalties
- Administrative Citation Program
- Police False Alarm Fines
- Other Fines and Penalties



Revenue Estimates:

In 2013-2014, overall collections of $15.9 million are projected in the Fines, Forfeitures, and Penalties category, which is slightly above the 2012-2013 estimate. Following is a discussion of major components of this category.

Parking Fines



Parking Fines are expected to generate approximately $9.8 million in 2012-2013, a decrease of 17.2% from the 2011-2012 receipts of $11.8 million. In the 2012-2013 Adopted Budget, it was assumed that Parking Fine revenues would decline to $11.0 million as a result of the transition of parking compliance officers that were transferred from the Airport Department to the Transportation Department. The actual reduction has been much larger than anticipated due to more significant impacts of training and transition, a reduction in activity in neighborhoods around the HP Arena due to the delayed hockey season, and a higher level of staff absences.

FINES, FORFEITURES, AND PENALTIES

Revenue Estimates

Parking Fines *(Cont'd.)*

Given the temporary nature of some of these impacts, Parking Fines revenues are expected to improve in 2013-2014 with collections estimated again at $11.0 million, which is below prior year actual levels. In addition, collections of $130,000 are anticipated in 2013-2014 from the City's participation in a program under which the State of California Franchise Tax Board collects past-due parking fines on behalf of the City.

Vehicle Code and Municipal Court Fines

In 2013-2014, Vehicle Code Fines are estimated at $2.2 million and the Municipal Court Fines are expected to reach $695,000, consistent with current tracking for these categories.

Business Tax Penalties

Business Tax penalties are projected at $1.0 million for 2013-2014, consistent with historical actual collection levels.

Administrative Citation Program

The 2013-2014 Administrative Citation Program is projected to generate approximately $280,000 in total collections comprising of $150,000 in fines and an additional $130,000 in penaltics and reflect current 2012-2013 year end estimates.

Police False Alarm Fines

In 2013-2014, Police False Alarm Fines are estimated at $87,000 including penalty revenue. This figure represents a decline from 2012-2013 estimates to reflect the lower collection level anticipated due to the verified response model.

Other Fines and Penalties

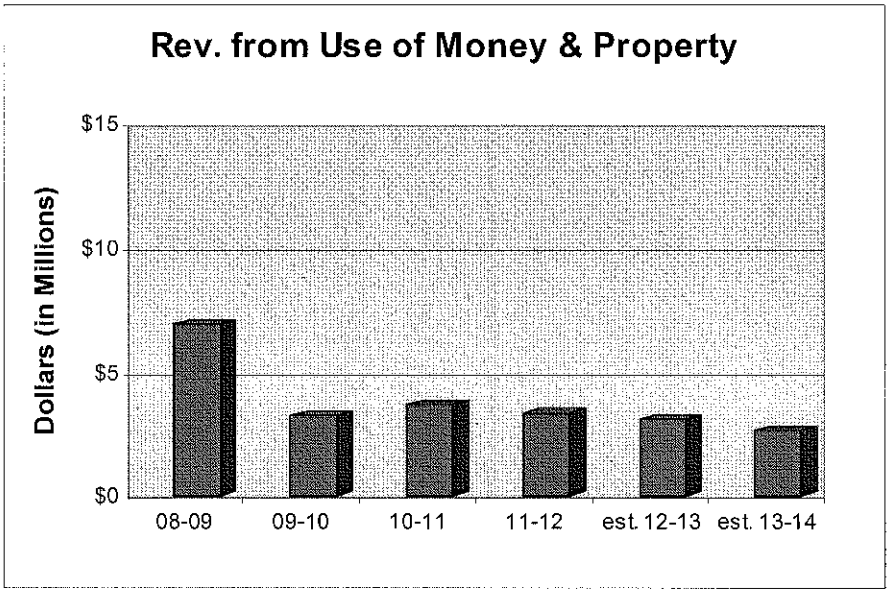
Other Fines and Penalties of $435,000 are estimated to be received in 2013-2014 and reflect a variety of sources, including $100,000 for Animal Services citations and $100,000 from blight fees.

REVENUE FROM USE OF MONEY AND PROPERTY

2011-2012 Actual	$ 3,328,264
2012-2013 Adopted	$ 2,910,500
2013-2014 Forecast	$ 2,625,000
2013-2014 Proposed	$ 2,625,000
% of General Fund	0.3 %
% Change from 2012-2013 Adopted	(9.8 %)

Major Categories:

- Rental of City Owned Property
- General Fund Interest Earnings
- Miscellaneous Collections



Revenue Estimates:

Rental of City Owned Property

In 2013-2014, it is anticipated that approximately $2.1 million will be generated from the rental of City-owned property.

General Fund Interest Earnings

The 2013-2014 estimate for interest earnings in the General Fund assumes an average interest rate of only 0.33% applied to an average cash balance of approximately $50 million for a total collection level of $175,000. This anticipated collection level is close to the 2012-2013 projected interest earnings of $200,000.

Miscellaneous Collections

Approximately $389,000 in miscellaneous sources is estimated to be generated in 2013-2014 primarily from Subrogation Recovery ($250,000) and Property Tax Interest ($100,000) revenues.

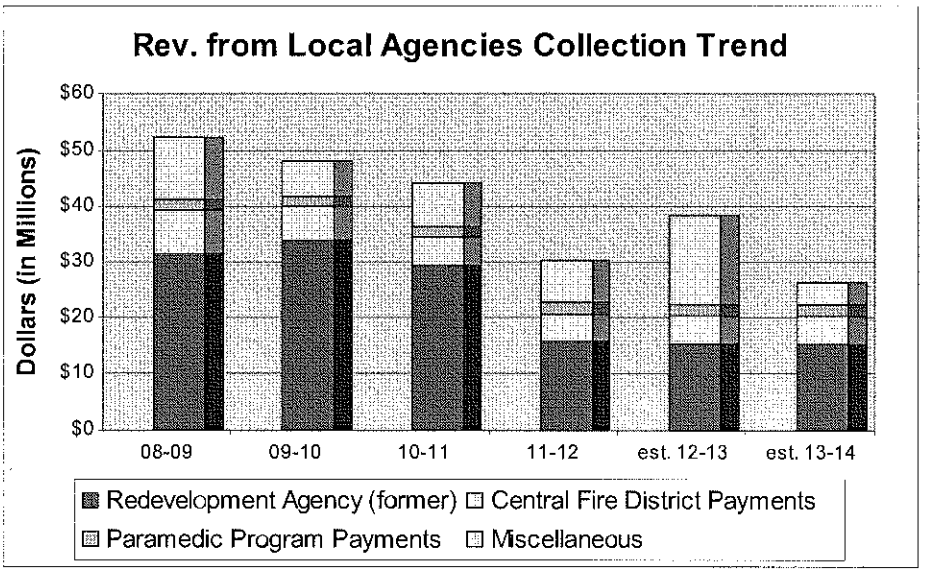
REVENUE FROM LOCAL AGENCIES

2011-2012 Actual	$ 30,178,586
2012-2013 Adopted	$ 29,250,390
2013-2014 Forecast*	$ 26,036,236
2013-2014 Proposed	$ 26,320,279
% of General Fund	2.9 %
% Change from 2012-2013 Adopted	(10.0 %)

* The 2013-2014 Forecast was decreased $103,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Reimbursement from the Successor Agency to the Redevelopment Agency
- Central Fire District Payments
- Paramedic Program
- CAL-ID/SB 720 Payments
- Other Miscellaneous Payments



Revenue Estimates:

In 2013-0214, revenue of $26.0 million is projected from other local agencies, such as the Central Fire District and the County of Santa Clara to reimburse the City for services provided.

Successor Agency to the Redevelopment Agency

In both 2012-2013 and 2013-2014, a reimbursement from the Successor Agency to the Redevelopment Agency of $15.3 million is budgeted to reimburse the General Fund for the Convention Center Lease payments. A corresponding expenditure is assumed in the City-Wide Expenses category for this debt service payment.

This obligation continues to be evaluated as part of the winding down of the Successor Agency and the method, timing, and ability to reimburse the payment continues to be under review.

REVENUE FROM LOCAL AGENCIES

Revenue Estimates

Central Fire District and Paramedic Program

The City receives reimbursement from the Central Fire District for the County areas covered by the San José Fire Department. These payments are based on the property tax assessments for fire services collected in those areas, which are passed on to the City. Based on an estimate provided by Central Fire District staff, the 2012-2013 payment is expected to total $4.9 million, reflecting an increase of 6.1% from 2011-2012 levels. In 2013-2014, collections are expected to increase 2.5% to $5.0 million based on estimated Property Tax growth as well as the assumption that there will be no major annexations during 2013-2014 that would impact collections. In 2013-2014, payments from the County of Santa Clara for the first responder advanced life support program (Paramedic Program) are assumed to total $2.2 million.

CAL-ID and SB 720 Program

Payments of $2.2 million from other local agencies are expected to reimburse the City for the Police Department CAL-ID and SB 720 Programs that provide regional fingerprinting services. In the Revised Forecast, this revenue estimate was decreased by $302,000 to reflect the elimination of revenues associated with the payment of overhead costs from other jurisdictions as the delivery of this program is under review.

Other Miscellaneous Payments

In 2013-2014, approximately $1.6 million is projected from a number of other revenue sources in this category, such as the Adult Day Care and Animal Services payments from Local Agencies. These revenue estimates were generally approximated at the current 2012-2013 anticipated levels. The Proposed Budget includes an increase of $170,000 to reflect a payment from the Santa Clara Valley Water District (SCWVD) to partially offset the costs of four Park Ranger positions that are recommended to support the Homeless Response Team. These positions will help ensure public safety and prevent the destruction of natural resources along local waterways. Efforts will be targeted along the Coyote Creek and Guadalupe River watersheds, which are mutually owned and operated by the City and the SCVWD. In addition, an increase of $114,000 is recommended to reflect increased payment from the City of Milpitas for services provided by the Animal Care and Services Program in accordance with the new contract with the City of Milpitas.

REVENUE FROM THE STATE OF CALIFORNIA

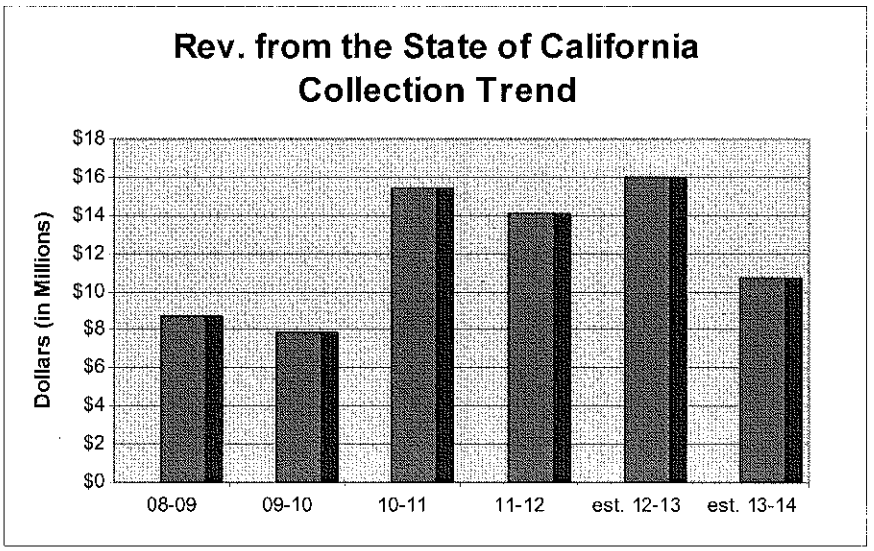
2011-2012 Actual	$ 14,054,986
2012-2013 Adopted	$ 10,686,292
2013-2014 Forecast	$ 10,606,059
2013-2014 Proposed	$ 10,686,451
% of General Fund	1.2 %
% Change from 2012-2013 Adopted	0.0 %

Major Categories:

- Tobacco Settlement Revenue
- State Grants/Reimbursements

Revenue Estimates:

Collections in this category are estimated to reach $15.9 million in 2012-2013 and decrease to $10.7 million in 2013-2014. This drop reflects the elimination of one-time grants and the elimination of one-time funding associated with the Tobacco Settlement.



Tobacco Settlement Revenue

Beginning in 2010-2011, Tobacco Settlement revenue from the State is deposited in the General Fund. Based on the most recent information from the State, the 2012-2013 Tobacco Settlement payments are anticipated to total $12.5 million in 2012-2013, reflecting a significant increase from the $9.2 million received in 2011-2012. However, a portion of this payment is attributed to a one-time settlement for years 2003-2012. The Administration has requested additional information regarding this payment, however, until that information is received, it has been considered a one-time receipt for purposes of this budget. Therefore, the 2013-2014 estimate is set at $9.0 million, consistent with prior year actuals.

State Grants/Reimbursements

On an annual basis, the City receives a number of grants and reimbursements. The following State grants and reimbursements are expected in 2013-2014: Abandoned Vehicles Abatement Program

REVENUE FROM THE STATE OF CALIFORNIA

Revenue Estimates

State Grants/Reimbursements *(Cont'd.)*

($500,000); Vehicle License Collections in excess ($475,000); Auto Theft reimbursement ($370,000); Community Based Transportation Planning and Urban Corridor Master Plan ($163,000); Highway Maintenance Charges reimbursement ($105,000); and California Emergency Management Agency BEST Supplement ($74,000). The figures above incorporate an increase of $80,000 recommended in the Proposed Budget to recognize the extension of a grant from CalTrans (Community Based Transportation Planning and Urban Corridor Master Plan) that will support the extension of a Senior Planner from January 1 through June 30, 2014. Additional details can be found in the Planning, Building and Code Enforcement Department section in the Departmental Section of this document.

REVENUE FROM THE STATE OF CALIFORNIA AMERICAN RECOVERY & REINVESTMENT ACT

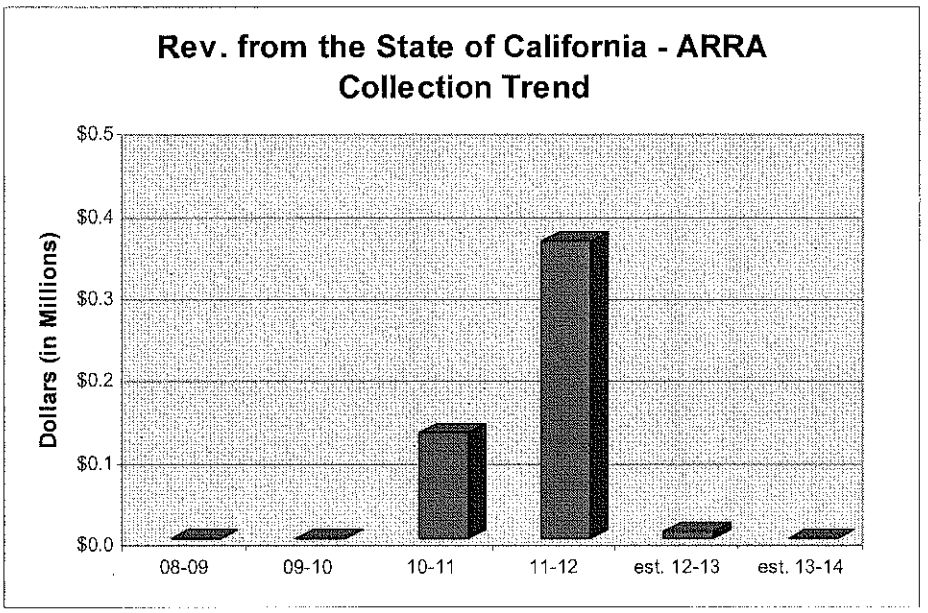
2011-2012 Actual	$ 363,603
2012-2013 Adopted	$ 60,590
2013-2014 Forecast	$ 0
2013-2014 Proposed	$ 0
% of General Fund	0.0 %
% Change from 2012-2013 Adopted	(100.0 %)

Major Categories:

- American Recovery and Reinvestment Act of 2009

Revenue Estimates:

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 allocated to the City by the State of California that is recorded in the General Fund. No new grant funds are anticipated in 2013-2014. A portion of the grant funding in 2012-2013 may be rebudgeted to 2013-2014 later in the budget process.

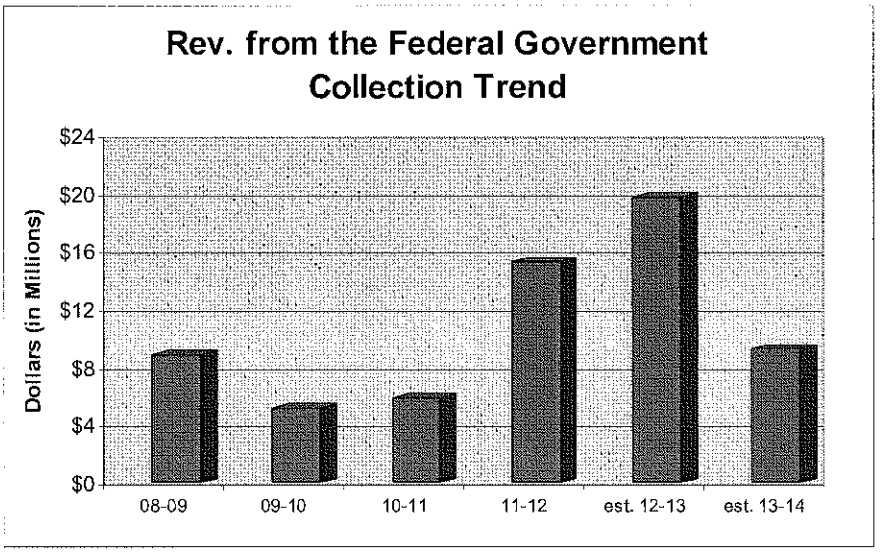


REVENUE FROM THE FEDERAL GOVERNMENT

2011-2012 Actual	$ 15,217,476
2012-2013 Adopted	$ 13,287,954
2013-2014 Forecast	$ 6,934,349
2013-2014 Proposed	$ 9,247,547
% of General Fund	1.0 %
% Change from 2012-2013 Adopted	(30.4 %)

Major Categories:

- Police and Fire Related Federal Grants
- Other Federal Grants



Revenue Estimates:

The revenue in this category is received from various grant programs. The 2013-2014 Proposed Budget only includes those grant proceeds known to be obligated for next year. The following grants are anticipated in 2013-2014: Fire Staffing for Adequate Fire & Emergency Response Grant (SAFER) ($6.4 million); Community Oriented Policing Services (COPS) Hiring Grants ($2.6 million); Office of Juvenile Justice and Delinquency Prevention Community Based Violence Prevention ($100,000); Clean Creeks Healthy Communities Grant ($93,000); and 2012-2013 Office of Juvenile Justice and Delinquency Prevention National Forum Grant ($63,000). The figures above incorporate a recommended one-time increase of $2.3 million to recognize Fire SAFER 2010 grant revenues anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. This additional revenue is recommended to be used to lower the Transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department in 2013-2014 and a portion of 2014-2015, in order to maintain sworn firefighter staffing levels and avoid layoffs.

REVENUE FROM THE FEDERAL GOVERNMENT AMERICAN RECOVERY & REINVESTMENT ACT

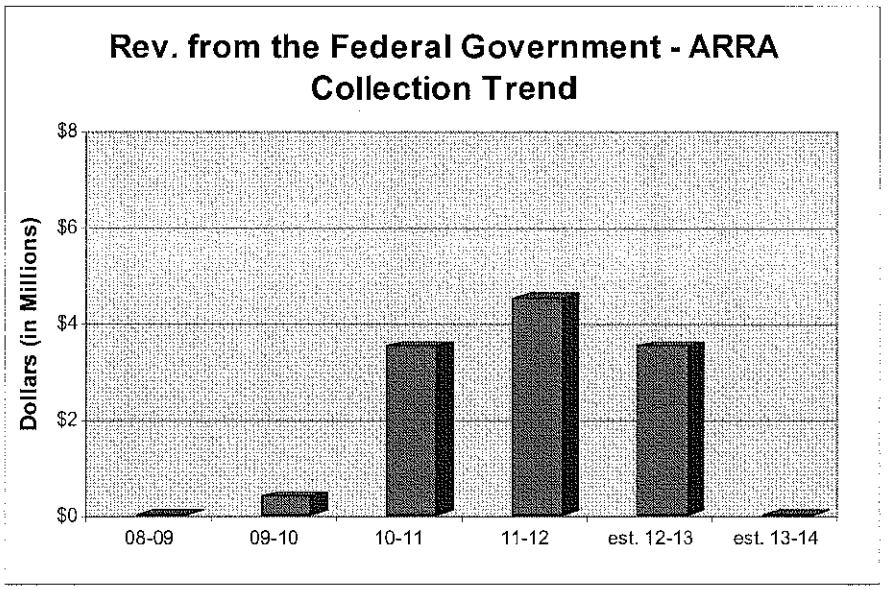
2011-2012 Actual	$ 4,483,666
2012-2013 Adopted	$ 3,322,706
2013-2014 Forecast	$ 0
2013-2014 Proposed	$ 0
% of General Fund	0.0 %
% Change from 2012-2013 Adopted	(100.0 %)

Major Categories:

- American Recovery and Reinvestment Act of 2009

Revenue Estimates:

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 allocated to the City by the federal government that is recorded in the General Fund. No new grant funds are anticipated in 2013-2014. A portion of the grant funding in 2012-2013 may be rebudgeted to 2013-2014 later in the budget process.



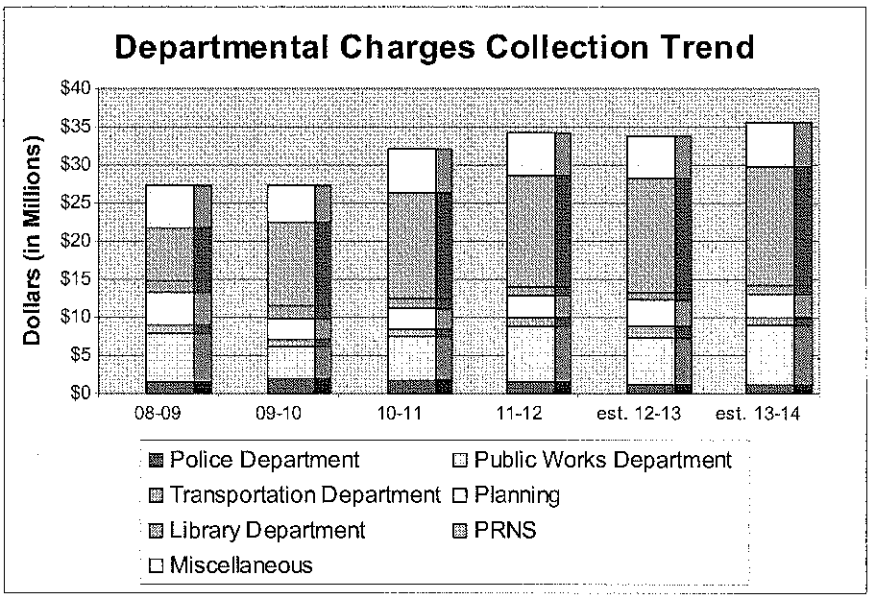
DEPARTMENTAL CHARGES

2011-2012 Actual	$ 34,276,699
2012-2013 Adopted	$ 32,126,081
2013-2014 Forecast*	$ 35,079,456
2013-2014 Proposed	$ 35,620,213
% of General Fund	3.9 %
% Change from 2012-2013 Adopted	10.9 %

* The 2013-2014 Forecast was increased $1.3 million from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Library Fees and Fines
- Parks, Recreation and Neighborhood Services Fees
- Planning Fees
- Police Fees
- Public Works Fees
- Transportation Fees
- Miscellaneous Departmental Fees



Revenue Estimates:

Contained in this revenue category are the various fees and charges levied to recover costs of services provided by several City departments. In the 2013-2014 Proposed Budget, estimated Departmental Charges of $35.6 million are 7.5% above 2012-2013 estimated levels.

The increase in the Proposed Budget reflects upward adjustments in Parks, Recreation and Neighborhood Services Fees, Public Works and Planning Development Fee Programs, and Miscellaneous Departmental Fees. These are partially offset by a minimal reduction in Police Department Fees. These adjustments are brought forward to recognize revenues from new fees, maintain cost recovery levels of existing programs, and to account for anticipated activity changes in 2013-2014.

This section highlights the major fee programs in this category. A more detailed description of the changes to various fee programs is available in the 2013-2014 Fees and Charges document that is published as a separate document.

DEPARTMENTAL CHARGES

Revenue Estimates

Library Fees and Fines

Library Department fees and fines for 2013-2014 are estimated at $1.0 million which is close to the 2012-2013 year-end estimate. Library fines comprise almost 95% of the revenue in this category and are estimated to remain at prior year levels.

Parks, Recreation and Neighborhood Services Fees

Parks, Recreation and Neighborhood Services Department (PRNS) fee collections are estimated at $15.6 million in 2013-2014 based on projected activity levels and fees. The 2013-2014 Proposed Operating Budget includes a few upward revenue adjustments totaling $254,000, reflecting the following: the expansion of catering services provided by Happy Hollow Park and Zoo Picnic Basket restaurant ($100,000); recognition of the portion of increased community centers rental revenues used to offset the addition of 3.0 Part-Time Recreation Leader positions ($92,000); the addition of 12 park picnic sites that will be available for reservation ($34,000); and revenue associated with new facilities that are scheduled to come on-line in 2013-2014 ($28,000).

Planning Fees

The Planning, Building and Code Enforcement Department administers a variety of fees and charges related to the processing of planning permit applications.

In 2013-2014, Planning Fees are anticipated to generate approximately $3.1 million, a slight decrease from the 2012-2013 estimated collection level of $3.4 million. The Proposed Budget estimate, which is above the 2011-2012 actual collection level of $2.9 million, is based on the assumption that development activity will remain strong in 2013-2014. While no general fee increases are recommended, the 2013-2014 revenue estimate includes $60,000 of additional revenues anticipated to be generated from a new Technology Fee of 2% on all planning permits which will be placed in a Development Fee Program Technology Reserve. To improve service delivery and adequately allocate costs, several budget actions are recommended, including the addition of a net 2.21 positions. The 2013-2014 estimated collection level is below the projected cost to deliver this program and the use of $236,000 from the Planning Development Fee Program Reserve is recommended to offset this difference. It is anticipated that a reserve of $848,000 will remain after adjusting for actual 2012-2013 expenditure and revenue activity.

Additional detail on these budget actions is provided in the Planning, Building and Code Enforcement Department under the City Departments section of this document. A more detailed description of the various fees is provided in the 2013-2014 Proposed Fees and Charges document that is released under separate cover.

DEPARTMENTAL CHARGES

Revenue Estimates

Police Fees

The 2013-2014 Proposed Budget revenue estimate totals $1.2 million which is close to the 2012-2013 estimated collection levels. Fee adjustments resulting in a net reduction of $29,000 to various Police fees are recommended based on an analysis of the cost to deliver various services. With position civilianization, cost reductions, and organizational structural changes, cost reductions have been realized.

Public Works Fees

In 2013-2014, Public Works fees are expected to generate $7.9 million ($5.7 million from the Development Fee Program and $2.2 million from the Utility Fee Program). When compared to the estimated 2012-2013 performance, the Development Fee Program revenues are expected to be slightly lower, while the Utility Fee Program revenues are expected to remain at the same level. The strong activity in 2011-2012 and 2012-2013 is expected to continue in 2013-2014. While no general fee increases are recommended, the 2013-2014 revenue estimate includes $111,000 of additional revenues anticipated to be generated from a new Technology Fee of 2% on all public works permits, which will be placed in a Development Fee Program Technology Reserve.

The 2013-2014 projected revenues, along with the use of a portion of the Public Works Development Fee Program Reserve, are sufficient to support a number of recommended program additions in 2013-2014 without any general fee increases. In the Development Fee program, a net addition of 3.5 positions is recommended to assist in meeting the service delivery target of 85% completion rates within the specified time frame and more accurately align resources to service delivery. In the Utility Fee Program, the addition of 1.0 position is recommended to assist in meeting the service delivery target of 85% completion rates within the specified time frame. A decrease to the Public Works Development Fee Program Reserve of $318,0000 is recommended to offset a portion of the recommended actions. This Fee Reserve will decrease from its anticipated level of $3.9 million to $3.6 million in 2013-2014.

Additional detail on these budget actions is provided in the Public Works Department under the City Departments section of this document. A more detailed description of the various fees is provided in the 2013-2014 Proposed Fees and Charges document that is released under separate cover.

Transportation Fees

Transportation Departmental Charges are expected to generate $1.0 million in 2013-2014, which is close to the budgeted estimate for 2012-2013.

DEPARTMENTAL CHARGES

Revenue Estimates

Miscellaneous Departmental Fees

Collections of $5.8 million are anticipated in 2013-2014 from a variety of fees and charges. This collection level reflects a net increase of $146,000 from the Revised Forecast estimate based on recommended fee changes.

More than half of the revenue in this category is generated from the Solid Waste Enforcement Fee (SWEF) Program. An increase of $85,000 in receipts from the SWEF Program is included based on anticipated activity levels in this program, bringing expected revenues in line with anticipated costs for a total estimate of $4.2 million in 2013-2014. The remaining portion of the increase reflects an increase in City Hall Rental fee activity ($31,000) and an increase in the Finance Department Collection Fee to maintain 100% cost recovery levels ($30,000).

Animal Control Service Fees are also included in the category and the estimated 2013-2014 revenues total $647,000.

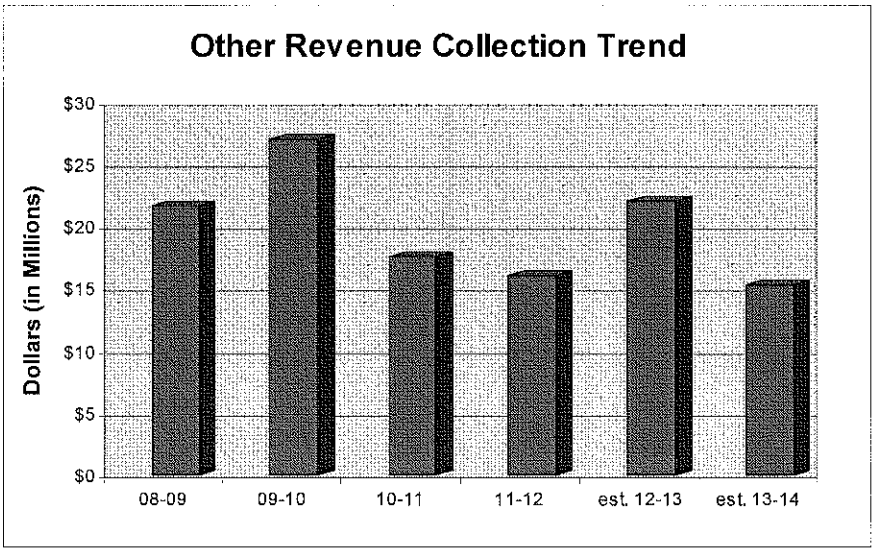
OTHER REVENUE

2011-2012 Actual *	$ 116,060,672
2012-2013 Adopted	$ 16,270,331
2013-2014 Forecast*	$ 14,906,978
2013-2014 Proposed	$ 15,316,183
% of General Fund	1.7 %
% Change from 2012-2013 Adopted	(5.9 %)

* The 2011-2012 Actual includes revenues associated with the issuance of a $100 million TRANs based on cash flow needs.
** The 2013-2014 Forecast was decreased $48,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Litigation Settlements
- HP Pavilion at San José Revenues
- Investment Program Reimbursement
- Public, Education, and Government (PEG) Access Facilities
- Sale of Surplus Property
- Sidewalk Repair and Tree Maintenance Activities
- Miscellaneous Other Revenue



* The 2010-2011, 2011-2012, and 2012-2013 revenues have been adjusted to exclude the issuance of the TRANs.

Revenue Estimates:

In 2013-2014 the revenue estimate of $15.3 million assumes the continuation of current year activity levels with revisions, where appropriate, for 2013-2014 costs or agreements and the elimination of one-time funding sources. This figure excludes revenues associated with the issuance of the TRANs that will be brought forward in 2013-2014 with an offsetting expenditure based on estimated cash flow needs.

Litigation Settlements

In 2012-2013, Litigation Settlements revenue of $350,000 is anticipated based on actual collections. For 2013-2014, Litigation Settlements revenue of $278,000 is included in the Proposed Budget.

OTHER REVENUE

Revenue Estimates

HP Pavilion at San José Revenues

The City receives payments from Arena Management associated with the use of HP Pavilion at San José. In 2013-2014, $5.3 million is projected from Arena Rental, Suite, Parking, and Naming revenues.

Investment Program Reimbursement

The 2013-2014 revenue estimate for this category is $2.4 million based on the estimated costs of this program that will be reimbursed from investment earnings.

Public, Education, and Government (PEG) Access Facilities

In 2013-2014, payments from Comcast and AT&T required under the Franchise Agreement are estimated at $1.7 million. As defined in the Franchise Agreement, these funds will be used to support the Public, Education, and Government (PEG) Access facilities. There is an associated City-Wide Expenses allocation for this purpose.

Sale of Surplus Property

In 2013-2014, the proceeds from the Sale of Surplus Property category is estimated at $1.3 million based on the anticipated assets that will be sold next fiscal year. This figure is down from the 2012-2013 year-end estimate of $6.7 million. This decrease is primarily due to the receipt of $5.0 million in proceeds from the sale of 14.5 acres of the Airport West property to the Earthquakes, LLC in 2012-2013 with a corresponding increase in expenditures to pay off a portion of the HUD 108 loan associated with this property.

Sidewalk Repair and Tree Maintenance Activities

When the City performs sidewalk repair services for non-owner occupied residences, the property owners reimburse the City for those costs. The 2013-2014 revenue estimate for this category is $740,000, which includes a recommended increase of $140,000 to reflect the anticipated increase in reimbursements from property owners for contractual sidewalk repairs performed by the City on behalf of the property owners as a result of the expansion of the Sidewalk Repair Program. This increase is offset by a corresponding expenditure increase in the City-Wide Expenses allocation, as described in the City-Wide Expenses section of this document.

Property owners are also assessed for the costs of tree services provided by the City. If the City performs emergency tree services, such as removing a tree that has fallen in the street during a storm, the property owner is assessed a fee to cover the cost of this service. This fee is expected to generate $400,000 in 2013-2014 and there is a corresponding City-Wide Expenses allocation to provide this service.

OTHER REVENUE

Revenue Estimates

Miscellaneous Other Revenue

Various other revenues sources are included in this revenue category including: Banking Services ($1.4 million), Wellness Program payments from the City's healthcare providers ($500,000), SB90 reimbursements from the State of California ($250,000), Miscellaneous City-Wide Revenues ($250,000), City Hall parking revenues ($100,000), Secondary Employer Insurance reimbursement from Police Officers ($93,000), Debt Program cost reimbursements ($50,000), P Card Incentive Payments ($50,000), and several smaller revenue categories.

Included in the Proposed Budget is an increase of $250,000 to Banking Services estimate (from $1.15 million to $1.4 million) to reflect a new revenue sharing agreement with the City's banking services provider due to a recommended change in the vendor payment process. The new vendor payment process would allow vendors to receive electronic payments in lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner will incur a small fee assessed by the banking services provider. The banking services provider will share a portion of this revenue with the City. With the automation of vendor payments, the Finance Department expects that it will be able to improve service levels for other payment processing, improving cycle times from two to one week. After the transition of vendors to the new system, the ongoing revenue to the City is estimated at $500,000. Additional minor adjustments are recommended to recognize the anticipated reimbursement from the Christmas in the Park Foundation ($12,000) for part-time City staff support and to maintain 100% cost recovery levels for the Return Check Fee ($7,000).

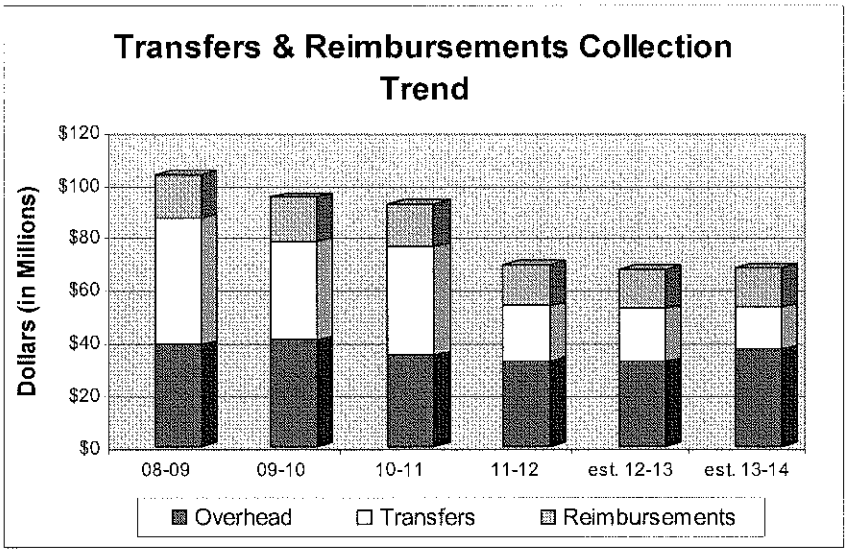
TRANSFERS AND REIMBURSEMENTS

2011-2012 Actual	$ 69,004,709
2012-2013 Adopted	$ 67,031,578
2013-2014 Forecast*	$ 68,020,414
2013-2014 Proposed	$ 68,088,692
% of General Fund	7.5 %
% Change from 2012-2013 Adopted	1.6 %

* The 2013-2014 Forecast was increased $164,000 from the February Forecast due to updated information; additional details can be found in the Overview of this section.

Major Categories:

- Overhead Reimbursements
- Transfers
- Reimbursements for Services



Revenue Estimates:

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including overhead charges, reimbursements for services rendered, or as simple transfers. In total, Transfers and Reimbursements are anticipated to generate approximately $68.1 million in 2013-2014. This amount is above the current 2012-2013 current estimate of $67.4 million primarily due to increased overhead reimbursement partially offset by lower budgeted transfers. The following is a discussion of the three major subcategories, including detail regarding the net increase proposed for 2013-2014 of $68,000.

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Overhead Reimbursements

The Overhead Reimbursements category includes overhead reimbursements from both operating and capital funds. In 2013-2014, a total of $36.9 million in reimbursements are projected based on 2013-2014 overhead rates prepared by the Finance Department applied against the projected 2013-2014 applicable salaries. This figure reflects the following: a decrease of $346,000 incorporated into the Revised Forecast based on final overhead rates and updated allocations of staff across funds; and an increase of $855,000 incorporated into the Proposed Budget ($790,000 ongoing) generated from various budget actions that changed the staffing levels funded by capital and special funds. Descriptions of the budget actions that generate these overhead reimbursement changes can be found in the City Departments Section of this document. Following is a summary of the overhead reimbursement changes from the Revised Forecast by fund.

Fund	Proposed Adjustment
Capital Funds	$ 685,648
Sewer Service and Use Charge Fund (541)	150,720
Public Works Program Support Fund (150)	65,333
Housing Trust Fund (440)	35,110
Water Utility Fund (515)	22,006
General Purpose Parking Fund (533)	19,721
San José/Santa Clara Treatment Plant Operating Fund (513)	17,086
Vehicle Maintenance and Operations Fund (552)	15,724
Integrated Waste Management Fund (423)	1,881
Low and Moderate Income Housing Asset Fund (346)	(83,367)
Multi-Source Housing Fund (448)	(29,981)
Community Development Block Grant Fund (441)	(25,969)
Home Investment Partnership Program Trust Fund (445)	(13,377)
Storm Sewer Operating Fund (446)	(5,810)
Total Adjustments	**$ 854,725**

Transfers

The Transfers category is projected at $16.0 million in 2013-2014. The largest component of this category ($7.2 million) is a transfer from the Airport Maintenance and Operating Fund to reimburse the General Fund for police and aircraft rescue and firefighting services provided by the Police and Fire Departments. In 2013-2014, these reimbursements have been set to cover the majority of the 2013-2014 costs, with revenue from the Fire 2010 SAFER Grant extension recommended to offset a portion of the cost for aircraft rescue and firefighting services as discussed in more detail below. Additional large transfers programmed for 2013-2014 include the following: Construction and Conveyance Tax Fund transfer ($3.0 million) associated with park maintenance costs and methane monitoring; Construction Excise Tax Fund transfer ($1.8 million), including a recommended additional transfer of $25,000 to reimburse the General Fund for projected costs to conduct polling of potential revenue generating ballot measures, including measures pertaining to pavement maintenance; Integrated Waste Management Fund transfer ($600,000) reflecting unclaimed

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Transfers *(Cont'd.)*

Construction and Demolition Diversion Deposits (CDDD), and Park Trust Fund transfer ($594,000) to reimburse the General Fund for expenditures related to Watson Park.

The Proposed Budget incorporates the following changes from the Revised Forecast that result in a net reduction $786,000:

- A one-time transfer of $594,000 from the Park Trust Fund to reimburse the General Fund for prior year expenditures related to the Watson Park project eligible to be paid from Park Trust Fund. The Almaden Towers development was to provide the PDO/PIO fee revenue that would support a portion of the Watson Park project. However, because the developer received an extension on the payment of these fees, the revenue associated with this development was not available for the Watson Park project at the time of construction, necessitating interim funding from the General Fund. Since the PDO/PIO fees and associated interest and penalties have now been received for the Almaden Towers development, funding is available to reimburse the General Fund.

- An increase of $350,000 to the transfer from the Integrated Waste Management Fund (from $250,000 to $600,000) reflecting unclaimed CDDD. On an ongoing basis, an additional $50,000 is expected to be generated annually from this source.

- An increase of $50,000 to the transfer from the Water Utility Fund (from $225,000 to $275,000) reflecting the transfer of estimated late fees on customer payments that are eligible to be transferred to the General Fund.

- As noted above, a one-time increase of $25,000 from the Construction Excise Tax Fund to offset 50% of a recommended City-Wide Expenses allocation for polling of potential revenue generating ballot measures, including measures pertaining to pavement maintenance.

- A decrease of $1.8 million to the transfer from the Airport Maintenance and Operation Fund to reimburse the General Fund for aircraft rescue and firefighting services provided by the Fire Department. By lowering the transfer to the General Fund from the Airport Maintenance Operation Fund by $1.8 million in 2013-2014, the cost to the Airport for fire services in 2013-2014 will be in-line with an aircraft rescue and firefighting services outsourcing proposal received in 2011. With the acceptance of the SAFER 2011 grant, the potential outsourcing of this function would have to be postponed until October 2014 to remain in compliance with the SAFER grant requirements. This action is offset by additional SAFER 2010 grant revenues of $2.3 million anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security (reflected in the Revenue from the Federal Government category). The remaining $0.5 million in SAFER grant revenues are recommended to be used to establish an Aircraft Rescue and Firefighting Services Reserve to offset the higher Fire Department costs for a portion of 2014-2015. This action will maintain sworn firefighter staffing levels and avoid layoffs.

TRANSFERS AND REIMBURSEMENTS

Revenue Estimates

Reimbursements for Services

Reimbursements for services represent the cost to the General Fund for staff and supplies provided on behalf of other City funds. For 2013-2014, the revenue estimate for this category is $15.2 million.

The largest single source of revenue in this category is reimbursements from the Gas Tax Funds for the cost of City street-related expenses. In 2012-2013, Gas Tax receipts are projected to reach $14.5 million, a drop of 1.3% from the 2011-2012 level of $14.7 million. Collections are expected to remain flat at $14.5 million in 2013-2014. This figure is up from the $14.0 million assumed in the Forecast based on the actual collection trends.

The Reimbursements for Services category also includes reimbursement for actual City costs associated with administering the Deferred Compensation Program and the Maintenance Assessment District Funds. These amounts have been set to recover costs in 2013-2014 of $743,000. This figure reflects an increase of $6,000 from the February Forecast as a result of staffing adjustments to the Deferred Compensation Program, as discussed in the Human Resources Department under the City Departments section of this document.

BEGINNING FUND BALANCE

Unexpended Contingency Reserve	$ 29,309,000
Unexpended Earmarked Reserves	$ 39,567,275
2012-2013 Ending Fund Balance Reserve	$ 12,000,000
Expenditure Savings/Additional Revenue	$ 18,455,000
Liquidation of Prior Year Encumbrances	$ 2,500,000
Fund Balance Subtotal:	**$ 101,831,275**
Reserve for Encumbrances	$20,423,841
Fund Balance Total:	**$ 122,255,116**
% of General Fund*	10.9 %

* Excludes Reserve for Encumbrances.

Estimates for both the unrestricted and restricted (reserve for encumbrances) portions of the 2012-2013 Ending Fund Balance/2013-2014 Beginning Fund Balance, totaling $122.3 million, are included as part of the 2013-2014 Proposed Budget. The estimate for the encumbrance reserve is set at the 2011-2012 actual level ($20.4 million). The Proposed Budget includes a matching expenditure amount intended to reflect the corresponding encumbrance appropriations that will be required in 2013-2014.

The estimate for unrestricted fund balance has been set at $101.8 million, representing a $51.0 million increase from the 2014-2018 Forecast level of $50.8 million. When the Forecast was developed, the fund balance projection of $50.8 million included the following:

- The 2013-2014 Contingency Reserve, $29.3 million, was projected at the current level based on the assumption that this amount will not be used in 2012-2013 and will be carried over to 2013-2014. This reserve level complies with the City Council policy to maintain a minimum 3% Contingency Reserve. The Contingency Reserve is approximately enough to cover General Fund payroll costs for one pay period or two and one-half weeks.

- A combination of excess revenues and expenditure savings ($16.0 million) as well as the liquidation of prior-year carryover encumbrances ($2.5 million) was projected. As part of the 2012-2013 Mid-Year Budget Review actions, $12.0 million of the excess revenues ($7.6 million) and expenditure savings were ($4.4 million) were identified and set aside in a 2012-2013 Ending Fund Balance Reserve to meet a portion of this fund balance estimate. The liquidation of prior-year carryover encumbrances in 2012-2013 are tracking to meet the $2.5 million estimate.

- An additional $2.5 million from the Building Development Fee Program Reserve and $436,000 from the Planning Development Fee Program Reserve has been identified in the fund balance estimate to cover 2013-2014 costs associated with these programs, and $53,000 from the Wellness Program Reserve is included to support Wellness Program costs programmed in 2013-2014.

BEGINNING FUND BALANCE

The $51.0 million increase from the February Forecast (from $50.8 million to $101.8 million) recommended in this document includes the following:

- The use of Unexpended Earmarked Reserves of $36.6 million primarily reflects the liquidation of the $29.4 million 2013-2014 Future Deficit Reserve, which was established during 2012-2013 for use in 2013-2014; the liquidation of the $4.0 million Police Department Overtime Reserve to offset a recommended increase in the Police Department budget; and the liquidation of an additional $2.6 million in various Development Fee Program Reserves to offset corresponding recommended increased program costs and ensure 100% cost recovery levels – Building Fee Reserve ($2.0 million), Public Works Fee Program ($318,000), and Planning Fee Program ($236,000). The liquidations of the Martha Gardens Alleyways Reserve ($345,000), the Future Capital Projects (FF&E) Reserve for the South San José Substation ($250,000) are recommended as well.
- Excess revenues and expenditure savings from 2012-2013 are expected to generate an additional $14.4 million from levels assumed in the 2014-2018 February Forecast. The majority of the excess revenue/expenditure savings is due to a cash flow difference between 2012-2013 and 2013-2014 in the Successor Agency to the Redevelopment Agency of the City of San José which will provide excess funds in 2012-2013 of $6.4 million which immediately will be reserved for a needed subsidy in 2013-2014. Tobacco Settlement revenues were $3.5 million above the budgeted estimate due to a one-time settlement for prior years received in 2012-2013. Excess revenues and expenditure savings are also expected to be generated from a number of revenue and expenditure categories ($4.05 million), including higher Sales Tax revenue, City Attorney's Office and Police Department savings, and the close-out and transfer of balances from three funds ($505,000) to the General Fund.

PROPERTY TAX

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution and placed restrictions on the valuation of real property and on the imposition of ad valorem property tax. Under current law, all taxable real and personal property is subject to a tax rate of one percent of the assessed value. (In June 1986, California voters approved a Constitutional Amendment, which provides for an exception to the one-percent limitation. The Amendment allows local governments and school districts to raise property taxes above one percent to finance general obligation bond sales. A tax increase can only occur if two-thirds of those voting in a local election approve the issuance of bonds.) The assessed value of real property that has not changed ownership adjusts by the change in the California Consumer Price Index up to a maximum of two percent per year. Property which changes ownership, property which is substantially altered, newly-constructed property, State-assessed property, and personal property are assessed at the full market value in the first year and subject to the two percent cap, thereafter.

In 1979, in order to mitigate the loss of property tax revenues after approval of Proposition 13, the State legislature approved Assembly Bill 8 (AB 8). This action was approved to provide a permanent method for allocating the proceeds from the one percent property tax rate, by allocating revenues back to local governments based on their historic shares of property tax revenues. AB 8 shifted approximately $772 million of school district property tax revenue to local governments and backfilled schools' lost revenue with subsidies from the State General Fund. Actions taken by the State in order to balance the 1992-1993 and 1993-1994 State budgets partially reversed the AB 8 formula. The 1992-1993 action reduced the City's Property Tax proceeds by nine percent, and shifted this funding to schools in order to reduce the amount of State backfill required. As part of the State's 1993-1994 Budget, the AB 8 formula was again altered requiring another ongoing shift in City Property Tax revenue to K-12 schools and community colleges.

In November 1993, the City Council elected to participate in the Teeter Plan, which is an alternative method for County property tax apportionment. Under this alternative method authorized by the State legislature in 1949, the County apportions property tax on the basis of the levy without regard for delinquencies. With the adoption of the Teeter Plan in 1993-1994, the City received a one-time buy out of all current, secured property tax delinquencies as of June 30, 1993, which totaled $3.5 million. Under this system, the City's current secured tax payments are increased for amounts that typically were delinquent and flowed to the secured redemption roll, but the City gave up all future penalties and interest revenue derived from the delinquencies.

In 2004-2005, the State budget included a permanent reduction of the Motor Vehicle In-Lieu (MVLF) tax rate from 2% to 0.65% (its current effective rate). As part of the State budget action, the loss of MVLF was approved to be replaced with a like amount of property tax revenue, on a dollar-for-dollar basis, and will now grow based on assessed valuations.

SALES AND USE TAX

The Sales Tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The Use Tax is an excise tax imposed on a person for the storage, use, or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes imposed within the boundaries of San José are distributed by the State to various agencies, with the City of San José receiving one percent.

The current distribution of the sales tax proceeds is outlined below. Recent voter approved changes include: a 1/8 cent increase enacted by the Santa Clara Valley Transportation Authority (VTA) on July 1, 2012 (limited to 30 years) to provide operating and maintenance expenses and capital reserve contribution for the Silicon Valley Rapid Transit Project Extension; a State of California 1/4 cent increase effective January 2013; and a Santa Clara County 1/8 cent increase effective April 2013.

Agency	Distribution Percentage
State of California	5.750%
City of San José*	1.000%
Santa Clara County	0.875%
Santa Clara Valley Transportation Authority	0.625%
Public Safety Fund (Proposition 172)	0.500%
Total Sales Tax	**8.750%**

Major items, such as services, are exempt from the tax code. As part of a 1991-1992 legislative action, tax exemptions were removed from candy and snack foods, bottled water, newspapers and periodicals, and fuel and petroleum products sold to certain carriers. The removal of these exemptions became effective July 1991. On November 3, 1992, however, the voters approved Proposition 163, which partially repealed the prior action, re-establishing the exemption for snack food, candy, and bottled water effective December 1, 1992.

On November 2, 1993, Proposition 172 was approved allowing for the permanent extension of the half-cent State sales tax that was originally imposed on July 15, 1991, and was to sunset on June 30, 1993. (On July 1, 1993, a six month extension of the tax was granted by the State in order to provide a source of one-time funding for cities and counties to partially offset 1993-1994 ongoing property tax reductions.) The passage of the Proposition 172 legislation, effective January 1, 1994, required that the proceeds from the half-cent tax be diverted from the State to counties and cities on an ongoing basis for funding public safety programs.

The local Sales and Use Tax is collected and administered by the State Board of Equalization and is authorized by the Uniform Local Sales and Use Tax Law and the Bradley-Burns Uniform Local Sales and Use Tax Law.

* Note: As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), starting July 1, 2004, 0.25% of the City's one percent Bradley-Burns sales tax has been temporarily suspended and replaced dollar-for-dollar with property tax revenue (primarily Educational Revenue Augmentation Funds). This action is to last only for the life of the bonds (currently estimated at five to ten years). The City will, however, continue to record the replacement property tax revenues as sales tax receipts because the growth formula for these receipts is tied to sales tax and because this action is considered to be temporary.

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax is assessed as a percentage of the rental price for transient lodging charged when the period of occupancy is 30 days or less. The tax rate is currently ten percent, six percent of which is placed in the Transient Occupancy Tax Fund and four percent of which is deposited in the General Fund. The tax is authorized by Title 4 of the Municipal Code, Section 4.74, Ordinance number 21931.

The expenditure of the Transient Occupancy Tax Fund portion of the revenues (six percent of room rent) is restricted by Title 4 of the Municipal Code, Section 4.72, Ordinance number 23481 to the following uses:

1) Funding for the Convention and Visitors Bureau (approximately 25%).

2) Funding for the cultural grant program and fine arts division programs, including funding of cultural grants and expenses of the fine arts division, including, but not limited to, personal and non-personal/equipment expenses, fringe benefits, and overhead (approximately 25%).

3) Funding for the City's operating subsidy to the convention and cultural facilities of the City of San José (approximately 50%).

The General Fund portion of the Transient Occupancy Tax was enacted as a general tax.

FRANCHISE FEES

The City collects compensation from Pacific Gas and Electric Company (PG&E) for the use of City streets in the distribution of natural gas and electricity. PG&E is assessed two percent of the gross receipts representing its sale of electricity and natural gas for a calendar year within the City limits. The taxes are authorized by Title 15 of the Municipal Code, Chapter 15.32, and no authorized exemptions exist.

On February 9, 2010, the City Council approved ordinances amending the franchises with PG&E for the sale of natural gas and the sale of electricity. These amendments added a franchise fee surcharge of 0.3%, resulting in a total franchise fee remitted to the City of 2.3% of gross receipts from the sale of gas and electricity in the City through 2021. The 0.3% surcharge was approved by the California Public Utilities Commission (CPUC) effective May 5, 2010. Implementation of the surcharge began in September 2010.

From the sale of nitrogen gas, the City collects an annual fee of $0.119/linear foot of gas-carrying pipe installed within public streets. In addition, each customer is required to pay an annual per connection fee of $118.76 multiplied by the inside diameter of pipe expressed in inches at the property line. A minimum of $1,000 total franchise fees per calendar year is required. The fee is authorized by City Ordinance number 20822, and there are no authorized exemptions.

FRANCHISE FEES

On July 1, 1996, commercial solid waste collection franchise fees (CSW) were converted to a volume basis. This revision amended the previous structure (which had been in effect since January 1, 1995) that assessed a franchise fee equal to 28.28% of gross receipts in excess of $250,000. With that change, fees were set at $1.64 per cubic yard per collection for cubic yards in excess of 43,000 (the cubic yard basis is tripled if the waste has been compacted) in a fiscal year, and were assessed on any commercial business engaged in the collection, transportation, or disposal of garbage and/or rubbish (solid waste) accumulated or generated in the City of San José. In December 1997, the City Council increased the rate to $2.41 effective on January 1, 1998. In 1999-2000, this fee was increased to $2.84 per cubic yard. In 2002-2003, a three year gradual shift in the revenue distribution between the CSW and AB 939 fees (also known as the "commercial source reduction and recycling fee" collected and deposited in the Integrated Waste Management Fund) was approved, that increased the amount collected for CSW to $3.34 per cubic yard in 2004-2005. In 2005-2006, the City Council increased the fee by 4.5% ($0.15 per cubic yard) to $3.49 per cubic yard. In 2006-2007, an additional 5% increase was approved by the City Council, which brings the fee to $3.67 per cubic yard. In 2009-2010, the elimination of the fee exclusion for the first 20,000 cubic yards hauled in the fiscal year was approved. On October 19, 2010, the City Council amended the CSW to a fee for franchises based on geographic collection districts rather than volume. The new fee of $5 million per year for each of two geographic collection districts plus a supplemental fee of $1.0 million for the right to conduct CSW services in both the North District and the South District became effective July 1, 2012, and is subject to an annual consumer price index (CPI) adjustment. The CSW is authorized by Title 9 of the Municipal Code, Chapter 9.08.

The City collects a Franchise Fee from any company that provides cable television (Ordinance number 22128). The current fee is five percent of gross receipts derived from subscriptions. Excluded from the gross receipts are amounts derived from installation, late charges, advertising, taxes, line extensions, and returned check charges.

The Water Franchise Fee was established in 1995-1996 (effective July 27, 1995, Title 15 of the Municipal Code, Section 15.40). The assessment of the fee is allowable under State law, which asserts that a city can collect a franchise fee from a water utility company for laying pipelines and operating them in public right-of-ways. The fee is equal to the greater of either: 1) two percent of the utility's gross annual receipts arising from the use, operation, or possession of facilities located in public streets within the City limits established on or after October 10, 1911, or 2) one percent of all gross receipts derived from the sale of water within the City limits. Those portions of the water company's system that are established in private right-of-ways or utility easements granted by private developers are exempted from the franchise fee assessment. It should be noted that the City is not assessing a Water Franchise Fee on the San Jose Water Company due to a Santa Clara Superior Court ruling that states San José cannot impose a franchise fee on that company.

UTILITY TAX

The Utility Tax is charged to all users of a given utility (electricity, gas, water, and telephone) other than the corporation providing the utility (e.g., a utility company's consumption of all utilities used in the production or supply of their service is not taxed). For the electricity, gas, and water categories, consumers pay 5% of their utility charges to the utility company that acts as a collection agent for the City. For the telephone utility tax, consumers pay 4.5% on all intrastate, interstate, and international communication services regardless of the technology used to provide such services. Private communication services, voice mail, paging, and text messaging are treated the same as traditional telephone services. In November 2008, voters approved Measure K that reduced the telephone utility rate from 5% to 4.5% and broadened the base for the tax and the definition of technologies covered by the tax. The tax is not applicable to State, County, or City agencies. Also, per State regulations, insurance companies and banks are exempted from the tax. This tax is authorized by Title 4 of the Municipal Code, Section 4.68.

TELEPHONE LINE TAX

In November 2008, voters approved Measure J that replaced the Emergency Communication System Support (ECSS) Fee with a tax in an amount that is 10% less than the ECSS Fee. The tax amount is $1.57 per telephone line per month and $11.82 per commercial type trunk line. The City ceased collecting the fee and began collecting the tax by April 1, 2009. The tax is collected from telephone users on their telephone bills. Exemptions to the tax include low-income seniors and disabled persons who receive lifeline telephone service.

BUSINESS TAXES

The **General Business Tax** is assessed according to the following schedule:

Category	Annual Tax
1 – 8 Employees	$150
9 – 1,388 Employees	$150 plus $18 per Employee
1,389 and over Employees	$25,000

In addition to the rates listed above, City Ordinance number 21518 specifies the assessment of taxes by grouping taxed businesses (each at a different rate) in the following categories: Rental or Lease of Residential or Non-Residential property, Mobile Home Parks, and Water Companies. Rented or leased properties (if three or more residential rental units) are subject to the $150 minimum tax, but are also assessed $5/rental unit over 30 units for residential properties and $0.01 per square foot in excess of 15,000 square feet for non-residential properties. Taxes for both residential and non-residential properties are limited to a maximum of $5,000. Mobile home parks are treated as residential properties. Water companies are assessed by a schedule that assigns an amount (from $200 to $20,000) depending on the number of active metered connections. In November 1996, the

BUSINESS TAXES

rates were increased to reflect an annual inflation factor as part of the New Realities Task Force recommendations contingent on voter approval. Because the voters did not approve the continuation of the increase in November 1998, the rates (as reflected) were returned to the levels prior to November 1996.

There are several exclusions (by federal or State regulations) or exemptions (by the City Council) from the General Business Tax. The major types of exempt organizations include banks and insurance companies, charitable and non-profit organizations, and interstate commerce. On June 8, 1993, the City Council deleted the sunset provision of a business tax exemption for certain artists and craftpersons selling their wares at one location. The Business Tax is authorized by Title 4 of the Municipal Code, Chapter 4.76.

On May 26, 1987, the City Council enacted a new **Disposal Facility Tax** which became effective July 1, 1987. The rate structure is based on the weight of solid waste disposed. On July 1, 1992, the City Council increased the Disposal Facility Tax from $3.00 per ton of disposed waste to $13.00 per ton. This tax is assessed on landfills located in the City of San José. Beginning 2002-2003, waste previously classified as alternate daily cover was made subject to the Disposal Facility Tax. After a legal challenge, the City reinstated the alternate daily cover exemption in August 2005.

During 1991-1992, Council approved the establishment of a Cardroom Ordinance which contained the provision of a **Cardroom Business Tax** to tax gross receipts from cardrooms located in the City. On June 9, 1992, the City Council approved an ordinance amending the San José Municipal Code, increasing the tax rate schedule and expanding the permissible games authorized. A gross receipt monthly tax schedule was established with taxes ranging from 1% to 13% of gross receipts. In 1993-1994, Council approved a revision to the Cardroom Ordinance, instituting a flat 13% gross receipts tax for all cardrooms located in the City with annual gross revenues in excess of $10,000. In June 2010, voters approved a ballot measure that increased the tax rate from 13% to 15% and increased the maximum number of card tables from 80 to 98.

On November 2, 2010, San José voters approved Ballot Measure U, which allows the City to tax all marijuana businesses (medical and non-medical; legal and illegal) at a rate of up to 10% of gross receipts. On December 13, 2010, the City Council approved Ordinance number 28867 which sets the **Marijuana Business Tax** at 7%. Details of the Marijuana Business Tax are provided in Municipal Code Chapter 4.66. The Marijuana Business Tax became effective on March 1, 2011. This budget assumes an increase in the tax rate to the maximum of 10%, consistent with the direction approved by the City Council as part of the Mayor's March Budget Message for Fiscal Year 2013-2014.

LICENSES AND PERMITS

The City requires payment for the issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits. For most licenses and permits, the various fees charged by a given department are based on full recovery of the estimated costs for providing each service. For example, the City requires fire safety inspections of all commercial property. The fee provides for inspection charges and a number of special charges. Authorized exceptions include the addition and/or alteration of under 20 sprinkler heads and the installation of portable fire extinguishers. The fee is authorized by Title 17 of the Municipal Code, Chapter 17.12. Where appropriate, license and permit fees take into consideration approved exceptions to the City Council's full cost recovery policy, as well as applicable State laws. Specific prices and rates are determined by ordinance and each of the charges is fully explained in the City's Fees and Charges Report, which is released in May of each year.

FINES, FORFEITURES, AND PENALTIES

The City receives a portion of the fines collected in connection with violations of the State Vehicle Code on city streets. Various fines may be assessed in addition to those imposed by the Santa Clara County bail schedule and judges' sentences. The County court system collects the fines as authorized by the State Vehicle Code and makes monthly remittances to the City. Only "on call" emergency vehicles are exempt from Vehicle Code street laws. State legislative action in 1991-1992 reduced the amount (by approximately 50%) of vehicle code fine and forfeiture revenue forwarded to the City. On October 10, 1997, however, the Governor signed Assembly Bill 233 (AB 233) which became effective on July 1, 1998. AB 233 changed how the State and its counties and cities share in traffic citation fine revenues. This legislation essentially resulted in the doubling of the City's revenue collections in this area, reversing the impact of the 1991-1992 state legislative action.

The City receives fines and forfeitures of bail resulting from violation of State Health and Safety Codes and City Ordinances. These fees, authorized by the State Criminal Code and City Ordinances, are collected by the County and remitted to the City on a monthly basis. The City also receives revenue collected in connection with violations of the City's vehicle parking laws. These fines vary according to the nature of the violation. The City pays an agency to process and collect the fines. The only authorized exemption is for "on call" emergency vehicles.

USE OF MONEY AND PROPERTY

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The City has established a formalized and conservative investment policy with objectives emphasizing safety and liquidity. This policy provides guidelines for type, size, maturity, percentage of portfolio, and size of security issuer (among others) of each investment. In addition, the policy statement outlines several responsibilities of the City Council, City Manager, City Auditor, and Finance Director. These policy and monitoring units interact and produce investment performance reports and an annually updated investment policy. All reports

USE OF MONEY AND PROPERTY

and policies must be reviewed and approved by both the City Manager and City Council. Investment of funds is authorized by the City Charter, Section 8066. Revenue is also received from the rental of City-owned property.

REVENUE FROM LOCAL AGENCIES

This revenue category includes revenue received from a variety of other local government agencies. For example, the City receives payments from the Central Fire District for fire services provided to District residents by the San José Fire Department and payments from the County for the Paramedic Program.

REVENUE FROM THE STATE OF CALIFORNIA

The City receives revenue from the State of California in a number of different forms. While the State provides the City with funds through grants and contracts for services, by far the largest source of funds is the Tobacco Settlement payments.

On November 23, 1998, the attorneys general of most states and the major United States tobacco companies signed a Master Settlement Agreement (MSA) to settle more than 40 pending lawsuits brought by states against the tobacco industry. In exchange for the states dropping their lawsuits, and agreeing not to sue in the future, the tobacco companies agreed to pay, in perpetuity, various annual payments to the states to compensate them for some of the medical costs of caring for persons with smoking-related illnesses. Further, the companies have restricted their marketing activities and established new efforts to curb tobacco consumption. The City, along with the other states and local government entities, joined in the settlement. In the MSA, the Original Participating Manufacturers agreed to pay a minimum of $206 billion over the first twenty-five years of the agreement.

The City has also previously received Motor Vehicle In-Lieu (MVLF) Tax revenues, which are license fees collected by the California Department of Motor Vehicles (DMV). Until 1998-1999, the annual license fee was two percent of the market value of the vehicle as determined by the DMV. In 1998-1999, the State reduced the license fees by 25%, but agreed to backfill local jurisdictions for the loss in revenue, which represented 67.5% of MVLF revenues received by the City at the time. In 2004-2005, as part of State budget actions, the MVLF rate was permanently reduced from 2% to 0.65% and all future receipts of the backfill were approved to be in the form of increased Property Tax receipts and are reflected in that category. Thus, the backfill amount due to the City has permanently become property tax revenue that now grows based on assessed valuations. The State withholds a portion of these fees for the support of the DMV. The remaining fees were divided equally between counties and cities, and their aggregate shares were distributed in proportion to the respective populations of the cities and counties of the State. The exemptions authorized by the

REVENUE FROM THE STATE OF CALIFORNIA

State Constitution, Article 13, include vehicles owned by insurance companies and banks, publicly owned vehicles, and vehicles owned by certain veterans with disabilities. The tax is authorized by the State Revenue and Taxation Code. In late June 2011, the State legislature approved SB 89, which shifted over $130 million in annual General Fund Motor Vehicle In-Lieu revenue from cities to support State law enforcement grants effective July 1, 2011. State legislative action in 1992-1993 eliminated local Trailer Coach In-Lieu Tax revenues. These funds were shifted to the State General Fund.

REVENUE FROM THE FEDERAL GOVERNMENT

Federal grants account for the majority of federal revenues. Grant programs must be specifically outlined and proposed for federal sponsorship. Due to the grant process, the volume of grants and level of revenue has been and will be sporadic.

DEPARTMENTAL CHARGES

Departmental Charges are comprised of fees charged for services which are primarily provided by the following departments: Planning, Building and Code Enforcement; Police; Public Works; Transportation; Library; and Parks, Recreation and Neighborhood Services. The Planning, Building and Code Enforcement Department, for example, charges specific fees for various development fee programs. The fees in this category are determined by ordinance and described in the City's Annual Fees and Charges Report. In addition, it should be noted that the fees assessed by the Parks, Recreation and Neighborhood Services Department can be found on the Internet (www.sanjoseca.gov/prns).

OTHER REVENUE

This revenue category contains revenue received from a variety of miscellaneous sources. Significant sources of revenue include HP Pavilion rental, parking, suite, and naming revenues and cost reimbursements related to Finance Department staff in the Investment Program. The remaining revenues represent one-time and/or varied levels of reimbursements, sale of surplus property receipts, and miscellaneous revenues associated with the Office of the City Attorney.

TRANSFERS AND REIMBURSEMENTS

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including operating and capital fund overhead charges, transfers, and reimbursements for services rendered.

Overhead charges are assessed to recover the estimated fair share of indirect General Fund support services costs (staff and materials) that benefit other City program and fund activities. Examples of support activities included in the charges are services provided by the following departments: Finance, Human Resources, Information Technology, Mayor and City Council, the Office of the City Manager, and the Office of the City Attorney. Each year the charges are calculated using Finance Department developed overhead rates applied to projected salary costs in most City funds. The most significant sources of overhead reimbursements are the Treatment Plant Operating Fund, the Sewer Service and Use Charge Fund, the Airport Maintenance and Operation Fund, and the Integrated Waste Management Fund.

Transfers consist of both one-time and ongoing revenue sources to the General Fund. Ongoing transfers include capital fund transfers for maintenance and operating expenses incurred by the General Fund. One-time transfers occur on a sporadic basis and have included the disposition of uncommitted fund balances in several special funds and the transfer of monies to fund a variety of City projects.

Reimbursements from other funds represent the cost to the General Fund for services provided on behalf of the other City funds. This category also includes the State Gas Tax funds that are used to reimburse the General Fund for eligible expenditures. The State Gas Tax is described in the following section.

STATE GAS TAX

A portion of the State Gas Tax is shared with cities and counties under separate sections of the Streets and Highways Code. The 1964 Gas Tax (Section 2106) provides for a $0.0104 charge on every gallon of gasoline. Revenue is then allocated according to the following formula:

County Allocation :	a	No. of Registered Vehicles in County
	÷ b	No. of Registered Vehicles in State
	x c	$0.0104
	x d	Gallons of Gas Sold
City Allocation:	a	Incorporated Assessed Value in County
	÷ b	Total Assessed Value in County
	x c	County Allocation
Individual City Allocation:	a	Population in City
	÷ b	Population of all Cities in County
	x c	City Allocation

STATE GAS TAX

The 1943 Gas Tax (Section 2107) authorized a per gallon charge of $0.00725. The State allocates part of these revenues for snow removal; the balance is distributed by calculating the portion of the State population represented by the city's population.

As a result of the passage of Proposition 111, gas and diesel taxes were increased $0.05 per gallon on August 1, 1990, and increased by $0.01 per gallon each January 1 until January 1, 1994. For the 1990 Gas Tax (Section 2105), cities are apportioned a sum equal to the net revenues derived from 11.5% of highway users taxes in excess of $0.09 per gallon in the proportion that the total city population bears to the total population of all cities in the State.

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

City Service Areas

CITY SERVICE AREAS

Community & Economic Development

Environmental & Utility Services

Neighborhood Services

Public Safety

Transportation & Aviation Services

Strategic Support

What is a City Service Area?

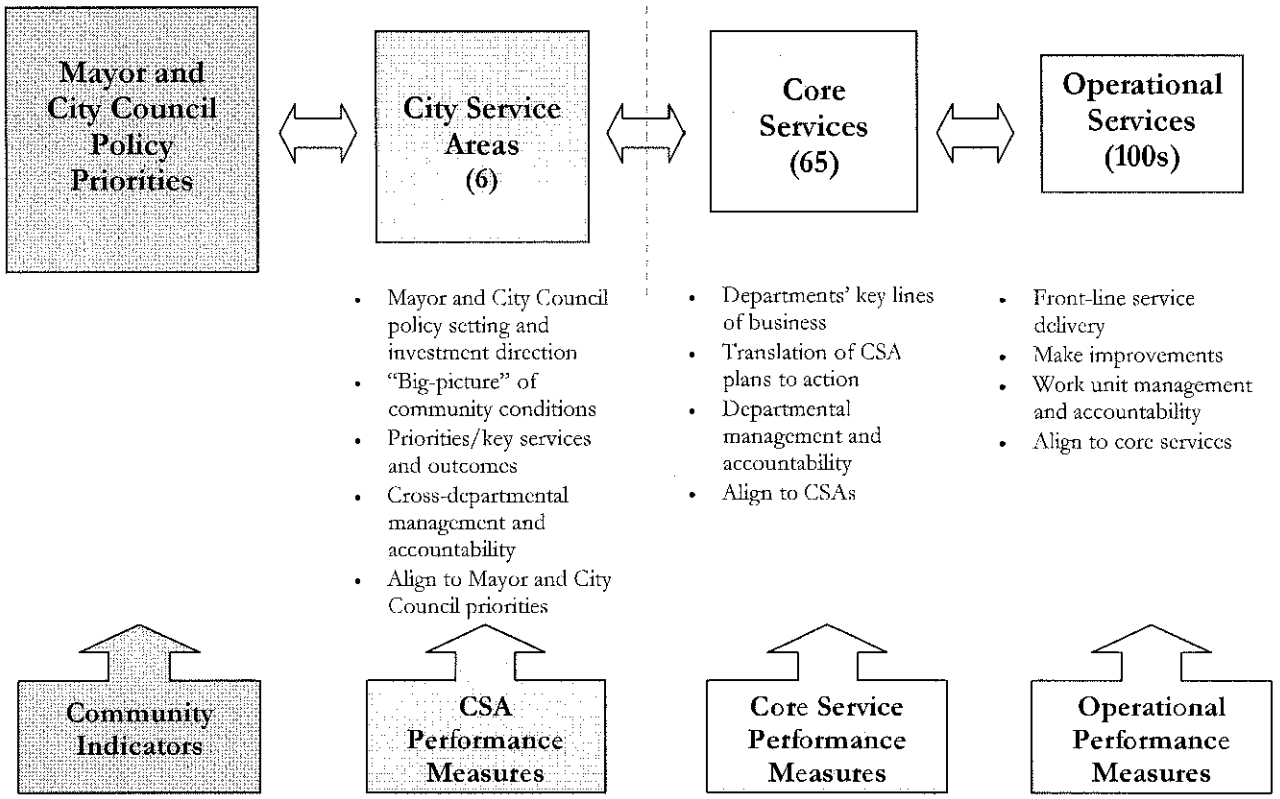
City Service Areas (CSAs) integrate services provided in individual departments into the City's five key lines of business – Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, and Transportation and Aviation Services. An additional CSA, referred to as "Strategic Support," represents the internal functions that enable the other five CSAs to provide services to the community. These cross-departmental CSAs provide a forum for strategic planning and investment decisions within the context of the Mayor and City Council policy priorities. Plans, policies, and investment decisions at the CSA level are then carried out through departmental core and operational services.

Each CSA is guided by a Mission Statement which is informed by the City's Mission Statement. The City's Mission Statement can be found on the City Service Area – Core Service Map at the end of this section.

The following pages present an overview of the CSA framework and how it is used in San José's operating and capital budgets and in performance reporting to the City Council and the public.

City Service Areas

City of San José's Service Delivery Framework for Performance-Driven Government



The City of San José's Service Delivery Framework for Performance-Driven Government aligns front line (or operational) services to the Mayor and City Council Policy Priorities. This structure acknowledges the complexity of the organization and the wide variety of services delivered and provides tools at all levels of the organization to plan, manage, and measure the results that customers experience.

The 2002-2003 Operating Budget was San José's first performance-based budget developed by City Service Area (CSA). CSAs enable the City to strategically plan and show results of the collaboration among departments. Each CSA aligns the efforts of a number of core services (each with its own set of performance measures) into the City's key lines of business.

Both the operating and capital budget documents are aligned to the CSA framework. A CSA-based capital project reporting system has been implemented along with consistent performance measures to ensure that the City meets its on-time and on-budget goals for project delivery.

CSA Alignment for the Budget Document

The operating budget document reflects San José's service delivery-based framework for performance-driven government. In that framework, each of the 65 departmental core services is aligned to one of six CSAs to which it contributes. A "map" detailing the alignment of the 65 core services to the six CSAs, including a description of the CSA mission and a listing of the CSA outcomes (the "ends" to which the plans, efforts, resources, and results of the CSA are directed) is provided at the end of this Introduction.

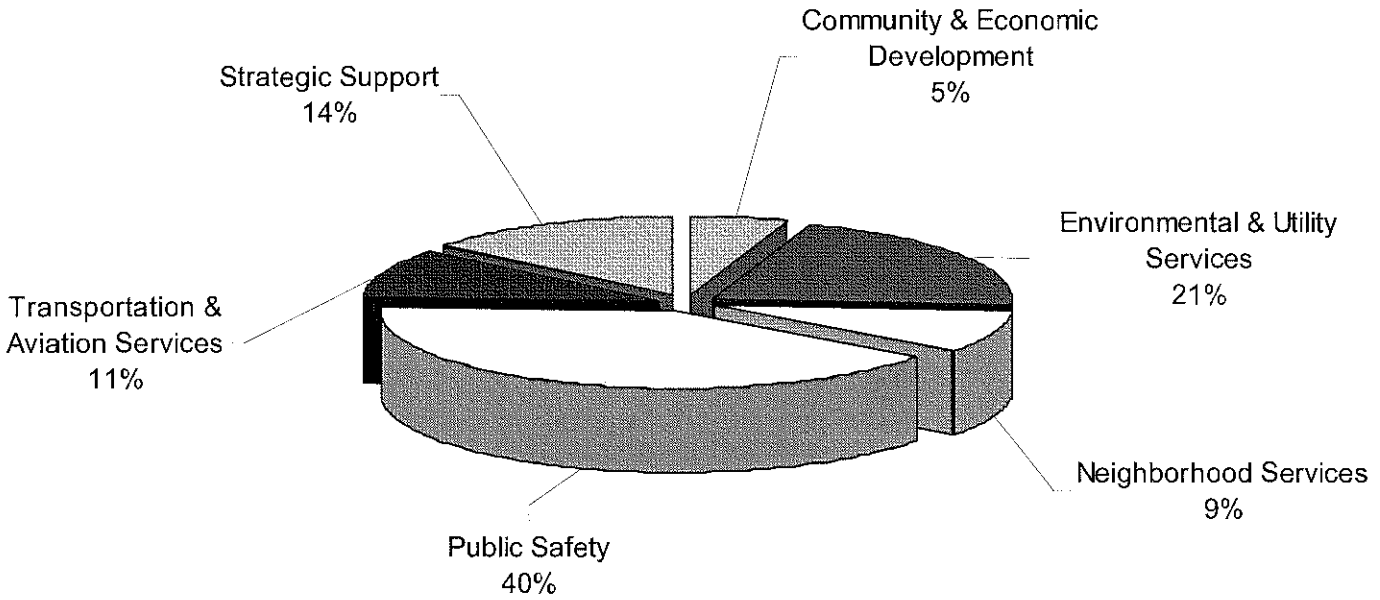
Each of the CSA overview sections that follow includes a description of the CSA's mission, partner departments, and a CSA outcome listing. The Service Delivery Framework displays the CSA's mission, outcomes, and the Core Services for each of the partner departments. A Budget Summary displays expected 2013-2014 service delivery and budget actions, followed by the CSA's total budget by core service and authorized positions. This is followed by a CSA Overview that provides context through a discussion of service delivery accomplishments, the service delivery environment, and the CSA priorities/key services. The final section of the CSA Overview, Budget Dollars at Work: Performance Goals, displays performance data and targets and a discussion of current and planned performance for each of the CSA outcomes and strategic goals. Finally, a CSA budget changes summary provides a snapshot of the actions in this budget.

Resource Allocation by CSA

In the following CSA Budget Summary and in the individual CSA sections which follow, the operating budget resources are presented by CSA and include personal services expenditures for all funds, non-personal/equipment expenditures for all funds with the exception of capital funds, transfers and reserves, and city-wide expenditures. A CSA Position Summary is also included and is presented elsewhere in this document at the core service level.

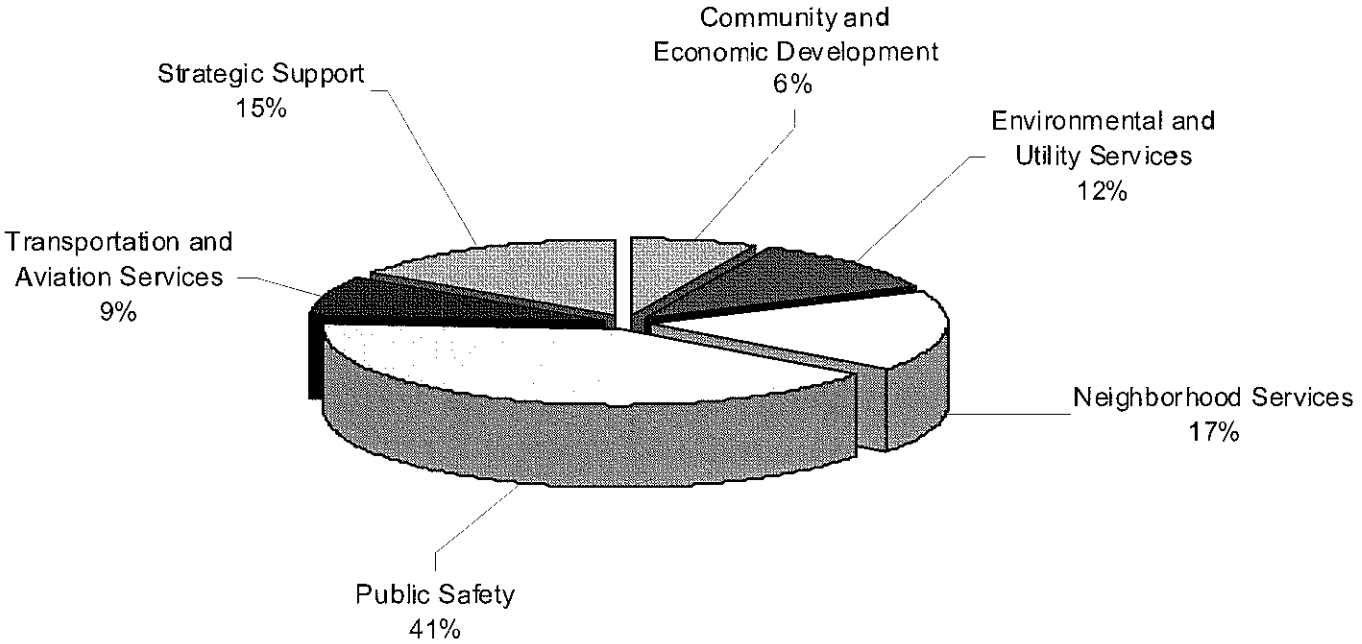
City Service Areas

City Service Area Budget Summary



	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by CSA					
Community & Economic Development	$ 70,266,977	$ 59,613,941	$ 58,360,382	$ 59,244,939	(0.6%)
Environmental & Utility Services	213,236,136	237,771,054	237,723,300	241,372,279	1.5%
Neighborhood Services	94,328,860	98,764,743	102,519,383	104,086,243	5.4%
Public Safety	431,483,873	433,556,664	448,796,856	458,820,676	5.8%
Transportation & Aviation Services	114,347,410	120,789,616	118,319,107	119,885,378	(0.7%)
Strategic Support	138,693,400	155,920,001	153,435,989	160,511,540	2.9%
Total	**$ 1,062,356,656**	**$ 1,106,416,019**	**$ 1,119,155,017**	**$ 1,143,921,055**	**3.4%**

City Service Area Position Summary



	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Adopted 4	% Change (2 to 4)
Staffing by CSA					
Community & Economic Development	363.06	374.15	389.43	388.84	3.9%
Environmental & Utility Services	651.89	645.34	646.34	654.34	1.4%
Neighborhood Services	872.71	929.02	917.63	944.65	1.7%
Public Safety	2,209.11	2,234.35	2,260.35	2,295.35	2.7%
Transportation & Aviation Services	510.06	485.61	485.61	495.11	2.0%
Strategic Support	858.91	853.77	842.57	872.45	2.2%
Total	**5,465.74**	**5,522.24**	**5,541.93**	**5,650.74**	**2.3%**

City Service Area – Core Service Map

COMMUNITY & ECONOMIC DEVELOPMENT CSA

Mission: *To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of housing and employment opportunities, and encourage a diverse range of arts, cultural and entertainment offerings.*

Outcomes:
- *Strong Economic Base*
- *Safe, Healthy, Attractive and Vital Community*
- *Diverse Range of Housing Options*
- *Range of Quality Events, Cultural Offerings, and Public Amenities*

Core Services

ECONOMIC DEVELOPMENT
- Arts and Cultural Development
- Business Development and Economic Strategy
- Real Estate Services
- Regional Workforce Development

FIRE
- Fire Safety Code Compliance

HOUSING
- Community Development and Investment
- Housing Development and Preservation
- Neighborhood Development and Stabilization

PBCE
- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

PUBLIC WORKS
- Regulate/Facilitate Private Development

ENVIRONMENTAL & UTILITY SERVICES CSA

Mission: *Provide environmental leadership through policy development, program design, and reliable utility services.*

Outcomes:
- *Reliable Utility Infrastructure*
- *Healthy Streams, Rivers, Marsh and Bay*
- *"Clean and Sustainable" Air, Land, and Energy*
- *Safe, Reliable, and Sufficient Water Supply*

Core Services

ENVIRONMENTAL SERVICES
- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

TRANSPORTATION
- Sanitary Sewer Maintenance
- Storm Sewer Management

NEIGHBORHOOD SERVICES CSA

Mission: *To serve, foster, and strengthen the community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods.*

Outcomes:
- *Safe and Clean Parks, Facilities and Attractions*
- *Vibrant Cultural, Learning, Recreation, and Leisure Opportunities*
- *Healthy Neighborhoods and Capable Communities*

Core Services

LIBRARY
- Access to Information, Library Materials, and Digital Resources
- Formal and Lifelong Self-Directed Education

PRNS
- Parks Maintenance and Operations
- Recreation and Community Services

PBCE
- Community Code Enforcement

PUBLIC WORKS
- Animal Care and Services

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.

City Service Area – Core Service Map

PUBLIC SAFETY CSA

Mission: *Provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations.*

Outcomes:
- *The Public Feels Safe Anywhere, Anytime in San José*
- *Residents Share the Responsibility for Public Safety*

Core Services

FIRE
- Emergency Response
- Fire Prevention

INDEPENDENT POLICE AUDITOR
- Independent Police Oversight

POLICE
- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

TRANSPORTATION & AVIATION SERVICES CSA

Mission: *To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.*

Outcomes:
- *Provide Safe and Secure Transportation Systems*
- *Provide Viable Transportation Choices that Promote a Strong Economy*
- *Travelers Have a Positive, Reliable and Efficient Experience*
- *Preserve and Improve Transportation Assets and Facilities*
- *Provide a Transportation System that Enhances Community Livability*

Core Services

AIRPORT
- Airport Facilities Maintenance
- Airport Operations
- Airport Planning and Development

POLICE
- Traffic Safety Services

TRANSPORTATION
- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

STRATEGIC SUPPORT CSA

Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.*

Outcomes:
- *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations*
- *Safe and Functional Public Infrastructure, Facilities, and Equipment*
- *Effective Use of Technology*
- *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*

Core Services

FINANCE
- Disbursements
- Financial Reporting
- Purchasing and Risk Management
- Revenue Management
- Treasury Management

HUMAN RESOURCES
- Employee Benefits
- Employment Services
- Health and Safety

INFORMATION TECHNOLOGY
- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

PUBLIC WORKS
- Facilities Management
- Fleet and Equipment Services
- Plan, Design. and Construct Public Facilities and Infrastructure

RETIREMENT
- Retirement Plan Administration

MAYOR, CITY COUNCIL AND APPOINTEES

Mission: *Council appointees exist to support and advance the collective work done of the City organization through leadership, communication, and coordination.*

MAYOR AND CITY COUNCIL
- Office of the Mayor
- City Council
- Council General

CITY ATTORNEY
- Legal Representation
- Legal Transactions

CITY AUDITOR
- Audit Services

CITY CLERK
- Facilitate the City's Legislative Process

CITY MANAGER
- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

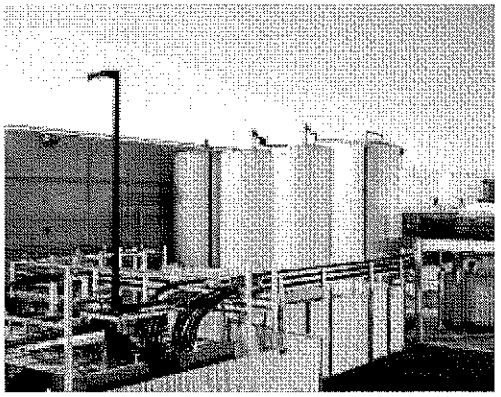
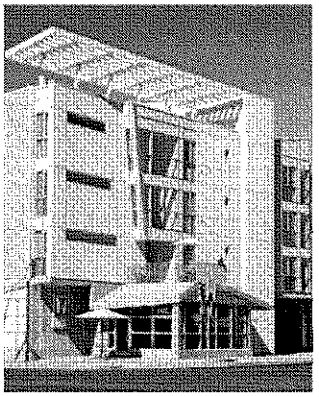
PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

Community and Economic Development CSA

Community and Economic Development

Mission: *To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings*

Primary Partners

Economic Development
Fire
Housing
Planning, Building & Code Enforcement
Public Works

CSA OUTCOMES

- ❒ Strong Economic Base
- ❒ Safe, Healthy, Attractive, and Vital Community
- ❒ Diverse Range of Housing Options
- ❒ Range of Quality Events, Cultural Offerings, and Public Artworks

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Community & Economic Development CSA

Mission:

To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

City Manager - Office of Economic Development

Core Services:

- Arts and Cultural Development
- Business Development and Economic Strategy
- Real Estate Services
- Regional Workforce Development

Planning, Building and Code Enforcement Department

Core Services:

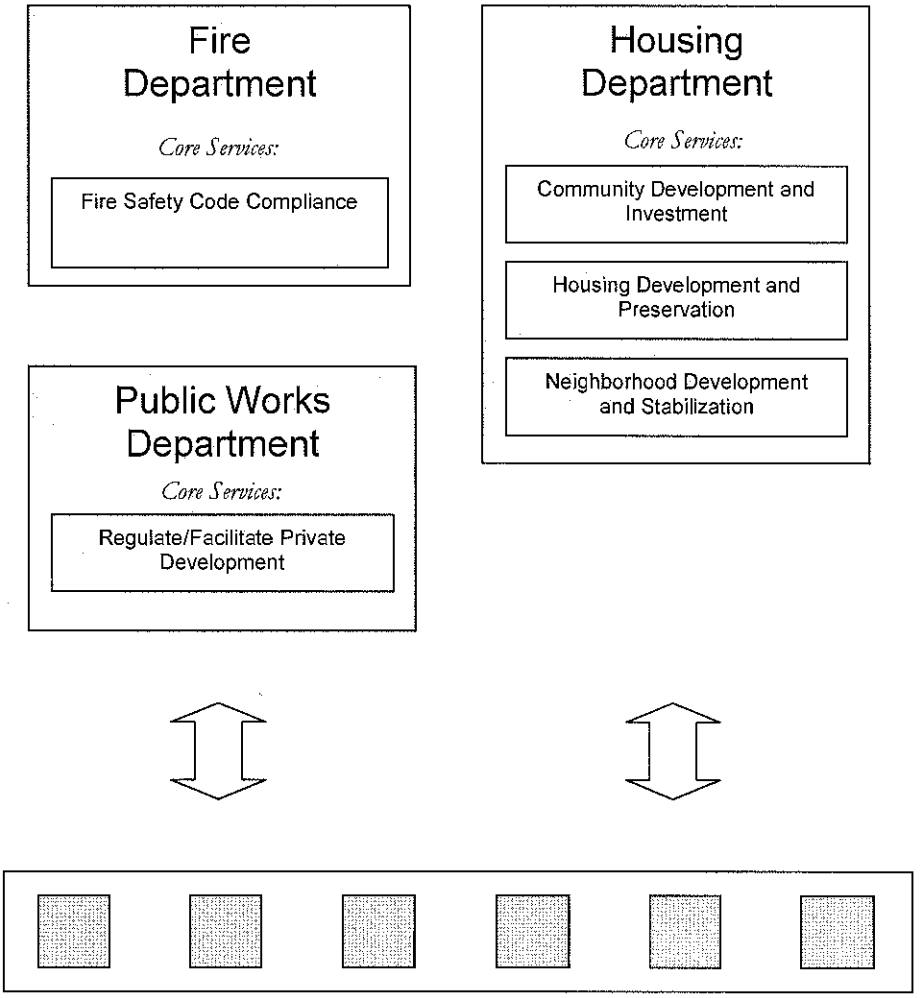
- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery



Community and Economic Development

Expected 2013-2014 Service Delivery

- Engage and assist companies that can create jobs and expand the City's tax base, with particular focus on emerging growth companies, anchor employers and revenue generators, clean technology firms, and incurring foreign investment.
- Provide a range of re-employment services to residents who remain unemployed as the economy slowly recovers.
- Manage the City's land assets through Real Estate Services with a focus on streamlining the property leasing program management of the City's real estate assets and revenue generation.
- Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in fiscally challenging times. Integrate high-impact public art and urban design in high visibility areas.
- New event service models have led to partnering with private companies and organizations for sponsorship funds and/or transferring production of events for 2013, including the Amgen Tour of California and Christmas in the Park.
- Complete the Diridon Plan and six other Village Plans, and initiate additional Village Plans with the goal of completing all Village Plans in the next couple of years.
- Complete other activities to facilitate development consistent with the Envision San José 2040 General Plan, including but not limited to Municipal Code changes, rezoning of private property in key Village areas, and creating appropriate financing mechanisms for infrastructure and other improvements identified in the Village Plans.
- Continue to monitor development activity and adjust staffing levels for all Development Services partners (Building, Planning, Fire, and Public Works) to ensure customers receive inspection and plan review services within cycle time targets.
- Continue to improve the customer experience in the development process by publishing performance data based on established timeframe targets, and work with customers to identify and implement other process improvements.
- Replace or upgrade Development Services imaging and permitting systems with newer, web-based application in order to allow staff to work more efficiently and effectively with the technology-savvy development community.
- The Community Development Block Grant (CDBG) program will continue to employ a place-based, neighborhood-focused strategy. The three place-based neighborhoods are Mayfair, Santee, and Five Wounds/Brookwood Terrace.
- Continue to make loans to increase the affordable housing supply, focusing on funding the pipeline of projects that has been on hold during the redevelopment dissolution process.
- Provide limited financial assistance to individuals for home purchases and housing rehabilitation using remaining State and federal funds. These programs will phase out during the year as these funds are depleted.
- Continue to work with Destination: Home, a public-private partnership with the goal of ending chronic homelessness in Santa Clara County by realigning and streamlining public systems, focusing community-based homeless services on the Housing-First model, and providing permanent supportive affordable housing opportunities to the most vulnerable and long-term homeless individuals.
- Work on a regional basis with governmental and private partners to implement the homeless encampment response. This work will include developing housing and service resources for the individuals residing at the encampments; activities related to protecting and restoring the environment; and making the community aware of efforts to respond to encampments while also engaging them to help address encampment issues.

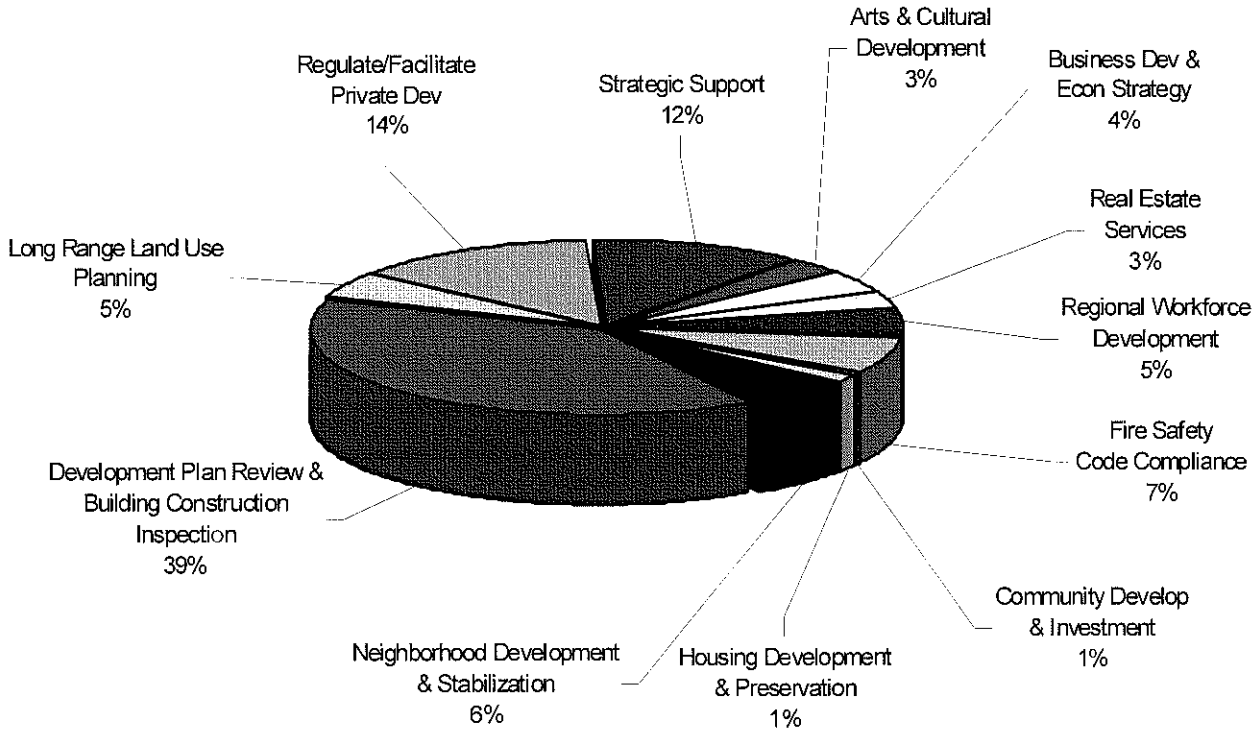
Community and Economic Development

2013-2014 Budget Actions

- Staffing resources will be added to respond to the concerns of the community members and businesses regarding homeless individuals living in encampments.
- As a result of the dissolution of the San Jose Redevelopment Agency, resulting in the loss of Low and Moderate Income Housing Funds, and the recent 5% across-the-board spending cuts due to the federal sequestration, the Housing Department will reduce its administrative budget by five positions through a staffing reorganization.
- New Building, Planning, Fire, and Public Works Development Fee staffing for planning, permit intake, inspection, and plan check will result in the City meeting its performance targets as development activity expands.
- Outsourcing the work2future direct client services to maintain or increase current service level at lower delivery costs.
- One-time funding is included to develop an interactive document imaging and records retention system which will result in a cost-effective and streamlined approach to retaining, retrieving, and researching the City's real estate records.
- Continues one-time funding for economic development support and incentives in the amount of $750,000. This funding will allow the City to continue planning and competing for development projects that will generate revenue and create jobs.

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $59,244,939



City Service Area Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Convention Facilities					
Convention Facilities*	$ 22,260,406	$ 0	$ 0	$ 0	N/A
Economic Development					
Arts & Cultural Development	1,744,280	1,846,901	1,831,400	1,831,400	(0.8%)
Business Development & Economic Strategy	1,693,619	2,435,956	2,509,371	2,509,371	3.0%
Real Estate Services**	0	3,313,888	1,481,797	1,681,797	(49.3%)
Regional Workforce Development	4,855,127	4,890,331	4,943,950	3,243,319	(33.7%)
Strategic Support	3,623,249	452,027	703,260	703,260	55.6%
Fire					
Fire Safety Code Compliance	2,447,035	3,393,738	3,615,643	4,030,406	18.8%
Strategic Support	536,767	538,036	468,553	468,553	(12.9%)
Housing					
Community Develop & Investment	383,321	636,753	659,583	382,892	(39.9%)
Housing Development & Preservation	583,090	880,607	902,664	775,825	(11.9%)
Neighborhood Development & Stabilization	2,827,574	3,547,834	3,618,477	3,437,927	(3.1%)
Strategic Support	4,201,506	4,282,128	4,360,956	4,100,416	(4.2%)
Planning, Bldg & Code Enforcement					
Development Plan Review & Building Construction Inspection	17,347,923	22,643,190	21,588,392	23,289,200	2.9%
Long Range Land Use Planning	1,611,756	2,960,090	2,730,752	2,907,763	(1.8%)
Strategic Support	1,065,007	1,183,347	1,646,252	1,725,677	45.8%
Public Works					
Regulate/Facilitate Private Dev	5,086,317	6,609,115	7,299,332	8,157,133	23.4%
Dollars by Core Service Subtotal	**$ 70,266,977**	**$ 59,613,941**	**$ 58,360,382**	**$ 59,244,939**	**(0.6%)**
Other Programs					
City-Wide Expenses	$ 23,126,126	$ 21,744,123	$ 21,097,066	$ 23,812,066	9.5%
Gen.Fd Cap, Trans & Reserves	1,500,616	23,373,432	2,275,278	4,492,278	(80.8%)
Other Programs Subtotal	**$ 24,626,742**	**$ 45,117,555**	**$ 23,372,344**	**$ 28,304,344**	**(37.3%)**
CSA Total	**$ 94,893,719**	**$ 104,731,496**	**$ 81,732,726**	**$ 87,549,283**	**(16.4%)**
Authorized Positions	**363.06**	**374.15**	**389.43**	**388.84**	**3.9%**

* As part of the 2012-2013 Adopted Budget, the remaining City positions supporting Team San José were eliminated. The Non-Personal/Equipment appropriation was eliminated and a new appropriation, Convention Facilities Operations, was created in the Convention and Cultural Affairs Fund.

** The Real Estate Services Core Service was added in 2012-2013 with a reallocation of funding from Strategic Support.

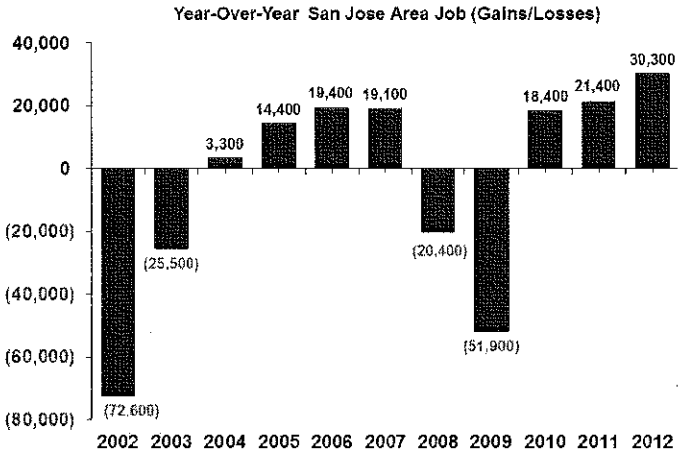
Service Delivery Accomplishments

- Successful efforts in 2012-2013 to facilitate corporate and retail expansion/relocation efforts included: Samsung, Move.com, 8x8, Orbotech, and Bestronics.
- Real Estate Services generated over $11 million in real estate transactions by disposing of under utilized City properties, the sale of temporary and permanent rights, and the leasing of City owned facilities.
- The Clean Tech Strategy adopted in 2007 has advanced the Green Vision goal of 25,000 clean tech jobs, with 10,176 clean tech jobs created since 2005.
- The Outdoor Special Events team in the Office of Cultural Affairs coordinated 324 cultural and sporting events city-wide, including signature sporting events such as the Rock 'n' Roll Half Marathon and the Amgen Tour of California as well as neighborhood street festivals, farmers markets, and fun runs.
- The Special Tenant Improvement (STI) Program issued permits for approximately 147 projects between July 1, 2012 and March 1, 2013, resulting in the development of approximately 2.2 million square feet of tenant space and $87 million tenant improvements. Some notable STI projects included LSI, Adobe, Oracle, Apple, Freeland Foods, Synaptics, Cisco, eBay, Qualcomm, Bixby, and Valley Center.
- The Industrial Tools Installation (ITI) Program issued approximately 159 permits between July 1, 2012 and March 1, 2013. Some notable projects that were served by the ITI Program are Lam Research, Philips Lumileds, Ultratech, Encore Solar, Sunpower, Qualcomm, and Newby Island.
- Completed four community-based Village Plans for the Five Wounds area, continue work on the Diridon Plan and Environmental Impact Report, and initiate Village Plans for six other areas. These Plans include implementation measures and are largely funded by local and State grants.
- Complete other activities to facilitate development consistent with the Envision San José 2040 General Plan including, but not limited to, amendments to the Sign Code and Zoning Code, and rezoning properties along Alum Rock Avenue.
- Successfully manage the influx of new businesses to San José with additional staff as well as the utilization of contractual services on an as-needed basis supported by development services fees to ensure customers receive inspection, plan check, and plan review service are completed within cycle time targets.
- Despite the loss of low and moderate income housing funds, a number of multi-family affordable housing projects were funded prior to the elimination of redevelopment funds, resulting in 150 new affordable units completing construction in 2012-2013 and another 539 are under construction.
- Over the last year, Destination: Home continued to implement the Housing 1,000 Campaign in conjunction with the national 100,000 Homes Campaign. To date, Housing 1,000 has identified and surveyed more than 2,500 of the County's most vulnerable and long-term homeless individuals, which will help prioritize efforts to connect them with permanent supportive housing. To date, over 375 people have been housed through this effort.
- The Housing Department managed a variety of grant funds that are improving and increasing the City's affordable housing stock. In a partnership with the Housing Trust of Silicon Valley and Neighborhood Housing Services of Silicon Valley, the City used Neighborhood Stabilization Program monies to complete the acquisition and rehabilitation of the 59-unit Taylor Oaks apartments, funded a 20-unit special needs development and a 75-unit family development at Ford and Monterey Road, and acquired six homes and completed the rehabilitation and sale of seven houses through the San José Dream Home Program, selling them to low and moderate income families. In addition, through the Municipal Whole House Rehabilitation Pilot, energy efficient upgrades were completed on 14 homes. And 225 mobilehomes have received seismic retrofits through the Mobilehome Seismic Retrofit Program, which was made possible through a grant from FEMA. These grant funds are anticipated to be fully committed, and the programs will conclude after 2013-2014.

Service Delivery Accomplishments

- The City responded to homeless encampments, conducting clean-ups of 12 encampment sites and deploying outreach and engagement professionals, in addition to case managers, to connect encampment residents with housing and services. More than 40 homeless residents were placed in permanent housing. Additionally, City staff has worked closely with other regional partners to combine efforts and leverage resources.
- Cultural Affairs staff is actively implementing the Council-adopted "Cultural Connection: San José's Cultural Plan for 2011-2020." The plan identified ten goals to help create a more vibrant San José through arts and culture.
- The Office of Cultural Affairs continued its work on key elements of the Downtown Public Art Focus Plan: it successfully competed for a $250,000 National Endowment for the Arts "Our Town" grant in collaborations with ZERO1. The project, entitled Silicon Valley Inside/Out, created pilot public art platforms and temporary artworks in the SoFA District, culminating during the September 2012 ZERO1 Biennial.
- The Public Art Program also received a $600,000 ArtPlace grant to illuminate Downtown.

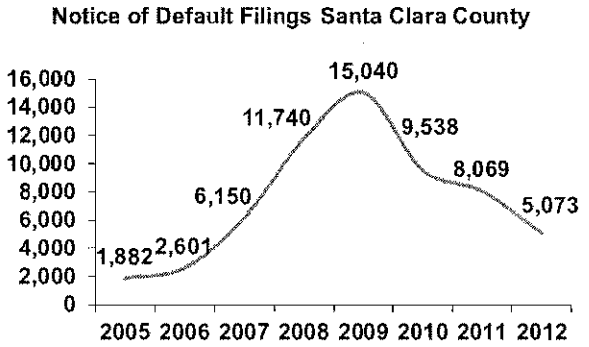
Service Delivery Environment



- Economic Trends and Job Growth: After significant job loss in 2008 and 2009, 2012 saw the San José metro area gain 30,300 jobs. As of March 2013, the total number of jobs is 926,800, far below the peak level of 1,085,800 achieved in 2000. The unemployment rate, according to the Bureau of Labor Statistics (reported in March 2013), decreased from 9.1% in March 2012 to 7.3% in March 2013 (the nation's unemployment rate was 7 .6%). An estimated 70,000 area residents remain unemployed.
- Housing Affordability: The median sales price of a single family home in San José as of March 2013 was $655,000, an increase of 32% from March 2012's median sales price of $495,000. Median sales prices for condominiums/townhomes for the same period increased by 43% from $270,000 to $386,500. Given the combination of relatively low inventory of available homes for sale, low interest rates, and a recovering economy, housing prices may continue to rise in San José.
- Rental Market: Rents in San José continue to remain unaffordable to lower-income residents. The average rent for a one-bedroom for the first quarter 2013 was $1,682, which is an increase of 8% from the first quarter in 2012. The average second quarter 2013 rent for a two-bedroom was $2,155, an increase of approximately 8% from the first quarter in 2012. Assuming that no more than 30% of income goes to housing costs, a household would need to earn over $67,000 annually to afford a one-bedroom appartment and over $86,000 for a two-bedroom apartment in San José. In desirable San José locations such as North San José or Santana Row, rental rates are significantly higher than these averages. San José's overall vacancy rate is 4.7%, which indicates a relatively healthy but tight rental market.
- Homelessness: According to the City's January 2011 Homeless Census and Survey, there were 4,034 homeless individuals residing in San José of whom 76% were unsheltered and 24% were sheltered. Data results from the City's 2013 Homeless Census and Survey will be available at the end of 2012-2013 and will be included in the 2013-2014 Adopted Budget.

Service Delivery Environment

- Foreclosures: San José experienced approximately 4,470 foreclosure filings in 2012. While this is more than twice as many filings experienced in 2006, it is significantly lower than the peak of over 16,000 filings in 2009. The decline in foreclosure rates can be attributed to a number of factors, including increased foreclosure prevention capacity and expertise at the local non-profit level, the presence of new State and federal anti-foreclosure programs and policies, greater coordination with banks and lenders to modify loans, and an improving economy.



- Fragile Non-Profit Cultural Organizations: The economic downturn has greatly affected non-profit arts organizations and event producers. Many have reduced programs, hours, staffing levels, and reduced staff compensation significantly. Foundation support, donations, and earned revenue have not rebounded. Many agencies are looking to the City for financial support.

CSA Priorities/Key Services

- Engage driving industry and revenue-generating companies to help facilitate their retention and growth in San José.
- Support the start-up, and growth, of new businesses.
- Continue to provide high quality land-use development and permitting services for all customers.
- Advance Green Vision goals of catalyzing clean technology innovation and creating clean tech jobs.
- Improve management of City real estate assets.
- Continue to invest in development process improvements in coordination with stakeholders to improve the speed, consistency, predictability, and customer experience.
- Development Services will ensure that the City speaks with "one voice" on development issues while improving the speed, consistency, and predictability of the development review process.
- Continue to offer re-employment services to residents and businesses through work2future.
- Support provision of a range of quality cultural and sports offerings that appeal to San José's diverse community.
- Ensure residents have a diverse range of housing options by increasing housing opportunities for people of all income levels.
- Increase housing and service opportunities for the City's homeless residents, including those living in encampments along waterways.
- To the extent feasible and based on the availability of funding, the Housing Department will seek opportunities to fund rehabilitation activities.
- Plan and implement projects and improvements that create well-designed attractive, lively public gathering spaces.
- Work with City partners to implement the adopted cultural plan, aligning scarce resources for maximum impact.

Development Services Budget Summary

	Revenue	Cost	% Cost Recovery*	Positions	Works-in-Progress Reserve**
2012-2013 Modified					
Building	$ 20,665,581	$ 22,297,086	92.7%	135.70	$ 15,019,005
Fire	5,388,959	5,777,714	93.3%	27.66	4,253,394
Planning	2,600,000	3,647,832	71.3%	19.90	519,911
Public Works	6,034,811	6,508,491	92.7%	43.87	3,891,250
Total	**$ 34,689,351**	**$ 38,231,123**	**90.7%**	**227.13**	**$ 23,683,560**
2013-2014 Proposed					
Building	$ 21,420,000	$ 25,925,335	82.6%	150.47	$ 10,513,670
Fire	6,300,000	6,300,000	100.0%	29.66	4,253,394
Planning	3,060,000	3,732,238	82.0%	21.72	847,673
Public Works	7,750,000	8,067,727	96.1%	50.74	3,573,523
Total	**$ 38,530,000**	**$ 44,025,300**	**87.5%**	**252.59**	**$ 19,188,260**

* Excludes the use of fee reserves; once use of reserves is incorporated, all programs reach 100% cost recovery.
** The Works-in-Progress Reserve for 2013-2014 is the estimated reserve level once 2012-2013 revenue and expenditures are reconciled and 2013-2014 balancing actions are included.

Development Services is a $38.5 million business for the City of San José, providing integrated technical plan review and inspection services across Planning, Building, Public Works, and Fire (Development Services partners). Businesses, homeowners, and other customers utilize Development Services when remodeling, building new structures, or making other investments to their properties. These investments bring tax revenue, jobs, and other direct benefits to the City. Development Services are provided in an efficient, thorough, and quality-driven manner. While each partner's budget is discussed within their particular Department section, all partners are committed to working closely together to provide "one voice" to Development Services customers.

Over the last year, the Development Services partners have continued to realize a steady and sustained increase in workload activity, with associated increases in Fee Program revenues. In order to continue to operate efficiently, attract further development to the City, and generate greater revenue, the City Council approved 17 new development fee positions on January 29, 2013. As new staff are brought on board, the need for an adequate level of supervisors to train the new hires has become a priority, and this budget adds supervisorial staff to address these needs. As activity continues to increase, this budget includes additional development fee positions (17.19 in Building Development Fee Program, 2.21 in Planning Development Fee Program, 2.0 in Fire Development Fee Program, and 6.87 positions in Public Works Development and Utility Fee Programs) intended to help the partners to work "at the speed of business."

Updated technology has become a priority for the partners in order to ensure services are efficient and effective. This budget includes additional technology support , as well as the establishment of a new Technology fee applied to all development entitlement permits, to ensure new technology is purchased and implemented to meet Development customer's needs. In addition, this budget proposes the addition of 1.0 Sr. Analyst in the Finance department to ensure contracting needs for technology solutions and professional services are addressed in a timely fashion.

Budget Dollars at Work: Performance Goals

This CSA generates revenues for the City through its business attraction/retention efforts, sale of permanent and temporary property rights, the leasing of City owned facilities, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning to development review to programmatic implementation aimed at job creation/retention/expansion; housing development; convention and visitor services; arts, cultural, and special event support and development; and overall quality of life in San José's diverse neighborhoods.

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Facilitate Major Corporate Development	1. Estimated jobs generated/retained by companies that received OED assistance by:					
	Type of Company:					
	- Industrial	5,950	7,200	3,895	3,500	16,000
	- Commercial/Retail	177	350	2	500	2,000
	Type of Job:					
	- New	3,021	4,000	2,038	2,000	10,000
	- Retained	3,106	3,500	1,859	2,000	8,000
	2. # of Clean Tech Jobs generated/retained from City efforts	302	500	430	200	1,500
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social	901,722	659,693	877,433	N/A*	N/A*
	- Out of Town	52,997	35,470	58,041	N/A*	N/A*
	- Exhibitors	9,231	4,695	5,326	N/A*	N/A*
	2. Estimated increases in sales and business taxes from attracted or expanding businesses which previously received assistance from the City (excludes property and utility taxes):					
	- Taxes from new companies	$1.03 M	$1.0 M	$1.04 M	$1.0 M	$4.5 M
	- Taxes from retained companies	$0.64 M	$1.0 M	$1.11 M	$1.0 M	$4.5 M
	Total	$1.67 M	$2.0 M	$2.15 M	$2.0 M	$9.0 M

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* The 2013-2014 Target for the performance measure will be brought forward for City Council consideration as part of the approval for all Team San José's, the operator of the City's Convention and Cultural Facilities, performance measures.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
The following measures were revised or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:
- ↺ "Jobs generated through City attraction, expansion and retention" was revised to "Estimated jobs generated/retained by companies that received OED assistance by type of company and type of job" and split into types of company and jobs.
- ↺ "# of Clean Tech Jobs from City efforts" was revised to "# of Clean Tech Jobs generated/retained from City efforts."
- ↺ "Actual increase in revenue (property, sales, utility, and transient occupancy taxes) from businesses which previously received assistance from the City" was revised to " Estimated increases in sales and business taxes from attracted or expanding businesses which previously received assistance from the City (excludes property and utility taxes)" and split into taxes from new companies and from retained companies.
- ✕ "% change in number of jobs (Job Growth) from prior fiscal year" was eliminated.

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	N/A* jobs (Less than 13 acres)	N/A*	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial," and other R&D General Plan land designation (acres converted in parenthesis)	N/A* jobs (Less than 20 acres)	N/A*	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)
	3. Estimated ratio of San José jobs to employed residents	0.84	0.86	0.84	0.85	0.90
Facilitate Small Business Expansion	1. # of Business Owner Space participants receiving assistance, access to capital, technical or human resources support or information	25,207	20,000	29,737	25,000	125,000
	2. Unique website visitors to businessownerspace.com	36,510	20,000	31,291	32,000	150,000
Be Active Partner in Developing a Skilled Workforce	1. Number of work2future clients receiving discrete services (counseling, job placement, and occupational training)	6,536	7,500	3,627	TBD**	TBD**
	- Adults	4,125	N/A	2,521	TBD**	TBD**
	- Dislocated Workers	2,137	N/A	851	TBD**	TBD**
	- Youth	274	N/A	255	TBD**	TBD**
	2. Estimated % of clients employed six months after initial placement					
	- Adults	78%	76%	79%	TBD**	TBD**
	(% of target met)	(102%)	(100%)	(104%)	(100%)	(100%)
	- Dislocated Workers	81%	83%	84%	TBD**	TBD**
	(% of target met)	(97%)	(100%)	(101%)	(100%)	(100%)
	3. Estimated % of clients placed in jobs					
	- Adults	46%	44%	46%	TBD**	TBD**
	(% of target met)	(100%)	(100%)	(104%)	(100%)	(100%)
	- Dislocated Workers	55%	52%	57%	TBD**	TBD**
	(% of target met)	(102%)	(100%)	(109%)	(100%)	(100%)
	- Youth	78%	65%	58%	TBD**	TBD**
	(% of target met)	(118%)	(100%)	(89%)	(100%)	(100%)

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* With City Council approval of the Envision San José 2040 General Plan amendments on November 1, 2011, no General Plan hearing is scheduled in 2012-2013; only one General Plan amendments remains "on file" while three new General Plan amendments have been filed in 2012-2013 but are anticipated to be scheduled for hearing in 2013-2014 or later.

** Targets have not been negotiated with the Employment Development Department for 2013-2014 and are expected in fall 2013.

[1]Changes to Performance Measures from 2012-2013 Adopted Budget:

The following measures were revised or added as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

- ↺ "Ratio of San José jobs to employed residents" was revised to "Estimated ratio of San José jobs to employed residents."
- ↺ "# of businesses receiving assistance, access to capital, technical or human resources support or information" was revised to "# of Business Owner Space participants receiving assistance, access to capital, technical or human resources support or information" and split between number of participants and number of unique website visitors.
- ↺ "Number of enrolled work2future clients receiving discrete services (counseling, job placement, and occupational training)" was revised to "Number of work2future clients receiving discrete services (counseling, job placement, and occupational training)" and split into Adults, Dislocated Workers, and Youth.
- ↺ "Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement relative to federal mandated goals" was revised to "Estimated % of clients employed six months after initial placement."
- ↺ "% of clients placed in jobs relative to federal mandated goals" was revised to "Estimated % of clients placed in jobs."
- + "Unique website visitors to buisnessownerspace.com" was added.

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Corporate Development and Revenue Growth

- ✓ Providing quality development services to support companies relocating, expanding, and staying in San José remains a top priority for this CSA. W ith the improving construction climate and the recent temporary reductions in the North San José Traffic Impact Fee and limit dated suspension of construction taxes for industrial projects, the work of the Development Services Project Manager/Expediter will continue to be a critical role helping to facilitate and assist the over 30 economic development proposals proceed through the approval process as quickly as possible.
- ✓ The CSA's Development Services partners will continue improvements through the Administrative Hub, allowing each department to more easily track expenses and align resources accordingly.
- ✓ The CSA's Development Services partners will continue to make ordinance changes to the sign code and zoning that allow for streamlined processing of programmable signs, storage tanks, and auto uses in San José. The changes will continue to further job and revenue generation for the City.
- ✓ Development Services will continue to provide expedited and other service options to assist companies going through the permitting process. The Small Business Services "ally" added in the 2012-2013 Budget continues to provide a single point of contact for small businesses going through the Development Services permitting process. The Project Expeditor will provide a single point of contact for high priority economic development projects going through the Development Services permitting process.
- ✓ Staff is involved in regional and State-wide conversations about influencing financing tools needed for infrastructure, housing, and economic development after the dissolution of the former San Jose Redevelopment Agency. Staff will continue to respond to and influence State legislation and strategy to improve the State's partnership with regions and cities in ways that benefit Silicon Valley.
- ✓ Work2future will continue to expand and improve service offerings through businessownerspace.com, a small business network of nearly 40 service providers. In addition, work2future will continue to provide a platform for small businesses to market and promote their business through the recent launch of the shopsanjose.biz website.
- ✓ Consumer spending has rebounded and sales tax revenues have shown improvement. Focused efforts on retail attraction and retention have improved the mixture of retail offering within the City leading to an increased tax base. City staff will continue to work with developers on bringing retail development to the City.
- ✓ Key Green Vision priorities for 2013-2014 include implementation of Clean Tech Legislative Agenda, launch Prospect Silicon Valley (a facility providing real-time opportunities to showcase and pilot emerging Clean Technologies in Silicon Valley), strategic partnership development, and exploring alternative financing options.
- ✓ The CSA will continue to encourage sporting/cultural events and athletic teams to locate in San José in an effort to attract additional tourism money and raise the image of San José as a national destination.

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/maintenance in new development in their neighborhood as good or better	N/A*	70%	N/A*	70%	70%
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	0**	0**	0**	0**	0**
	2. San José housing production compared to regional fair share number target (in parenthesis)	3,067 units (3,750)	2,250 units (3,750)	2,800 units (3,750)	2,250 units (3,750)	14,000 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	102% (3,000 units)	75% (3,000 units)	93% (3,000 units)	75% (3,000 units)	93% (15,000 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	N/A***	65%	N/A***	65%	75%
	- Construction Process	N/A***	80%	N/A***	80%	80%
	2. Ratio of current year fee revenue to fee program cost	100%	100%	100%	100%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	74%	75%	77%	77%	80%
	- Construction Process:					
	- Plan Check	81%	85%	85%	85%	85%
	- Inspections in 24 hours	44%	80%	45%****	75%	80%
	- Inspections in 48 hours	67%	95%	78%****	92%	95%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	62%	65%	71%	75%	75%
	5. % of customers surveyed rating service as good or better					
	- Discretionary*****	62%	70%	62%	70%	80%
	- Ministerial******	71%	75%	73%	75%	80%
	6. % of customers surveyed who indicate the City has improved customer service in the past 12 months					
	- Discretionary*****	53%	60%	51%	60%	80%
	- Ministerial******	60%	65%	70%	65%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Staffing vacancies have reduced capacity for soliciting feedback on new development projects.

** There were no General Plan amendment hearings scheduled in 2012-2013. The Envision San José 2040 General Plan was approved by City Council on November 1, 2011, which adds 120,000 dwelling units of housing capacity through 2040.

*** Staffing reductions have reduced capacity for quality control work, with supervisors and staff focusing on front line service delivery.

**** As approved by City Council on January 29, 2013, 10 positions were added to keep pace with the increased demand for development activity. While additional positions were also added in 2011-2012, some positions were filled but vacancies still remain as a result of the difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions.

***** Discretionary projects are those that require a public hearing (e.g. zoning change, General Plan amendment).

****** Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement).

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Seamless and Effective Development Review

- ✓ The five year goal for the development process is to make San José the best place in America to conduct business by:
  - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing "one voice" service delivery, and updating policies and codes;
  - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
  - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service; and
  - Continually improving processes and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey.
- ✓ Stable staffing levels will be a focus as they will likely lead to improved customer service according to the most recent customer survey.
- ✓ The Development Services partners (Building, Fire, Planning, and Public Works) continue to work together to provide consistent services to development applicants. The partners will continue to consolidate resources with the goal of building a high-performing, integrated Administrative Hub and Project Management Team.
- ✓ The City Council adopted the comprehensive update to the General Plan on November 1, 2011. The Envision San José 2040 General Plan is a "jobs first" plan, with aggressive transportation mode shift and environmental sustainability goals while continuing to meet the City's housing needs. The 2013-2014 Budget supports ongoing implementation of the Plan to facilitate development in San José.
- ✓ Staff is working closely with the Valley Transportation Authority to bring Bay Area Rapid Transit (BART) and High Speed Rail to San José.

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

5 Year Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for completion of affordable housing (housing units)	106% (718)	100% (502)	30% (150)	100% (565)	100% (1,732)
Direct Significant Affordable Housing Resources to Lower-Income Households	2. % of Housing Department funds reserved by income levels over 5 years:					
	- Very Low (<=50% of median)	29%	60%	80%	60%	60%
	- Extremely Low (<=30% of median)	16%	30%	20%	30%	30%
	- Very Low (31-50% of median)	13%	30%	60%	30%	30%
	- Low (51-80% of median)	42%	25%	12%	25%	25%
	- Moderate (81-120% of median)	30%	15%	8%	15%	15%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

- ✓ On June 29, 2011, the Governor signed AB X1 26, which dissolved redevelopment agencies effective February 1, 2012. With the dissolution, the City lost its most important tool for increasing the affordable housing supply - the Low and Moderate Income Housing Fund. However, the law allowed cities to maintain the housing assets of the former redevelopment agency, and during the fiscal year these assets were transferred. The Housing Department took additional steps to comply with the new State law, including completing a Due Diligence Review and transferring more than $10.2 million in affordable housing funds to the Successor Agency.

- ✓ With the loss of Low and Moderate Income Housing Funds, the City is identifying creative ways to fund pipeline projects, using program income from loans in the City's loan portfolio, developer negotiated payments, and federal HOME Investment Partnership Program funds, among others. In 2013-2014, the City will invest approximately $55.2 million in housing programs throughout the City, including an estimated $11 million in federal entitlement program funding.

- ✓ In order to fund new projects that address the need for affordable housing, a new funding source will need to be identified. The City will continue to advocate for new State funding sources, including the Permanent Source, work to implement the City-wide Inclusionary Housing Ordinance, and investigate the possibility of a local source, including a Housing Impact Fee. New funds will be focused on supportive housing, and rental housing with deep income targeting.

- ✓ In 2012-2013, the City of San José implemented a place-based, neighborhood focused strategy using CDBG Community Development Improvement funds. This strategy focuses federal funds, other public and private grant funds, and other City Programs in three neighborhoods (Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace) for a period of two to five years. These funds will provide for housing rehabilitation, code enforcement, and various infrastructure projects such as LED streetlights, crosswalks and other pedestrian safety measures, traffic calming, and recreational improvements.

- ✓ Funding levels for federal housing and community development programs will total $11,370,526 in 2013-2014, down 5% from $11,968,975 received in 2012-2013 as a result of the federal sequestration, which triggered mandatory, across-the-board spending cuts for federal programs.

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

- ✓ To address the concern about homeless encampments, particularly those along our waterways, the City will work in partnership with the Santa Clara Valley Water District, the County of Santa Clara, and other agencies to clean 48 encampment sites, and provide outreach, case management, housing, and service opportunities to encampment residents. The Housing Department will continue to partner with Destination: Home and Housing 1000 to house the homeless.

- ✓ A total of $55.2 million in Housing Program funds will be available in 2013-2014 as displayed in the following chart.

2013-2014 Housing Program Funds	
$ 26,910,000	Housing Loans and Grants
7,448,270	Community Development Block Grant Program (CDBG)
5,796,493	Neighborhood Stabilization Program
4,775,000	Capital Grant Program
1,670,000	Homeless Response Team (reflected in City-Wide Expenses Section)
1,400,000	BEGIN
1,300,000	CalHome
858,690	Housing Opportunities for People with AIDS (HOPWA)
800,000	Hazard Mitigation Grant Program
792,456	Emergency Shelter Grant (ESG)
720,000	Tenant Based Rental Assistance
490,282	Rental Rights and Referrals Program
471,240	Medical Respite Facility
448,156	HOPWA Special Projects
400,000	Housing and Homeless Projects
400,000	Destination: Home
330,000	Inclusionary Project
130,000	HOME Investment Partnership Program Fund
50,000	Emergency Assistance
40,000	Muni Whole House Rehab Pilot
$ 55,230,587	**Total Housing Program Funding Sources**

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

5 Year Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of quality arts and cultural activities in the City as good or excellent	N/A*	55%	N/A*	55%	55%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	N/A*	50%	50%	50%	50%
	2. Estimated City revenue from signature events (events and festivals solicited and supported by the City)	$1.74 M	$1.1 M	$1.1 M	$1.1 M	$5.0 M

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for these measures are collected through the biennial City-Wide Community Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
The following measures were revised or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:
- "Total fiscal impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending" was revised to "Estimated City revenue from signature events (events and festivals solicited and supported by the City)."
- "% if residents rating the City's efforts at enhancing public spaces with public art as good or better" was eliminated.

Public Art and Design Amenities

- ✓ During 2013-2014, the Public Art Program will continue implementation of the Focus Plans for Downtown. The program will fabricate and install art for the Convention Center expansion, work collaboratively with Downtown stakeholders on Gore Park activation, and efforts to enliven Downtown with lighting projects. The program will focus efforts on developing strong partnerships, continuing its work with San José State University, San José Downtown Association, and the private sector.

- ✓ The City awards arts grants through the *Cultural Funding Portfolio: Investments in Art, Creativity and Culture* administered by the OCA. This includes the three core grant programs: Festivals, Parades and Celebrations; *take pART,* cultural participation project grants; and Operating Grants. In addition to the core grants, the OCA piloted Innovation Risk Capital Grants to encourage beta-testing of innovative initiatives in the arts community. Funds for a majority of this grant came from a public-private partnership with the David and Lucile Packard Foundation. The OCA also piloted the Creative Industries Incentive Fund, one of multiple initiatives of the Creative Entrepreneur Project that aligns with the City's goal to attract, retain, and support creative talent, entrepreneurs and small business owners. Incentive awards provide project support to arts-rooted commercial businesses involved in the production and distribution of the arts.

- ✓ The responsibility to manage the six operation and maintenance contracts with the operators of the City-owned cultural facilities fully transferred to OCA. The facilities include: the San José Museum of Art, Tech Museum of Innovation, Children's Discovery Museum, San José Repertory Theatre (Hammer Theatre Center), History San José (History Park, Peralta Adobe and Fallon House), and the Mexican Heritage Plaza.

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

Arts Grants and Cultural Development

- ✓ OCA has collaborated with 1st ACT Silicon Valley to provide grants to arts organizations to adopt the second phase of the Discover the Unexpected audience engagement campaign with a focus on digital and social media.

Special Events

- ✓ "Signature" events in 2012-2013 include: the Rock 'n' Roll Half Marathon, the Amgen Tour of California, San José Jazz Festival, ZER01, Biennial Cinequest, and Doming Gigantes formerly the San José International Mariachi Festival.
- ✓ The City continues the private-public partnership with the Christmas in the Park Board to continue the production of Christmas in the Park (CITP). The 2012 production of CITP was the first year in 33 years for the event production of CITP to be conducted under the organization's Executive Director. As we approach the third year of the partnership Agreement, City staff will continue to manage the private-public partnership with the Christmas in the Park Board and its Executive Director.
- ✓ The Inaugural Santa Run Silicon Valley produced by the Silicon Valley Leadership Group Foundation raised over $90,000 benefiting both Christmas in the Park and Downtown Ice. The 2012 event was a great success and is slated to be an ongoing sustainable and entertaining fundraising event for future years.
- ✓ Staff continues to create ways to lower costs related to the production of outdoor special events for event organizers by offering different models and venues to event organizers, and updating and reviewing pertinent policies with various City Departments. One of the most significant reviews underway in conjunction with the Police and Transportation Departments' staff is the development of criteria for a new traffic control model for street closures.
- ✓ Staff worked closely with the Fire, Police, and Transportation Departments to create a "Pavement-to-Plaza" event permit process on South First Street between William and Reed Streets to enable greater activation of the space by SoFA's arts organizations and businesses. The renovation of this area was part of the "Silicon Valley City's Center: Big Deals and Small Wonders" strategy adopted by Council in 2007.

Proposed Changes	Positions	All Funds ($)	General Fund ($)
ECONOMIC DEVELOPMENT			
• work2future - Service Delivery Model Change	(24.00)	(1,700,631)	0
• Real Estate Services Document Imaging and Records Retention System*		200,000	200,000
Subtotal	(24.00)	(1,500,631)	200,000
FIRE			
• Fire Development Fee Program	2.00	414,763	414,763
Subtotal	2.00	414,763	414,763
HOUSING			
• Housing Rehabilitation Loan and Grant Program	(5.00)	(651,012)	0
• Homeownership Downpayment Program	(2.00)	(262,704)	0
• Neighborhood Place-Based Staffing	0.00	(80,883)	(12,374)
• Housing Department Staff Funding Realignment	0.00	0	0
• Homeless Response Team	2.00	149,979	0
Subtotal	(5.00)	(844,620)	(12,374)
PLANNING, BUILDING AND CODE ENFORCEMENT			
• Building Development Fee Program	17.19	1,668,474	1,668,474
• Planning Development Fee Program	2.21	208,004	208,004
• Planning Services Grants Staffing	0.00	80,392	80,392
• Development Fee Program and Other Support Services	0.14	374	3,208
Subtotal	19.54	1,957,244	1,960,078
PUBLIC WORKS			
• Public Works Development Fee Program	5.62	711,782	711,782
• Public Works Utility Fee Program	1.25	146,019	146,019
Subtotal	6.87	857,801	857,801
Subtotal Departments	**(0.59)**	**884,557**	**3,420,268**
CITY-WIDE EXPENSES			
• Center for Employment Training		250,000	250,000
• Economic Development/Incentive Fund*		750,000	750,000
• Homeless Response Team		1,670,000	1,670,000
• Neighborhood Business Districts**		45,000	45,000
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: Development Fee Program Technology		717,000	717,000
• Earmarked Reserves: 2014-2015 Homeless Response Team**		1,500,000	1,500,000
Subtotal Other Changes	**0.00**	**4,932,000**	**4,932,000**
Total Proposed Budget Changes	**(0.59)**	**5,816,557**	**8,352,268**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

2013-2014

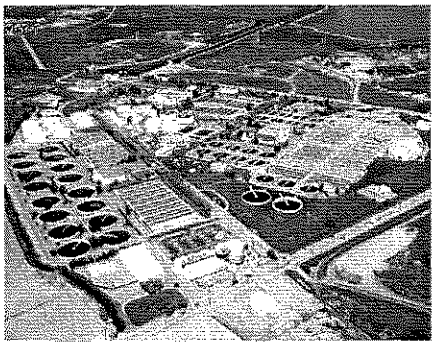
Operating Budget

Environmental and Utility Services CSA

Environmental and Utility Services CSA

City Service Area

Environmental and Utility Services



Mission: *Provide environmental leadership through policy development, program design, and reliable utility services*

Primary Partners

Environmental Services

Transportation

CSA OUTCOMES

- ❑ Reliable Utility Infrastructure
- ❑ Healthy Streams, Rivers, Marsh, and Bay
- ❑ "Clean and Sustainable" Air, Land, and Energy
- ❑ Safe, Reliable, and Sufficient Water Supply

SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's six key "lines of business"

MISSION STATEMENT
Why the CSA exists

Environmental & Utility Services CSA

Mission:

Provide environmental leadership through policy development, program design, and reliable utility services.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh, and Bay
- "Clean and Sustainable" Air, Land, and Energy
- Safe, Reliable, and Sufficient Water Supply

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Environmental Services Department

Core Services:

- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

Transportation Department

Core Services:

- Sanitary Sewer Maintenance
- Storm Sewer Management

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Environmental and Utility Services

Expected 2013-2014 Service Delivery

- **Utility Infrastructure Management** – 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.
- **Pollution Prevention, Water Quality, and Habitat Protection** – Promote the health of the environment and South Bay Watershed through collection, treatment, and management of wastewater and stormwater runoff.
- **Solid Waste Diversion** – Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment.
- **Sustainable Facilities and Operations** – Reduce the City's environmental footprint through energy efficiency and conservation, water conservation, and environmentally preferable purchases.
- **Promote Sustainability in the Community** – Support sustainable infrastructure, equipment, and behaviors throughout the community through education, public-private partnerships, and implementation of the City's Green Vision.
- **Recycled Water** – Operate and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.
- **Customer Service** – Provide excellent customer service to City residents and businesses.

2013-2014 Budget Actions

- **Sewer Service Rates** – No increases to the Sewer Service and Use Charge rates are scheduled for 2013-2014. The current residential rate levels are sufficient to allow for continued rehabilitation and replacement of critical infrastructure and equipment at the Water Pollution Control Treatment Plant (WPCP) and the sanitary sewer collection system. Current projections suggest no rate increases may be needed until 2014-2015, when a Sewer Service and Use Charge increase of 3% would be required. This estimate is preliminary and may change as the draft Plant Master Plan project scopes are developed, costs are refined, technologies are evaluated, and as prices for the necessary goods and services, which fluctuate, are better known. Costs for WPCP and sewer maintenance operations as well as financing for "Package 2" Plant Master Plan projects may also impact rates.
- **Storm Sewer Service Rates** – No increases to the Storm Sewer Service Charge rates are scheduled for 2013-2104. However, this will be reassessed in 2014-2015 upon completion of the initial recommendations from the Storm Sewer Master Plan as described in the 2014-2018 Storm Sewer System Capital Improvement Program.
- **Water Rates** – Municipal Water System rates are estimated to increase by 8%, but not exceed 9%, primarily due to wholesale water cost increases.
- **Recycle Plus Rates** – No increase is recommended for Recycle Plus rates for 2013-2014, as contract savings from 2012-2013 will be available to offset the 2013-2014 contractual increases for the garbage hauler contracts. A rate increase for the optional subscription yard trimmings cart is proposed for 2013-2014 to bring the cart program up to cost recovery as well as an increase to the optional large item collection rate which is a contractually required annual adjustment.
- **Sanitary Sewer Overflows** – An operational and well maintained fleet is critical to reducing the quantity of and response times to Sanitary Sewer Overflows (SSOs) and other reported sewer problems. An expansion of the combination cleaning fleet will reduce the need to double and triple shift vehicles, allow for more efficient scheduling of critical equipment maintenance activities, and reduce the instances where crews are unable to perform sewer line cleaning work due to a shortage of operating equipment. In addition, funding is included

Environmental and Utility Services

2013-2014 Budget Actions

to replace several older vehicles which will further improve the fleet's reliability and operational efficiency, and increase the productivity of the sewer maintenance crews. Implemented in 2011-2012, the Sanitary Sewer Condition Assessment Program coupling video inspection of the collection system and computerized data analysis provides early detection of deficiencies in the sanitary sewer system and enables more targeted and effective system cleaning, maintenance, and repair.

- **Sewer Maintenance Technology and Analytics to Reduce SSOs** – Establishing ongoing funding for four technical and analytical positions previously funded through one-time resources will enable the Department of Transportation to complete the development of a new Computerized Maintenance Management System (CMMS) and begin utilizing the system to more efficiently and effectively maintain the sanitary sewer collection system. Data and information from the CMMS will be analyzed and used to continue developing and adjusting maintenance strategies in order to reduce the number and severity of SSOs.

- **Maintenance and Equipment** – To improve operational efficiency, aging sewer cleaning, and maintenance equipment will be replaced. Additionally, funding will be allocated for repair and maintenance of Treatment Plant infrastructure to avoid the greater repair costs that would result if this were deferred.

- **Plant CIP Delivery** – A top priority is to ensure the necessary program management, engineering, and technical support resources for planning and implementation of the Plant Capital Improvement Program (CIP) are available. A "packaged approach" for delivery of the Plant CIP was presented to the Transportation and Environment Committee in February 2012. Package 1 includes critical rehabilitation projects covering the various treatment process areas at the Plant, and is programmed in the 2014-2018 Proposed CIP. Package 2 includes new technology projects that replace existing treatment process technologies with new technologies, rather than rehabilitating existing infrastructure. The City's funding portion for these projects is included in the CIP, and funding options, including bond funding, are currently being evaluated by staff. Package 3 includes projects that are to be constructed beyond the 10 to 15 year horizon. The projects in Package 3 are end-of-life-cycle replacement projects for existing infrastructure, and new projects driven by regulatory requirements.

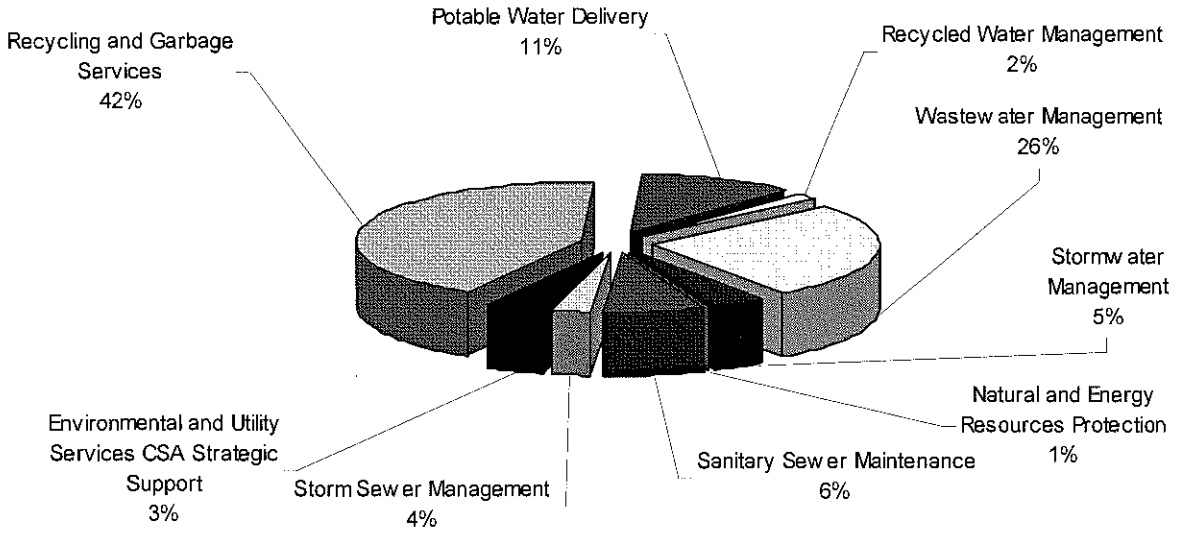
- **Water Pollution Control Plant – Plant Attendant Staffing** – The Plant has experienced challenges in hiring for the journey level Water Pollution Control Plant (WPCP) Mechanic positions. Funding for 7.0 Plant Attendant positions will create additional points of entry into the WPCP Mechanic classification series and help obtain a qualified candidate pool for existing Plant Operator Trainee, Apprentice Plant Mechanic, Electrician, Instrument Control Technician and Heavy Equipment Operator positions.

- **Treatment Plant Training Program** – Due to an unprecedented level of retirements and attrition at the Water Pollution Control Plant, the limited number of experienced staff will concentrate on day-to-day management and operations while technical, safety, and technological training will be provided through a contractual training program. This will allow for a more targeted and beneficial technical training program and prepare staff to address more complex activities.

City Service Area Budget Summary

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $241,372,279



City Service Area Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Environmental Services					
Natural and Energy Resources Protection	$ 1,394,305	$ 1,830,002	$ 970,145	$ 922,245	(49.6%)
Potable Water Delivery	22,917,401	25,517,822	26,755,693	26,996,004	5.8%
Recycled Water Management	3,365,873	4,002,140	4,332,096	4,316,420	7.9%
Recycling and Garbage Services	94,233,494	100,071,713	101,929,416	101,985,151	1.9%
Stormwater Management	9,161,392	10,017,766	10,212,611	10,178,493	1.6%
Wastewater Management	55,855,357	65,129,860	64,662,674	64,789,300	(0.5%)
Strategic Support	5,263,390	6,752,229	6,732,598	6,862,071	1.6%
Transportation					
Sanitary Sewer Maintenance	12,648,833	15,166,944	13,541,794	16,536,322	9.0%
Storm Sewer Management	7,511,525	7,816,272	7,566,796	7,766,796	(0.6%)
Strategic Support	884,566	1,466,306	1,019,477	1,019,477	(30.5%)
Dollars by Core Service Subtotal	**$ 213,236,136**	**$ 237,771,054**	**$ 237,723,300**	**$ 241,372,279**	**1.5%**
Other Programs					
City-Wide Expenses	$ 5,397,522	$ 5,951,135	$ 432,000	$ 432,000	(92.7%)
General Fund Capital, Transfers & Reserves	10,000	345,000	0	0	N/A
Other Programs Subtotal	**$ 5,407,522**	**$ 6,296,135**	**$ 432,000**	**$ 432,000**	**(93.1%)**
CSA Total	**$ 218,643,658**	**$ 244,067,189**	**$ 238,155,300**	**$ 241,804,279**	**(0.9%)**
Authorized Positions	**651.89**	**645.34**	**646.34**	**654.34**	**1.4%**

Service Delivery Accomplishments

- In March 2013, the City Council approved to change the name of the San José/Santa Clara Water Pollution Control Plant to the San José-Santa Clara Regional Wastewater Facility for use in future communications.
- 85.3 million gallons per day (mgd) were discharged from the Treatment Plant to the San Francisco Bay during summer 2012. This was well below the 120 mgd summer flow trigger, meeting all National Pollutant Discharge Elimination System (NPDES) Permit requirements.
- Installation of four motor control centers (MCC 1, 2, 3 and 5) was completed increasing reliability and operating flexibility for the Plant Electrical systems.
- The new 1.4 Mega-Watt Fuel Cell is fully operational, and is currently slated for regular maintenance and upkeep to ensure the ability to balance the electrical loads between our in-house generators, PG&E, and the Fuel Cell.
- The Sanitary Sewer Condition Assessment program video inspected pipes that are near surface waters and pipes deemed to cause frequent maintenance schedules.
- Council directed staff to move forward with preparing an ordinance to phase out Expanded Polystyrene (EPS) foam food service ware used by San José restaurants and food vendors. Staff will complete environmental review according to the California Environmental Quality Act (CEQA) for the proposed change.

Service Delivery Accomplishments

- Following an inspection of the City's Sanitary Sewer Collection System by the Environmental Protection Agency, the State Water Resources Control Board, and the Regional Water Quality Control Board in 2010, the City continued to implement and refine several operational changes to improve SSO response and reporting. The Department of Transportation improved the standard for responding to reported sewer complaints from four hours to 30 minutes through the implementation of a First Responder Program. In 2012-2013, 72% of all sanitary sewer complaints were responded to within 30 minutes.

- The funding and implementation of several critical SSO reduction strategies occurred in 2012-2013, including an increase in the amount of sewer line cleaning being performed on problematic sewer lines, chemical treatment of sewer lines to eliminate tree root intrusion and growth, and further analysis of sewer lines affected by fats, oils and grease (FOG).

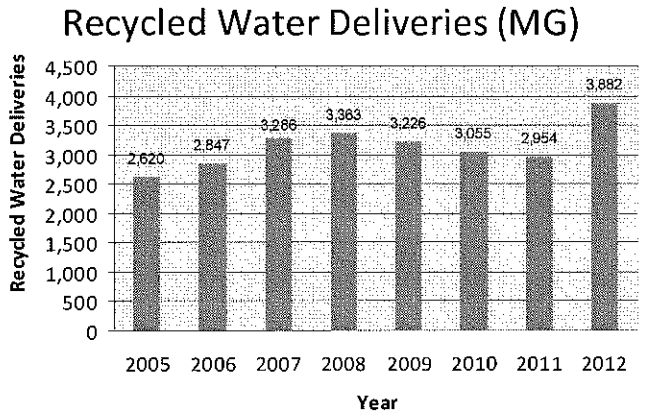
- The Department of Transportation, in coordination with the Environmental Services Department and the community, identified approximately 40 miles of streets where monthly street sweeping was not being effective in removing pollutants and debris due to a high percentage of the curbs being blocked by parked cars on sweep day. The installation of no parking signs on sweep days to reduce the number of parked cars and allow for effective sweeping was initiated and will be completed in summer 2013.

- During 2012-2013, improvements to stormwater drainage systems included the installation of the final two replacement engines for the Oakmead Pump Station, rehabilitation of the electrical and mechanical systems at the River Oaks Pump Station, and the replacement of neighborhood storm mains, inlets, manholes, curbs, and gutters reducing and preventing ponding and drainage problems.

- Through the end of 2012-2013, approximately 31,000 feet of sanitary sewers will have been rehabilitated and/or replaced. In addition, the Sanitary Sewer Condition Assessment Program is progressing to meet the plan to clean and inspect 10-percent (200 miles) of the collection system annually.

- The Treatment Plant has initiated an aggressive energy management program and implemented several projects in 2011-2012 that have reduced energy usage. A comprehensive Energy Strategic Management Plan was completed in 2011-2012 and will guide implementation and prioritization of combined heat and power capital improvement projects at the Treatment Plant over the next five to ten years.

- The Treatment Plant's conversion to a Computerized Maintenance Management System (CMMS) continues to progress bringing the Treatment Plant closer to the overall goal of establishing a comprehensive, long-term Asset Management Program.



- South Bay Water Recycling (SBWR) water deliveries for summer 2012 averaged 15.8 mgd (10.6 mgd on an annual basis). This was up from the 13.1 mgd average in the summer of 2011 (8.1 mgd on an annual basis). Recycled water delivery has rebounded appreciably between calendar years 2011 and 2012. The growth in 2012 recycled water delivery is attributed to warmer temperatures and below average rainfall, substantial local economic recovery, and an increase in recycled water demand by two power generating facilities which are SBWR's largest customers.

Service Delivery Accomplishments

- By the end of 2012-2013, the Municipal Water System will have delivered approximately 6.7 billion gallons of potable water to customers in North San José, Alviso, Evergreen, Edenvale, and Coyote Valley. Improvements to the potable water distribution system included the replacement of 2,000 feet of water distribution pipelines.
- Solid waste recycling and landfill diversion rates remain among the highest achieved by any large city in the country, with an estimated diversion rate of 73%.
- The City was awarded two grants from the State Storm Water Grant Program, totaling a little more than $1,804,000, to fund design and construction of the Martha Gardens Green Alley and Park Avenue Green Avenue pilot projects. These projects will reduce stormwater pollutants from entering local creeks and waterways and address residents' requests to improve longstanding drainage issues in certain alleys in the Martha Gardens neighborhood.
- The City completed construction of 7 hydrodynamic separators in various neighborhoods in San José. These devices intercept and capture trash that is washed into the stormwater sewer system preventing its discharge into local waterways.

Service Delivery Environment

Aging storm sewer, sanitary sewer, and Treatment Plant infrastructure result in increased maintenance and rehabilitation/replacement costs. Master Plans for these systems are in development to identify necessary long-term improvements. The initial recommendations from the City-wide Storm Master Plan are anticipated to be completed in 2016. The Sanitary Sewer Master Plan was completed in 2011-2012, with subsequent updates on an as-needed basis. The Plant Master Draft Environmental Impact Report was released for public comment in January 2013, with anticipated certification by the City Council in summer 2013. Upon completion, the Plant Master Plan will guide capital improvements and land use changes to Plant lands over the next 30 years.

Wastewater

- The U.S. Environmental Protection Agency (EPA), the State Water Resources Control Board, and the Regional Water Quality Control Board are continuing to ramp up their regulatory and enforcement efforts to ensure that local agencies are in full compliance with the State-wide General Waste Discharge Requirements for Sanitary Sewer Collection Systems, and that agencies are effectively implementing a Sanitary Sewer Management Plan for reducing SSOs.
- The vast majority of the sanitary sewer collection system (80%) consists of small (6-inch and 8-inch diameter) sewer mains that serve established residential neighborhoods. These small diameter neighborhood sewer systems are the most common locations for blockage and sewer backups.
- The City's 15 sanitary sewer pump stations are on average 30 years old. The standard design life of the mechanical and electrical components of a pump station is up to 25 years, and as such, a pump station should be rehabilitated with new pumps, motors and control systems at least every 25 years.
- The Sanitary Sewer Master Plan Report, completed in September 2011, identified city-wide trunk sewer system deficiencies for existing, near-term and long-term (i.e. City of San José Envision General Plan 2040) land use scenarios, and recommended 93 capacity improvement projects totaling approximately $170 million. The near-term projects will be phased over a 20-year period.

Service Delivery Environment

Wastewater (Cont'd.)

- Over the last five years, the Treatment Plant has seen an unprecedented decline in staffing resources in all areas of engineering, operations, and maintenance. These declines are severely impacting the ability to deliver on long term project planning and capital improvement projects recommended by the Plant Master Plan Preferred Alternative. To address these challenges, additional Public Works resources will he assisting with Treatment Plant CIP projects and a plan that increases reliance on consultant services for the delivery of the CIP is heing developed.

- The City continues to participate in the State and federal planning process for restoration of the South Bay Salt Ponds (16,500 acres) and the U.S. Army Corps of Engineers Shoreline Study to ensure that the City's interests are considered. These interests include protecting Alviso and the Treatment Plant from any potential tidal impacts, ensuring that Moseley Tract and Pond A18 issues are considered and addressed, and providing habitat for endangered species.

- Treatment Plant pollutant removal performance is monitored in accordance with the NPDES permit provisions that govern what pollutants must be monitored, how frequently, and from which sample points (effluent and/or influent). Currently there are no permit requirements to monitor nitrate, nitrite, or phosphate in the Plant final effluent. However, the Plant routinely monitors these nutrients to assess removal performance and assure quality for recycled water. Current regulatory initiatives by Federal EPA and the California State Water Board have started a process for determining if water quality objectives should be established for nutrients, other than those already listed as conventional pollutants. A Water Board-stakeholder process including publically owned treatment plants to conduct nutrient studies in San Francisco Bay began in 2011 under the project title "Numeric Nutrient Endpoint" (NNE).

- In 2010, the City executed a 40-year Integration Agreement with the Santa Clara Valley Water District to collaborate on the development of local recycled water use. The agreement includes provisions for funding of SBWR operations, joint funding towards the construction of a $56 million Advanced Recycled Water Treatment Facility (AWTF). This facility is expected to be completed in spring 2013.

Stormwater Management

- On October 14, 2009, the Regional Water Quality Control Board adopted a new NPDES Stormwater Permit (Stormwater Permit) to regulate 77 municipalities in the Bay Area. The Stormwater Permit included more specific guidelines for existing programs and required new or expanded efforts. Over the next year and a half, City staff, in conjunction with other regional stormwater agencies, will be engaged in discussions with San Francisco Regional Water Board staff to frame the requirements of the next Stormwater Permit which is anticipated to be adopted in fall 2014.

- The Stormwater Permit requires the City to reduce trash loads from the storm sewer system by 40% by 2014 and sets goals for a 70% reduction by 2017 and a 100% reduction by 2022. In 2012-2013 seven additional large trash capture units were installed in the storm sewer collection system bringing the total number of units in the system to nine. These nine units effectively treat approximately 1,250 acres of the City's retail/wholesale areas. The City continues to implement actions to reduce trash and litter as identified in the Short Term Trash Load Reduction Plan, and has been working with Water Board staff and regional agencies to develop the framework for the Long Term Trash Load Reduction Plans which are due to the Water Board by February 1, 2014.

Service Delivery Environment

Stormwater Management (Cont'd.)

- An aging storm sewer infrastructure unsuitable for accommodating planned growth and increased regulatory interest in using "green infrastructure" approaches to address stormwater issues are driving the need for a multi-year master planning effort for the storm sewer system.

- Through grant funds from the California Department of Pesticide Regulations, the City trained and certified 19 Spanish-speaking Green Gardeners; constructed two model residential gardens in the Guadalupe River Park and Gardens showcasing sustainable landscaping practices; and began testing techniques to maintain parts of the Guadalupe Courtyard Gardens using Integrated Pest Management (IPM) methods.

- The City will continue to actively pursue grant opportunities that will support Permit compliance efforts and promote the City's sustainability and watershed protection goals.

Solid Waste

- On January 15, 2013, the Administration received City Council approval to discontinue the City's in-house service delivery model for Recycle Plus Billing and Customer Service, and to evaluate two alternative service delivery options that include, 1) utilizing the Santa Clara County Secured Property Tax Bill for Recycle Plus billing; or 2) shifting all Recycle Plus billing and customer service responsibility to the municipal solid waste haulers. A final recommendation will be brought forward to the City Council in spring 2013.

- Phase II construction of the Environmental Innovation Center (EIC) is currently underway and is anticipated to be completed in late winter 2013. The original contractual completion date for Phase II construction was December 20, 2012. However, due to several issues, including the evaluation and remediation of lead-containing paint and asbestos inside the warehouse portion of the project, the completion of Phase II has been delayed. Phase II includes the renovation of an existing 46,000 square foot warehouse and addition of a 10,000 square foot building. After completion, the EIC will house a Habitat for Humanity ReStore, Household Hazardous Waste Facility, and Prospect Silicon Valley Clean Tech Demonstration Center. In November 2011, a New Markets Tax Credit transaction closed, resulting in an additional $4.5 million in funding for the project. The EIC advances the City's commitment to San José's Green Vision.

- On July 1, 2012, Republic Services began the roll-out of a new, innovative commercial solid waste collection program to approximately 8,000 San José businesses. The system unifies waste service under a single hauler, Republic, and introduces an easy, two-sort system for businesses to separate wet material (organics) and dry material (recyclables and dry garbage). The commercial solid waste diversion rate has since tripled from 22% to 70% through the combination of recycling and organics processing, and is on track to achieve 80% diversion by 2014. The new service generates green recycling jobs, provides feedstock for potential waste to energy operations, decreases the greenhouse gas impact of the former system through 50 new Compressed Natural Gas solid waste collection trucks to replace the existing aging fleet, provides stable franchise fee revenue for the General Fund, and accelerates progress toward renewable energy goals.

- Solid waste management planning efforts focus on addressing AB32 Climate Change goals by removing organics from the waste stream. Organics represent approximately 30% of the disposed waste by weight in San José. To this end, the City of San José selected Zero Waste Energy Development (ZWED) for a 15-year contract to process all of the City's commercial organics under a new city-wide, collection system. ZWED is developing a dry fermentation anaerobic digestion and in-vessel composting facility which will be capable of processing over 270,000 tons of organic waste per year. Site preparation has begun and facility construction will continue through 2013 with operations beginning late 2013.

Service Delivery Environment

Solid Waste (Cont'd.)

- Over the next 15 years, solid waste landfill space in the region will likely reach capacity. Sites for landfills are increasingly difficult to find in California, and with higher fuel prices and concerns about greenhouse gas emissions, local recycling processing infrastructure will need to be enhanced to handle various waste streams. In 2012, construction of Republic's materials recovery facility at Newby Island Landfill was completed and construction began on the ZWED anaerobic digestion and in-vessel composting facility. These projects are two of the nation's largest and most advanced solid waste processing facilities and represent over $80 million in infrastructure investment.

Sustainability

- In support of Green Vision Goal #2, reduce per capita energy use by 50%, the Silicon Valley Energy Watch Partnership with PG&E, which enables staff to provide extensive energy efficiency education and outreach to the community, has been administered by ESD since 2004. Due to new funding made available by the California Public Utilities Commission in November 2012, the program is fully funded through 2014.

- Staff tracks existing and emerging solar and other renewable energy technologies for possible implementation in the City, evaluates and develops scalable model programs to promote the advancement of renewable energy, and facilitates the installation of solar infrastructure on City facilities and properties city-wide. These activities support Green Vision Goal #3, *receive 100% of our electrical power from clean renewable resources.*

CSA Priorities/Key Services

- Operate and maintain the City's utilities – storm sewer, sanitary sewer, Treatment Plant, potable water, and recycled water – reliably and efficiently.

- Make strategic investments to increase service levels and maintenance activity on the City's Sanitary Sewer Collection System in order to reduce the number and mitigate the impacts of Sanitary Sewer Overflows (SSOs).

- Continue to invest in capacity and condition assessments for the sanitary sewer collection system to reduce SSOs and support economic development and build out of the General Plan.

- Continue to meet National Pollutant Discharge Elimination System (NPDES) wastewater and stormwater permit compliance.

- Continue to partner with other agencies and pursue grants to promote energy efficiency and clean, renewable energy in the community, and to support stormwater pollution prevention programming.

- Develop a Strategic/Master Plan to guide the expansion, oversight, and fiscal integrity of the recycled water system into the future.

- Continue to implement solid waste reduction programs in order to achieve zero waste by 2022.

- Complete construction of the Environmental Innovation Center.

- Complete construction of Zero Waste Energy Development's dry fermentation anaerobic digestion and in-vessel composting facility.

- Finalize the Gasification Feasibility Study with the California Energy Commission and Harvest Power.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

The utility infrastructure in San José, which includes the WPCP, sanitary sewer system, storm sewer system, and water distribution system, is aging and requires increased maintenance. To maintain system reliability and minimize maintenance costs, the older infrastructure must be rehabilitated or replaced. For the WPCP, the five-year proposed CIP includes funding of $680.9 million to rehabilitate and upgrade the infrastructure, including the headworks, primary and secondary tanks and clarifiers, digesters and gas lines, electrical motor control centers and switchgears, engines and generators, a new biosolids facility, and numerous other improvements. The 2014-2018 Sanitary Sewer System Proposed CIP provides funding of $196.2 million, of which $87.9 million is allocated in 2013-2014 to upgrade the existing pipe network to support the build-out of the General Plan, and to evaluate and rehabilitate the existing sanitary sewers, pump stations, and other infrastructure. The 2014-2018 Storm Sewer System Proposed Capital Improvement Program (CIP) provides funding of $47.5 million, of which $26.8 million is allocated in 2013-2014 for master planning and improvements of the Storm Sewer System. For the collection system, investments in fleet replacement, fleet expansion, and technical and analytical support are included in this budget to improve the efficiency and effectiveness of maintenance activities that reduce the number of SSOs. The 2014-2018 Water Utility System Proposed CIP provides funding of $24.4 million for maintenance of existing infrastructure, and improvements to the Water Utility System facilities.

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:					
	- SJ/SC Water Pollution Control Plant	88%*	95%	95%	95%	95%
	- Storm Sewer lines	99%	95%	99%	95%	95%
	- SJ Municipal Water	98%	95%	95%	98%	98%
	- South Bay Water Recycling	100%	95%	95%	98%	98%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption:					
	- Potable	N/A	N/A	N/A	90%**	90%**
	- Recycled	N/A	N/A	N/A	85%**	90%**
	3. Ratio of Municipal Water System average residential water bill to weighted average residential water bill of other San José water retailers***	81%	<100%	82%	<100%	<100%
	4. Number of SSOs per 100 miles of sewer lines	8.1	5.0	7.5	5.0	3.0
Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)					
	- Overall	69%	72%	73%	75%	77%
	- Residential	60%	62%	60%	61%	64%
	- Commercial	38%	38%	60%	75%	80%
	- City Facilities	84%	82%	87%	89%	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* The % of utility assets in working condition for the SJ/SC Water Pollution Control Plant is calculated based on an average number of hours critical equipment are unavailable during the year due to repairs. Better performance numbers in comparison to 2010-2011 actuals (83%) resulted from continued improvement with the preventative maintenance program and refinement of the critical equipment list.
** Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.
*** Other San José water retailers include: San José Water Company and Great Oaks Water Company.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *San José/Santa Clara Water Pollution Control Plant Infrastructure*

A three-year Treatment Plant master planning process resulted in an approved Preferred Alternative consisting of a Technical Alternative and a Land Use Alternative. These were approved by the City Council on April 19, 2011. Environmental clearance is expected by summer 2013. The final Plant Master Plan will guide capital improvements over the next 30 years. The Technical Alternative includes long-term capital improvement projects focused on odor control, biosolids, and renewable energy, with a total projected cost of $2.2 billion over the next 30 years (escalated at 2% annually). Approximately 56% of the Proposed CIP relies on the issuance of long-term debt for funding primarily the implementation of Package 2 projects – Energy Generation Improvements and New Biosolids Facility. A single bond issuance amounting to $177.3 million has been programmed in 2014-2015. This amount is an estimate and may change once more information is available regarding specific projects.

- $551.3 million in construction projects over five years are included in the 2014-2018 Proposed CIP to address critical infrastructure rehabilitation, replacement needs and capital improvements at the Plant. Projects in the CIP include a New Biosolids Facility ($325.0 million); Electrical Systems and Power Generation projects ($110.5 million); Digester Rehabilitation ($58.5 million); Advanced Process Control and Automation upgrades ($9.8 million); East Primary Rehabilitation, Seismic Retrofit, and Odor Control ($7.0 million); two headworks projects ($5.9 million); secondary wastewater treatment projects ($5.4 million); and other various improvements.

✓ *Sanitary Sewer Infrastructure*

Preventing and reducing the number of SSOs that occur in the City's Sanitary Sewer Collection System is critically important.

In order to address critical infrastructure needs in the sanitary sewer system and meet the performance measure *"Number of SSOs per 100 miles of sewer lines"* and *"Annual capital renewal investment as a % of value of the plant,"* the following projects are included in the 2012-2013 Proposed Operating Budget and 2014-2018 Proposed CIP:

- Funding of $91.6 million for design and construction of the Capacity Improvement Projects to support economic developments, of which $30.2 million is programmed to complete work on the interceptor project.
- Funding of $66.1 million for design and construction of Rehabilitation Projects which are selected based on hydrogen sulfide studies that analyze pipe corrosion, condition assessment studies, video inspections, maintenance records and reports, and actual pipe failures, whether due to pipe corrosion or other physical deficiencies.
- Funding of $1.2 million to replace aging sewer cleaning equipment (combination cleaning utility and maintenance trucks) in the Department of Transportation to improve the effectiveness and efficiency of sewer line cleaning, blockage removal, and SSO response.
- Funding of $1.4 million to increase the combination cleaning truck fleet size by four vehicles. This augmentation provides the Sanitary Sewer Maintenance crews with a more sufficient complement of vehicles and will improve fleet availability to respond to and mitigate SSOs.
- Funding of $508,000 to establish permanent positions in the Department of Transportation that will reduce the number and severity of SSOs through the continued development and enhancement of information technology systems and analytics.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *Storm Sewer Infrastructure*

In order to address critical infrastructure needs in the storm sewer system and meet the percentage of utility assets in working condition goal, transfers from operating funds to the 2014-2018 Proposed CIP are included in the 2013-2014 Proposed Operating Budget. Major items funded by this transfer include:

- Initiation of design for the Charcot Pump and Alviso Pump Stations ($3.0 million). $10.0 million will remain in a reserve for construction of the Alviso Pump Station. The full cost of designing and constructing these pump stations and altering the associated pipe system is expected to total $52 million.
- Funding of $1.7 million for the Willow Glen-Guadalupe Phase III project.
- Continued funding to repair and restructure outfalls along local rivers and creeks ($1.95 million).
- Continued funding to develop and maintain updates to a City-wide Master Plan and associated Flow Monitoring Program ($8.49 million).
- Funding of $911,000 for the Gold Street Storm Pump Station Force main rehabilitation project.

✓ *Water Supply Infrastructure*

- The Municipal Water System's rates still remain well below those of other San José retailers, even after the recommended rate increase of up to 9.0% to account primarily for higher wholesale water costs.
- Municipal Water continues to meet its goal for the performance measure *"% of utility assets in working condition."*

✓ *Solid Waste Management Infrastructure*

To continue increasing solid waste diversion and meeting the Green Vision goal of Zero Waste by 2022, new solid waste management infrastructure and programs will be necessary in the coming decade. The private sector has invested over $100 million in recycling facilities in San José since 2007 and this investment will need to continue. In 2012, Republic Services built the Newby Island Resource Recovery Park and construction began on the Zero Waste Energy Development anaerobic digestion and in-vessel composting facility. These projects are two of the nation's largest and most advanced solid waste processing facilities and represent over $80 million in infrastructure investment.

- Republic Services rolled out a new, innovative commercial solid waste collection program to approximately 8,000 San José businesses. The system unifies waste service under a single hauler, Republic, and introduces an easy, two-sort system for businesses to separate wet material (organics) and dry material (recyclables and dry garbage). The materials are being processed at the newly constructed Newby Island Resource Recovery Park, which has resulted in the commercial solid waste diversion rate tripling from 22% to 70%.
- Zero Waste Energy Development is constructing a dry fermentation anaerobic digestion and in-vessel composting facility which will process organic waste from San José and around the region that would otherwise be disposed in a landfill. The facility will produce methane for fuel as well as compost, helping to meet diversion and energy goals. Construction is underway, with operations beginning in late 2013.
- Phase II construction of the Environmental Innovation Center (EIC) is anticipated to be completed in winter 2013 and will house a Habitat for Humanity ReStore, Household Hazardous Waste Facility, and Prospect Silicon Valley Clean Tech Demonstration Center.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RELIABLE UTILITY INFRASTRUCTURE

✓ *Solid Waste Management Infrastructure (Cont'd.)*

- Republic Services rolled out a new commercial fleet of 50 Compressed Natural Gas (CNG) collection vehicles. The new fleet has already reduced greenhouse gas emissions by 550 metric tons and is projected to reduce greenhouse gas emissions by 19,000 metric tons (equivalent to the annual emissions from 4,000 passenger vehicles) over the life of the franchise.
- Progress was made in replacing and converting the Recycle Plus residential collection vehicles of GreenTeam of San José and Garden City Sanitation to CNG power. 18 CNG powered collection vehicles went into service in spring 2013, servicing GreenTeam's multi-family collection routes. Gradually, GreenTeam and Garden City Sanitation's fleet will be fully replaced or converted to CNG powered vehicles by June 30, 2015. Construction also began on a CNG fueling station at the GreenTeam of San José corporation yard, scheduled to be completed by mid-2013.

Budget Dollars at Work: Performance Goals

OUTCOME 2: HEALTHY STREAMS, RIVERS, MARSH AND BAY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Manage stormwater for suitable discharge into creeks, rivers, and the Bay	1. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	N/A	50%	N/A	55%*	60%
Manage wastewater for suitable discharge into the Bay	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	90 mgd	<120 mgd	85 mgd	<120 mgd	<120 mgd**
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%	100%
Develop, operate, and maintain a recycled water system that reduces effluent to the Bay	1. Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period***	14 mgd	15 mgd	13.1 mgd	13.1 mgd	15 mgd

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.
** In accordance with the NPDES permit, the maximum annual discharge is 120 mgd.
*** Dry weather period is defined as the lowest continuous three months average rainfall between May and October, which during the fiscal year report period is July – September.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
- "Millions of gallons per day diverted from flow to the bay through recycled water during the ADWEF period" was revised to "Millions of gallon per day diverted from flow to the Bay for beneficial purposes during the dry weather period" to improve the description of the measure.

✓ *Wastewater Program Implementation*

Since 1990, the City has invested considerable effort in protecting local streams, rivers, and the San Francisco Bay salt marsh habitat. The Treatment Plant's average dry-weather effluent flow was 91.2 mgd in 2011 and 85.3 mgd in 2012. These numbers are well below the 120 mgd trigger set by the State to protect wildlife habitat. The Plant continues to consistently meet permit discharge requirements.

Salt marsh habitat protection is a key element of San José's watershed protection efforts. City staff actively participates in the South Bay Salt Pond Restoration Project, which aims to restore former salt ponds to salt marshes or managed pond habitat, as well as the South San Francisco Bay Shoreline Study, which studies flood protection requirements for the area.

The City continues to expand programs and partnerships to address priority pollutants and emerging threats to water quality. Residential thermometer exchange and dental amalgam programs aim to reduce mercury discharge, and the City's efforts to provide safe and convenient disposal for unused medications are critical to addressing the emerging concern of the effects of these medications on water quality.

Budget Dollars at Work: Performance Goals

OUTCOME 2: HEALTHY STREAMS, RIVERS, MARSH AND BAY

✓ *Stormwater Program Implementation*

The NPDES stormwater permit adopted in October 2009 directs significant enhancements to municipal maintenance activities, water quality monitoring, enforcement programs, and application of treatment and flow control measures to development projects. The City continues to review opportunities to realign operations to deliver new requirements, and has developed new and expanded programs, procured new monitoring equipment, and refined program and operational data tracking.

As a requirement of the permit, the City conducts activities to limit non-stormwater discharges to the storm sewer system, and to implement "Best Management Practices" (BMPs) to reduce pollutants such as mercury, pesticides, and trash. This includes implementing BMPs for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, and educating property owners on how to protect water quality.

The City undertakes a variety of initiatives to reduce trash entering the storm sewer system and to address the impacts of trash and debris from creekside encampments. The City is partnering with the Santa Clara Valley Water District to leverage resources and other local agencies, and is collaborating with other cities to implement a large scale effort to markedly reduce the presence of trash in creeks.

Budget Dollars at Work: Performance Goals

OUTCOME 3: "CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Reduce, reuse, and recycle solid waste at home, work, and play	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	85%	87%	N/A	75%*	75%*

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ The "% change in energy usage in all City accounts from 2007 baseline" measure was deleted from the E&US CSA and added to the Department of Public Works (PW) measures as the City's Energy Group has become a part of PW.
- ✕ The "kW of renewable energy installed at City-owned sites" measure was deleted from the E&US CSA and added to the Department of Public Works (PW) measures as the City's Energy Group has become a part of PW.

✓ The City's Green Vision Goal #2 is to reduce the community's electrical energy use by 50% by 2022. To accomplish this, the City is exploring expanded partnerships, including the Local Government Partnership Program with PG&E, funded by the California Public Utilities Commission. This program, called the Silicon Valley Energy Watch Program (SVEW), provides technical assistance, educational events and workshops, and marketing and outreach, to coordinate energy efficiency services within Santa Clara County. The City is aggressively implementing energy efficiency measures in its own buildings. In 2011-2012, 67 energy efficiency projects on city buildings were completed.

✓ The City of San José achieved a solid waste diversion rate of 73% for 2012-2013 through administration of its residential, commercial, and civic garbage and recycling programs. San José has one of the highest diversion rates among large cities in the country. The City's extensive incentive-based programs make it easier to "Recycle Where You Live, Work, Learn and Play." Customer outreach to neighborhoods, schools, and businesses, and a high level of customer satisfaction also contribute to the overall success of these well-designed programs.

Budget Dollars at Work: Performance Goals

OUTCOME 4: SAFE, RELIABLE AND SUFFICIENT WATER SUPPLY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Ensure availability of future water supplies.	1. Mgd of water conserved and recycled **	18.3	17.3	20	69	83
Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources*	1. % of residents demonstrating water conservation knowledge*	N/A	N/A	N/A	40%*	45%*
	2. % of residents with water saving fixtures in their home*	N/A	N/A	N/A	50%*	55%*
	3. % of residents who are in favor of using recycled water**	N/A	N/A	N/A	75%*	90%*
Meet or exceed drinking and recycled water quality standards	1. % of San José Municipal Water System drinking water samples meeting or surpassing State and federal water quality	99.8%	100%	99.5%	100%	100%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.
** Through 2012-2013, data reported was based on WPCP Tributary-wide flow savings from a subset of indoor water conservation programs and Tributary-wide recycled water use. Starting in 2013-2014, data reported will be based on County-wide water savings from both indoor and outdoor water conservation programs, passive water savings (from behavioral, policies, and code changes), and recycled water use. The County-wide data is collected and provided by SCVWD.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
↺ Strategic Goal "Decrease reliance on imported water" was revised to "Ensure availability of future water supplies" to provide a more accurate and complete description that reflects regional trends.
× "% of time recycled water meets or surpasses State recycled water standards (Title 22)" was deleted because it is a duplicate of a measure reported in the Environmental Services Department Core Service Recycled Water Management.

- ✓ The South Bay Water Recycling Program (SBWR) delivers recycled water from the Treatment Plant to customers for reuse in irrigation, industrial cooling, and other beneficial purposes. Planned upgrades to Treatment Plant facilities through the 2014-2018 Pr oposed C IP will also ensure continued treatment of recycled water to meet customer needs and comply with regulatory requirements and meet current customer needs.

- ✓ The City and Santa Clara Valley Water District have executed a 40-year agreement to coordinate their efforts to develop SBWR. Efforts currently underway include a long-term plan for the operation and maintenance of SBWR and Silicon Valley Advanced Water Purification Center (SVAWPC) facilities and an updated Master Plan to ensure continued reliable service to over 600 SBWR customers.

- ✓ Because flows to the Treatment Plant have been well below the 120 mgd permit trigger, there is a reduced need for a wastewater flow reduction program. Instead, the City implements the Water Conservation Program to help ensure long-term water supply reliability and compliance with the statewide mandate for the San José Municipal Water System to reduce urban water consumption by 20% by 2020. In 2012-3013, the City adopted an updated ordinance for landscape water efficiency requirements at certain new residential and commercial developments. In 2013-2014, the City will continue to implement water conservation best management practices as a member of the statewide California Urban Water Conservation Council and to coordinate with its wholesale water providers and other retail water providers on various water conservation incentive programs and educational efforts.

PROPOSED BUDGET CHANGES

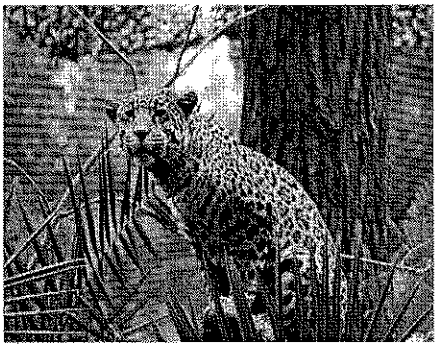
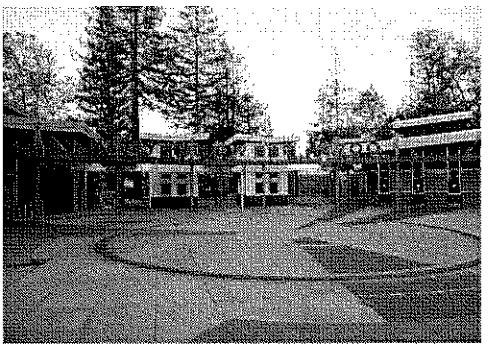
Proposed Changes	Positions	All Funds ($)	General Fund ($)
ENVIRONMENTAL SERVICES DEPARTMENT			
• Environmental Services Department Staffing Realignment	(4.00)	(415,022)	0
• Transfer of Energy Program to Public Works Department	(1.00)	(147,825)	(47,900)
• Environmental Services Department Administrative Services Division Oversight	2.00	234,510	0
• Wastewater Chemical and Biological Study		150,000	0
• Municipal Water Vehicles and Equipment		140,000	0
• Solid Waste Code and Contract Compliance	1.00	139,065	0
• Municipal Water Staffing	1.00	95,458	0
• Water Pollution Control Plant Engineering Staffing	1.00	94,971	0
• Recycle Plus Billing Transition Project Staffing	1.00	91,272	0
• Burrowing Owl Habitat Conservation		60,000	0
• Water Pollution Control Plant - Plant Attendant Staffing	3.00	12,022	0
Subtotal	4.00	454,451	(47,900)
TRANSPORTATION DEPARTMENT			
• Sanitary Sewer Program Combination Cleaning Vehicles and Vehicle Maintenance Services		1,487,109	0
• Sanitary Sewer and Storm Sewer Programs and Fleet Replacement		1,200,000	0
• Sanitary Sewer Maintenance Management Staffing	4.00	507,419	0
Subtotal	4.00	3,194,528	0
Total Proposed Budget Changes	**8.00**	**3,648,979**	**(47,900)**

2013-2014

Operating Budget

Neighborhood Services CSA

Neighborhood Services

Mission: *To serve, foster, and strengthen the community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods*

Primary Partners

Library

Parks, Recreation and Neighborhood Services

Planning, Building, and Code Enforcement

Public Works

CSA OUTCOMES

- Safe and Clean Parks, Facilities, and Attractions
- Vibrant Cultural, Learning, Recreation, and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

City Service Area

Neighborhood Services

SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Neighborhood Services CSA

Mission:

To serve, foster, and strengthen the community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Safe and Clean Parks, Facilities, and Attractions
- Vibrant Cultural, Learning, Recreation, and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA

CORE SERVICES
Primary deliverables of the organization

Library Department

Core Services:

- Access to Information, Library Materials and Digital Resources
- Formal and Lifelong Self-Directed Education

Parks, Recreation and Neighborhood Services Department

Core Services:

- Parks Maintenance and Operations
- Recreation and Community Services

Planning, Building and Code Enforcement Department

Core Services:

- Community Code Enforcement

Public Works Department

Core Services:

- Animal Care and Services

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Neighborhood Services

Expected 2013-2014 Service Delivery

- Parks, Recreation and Neighborhood Services (PRNS) will continue to provide clean and safe parks and trails.
- An ongoing allocation of $75,000 will enhance PRNS' graffiti eradication services by concentrating abatement efforts in the 24-hour response areas and expand the volunteer base in the first year, then further expand overall graffiti abatement zones and volunteer support in the second year and beyond.
- San José Family Camp at Yosemite is open for the entire spring/fall and summer seasons. The Family Camp program is establishing an agreement with the County of Santa Clara for a Family Camp at Yosemite collaborative marketing campaign to expand its target market from San José to Santa Clara County residents.
- San José has one of the nation's largest trail networks with 55 miles already providing access throughout the City. The Green Vision advances development of an interconnected, 100-mile network by 2022.
- PRNS' Business Intelligence (BI) Technical Advisory Committee will implement a new web-based data system, which will assist staff to determine more accurate costs of maintaining parks at various service levels and to budget for newly designed parks as they come online.
- PRNS will continue to implement its pricing and revenue structure to make programs more self-supporting and less dependent on the General Fund.
- Branch library days and hours will be maintained. Branch libraries will be open four days per week with 34 hours of service at Monday-Thursday branches and 33 hours of service at Wednesday-Saturday branches. Dr. Martin Luther King Jr. Library hours remain unchanged, operating every day of the week for a total of 77 hours per week.
- The four newly opened library branches (Seven Trees, Bascom, Educational Park, and Calabazas) will have their first full year of service in 2013-2014, bringing the total number of branch libraries to 22. With these four branches open, an additional 6,800 hours of library service will be available to the public, which represents an increase of 22% in available library hours.
- The San José Public Library will continue operating as a model of efficiency with a lower staff to square footage ratio compared to the other large California public library systems with a population over 400,000.
- The Library will continue to engage adult and teen volunteers in a variety of positions to support and enhance Library operations. Traditional volunteer opportunities consist of adult literacy tutors, one-to-one computer mentors, trained readers to children, shelf readers, program assistants, teachers of citizenship classes, and ESL Conversation Club facilitators.
- The Library continues its effort to increase technology and efficiency by upgrading its online customer and materials database and expanding use of the Automated Materials Handling Systems, now installed in eight of the highest circulating branch libraries.
- Through the Library's continued effort to improve access and stay current with technology, the Library's e-book circulation continues to grow with an estimated 10% increase from 2012-2013.
- PRNS will continue using a multi-service delivery "hub" model that optimizes resources and ensures delivery of its core services for all residents and fee-based recreation services for all ages. Community center services are retained at one hub community center in each Council District. PRNS will continue to maximize the public benefit from the use with partners at the current 42 re-use sites.
- Animal Care and Services resources will focus on health and safety related calls such as aggressive animals, injured animals, public safety assists, dead animal removal, and confined stray animals.

Neighborhood Services

Expected 2013-2014 Service Delivery

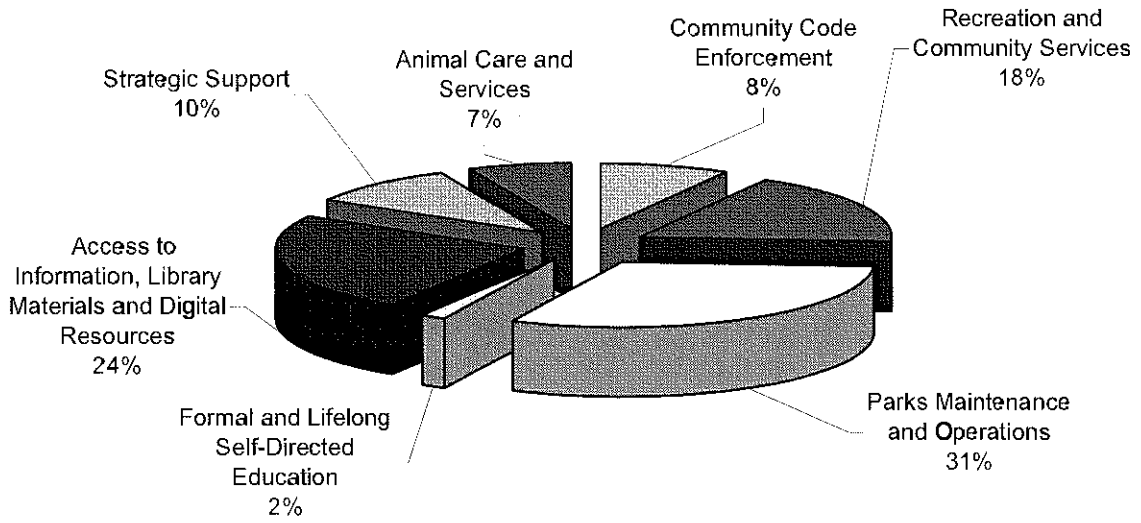
- Code Enforcement field inspection services for Emergency and Priority complaints will be completed within 24-72 hours.
- Neighborhood Clean-ups for all of San José's neighborhoods will continue to be provided on a 3-year cycle.
- Code Enforcement will continue to provide proactive enforcement to address negative impacts associated with vacant and foreclosed properties. The number of properties in Code Enforcement's Vacant Building Monitoring Program has remained steady when compared to 2011-2012.

2013-2014 Budget Actions

- PRNS has partnered with the Santa Clara Valley Water District (SCVWD), Housing Department, and Environmental Services Department to develop the Homeless Response Team, a team created to address illegal encampments along Coyote Creek and the Guadalupe River. This budget action adds 3.0 Park Ranger and 1.0 Senior Park Ranger positions, partially funded by the SCVWD.
- PRNS is increasing its reservable picnic sites from 68 to 80; adding 12 new reservable picnic sites at 9 neighborhood parks and 3 regional parks. PRNS is also expanding catering services provided by Happy Hollow Park and Zoo to summer nutrition City sites, camps, and other recreation programs.
- The PRNS Volunteer Management Unit will continue to leverage volunteers to enhance parks, trails, and open spaces. This action restores ongoing the Volunteer Coordinator position from 0.75 FTE to 1.0 FTE as well as 1.0 Recreation Leader PT position.
- Total ongoing funding of $560,000 is included for the continuation of Senior Wellness, Transportation, and Meal Enhancement. This funding will allow PRNS to continue providing San José seniors with wellness services; transportation services including gas cards and bus passes; and increase the variety of meal offerings at the senior nutrition sites.
- PRNS will continue to provide ongoing Aquatics programming at Camden, Mayfair, Alviso, Biebrach, Fair Swim Center, and Rotary Ryland. Additionally, ongoing funding is included to provide recreational swim in the Evergreen community.
- Funding for San José BEST and Safe Summer Initiative Programs will be increased by a total of $3.0 million spread over two years - $1.5 million in 2013-2014 ($500,000 ongoing) and $1.5 million set aside in a reserve for 2014-2015. The funding will be used to restore 2012-2013 staffing levels and support BEST programming for continued gang intervention, prevention and suppression efforts, including the Safe School Campus Initiative.
- Animal Care and Services continues to focus on increasing overall cost recovery through licensing, contracting, and grants/fundraising.
- Funding is restored for a Code Enforcement Inspector who will coordinate enforcement of dispensaries that are creating a nuisance.

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $104,086,243



City Service Area Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Public Works					
Animal Care and Services	$ 6,768,694	$ 6,449,494	$ 6,758,325	$ 6,872,368	6.6%
Library					
Access to Information, Library Materials and Digital Resources	21,816,872	23,780,035	25,405,597	25,405,597	6.8%
Formal and Lifelong Self-Directed Education	2,279,761	1,615,882	1,857,638	1,857,638	15.0%
Strategic Support	3,180,896	3,607,654	3,878,843	3,878,843	7.5%
Parks, Recreation and Neighborhood Services					
Parks Maintenance and Operations	28,798,937	30,018,001	31,720,817	32,304,513	7.6%
Recreation and Community Services	16,953,043	18,037,351	17,762,426	18,488,957	2.5%
Strategic Support	6,109,329	6,485,212	6,586,006	6,573,408	1.4%
Planning, Building and Code Enforcement					
Community Code Enforcement	8,421,328	8,771,114	8,549,731	8,704,919	(0.8%)
Dollars by Core Service Subtotal	**$ 94,328,860**	**$ 98,764,743**	**$ 102,519,383**	**$ 104,086,243**	**5.4%**
Other Programs					
City-Wide Expenses	$ 7,975,453	$ 7,592,535	$ 6,395,837	$ 6,995,837	(7.9%)
General Fund Capital, Transfers and Reserves	2,071,791	2,520,672	2,051,000	4,500,000	78.5%
Other Programs Subtotal	**$ 10,047,244**	**$ 10,113,207**	**$ 8,446,837**	**$ 11,495,837**	**13.7%**
CSA Total	**$ 104,376,104**	**$ 108,877,950**	**$ 110,966,220**	**$ 115,582,080**	**6.2%**
Authorized Positions	**872.71**	**929.02**	**917.63**	**944.65**	**1.7%**

Service Delivery Accomplishments

- For 2012-2013, 1,545 library volunteers contributed an average of 4,815 hours of service per month in a variety of roles at public libraries across the City.
- The Parks volunteer program conducted several events where volunteers worked in City parks, creeks, and trails, assisting with anti-graffiti and anti-litter activities. The total value of the service provided by volunteers in 2012 was over $600,000, representing approximately 24,000 hours of service.
- The Picnic Reservations System at Leininger Center was introduced in spring 2013 and now allows for picnic reservations to be made online. The Leininger Center staff also continues to improve its efficiency by refining staff resources to cover many aspects of the park reservations system for weddings, special events, sports fields, permits for air jumpers, and professional photography in parks. In 2012-2013, additional group reservable picnic areas were added in both regional and neighborhood parks; 12 additional reservable areas will be available in neighborhood and regional parks in 2013-2014.
- PRNS staff is currently working with a consultant on a project to maximize the fee structure for artificial sports turfs. This study will determine the market rates for this type of rental in order for San José to remain competitive.
- Happy Hollow Park and Zoo (HHPZ) continues to improve its efficiency by refining staffing resources to be responsive to seasonal shifts and demands while maintaining excellent services to the more than 430,000 patrons served annually. Accomplishments for this past year include: a 2013 Business Environmental Award from Acterra in the category of *"Sustainable Built Environment"* for the 2010 renovation of HHPZ, another national architectural award for the Bent Bridge that leads to the East Parking Lot, and the Pride of San José awarded to the Amusement Park Rides Inspection Team at the Mayor's 2013 State of the City Address. Most recently, the Crooked House, a vintage attraction, was renovated and reopened to the public through a partnership with the Happy Hollow Foundation. The Happy Hollow Foundation has been actively pursuing opportunities for grants and special events to bring to the park and was a recipient of a $50,000 grant award from Kaiser Permanente for the "Eat Like a Lemur Program", which focuses on curbing childhood obesity.
- Kelley Park generated electricity cost savings of approximately $15,000-$20,000 in the first six months of using the newly-installed solar panels in the front parking lot. The Tea House in the Japanese Friendship Gardens was renovated to allow for receptions and other special events to occur in the gardens.
- The San José Parks Foundation, Guadalupe River Park Conservancy, Happy Hollow Park Foundation, Prusch Park Foundation and the San José Library Foundation continue to raise funds in support of San José parks and libraries through donations from the public and businesses in the community.
- The four newly built Library Bond funded facilities – Seven Trees, Bascom, Educational Park, and Calabazas Branch libraries – opened in 2012-2013. The last of the Library Bond funded projects, Southeast Branch Library, is in design and scheduled to open July 2015.
- Visitor attendance at the main and branch libraries is expected to total approximately 6 million in 2012-2013, with approximately 10.7 million items checked out.

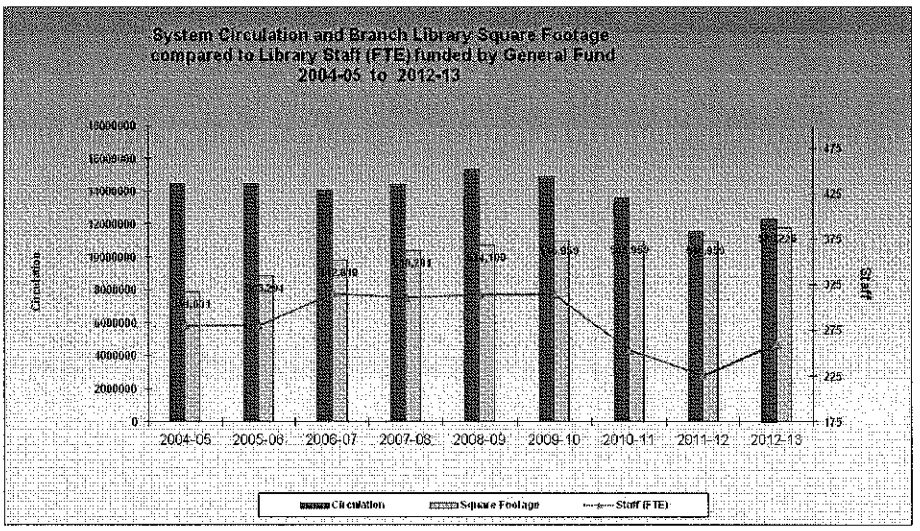
Service Delivery Accomplishments

- The self-check out system and Automated Materials Handling (AMH) systems continued to help the Library's efficiency with 95% of materials borrowed through self-check and 60% of materials returned, checked-in, and sorted through the AMH devices.
- Through the Library's continued effort to improve access and stay current with technology, Library's e-book circulation grew to 500,000 check-outs in 2012-2013, an estimated 42% increase from 2011-2012 and a 180% increase from 2010-2011.
- In January 2013, the Harvard Business School alumni organization selected PRNS to partner pro bono to develop and finalize a strategy to seek additional sponsorship revenue as a means to maximize the use of City assets through revenue generation. PRNS also developed a Revenue Efficiency Initiative intended to increase revenue generated through current leisure class offerings by increasing class capacity, decreasing cancellation rates, and maintaining a competitive pricing model. In the last couple of years, the cancellation rate has steadily decreased and programs have a 92% overall satisfaction rating of good or better.
- The implementation of the Recreation E-Commerce System (RECS) continues to move forward. Revenue processed through the RECS system for 2012-2013 is estimated to be $8.0 million, up from last year's $7.1 million. The RECS system is now used for facility rental processing, senior program memberships, picnic reservations, and activities at Happy Hollow Park and Zoo and other regional park sites.
- Approximately 258,000 participants enrolled in a variety of PRNS classes, including sports leagues, dance, early childhood education, camps and health and fitness classes.
- PRNS launched the Obesity Prevention Initiative through funding provided by the Santa Clara County Public Health Department and in conjunction with Michelle Obama's "Let's Move Campaign" designed to promote active living and healthy eating, and increasing access to physical activity and healthy food options for approximately 11,000 youth.
- Over 6,500 seniors participated in classes in 2012, a 27% increase from 2011. Approximately 4,100 senior participants will receive services in 2013 through Senior Health and Wellness grant-funded services.
- The Mayor's Gang Prevention Task Force continued its participation in the White House Forum on Youth Violence, one of only six cities chosen throughout the entire nation.
- Code Enforcement responded to 100% of the *Emergency Complaints,* conditions that pose an imminent threat to life and/or property within 24 hours. Code Enforcement's response time to *Priority Complaints,* such as sub-standard housing conditions within 72 hours fell to a rate of 67% for 2012-2013 due to several Inspector vacancies. Response time target for *Priority Complaints* is still set at 75%, in anticipation of all Inspector positions being fully staffed in 2013-2014.
- In the 2012 National Citizen Survey, 89% of San José residents surveyed reported they had visited a park in San José at least once.

Service Delivery Environment

- In-house computer use at libraries and visits to the library website sbowed continued growth througb 2009-2010 when new branches were opening and hours were stable. In the past few years, however, usage bas decreased as hours and services have been reduced. As new branches open in 2012-2013, usage is anticipated to increase once again.

- Library staffing has historically kept up with growth in system-wide circulation and library square footage. Budget reductions to the Library Department, in recent years, have resulted in decreased staffing levels to adjust for the reduction in hours of operation. As new branches opened in 2012-2013 staffing increased.



- The Library Parcel Tax is scheduled to sunset at the end of 2014-2015, and currently provides 16% of the Library Department's operating budget. Loss of this funding would impact the Library's service levels and leave the Library with a lower staff structure than it had in 1994 with 323,525 additional square feet to manage.

- This budget increases staffing levels at community centers from 2012-2013 by adding 3.0 Recreation Leader PT positions to support increased night and weekend facility rentals.

- PRNS has consistently exceeded budgeted revenue estimates and steadily increases its General Fund cost recovery rate (as can be seen in the following graphs). This has enabled PRNS to continue to decrease its reliance on the General Fund by ensuring that a significant portion of the revenues brought in are sustaining existing services as opposed to creating new General Fund obligations.

- Targeted response times for 2013-2014 for Code Enforcement Emergency and Priority Complaints will remain unchanged from the 2012-2013 target. Some Routine Complaints, which involve issues impacting the quality of neighborhoods and business districts, will not receive field inspection services. In 2011-2012, Code Enforcement implemented a new service model that relies on courtesy/warning letters being sent to the alleged violator in response to Routine Complaints received. In addition, a letter is sent to residents requesting service, advising them of this service delivery model. Performance data for Code Enforcement response times are included in the Performance Goals table in CSA Outcome 3: Healthy Neighborhoods and Capable Communities.

CSA Priorities/Key Services

- ✓ Expand the number of productive partnerships to maintain quality service levels while minimizing the impact to the General Fund.
- ✓ Increase financial sustainability of PRNS by improving cost recovery rates of programs to preserve services.
- ✓ Clean, safe, and accessible parks, trails, and open space for the public to enjoy.
- ✓ Ensure the continuance of quality neighborhood livability and community strengthening through graffiti and litter abatement, education, and enforcement.
- ✓ Community engagement and investment through volunteer opportunities and special events and festivals.
- ✓ Provide facilities for recreational opportunities such as sports fields for youth and adult leagues, walking and hiking trails for outdoor enthusiasts, parks for avid skateboarders and bikers, playgrounds for toddlers and youth to enjoy, lakes, dog parks, and community garden plots.
- ✓ Provide an affordable, sustainable, conservation-centered outdoor amusement for families with children at Happy Hollow Park & Zoo.
- ✓ Foster lifelong learning through programming focused on early education, the love of reading, literacy assistance, and access to information and digital resources.
- ✓ Provide access to a vast array of information in a variety of formats to better enable all members of the community to make informed choices about their lives, careers, and family decisions.
- ✓ Offer inviting and well-maintained library and community center buildings that serve as comfortable community gathering points.
- ✓ Provide safe and healthy opportunities for youth, seniors, and persons with disabilities.
- ✓ Combat gang activity through the Mayor's Gang Prevention Task Force, youth intervention services, and school-based collaborations.
- ✓ Provide animal licensing, rabies vaccination compliance, and animal control in the community.
- ✓ Provide housing and care for stray animals, outreach regarding responsible animal ownership, increase grant funding, and continue operation of a low cost public spay/neuter clinic.
- ✓ Build capacity of community-based organizations by developing collaborations that support residents' needs.
- ✓ Provide responsive inspection services to ensure safe and sanitary housing and quality neighborboods and business districts for the residents of San José.
- ✓ Provide infrastructure assets that are sustainable, both environmentally and financially.
- ✓ Timely health and safety checks on all facilities and completion of associated mandated tasks.
- ✓ Provide inspection services for all multi-family buildings to ensure that tenants are living in units that are safe and sanitary.

Budget Dollars at Work: Performance Goals

OUTCOME 1: SAFE AND CLEAN PARKS, FACILITIES AND ATTRACTIONS

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
All parks and facilities will be safe, clean and well maintained	1. % of residents rating performance in maintaining public parks in good physical condition as good or better	N/A*	68%	N/A*	68%	68%
	2. % of residents that rate the appearance of neighborhood parks as good or better	N/A*	72%	N/A*	72%	72%
	3. % of residents reporting they visited a regional park more than three times in the last year	N/A*	45%	N/A*	45%	45%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

- ✓ A long history of partnerships, in support of quality parks and recreational services, exists between the City and private companies, non-profits, volunteers, and residents in the San José community. PRNS will build on that foundation and use the updated Greenprint to develop new/alternative sources for funding, expand institutional arrangements, and solidify an appropriate user fee structure. Additionally, the non-profit organization *San José Parks Foundation* exists to preserve, promote and enhance city parks, facilities, and programs through encouraging and soliciting support for the City's parks system.

- ✓ The Parks Division in PRNS is building forward by implementing Business Intelligence as a strategy that will enable the department to determine a more accurate cost of maintaining parks at various service levels and to budget for newly designed parks as they come online. Business Intelligence identifies areas of improvement in time management and service delivery costs.

Budget Dollars at Work: Performance Goals

OUTCOME 2: VIBRANT CULTURAL, LEARNING, RECREATION AND LEISURE OPPORTUNITIES

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Provide a full range of affordable and accessible learning and leisure opportunities which fulfill customer and residents' needs for lifelong learning and well being	1. % of community center participants reporting that services improved their quality of life	89%	88%	85%	85%	88%
	2. % of customers and residents rating library services as good or better					
	* Point of Service	90%	85%	85%	85%	85%
	* Community Survey	N/A*	62%	N/A*	62%	62%
	3. % of customers and residents rating City efforts at providing recreational opportunities and programs at parks and recreation centers as good or better					
	* Point of Service	89%	85%	85%	85%	85%
	* Community Survey	N/A*	54%	N/A*	54%	54%
Offer programs and services that support successful youth and their families	1. % of students entering kindergarten from Smart Start San José programs with the foundation needed for academic and social success	98%	80%	85%	85%	80%
	2. % of parents and caregivers who report reading more to their children following participation in a library program or activity	80%	85%	85%	85%	85%
Provide services and programs that promote independent living for City seniors and persons with disabilities	1. % of seniors and persons with disabilities who report that participation in community center programs increased their quality of life	90%	85%	85%	85%	85%
	2. % of residents rating City efforts at providing programs to help seniors that live on their own, as good or excellent	N/A*	53%	N/A*	53%	53%
	3. # of participants in programs for seniors or persons with disabilities	16,395	5,400	21,100	21,500	22,500

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Budget Dollars at Work: Performance Goals

OUTCOME 2: VIBRANT CULTURAL, LEARNING, RECREATION AND LEISURE OPPORTUNITIES

- ✓ Customer satisfaction with library services remains constant at 85%.
- ✓ Seniors, youth, and those who are disabled will continue to be a top priority. PRNS will maintain a continuum of recreation services that will serve the recreational needs of all residents, primarily delivered through the 10 Community Center hubs, the Grace Community Center and the Bascom Joint Community Center/Library as well as other department programs. The Re-Use Program will continue to offer facilities at no cost, low cost, or full rate market lease to qualifying organizations.
- ✓ The Safe Summer Initiative program will continue to provide safe and fun alternatives to all youth with an emphasis on gang-impacted or gang-involved youth through prevention, intervention, after-care and suppression. Services may include, but are not limited to, youth outings, street outreach, block parties, extended recreational opportunities for youth, and sports tournaments. Funding for this program will be included in the San José BEST appropriation and is programmed through 2014-2015 and beyond.
- ✓ PRNS continues to place a strong emphasis on increasing cost recovery rates to a level comparable with other large cities. The Department's Pricing and Revenue strategy allows flexibility and responsiveness to market conditions and opportunities to maximize revenues. Changes to parking, picnic reservations, swim fees, fee class rates, and fitness membership fees, as well as aggressive marketing efforts are driving increased performance of revenues. Grants, partnerships, and scholarship opportunities are also being implemented to help mitigate impacts of fee increases on low-income participants and support accessibility of City programs.

Budget Dollars at Work: Performance Goals

OUTCOME 3: HEALTHY NEIGHBORHOODS AND CAPABLE COMMUNITIES

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Establish San José as a "Graffiti-Free and Litter-Free City"	1. % of graffiti service requests completed within 48 hours (service requests reported by the public)	N/A	N/A	89%	91%	95%
	2. % of customers rating City efforts at removing graffiti as good or better	90%	90%	92%	95%	95%
	3. % of Litter Hot Spots rated a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful Index	80%	85%	80%	85%	85%
	4. % of volunteers rating their Litter Hot Spot as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful Index	N/A*	85%	N/A*	85%	85%
Residents will perceive that their neighborhood has improved (that is, safer and cleaner)	1. % of Safe School Campus Initiative school clients rating City efforts at keeping schools safe good or better	97%	90%	100%	95%	100%
	2. % of school/community crisis incidents responded to within 30 minutes	100%	100%	100%	100%	100%
	3. % of residents indicating that the physical condition of the neighborhood has gotten somewhat better over the last two years	N/A**	30%	N/A**	30%	30%
Provide effective animal care and control for residents of San José	1. % of Priority 1 calls with response time in one hour or less (Priority 1: injured or aggressive animal, or public safety assist)	91%	90%	95%	93%	95%
	2. Animal Care Center Live Release Rate	68%	70%	75%	75%	80%
Ensure safe, decent and sanitary housing through routine inspections in Multi-Family dwellings	1. % of buildings receiving a routine inspection within a six-year cycle	96%	93%	97%	98%	97%
Revitalize and Rehabilitate Uses, Sites, and Structures in Neighborhoods, Commercial, and Industrial Areas	1. % of residents who indicate that the physical condition of the neighborhood is about the same or better (Annual Code Enforcement Survey)	75%	85%	74%	80%	85%

Budget Dollars at Work: Performance Goals

OUTCOME 3: HEALTHY NEIGHBORHOODS AND CAPABLE COMMUNITIES

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents rating their neighborhood in "good" or "better" physical condition based on the biennial Community Survey	N/A**	70%	N/A**	70%	70%
	2. % of time inspection/assessment for Code cases occurs within targeted times:					
	- Emergency Cases (within 24 hours)	100%	98%	100%	98%	98%
	- Priority Cases (within 72 hours)	80%	75%	67%	75%	75%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
↺ "% of graffiti reported to the PRNS Anti-Graffiti Program via App., e-mail, or phone, and removed within 48 hours" was modified to "% of graffiti service requests completed within 48 hours (service requests reported by the public)" to reflect graffiti incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.
✕ The "% of targeted properties in Strong Neighborhoods Initiative areas with improved physical appearances as measured by the Blight Analysts (target in parenthesis)" was deleted since the Strong Neighborhoods Initiative Program was eliminated in 2011-2012.

* No volunteer-led surveys were conducted in 2012-2013. Staff will resume volunteer-led surveys in 2013-2014.
** Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Budget Dollars at Work: Performance Goals

OUTCOME 3: HEALTHY NEIGHBORHOODS AND CAPABLE COMMUNITIES

- ✓ The eradication portion of the anti-graffiti program will continue to be provided in 2013-2014 through an outside provider who is responsible for removal of graffiti on city-owned properties and public right-of-ways. City staff will retain ownership of contract management, quality assurance, and building business/community partnerships.

- ✓ The update of the Mayor's Gang Prevention Task Force Strategic Plan has resulted in a city-wide Intervention Strategy that leverages existing community resources and creates a better coordinated intervention strategy.

- ✓ The CSA will continue to provide intervention services to youth exhibiting at-risk behaviors or to youth in potentially at-risk environments and situations in San José. In 2013-2014, San José BEST will be in its first year of a triennial Request for Qualification (RFQ) process through which qualified service providers will be selected to provide services. The allocation process will include a "Hot Spot" exercise that determines the areas within the City with a higher potential for youth violence and gang activity and the services needed within those areas. The program will benefit from a funding increase of $3.0 million in 2013-2014 ($500,000 ongoing) that will be spread over a two year period to ensure funding consistency through 2014-2015.

- ✓ The live release rate target for Animal Care and Services (ACS) has been adjusted upward due to enhanced partnerships with rescue groups. ACS will continue to focus on low cost spay and neuter services, increasing animal adoptions, and collaborating with rescue partners to reduce/stabilize the number of incoming animals. Two large grants were awarded to ACS that will help increase the total live release rate from the 2012-2013 Target of 70% to 75% in 2012-2013 and 2013-2014 and provide free spay and neuter services in targeted neighborhoods.

- ✓ Code Enforcement will continue to respond to Emergency (within 24 hours) and Priority (within 72 hours) complaints, conditions that pose an imminent threat to life and/or property, within 24 to 72 hours. For Routine Complaints, Code Enforcement will continue to rely on courtesy/warning letters being sent to the alleged violator advising them of the complaint and suggested corrective action. In addition, the resident requesting service will be sent a letter advising this new service delivery and a postcard to be returned to Code Enforcement, if the alleged violation has not been corrected within 60 days.

- ✓ Code Enforcement will continue its "no tolerance" policy in addressing the impact created by neglected vacant/foreclosed properties. This policy, developed in 2009, calls for the issuance of administrative citations to banks/lenders, without warning, for failing to maintain vacant/foreclosed properties in a secure and maintained condition.

PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds ($)	General Fund ($)
PARKS, RECREATION AND NEIGHBORHOOD SERVICES DEPARTMENT			
• Senior Wellness and Transportation Services	1.50	460,000	460,000
• Parks, Recreation and Neighborhood Services Capital Program Staffing	4.00	334,869	0
• Senior Nutrition Program Meal Enhancements*		100,000	100,000
• Parks Facilities Rental Revenue Support	3.00	91,531	91,531
• New Parks and Recreation Facilities Maintenance and Operations	3.91	79,000	79,000
• Anti-Graffiti Program*		75,000	75,000
• Parks Picnic Basket Catering Services		50,000	50,000
• PRNS Volunteer Management Unit	1.25	37,629	50,227
• South San José Police Substation Opening Parks Maintenance and Operations*		32,395	32,395
• Evergreen Community Aquatics Program**		25,000	25,000
• Christmas in the Park Part-Time Staffing Support	0.40	12,205	12,205
• Homeless Response Team	4.00	0	0
• San José BEST and Safe Summer Initiative Programs	4.50	0	0
Subtotal	22.56	1,297,629	975,358
PLANNING, BUILDING AND CODE ENFORCEMENT DEPARTMENT			
• Medical Marijuana Program**	1.00	128,483	128,483
• Development Fee Program and Other Support Services	0.46	26,705	26,705
Subtotal	1.46	155,188	155,188
PUBLIC WORKS DEPARTMENT			
• Animal Care and Services Staffing	3.00	114,043	114,043
Subtotal	3.00	114,043	114,043
Subtotal Departments	**27.02**	**1,566,860**	**1,244,589**
CITY-WIDE EXPENSES			
• Children's Health Initiative		(1,000,000)	(1,000,000)
• Community Action and Pride Grants*		100,000	100,000
• San José BEST and Safe Summer Initiative Programs**		1,500,000	1,500,000

Proposed Changes	Positions	All Funds ($)	General Fund ($)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Elimination		(51,000)	(51,000)
• Earmarked Reserves: 2014-2015 San José BEST and Safe Summer Initiative Programs		1,500,000	1,500,000
• Earmarked Reserves: 2014-2015 Children's Health Initiative		1,000,000	1,000,000
Subtotal Other Changes		**3,049,000**	**3,049,000**
Total Proposed Budget Changes	**27.02**	**4,615,860**	**4,293,589**

* Implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

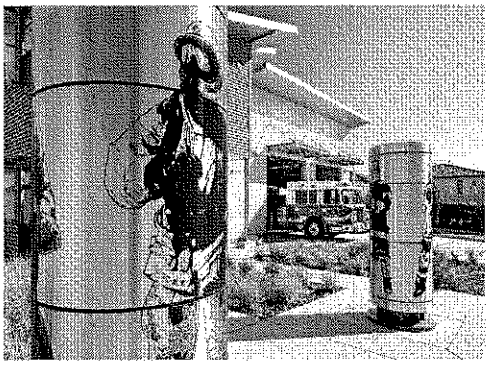
PAGE IS INTENTIONALLY LEFT BLANK

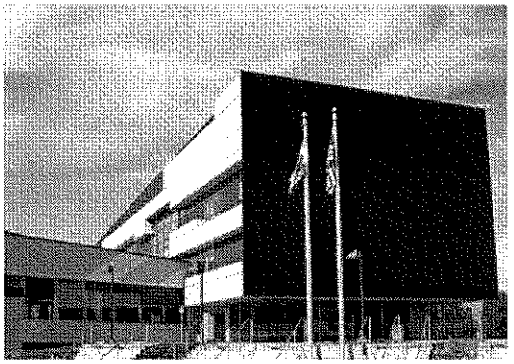
2013-2014

Operating Budget

Public Safety CSA

Public Safety





Mission: *Provide prevention and emergency response services for crime, fire, medical, hazardous and disaster related situations*

Primary Partners

Fire
Independent Police Auditor
Police

CSA OUTCOMES

- The Public Feels Safe Anywhere, Anytime in San José
- Residents Share the Responsibility for Public Safety

City Service Area

Public Safety

SERVICE DELIVERY FRAMEWORK

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's six key "lines of business"

MISSION STATEMENT
Why the CSA exists

Public Safety CSA

Mission:

Provide prevention and emergency response services for crime, fire, medical, hazardous and disaster related situations

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- The Public Feels Safe Anywhere, Anytime in San José
- Residents Share the Responsibility for Public Safety

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Fire Department

Core Services:

- Emergency Response
- Fire Prevention

Independent Police Auditor

Core Services:

- Independent Police Oversight

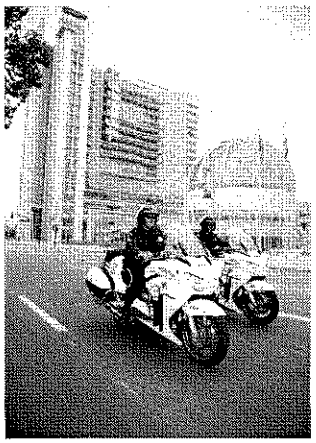
Police Department

Core Services:

- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

OPERATIONAL SERVICES
Elements of Core Services; the "front line" of service delivery

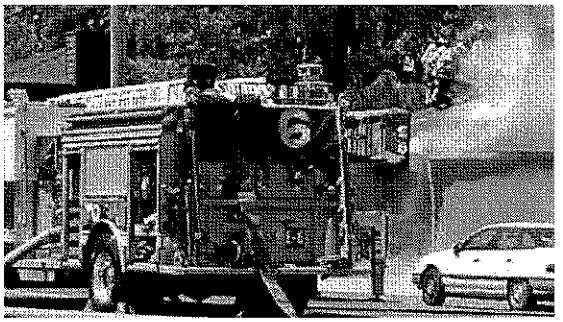
STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery



Public Safety

Expected 2013-2014 Service Delivery

- Provide essential emergency services (patrol, fire suppression, and emergency medical services) in a timely and effective manner.
- Effectively investigate crimes and seek successful prosecution of suspects.
- Continue efforts to deter gang violence.
- Continue regional all-hazard emergency management and San José Prepared!
- Provide a police misconduct complaint process that is thorough, objective, and fair.

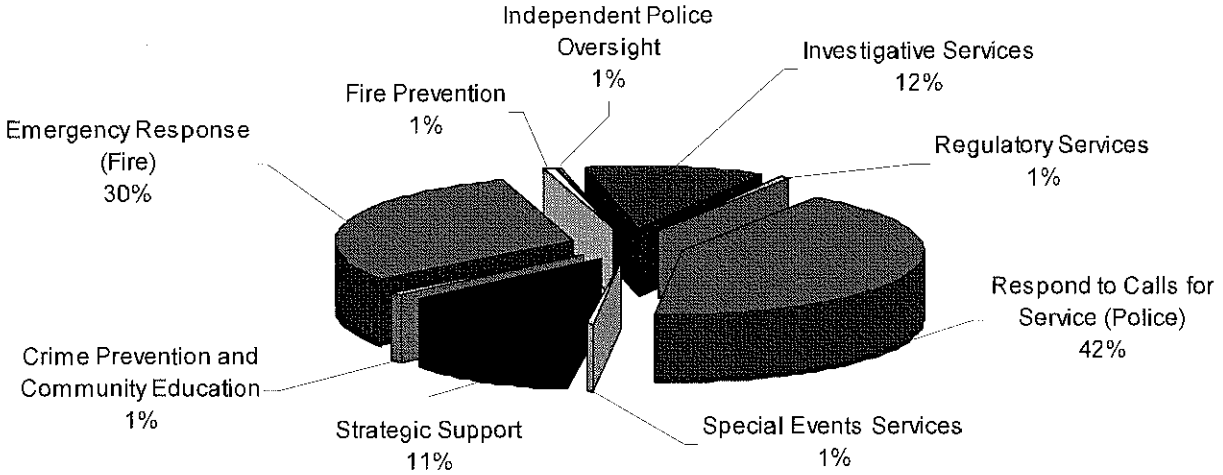


2013-2014 Budget Actions

- A one-time augmentation to the Police Department's overtime budget will provide funding to backfill 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.
- The Phase I opening of the South San José Police Substation, will occur in January 2014 and allow the Police Department to shift the Southern Patrol Division (approximately 270 sworn positions) to the facility, but no public access will be available.
- Police Patrol staffing will be augmented by the addition of 21.0 Community Service Officers in January 2014. These positions will be responsible for supporting sworn Patrol Police Officers by providing responses to lower priority service calls and non-enforcement duties.
- Restoration of three Crime Prevention Specialist positions will help increase community outreach, disseminate crime prevention information to residents through presentations, and respond to residents' concerns about crime.
- As the Police Department continues to roll out the Automated Field Reporting/Records Management Systems (AFR/RMS), the system begins to transition from implementation to sustainment. Contractual maintenance funding, along with the addition of an Analyst position, will be added to support the sustainment of the AFR/RMS.
- One-time augmentations to the Police Recruiting and Backgrounding Units will allow the units to continue the high volume of recruiting, hiring, and backgrounding that is necessary for upcoming Police Recruit Academies.
- One-time funding to conduct outreach, recruitment, and testing to establish a new Firefighter recruit eligibility list is included. The last eligibility list was created in 2008 and has been exhausted through previous academies and implementation of the 2010 and 2011 SAFER Grants.
- One-time funding will equip all front-line fire and strike-team companies with standard cardiac monitor/ defibrillator units.
- One-time funding for functional movement screening is expected to decrease the number and severity of sprain and strain injuries in the Fire Department, and the associated workers' compensation claims costs.
- Additional resources in the Fire Department's Development Fee Program will improve current cycle time performance in plan check and inspection activities, and raise performance levels to meet customer demand.
- Elimination of a vacant position and reduction in overtime and non-personal allocations will align resources to activity levels in the Fire Department's Non-Development Fee Program.

2013-2014 Total Operations by Core Service

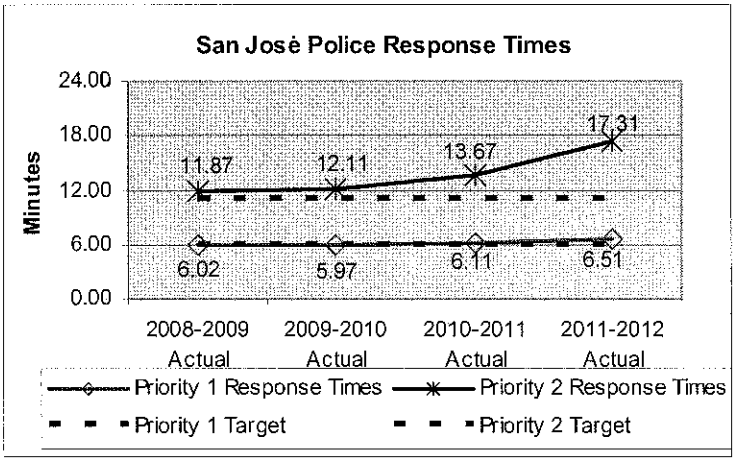
CSA Dollars by Core Service $458,820,676



City Service Area Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Fire					
Emergency Response	$135,810,064	$127,711,029	$138,767,001	$138,962,001	8.8%
Fire Prevention	3,421,210	4,339,774	4,527,819	4,339,427	(0.0%)
Strategic Support	12,082,535	15,797,669	15,556,399	15,788,750	(0.1%)
Independent Police Auditor					
Independent Police Oversight	932,903	973,174	959,192	959,192	(1.4%)
Strategic Support	1,476	92,587	106,514	106,514	15.0%
Police					
Crime Prevention & Community Education	6,134,184	3,922,705	4,603,102	4,801,201	22.4%
Investigative Services	57,289,687	54,494,346	55,545,631	55,635,439	2.1%
Regulatory Services	3,712,535	3,768,908	3,014,097	3,240,673	(14.0%)
Respond to Calls for Service	176,663,720	185,581,963	189,769,018	195,888,544	5.6%
Special Events Services	2,048,845	939,607	1,339,686	1,339,686	42.6%
Strategic Support	33,386,714	35,934,902	34,608,397	37,759,249	5.1%
Dollars by Core Service Subtotal	**$431,483,873**	**$433,556,664**	**$448,796,856**	**$458,820,676**	**5.8%**
Other Programs					
City-Wide Expenses	$ 22,390,122	$ 19,814,771	$ 16,344,000	$ 16,394,000	(17.3%)
General Fund Capital, Transfers & Reserves	2,685,583	8,109,000	6,952,000	5,507,751	(32.1%)
Other Programs Subtotal	**$ 25,075,705**	**$ 27,923,771**	**$ 23,296,000**	**$ 21,901,751**	**(21.6%)**
CSA Total	**$456,559,578**	**$461,480,435**	**$472,092,856**	**$480,722,427**	**4.2%**
Authorized Positions	**2,209.11**	**2,234.35**	**2,260.35**	**2,295.35**	**2.7%**

Service Delivery Accomplishments



- For Priority One calls (present or imminent danger to life or major damage/loss of property), the Police Department responded on average in 6.51 minutes in 2011-2012. This response time is expected to increase in 2012-2013 to 6.78 minutes.
- The Police Department response times for Priority Two calls (injury or property damage or potential for either to occur) averaged 17.31 minutes during 2011-2012 and the average is estimated to increase to 20.33 minutes in 2012-2013.
- The Police Department investigated 46 homicides in 2012. Through March 2013, there were 10 homicides in the City of San José compared to 6 for the same time last year. In many of these homicides, the cases were resolved as a result of community members coming forward and working with both patrol officers and detectives to bring the suspects to justice.
- In September 2012, the Police Department began a new service delivery model for Police Recruit training by partnering with the South Bay Public Safety Regional Training consortium to provide a POST certified Academy. Additionally, the Department recruited Direct Entry candidates for the first time who had previously received POST certified training elsewhere.
- During the Police Department's September 2012 Shift Change, Field Patrol transitioned from four to three Divisions.
- During 2012-2013, the Police Department's Research and Development Unit closely studied all performance measures currently being collected and has proposed a number of changes for 2013-2014 so that staff can focus on more accurate, reliable, and meaningful data.
- The Fire Department's goal is to respond timely to critical emergencies, including fire and priority emergency medical calls. The first emergency response vehicle should arrive on the scene within eight minutes 80% of the time. In January 2013, the Fire Department reported on recent discoveries of errors in calculating response-time measures. While changes to improving methods of data collection have been implemented, the Department continues with its efforts to aggregate and report accurate response-time performance data.
- The Fire Department updated the truck fleet and consolidated all truck companies into single response vehicles which facilitated faster deployment of personnel to emergencies and increased the efficiency of field operations.
- A structural reorganization of the Fire Department to support the operational readiness and development of field personnel was completed. The Department also committed to greater focus on safety, wellness and fitness for all employees.
- The Fire Department received the federal 2011 SAFER Grant, and completed the recruitment of the 27 new Firefighter positions funded through this grant. Similar to the 2010 SAFER Grant, which reinstated 49 Firefighter positions, funding was awarded to pay for the salaries and benefits of the positions for a two year period, and the City is responsible for all other costs related to the positions. The 2014-2018 General Fund Forecast assumes continued funding for these positions after the expiration of the grants.
- The Urban Search and Rescue Program was enhanced by adding a swift water rescue function to the Fire Department.

Service Delivery Accomplishments

- The Fire Department implemented a Squad Pilot Program in May 2012 to study a new deployment model with the goal of right-sizing the amount and type of resources that respond to lower priority emergencies, and keeping limited and more critical resources (engine and truck companies) in their first due area. An evaluation of this pilot program is expected to be completed by fall 2013.

- The Fire Department estimates an 18.0% increase in workers' compensation claims and a 9.3% increase in costs related to service claims in 2012-2013, compared to 2011-2012. The department has however taken steps to address this issue by conducting health risk and fitness assessment, participation in the city-wide workers' compensation third party administrator pilot program, and functional movement assessment. For 2013-2014, one-time funding will allow the department to conduct movement screening to reduce incidents of sprain and strain injuries.

- With grant funding, the Police Department is in the process of implementing the records management system and implementation of an automated field reporting system. All patrol staff completed training on the new system in March 2013.

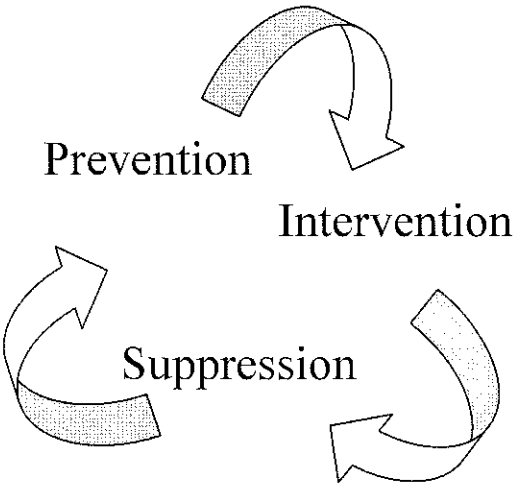
- The Police Department received 2011 Community Oriented Policing Services (COPS) Grant funding from the Department of Justice, COPS Office to reinstate three Police Officer positions. Similar to the 2010 COPS Grant, which reinstated 16 Police Officer positions, funding was awarded to pay for salaries and benefits of entry-level officer positions for a three-year period. The City is responsible for all other costs related to the positions, and must retain them for an additional year after the three year grant reimbursement period has expired. The 2014-2018 General Fund Forecast assumes continued funding for these positions after the expiration of the grants.

- Office of Emergency Services (OES) staff completed the development of the Emergency Operations Center (EOC) Staff Development Program and delivered the first year's series of progressive training. OES staff conducted a two-shift, full activation, EOC staff exercise to evaluate recent improvements in EOC facilities, processes, and tools. OES completed work on the City's emergency debris removal and logistics management plans. Staff continued to coordinate and represent the City at countywide and regional Homeland Security, catastrophic planning and interoperable communications systems governing bodies. In addition, staff completed the administration of several homeland security grants, which provided personnel and equipment to the Fire Department.

- The Independent Police Auditor (IPA) continued to fulfill all requirements mandated by the San José Municipal Code and City Charter. The IPA formally presented an audit of the more than 100 recommendations that the Office has made to SJPD between 1993 and 2009 to assess implementation status. The Student Guide Initiative was completed by providing over 8,000 copies of the IPA publication *Students' Guide to Police Practices* to local school districts along with DVDs to teachers that provided direction on how to explain the Guides. In addition to "IPA Roadshow" presentations at community meetings and on CreaTV, informational inserts about the IPA Office were included in utility bill mailings to over 190,000 households in the City.

Service Delivery Environment

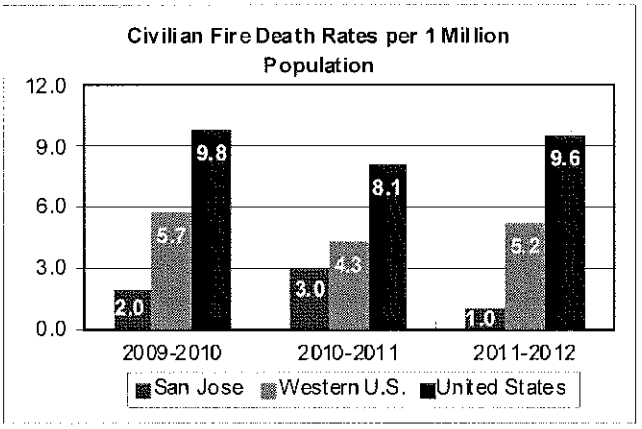
- Public Safety is focused on responding to crime, fire, emergency medical, hazardous, and disaster-related needs of the San José community.
- A major contributing factor to the overall effectiveness and efficiency of the Public Safety CSA in recent years has been the creative and collaborative nature in which public safety members have applied limited resources toward a wide range of prevention, intervention, and suppression strategies.
- Based on the CQ Press City Crime Rankings 2013, for cities with a population of 500,000 or more, San José is ranked fifth behind Austin, New York, San Diego, and El Paso. While San José has comparatively low sworn staffing among major cities, success can be attributed to its business model, which is based on a three-prong strategy of prevention, intervention, and suppression.

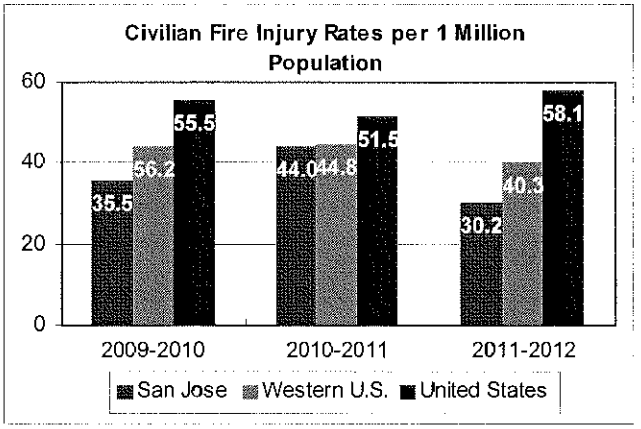


- San José needs to be able to respond to major city crime such as gang-related crimes, drug trafficking, armed robberies, assaults, and other violent crimes and needs to prepare itself for these major crimes and events by having staff available, trained, and ready to prevent as well as respond. As a result of prior reductions, the focus of the Police Department has shifted from one that is proactive to one that relies upon reacting to crime already committed.
- The community plays an important role in the safety of the City. On many occasions, cases were resolved as a result of community members coming forward and working with both patrol officers and detectives to bring suspects to justice. The relationship the community has with the Police Department is critical in investigating crimes and patrolling the City. An open and positive community relationship can assist in quickly resolving the most serious crimes.
- The Police Department continues to collaborate with an advisory board of community members to help the Department on solving issues and defining what community policing should look like in the City of San José.
- The CSA will strive to maintain core service levels, especially in responding to calls for both Police and Fire and in detective units that investigate crimes against persons.
- With an improved economic climate, staff anticipates renewed residential and green technology development, increased traffic congestion, and human activities which are expected to place additional service demands on public safety as the local economy begins to recover. While welcomed, these anticipated increases for police and fire service will challenge the CSA's ability to meet performance objectives with fewer resources.
- Increased surface street congestion will continue to impact travel times for the Fire Department. The Department's travel time objective is four minutes for 80% of emergencies.
- The Bureau of Fire Prevention successfully focused efforts and resources towards improving building fire safety throughout the City by increasing the number of inspections that are conducted in existing occupancies and buildings.
- The Bay Area's Urban Area Security Initiative (UASI) and Regional Catastrophic Preparedness Grant Program (RCPGP) have created demand on staff time to coordinate and implement regional terrorism and disaster planning, with the possibility of financial support for public safety priorities. Both grant programs, funded by the Department of Homeland Security, are expected to be continued through 2013-2014.

Service Delivery Environment

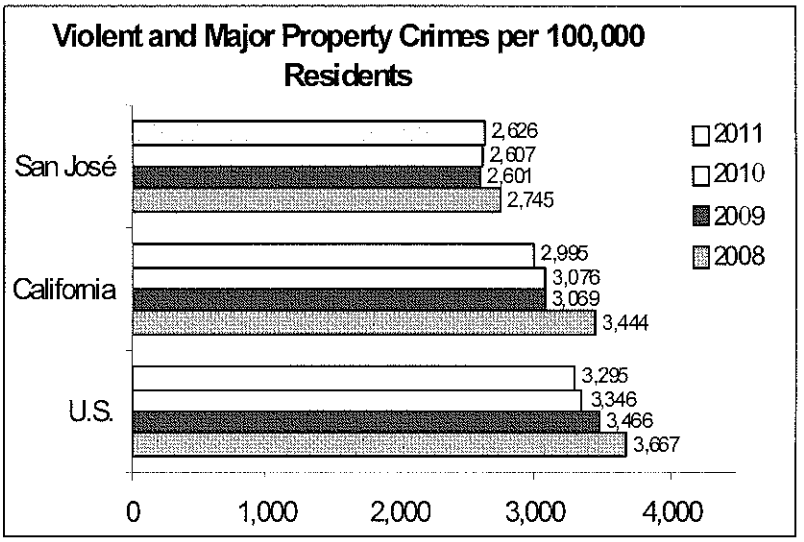
- From 2008-2009 to 2011-2012, San José experienced lower fire-related injury rates per million population than the western United States and national averages. In 2011-2012, the City had a single fatality, compared to 9.6 deaths per million population nationwide average and compared to 5.2 deaths for western United States.
- The Fire Department's Arson Investigation Unit continues to actively pursue arson cases. In 2011-2012, the Unit successfully solved and closed a serial arsonist case. In 2010-2011, $14 million in loss was estimated due to arson, largely attributed to the Trace Elementary School fire. Although loss for 2011-2012 is estimated to be under $2 million, the Fire Department remains vigilant in pursuing arson investigations.





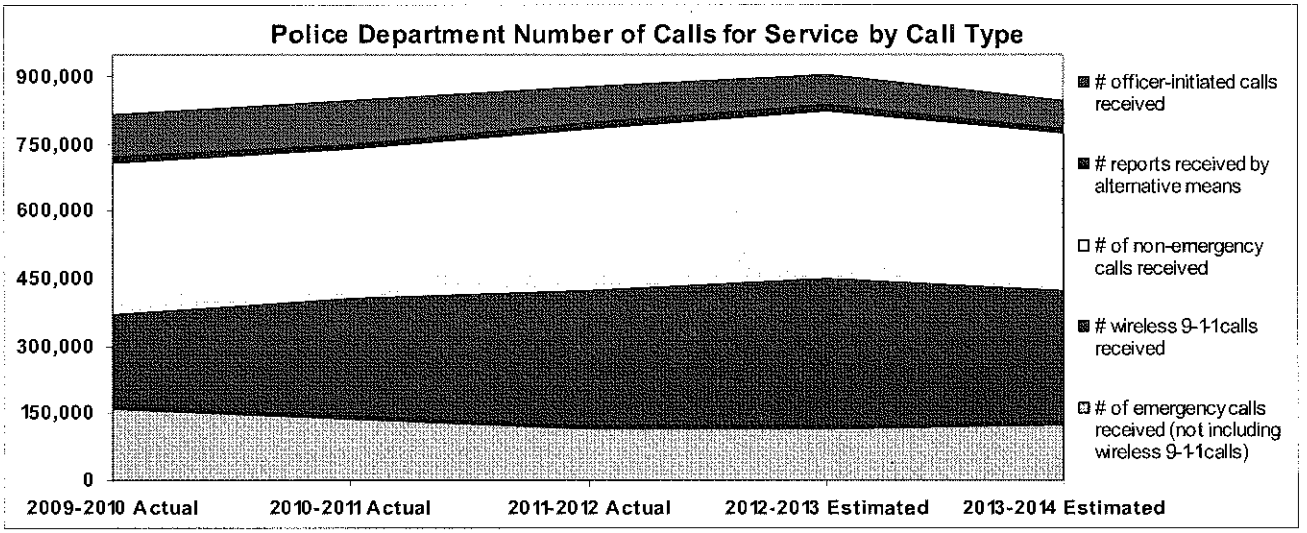
(Source: NFPA National Fire Experience Survey, 2011)

- San José continues to experience crime rates lower than national and State rates. San José's crime rate of 2,626 incidents per 100,000 inhabitants was 21% below the national level of 3,295 incidents in 2011 and 13% below the California level of 2,995 incidents.
- From 2010-2011 to 2011-2012, the City experienced an increase in residential burglaries by 28.7%; however, sexual assaults decreased by 0.8%, domestic violence dropped by 0.9%, and gang related incidents dropped by 13.7%.
- The crime rate for major violent and property crimes per 100,000 population in San José remained the same in 2011 compared to the previous year.

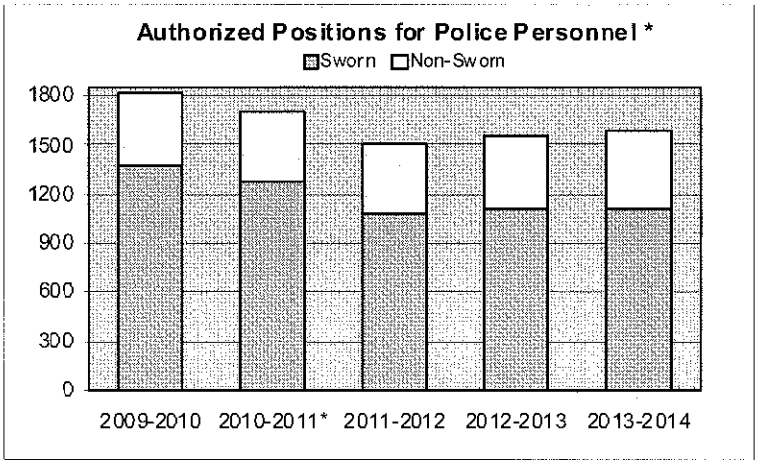


Service Delivery Environment

- From 2011-2012 to 2012-2013 total Police related emergency calls are tracking approximately 5.8% higher, with wireless emergency calls being the largest factor in that increase. With the current tracking, total emergency calls are estimated to remain about the same in 2013-2014.



- The Police service delivery model in this budget includes 1,109 authorized sworn (the same number as the 2012-2013 Adopted Budget levels) deployed in four Bureaus and the Chief's Office, supported by approximately 476 civilians. As part of this document, the civilian complement has been augmented by 35 positions with the largest increase being 21 Community Service Officers to handle lower priority patrol calls and increase capacity for existing sworn patrol positions to respond to higher priority calls and conduct proactive police work.



* 2010-2011 includes 70 Police Officer positions restored on August 3, 2010.

- The focus for response to calls will be on Priority 1 and Priority 2 calls for service. Policy changes that limit or eliminate patrol response for lower priority calls and offer the community an alternative for reporting were implemented in 2011-2012, including non-injury vehicle accidents, music or party disturbance calls, and non-gang related vandalism (non-graffiti).

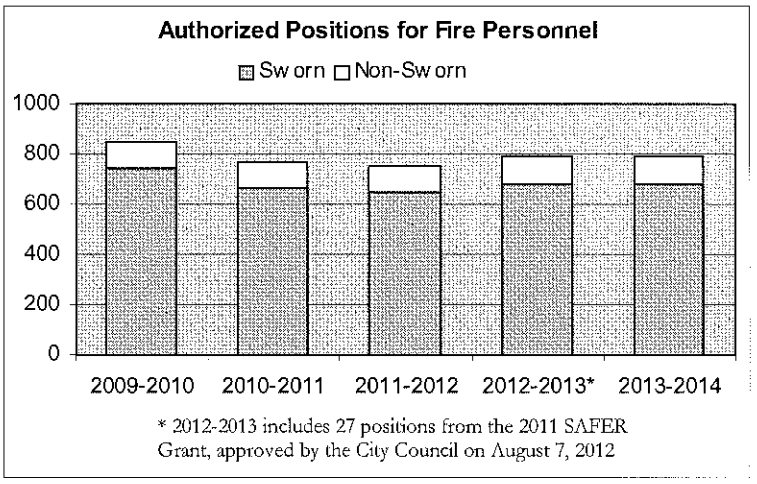
- This budget will restore 3.0 Crime Prevention Specialist positions, bringing total staffing to 7.0 positions, in order to ensure the demand for community presentations is met. This additional staffing may also help restore programs such as Challenges and Choices which had been reduced to an "a la carte" format with schools requesting specific presentations on bullying and cyber bullying from the formerly 10-week long curricula.

Service Delivery Environment

- In September 2012, the first Police Recruit Academy in three years was held in collaboration with the South Bay Regional Public Safety Consortium. The 43 recruits came to the Academy with exemplary attributes: more than 55% have college degrees, 30% speak a foreign language, and 20% have military experience. The graduates entered the Field Training Officer (FTO) program in March 2013, where they will spend 14 to 16 weeks training and preparing to competently function as street-ready solo beat officers. The Department anticipates the recruits will be released from the FTO Program in July 2013, bringing the projected number of street-ready officers to 1,019 (not including any sworn employees on disability leave), which represents 92% of the authorized strength of 1,109. The Department has ramped up recruiting efforts and continues to seek out, and has been successful in attracting, high caliber candidates. High standards are set for recruits and minimum qualifications have not been reduced. The next Academy, which started on April 15, 2013, is expected to graduate in September 2013, and move to the FTO Program in October 2013. The Police Department currently plans to conduct two academies annually, in addition to hiring lateral positions from other jurisdictions and candidates that have completed an academy on their own. Based on current projected attrition levels, hiring, and academy/departmental training capacity, it is anticipated that it will take at least until Fall of 2014 for the Police Department to fill all of the 1,109 authorized sworn positions, with all sworn street-ready positions anticipated to be filled by Summer of 2015.

- The Fire Department staffing in 2013-2014 includes 679 sworn positions, one more sworn position than in 2012-2013. The addition of one Fire Prevention Inspector position will improve inspection cycle times in the Department's Development Fee Program.

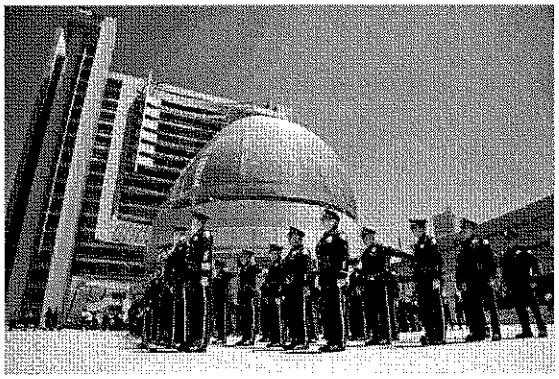
- The Fire Department will continue to analyze system data from its RMS, GIS, and computer-aided dispatch (CAD) systems to update and enhance deployment models and strategies to reduce the response time and performance impacts of temporarily not staffing fire companies. In addition to creating, analyzing, and piloting different resource deployment options, the Department will continue working on the "closest unit" dispatch feature in the CAD system. In light of the Fire Department's multiple missions, serving as a response and prevention agency, response resources are more efficient when they have the flexibility to move beyond their stations. The closest unit dispatch feature tracks the location of all resources and selects the closest unit, regardless of the company's assigned station district.



- The Fire Department's online training program will continue to be enhanced to reduce service level impacts resulting from training requirements to obtain and maintain skills for Homeland Security, Emergency Medical Services (EMS), Special Operations Units, and other mandated training that affects responder availability. One-time funding in 2012-2013 for Sworn Incident Command and Leadership Programs provided Department Officers with an Incident Command Certification Program. All responders who are involved in emergency operations undertook training sessions in incident command management and personnel accountability systems. In addition, the online training program is currently available at all work sites for Company Officers and Battalion Chiefs during their duty hours, and incorporates critical and required concepts of incident management, strategy and tactics as well as key firefighter safety requirements for all types of emergency simulations.

CSA Priorities/Key Services

- Continue to maintain the safety of residents throughout the City by keeping crime rates down, reducing and investigating crimes, continuing to attract businesses, and maintaining a vibrant, safe community for the residents.
- Continue to provide quality Police response to Priority One and Priority Two calls for service and visible patrol throughout the City.
- Continue providing high-quality fire suppression and EMS.
- Continue efforts to deter gang problems.
- Continue to provide effective and timely response for major incidents.
- Activate the Emergency Operations Center when a disaster occurs, develop and maintain emergency plans, and train City staff in disaster mitigation, preparedness, response, and recovery strategies.
- Maximize the capacity of two annual Police Recruit Academies through enhanced recruiting and backgrounding resources to fill all authorized sworn positions by the Fall of 2014.
- Continue the implementation of the next phases of the AFR/RMS that will provide Patrol officers direct access to crime-related data and ensure data is accurate, timely, and accessible throughout the entire organization.
- Continue San José's leadership role as one of 11 voting members of the Bay Area's UASI Approval Authority.
- Continue to provide civilian oversight of the Police misconduct complaint process to ensure its fairness, thoroughness, and objectivity.
- Continue to offer the San José Prepared! program, facilitating neighborhood outreach and preparedness through trained volunteers.
- Fully implement response time improvements to meet County EMS first responder requirements and improve services provided to our community.



- Determine steps necessary to improve Fire GPS routing software and enhance user friendliness.
- Determine steps necessary to fully implement closest unit dispatch capability and function.
- Continue to evaluate and revise Priority Fire Dispatch protocols.
- Conduct Regional Fire and EMS Communications Center feasibility study and, if viable, develop implementation plan.
- Complete all State mandated and high risk building inspections.
- Complete and implement the Fire Department Strategic Business Plan.
- Complete full implementation of corrected and revised emergency response time report.
- Implement steps to drop boundaries between adjacent fire operations (San José, Santa Clara County, Mountain View, and Palo Alto).

Budget Dollars at Work: Performance Goals

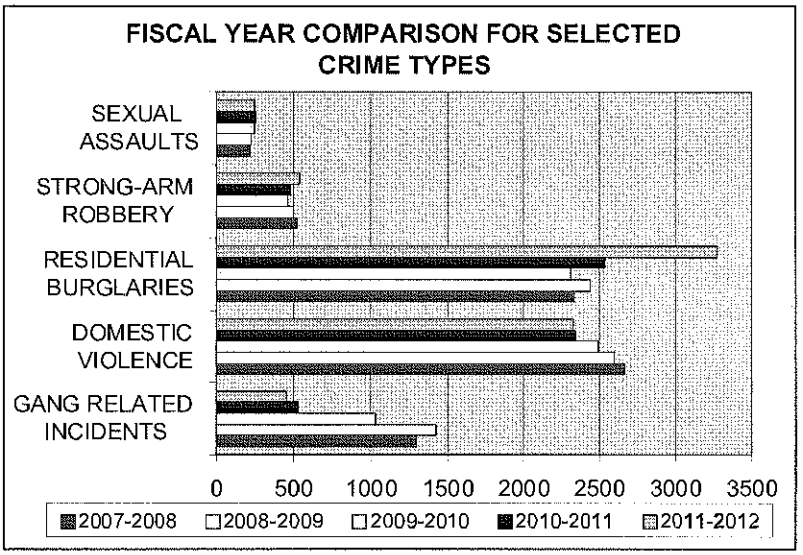
The Public Safety CSA encompasses City services focusing on crime, fire, emergency medical, hazardous, and disaster-related needs of the San José community. The CSA partners continuously evaluate public safety data to assess operational changes necessary to resolve crime, medical, or fire-related situations successfully. Despite the challenges of staff reductions and increased demand for service, the CSA is engaged in an ongoing effort to organize and analyze data in the development of resource deployment strategies.

OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSE

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Achieve safe neighborhoods throughout the City	1. % change in incidents of selected crime types (change in # of incidents) *					
	- Gang Related Incidents	-13.69%	0% change	N/A	0% change	0% change
	- Domestic Violence	-0.90%	0% change	N/A	0% change	0% change
	- Residential Burglaries	+28.70%	0% change	N/A	0% change	0% change
	- Strong-Arm Robbery	+13.35%	0% change	N/A	0% change	0% change
	- Sexual Assault	-0.79%	0% change	N/A	0% change	0% change
	- Traffic Accidents	-17.13%	0% change	N/A	0% change	0% change
	- Fire Arson	-6.75%	0% change	N/A	0% change	0% change
	2. % of residents surveyed who perceive themselves to be "Safe" or "Very Safe" walking during the day/night **					
	- in their neighborhood:	N/A	90% / 70%	N/A	90% / 70%	90% / 70%
	- in the City park closest to residence	N/A	85% / 50%	N/A	85% / 50%	85% / 50%
	- in the Downtown area	N/A	75% / 45%	N/A	75% / 45%	75% / 45%

* Data currently unavailable due to the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.
** Data for these measures is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in 2013-2014 Adopted Budget.

- ✓ Preserving emergency response capacity remains the highest priority of the CSA.
- ✓ Resources will continue to focus on providing essential emergency services in a timely manner in order to protect life, property, and the environment.
- ✓ The CSA continually evaluates emergency response activities (Patrol, Fire Suppression, and EMS) with the goal of maintaining response time objectives.
- ✓ Police response time performance is below targeted levels for Priority One calls at 59% within six minutes.



Budget Dollars at Work: Performance Goals

OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSE

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Maintain/Reduce response times	1. % of time the initial responding Fire unit arrives within eight minutes after 9-1-1 call is received	78.3%* 63.8%**	80%	N/A***	80%	80%
	2. % of time first dispatched Police unit arrives within six minutes to Priority One calls (life threatening) (dispatch to arrival)	60%	70%	59%	70%	40%
	3. % of time the initial responding Fire unit arrives within thirteen minutes to Priority Two calls (no lights & siren)	94.7%%***	80%	N/A***	80%	80%
	4. % of time first dispatched Police unit arrives within eleven minutes to Priority Two calls (crime in progress or just occurred) (dispatch to arrival)	56%	70%	51%	70%	70%
Increase investigative & inspection efforts	1. Clearance Rates of Part 1 crimes total cases/# cleared)					
(Police Investigations)	- Homicide	58.06% (31/18)	Maintain current rates	57.8% (45/26)	Maintain current rates	Maintain current rates
	- Rape	14.17% (254/36)	Reduced by 15%	9.6% (280/27)	Maintain current rates	Maintain current rates
	- Robbery	24.19% (1,199/290)	Reduced by 15%	23.7% (1,208/286)	Maintain current rates	Maintain current rates
	- Aggravated Assault	37.70% (1,931/728)	Reduced by 15%	35% (2,014/704)	Maintain current rates	Maintain current rates
	- Burglary	4.63% (4,838/224)	Reduced by 15%	4.3% (5,206/224)	Maintain current rates	Maintain current rates
	- Larceny	15.15% (13,792/2,089)	Reduced by 15%	13.8% (14,498/2,004)	Maintain current rates	Maintain current rates
	- Vehicle Theft	10.25% (6,117/627)	Reduced by 15%	6.3% (8,759/556)	Maintain current rates	Maintain current rates
	- Overall	14.25% (28,162/4,012)	Reduced by 15%	12.0% (32,010/3,827)	Maintain current rates	Maintain current rates

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* Information reported for July 2011 through January 2012. The Department changed the methodology for calculating response time in February 2012 to include some previously uncounted call processing time.
** Information reported for February 2012 through June 2012 which included some previously uncounted call processing time.
*** The Fire Department continues to review data and methodology for performance measures, and expects to complete this process for the 2013-2014 Adopted Budget.

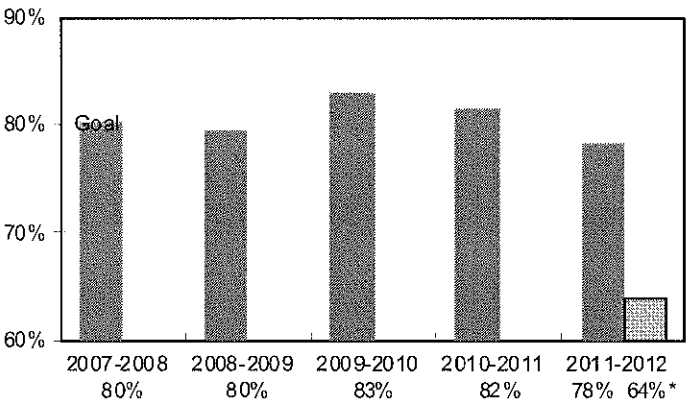
- ✓ The decline in Fire emergency response performance (from 82% in 2010-2011 to 78% for July 2011 to January 2012 and 64% for January 2012 to June 2012) is being addressed through the deployment of alternative resources (Squad Pilot Program) in order to maintain the availability of engine and truck companies for higher emergency service requests.

- ✓ Performance for the percent of Fire personnel receiving required in-service training is anticipated to achieve the targeted level of 85% in 2013-2014.

Budget Dollars at Work: Performance Goals

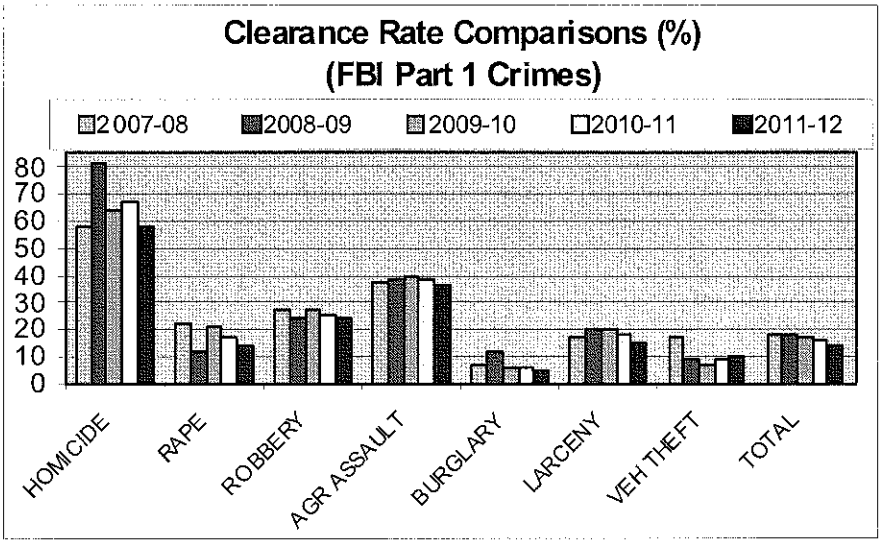
OUTCOME 1: THE PUBLIC FEELS SAFE ANYWHERE, ANYTIME IN SAN JOSE

✓ The Santa Clara County Emergency Medical Services contract requires response time performance of eight minutes or less from time of dispatch to arrival on scene for 95% of emergency responses to avoid financial penalties. Prior to 2010-2011, the City had consistently met the minimum performance objective of 95% while providing quality customer care; however, following the elimination of five companies in 2010-2011, the Department's performance fell below the 95% compliance objective. While the Department is still below the compliance level, the Squad Pilot Program and additional staffing resources through the SAFER grants are expected to improve emergency response performance and bring the Department closer to compliance.



* 78% city-wide response time performance was from July 2011 through January 2012 and 64% was from January 2012 through June 2012 due to a change in data collection the Fire Department is implementing.

✓ In February 2012, the Fire Department launched Pulse Point, a free cardiopulmonary resuscitation (CPR) "citizen first responder" mobile phone application. This application is designed to help CPR-trained community members in San José provide life-saving assistance to victims of sudden cardiac arrest. Community members who are trained in CPR can be notified through their smartphone if someone nearby is having a cardiac emergency and may require CPR. If the cardiac emergency is in a public place, the application, using location-based services, will alert those in the vicinity of the need for CPR. The application also directs citizen rescuers to the exact location of the closest public access automatic external defibrillator.



✓ The Police Department's new Automated Field Reporting/ Records Management System (AFR/RMS) came online in July 2012. The new AFR/ RMS increases the flow of information between Patrol and Investigations and addresses the need for storage of all records required for measurement statistics, court retention, paperless report filing, web inquiries, AFR, Case Management Solutions, improved responses to public record act requests, and expanded analytical elements.

Budget Dollars at Work: Performance Goals

Residents are a critical link to community disaster preparedness in areas where first response may be several minutes away, requiring some self-reliance at the neighborhood level. The goal of crime, fire, and life safety education is to provide awareness and informational services to the community through multiple programs, including San José Prepared!, police oversight, Police Volunteer Program, and Neighborhood Watch.

OUTCOME 2: RESIDENTS SHARE THE RESPONSIBILITY FOR PUBLIC SAFETY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Increase public education & awareness through a variety of community services and education programs	1. % of San José households with demonstrated emergency preparedness action plan*					
	-Have three gallons of bottled water per person per household	N/A	65%	N/A	65%	65%
	-Have three day supply of medicine	N/A	75%	N/A	75%	75%
	-Have designated an outside of area contact person	N/A	70%	N/A	70%	70%
	2. % of households who feel they are very or somewhat well-informed about what to do during and after an emergency or disaster*	N/A	88%	N/A	88%	88%
Empower residents to respond appropriately to emergencies and disasters	1. # of residents receiving "San José Prepared!" training (20-hour and 2-hour) this year	1,388	1,100	872	1,000	5,000
	2. Number of residents who actively participate in volunteer programs (VOLT, RACES, Search & Rescue, Neighborhood Watch, SJ Prepared!)	4,232	2,100	4,158	4,900	24,500
Explore and secure alternate funding to supplement public safety responsiveness and resources	1. % of grants awarded	91.00%	88.89%	77%	100%	100%
	2. Number of grants successfully completed as compared to # of grants with funds returned to the grantor**	24/1	23/0	22/1	22/0	49/0
	3. Dollar value of grants awarded***	$24,218,778	$13,660,572	$14,418,222	$11,310,000	$28,389,712

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

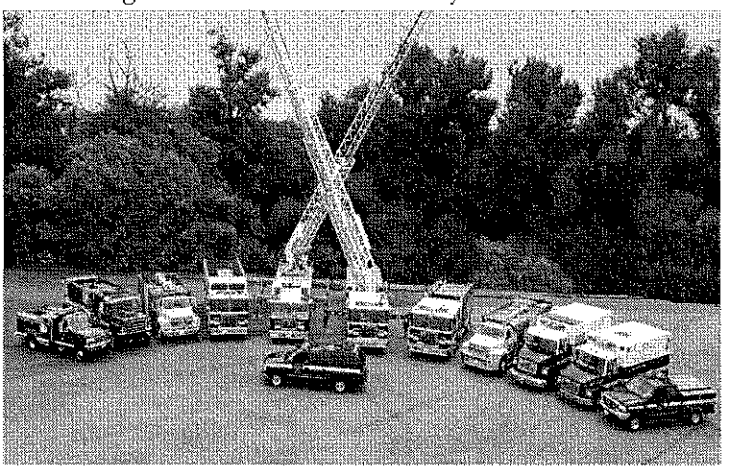
* Data for these measures is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in 2013-2014 Adopted Budget.
** Grant funds are commonly returned due to interest earnings, cost savings, and/or short grant periods. Grants are therefore considered "successfully completed" if less than 10% of grant funds are unused.
*** The 2011-2012 Actual and the 5-Year Goal amounts include funding from the 2011 Staffing for Adequate Fire and Emergency Response (SAFER) grant. This grant was awarded to the City in June 2012 and retroactively accepted in 2011-2012 by the City Council in August 2012.

- ✓ Police participation with the Mayor's Gang Prevention Task Force, combined with the Truancy Abatement Burglary Suppression (TABS) program, helps address gang violence and residential burglaries.
- ✓ San José Prepared! will continue to leverage City resources with community- or volunteer-initiated emergency training efforts.

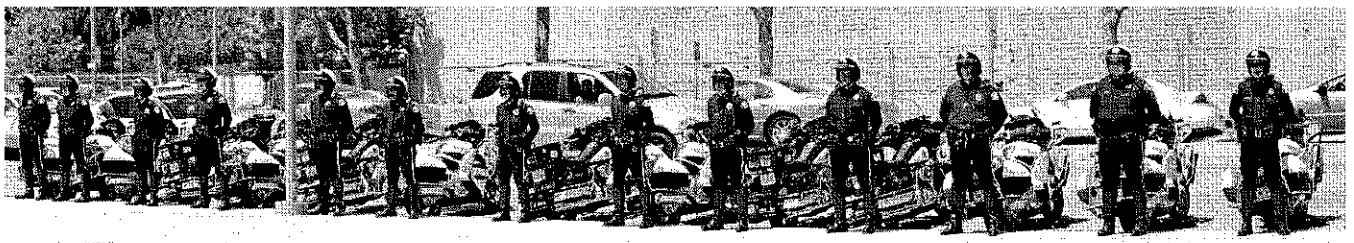
Budget Dollars at Work: Performance Goals

OUTCOME 2: RESIDENTS SHARE THE RESPONSIBILITY FOR PUBLIC SAFETY

- ✓ While all law enforcement agencies are reactive by nature, the Police Department's Community Policing Plan empbasizes the guiding principle of being proactive. The Police Department has worked jointly with the community to initiate crime prevention actions, develop useful intelligence about crime and disorder issues, foster earned trust, respond quickly and effectively to identified problems, and gain the overwhelming and active support of approximately one million persons that reside in the City. By leveraging this collaborative network, the Department realizes a significant multiplier effect towards preventing crime, intervening criminal activity, and enforcing the law on identified criminals to reduce the harm incurred by victims and communities.
- ✓ Given resource constraints, the CSA will continue to leverage alternative service delivery methods and look to create working partnerships to participate in the safety of the community.



- ✓ The Community Advisory Board brings together a broad group of community members to collaborate with the Police Department on solving issues and addressing community interests and concerns.
- ✓ The Bay Area UASI includes continuing participation of the Public Safety CSA staff in the development and administration of grant-funded projects to enhance homeland security in the Bay Area region.
- ✓ Outreach is a primary focus of the IPA Office, with the goal to inform the community about the police misconduct complaint process and the services provided by the IPA office. In addition to the IPA's traditional outreach efforts, community meetings and school presentations, the IPA continued many innovative programs into 2012-2013 including the Teen Leadership Council, "The IPA Roadshow," and the Student Guide Initiative. Informational inserts about the IPA Office were also included with utility bills mailed citywide. The IPA Year End Report focused on transparency by providing an expanded picture of the audit procedure and the IPA's role in the oversight process. The IPA will continue to identify new and cost-effective ways to inform San José residents about the IPA Office and the services it provides.



Proposed Changes	Positions	All Funds ($)	General Fund ($)
FIRE DEPARTMENT			
• Fire Non-Development Fee Program	(1.00)	(188,392)	(188,392)
• Cardiac Monitors/Defibrillators		195,000	195,000
• Firefighter Recruit Testing		125,000	125,000
• Fire Sworn Functional Movement Screening and Training Program		100,000	100,000
• Fire Capital Staffing Alignment	0.00	7,351	(218,719)
Subtotal	(1.00)	238,959	12,889
POLICE DEPARTMENT			
• Police Overtime		4,000,000	4,000,000
• South San José Police Substation Opening*	9.00	3,033,094	1,570,846
• Police Field Patrol Community Service Officers*	21.00	1,107,306	1,107,306
• Police Automated Field Reporting/Records Management System Sustainment Team and Maintenance	1.00	419,978	419,978
• Police Recruitment and Background Services		710,000	710,000
• Medical Marijuana Program**	1.00	226,576	226,576
• Police Crime Prevention Staffing*	3.00	224,211	224,211
• Police Crime Analysis Staffing*	1.00	63,696	63,696
• Police Artist Services		0	0
Subtotal	36.00	9,784,861	8,322,613
Subtotal Departments	**35.00**	**10,023,820**	**8,335,502**
CITY-WIDE EXPENSES			
• La Raza Roundtable/Harvard Study Consensus Building Project		50,000	50,000
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: Measure O Maintenance and Operations Elimination		(1,616,000)	(1,616,000)
• Earmarked Reserves: New Police Maintenance and Operations Elimination		(336,000)	(336,000)
• Earmarked Reserves: Aircraft Rescue and Firefighting Services		507,751	507,751
Subtotal Other Changes	**0.00**	**(1,394,249)**	**(1,394,249)**
Total Proposed Budget Changes	**35.00**	**8,629,571**	**6,941,253**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

PAGE IS INTENTIONALLY LEFT BLANK

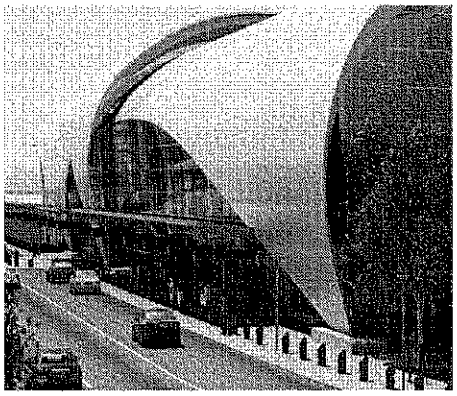
2013-2014

Operating Budget

Transportation and Aviation Services CSA

Transportation and Aviation Services CSA

Transportation and Aviation Services



Mission: *To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality*

Primary Partners

Airport

Police

Transportation

CSA OUTCOMES

- Provide Safe and Secure Transportation Systems
- Provide Viable Transportation Choices that Promote a Strong Economy
- Travelers Have a Positive, Reliable, and Efficient Experience
- Preserve and Improve Transportation Assets and Facilities
- Provide a Transportation System that Enhances Community Livability

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Transportation & Aviation Services CSA

Mission:

To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Preserve and Improve Transportation Assets and Facilities
- Provide a Transportation System that Enhances Community Livability
- Provide Safe and Secure Transportation Systems
- Provide Viable Transportation Choices that Promote a Strong Economy
- Travelers Have a Positive, Reliable, and Efficient Experience

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Airport Department

Core Services:

- Airport Facilities Maintenance
- Airport Operations
- Airport Planning and Development

Transportation Department

Core Services:

- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

Police Department

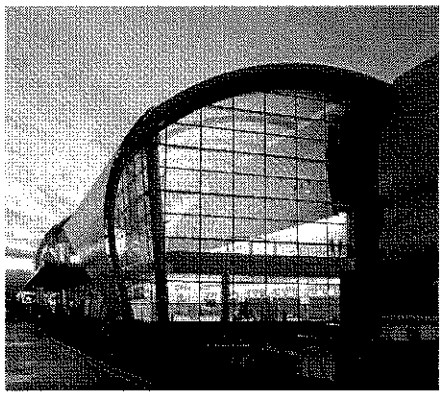
Core Services:

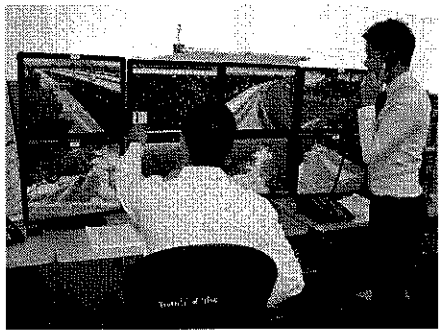
- Traffic Safety Services

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Transportation and Aviation Services





Expected 2013-2014 Service Delivery

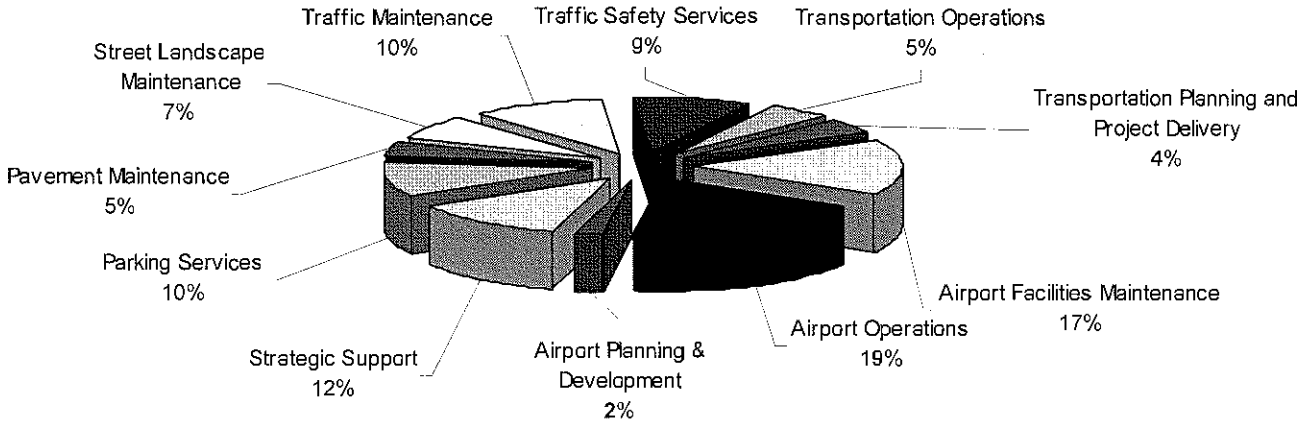
- Provide safe and viable transportation choices consistent with the Envision San José 2040 General Plan.
- Focus street infrastructure maintenance efforts on facilities having the highest use and economic significance.
- Manage access to San José on major arterials, freeways, and transit corridors to address traffic congestion in priority areas.
- Operate the Norman Y. Mineta San José International Airport (SJC) in a safe and efficient manner. Maintain and improve security, safety, and regulatory compliance for air service operations.
- Deliver positive, reliable, and convenient air traveler services and amenities while preserving Airport assets and facilities through cost effective maintenance and operations.
- Provide Airport services and infrastructure to support and promote a strong economy and enhance community vitality.

2013-2014 Budget Actions

- Positions are added to effectively deliver pedestrian safety improvements, pavement maintenance, LED streetlight conversions, active transportation, local and regional Traffic CIP project delivery, development review, traffic signal operations, and parking and special event management.
- Continued temporary investments in the Sidewalk Repairs Program, offset by property owner reimbursements and fees, will allow the City to maintain enhanced efforts to address a backlog of needed repairs identified through the street tree inventory and the more efficient consolidated inspection program.
- One-time City-Wide allocations will reduce the deferred maintenance backlog in street tree pruning and install school area radar speed display equipment to improve traffic safety.
- Provide efficient services to support successful competition for community air service destinations. Continue and enhance efforts to retain and grow the number of carriers, flights and passengers.
- Add funds for the 2013 Airports Council International-North America (ACI-NA) Annual Conference and Exhibition in September 2013.
- Critical operations staffing to meet customer demand and comply with all Federal Aviation and Transportation Security Administration regulations and ensure the safety and security of the airport is included.

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $119,885,378



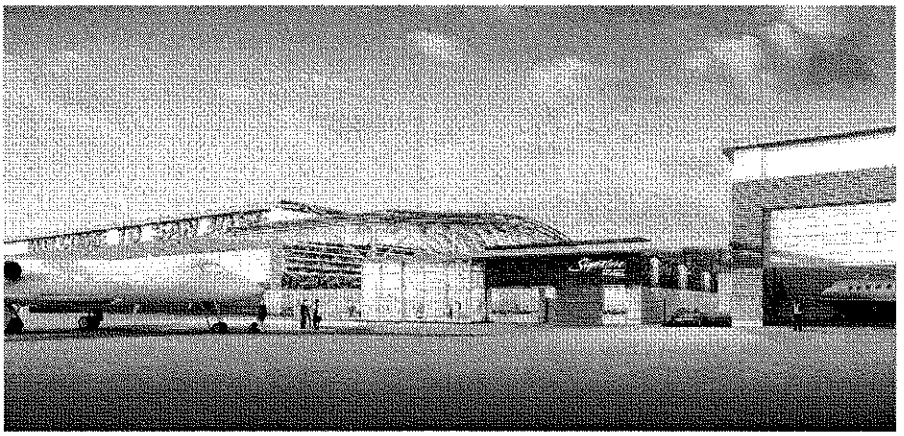
City Service Area Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Airport					
Airport Customer Service*	$ 43,027,868	$ 0	$ 0	$ 0	N/A
Airport Environmental Mgmt*	1,094,342	0	0	0	N/A
Airport Facilities Maintenance*	0	20,690,590	19,936,421	19,936,421	(3.6%)
Airport Operations*	0	23,323,913	22,406,524	22,406,524	(3.9%)
Airport Planning & Development*	0	2,456,028	2,702,432	2,702,432	10.0%
Community Air Service*	567,463	0	0	0	N/A
Strategic Support	12,962,211	14,283,957	13,217,532	13,292,532	(6.9%)
Police					
Traffic Safety Services	11,063,198	11,684,189	10,693,329	10,693,329	(8.5%)
Transportation					
Parking Services	10,581,602	11,520,909	11,730,292	12,013,247	4.3%
Pavement Maintenance	6,751,897	5,314,139	5,421,373	5,632,297	6.0%
Street Landscape Maintenance	7,165,201	8,147,526	8,210,321	8,350,321	2.5%
Traffic Maintenance	10,736,310	11,801,040	12,407,851	12,438,851	5.4%
Transportation Operations	5,449,627	6,103,360	5,906,613	6,238,818	2.2%
Transportation Planning and Project Delivery	3,569,531	4,186,220	4,313,101	4,807,288	14.8%
Strategic Support	1,378,160	1,277,745	1,373,318	1,373,318	7.5%
Dollars by Core Service Subtotal	**$ 114,347,410**	**$ 120,789,616**	**$ 118,319,107**	**$ 119,885,378**	**(0.7%)**
Other Programs					
City-Wide Expenses	$ 4,611,629	$ 7,776,175	$ 4,871,000	$ 5,131,000	(34.0%)
General Fund Capital, Transfers and Reserves	959,315	1,262,026	849,287	818,287	(35.2%)
Other Programs Subtotal	**$ 5,570,944**	**$ 9,038,201**	**$ 5,720,287**	**$ 5,949,287**	**(34.2%)**
CSA Total	**$ 119,918,354**	**$ 129,827,817**	**$ 124,039,394**	**$ 125,834,665**	**(3.1%)**
Authorized Positions	**510.06**	**485.61**	**485.61**	**495.11**	**2.0%**

* The Airport Customer Service, Airport Environmental Management, and Community Air Service Core Services are eliminated as part of this budget. Funding previously included in those core services is displayed in the Airport Facilities Maintenance, Airport Operations, and Airport Planning & Development Core Services.

Service Delivery Accomplishments

Air Transportation



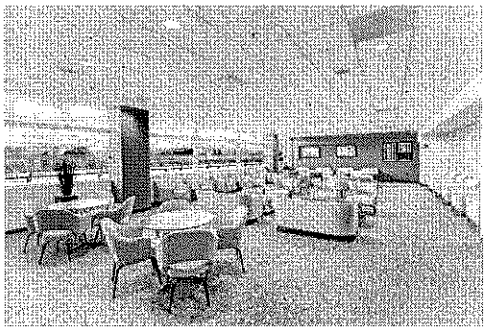
- A major upgrade to the Airport's Westside was authorized by the City Council in April 2013. The award included a 50-year lease on the Airport's Westside to develop and operate a 29-acre, $82 million world-class fixed base operation (FBO) facility. The recommended developer will construct a full service, world-class FBO, and will invest $82 million in developing over 270,000 square feet of Leadership in Energy and Environmental Design (LEED) Gold-certified facilities. This development will bring key economic benefits to SJC, the City, and the region with roughly $3 million in annual rent to the Airport; minimum annual guarantees for fuel flowage fee revenues and tax generation; and hundreds of construction and on-Airport jobs. An additional 15 acres north of the FAA air traffic control tower remains available for future development opportunities.

- A change to the rental car Customer Facility Charge (CFC) fee structure was implemented in November 2011 and moved from a $10 per rental car contract to $6 per day fee for a maximum of five days and increases further to $7.50 per day in January 2014. The additional revenue generated by the new rate structure allowed the issuance of $217.8 million in Airport Revenue Bonds (Series 2011B) to fund the design and construction of the consolidated rental car garage (ConRac). The ConRac facility was designed to include innovative features such as the first stacked quick turnaround facility, LEED-designed structures, and a 3.5 acre solar installation on the roof of the garage. Production of solar power reduces the power costs for rental car operations by providing over 20% of the power needs of the facility. Solar rebates, based on the amount of solar power produced, are available for five years further reducing the operating costs. These factors contribute to reducing the facility rent paid by rental car companies to the Airport.

- Fiscal year 2012-2013 brought the much anticipated international flight to Narita International Airport in Tokyo, Japan on All Nippon Airways (ANA) with five times a week nonstop service. Issues with the grounding of all Boeing 787 aircraft temporarily suspended service, but it is anticipated to restart in June 2013. Additionally, Virgin America commenced service at SJC with four daily flights to Los Angeles International Airport (LAX) on May 1, 2013. Virgin America offers convenient connections through LAX to numerous domestic and international markets for those traveling on business or leisure.

Service Delivery Accomplishments

Air Transportation



- The Club at SJC is now open to all passengers. On January 10, 2013, SJC and Airport Lounge Development opened *The Club at SJC*, a "common use" VIP lounge, open to all airline passengers. By purchasing a day pass for $35, travelers have access to all the amenities of the lounge where they can escape the hustle and bustle of the terminals to work quietly, meet with clients, or freshen up during their journey. Priority Pass members have access to the lounge and some SJC airlines offer their premium class or high mileage status passengers access at no additional cost. The Club at SJC, located across from gate 15 on the third level, is conveniently located between both terminals.

Surface Transportation

- San José's transportation system continues to be one of the safest among large cities in the nation. However, after nearly two decades of annual decreases in the traffic injury crash rate, San José's injury crash rate has flattened in recent years. It is anticipated that continued investments in safety-related improvements included in the Traffic CIP ($40 million over five years) will help to reverse this trend. In 2012-2013, as part of the Traffic CIP Pedestrian Safety Enhancement Program, 20 crosswalks were enhanced with safety treatments including high visibility crosswalk markings and signs, flashing beacons, and median refuge islands and bulb-outs.

- Pedestrian and bicycle safety in school zones remained a priority through support of the School Area Parking Compliance team and traffic engineering services. Over 30,000 children will have participated in school pedestrian safety education assemblies and/or bicycle safety "roadeos" in 2012-2013, funded in part by the Franklin-McKinley Children's Initiative and Walk n' Roll grant funds. Pedestrian and traffic safety presentations were also conducted at senior community centers, reaching approximately 400 senior residents, with a focus on defensive pedestrian behaviors.

- In 2012-2013, approximately 13,260 traffic control signs and 1.4 million square feet of roadway markings were preventatively maintained, 15,500 streetlight repair requests were completed, 300 street tree emergencies were responded to, and 2,700 sidewalk repairs were completed. In the 2012 paving season, 44 miles of arterial roads received a surface seal treatment and another 24 miles of streets received a resurfacing treatment.

- Cold In-Place Recycling (CIR) continued to be used for pavement rehabilitation along various streets including Santa Teresa Boulevard, Ocala Avenue, Redmond Avenue, Los Gatos-Almaden Road, Poughkeepsie Road, and Tully Road. The CIR alternative yields an average of 20% cost savings over traditional paving treatments. In addition to saving approximately 27,500 tons of new aggregate from being mined, 2,250 tons of oil, and 3,000 truck trips, it also prevented 30,000 tons of asphalt spoils from going to the dump.

- The City has completed converting approximately 2,300 existing Low Pressure Sodium streetlights to adaptive "smart" LED streetlights (lights that use less energy and are equipped with a monitoring and control system) and is in the process of converting approximately 780 more by end of 2013. These conversions are being supported by $3.9 million in federal funds provided by the American Recovery and Reinvestment Act (ARRA) and Community Development Block Grant programs. The targeted streetlights are located on major street corridors throughout the City.

Service Delivery Accomplishments

Surface Transportation

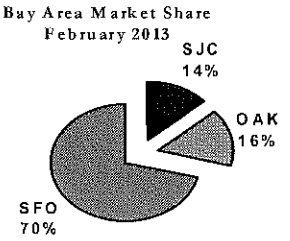
- In early 2013, the City Council allocated funding for the turn-on of the 900 streetlights that were shut off in 2008-2009 as an electricity cost savings measure. Crews are scheduled to complete the process of reconnecting and turning on the lights in June 2013. Crews also continue to address the steady increase of copper wire theft.
- The Traffic Light Synchronization Project (TLSP), funded by a $15 million State grant will be completed in 2012-2013. This major five year project has upgraded all of the City's 900 plus traffic signal controllers, added traffic surveillance cameras at 137 intersections, and installed over 55 miles of fiber optic communication cable to support real time traffic monitoring and management. In addition, all 600 traffic signals along commute corridors were re-timed using the grant funds to reduce travel delays and harmful vehicle emissions.
- The City moved forward with a number of significant regional transportation projects including entering into a $4.5 million agreement for staff support related to design and construction of the BART extension to Berryessa, continuing with the design of the Santa Clara/Alum Rock Bus Rapid Transit project, completing construction of the 101/Tully interchange, and commencing construction of the 101/Capitol and 280/880/Stevens Creek interchange upgrades.

Service Delivery Environment

Air Transportation

- Norman Y. Mineta San José International Airport's (SJC) close proximity to San Francisco (SFO) and Oakland (OAK) International airports influences our service environment. Whereas SJC's new terminals and roadway systems provide very convenient and technologically advanced facilities with the best on-time performance of the three bay area airports, San Francisco's global reputation and highly competitive air carrier market has led to 70% of Bay Area passengers flying to and from SFO.

	SJC	OAK	SFO
Domestic Destinations	27	37	76
International Destinations	3	4	35
Operating Airlines	11	11	36
Total Passengers CY 2012	8,296,174	10,040,864	44,477,209
Total Operations CY 2012	119,429	210,626	424,566



- Year-to-date through February 2013, San José's passenger traffic is up by 1.0% as compared to 2011-2012, while San Francisco's passenger traffic has increased by 4.9% and Oakland's traffic by 6.0%.
- Sustainability is a prevalent topic at SJC, as well as in the aviation industry, as many partners and customers are currently experiencing volatility. This volatility can be attributed to the following: airlines continue to merge and evolve in order to maintain viability; the Federal government, including Customs and Border Protection, FAA, and TSA, continue to experience budget and sequestration cuts; prolonged economic challenges impact the community's ability to travel by air for business and leisure; and competitive air service job market continues to be a challenge with retaining and recruiting qualified staff. Sustainability is fundamental to the Airport's 2013-2014 priorities and is especially challenging while our industry partners and customers are in the midst of flux.

Service Delivery Environment

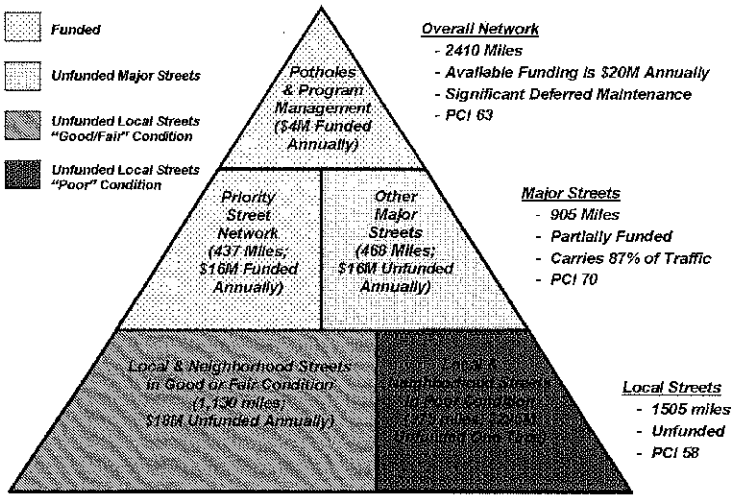
Surface Transportation

- The Department of Transportation recently updated the estimate of one-time deferred maintenance and annual ongoing maintenance funding needs for the City's transportation infrastructure. This update is scheduled to be presented to the Transportation and Environment Committee on May 6, 2013. One-time deferred maintenance needs are currently estimated at almost $487 million, with pavement maintenance alone having a $339 million backlog. The deferred maintenance needs for sidewalks, curbs and gutters, and trees, which are the responsibility of property owners, are estimated at an additional $59 million. The annual ongoing shortfall of funding needed for the City to maintain transportation assets in good condition is estimated at $88 million.

- For the next five years, the average annual funding for City street pavement maintenance is approximately $20 million, or only 20% of the $100 million annual need. The ongoing sources of funding currently expected include: State Gas Taxes ($9.5 million), County vehicle registration fees ($5.4 million), and San José development taxes ($3.0 million). Additionally, one-time funds expected to be available in the Five-Year Traffic CIP include $11.5 million in One Bay Area Grant (OBAG) funds and $12 million in federal funds related to the relinquishment of former State Routes 82 and 130.

- Four categories of pavement maintenance and the associated funding requirements have been identified to better define the City's total annual funding need of $100 million. In sequential priority order, the first category covers city-wide pothole repairs and basic management of the pavement system at a cost of $4 million annually, which is fully funded. The second category is the 437-mile Priority Street Network which is also fully funded at $16 million. As the remaining 1,973 miles of roadway receive no pavement maintenance funding, the City Council has directed staff to pursue new local, regional, State, and federal funding sources through potential ballot initiatives and/or legislative actions that would fully or partially fund the remaining two categories (Other Major Streets and Local/Neighborhood Streets).

Pavement Maintenance Needs and Use of Funds
($100 Million Need)



PCI = Pavement Condition Index Ratings: Good (100 to 70); Fair (69 to 50); Poor (under 50)

- Approximately 40% of the Traffic Capital Improvement Program is funded by federal and State resources/grants. These grant funds support critical activities such as pavement maintenance, traffic signal upgrades and timing, bike lane and curb ramp construction, installation of bike racks, school safety programs, street improvements, multimodal street systems, enhancement of pedestrian accessibility, and construction of a new Transportation Incident Management Center. However, the vast majority of these funding sources require some percentage of matching funds from local revenue sources. Maintaining a prudent reserve to provide local matching funds for future transportation-related grants is critical.

Service Delivery Environment

Surface Transportation (Cont'd.)

- Continued funding in the Traffic CIP for Safety Enhancements will provide a variety of safety improvements on major roadways where most crashes occur. Aside from one-time funding for new radar speed display signs, continued resource constraints to implement traffic calming solutions in neighborhoods beyond the basics (signs and markings and enforcement) may result in lower resident satisfaction levels in future community surveys.
- The dissolution of the former San José Redevelopment Agency has resulted in increased demands on the Traffic CIP and Parking Fund to meet previous redevelopment funding commitments. The necessary continued absorption of expenses such as the 4th Street Parking Garage debt service payments, extension of Autumn Street, and payment to the County of Santa Clara for the Montague Expressway widening within Milpitas as part of the North San José settlement agreements have required a significant allocation of funding.
- The Department will focus on the delivery and implementation of the Envision San José 2040 General Plan. The General Plan provides a set of balanced, multi-modal transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. Key elements include: reduce vehicle travel by 50% by increasing bicycle, pedestrian, and transit use; implement complete streets; maximize connectivity to transit services to increase ridership; and develop Urban Village master plans.

CSA Priorities/Key Services

The Transportation and Aviation Services CSA's highest priority services are those that support the safety of the traveling public followed by those that support mobility and asset condition. This prioritization aligns with the fundamental elements of the CSA's Desired Outcomes.

The Airport has identified seven strategic priorities for 2013-1014 and eight Strategic Principles for Competitiveness to ensure the efficient and effective operations of the Airport.

2013-2014 Priorities:

- Retain and Grow Air Service and Passengers.
- Achieve Financial Sustainability.
- Recruit, Develop, and Retain Staff to Achieve Organizational Sustainability.
- Maintain and Improve Security and Safety.
- Improve Organizational and Operational Efficiency.
- Preserve Infrastructure and Focus on Essential Projects.
- Strategically Plan for the Airport's Future.

Strategic Principles:

- The Airport must always put operational safety and security first.
- The Airport needs to remain fully functional in its core areas, including operations, maintenance, planning, information technology, finance and administration, and marketing.
- The Airport will seek opportunities to continue to be cost-competitive for airlines and reduce costs allocated to airlines through greater efficiencies and innovative service delivery.

CSA Priorities/Key Services

Strategic Principles (Cont'd.):

- The Airport will continue to provide an excellent customer experience to remain competitive and provide a good product for both passengers and airlines.
- The Airport will continue to aggressively seek to increase air service in partnership with the community to gain more routes, frequencies, and carriers that meet the needs of Silicon Valley businesses and residents. To increase passenger traffic, the Airport needs to attract more flights. This requires active marketing to airlines and the development of more effective community and business engagement to help achieve this goal.
- The Airport will continue to seek opportunities to increase revenues.
- The Airport will work in partnership with carriers to minimize obstacles to doing business at the Airport. *Business goes where it is welcome and stays where it is appreciated.* In that regard, the airlines' perspective, ideas, and suggestions for improvement are essential to the Airport's success.
- The Airport must take the long-term view on costs and opportunities. Policy changes and investments may take time to realize benefits, and short-term solutions to long-term challenges may be counterproductive to long-term competitiveness.

The Department of Transportation's key services are consistent with the priorities identified below.

- Traffic Safety – Provide the safest large city transportation system in the nation, including: enforcement, crash investigations, education, and traffic control.
- Traffic Maintenance – Provide well-maintained and effective traffic signals, signs, and roadway markings which are critical to ensuring traveler safety.
- Transportation Operations – Evaluate resident and school traffic concerns, and study traffic conditions and accident data to enhance traffic safety and mitigate negative traffic impacts. Monitor and upgrade systems on major commute corridors; improve traffic flow.
- Parking Operations – Provide well maintained and operated parking facilities.
- Transportation Planning – Develop local and regional facilities for travel by pedestrians, bicyclists, people in wheelchairs, vehicles, and transit.
- Pavement Maintenance – Timely and proper maintenance extends the useful life of a street and defers rehabilitation, which can be five times more costly. Travel on smooth streets is also safer for the traveling public, improves fuel efficiency, and reduces vehicle maintenance.
- Street Landscape Maintenance – Related services such as maintaining street landscaping, rights-of-way, street trees, and special landscapes, as well as providing Downtown cleaning, support safe and aesthetically pleasing streetscapes.

Budget Dollars at Work: Performance Goals

The Transportation and Aviation Services (TAS) CSA facilitates the movement of people and goods in a manner that both strengthens the economy and enhances the quality of life for San José residents. TAS is responsible for a wide range of services, operations, and infrastructure that support other City Service Areas, chiefly Community and Economic Development and Public Safety.

OUTCOME 1: PROVIDE SAFE AND SECURE TRANSPORTATION SYSTEMS

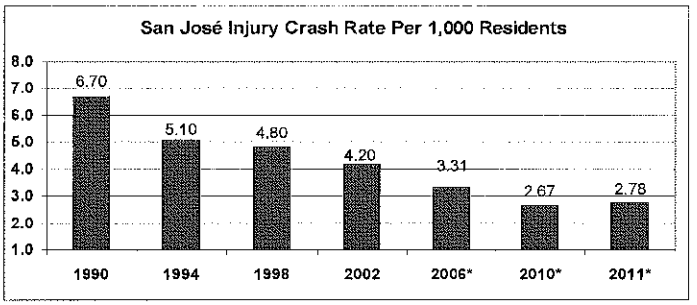
Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target	5-Year Goal
Improve Surface Transportation System Safety	1. % of residents rating traffic conditions as safe while:					
	Driving	N/A*	82%	N/A*	82%	83%
	Bicycling	N/A*	47%	N/A*	47%	60%
	Walking	N/A*	81%	N/A*	81%	81%
	2. # of injury crashes per 1,000 population	2.67	2.7	N/A**	2.6	2.5
	3. # of pedestrian and bicycle-related injury crashes per 1,000 population	0.69	0.68	N/A**	0.67	0.60
Achieve Safe and Secure Air Transportation System and Infrastructure	1. Pass Annual Federal Aviation Regulation FAR 139 inspection with no discrepancies identified	0%	100%	100%	100%	100%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes

* Data for these measures is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.
** Data for these measures is not currently available due to data entry staffing vacancies, but it is anticipated to be available for inclusion in the 2013-2014 Adopted Budget.

✓ The Police and Transportation Departments continue to focus on reducing the number of vehicle, bicycle, and pedestrian injury and fatality crashes. Staff continues to enhance safety through enforcement and engineering, including the review of collision reports and CIP and development projects to address potential street safety needs. An expanded focus on the implementation of various traffic safety measures, including enhanced pedestrian crossings on major roadways, and modifying existing or constructing new traffic signals continues on an ongoing basis. The Traffic Safety Education Program will continue to provide education to children and seniors by using Traffic capital and grant funds. The Police Department Traffic Enforcement Unit will continue to provide traffic enforcement at high crash locations.

✓ The San José surface transportation injury crash rate data is not yet available for the calendar year 2012. For the calendar year 2011, the crash rate was 2.78 occurrences per 1,000 residents. Although it was a slight increase over the prior year (2.67), it is expected to stay close to this rate in calendar year 2012 and well below the national average of 5.0 occurrences per 1,000 residents, contributing to San José being one of the safest big cities in the nation.



* Represents calendar year data where all other years are fiscal year data. The methodology was changed to be consistent with State and national data.

Budget Dollars at Work: Performance Goals

OUTCOME 1: PROVIDE SAFE AND SECURE TRANSPORTATION SYSTEMS

- ✓ The City's successful Walk n' Roll program worked with 25 elementary schools to encourage more walking and biking to school, and to provide pedestrian and bicyclist safety education through interactive assemblies and bike "roadeos." Walk n' Roll also worked closely with school officials and parents to implement pedestrian safety enhancements around school zones. Over 13,000 children received walking and biking encouragement. An average of 4,500 children are participating in monthly Walk-to-School days, representing an approximate 35% increase in students walking and biking to school since the inception of the program. Additional multi-year grant funds have been secured to expand Walk n' Roll in 2013-2014 to an additional 20 schools.

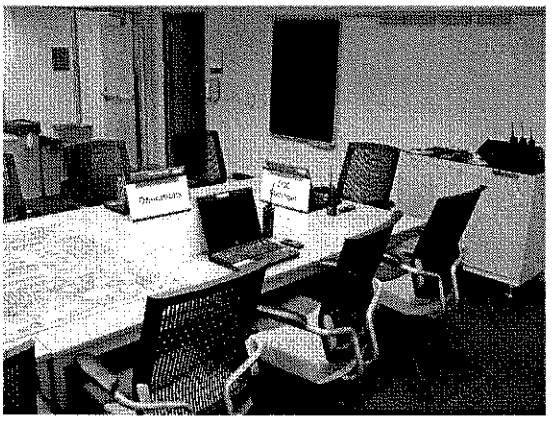
- ✓ Federal Aviation Regulation (FAR) 139 compliance is the Airport's test of conformity with federal aviation regulations. Each year, the FAA performs an extensive review of an airport's compliance with safety and operating criteria with regard to such elements as: infrastructure, maintenance, operations, signage, policies and procedures, reporting, training, and response capability. The most recent inspection was held in January 2013; the FAA noted zero discrepancies during the inspection. The exceptional work by various partners seeks to provide the community and customers with an Airport that consistently operates in a safe and secure manner.

- ✓ Airport security is a high priority and presents a diverse set of challenges. During 2010-2011, the City went through an extensive review of options related to the possible outsourcing of airport public safety services. The study led to a revised San José Police Department – Airport Division staffing model that was introduced in February 2012. The model modified full-time police staffing levels to 11 sworn positions and relies on overtime staffing equivalent to 16 sworn positions and will continue in 2013-2014. The partnership with SJPD in developing the alternative staffing model, training new staff to fill the overtime slots, and administering the airport public safety program has been successful in meeting operational needs and reducing costs.

- ✓ Aircraft Rescue and Fire Fighting (ARFF) services costs were reduced in 2011-2012 and 2012-2013 with SAFER 2010 Grant funds that maintained sworn firefighter staffing levels and avoided layoffs. An extension of the SAFER 2010 Grant was approved by the Federal Emergency Management Agency/Department of Homeland Security in April 2013, thereby allowing the General Fund to reduce the Airport's costs once again in 2013-2014.

Budget Dollars at Work: Performance Goals

OUTCOME 1: PROVIDE SAFE AND SECURE TRANSPORTATION SYSTEMS



✓ Maintaining and responding to safety and security issues is critical to Airport operations in order to meet current and future FAA and Transportation Security Administration (TSA) safety and security mandates. The Airport continues to work with local, regional, and federal agencies on an ongoing basis to prepare for changing needs and flexible response plans. The Airport's latest Full Scale Emergency Exercise effort took place on March 26, 2012 which involved a simulated aircraft crash. These full scale exercises are not only a federal requirement, but also serve as an opportunity for public safety partners to work together to train and practice response procedures and services. To meet the annual commitment for emergency training, a table top exercise was held March 20, 2013. The landing gear failure resulting in injuries to passengers and crew members scenario provides first responder participants an opportunity to refresh training, procedures, and collaboration. The exercise took place in the Airport conference room newly designated as the Airport Emergency Operations Center (EOC) and outfitted with equipment necessary to respond to a variety of emergency situations. The Emergency Planning and Management Team continues to prepare for a state of constant readiness to efficiently bandle any significant incident or event that occurs at the Airport.

Budget Dollars at Work: Performance Goals

OUTCOME 2: PROVIDE VIABLE TRANSPORTATION CHOICES THAT PROMOTE A STRONG ECONOMY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target	5-Year Target
Facilitate Completion of Planned Local and Regional Transportation System	1. % of planned arterial street system complete	98%	98%	98%	98%	98%
	2. % of planned bikeway network complete	54%	58%	58%	62%	78%
	3. % of residents rating the City service in providing bike lanes and paths as good or better	N/A*	62%	N/A*	62%	70%
	4. % of established pedestrian corridors meeting design standards	N/A**	26%	N/A**	N/A**	N/A**
	5. % of planned systems completed:					
	freeway and expressway %	93%	94%	93%	94%	95%
	carpool lane %	96%	96%	96%	100%	100%
	rapid transit %	41%	41%	41%	54%	54%
Expand Use of Alternate Commute Options	1. % of residents rating access to public transit as "easy"	73%	73%	73%	73%	73%
Meet Communities' Needs for Air Service Destinations and Frequencies	1. % of customers reporting satisfaction with availability of flights and destinations that meet their travel needs***	N/A*	90%	N/A*	90%	90%
	2. % of regional air service market	13.5%	15.0%	13.5%	14.0%	20.0%
Cost to Airlines of Operating at the Airport is Competitive with other Airports in the Region	1. Airline cost per enplaned passenger	$12.29	$11.95	$12.41	$11.76	$12.00

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.
** Data for this measure is no longer collected. The new General Plan, Envision San José 2040, no longer identifies pedestrian corridors; instead, all streets need to provide multi-modal access.
*** The Airport continues to determine the most effective and economical mechanism to gain information on customer satisfaction with regard to Airport services and facilities. The measure above is included as a question in the biennial City-Wide Survey, and thus provides a very general indication of satisfaction levels within the community. It is anticipated that additional survey information will be made available in the future when ongoing resources and tools are identified to obtain specific and appropriated information.

- ✓ Continued partnerships with Caltrans, VTA, and the County will facilitate Route 280/880/Stevens Creek interchange improvements, High Occupancy Vehicle lanes on Route 880 from Highway 237 to Route 101, and interchange improvements along Route 101 in North San José, Berryessa, and Evergreen areas. These efforts will contribute to increase the percentage of planned freeway and expressway systems completed to 95% in the next five years.

- ✓ With a significant portion of the arterial and highway system complete, the CSA is ensuring that resources are also directed towards alternate commute options such as bicycle, pedestrian, and transit options. In support of this, staff will continue to develop and implement the City's Primary Bikeway Network including completion of innovative projects such as the San Fernando Colored Bike Lanes, River Oaks Buffered Bike Lanes, and the Hedding Street Bikeway projects. A number of new grant-funded projects such as the OBAG Bikeways Program, and multimodal improvements on Park Avenue and St. John Street are programmed for future enhancement. The City anticipates that additional grant funding will be secured in the out-years to ensure continued improvement and expansion of a multi-modal transportation network.

Budget Dollars at Work: Performance Goals

OUTCOME 2: PROVIDE VIABLE TRANSPORTATION CHOICES THAT PROMOTE A STRONG ECONOMY

- ✓ Support the VTA and other regional partners to facilitate priorities for the region and City including the BART extension to Berryessa; Bus Rapid Transit; and 101/Capitol, 280/880/Stevens Creek, 101/Mabury, and 101/Trimble interchange improvements.

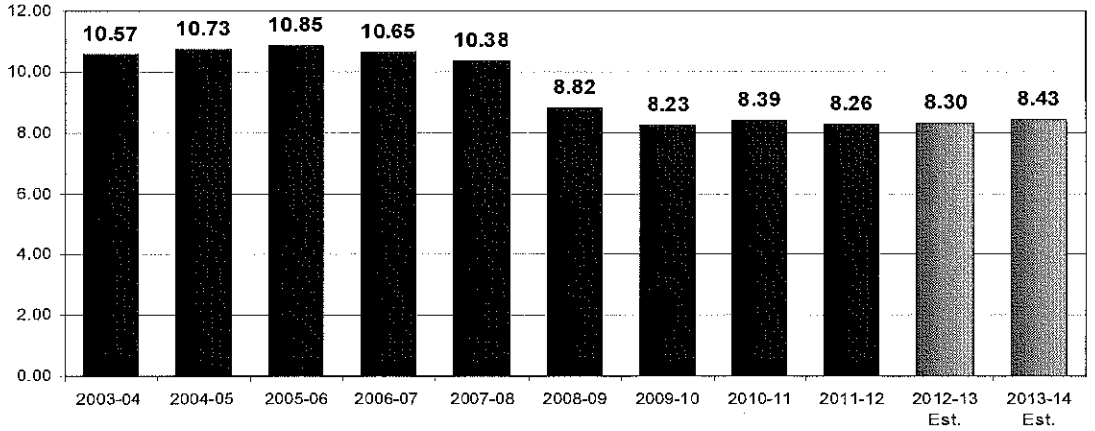
- ✓ The creation of an Active Transportation team within the Department of Transportation will provide for the coordination of a variety of pedestrian and bicycle programs in the department, including development and administration of grants, to increase the City's share of alternate travel modes.

- ✓ Continuation of parking incentives will provide free and reduced rate monthly parking to support the growth and retention of businesses in the Downtown.

- ✓ Parking patrols, with an emphasis on compliance, continue in the Downtown, neighborhoods, school zones, and business districts to ensure safe and available parking.

- ✓ The Airport Concessions Disadvantaged Enterprise (ACDBE) program is mandated by Federal regulations to increase opportunities for minority and women-owned small businesses to operate as concessionaires in the nation's airports. ACDBE sales at SJC doubled from 8% for overall food and beverage and 16% for retail concession sales in 2012 Federal fiscal year when compared to 2011. When the cost of suppliers of goods and services are added, ACDBE participation of overall sales and cost of sales increased from 5% to 12%. The SJC ACDBE gross sales goal approved by the FAA for years 2012 – 2013 is 9.67%. The goal was exceeded by more than six percentage points by working with concessionaires to certify as ACDBEs and by encouraging concessionaires to utilize ACDBE companies for their goods and services providers.

Mineta San Jose International Airport
Annual Passengers (Millions)

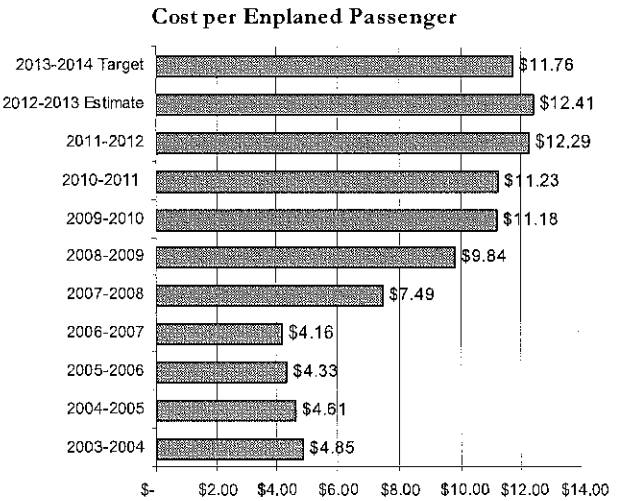


- ✓ Although the Airport has reduced projected passenger growth rates over the last few years due to the challenging economic environment, a 1.5% increase in passengers is projected for 2012-2013. Moody's affirmed the A2 rating of SJC general obligation bonds and revised the outlook from negative to stable. The change in outlook is based, in part, on the expectation that enplanements will continue to stabilize amid general economic improvement in the region and additional revenue prospects. Similarly, Standard & Poor's affirmed SJC's rating of A- and stable outlook based on a good base of air travel demand and a proactive management team.

Budget Dollars at Work: Performance Goals

OUTCOME 2: PROVIDE VIABLE TRANSPORTATION CHOICES THAT PROMOTE A STRONG ECONOMY

✓ Airlines use "Cost per Enplaned Passenger" (CPE) as an indicator for their decision about where to locate air service. CPE represents the total costs of airport operations that are allocated to airlines and are charged to them in landing fees, rents or other specific charges, divided by the total number of passengers boarding planes at SJC. The Airport has estimated the airline CPE of $12.41 for 2012-2013, a 1.0% increase from the 2011-2012 CPE. The 2013-2014 targeted CPE is $11.76 which remains consistent with the City Council's direction to keep the CPE below $12 for the term of the airline agreement. Average terminal rental rates for 2013-2014 are estimated to increase from $154.65 to $159.72 per square foot. The 2013-2014 landing fee is anticipated to decrease from $2.38 per 1,000 lbs. to $2.22.



OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target	5-Year Goal
Passengers Have a Positive Experience When Using the Airport	1. % of customers reporting satisfaction with the quality and variety of airport shops and restaurants	N/A*	85%	N/A*	85%	85%
Improve Traffic Flow on Major Streets	1. % of residents rating commute traffic flow on city streets as "acceptable" or better	N/A*	60%	N/A*	60%	60%
	2. % of City intersections at Council-adopted level of service	98%	98%	98%	98%	98%
Facilitate Efficient Operations of the Regional Freeway System	1. % of residents rating commute traffic flow on freeways and expressways as "acceptable" or better	N/A*	40%	N/A*	40%	40%
	2. % of freeways operating below 35 mph during peak hours	30%	30%	34%	34%	35%
Enhance Access to Major Activity Centers and Events	1. % of customers rating access to major activity centers as "easy"					
	Downtown	N/A*	79%	N/A*	79%	79%
	Airport	N/A*	79%	N/A*	79%	79%
	HP Pavilion Arena	N/A*	72%	N/A*	72%	72%
	Regional Shopping Centers	N/A*	89%	N/A*	89%	89%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for these measures is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

- ✓ Concessions at the Airport are implementing the Curb Café concept by creating patio areas that extend into the terminal concourse. The Brit, as a pilot test case, has experienced increased sales since implementation of a patio area bordered by plants, which provides space for people to sit, relax, and enjoy the Airport surroundings. The openness and connection to the terminal is an effective draw to the food and beverage outlet and enhances the terminal streetscape by adding interesting sights, sounds, and scents. Additional locations are under consideration for patio designs.

- ✓ SJC was named as the nation's third best airport for traveling with kids by Travelnerd.com, a blog site dispensing advice on air travel. Reasons cited for this distinction include six dedicated nursing rooms and free and fast Wi-Fi, allowing kids to entertain themselves on their iPads and other tech gadgets. SJC and tenants offer numerous other kid-friendly amenities, including family restrooms; child-friendly restrooms offering diaper changing stations and wall-mounted seats in each stall to secure little ones; the Space Observer and Dreaming F.I.D.S (the fish tank) public art works; children's play tables and seating in holdrooms for Southwest Airlines and Alaska Airlines; and Hicklebee's Children's Bookstore within the Authors retail concession in Terminal A.

- ✓ DOT has completed a major upgrade to its traffic signal management system, and installed traffic surveillance cameras along commute corridors at 137 major intersections. Proposition 1B provided $15 million in grant funds for this project that will result in commuters experiencing reduced travel times (10% to 15%) over those before the project began, and more efficient transit operations. Staff will also be able to respond to incidents and signal malfunctions sooner. This project helps to address feedback from the City-Wide Survey where improving traffic flow/congestion issues received the second highest rating by residents when asked what is the most important thing City government can do to improve services.

- ✓ Enhancements in the parking program include installation of 12 new automated pay stations in the hourly, daily, and economy public parking lots. The pay on foot stations improve convenience and efficiency for customers, fully automate the exit lanes, and reduce the cost of the parking contractor staffing for the airport.

Budget Dollars at Work: Performance Goals

OUTCOME 3: TRAVELERS HAVE A POSITIVE, RELIABLE, AND EFFICIENT EXPERIENCE

- ✓ Staff continues to operate the intelligent transportation systems to manage incidents and event traffic at major activity centers. The Transportation Incident Management Center (TiMC), when approved in the City Hall Employee Parking Garage in 2013-2014, will facilitate the flow of traffic in the region and enable staff to effectively manage incidents ranging from traffic crashes to other emergency situations.
- ✓ Traffic conditions and parking availability play a significant role in creating a positive image of Downtown for workers, visitors, and event attendees. The parking guidance system and continued investment in improved parking garage security and cleanliness support a positive experience for Downtown visitors, and make Downtown an easy place to access. In the coming year, DOT will continue to coordinate with staff from the Police Department, the Office of Cultural Affairs, Department of Public Works, Team San José, San José Downtown Association, and HP Pavilion to address traffic impacts from Downtown construction, Arena events, and special events.

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target	5-Year Goal
Maintain Pavement Surfaces in Good Condition	1. % of residents rating "neighborhood" streets in "acceptable" or better condition	N/A*	83%	N/A*	83%	65%
	2. % of streets rated in "good" or better condition (70 or greater on a 1-100 scale)	37%	42%	36%	35%	32%
	3. City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 0.75)	0.64	0.63	0.63	0.62	0.59
Maintain Traffic Devices in Good Condition	1. % of traffic signals, signs, and markings in "good" or better condition (visible and functioning properly)	58%	61%	56%	61%	61%
Preserve and Enhance Neighborhood Streetscape	1. % of residents rating streetscapes in "good" or better condition (includes: sidewalks, street lights, landscaping, and trees)	N/A*	43%	N/A*	43%	43%
	2. % of neighborhood street trees in "good" or better structural condition	38%	38%	38%	39%	40%
	3. % of residents rating adequacy of street lighting as "good" or better	N/A*	54%	N/A*	54%	54%
	4. % of planned landscaped median island locations complete	72%	72%	72%	72%	72%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for these measures is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

- ✓ The total funding for the 2013 paving season is approximately $20 million and is allocated in alignment with the Priority Street Network service delivery model. This model provides a balance of preventive maintenance and rehabilitation treatments for major roads, including a total of 42 miles of street sealing and 21 miles of resurfacing on the Priority Street Network.

- ✓ DOT expects to preventively maintain 920 traffic signals, replace 12,500 traffic signs, repair 15,500 streetlights, and proactively repaint 1.35 million square feet of roadway markings. 235 acres of general benefit and 333 acres of special district landscape will also be maintained by in-house and contractual services. In addition, 15,000 pothole requests, 650 larger scheduled corrective pavement repairs, 1,000 emergency street tree responses, and 5,000 sidewalk repairs are anticipated to be completed. Current resources remain available to ensure that safety issues are prioritized and addressed in a timely manner.

- ✓ Through development, infill, capital investment, and annexations, the City's extensive inventory of transportation infrastructure including pavement, landscapes, trees, sidewalks, signals, streetlights, signs and roadway markings has grown while the resources devoted to operate and maintain the assets have not kept pace. Staff is investing available resources in the most efficient and effective way possible to operate and maintain these assets by seeking more cost-saving ideas such as streetlight LED conversions. The gap between resources and needs will continue to be a critical issue for the City to address in future years.

- ✓ In 2012-2013, streetlight copper wire theft continued to be an increasing problem. There were 200 known locations of theft resulting in streetlight outages identified in 2011-2012, and through the first three quarters of 2012-2013, that number has already been exceeded. It is projected that the number of new locations discovered will reach 250 by year-end, and that there will be a backlog of approximately 105 locations in need of repair at the beginning of 2013-2014, with new incidents occurring at the rate of approximately 15-20 per month. Funding included in the 2014-2018 Proposed Traffic CIP will help to address these locations and anticipated additional incidents. This problem diverts resources from normal streetlight maintenance activities and impacts the backlog of streetlight outages. Staff will continue to proactively address this issue through both repair and the use of deterrents such as epoxy sealing and other locking mechanisms on the pull box lids, as well as surveillance cameras in some locations.

- ✓ The Airport Taxiway W Improvements project is programmed for Phase V, the final phase, from Taxiway D to Taxiway G. Upon completion, the Airport will have a full length parallel taxiway to serve large aircraft operating on the west side of the Airport and supports the anticipated Westside FBO award. The project is contingent upon grant funding from the FAA Airport Improvement Program.

Budget Dollars at Work: Performance Goals

OUTCOME 4: PRESERVE AND IMPROVE TRANSPORTATION ASSETS AND FACILITIES

- ✓ The Airport Facilities Team continues to introduce cost containment measures and asset preservation activities. The recent negotiation of a fixed price contract for custodial services that includes services, supplies, and equipment, has successfully reduced Airport costs and meets requirements for facility cleanliness and safety. An RFP has been issued for runway rubber removal services; however, staff has determined it is more cost effective to purchase a rubber removal vehicle and operate it in-house. The lead time for purchase of the vehicle is about 18 months and is programmed in the Airport Capital Improvement Program (CIP) budget. Contractual services will be used in the meantime.

- ✓ Development occurring in the northeast area of the Airport includes construction of a permanent taxi staging facility, an aircraft fuel truck maintenance facility, a shuttle bus storage and management facility, and a north employee parking lot. The taxi staging building was completed in March 2013. The design phase is complete for the fuel truck maintenance facility, shuttle bus storage facility, and employee parking lot, with the award of contract for construction anticipated in June 2013.

- ✓ FAA Airport Improvement Program funding eligibility requires that the Airport develop and institute a Pavement Maintenance Management System (PMMS). The development of this program will both extend the life of existing airfield pavement, as well as ensure that necessary repairs and needs are identified and resolved in a timely manner. The Airport CIP contains the Airfield Preventative Maintenance program to provide ongoing funds to assess and maintain airfield pavement (runways, taxiways, and aprons) at an acceptable level of service in order to maximize the serviceable life of the infrastructure. It is expected that joint seals on the runways will be the first project in this program.

OUTCOME 5: PROVIDE A TRANSPORTATION SYSTEM THAT ENHANCES COMMUNITY LIVABILITY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target	5-Year Goal
Provide Neighborhood-Friendly Traffic Operations	1. % of residents rating traffic impacts in their neighborhood as "acceptable" or better	N/A*	77%	N/A*	77%	77%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

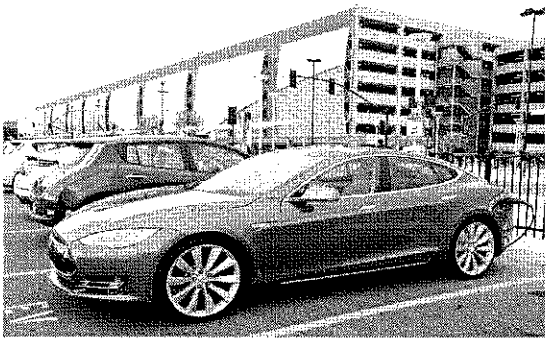
- ✓ Capital funding will provide for the implementation of the Pedestrian Safety and Traffic Signal Safety Improvement Programs. Staffing resources will focus on developing and implementing pedestrian crossing improvements on major roads, such as refuge islands, flashing beacons, high visibility signs and markings, and ADA accessible curbs.

Budget Dollars at Work: Performance Goals

OUTCOME 5: PROVIDE A TRANSPORTATION SYSTEM THAT ENHANCES COMMUNITY LIVABILITY

- ✓ Emphasis will continue on parking compliance activities to enhance pedestrian and bicyclist safety in school zones. The Police Department will also continue to support safety in neighborhoods and help to keep the injury crash rate to one of the lowest in the nation.

- ✓ The Airport has installed electric vehicle charging stations in two public parking lots. There are eight charging stations in Hourly Lot 5 near Terminal B and two charging stations in Hourly Lot 2 across the street from Terminal A. Nine out of the ten charging stations are suitable for newer electric cars. While parking fees still apply, the use of charging stations is free. Travelers who are charging up can leave their cars at the stations for the duration of the trip and the charger shuts off when the vehicle is fully replenished.



- ✓ The Airport has a number of programs in place to mitigate Airport impacts on the community, including programs to protect wildlife, clean energy use initiatives such as the solar energy system built to support rental car/public parking garage services, use of compressed natural gas shuttles and recycling programs. Food and beverage providers at the Airport are encouraged to utilize compostable food ware and have already phased out use of Expanded Polystyrene foam food service ware in advance of a potential citywide ordinance.

- ✓ The Lower Guadalupe River Trail runs alongside Airport Boulevard and provides community access to the airport as well as recreation and commuting opportunities. Public Works, in collaboration with PRNS and the Airport, completed a paving project for this section of the trail resulting in approximately 6.2 miles of paved trail extending from I-880 to Gold Street in Alviso and working towards the City's Greenprint, General Plan, Bike Plan, and Green Vision goal of 100-mile of paved trail network by 2022.

PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds ($)	General Fund ($)
AIRPORT DEPARTMENT			
• Airport Councils International - North America Conference Funding		75,000	0
Subtotal	0.00	75,000	0
TRANSPORTATION DEPARTMENT			
• Transportation Signals Operations Staffing Realignment	(0.50)	(46,459)	0
• Sanitary Sewer Program Combination Cleaning Vehicles and Vehicle Maintenance Services		1,487,109	0
• Sanitary Sewer and Storm Sewer Programs Fleet Replacement		1,200,000	0
• Sanitary Sewer Maintenance Management Staffing	4.00	507,419	0
• Pedestrian Safety and Traffic Signal Safety	2.00	245,653	0
• Improvement Programs Staffing			
• Pavement Maintenance Management and Engineering Staffing	2.00	210,924	0
• San José Downtown Association		210,000	
• LED Streetlight Conversion Staffing	1.00	166,325	0
• Enhanced Sidewalk Repair Program		140,000	140,000
• Active Transportation Program Staffing	1.00	133,011	0
• Local Transportation Projects and Policy Oversight Staffing	1.00	122,091	0
• Transportation Department Development Program Staffing	1.00	109,211	0
• Regional Transportation Projects Staffing	1.00	96,560	0
• Parking Program & Special Events Management Staffing	1.00	72,955	0
• New Transportation Infrastructure Maintenance and Operations		31,000	31,000
Subtotal	13.50	4,685,799	171,000
Subtotal Departments	**13.50**	**4,760,799**	**171,000**
CITY-WIDE EXPENSES			
• Street Tree Maintenance*		160,000	160,000
• Radar Speed Display Signs*		100,000	100,000
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: New Traffic Infrastructure Assets Elimination		(31,000)	(31,000)
• Earmarked Reserves: Aircraft Rescue and Firefighting Services		507,751	507,751
Subtotal Other Changes	**0.00**	**736,751**	**736,751**
Total Proposed Budget Changes	**13.50**	**5,497,550**	**907,751**

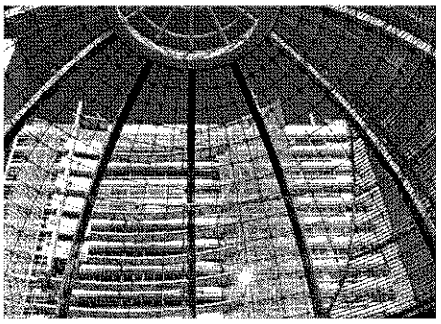
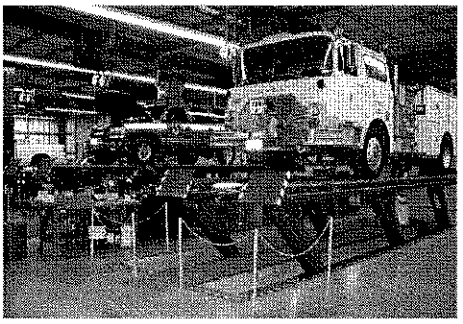
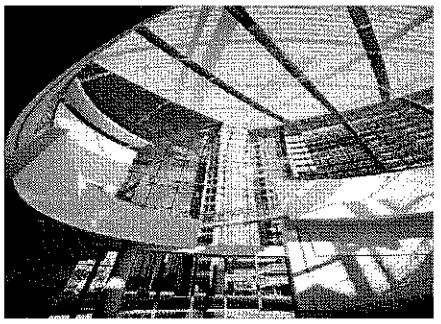
* Implemention of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

2013-2014

Operating Budget

Strategic Support CSA

Strategic Support

Mission: *To effectively develop, manage, and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects*

Primary Partners

Finance

Human Resources

Information Technology

Public Works

Retirement Services

CSA OUTCOMES

- Sound Fiscal Management that Facilitates Meeting the Needs of the Community
- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Effective Use of Technology
- Safe and Functional Public Infrastructure, Facilities and Equipment

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

To effectively develop, manage, and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Sound Fiscal Management that Facilitates Meeting the Needs of the Community
- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Effective Use of Technology
- Safe and Functional Public Infrastructure, Facilities, and Equipment

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

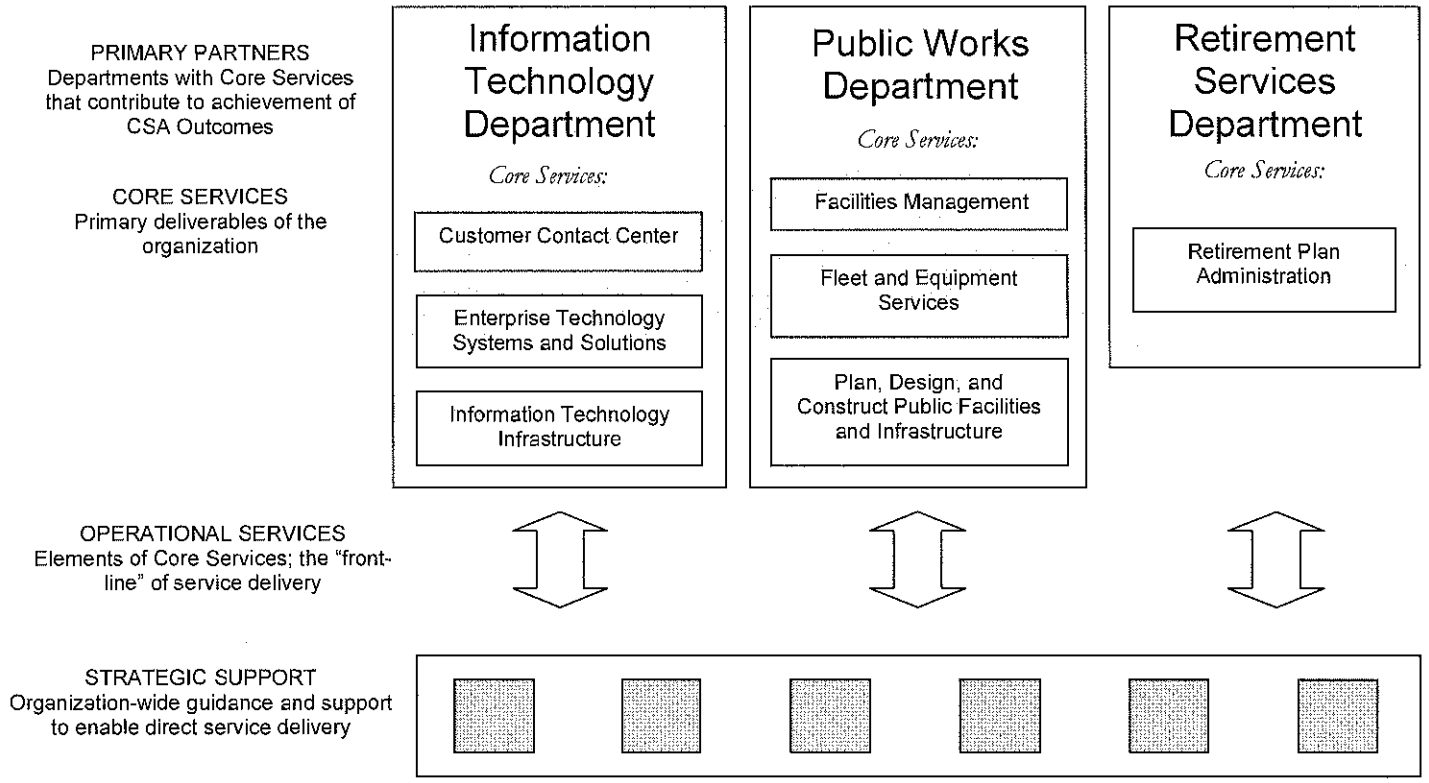
- Disbursements
- Financial Reporting
- Purchasing and Risk Management
- Revenue Management
- Treasury Management

Human Resources Department

Core Services:

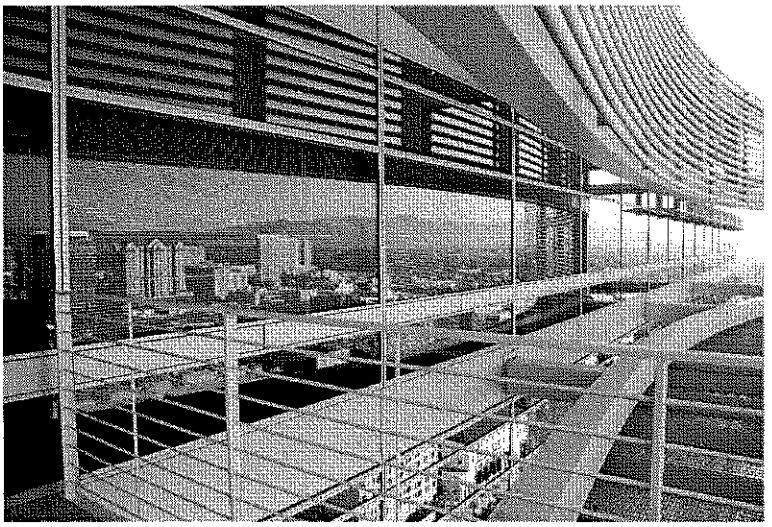
- Employee Benefits
- Employment Services
- Health and Safety

SERVICE DELIVERY FRAMEWORK



Strategic Support

Expected 2013-2014Service Delivery



- 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.
- Attract and retain qualified employees by continuing to facilitate recruitments, manage hiring processes in partnership with client departments.
- Maintain quality, affordable, and responsive benefit programs.
- Maintain a safe and healthy work environment in compliance with all applicable State and federal regulations related to employee health and safety and continue to minimize liability and loss to the City.
- Ensure the City's finance and technology resources are protected and available to address the short and long-term needs of the community.
- Manage space usage at City-owned facilities.

Impacts of 2013-2014 Budget Actions

- The implementation of the vendor payment process will allow vendors to receive electronic payments in lieu of manual checks and recognize revenue of $250,000 in 2013-2014 from a revenue sharing agreement with the City's banking services provider.
- Two-year funding for Procurement staff will support critical procurements and contracting activities in the Planning Building and Code Enforcement Department while ensuring consistent application of the City's procurement policies throughout the organization.
- One-time funding of $200,000 for a city-wide internal financial controls evaluation will provide the information and tools necessary to strengthen internal controls in 2013-2014.
- Funding for the management of the Marijuana Business Tax (MBT) Program is restored on an ongoing basis to ensure fiscal compliance with the MBT code by monitoring tax remittances, identifying non-remitters, assessing penalties and interest, conducting site visits, auditing to ensure compliance, and generating management reports regarding the MBT.
- The phased transition of staffing to the Finance Department for the ongoing administration of the Successor Agency to the Redevelopment Agency (SARA) will streamline processes and strengthen the financial management of the existing $2.5 billion SARA debt portfolio and ongoing transactions.

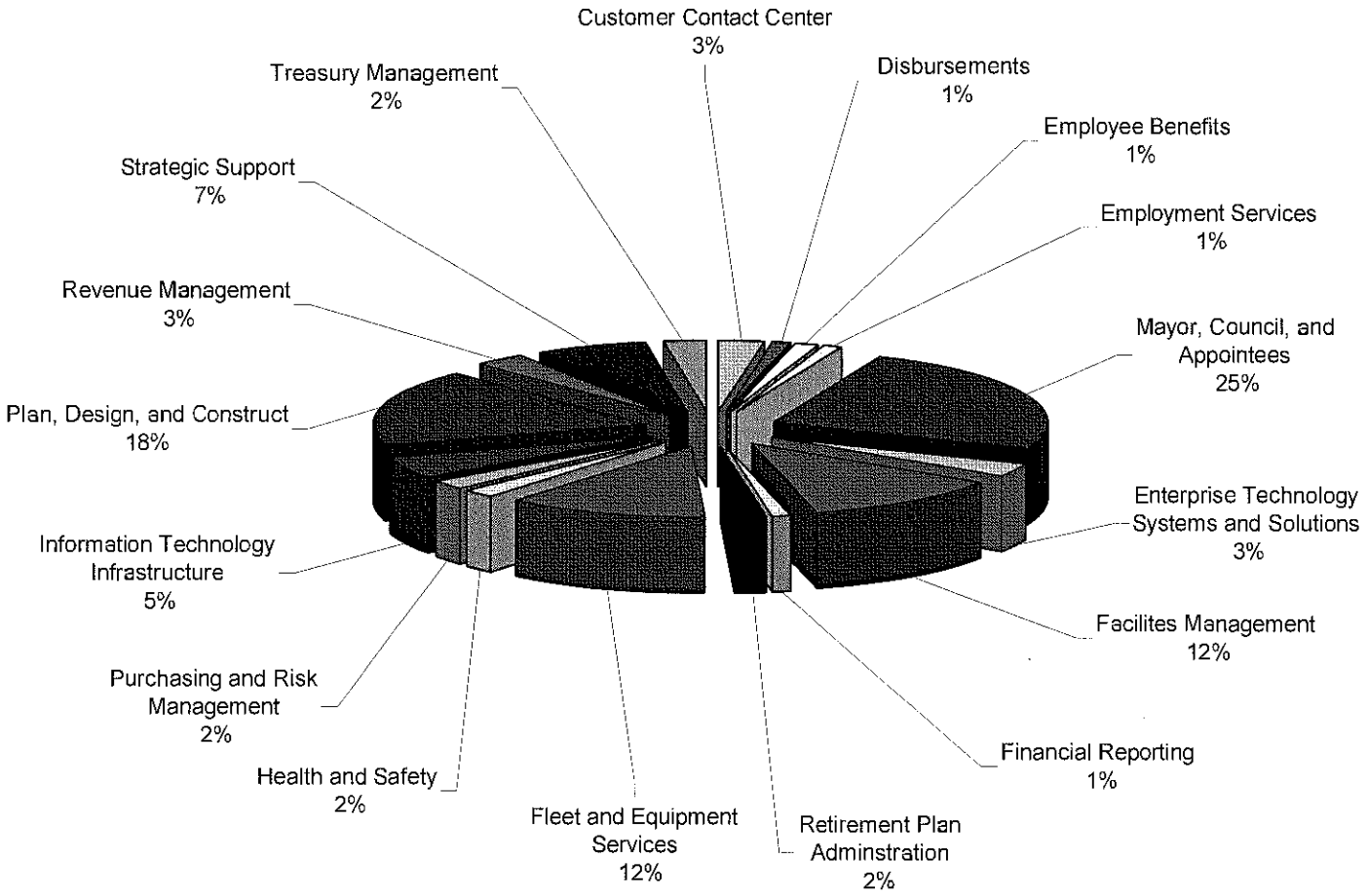
Strategic Support

Impacts of 2013-2014 Budget Actions

- Implementation of a two-year Workers' Compensation Service Delivery pilot project will result in the elimination of eight vacant positions which include 1.0 Office Specialist, 1.0 Senior Office Specialist, 1.0 Senior Workers' Compensation Claim Adjuster, and 5.0 Workers' Compensation Claim Adjusters. Upon completion of the pilot, a recommendation will be made to either go back to using 100% in-house staff, move completely to using a third party administrator for claims administration, or continue with a hybrid model.
- Addition of an Analyst in the Human Resources's Employment Division will address the increased need for employment services, researching workforce demographics, recruiting information, data retention, salary information, and other workforce survey information.
- Elimination of a vacant Account Clerk in the Information Technology Department (ITD) will realize efficiencies from the transition to a hosted Voice over Internet Protocol (VoIP) telephone system. Billing will be streamlined, allowing individual departments the flexibility to align telecom needs with changes in staffing levels.
- Conversion of the City's office productivity software (Microsoft Office Suite) to a subscription model will upgrade its outdated version and ensure current platforms for the future. Benefits include increased employee productivity through enhanced features, and mitigation of certain security and compatibility risks by remaining on supported versions in a sustainable hosted model.
- Additional staffing resources in the Department of Public Works to support the recently implemented Minimum Wage Ordinance.
- One-time preventive maintenance funding for end-of-life server and network replacement reduces the technical infrastructure backlog and lowers the risk of equipment failure and system outages as a result of aging equipment.
- Continuation of preventative maintenance funding of $1.3 million will allow the Department of Public Works to continue to perform 80% of necessary preventive maintenance at City facilities.
- Additional capital-funded staffing resources in the Department of Public Works will support increased activity levels related to various Sanitary and Storm Sewer capital projects, Water Pollution Control Plant capital projects, and BART related projects.
- Staffing adjustments in Retirement Services will provide the necessary support required to administer the pension and health trust funds and begin the first phase to implement a new pension administration system.
- Resources are added to address facility and vehicle maintenance needs as part of the South San José Police Substation opening in January 2014.
- Additional resources in the Public Works Development and Utility Fee Programs will address the increase in development activity and improve current service delivery. A small amount of shared support resources for this program are also recommended and can be found in the Planning, Building, and Code Enforcement Department section of this document.
- Additional fleet maintenance resources at the Mabury City service yard will support Storm and Sanitary Sewer maintenance equipment needs.

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $160,511,540
(Includes Mayor, City Council, and Appointees)



City Service Area Budget Summary

Dollars by Core Service	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Finance					
Disbursements	$ 1,675,977	$ 1,719,927	$ 1,685,997	$ 1,685,997	(2.0%)
Financial Reporting	1,604,268	1,655,558	1,748,030	1,859,211	12.3%
Purch. and Risk Management	1,885,554	2,041,002	2,145,501	2,252,693	10.4%
Revenue Management	4,292,839	4,890,018	4,495,941	4,686,783	(4.2%)
Treasury Management	3,072,396	3,738,746	3,817,984	3,882,312	3.8%
Strategic Support	1,080,900	1,168,420	1,178,597	1,227,088	5.0%
Human Resources					
Employee Benefits	2,153,046	2,249,780	2,258,295	2,258,295	0.4%
Employment Services	1,434,152	1,994,437	1,974,457	2,051,590	2.9%
Health and Safety	3,220,991	3,159,700	3,100,833	3,306,288	4.6%
Strategic Support	650,906	830,975	833,164	833,164	0.3%
Information Technology					
Customer Contact Center	2,729,368	3,940,374	4,582,832	4,582,832	16.3%
Enterprise Technology Systems & Solutions	6,052,716	4,785,485	4,912,126	4,912,126	2.6%
Info. Technology Infrastructure	6,353,436	7,955,708	6,800,553	7,830,653	(1.6%)
Strategic Support	784,335	880,774	890,640	890,640	1.1%
Public Works					
Facilities Management	14,208,492	17,456,887	17,288,564	19,595,260	12.2%
Fleet & Equipment Services	16,160,867	17,697,155	18,681,945	19,156,318	8.2%
Plan, Design & Construct Public Facilities & Infrastructure	26,900,153	27,188,506	28,170,604	28,619,169	5.3%
Strategic Support	5,655,214	6,712,333	5,998,652	6,121,543	(8.8%)
Retirement Services					
Retirement Plan Administration	2,421,089	3,044,795	3,176,610	3,009,342	(1.2%)
Strategic Support	1,427,283	1,908,899	1,853,995	2,009,683	5.3%
Dollars by Core Servce Subtotal	**$ 103,763,982**	**$ 115,019,479**	**$ 115,595,320**	**$ 120,770,987**	5.0%
MAYOR, CITY COUNCIL, AND APPOINTEES	**$ 34,929,418**	**$ 40,900,522**	**$ 37,840,669**	**$ 39,740,553**	**(2.8%)**
Other Programs					
City-Wide Expenses	$ 123,744,419	$ 46,985,409	$ 31,912,750	$ 24,420,750	(48.0%)
Gen.Fd Cap, Trans & Reserves	28,565,941	113,816,281	66,318,386	102,168,386	(10.2%)
Other Programs Subtotal	**$ 152,310,360**	**$ 160,801,690**	**$ 98,231,136**	**$ 126,589,136**	**(21.3%)**
Total CSA	$ 291,003,760	$ 316,721,691	$ 251,667,125	$ 287,100,676	(9.4%)
Authorized Positions	**857.91**	**853.77**	**842.57**	**872.45**	**2.2%**

Service Delivery Accomplishments

- The City's current general credit rating is Aa1/AA+/AA+ by the three leading national rating agencies. Considering the City's fiscal challenges in recent years, the ratings by the three agencies together acknowledge the City's moderate debt levels, strong financial management, and proactive responsible leadership. The City of San José remains the highest rated large city (with a population over 250,000) in California and the third highest rated among the nation's ten largest cities.

- The Finance Department is continuing the Revenue Collection Strategic Plan, which began in 2007, to improve collection efforts and optimize staff resources. Through these efforts, the Return on Investment continues to remain at an average of four dollars return on revenue for every dollar spent on direct costs in the Revenue Management Division. Additionally, a Business Tax Amnesty Program was undertaken to assist in bringing more businesses into voluntary compliance with the City's Business Tax Ordinance.

- Technology enhancements implemented through the City's general banking service provider have allowed for multiple manual processes to be performed electronically, providing opportunities to streamline payment processing operations. These efficiencies have mitigated staff reductions; however, the ability to meet service level demands with existing resources continues to be a challenge.

- ITD completed a pilot for a new office productivity suite to upgrade the City's outdated and unsupported version, and ultimately convert to a sustainable hosted subscription model in 2013-2014. A cross-section of City staff participated in the evaluation which included functionality, formatting of budget documents, and e-discovery.

- ITD completed a pilot and has begun the city-wide roll-out of hosted Voice over Internet Protocol (VoIP) services. The implementation schedule is prioritized by replacing the most costly legacy systems first, with the remainder of the City's 80+ sites and approximately 6,000 telephone lines to follow.

- ITD established a public-private partnership with a leading wireless integrator and Silicon Valley based supplier of advanced wireless systems to bring North America's fastest free outdoor WiFi network to downtown San José. Successfully launched in March 2013, the City's "WickedlyFastWiFi" offers three to four times the wireless speed than conventional public WiFi networks. In addition to supporting City services such as pay-to-park meters, this network provides high speed internet access to residents, visitors and downtown businesses, driving economic impact through City initiatives such as curbside dining.

- Construction was completed on the Educational Park Branch Library and Calabazas Branch Library, and these facilities are scheduled to open April and May 2013, respectively.

- The capital program at the Airport is winding down with the completed construction of a taxi staging building and a shared VIP lounge. In addition, Taxiway W Phase 3 is completed, Phase 4 is currently under construction, and Phase 5 design is completed and construction is expected to start later this summer.

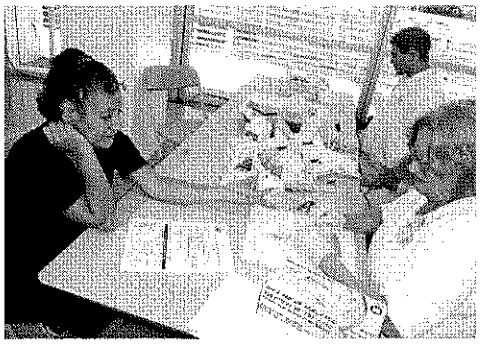
- Other capital improvement project accomplishments include:
    - In 2012-2013 the capital program has completed 32 construction contracts valued at $31 million and has awarded 19 projects valued at $40 million. The CIP is also currently on track to complete an additional 55 construction contracts and award 15 projects in 2012-2013.
    - In 2012-2013, 91% of the capital improvement projects were delivered by the Public Works Department on schedule, exceeding the performance target of 85%, while 83% of the projects were completed within budget, falling below the performance target of 90%.
    - The Convention Center Renovation and Expansion remains on schedule for completion in September 2013.

Service Delivery Accomplishments

- Installation of electric vehicle charging stations at various street side locations align with the City's dedication to promote the use of alternative-fuel vehicles.
- In 2012-2013, the Department of Retirement Services began administering the new Federated Retiree Health Care Trust Fund established by the City Council on June 24, 2011 to provide an alternative to the existing 401(h) account within the Pension Trust for retiree healthcare benefits funding and for the payment of retiree healthcare benefits.

Service Delivery Environment

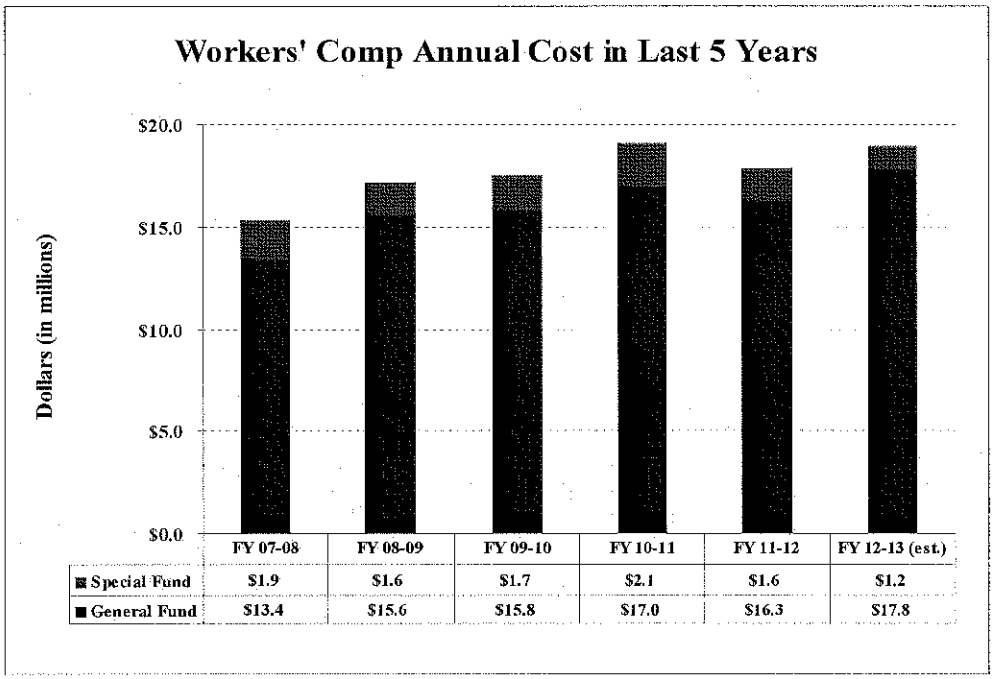
- As the City continues to adapt to the financial strains of the current economy, the Finance Department has continued to provide financial modeling and analysis as part of its core mandate to meet the increasingly complex needs of the City.
- The Integrated Billing System (IBS) provides City staff with management tools to oversee annual revenues of approximately $291 million. Staff is evaluating the feasibility of having the solid waste haulers be responsible for the billing of waste and recycling collection of single-family dwelling and multi-family dwelling to reduce the account maintenance support for the IBS system. In addition, an option of placing the billing of waste and recycling collection of single-family dwelling on the property tax roll is being considered.
- The Business Tax Billing System (BTS) provides City staff with management tools to oversee annual revenues of approximately $11.5 million for approximately 80,000 businesses. Staff is issuing a Request for Proposal in spring 2013 to replace the current BTS.
- Reductions and turn over in the Finance Department, and throughout the organization, have placed stress on the organization's ability to maintain quality internal controls on financial management.
- As the City continues to be faced with accelerating demands for information technology service delivery and increasing costs for information technology infrastructure maintenance and renewal, the single most significant issue facing ITD in its ability to address city-wide technology infrastructure and business needs is the identification of a sustainable source of funding.



- As the cost of medical insurance outpaces both revenues and the cost of living, the Human Resources Department continues to explore opportunities to minimize the impact on the City and its employees. Efforts will be focused on finding ways to minimize utilization that could be avoided through education and healthier lifestyles. One such effort is the Wellness Program. The Wellness Program is being evaluated to provide a comprehensive approach toward improving employees' health and controlling costs for the City.

Service Delivery Environment

- Workers' compensation costs are higher than prior years, from $17.9 million in 2011-2012 to $19.0 million in 2012-2013 (6.1% increase). Workers' compensation costs are expected to increase approximately 10% annually due to medical inflation, increase in temporary disability, and permanent disability benefits. To help mitigate the escalating costs of workers' compensation, a comprehensive workers' compensation reform plan was initiated. This plan includes a two-year pilot program for a portion of the City's workers' compensation claims administration. The total number of claims in the last six years has been on a downward trend, from 1,097 in 2007-2008 to an estimated 950 in 2012-2013 (13.4% decrease). The Human Resources Department continues to work collaboratively with departments to reduce risk, prevent claims, and decrease costs.



- ITD continues with its phased consolidation, reducing duplicative products and addressing information technology needs from a city-wide perspective. As a result of database consolidation, ITD is in a position to operate as a "cloud" provider to City departments.
- With the proven success of an IT public/private partnership in the downtown WiFi project, ITD is leveraging this model for similar opportunities in the future.
- The City continues to receive slightly below market-rate bids (bids up to 10% below the Engineer's Estimate) for construction projects due to a still competitive bidding environment. Although this trend appears to be gradually diminishing, realized savings can be redirected to other capital projects.
- Currently, the City's Standard Specifications for construction are undergoing revision and, as green construction becomes mandatory, the City will incorporate specifications that take advantage of emerging sustainable technologies.

Service Delivery Environment

- The City's building inventory expanded through the decade of investment. Many of the newer facilities are reaching the five and ten year thresholds when the facilities typically experience an increase in maintenance needs. While funding to address minor repairs and preventive maintenance for new facilities is added as they open, limited funding was available for ongoing maintenance needs due to General Fund shortfalls. Funding for older buildings, which have greater maintenance and repair needs, has also been limited. This has resulted in a reduction in the rate of completed preventive maintenance activities. Actions included in the 2013-2014 Budget will allow the Department of Public Works to continue the preventive maintenance program at 80% for 2013-2014 and 40-50% thereafter.

CSA Priorities/Key Services

- Provide compensation and payments to City employees and vendors in a timely manner
- Produce legally required, compliance, and regulatory information and financial reports
- Manage multi-billion dollar debt and investment portfolios
- Collect and deposit delinquent accounts receivables due to the City
- Bill and collect City utilities service fees for storm, sewer, water, and Recycle Plus
- Ensure a high degree of compliance through audits and reviews
- Explore further opportunities to maximize tax collections
- Procure goods and services pursuant to City Policies and Initiatives (such as Green Vision) to support City operations in an open and competitive process
- Provide mail room services, surplus goods management, recycling services, and records management services in support of City policies and city-wide operations
- Provide workers' compensation, safety and loss control, and return to work services
- Provide city-wide employment services
- Continue with the consolidation of technology functions, focusing on the re-alignment of IT service delivery from an enterprise perspective, elimination of duplicative work efforts, and lower overall IT costs
- Provide secure and reliable network services
- Maintain enterprise systems such as the City's Financial Management System (FMS), the Integrated Billing System (IBS), and Human Resources/Payroll System and develop migration strategies for enterprise applications to flexible integrated solutions
- Mitigate the City's information security risks
- Provide the primary point of contact for residents, businesses, and employees through the Customer Contact Center
- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- "Greening" the City facilities and the City fleet
- Manage the City's space needs and the use of City-owned properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement service

CSA Priorities/Key Services

- Provide wage policy compliance
- Manage Retirement Plan assets in an efficient manner to achieve long-term net returns in excess of the actuarial investment return assumption while maintaining a reasonable level of investment risk
- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented the appropriate rates, assumptions, and methodologies to de-risk the plans liabilities/contributions volatility, and reduce intergenerational shifting of liabilities
- Provide quality retirement planning and counseling

Budget Dollars at Work: Performance Goals

Strategic support functions are critical within any organization. Basic core services must be maintained at an effective level, with the adaptability to grow and improve in a timely manner upon economic recovery.

OUTCOME 1: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Align systems that develop and maintain a high-performing workforce	1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job	N/A*	82%	N/A*	82%	82%
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	N/A*	43% / 78%	N/A*	43% / 78%	43% / 78%
	2. % of employee performance appraisals completed on schedule	36%	80%	51%	60%	100%
Foster a shared vision with employees about the characteristics of a high-performing workforce	1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	N/A*	84%	N/A*	84%	90%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence	N/A*	N/A*	N/A*	82%	82%
	3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	N/A*	N/A*	N/A*	84%	84%
	4. % of employees who are satisfied or very satisfied with their job	N/A*	60%	N/A*	60%	70%
	5. % of employees who agree or strongly agree the City is a good employer	N/A*	60%	N/A*	60%	75%
	6. % of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied	N/A*	45%	N/A*	45%	45%
Provide the necessary & required safety & health services that ensure employee health, safety & well-being	1. Number of Workers' compensation claims per 100 FTEs	17.3	17.0	16.4	17.0	17.0

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for these measures is collected through the biennial City-Wide Employee Survey. The survey was last issued in 2010-2011 and was temporarily suspended. The Employee Survey will be reinstated in 2013-2014.

Budget Dollars at Work: Performance Goals

OUTCOME 1: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS

- ✓ Over the next five years 32% of the City workforce will be eligible for retirement. Strategies are being implemented to develop current employees and attract new talent so that the City's workforce can continue to deliver top-quality services while meeting changing customer demands.
- ✓ The Human Resources Department will continue to provide services that enhance the organization's ability to hire and retain a high-performing workforce. Objectives in this area include more focus on classification activities to ensure that duties and skill sets reflect the needs of the workplace and maintaining a streamlined process for conducting executive recruitments. Human Resources Department will work to ensure recruitment pools have the most qualified candidates available for selection by departments.
- ✓ In partnership with other City departments, the Human Resources Department will provide an integrated, proactive safety, wellness and risk reduction program that will lead to a reduction in the number of employee injuries and workers' compensation claims, as well as a decrease in healthcare utilization in order to mitigate future health premium increases.

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Provide well-maintained facilities that meet customer needs	1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale)	83%	80%	79%	80%	85%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	89%	90%	85%	87%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	95%	95%	95%	95%	95%
	2. % of fleet in compliance with replacement cycle:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	93%	85%	85%	85%	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

- ✓ The Public Works Department will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that are aligned with City Council priorities, the City's Master Plans, and comply with the established engineering standards.
- ✓ Past economic challenges have limited the Department of Public Works' ability to perform preventative maintenance for City facilities and fleet, leaving assets at significant risk. Improvements have been made to the preventive maintenance work completed in City of San José facilities from 38% in 2011-2012 to 81% (estimated) in 2012-2013. The Proposed 2013-2014 budget provides funding for facilities that will aid in retaining the preventive maintenance performance level achieved in 2012-2013, with the expectation that this funding will help to prolong the life cycle of facility investments and, to some extent, reduce corrective work. The Department will continue to address health and safety related corrective work as first priority with other concerns receiving lower staffing levels commensurate with funding levels.
- ✓ Public Works continues to examine service delivery options, taking advantage of insourcing and outsourcing opportunities to most efficiently deliver services.
- ✓ The Public Works Department will continue to develop mid- and long-range plans for management of City facilities and fleet assets.
- ✓ Efforts will continue to support the development of capital improvement projects that can reduce maintenance and operations costs, extend the service life of City assets, and reduce the deferred maintenance infrastructure backlog.

Budget Dollars at Work: Performance Goals

OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network	99.86%	99.90%	99.90%	99.90%	99.95%
	-Telephones	99.86%	99.90%	99.90%	99.90%	99.95%
	-Enterprise Servers	99.70%	99.95%	99.88%	99.90%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.50%	99.50%	99.70%	99.50%	99.50%
	-Financial Management System	99.40%	99.50%	99.70%	99.50%	99.50%
	-Human Resources/Payroll System	99.96%	99.50%	100.00%	99.50%	99.50%
	-Combined Availability	99.62%	99.50%	99.80%	99.50%	99.65%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

- ✓ With City Council approval to remove the in-house option for replacement of the Integrated Billing System (IBS), the Information Technology Department will focus on the "next generation" Contact Center and deployment of newer and more agile technologies. The future Contact Center will reflect both traditional and modern communication styles such as social media (e.g. Facebook, Twitter, etc.) and web-based chat abilities.
- ✓ The deployment of hosted Voice of Internet Protocol (VoIP) continues with the majority of the City, including Public Safety, anticipated for completion by the end of 2013.
- ✓ Deployment of Office 365 and migration of email to the cloud will begin in 2013-2014. Employees will have enhanced features, increased compatibility when exchanging documents with those outside the organization, and access to significantly larger email boxes.

Budget Dollars at Work: Performance Goals

OUTCOME 4: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY

Strategic Goals	CSA Performance Measures	2011-2012 Actual	2012-2013 Target	2012-2013 Estimate	2013-2014 Target	5-Year Goal
Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AA+	AA+	AA+	AA+	AA+
	• Fitch	AA+	AA+	AA+	AA+	AA+
Improve and protect the financial management system and have it available to address short- and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	N/A*	N/A*	N/A*	N/A*	N/A*
Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions	N/A*	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data was not collected. The Finance Department plans to include these measures in the biennial City-Wide Employee Survey, which will be reinstated in 2013-2014.

- ✓ The Finance Department will continue to ensure that the City's financial resources are protected and available to address the short- and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, exploring opportunities through coordination with other governmental agencies, leveraging a third-party collection agency to maximize tax collections, facilitating timely and accurate disbursements, investing City funds in accordance with the Investment Policy, managing a multi-billion dollar debt portfolio within federal regulatory requirements, providing accurate and timely financial reports, effectively and efficiently procuring goods and services, and maximizing revenue from the sale of surplus property.
- ✓ Reductions and turn over in staff in the Finance Department, and throughout the organization, have placed stress on the organization's ability to maintain quality internal controls. This budget includes funding for consultant services to develop tools and structure to increase citywide internal controls.
- ✓ As the City continues to adapt to the financial strains of the current economy, and the opportunities and challenges presented, the Finance Department will continue to respond to the financial modeling and analysis needs of the City.
- ✓ The City's general credit rating is rated Aa1/AA+/AA+ by all three leading national rating agencies (the highest for a large California city with a population over 250,000). The Finance Department will continue efforts to maintain favorable bond ratings.
- ✓ Retirement Services will continue to seek solutions to increase returns, reduce volatility, and reduce costs while improving risk management and analytics; work with the Plans' actuaries to ensure the plans have adopted and implemented the appropriate rates, assumptions, and methodologies to de-risk the plans liabilities/contributions volatility, and reduce intergenerational shifting of liabilities; and provide quality customer service to members.

PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds ($)	General Fund ($)
FINANCE DEPARTMENT			
• Successor Agency to the Redevelopment Agency (Administrative Support)	2.50	224,000	224,000
• Medical Marijuana Program*	2.00	190,842	190,842
• Planning, Building and Code Enforcement Department Building Development Fee Program Purchasing Support	1.00	107,192	107,192
Subtotal	5.50	522,034	522,034
HUMAN RESOURCES DEPARTMENT			
• Workers' Compensation Delivery Pilot Program	(8.00)	205,455	205,455
• Employment Services Staffing**	1.00	77,133	77,133
Subtotal	(7.00)	282,588	282,588
INFORMATION TECHNOLOGY DEPARTMENT			
• Hosted VoIP Efficiences	(1.00)	(31,900)	(31,900)
• Microsoft Office Upgrade**		812,000	812,000
• Computer Server Replacements/Network Upgrades**		250,000	250,000
Subtotal	(1.00)	1,030,100	1,030,100
PUBLIC WORKS DEPARTMENT			
• South San José Police Substation Opening*	5.00	1,341,664	993,129
• Preventative Maintenance Program**	3.00	1,300,000	1,300,000
• Minimum Wage Ordinance Compliance	2.50	158,012	150,115
• Public Works Management Reorganization	1.78	137,935	(6,407)
• Transfer of Energy Program from Environmental Services Department	2.00	97,798	47,900
• Capital Technical Services Support Staffing	1.00	92,064	0
• Storm and Sanitary Sewer Mechanic Staffing	1.00	79,647	0
• Public Works Capital Improvement Program Right-Sizing	2.85	68,547	0
• Fleet Operations Right-Sizing	(1.00)	46,191	0
• City Hall Facilities Rental Staffing	1.00	30,667	30,667
Subtotal	19.13	3,352,525	2,515,404
RETIREMENT SERVICES DEPARTMENT			
• Retirement Investment Staffing Realignment	(2.00)	(273,672)	0
• Pension Administration System Implementation Staffing	2.00	189,628	0
• Retirement Services Support Staffing	1.00	72,464	0
Subtotal	1.00	(11,580)	0
Subtotal Departments	**17.63**	**5,175,667**	**4,350,126**
CITY-WIDE EXPENSES			
• Ballot Measure/Polling		50,000	50,000
• Civil Service Commission Security		8,000	8,000
• Internal Financial Controls Evaluation		200,000	200,000
• Successor Agency to the Redevelopment Agency City Subsidy		(7,100,000)	(7,100,000)
• Successor Agency to the Redevelopment Agency City Subsidy (Administrative Support)		(650,000)	(650,000)

Proposed Changes	Positions	All Funds ($)	General Fund ($)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Police Communications Fire Protection System Upgrade		3,000,000	3,000,000
• Capital Contributions: Police Administration Building/Police Communications Center Chiller Replacements**		2,400,000	2,400,000
• Capital Contributions: Police Communications Center Electrical System Upgrade**		1,650,000	1,650,000
• Capital Contributions: City Hall Waterproofing		1,600,000	1,600,000
• Capital Contributions: Police Administration Building Elevator Retrofit		600,000	600,000
• Capital Contributions: Police Administration Building/Police Communications Center Exterior Waterproofing**		350,000	350,000
• Capital Contributions: Police Administration Building HVAC Controls Replacement**		275,000	275,000
• Capital Contributions: City Hall Bamboo Courtyard Renovation**		250,000	250,000
• Capital Contributions: Police Communications Center Redundant Power Circuitry System Design**		200,000	200,000
• Capital Contributions: Police Administration Building Firing Range Lighting**		75,000	75,000
• Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion		(300,000)	(300,000)
• Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		(150,000)	(150,000)
• Earmarked Reserves: Deferred Infrastructure and Maintenance Elimination		(600,000)	(600,000)
• Earmarked Reserves: 2014-2015 Future Deficit		13,700,000	13,700,000
• Earmarked Reserves: Budget Stabilization**		4,000,000	4,000,000
• Earmarked Reserves: Successor Agency Legal Obligations**		2,500,000	2,500,000
• Earmarked Reserves: Operating/Capital Budget Systems Replacement**		2,850,000	2,850,000
• Earmarked Reserves: Essential Services		2,000,000	2,000,000
• Earmarked Reserves: Fiscal Reform Plan Implementation		1,350,000	1,350,000
• Earmarked Reserves: 2014-2015 Community Action and Pride Grants**		100,000	100,000
Subtotal Other Changes	**0.00**	**28,358,000**	**28,358,000**
Total Proposed Budget Changes	**17.63**	**33,533,667**	**32,708,126**

* Ongoing implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

PAGE IS INTENTIONALLY LEFT BLANK

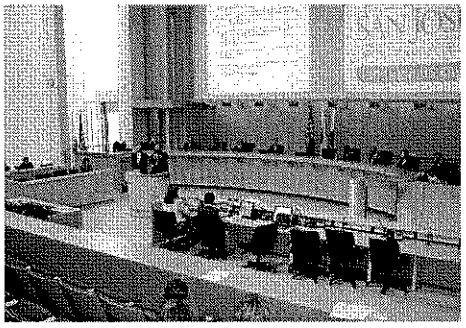
2013-2014

Operating Budget

Strategic Support CSA

Mayor, City Council and Appointees

Mayor, City Council and Appointees



Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees support and advance the collective work of the City organization through leadership, communication, and coordination*

Mayor and City Council
- Office of the Mayor
- City Council
- Council General

Office of the City Attorney
- Legal Representation
- Legal Transactions

Office of the City Auditor
- Audit Services

Office of the City Clerk
- Facilitate the City's Legislative Process

Office of the City Manager
- Analyze, Develop, and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

Office of the Independent Police Auditor
- Core Service aligned to the Public Safety CSA

Mayor, City Council and Appointees

Expected 2013-2014 Service Delivery

- The Office of the Mayor provides leadership and guidance to the City Council. Through community-based budgeting and gathering public input, the Mayor's Office will continue to ensure that the City's budget reflects the community's spending priorities and major initiatives of the City including economic development, green vision, public safety, transportation, and housing.
- The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions subject to the provisions of the City Charter and the State Constitution.
- The City Manager's Office will provide strategic leadership that supports the Mayor and City Council and challenges the organization to deliver high quality, cost-effective services that meet the needs of the community.
- The City Manager's Office will manage day-to-day operation of the City organization to execute the City Council's policy direction and ensure that the community receives customer-focused, results-driven services.
- The City Manager will engage the workforce in adapting to the City's economic environment and community service priorities through ongoing structured dialogue and communication.
- The City Manager's Office will continue to effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2013-2014 and will develop the 2014-2015 Proposed Budget for City Council consideration. Moving forward, the focus will be on restoring key services in a strategic and cost effective manner, meeting basic infrastructure/maintenance needs, and ensure the City remains a competitive employer.
- The City Attorney's Office to represent the City, its Council, boards and commissions, and employees in all actions, and advocate, defend, and prosecute legal matters on behalf of the City, and to provide advice to the same parties in all matters pertaining to their powers and duties.
- The City Attorney's Office will continue to provide legal services to wind down the business affairs of the former Redevelopment Agency, including the disposition of assets and enforceable obligations.
- The City Auditor's Office will conduct program performance audits identifying ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.
- The City Auditor's Office will continue to issue the Service Efforts and Accomplishments (SEA) Report annually detailing the cost, workload, and performance data for City services and is intended to improve government transparency and accountability.
- The City Auditor's Office will continue to provide oversight of external auditors on various audits.
- The City Clerk's Office will maintain Sunshine/Open Government Reforms to provide more transparent legislative services.
- The City Clerk's Office will maintain compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- The City Clerk's Office will conduct elections for City Council primaries, Retirement Boards, Civil Service Commission, City Charter amendments, potential issuance of bonds, and ballot measures in accordance with the City Charter and the State of California elections code.
- The City Clerk's Office and City Manager's Office will create and distribute agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; prepare and distribute minutes for all other Council Committees.

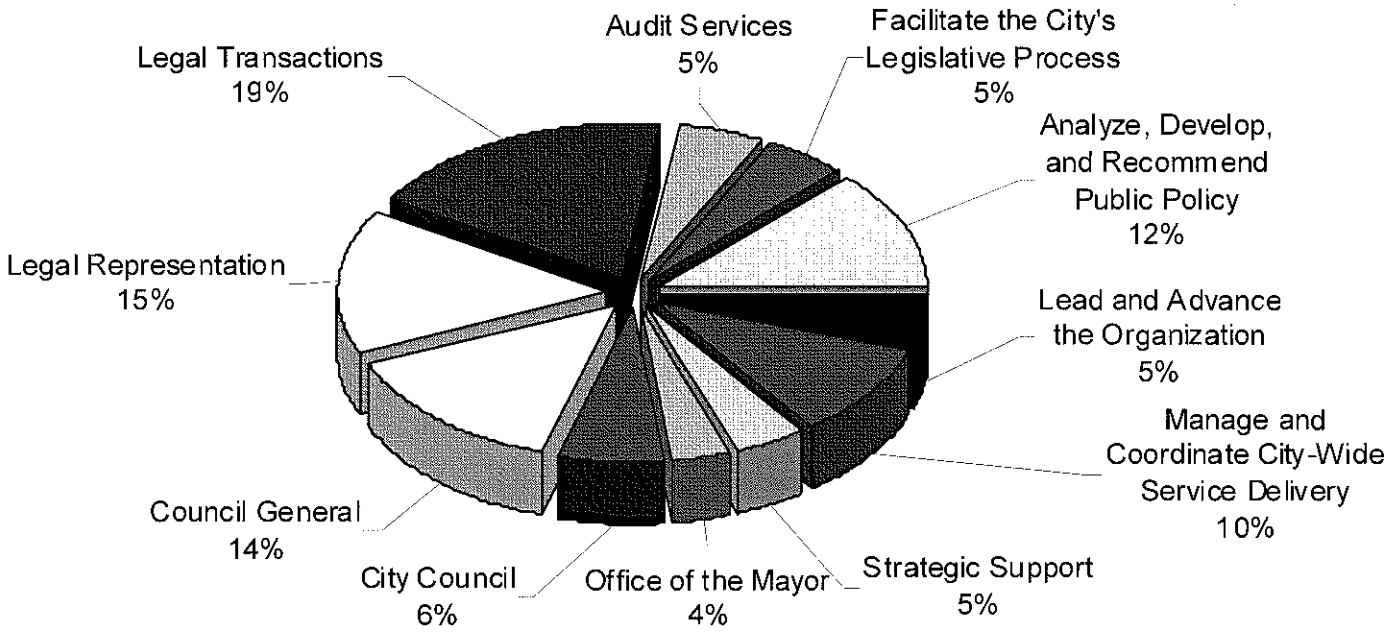
Mayor, City Council and Appointees

2013-2014 Budget Impact

- Restores funding for 1.0 Assistant to the City Manager position in the City Manager's Office on an ongoing basis to support the Medical Marijuana Program (45%) and to provide assistance in managing cardrooms as well as supporting the Public Safety CSA (55%).
- Restores funding of 2.0 Senior Executive Analysts in the Office of Employee Relations on an ongoing basis to ensure sufficient support for Fiscal Reform Plan efforts, and labor relations.
- Restores funding for a Senior Deputy City Attorney, Legal Analyst II, 0.5 Deputy City Attorney, and 0.5 Legal Administrative Assistant on an ongoing basis in the Attorney's Office to provide legal services on issues related to medical marijuana.
- Restores funding for a Senior Deputy City Attorney and Legal Analyst II on an ongoing basis in the City Attorney's Office to assist with legal support related to the Successor Agency for the Redevelopment Agency of the City of San José and the Oversight Board, increased legal transactional services to General Fund departments, and the implementation of the Fiscal Reform Plan, as needed and appropriate.
- Restores funding for a Senior Deputy City Attorney and Legal Analyst II through June 30, 2014 to provide legal support for the Water Pollution Control and Sanitary Sewer Capital Improvement Programs.
- Restores funding for a 1.0 Analyst II and 1.0 Staff Technician on an ongoing basis in the Office of the City Clerk for compliance monitoring, review and audit functions, and restoration of various services for the Mayor and City Council offices.

2013-2014 Total Operations by Core Service

CSA Dollars by Core Service $39,740,553



Mayor, City Council and Appointees Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	$ 1,291,505	$ 1,834,619	$ 1,413,317	$ 1,413,317	(23.0%)
City Council	2,549,392	3,373,823	2,579,030	2,579,030	(23.6%)
Council General	4,622,220	5,813,917	5,650,153	5,650,153	(2.8%)
Office of the City Attorney					
Legal Representation	5,665,365	6,214,347	5,634,420	5,932,209	(4.5%)
Legal Transactions	5,971,719	7,312,867	6,473,599	7,406,038	1.3%
Strategic Support	1,433,001	1,119,652	1,205,922	1,205,922	7.7%
Office of the City Auditor					
Audit Services	1,774,330	1,999,022	2,093,302	2,093,302	4.7%
Strategic Support	6,393	118,457	127,606	127,606	7.7%
Office of the City Clerk					
Facilitate the City's Legislative Process	1,659,337	1,984,542	1,718,666	1,965,902	(0.9%)
Strategic Support	2,632	84,668	90,309	90,309	6.7%
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	4,634,480	4,900,107	4,938,503	4,938,503	0.8%
Lead and Advance the Organization	1,553,706	2,138,865	1,909,557	2,117,549	(1.0%)
Manage and Coordinate City-Wide Service Delivery	3,524,463	3,617,313	3,616,033	3,830,461	5.9%
Strategic Support	240,875	388,323	390,252	390,252	0.5%
*Office of the Independent Police Auditor**					
Total	**$ 34,929,418**	**$ 40,900,522**	**$ 37,840,669**	**$ 39,740,553**	**(2.8%)**
Authorized Positions**	**185.75**	**187.50**	**177.50**	**189.75**	**1.2%**

* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

** Authorized Positions have been restated to include 27.00 positions in the Mayor and City Council Offices in all years.

PROPOSED BUDGET CHANGES

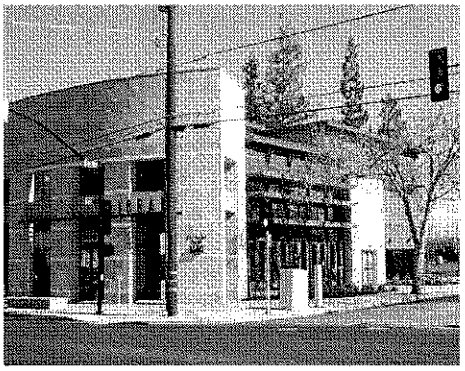
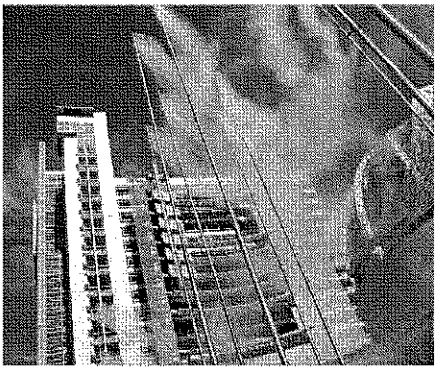
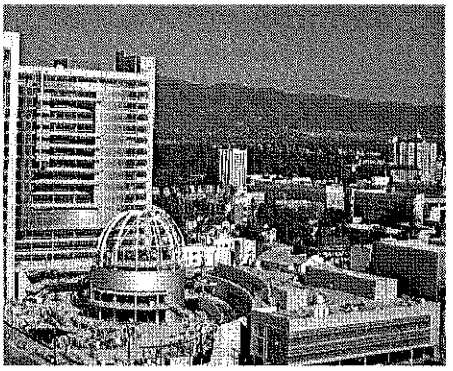
Proposed Changes		Positions	All Funds ($)	General Fund ($)
OFFICE OF THE CITY ATTORNEY				
• Medical Marijuana Program*		3.00	493,761	493,761
• Environmental Services and Public Works Capital Projects Legal Staffing		2.00	386,084	0
• Legal Support Staffing*		2.00	350,383	350,383
	Subtotal	7.00	1,230,228	844,144
OFFICE OF THE CITY CLERK				
• Office of the City Clerk Staffing*		2.00	247,236	247,236
	Subtotal	2.00	247,236	247,236
OFFICE OF THE CITY MANAGER				
• Office of Employee Relations Fiscal Reform Staffing*		2.00	207,992	207,992
• Gaming Unit Oversight/Public Safety City Service Area Staffing*		0.55	117,935	117,935
• Medical Marijuana Program*		0.45	96,493	96,493
• Budget Office Administrative Staffing		0.25	0	0
	Subtotal	3.25	422,420	422,420
OFFICE OF THE INDEPENDENT POLICE AUDITOR**				
Total Proposed Budget Changes		**12.25**	**1,899,884**	**1,513,800**

* Ongoing implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget message for further information.

** The Office of the Independent Police Auditor core service is aligned to the Public Safety CSA. Please refer to that section of the document for budget summary information.

PAGE IS INTENTIONALLY LEFT BLANK

Mayor and City Council

Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services*

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

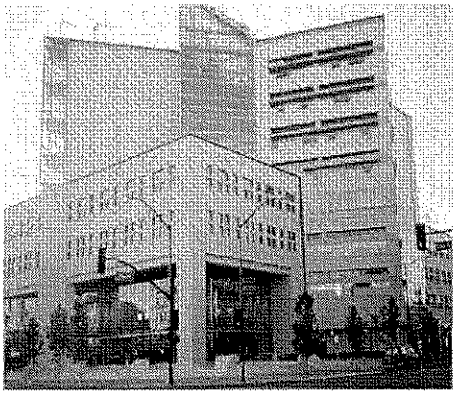
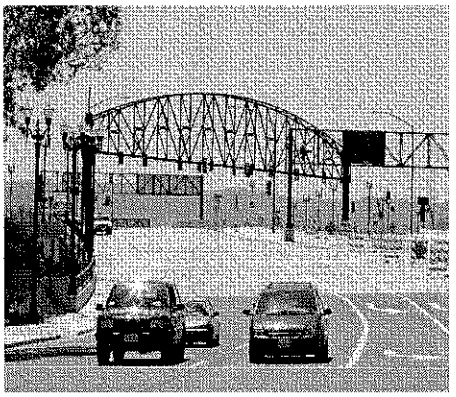
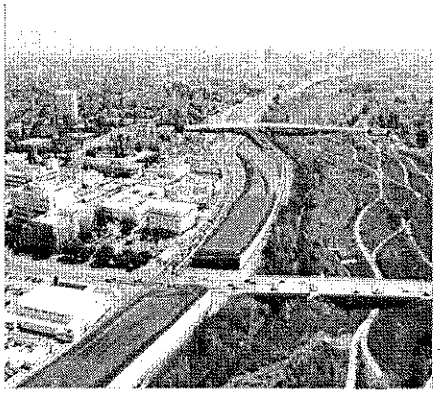
Office of the Independent Police Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council
- Council General

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Attorney

Mission: *The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City, with the goal of protecting and advancing its interests in serving the people of San José*

Primary Partners

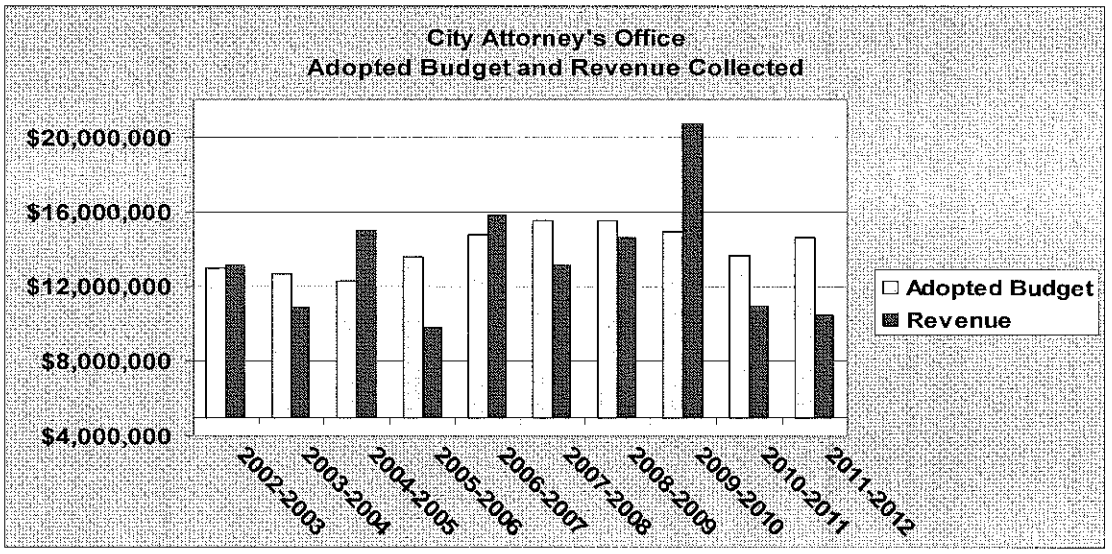
Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

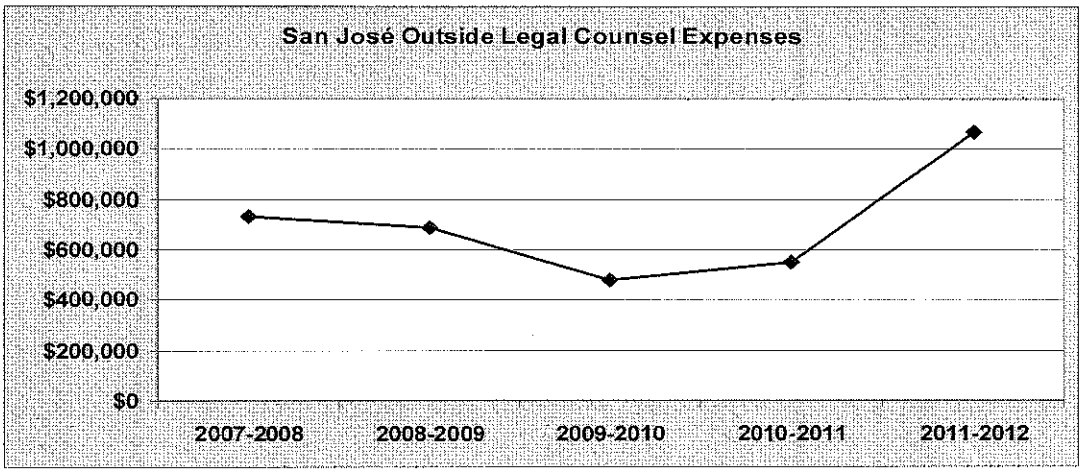
- ❒ City Business is Conducted Lawfully
- ❒ City's Interests are Protected and Advanced

Service Delivery Accomplishments

- The 2012 client survey results indicate that 88% of the respondents were satisfied with the overall legal services provided by the City Attorney's Office.
- Annual revenue collections have averaged $13.4 million over the past ten years; however, plaintiff cases handled by the Office in 2011-2012 generated only $10.4 million. Forecasting revenues on an annual basis is difficult due to the varying nature of cases. Reduced staffing has also limited the Office's ability to proactively pursue all collection matters, which may have partially contributed to the decreased revenue.

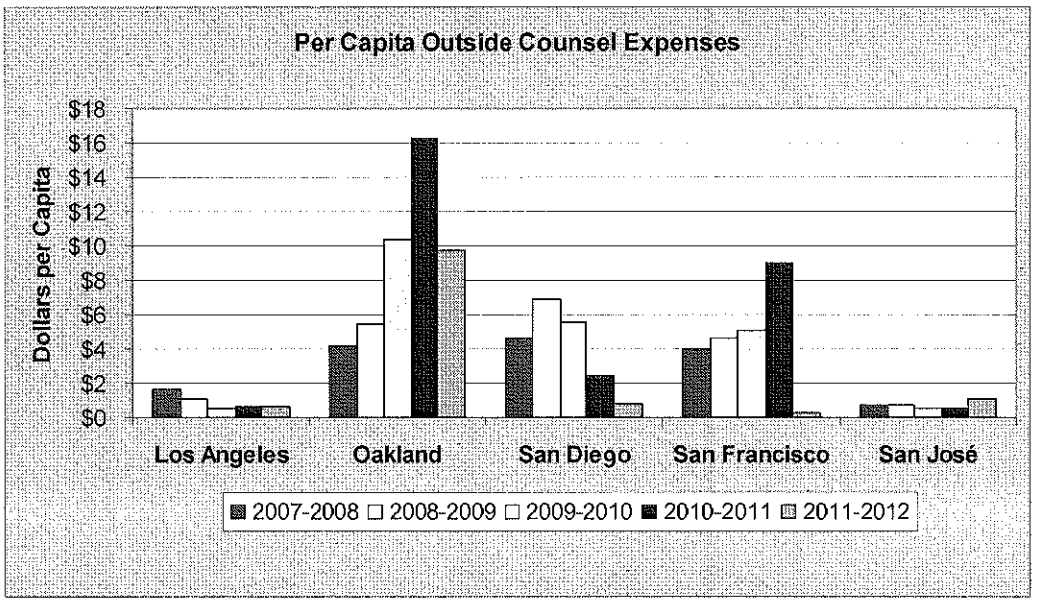


- Legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. However, the need for outside counsel services is steadily rising as a result of decreased staffing, increased volume of employment and labor related matters, and conflicts of interest. The Office spent over $1 million for outside counsel services in 2011-2012, a 94% increase from the prior year. In the table below, the increase from 2010-2011 to 2011-2012 was due primarily to an expenditure of $594,000 for legal services related to labor and fiscal reform implementation efforts.

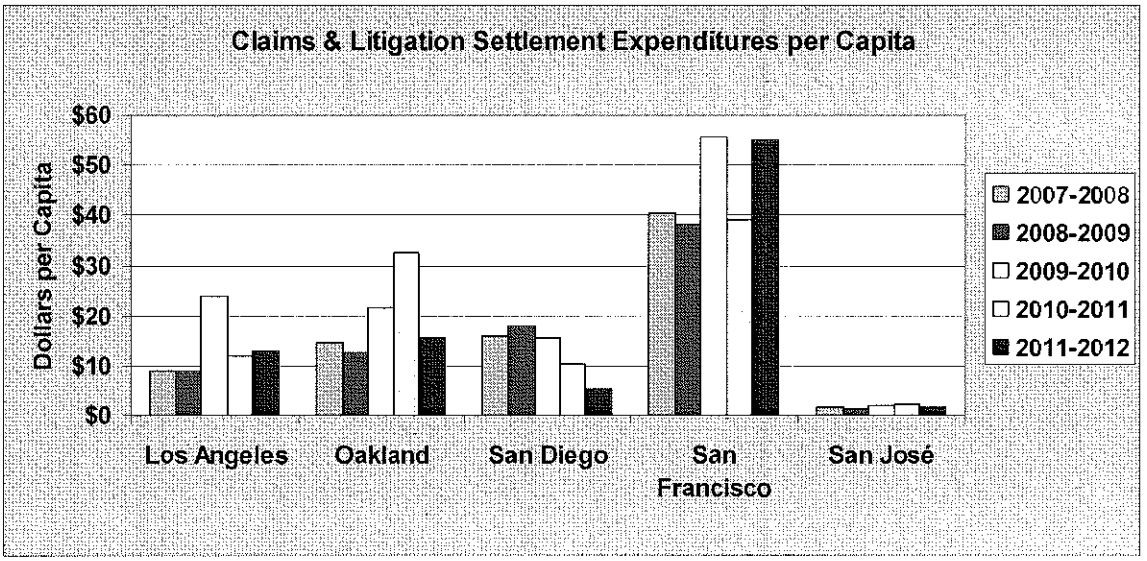


Service Delivery Accomplishments

- During 2011-2012, the City of San José paid significantly less for outside counsel than the cities of Los Angeles ($2.58 million) and Oakland ($3.86 million). At $1.07 million, the City of San José was comparable to the City of San Diego ($1.12 million) and much higher than the City and County of San Francisco ($193,000).



- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. Over the last five years, San José paid on average $1.8 million in annual settlement costs. The next lowest average annual payout was $7.8 million by the City of Oakland. Over the same period, the cities of Los Angeles, San Francisco, and San Diego, paid out annual averages of $51.7 million, $37.4 million, and $17.2 million, respectively.

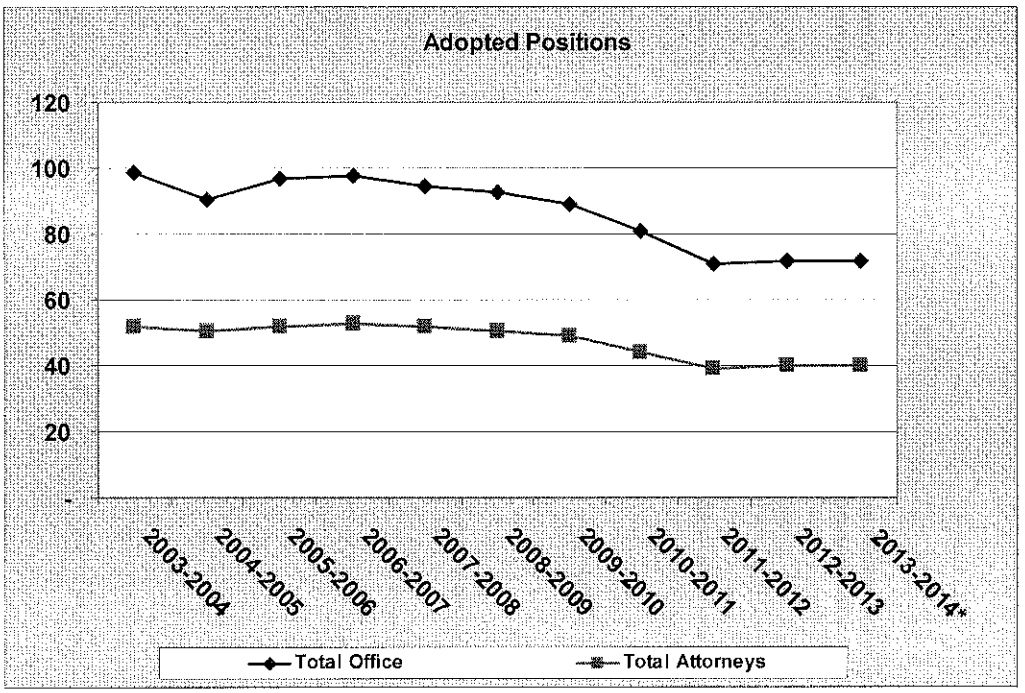


Service Delivery Accomplishments

- The development and implementation of an unpaid internship program for law students and attorneys newly admitted to the California State Bar has proven to be a mutual benefit to both the volunteers and the City. The interns and new attorneys are given an opportunity to gain practical experience, and the support provided to the Office assists with handling the high volume of work.
- Although the former San Jose Redevelopment Agency was dissolved in 2011-2012, the Office continues to provide legal services to support the Successor Agency of the San Jose Redevelopment Agency and to the Oversight Board in its ongoing dissolution activities.

Service Delivery Environment

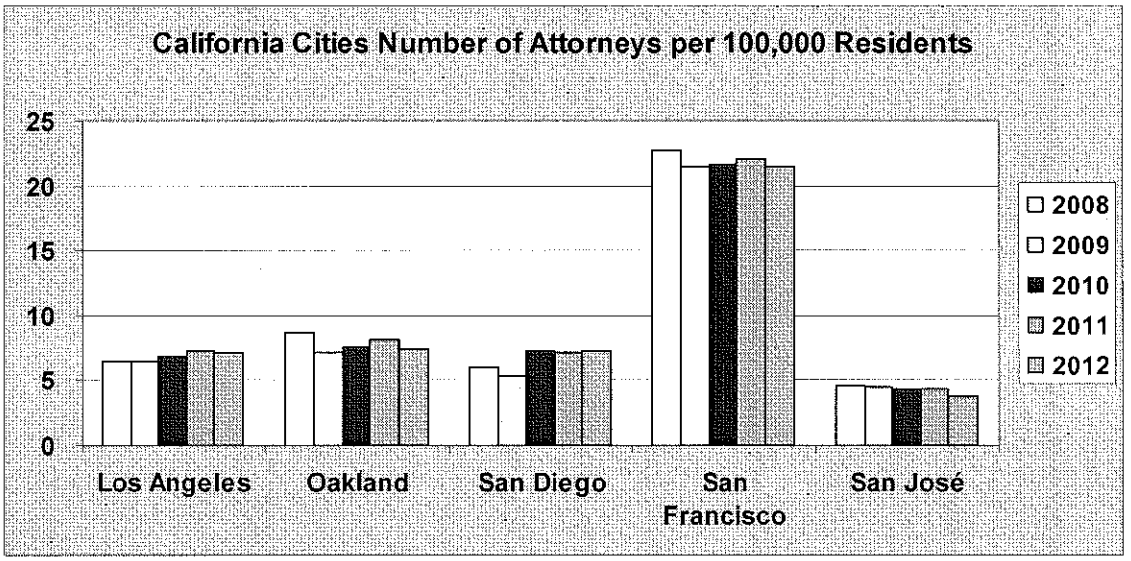
- The City Charter establishes the duties of the City Attorney's Office to represent the City, its Council, boards and commissions, and employees in all actions, and to provide advice to the same parties in all matters pertaining to their powers and duties. These are the Office's core services and fulfilling these legal obligations to the clients requires a level of staffing higher than the existing model.
- General Fund budget reduction actions implemented over the past several years decreased Office resources to bare minimum levels. Though staffing levels stopped decreasing in 2012-2013, demand for legal services has remained constant, with increases in demand for some practice areas. The Office will continue to rebalance workloads and assignments to meet high priority legal services demands.



* The 2013-2014 data reflects the Proposed Budget funding levels.

Service Delivery Environment

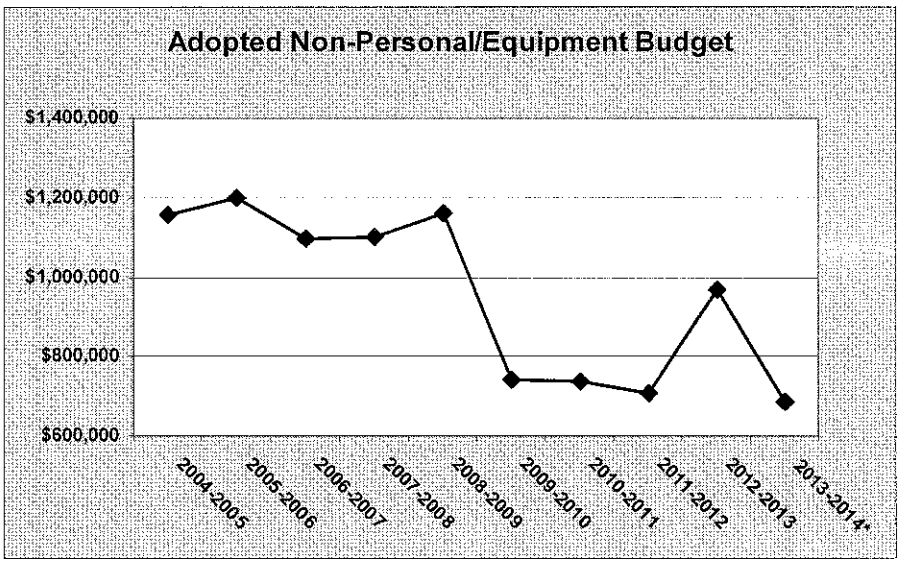
- Higher claims and litigation costs and settlement payments may continue to occur. The Office continues to have insufficient staff to proactively defend all lawsuits, which may affect the City's settlement positions. The lack of staff may also affect the City's ability to strategically prepare for trial and pretrial motions, and necessitates using outside counsel at a higher cost to the City to handle litigation matters traditionally handled in-house.
- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney's Office continues to be the lowest among the cities of Los Angeles, Oakland, and San Diego. San Francisco, as a city and a county, has many more attorneys than other California cities.



- In 2012-2013, the Office had 40 attorneys, which is 11.6 fewer attorneys than in 2007-2008. This 22 percent decrease in attorney positions over a 5-year period presented significant challenges for the Office in meeting the legal services demand.
- The Office has eliminated ten support staff positions since 2007-2008, a 24 percent decrease over the past five years. These reductions impacted daily operations, requiring the Office to initiate reassignments, modify processes, and reduce services internally. Restoring legal support staff positions is essential for the Office to strengthen its daily operations, and will allow attorneys to focus their efforts on performing legal work instead of administrative tasks. Analyst support for discovery, the preparation of administrative records, and public records act requests remains a critical need for the Office.

Service Delivery Environment

- The Non-Personal/Equipment appropriation was increased by $200,000 in 2012-2013, providing additional ongoing funding for outside counsel legal services related to labor litigation, advice to the City on Retirement Board issues, certain Public Records Act requests, and for other matters as necessary. In addition, a Chief Deputy City Attorney was added to decrease the Office's reliance on outside litigation counsel. For 2013-2014, the cost of that position ($283,000) has been offset by a reduction to Non-Personal/Equipment. The Office will continue to use outside expertise as efficiently as possible in order to manage costs.



* The 2013-2014 data reflects the Proposed Budget funding levels.

- The Office will continue to seek opportunities to streamline processes and will work with the Mayor, City Council, and other Council Appointees to identify areas where legal services can be modified so that the Office can control the legal workload, taking into consideration the reduced staffing level.

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

✓ Provide legal counsel at all City Council and Council Committee meetings, and certain meetings of major boards and commissions as necessary. The Office continues to provide staffing at all Planning Commission, Civil Service Commission, and Appeals Hearing Board Commission meetings.

✓ Perform legal research as necessary.

✓ Disruption in the municipal bond market continues to require extensive legal services to resolve financial issues that impact the City.

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

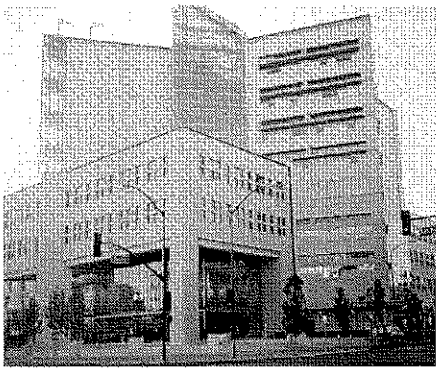
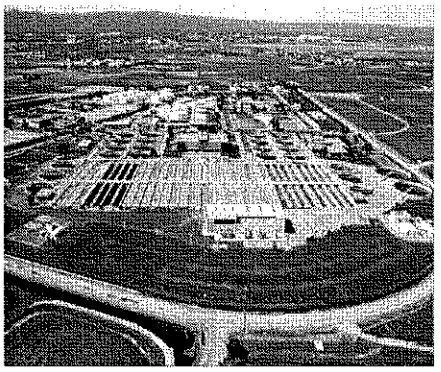
- ✓ Prepare and review certain legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform legislative analyses.
- ✓ Provide oral and written legal advice and opinions.
- ✓ Provide legal services to assist staff in addressing the fiscal challenges faced by the City, including analysis and implementation of revenue sources (e.g. taxes, assessments, and fees).
- ✓ Continued efforts at collaboration with third party partners for the provision of City services and operation of City facilities will require extensive legal work in negotiating and drafting agreements.
- ✓ Adoption and implementation of the Water Pollution Control Capital Program and the Sanitary Sewer System Capital Program will require significant planning and construction related legal services.
- ✓ Continue to monitor and coordinate with State and federal entities to prepare for actions that will allow implementation of future medical marijuana regulations.
- ✓ Respond, review, and coordinate complex Public Records Act requests.

OUTCOME 2: CITY'S INTERESTS ARE PROJECTED AND ADVANCED

- ✓ Initiate and defend lawsuits and other legal actions involving the City. Some high exposure and complex cases may need to be outsourced to outside counsel.
- ✓ Seek monetary damages on behalf of the City for matters where the debt is over $100,000.
- ✓ Provide legal representation at administrative hearings as staffing allows.
- ✓ Prosecute select municipal code violations to address serious health and safety concerns.
- ✓ Investigate and respond to claims filed against the City.
- ✓ Conduct and coordinate confidential internal City investigations.
- ✓ Considerable resources are dedicated to responding to increasingly complex discovery and public records requests involving electronic data.
- ✓ Significant legal resources will be necessary to implement the City's economic development strategy.

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Auditor

Mission: *To independently assess and report on City operations and services*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

- Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

Service Delivery Accomplishments

- Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified program efficiencies, revenue enhancements, and cost savings. In 2012-2013, the City Auditor's Office identified approximately $3.2 million in cost savings and revenue enhancements, achieving a ratio of about $1.70 in monetary benefits to every $1 of audit costs (Target: $4 to $1).
- During 2012-2013, the Office issued 18 audit reports, or approximately 1.7 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2012-2013 included:
    - 2011-2012 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities;
    - Consultant Agreements;
    - Deferred Compensation Program;
    - Environmental Services Department;
    - Fire Department Injuries;
    - Graffiti Abatement;
    - Office of Economic Development Performance Measures;
    - Santa Clara County Cities Association Expenditure Review;
    - Service Efforts and Accomplishments Report 2011-2012;
    - Staffing Reductions Audit;
    - Taxicab Service Model; and
    - Water Pollution Control Plant Master Agreements.
- The Office issued monthly audit status reports and semi-annual follow-up reports on outstanding audit recommendations to the Public Safety, Finance, and Strategic Support Committee.
- In addition, the Office provided oversight of external auditors regarding:
    - Audits of Parks and Recreation bonds, Library bonds, Public Safety bonds, and Parcel Tax funds;
    - City of San José 2012 Annual Financial Audit, Single Audit, and related financial audits; and
    - Semi-Annual Reviews for compliance with the City's Investment Policy.

Service Delivery Environment

- As the City continues to look for efficiencies in service delivery, the City Auditor's Office will continue its focus on searching for revenues and cost-savings opportunities, and will work with the City Manager's Office to target areas for audit that are likely to yield the most benefit.

Budget Dollars at Work: Performance Goals

OUTCOME 1: IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT

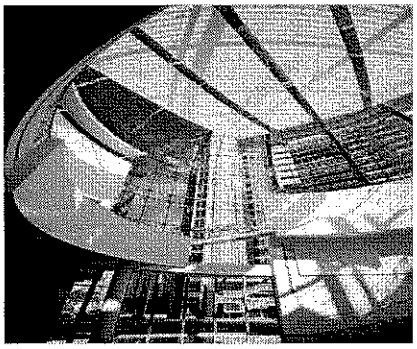
- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2013-2014 Audit Workplan will target City Council and other City Appointee concerns and areas identified in the City Auditor's City-Wide Risk Assessment model. The City Auditor will continue to focus on ways to reduce costs or increase revenues city-wide.

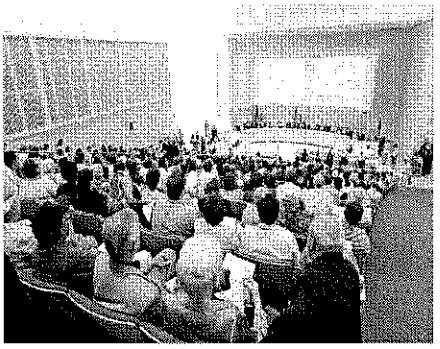
OUTCOME 2: PROVIDE INDEPENDENT, RELIABLE, ACCURATE, AND TIMELY INFORMATION TO THE CITY COUNCIL AND OTHER STAKEHOLDERS

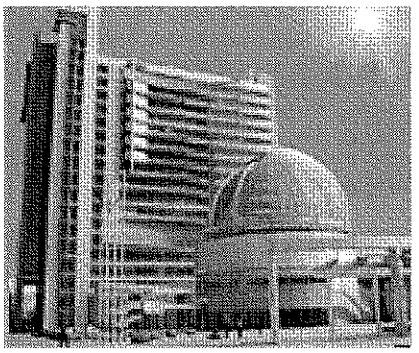
- ✓ Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. The 2012-2013 Audit Workplan was approved by the City Council in August 2012. The 2013-2014 Proposed Audit Workplan will be submitted to the Rules Committee in June 2013.
- ✓ Performance reporting. In December 2012 the Office published the City's fifth annual *Service Efforts and Accomplishments Report: 2011-12 Annual Report on City Government Performance.* The Office will continue this project in 2013-2014 and will continue to work with City staff on audit projects designed to improve the City's performance management and reporting systems as outlined in the 2009 report *Performance Management and Reporting in San Jose: A Proposal for Improvement.*
- ✓ Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30 and December 31 each year. Through December 2012, approximately 68% of the 647 recommendations made in the last ten years have been implemented.
- ✓ Continue to improve the website. The Office's website includes copies of audit reports issued by the Office since 1985 and links to the City Council Committee archive video of the hearings where available. The Office will continue to ensure that information on the site is current and relevant.

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Clerk







Mission: *Provide strategic support services and leadership to maximize public access to municipal government*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOME

- The Municipal Legislative Process is Accessible and Open to the Community

Service Delivery Accomplishments

The Office of the City Clerk continued to ensure that mandated services were provided in the most cost effective manner given the City's fiscal environment. In 2012-2013, the Office:

- Conducted elections for the Mayor, City Council Members, and ballot measures; worked with proponents of referenda and initiatives in accordance with the City Charter and the State Elections Code and maintained compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- Prepared and distributed Agenda packets, synopses, and action minutes of City Council and Rules and Open Government Committee meetings and posted them on the City's website. Prepared and distributed minutes for other City Council Committees and other entities such as the Successor Agency to the Redevelopment Agency (SARA), the Oversight Board, and the Financing Authority. All City Council and City Council Committee meetings were web-cast live, indexed, and archived for on-demand replay.
- Provided access to the City's legislative records and documents. Requests for the City's legislative records and related public documents were received and fulfilled under provisions of the California Public Records Act. The Municipal Code, City Charter, and Council Policy Manual were updated and posted on the City's website and all documents presented to the City Council were indexed for storage and retrieval and made available to the public.
- Provided fiscal, grant, budget, human resources, payroll, administrative, and technical support services for the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- Reviewed and executed all City contracts for administrative compliance and made them available for review.
- Provided transparent legislative services in accordance with Sunshine/Open Government Reforms, transitioning from more traditional labor and paper-intensive processes to online systems.
- Conducted employee elections to nominate employee representatives for appointment by the City Council to the Retirement Boards and Civil Service Commission. Conducted recruitment efforts and supported the City Council's selection of additional public members for the Retirement Boards; thus assisting in the implementation of governance reforms.
- Provided support for City Council appointments to Boards, Commissions, and Committees including orientation and training to new Commissions and Commissioners. Provided direct support to the Project Diversity Screening Committee and the Civil Service, Elections, 2011 Redistricting, and City Council Salary Setting Commissions.

Service Delivery Environment

The Office of the City Clerk continues to see heavy workload in all areas of Office operations. As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite service. Specific examples of trends, issues, and opportunities include:

- Continued work on new Open Government policies and procedures based on initiatives such as the "Reed Reforms" and recommendations from the Sunshine Reform Task Force, including disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Council members.
- The Office's need for an improved, less labor intensive process for creating and disseminating City Council meeting agendas and memoranda, as well as the need for improved technology to enhance the public's access to the City's legislative process and records.
- The increased demand for access to a wide variety of public records, including a rising community expectation for online access to candidate and committee campaign disclosure statements and lobbyist activity reports.

Service Delivery Environment

- Broadening of administrative services performed by the Office of the City while the number of staff is remaining constant. The Office posts agendas and minutes, addresses records management, and other support services for the Successor Agency to the Redevelopment Agency and the Oversight Board in addition to the administrative services already performed for the Mayor and City Council.

Budget Dollars at Work: Performance Goals

OUTCOME: THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY

The Office of the City Clerk has three strategic goals and objectives:

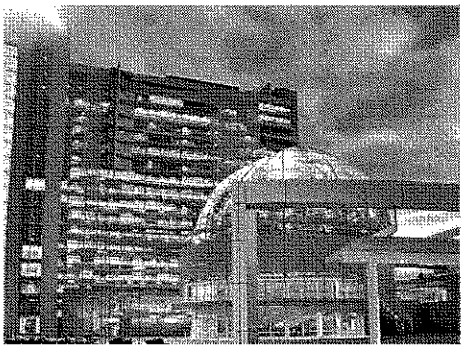
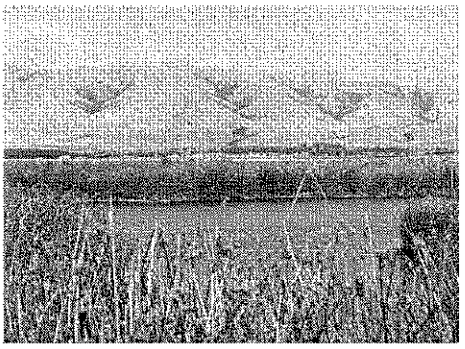
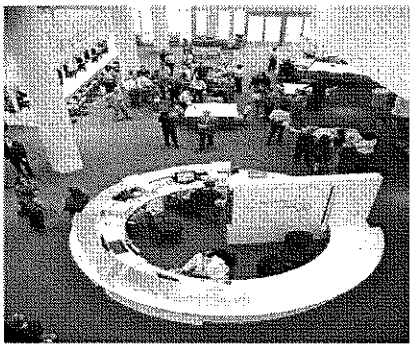
- ✓ Deploy technology resources effectively;
- ✓ Increase efficiency of service delivery; and
- ✓ Maintain high levels of customer service.

The Office of the City Clerk will provide services directly related to its outcome:

- ✓ Successfully conducting municipal elections for Mayor, City Council members, and ballot measures;
- ✓ Creating and distributing agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; preparing and distributing minutes for all other Council Committees;
- ✓ Posting all changes to the San José Municipal Code and the City Council Policy Manual on the web and publishing and distributing hard-copy supplements;
- ✓ Creating and maintaining a legislative history of City Council, Successor Agency, the Oversight Board, and related entities' actions; and indexing and filing all public records such that the records can be retrieved in a timely manner and the history is readily available;
- ✓ Conducting the recruitment, application, and selection processes for boards and commissions through the Project Diversity Screening Committee and directing City Council interview and appointment; and facilitating the City Council's appointment of public members to the Retirement Boards and the Civil Service Commission;
- ✓ Conducting employee and retiree elections for the employee and retiree members, as applicable, of both Retirement Boards and the Civil Service Commission;
- ✓ Providing administrative support services to the Elections Commission, Civil Service Commission, Council Salary Setting Commission, and the Project Diversity Screening Committee;
- ✓ Researching City Council actions and records from the adoption of the City Charter to the present;
- ✓ Providing administrative support for fiscal management, human resources administration, budgeting, grant administration, and procurements for the Mayor and City Council Offices; and
- ✓ Accepting and making available all Statements of Economic Interests campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council members (calendars, fundraising solicitations, and outside income disclosure).

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Manager

Mission: *Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs*

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

CSA OUTCOMES

- The Community Receives Customer-Focused, Results-Driven Services
- The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- Employees Understand, are Committed to, and Accountable for the City's Vision, and Have the Capacity to Achieve It

Service Delivery Accomplishments

A key focus over the past year for the Office of the City Manager was to continue to provide the leadership necessary to stabilize a significantly downsized organization while ensuring that ongoing services continue to be delivered with the highest standards of quality and customer service. After a decade of addressing General Fund shortfalls, the 2012-2013 budget showed some signs of improvement with a small General Fund surplus that was allocated through the budget process. This improvement enabled the City to address the most critical service delivery and infrastructure needs, open four libraries and a community center that were built with General Obligation Bonds, and set aside funds to address a projected shortfall in 2013-2014. While the budget has started to stabilize, the City Manager's Office continues to provide focused leadership in managing through the difficult transitions that have been necessary. The City Manager's Office is also consistently called upon to lead and/or manage unanticipated issues and projects of significant complexity. Following are highlights of the recent service delivery accomplishments.

- Development of the 2013-2014 budget, strategically investing in the most critical service needs while ensuring fiscal stability. As directed in the Mayor's March Budget Message approved by the City Council, the 2013-2014 Proposed Budget again incorporates a two-year approach to balancing the budget with the $2.6 million projected shortfall in 2013-2014 addressed with ongoing solutions and $13.7 million of one-time funds reserved in 2013-2014 to address the projected shortfall in 2014-2015. The three main themes that were central to the development of the 2013-2014 Proposed Budget include (1) budget/service level stability; (2) targeted investments to meet community needs; and (3) continue service delivery efficiencies and cost reduction/revenue strategies. The major actions focus on addressing the most immediate and critical of the City's unmet/deferred infrastructure needs, providing limited service enhancements including the opening new South San José Police Substation, continuing services funded on a one-time basis in 2012-2013, and implementing more efficient service delivery models, and establishing contingency plans to address the uncertainty related to the outcome of litigation related to various retirement reform efforts and the County's withholding of Successor Agency tax increment revenue.

- In May 2011, the City Council approved a Fiscal Reform Plan that provided direction to achieve cost savings and pursue revenues in order to restore City services to January 1, 2011 levels. Once the plan was approved by the City Council, the City Administration immediately embarked on the implementation of the plan, much of which required negotiations with the City's 11 bargaining units.

  On June 5, 2012, Measure B was overwhelmingly passed by San José voters. On June 12, 2012, the City Council approved the implementation of a second tier retirement benefit for new employees in the Federated City Employees' Retirement System and approved a new low cost healthcare plan. As part of Measure B, the elimination of the Supplemental Retiree Benefit Reserve (SRBR) was approved by the City Council and approved by the Retirement Boards in the valuations for Fiscal Year 2013-2014, which resulted in approximately $20 million in savings when combined with the changes to the low cost healthplan.

  In addition, a second tier retirement benefit and the elimination of sick leave payout upon retirement (tentative with the Association of Legal Professionals) was put in place for non-sworn employees hired on or after September 30, 2012 and a Tier 3, which is a defined contribution plan, was put into place for unrepresented employees in Unit 99 (hired on or after February 2013). Through further implementation of the Fiscal Reform Plan, the City will not only preserve essential City services and jobs, but anticipates building capacity within the organization to restore some of those services that have been eliminated in the past few years.

Service Delivery Accomplishments

- The City Administration continues to spearhead a workload prioritization effort to address the significant backlog of pending ordinances and policies created due to a high number of position eliminations. Working in collaboration with the City Attorney's Office, the City Administration was able to facilitate Council consideration and prioritization of the pending ordinances and policies in October 2012 and February 2013. The prioritization effort has helped staff focus on the priorities and successfully advance them within the available resources.

- The City Manager's Office continued engaging the City's senior, executive, and mid-level managers ensuring open dialogue and expectation-setting, providing support for managers in navigating the challenges in the difficult budget environment and significant downsizing and bumping. Engagement included weekly meetings with all Department heads, senior staff planning retreats, interactive sessions with the Department senior leadership teams (140+ people), and interactive sessions with managers and supervisors (400+ people).

- Although the organization has experienced significant contraction and turnover, the City Manager's Office continues to offer opportunities for employee development through programs like *Employee Mentoring*, which had 58 participants in fall 2012 and 46 participants in spring 2013, the revamped *Leadership and Supervision Academy,* and through participation in collaborative regional efforts like the *Santa Clara County Leadership Academy, a* cooperative of ten local agencies to offer a Leadership Academy for emerging leaders. The Administration also continued to foster innovation, encourage continuous improvement, and engage employees through *e-ideas*, a transparent web-based employee suggestion program.

- As the significance of ongoing organizational change resulted in both the prospect and reality of turnover in key leadership positions, the City Manager's Office ensured that transitions were handled strategically and with minimal disruption. In 2012-2013, the Office filled key leadership positions in Retirement Services, Finance, Environmental Services and the Library. Efforts continue to fill key leadership positions in Human Resources, Information Technology, Parks, Recreation and Neighborhood Services, Airport and the Police Department.

- The City Manager's Office led a city-wide project to implement a new Web Content Management System for both the City of San José website and intranet for employees. The website is one of the primary means for the public to obtain news and information about City services, issues, and transactions. Due to the new Web CMS, City staff can easily keep information current and accurate without needing specialized technical training and costly software upgrades. Approximately 100 employees participated in the website overhaul over a ten-month period, resulting in an easy-to-navigate website that provides people with more ways to connect with City Hall, stay informed about issues, and receive online service. The intranet web tools also enable enhanced internal communications and make it easier for non-technical users to contribute and maintain content.

- Staff is developing 11 Urban Village Plans, including the Diridon Station Area, West San Carlos Street, South Bascom Avenue, The Alameda, Five Wounds (consisting of four separate Plans), Stevens Creek Boulevard, Winchester Boulevard and the Santana Row/Valley Fair. All of these planning processes will be completed by the spring of 2014, with completion of some of them occurring this summer and fall. In addition, the City has received grant funding to develop a Village Plan for East Santa Clara Street, between City Hall and Coyote Creek, which will kick-off this summer and be completed by the fall of 2014. Planning staff are leading a multi-departmental City team to develop an Implementation and Financing Strategy for the Urban Village Plans to fund infrastructure and other improvements. This effort included conversations with over 25 representatives of the development community.

Service Delivery Accomplishments

- On January 29, 2013, the City Council adopted the Santa Clara Valley Habitat Conservation Plan and along with Santa Clara County, the City of Morgan Hill and the City of Gilroy formed a Joint Powers Authority (JPA) to oversee implementation of the Plan. Since January, staff from each of the Local Partner agencies (the four members of the JPA along with the Santa Clara Valley Water District and the Valley Transportation Authority) have been working with the Wildlife Agencies (US Fish and Wildlife Service and California Fish and Wildlife Department) to complete the necessary steps to begin implementation of the Plan, including incorporation into the Plan documents the clarifications identified by the San José City Council when the Plan was adopted. The Plan Governing Board is scheduled to conduct its first meeting on May 16, 2013, when it will consider various actions necessary to begin implementation of the Habitat Plan, including staff/consultant appointments and adoption of Plan mitigation fees. Based on these actions, the Plan is anticipated to become operative on October 1, 2013.

- On March 18, 2013, the City Council approved the 2012 Annual Green Vision Report and the 2013 Work Plan priorities and implementation framework. Progress on the Green Vision to date includes: 10,176 total clean tech jobs in San José; completion of 64 energy audits and 70 energy projects on municipal buildings; installation of 3,514 solar photovoltaic (PV) systems throughout San José with a total capacity of 47.8 MW; 6.7 million square feet of certified green buildings completed to date including 19 municipal buildings totaling 2 million square feet; continuation of the highest diversion rates in the nation, including a 73% overall diversion rate of solid waste from landfills; over 694 customers served by 130 miles of recycled water pipelines and the average daily use of 10.6 million gallons of recycled water, facility improvements underway including construction of the Silicon Valley Advanced Water Purification Center; $1.2 million in grants for Urban Village Planning to date; City fleet greenhouse gas emissions have been reduced by 41% compared to 2003 baseline; planted 2,031 new trees in 2012; 0.8 million kWh of electricity has been saved as a result of installing 2,497 smart light emitting diode (LED) streetlights in San José; and received over $10 million in grant funding for trails and on-street bike and pedestrian improvements.

- Intergovernmental Relations provided in a timely manner the necessary information to assist City officials and Departments in evaluating policy issues as they developed to allow decision makers the maximum opportunity to be informed, involved, and to influence the outcome and develop policy prior to policy adoption. Examples included the aftermath of the Governor's proposal to eliminate redevelopment and related "clean-up" legislation, and budgetary threats to COPS grant funding and the Enterprise Zone Program. Council adopted the 2012 Legislative Guiding Principles and Legislative Priorities which provided the City's lobbyists with direction in Sacramento and in Washington, D.C. The City also participated in a range of State level hearings to provide insight into policy issues effecting San José priorities.

- Public-Private Partnerships play an increasingly strategic role in sustaining and improving service delivery for San José residents and businesses. The City Manager's Office has taken a leading role in developing partnerships with corporations, banks, and foundations to pursue city-wide undertakings related to entrepreneurship and small business, youth programs, veteran services, workforce development, and neighborhood enhancement. Key partnerships opportunities that have been developed recently include those related to the development of the on-line permitting and business tax tool, small business support through a unique partnership with PayPal, the expansion of the banking collaborative to include also representatives from corporate philanthropy and community foundations, and support in the on-going development of Talent Bridge Partnership initiative. In addition, the City Manager's Office continues to provide oversight and guidance for the Non-Profit Strategic Engagement Platform relating to the approximate $25 million of financial assistance provided to community-based organizations.

Service Delivery Accomplishments

- Through March 2013, the City has been successful in utilizing more than $100 million in American Recovery and Reinvestment Act of 2009 (Recovery Act) funds to support a wide variety of projects, such as repaving the worst arterial streets in the City, investing in recycled water infrastructure and energy efficiency improvements, providing affordable housing, and offering job training support services to youths and adults. In the process, San José Recovery Act projects have created nearly 1,400 direct jobs over the past four years.
- On January 15, 2013, the City Council approved discontinuing the City's in-house service delivery model for Recycle Plus Billing and Customer Service and continue evaluating two alternative service delivery options, with a final recommendation to be brought forward to Council in spring 2013. Staff has initiated stakeholder outreach through an online community survey and meet and confer sessions with bargaining units representing affected City employees. Additionally, staff is collaborating with residential solid waste service providers to address potential concerns related to the two alternative service delivery options.

Service Delivery Environment

- During 2012-2013, the Administration continues to lead the organization through the impacts of the significant service reductions and the transition to new service delivery models. This included working closely with departments to stabilize operations and staffing while ensuring that ongoing services continued to be delivered with the highest achievable quality and customer service. In addition, General Fund budget adjustments were made to strategically position the City to address budget challenges anticipated in upcoming years.
- The City is or will be in negotiations with all 11 bargaining units for 2013-2014 over a variety of issues.
- The Administration is actively managing the City's budget to ensure the continued fiscal health of the City. As a result of the difficult budget actions in recent years as well as improving economic conditions, the City's budget has started to stabilize, with very small General Fund shortfalls and a surplus projected over the next five years. The 2013-2014 Proposed Budget addresses the small $2.6 million shortfall projected for 2013-2014 with ongoing solutions and sets aside a $13.7 million reserve to address the 2014-2015 shortfall projected in the February 2013 Forecast. The Administration closely monitors the City's revenues and expenditures, tracking performance during this slow economic recovery. In addition to monitoring economic trends, the Administration is actively involved in major factors that could impact the City's financial condition, including the outcome of litigation related to various retirement reform efforts and the County's withholding of Successor Agency tax increment revenue. It is important to note that the currently projected 2014-2015 shortfall does not take into account elements of the Fiscal Reform Plan that are not yet implemented, costs associated with restoring key services to January 1, 2011 levels; costs associated with the significant backlog of unmet/deferred infrastructure needs, or one-time revenues or expenditures.
- Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26. As specified in the legislation, Successor Agencies are charged with winding down operations and overseeing the dissolution process. On January 24, 2012, the City Council adopted Resolution No. 76128 documenting its decision to serve as the Successor Agency to the former Redevelopment Agency and the City Manager to serve as the Executive Director. In this capacity, the City Manager's Office provides leadership and direction, managing the multi-departmental transition team, and navigating through the complexities in dissolving an Agency. This transition team provides policy direction and recommendations while ensuring compliance with the applicable laws, timeliness of actions necessary set forth by the legislation, and balancing the implications to the City as the Successor Agency.

Budget Dollars at Work: Performance Goals

This section organizes the key goals and objectives of the City Manager's Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

OUTCOME 1: THE COMMUNITY RECEIVES CUSTOMER-FOCUSED, RESULTS-DRIVEN SERVICES

- ✓ Continue to focus on providing leadership necessary for organizational service changes that are transitioning the City into a smaller, more focused, more efficient, and more sustainable organization in the future.
- ✓ Continue to implement an aggressive communication plan for community outreach on organizational and service delivery changes.
- ✓ Continue organizational improvement efforts to change the way we do business, streamline processes, increase employee empowerment, and achieve results in an environment of constant change, increasing complexity, and constrained financial resources.
- ✓ Continue to work closely with the community, community-based agencies, faith-based organizations, law enforcement agencies, the County, State, and federal agencies, and youth on public safety issues.
- ✓ Continue to work with regional governance partners on Bay Area interagency issues.
- ✓ Continue to pursue public-private partnerships both directly with community and corporate partners as well as convening City departments and offices to confront and overcome obstacles to partnership development in a manner that facilitates future partnerships.

OUTCOME 2: THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS

- ✓ Bring forward a balanced budget for the General Fund and all other City funds that reflect City Council and community goals and help ensure fiscal stability.
- ✓ Expanding on the concepts in the Fiscal Reform Plan, begin efforts to map out additional long-term approaches to ensure sustainability of the City's services and infrastructure. Once the City's financial position stabilizes, it will be critical to ensure that policies are in place to manage growth and balance the following competing demands for resources: growth and expansion of services; employee compensation changes; short- and long-term infrastructure needs; addition of new services/programs; and budget reserves.
- ✓ Continue early budget engagement efforts in future budget cycles. February 2013 marked the seventh year of the Policy Priority Setting Sessions for the Community and the City Council.
- ✓ Continue to support the City Council on Sunshine Reform implementation.
- ✓ Continue to strengthen the City-County Partnership by meeting regularly with the County Executive, supporting meetings between key City and County elected officials, and focusing attention on possible shared services between the organizations.

Budget Dollars at Work: Performance Goals

OUTCOME 2: THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS

- ✓ Aggressively implement the Economic Strategy, including priority strategic goals and workplan actions identified by the City Council.
- ✓ Continue to engage the City Council in prioritizing Policies and Ordinances.
- ✓ Implement streamlined approaches for agenda management, including paperless distribution and use of technology and online agenda management services, as well as timely City Council Referral reports that support the ability to monitor and pace organization workload, reevaluate priorities periodically, and focus resources strategically.
- ✓ Continue investment in intergovernmental relations with the key focus on advocacy for the City's needs at the regional, State, and federal levels and training and coordinating departments to make San José's voice heard.

OUTCOME 3: EMPLOYEES UNDERSTAND, ARE COMMITTED TO, AND ACCOUNTABLE FOR, THE CITY'S VISION, AND HAVE THE CAPACITY TO ACHIEVE IT

- ✓ Despite extremely limited resources, continue to promote and develop organizational effectiveness throughout the City workforce. This will include focused efforts to support professional development and participation in issues of city-wide importance.
- ✓ Continue to engage the City Council on Green Vision implementation, including policy, advocacy and funding priorities. Recognizing the opportunity to seize a global market opportunity and ensuring San José's position as a model 21st century city, the City Council, in October 2007, adopted San José's Green Vision, a bold roadmap that is intended to model how innovation and environmental responsibility can strengthen economic opportunity and can, in fact, be a vital catalyst for spurring prosperity. Thus, success of the Green Vision will be measured by a triple bottom line: how it strengthens the regional economy, how it creates a more sustainable community, and how it enhances the quality of life for residents.
- ✓ Continue to make pursuing grants and partnerships a top priority given the significantly limited funding available for infrastructure and Green Vision initiatives.
- ✓ Continuing to pace the organization has become more important in day-to-day operations as the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services in an environment of increasing demands and decreasing resources. During 2013-2014, the City Manager will continue to provide the leadership and strategically target efforts to challenge the organization to continue developing innovative ways to deliver services, streamline operations, be more efficient, and eliminate redundancies.
- ✓ Continue to foster constructive and professional working relationships with the City's employee labor unions, especially during the difficult conversations in a concession environment.
- ✓ Continue to work with employees to develop the organization's capacity in civic engagement and make a difference in the civic life of our community.

Budget Dollars at Work: Performance Goals

OUTCOME 3: EMPLOYEES UNDERSTAND, ARE COMMITTED TO, AND ACCOUNTABLE FOR, THE CITY'S VISION, AND HAVE THE CAPACITY TO ACHIEVE IT

- ✓ In this difficult fiscal environment, it is imperative that communication continues between the City Manager and employees. This will occur through ongoing meetings with employee groups and communication to employees via StraightTalk meetings, Coffee Talk with the City Manager, field visits, e-mail notifications, and video streaming.

2013-2014

Operating Budget

City Departments/ Council Appointees

Airport Department

William Sherry, Director of Aviation

MISSION

To meet the air transportation needs of Silicon Valley residents and businesses in a safe, efficient, and cost-effective manner

City Service Area

Transportation and Aviation Services

Core Services

Airport Facilities Maintenance
Maintain all Airport facilities including public spaces, electrical and mechanical systems, grounds and landscaping; ensure compliance with applicable regulations for all construction performed by tenants on the Airport

Airport Operations
Day-to-day management and oversight of the Airport to ensure safe and efficient operations such as operation of the airfield, general aviation facilities, emergency planning and coordination, Airport Operations Center, badging and security coordination, parking facilities, shuttle operations, ground transportation, roadway/curbside enforcement programs, and Automatic Vehicle Identification system

Airport Planning and Development
Implement the Capital Improvement Program; plan and coordinate construction activities at the Airport, compliance with applicable federal, State, and local regulations and environmental requirements; coordinate with the Federal Aviation Administration, regional transportation planning agencies, and providers

Strategic Support: Communications, Air Service and Business Development, Human Resources, Financial Management, Property Management, Information Technology, Customer Service, and Training

Service Delivery Framework

Core Service		Key Operational Services
Airport Facilities Maintenance: *Maintain all Airport facilities including public spaces, electrical and mechanical systems, grounds and landscaping; ensure compliance with applicable regulations for all construction performed by tenants on the Airport*	⇔	• Airfield Maintenance • Roadway and Parking Maintenance Services • Building Services • Auxiliary Facilities
Airport Operations: *Day-to-day management and oversight of the Airport to ensure safe and efficient operations such as operation of the airfield, general aviation facilities, emergency planning and coordination, Airport Operations Center, badging and security coordination, parking facilities, shuttle operations, ground transportation, roadway/ curbside enforcement programs, and Automatic Vehicle Identification system*	⇔	• Airport Access • Compressed Natural Gas Station • Parking Operations • Shuttle Bus Management • Ground Transportation Operators • Terminal Operations • Security Operations • Safety Management • Airport Noise Management • Traffic Control and Curb Enforcement
Airport Planning and Development: *Implement the Capital Improvement Program; plan and coordinate construction activities at the Airport, compliance with applicable federal, State, and local regulations and environmental requirements; coordinate with the Federal Aviation Administration, regional transportation planning agencies, and providers*	⇔	• Airport Facility and Infrastructure Planning • Planning and Development Services for Terminals, Airfield, and Auxiliary Buildings • Airport Air, Land, and Water Management • Regulatory Compliance • Green Initiatives
Strategic Support: *Communications, Air Service and Business Development, Human Resources, Financial Management, Property Management, Information Technology, Customer Service, and Training*	⇔	• Public Information • Community Outreach • Information Technology • Employee Resources and Training • Financial Management • Air Service Development • Tenant Management

Department Budget Summary

Expected 2013-2014 Service Delivery

- Operate Norman Y. Mineta San José International Airport efficiently while meeting all regulatory requirements for security and safety.
- Develop and support air service to meet the needs of the Silicon Valley market in order to promote a strong economy and enhance community vitality.
- Deliver competitive, comfortable, convenient, reliable, and efficient services and amenities.
- Operate the Airport as a good neighbor and ensure environmental stewardship of resources.
- Continue to provide efficient and safe services for passengers, airlines, and tenants; regulatory compliance; priority maintenance and operations; and cost-effective operation of the Airport's shared-use model.

2013-2014 Budget Actions

- Norman Y. Mineta San José International Airport (SJC) will continue to compete for air service by keeping costs to airlines at competitive levels while offering exceptional service and modern facilities. The 2013-2014 Airport Budget successfully balances costs and service delivery.
- Contractual services funding for 2013 Airports Council International - North America (ACI-NA) Annual Conference and Exhibition in September 2013 is recommended. SJC is hosting the conference in partnership with Team San Jose, San José Convention and Visitors Bureau, and Hotel Business Improvement District.
- Efforts to retain and grow air service destinations, carriers, flights, and passengers levels with staff dedicated to air service development efforts will continue and be enhanced in 2013-2014.
- Critical operations staffing to meet customer demand and comply with all Federal Aviation and Transportation Security Administration regulations and ensure the safety and security of the airport is included.
- Business development efforts with a focus on increasing revenue generation opportunities and programs will be enhanced.

Operating Funds Managed

- Airport Customer Facility and Transportation Fee Fund
- Airport Fiscal Agent Fund
- Airport Maintenance and Operation Fund
- Airport Revenue Fund
- Airport Surplus Revenue Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Airport Customer Service*	$ 43,027,868	$ 0	$ 0	$ 0	N/A
Airport Environmental Mgmt*	1,094,342	0	0	0	N/A
Airport Facilities Maintenance*	0	20,690,590	19,936,421	19,936,421	(3.6%)
Airport Operations*	0	23,323,913	22,406,524	22,406,524	(3.9%)
Airport Planning & Dev*	0	2,456,028	2,702,432	2,702,432	10.0%
Community Air Service*	567,463	0	0	0	N/A
Strategic Support	12,962,211	14,283,957	13,217,532	13,292,532	(6.9%)
Total	**$ 57,651,884**	**$ 60,754,488**	**$ 58,262,909**	**$ 58,337,909**	**(4.0%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 22,717,929	$ 23,682,264	$ 24,926,631	$ 24,926,631	5.3%
Overtime	322,436	339,959	339,959	339,959	0.0%
Subtotal	$ 23,040,365	$ 24,022,223	$ 25,266,590	$ 25,266,590	5.2%
Non-Personal/Equipment	34,611,519	36,732,265	32,996,319	33,071,319	(10.0%)
Total	**$ 57,651,884**	**$ 60,754,488**	**$ 58,262,909**	**$ 58,337,909**	**(4.0%)**
Dollars by Fund					
Airport Cust Fac/Trans Fee	$ 4,714,099	$ 2,415,512	$ 2,376,911	$ 2,376,911	(1.6%)
Airport Maint & Oper	52,813,579	58,338,976	55,885,998	55,960,998	(4.1%)
Capital Funds	124,206	0	0	0	N/A
Total	**$ 57,651,884**	**$ 60,754,488**	**$ 58,262,909**	**$ 58,337,909**	**(4.0%)**
Authorized Positions by Core Service					
Airport Customer Service*	136.25	0.00	0.00	0.00	N/A
Airport Environmental Mgmt*	6.15	0.00	0.00	0.00	N/A
Airport Facilities Maintenance*	0.00	65.00	64.00	64.00	(1.5%)
Airport Operations*	0.00	49.00	51.00	51.00	4.1%
Airport Planning & Dev*	0.00	15.00	16.00	16.00	6.7%
Community Air Service*	1.50	0.00	0.00	0.00	N/A
Strategic Support	61.10	55.00	56.00	56.00	1.8%
Total	**205.00**	**184.00**	**187.00**	**187.00**	**1.6%**

* The Airport Customer Service, Airport Environmental Management, and Community Air Service Core Services were eliminated as part of the 2012-2013 Adopted Budget. Funding previously included in these core services are displayed in the Airport Facilities Maintenance, Airport Operations, and Airport Planning & Development Core Services.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)
Prior Year Budget (2012-2013):	**184.00**	**60,754,488**
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
• Airport Councils International World/North American Conference Funding		(35,300)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(35,300)**
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes and the following position reallocations: - 1.0 Engineer II to 1.0 Associate Engineer - 1.0 Information Systems Analyst to 1.0 Network Engineer - 2.0 Maintenance Worker I to 2.0 Maintenance Worker II - 1.0 Senior Painter to 1.0 Painter - 1.0 Senior Engineering Technician to 1.0 CADD Technician		961,689
• Airport Staffing Needs (City Council approval - January 29, 2013) - 1.0 Air Service Development Manager - 2.0 Airport Operations Supervisor - 1.0 Division Manager to 1.0 Deputy Director - 2.0 Office Specialist II to 2.0 Senior Airport Operation Specialist	3.00	258,553
• Position reallocation for Planning and Development Division - 1.0 Network Engineer to 1.0 Information Systems Analyst	0.00	24,125
• Line of credit and commercial paper program fee revisions		(1,074,082)
• Ground transportation dispatch and service contract savings		(885,722)
• Lounge operator contract savings		(600,000)
• Customer cart and oversize baggage delivery contract savings		(275,000)
• Baggage systems parts cost savings		(100,000)
• Parking operator and system maintenance cost savings		(89,953)
• Technology contract cost savings		(67,844)
• Parking and rental car shuttle bus management and maintenance cost savings		(60,728)
• Supplies, postage, printing, training categories expenditure adjustments		(110,194)
• Water and garbage expenditure savings		(18,700)
• Business Development contract savings		(15,000)
• Annualization of Curbside Management contractual services		170,000
• Facility operation and maintenance agreement adjustments		134,500
• Airport Concessions Disadvantaged Business Enterprise Program contract increase		119,000
• Financial consultant service agreement adjustments		50,000
• Operations service and maintenance agreement adjustments		43,861
• Curbside Management contractual services increase		30,378
• Compressed Natural Gas station maintenance and taxes adjustments		19,289
• EcoPass program cost increase		9,900

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
• Private security services contract increase		4,809
• Changes in gas and electricity costs		(972,600)
• Changes in insurance costs		(75,560)
• Changes in vehicle maintenance and operation costs		63,000
Technical Adjustments Subtotal:	**3.00**	**(2,456,279)**
2013-2014 Forecast Base Budget:	**187.00**	**58,262,909**
Budget Proposals Recommended		
1. Airport Councils International - North America Conference Funding		75,000
Total Budget Proposals Recommended	**0.00**	**75,000**
2013-2014 Proposed Budget Total	**187.00**	**58,337,909**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)
1. **Airport Councils International - North America Conference Funding**		75,000

Transportation and Aviation Services CSA
Strategic Support

This action adds one-time contractual services funding of $75,000 for the 2013 Airport Councils International - North America (ACI-NA) Annual Conference and Exhibition which will be held at the San José Convention Center from September 23, 2013 through September 25, 2013. The ACI-NA Annual Conference is the premier event in the aviation industry and will be hosted by the Norman Y. Mineta San José International Airport (SJC). The event will provide an opportunity to showcase SJC to airport industry professionals including business leaders, airline executives, and government officials from all over the world. The total event cost is estimated at $175,000 and this action adds funding of $75,000 to the existing appropriation of $100,000 to cover Airport's conference expenses. Additionally, this conference will be funded through a joint public-private partnership with SJC, Team San Jose, San José Convention and Visitors Bureau, and Hotel Business Improvement District contributing resources. This type of support for large events is provided since it is estimated that over 5,100 hotel rooms will be booked as part of this three-day conference. (Ongoing costs: $0)

Performance Results:
Customer Satisfaction It is projected that the conference will generate an estimated economic benefit to the region of $3.9 million in local spending and help drive future business to the Convention Center. This action supports the percentage of customers reporting satisfaction with availability of flights and destinations that meet their travel needs as this conference may present air service development opportunities by demonstrating to the estimated 2,000 attendees the advantages of having airline routes to and from SJC due to the close proximity to the region's high-tech businesses and its new facilities. Adding new air service will increase flight options for business and leisure travelers and promote tourism for the region. New domestic and international flights will generate millions of dollars of economic benefit through hotel rooms, meals, car rentals, and shopping.

2013-2014 Proposed Budget Changes Total	**0.00**	**75,000**

Performance Summary

Airport Facilities Maintenance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of residents rating the physical condition of the Airport as good or excellent	N/A*	90%	N/A*	90%
% of customers/passengers rating the general Cleanliness of the Public Terminal Areas as good to excellent	94.1%	90%	N/A**	90%
% of preventive maintenance work orders completed***	N/A	TBD	TBD	TBD

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

** Data for this measure is collected through the Airport-Wide Customer Web-Site Survey. The survey, which was conducted in 2011-2012, was suspended in 2012-2013 due to limited resources.

*** Data for this measure is unavailable because the Computerized Maintenance Management System (CMMS) does not track completed work orders for all types of preventative maintenance projects. Airport does not have the resources needed to correct CMMS at this time.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of facilities maintenance work orders completed	16,167	1,400	14,000	17,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Airport Operations

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of customers/passengers rating their perception of Safety and Security at the Airport as good or excellent	90.7%	90%	N/A*	90%
% of on-time flights	87.8%	TBD	84.9%	85.0%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- \+ "% of on-time flights" was added to demonstrate the high performance and efficiency of operations.
- × "% of residents rating the Airport as a good environmental neighbor" was deleted as the measure was developed to monitor impact of the Acoustical Treatment (ACT) Program, Traffic Mitigation Projects, and the Master Plan. This program is now complete.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of annual operations (take offs and landings)	120,105	119,711	120,000	121,373
Total number of environmental noise complaints	856	N/A	800	800
Total number of non-compliant curfew intrusions	14	20	30	30

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- \+ "Total number of annual operations (take offs and landings)" was moved to the Airport Operations Core Service from the Strategic Support Core Service.
- \+ "Total number of environmental noise complaints" was added to demonstrate the number of calls received by the Airport Noise Abatement Office. In 2011-2012, 30% of the calls were made by two individuals in two months.
- × "Compliant operations as a percentage of total Airport operations" was deleted as the number of non-compliant operations will always be small compared to all other operations. Information on noise and curfew issues is available on the Airport's Website.

Performance Summary

Airport Planning and Development

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of capital projects contingent upon grant funding	N/A	N/A	21.0%	56.5%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

+ "% of capital projects contingent upon grant funding" was added to indicate the performance and development services associated with the Airport Capital Program.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Airport Capital Program				
- Construction	$25.99M	$46.40M	$45.40M	$16.00M
- Non-Construction Projects	$1.08M	$1.45M	$1.09M	$1.13M
Percent of total Airport waste recycled	85.7%	85.0%	89.0%	90.0%

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Air service market share	13.5%	14.0%	13.5%	14.0%
Airline cost per enplaned passenger*	$12.29	$11.95	$12.41	$11.76
% of customers reporting satisfaction with availability of flights and destinations that meet their travel needs	N/A**	90%	N/A**	90%
% of residents reporting satisfaction with the quality and variety of Airport shops and restaurants	N/A**	85%	N/A**	85%
% of customers/passengers rating overall Customer Service in food and beverage shops as good or excellent	84.9%	85%	N/A***	85%
% of customers/passengers rating the overall Customer Service in retail shops as good or Excellent	85.2%	85%	N/A***	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Enplaned passengers are those passengers boarding an aircraft in scheduled service, including originating, stop-over, or connecting service.

** Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

*** Data for this measure is collected through the Airport-Wide Customer Web-Site Survey. The survey, which was conducted in 2011-2012, was suspended in 2012-2013 due to limited resources.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total airline cost	$51.28M	$49.9M	$52.0M	$50.0M
Total regional air service market (passengers)	60.95M	60.9M	62.0M	63.8M
Total number of annual Airport passengers	8.26M	8.27M	8.30M	8.43M

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

× "Total number of annual operations (take offs and landings)" was moved to Airport Operations from Strategic Support.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accountant II	1.00	1.00	-
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	4.00	4.00	-
Air Service Development Manager	0.00	1.00	1.00
Airport Equipment Mechanic	6.00	6.00	-
Airport Maintenance Supervisor	4.00	4.00	-
Airport Operations Manager	4.00	4.00	-
Airport Operations Superintendent	5.00	5.00	-
Airport Operations Supervisor	12.00	14.00	2.00
Analyst II	5.00	5.00	-
Assistant Director of Aviation	1.00	1.00	-
Assistant to the Director	1.00	1.00	-
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Engineer	0.00	1.00	1.00
Associate Engineering Technician	2.00	2.00	-
Building Management Administrator	1.00	1.00	-
CADD Technician	0.00	1.00	1.00
Contract Compliance Coordinator	1.00	1.00	-
Deputy Director of Aviation	4.00	5.00	1.00
Director of Aviation	1.00	1.00	-
Division Manager	2.00	1.00	(1.00)
Electrician	5.00	5.00	-
Engineer II	2.00	1.00	(1.00)
Environmental Services Specialist	1.00	1.00	-
Facility Repair Worker	4.00	4.00	-
Geographic Systems Specialist II	1.00	1.00	-
Information Systems Analyst	1.00	1.00	-
Maintenance Contract Supervisor	1.00	1.00	-
Maintenance Supervisor	1.00	1.00	-
Maintenance Worker I	13.00	11.00	(2.00)
Maintenance Worker II	5.00	7.00	2.00
Marketing and Public Outreach Representative II	1.00	1.00	-
Network Engineer	2.00	2.00	-
Network Technician II	2.00	2.00	-
Office Specialist I/II	6.00	4.00	(2.00)
Painter	2.00	3.00	1.00
Principal Accountant	1.00	1.00	-
Program Manager I	1.00	1.00	-
Program Manager II	5.00	5.00	-
Property Manager II	4.00	4.00	-
Senior Account Clerk	5.00	5.00	-
Senior Accountant	4.00	4.00	-
Senior Airport Equipment Mechanic	1.00	1.00	-
Senior Airport Operations Specialist	19.00	21.00	2.00
Senior Analyst	6.00	6.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Senior Electrician	1.00	1.00	-
Senior Electronic Systems Technician	1.00	1.00	-
Senior Engineer	2.00	2.00	-
Senior Engineering Technician	4.00	3.00	(1.00)
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Maintenance Worker	3.00	3.00	-
Senior Office Specialist	2.00	2.00	-
Senior Painter	1.00	0.00	(1.00)
Senior Planner	1.00	1.00	-
Senior Systems Applications Programmer	2.00	2.00	-
Senior Warehouse Worker	1.00	1.00	-
Sign Shop Technician	1.00	1.00	-
Staff Specialist	7.00	7.00	-
Supervising Applications Analyst	2.00	2.00	-
Supervising Property Manager	1.00	1.00	-
Supervisor, Trades	1.00	1.00	-
Warehouse Supervisor	1.00	1.00	-
Total Positions	**184.00**	**187.00**	**3.00**

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Attorney

Richard Doyle, City Attorney

MISSION

The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City, with the goal of protecting and advancing its interests in serving the people of San José

City Service Area

Strategic Support

Core Services

Legal Representation
Advocate, defend, and prosecute on behalf of the City's interests

Legal Transactions
Provide oral and written advice on legal issues and prepare documents to implement official City actions

Strategic Support: Office Management and Analysis, Fiscal Control/Budget Preparation, Personnel Administration/Human Resources, Computer Network Management, Facility Management, Records and File Maintenance, Law Library Maintenance, and Contract Administration

Service Delivery Framework

Core Service		Key Operational Services
Legal Representation: *Advocate, defend, and prosecute on behalf of the City's interests*	⇔	• Provide Legal Representation for the City, including its Officials and Employees • Prosecute Criminal Proceedings involving Violations of the San José Municipal Code • Pursue Litigation to Abate Nuisances and eliminate Unfair Business Practices to ensure Public Health and Safety • Provide Legal Representation before State, Federal, and Appellate Courts, and various Agencies and Boards • Provide Pre-Litigation Advice and Counsel to avoid Litigation and to protect the City's Interests should Litigation occur • Retain, coordinate, and supervise outside Legal Counsel
Legal Transactions: *Provide oral and written advice on legal issues and prepare documents to implement official City actions*	⇔	• Preparation of Ordinances, Resolutions, Permits, Contracts, and other Legal Documents • Provision of oral and written legal Counsel and Advice • Performance of legal Research
Strategic Support: *Office Management and Analysis, Fiscal Control/Budget Preparation, Personnel Administration/Human Resources, Computer Network Management, Facility Management, Records and File Maintenance, Law Library Maintenance, and Contract Administration*	⇔	• Office Management and Analysis • Fiscal Control/Budget Preparation • Personnel Administration/Human Resources • Records and File Maintenance • Information Systems Management • Facility Management • Law Library Maintenance • Contract Administration City Council Agenda Documentation Coordination

Department Budget Summary

Expected 2013-2014 Service Delivery

- The City Attorney's Office will continue to comply with legal requirements while facing the challenge of meeting legal services demand that is largely driven by outside factors. As litigation matters principally originate from claims and lawsuits filed by plaintiffs, and transactional legal assignments are generated by City Council direction and department requests, the Office must comply with legal requirements while managing unpredictable fluctuations in demand.
- Transactional legal services will continue to be delivered by the Office but will be triaged with priority given to matters that present the greatest risk of loss to the City or have the potential for increasing revenue. Low priority assignments will be performed as time allows.
- Litigation services will be provided as broadly and efficiently as possible given the current staffing level. The net loss of litigation attorney positions, as well as experienced litigators, over the past few years has resulted in decreased service levels and a greater reliance on outside counsel.
- Legal services are required and will be provided to wind down the business affairs of the former Redevelopment Agency through its Successor Agency and Oversight Board, including the disposition of assets and enforceable obligations.
- Due to the increased volume of employment and labor related matters and conflicts of interest, outside legal counsel will continue to be utilized to handle some of these matters.
- Significant legal resources are dedicated to collecting, reviewing, and responding to time-sensitive Public Records Act requests, which continue to increase in numbers and complexity.

2013-2014 Budget Actions

- Restored funding of a Senior Deputy City Attorney, Legal Analyst II, 0.5 Deputy City Attorney and 0.5 Legal Administrative Assistant on an ongoing basis to provide legal services on issues related to medical marijuana is recommended. These positions provide both litigation and transactional services, including monitoring legislation, providing legal advice, initiating enforcement activities, and providing litigation services required to defend the City against anticipated legal challenges.
- Restored funding of a Senior Deputy City Attorney and Legal Analyst II on an ongoing basis is included. These positions will be available to assist with legal support related to the Successor Agency for the San Jose Redevelopment Agency and the Oversight Board, increased legal transactional services to General Fund departments, and Fiscal Reform Plan, as needed and appropriate.
- Restored funding of a Senior Deputy City Attorney and Legal Analyst II through June 30, 2014 will provide legal support for the Water Pollution Control and Sanitary Sewer Capital Improvement Programs.

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Legal Representation	$ 5,665,365	$ 6,214,347	$ 5,634,420	$ 5,932,209	(4.5%)
Legal Transactions	5,971,719	7,312,867	6,473,599	7,406,038	1.3%
Strategic Support	1,433,001	1,119,652	1,205,922	1,205,922	7.7%
Total	**$ 13,070,085**	**$ 14,646,866**	**$ 13,313,941**	**$ 14,544,169**	**(0.7%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 12,635,533	$ 13,679,186	$ 12,629,261	$ 13,859,489	1.3%
Overtime	9,448	0	0	0	N/A
Subtotal	$ 12,644,981	$ 13,679,186	$ 12,629,261	$ 13,859,489	1.3%
Non-Personal/Equipment	425,104	967,680	684,680	$ 684,680	(29.2%)
Total	**$ 13,070,085**	**$ 14,646,866**	**$ 13,313,941**	**$ 14,544,169**	**(0.7%)**
Dollars by Fund					
General Fund	$ 10,832,061	$ 12,114,436	$ 11,131,753	$ 11,975,897	(1.1%)
Airport Maint & Oper	528,505	582,728	609,293	609,293	4.6%
Comm Dev Block Grant	5,593	45,305	45,892	45,892	1.3%
Federated Retirement	54,747	0	0	0	N/A
Home Invest Partnership	7,894	59,887	51,795	51,795	(13.5%)
Housing Trust Fund	20,152	30,233	27,376	27,376	(9.4%)
Integrated Waste Mgmt	32,935	36,985	40,978	40,978	10.8%
Low/Mod Income Housing	347,302	0	0	0	N/A
Low/Mod Income Hsg Asset*	163,644	536,305	573,402	573,402	6.9%
Multi-Source Housing	60,137	110,000	107,477	107,477	(2.3%)
Sewer Svc & Use Charge	411,526	478,857	426,615	426,615	(10.9%)
SJ/SC Treatment Plant Oper	105,150	108,305	96,164	96,164	(11.2%)
Workforce Investment Act	153,439	175,360	203,196	203,196	15.9%
Capital Funds	347,000	368,465	0	386,084	4.8%
Total	**$ 13,070,085**	**$ 14,646,866**	**$ 13,313,941**	**$ 14,544,169**	**(0.7%)**
Authorized Positions by Core Service					
Legal Representation	30.00	31.40	28.50	30.50	(2.9%)
Legal Transactions	33.55	33.60	29.40	34.40	2.4%
Strategic Support	7.45	7.00	7.10	7.10	1.4%
Total	**71.00**	**72.00**	**65.00**	**72.00**	**0.0%**

* This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**72.00**	**14,646,866**	**12,114,436**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Medical Marijuana Program (1.0 Legal Analyst II, 1.0 Senior Deputy City Attorney, 0.50 Legal Administrative Assistant, 0.50 Deputy City Attorney)	(3.00)	(556,301)	(556,301)
• Environmental Services and Public Works Capital Projects (1.0 Senior Deputy City Attorney, 1.0 Legal Analyst II)	(2.00)	(368,465)	0
• Legal Support Staffing (1.0 Senior Deputy City Attorney, 1.0 Legal Analyst II)	(2.00)	(328,467)	(328,467)
One-time Prior Year Expenditures Subtotal:	**(7.00)**	**(1,253,233)**	**(884,768)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		203,308	185,085
• Litigation Staffing (Non-Personal/Equipment reduction to offset cost of 1.0 Chief Deputy City Attorney)		(283,000)	(283,000)
Technical Adjustments Subtotal:	**0.00**	**(79,692)**	**(97,915)**
2013-2014 Forecast Base Budget:	**65.00**	**13,313,941**	**11,131,753**
Budget Proposals Recommended			
1. Medical Marijuana Program*	3.00	493,761	493,761
2. Environmental Services and Public Works Capital Projects Legal Staffing	2.00	386,084	0
3. Legal Support Staffing*	2.00	350,383	350,383
Total Budget Proposals Recommended	**7.00**	**1,230,228**	**844,144**
2013-2014 Proposed Budget Total	**72.00**	**14,544,169**	**11,975,897**

* Ongoing implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Medical Marijuana Program*	**3.00**	**493,761**	**493,761**

Strategic Support CSA
Legal Representation
Legal Transactions

This action restores funding for 1.0 Legal Analyst II, 1.0 Senior Deputy City Attorney, 0.5 Legal Administrative Assistant, and 0.5 Deputy City Attorney on an ongoing basis. These positions provide litigation and transactional services related to the Medical Marijuana Program, including legislation monitoring, providing litigation services required to defend the City against anticipated legal challenges. (Ongoing costs: $493,760)

Performance Results:
Quality, Cost This action allows for the continuation of legal services to support the Medical Marijuana Program.

2. Environmental Services and Public Works Capital Projects Legal Staffing	**2.00**	**386,084**	**0**

Strategic Support CSA
Legal Transactions

This action restores funding through June 30, 2014 for 1.0 Senior Deputy City Attorney and 1.0 Legal Analyst II. These positions provide legal support to the Water Pollution Control and Sanitary Sewer Capital Improvement Programs, and will be funded 80% from the San José-Santa Clara Treatment Plant Capital Fund and 20% from the Sewer Service and Use Charge Capital Improvement Fund. (Ongoing costs: $0)

Performance Results:
Cost This action aligns funding for legal services with the associated capital programs. Legal staff will be dedicated in accordance with the designated funding level to support these programs.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Legal Support Staffing*	**2.00**	**350,383**	**350,383**

Strategic Support CSA
Legal Transactions

This action restores funding for 1.0 Senior Deputy City Attorney and 1.0 Legal Analyst II on an ongoing basis. These positions provide legal support related to the Successor Agency for the Redevelopment Agency of the City of San José (SARA) and the Oversight Board, increase capacity for legal transactional services to various General Fund departments, and provide support related to fiscal reform, as needed and appropriate. (Ongoing costs: $350,380)

Performance Results:
Quality This action provides additional funding for legal support for the SARA and the Oversight Board, legal transactional services, and fiscal reform, as needed and appropriate.

2013-2014 Proposed Budget Changes Total	**7.00**	**1,230,228**	**844,144**

* Ongoing implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Legal Representation

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of time final case results are within staff analyses and/or recommendations	90%	90%	90%	90%
Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices				
- City Attorney's Office average hourly rate	$133	$133	$134	$134
- Outside Legal Counsel average hourly rate	$480	$480	$490	$490
% of time client is timely informed of significant developments in a case	70%	80%	70%	80%
% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	85%	90%	85%	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of claims filed against the City	638	793	570	700
# of lawsuits filed against the City	263	329	210	260
# of lawsuits and administrative actions filed or initiated by the City	215	266	280	290

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Legal Transactions

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of time final documents accurately reflect the approval of City action	94%	100%	94%	100%
% of time that advice identifies and analyzes legal issues and risks	82%	85%	82%	85%
% of time that advice provides alternatives where appropriate	68%	70%	68%	70%
Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
- City Attorney's Office average hourly rate	$133	$133	$134	$134
- Outside Legal Counsel average hourly rate	$480	$480	$490	$490
% of time client receives advice/ document within mutually accepted time frames	74%	85%	80%	85%
% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	84%	85%	92%	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of Council/Board/Manager memoranda:				
- Prepared	1,688	1,999	1,050	1,370
- Reviewed	609	880	610	610
# of formal Opinions issued	22	20	14	18
# of Resolutions	394	423	330	360
# of Ordinances	171	145	210	190
# of Agreements	2,437	3,755	2,250	2,340

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting Technician	1.00	1.00	-
Assistant City Attorney	2.00	2.00	-
Associate Deputy City Attorney	1.00	1.00	-
Chief Deputy City Attorney	4.00	4.00	-
City Attorney	1.00	1.00	-
Deputy City Attorney I/II/III/IV	7.00	7.00	-
Executive Assistant	1.00	1.00	-
Legal Administrative Assistant	9.00	9.00	-
Legal Analyst II	12.00	12.00	-
Legal Services Administrator	1.00	1.00	-
Network Engineer	1.00	1.00	-
Office Specialist II	2.00	2.00	-
Police Officer	1.00	1.00	-
Police Sergeant	1.00	1.00	-
Senior Deputy City Attorney I/II/III/IV/U	25.00	25.00	-
Senior Legal Analyst	3.00	3.00	-
Total Positions	**72.00**	**72.00**	**0.00**

Office of the City Auditor

Sharon Winslow Erickson, City Auditor

MISSION

Independently assess and report on City operations and services

City Service Area

Strategic Support

Core Service

Audit Services

Identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders

Strategic Support: Administrative and Network Support

Office of the City Auditor

Service Delivery Framework

Core Service		Key Operational Services
Audit Services: *Identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders*	⇔	• Conduct Performance Audits • Conduct Special Audits and Reviews • Facilitate Annual Financial Audit • Recommendation Follow-up
Strategic Support: *Administrative and Network Support*	⇔	• Administrative Support • Network Support

Department Budget Summary

Expected 2013-2014 Service Delivery

- In 2013-2014, the Auditor's Office will continue conducting program performance audits identifying ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders. The 2013-2014 Audit Workplan will be submitted to the Rules and Open Government Committee in June 2013 with a continued focus on searching for revenues and cost-savings opportunities.
- The Auditor's Office will continue to issue the Service Efforts and Accomplishments (SEA) Report annually. This report details the cost, workload, and performance data for City services and is intended to improve government transparency and accountability and provide consolidated performance information to the public allowing informed decision making by City officials, staff, and the public.
- The Auditor's Office will continue to provide oversight of external auditors on the City of San José Annual Financial Audit and Single Audit; the Audits of Parks and Recreation Bond, Library Bond, Public Safety Bond, and Parcel Tax Funds; and the Semi-Annual Reviews for Compliance with the City's Investment Policy.

2013-2014 Budget Actions

N/A

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Audit Services	$ 1,774,330	$ 1,999,022	$ 2,093,302	$ 2,093,302	4.7%
Strategic Support	6,393	118,457	127,606	127,606	7.7%
Total	**$ 1,780,723**	**$ 2,117,479**	**$ 2,220,908**	**2,220,908**	**4.9%**
Dollars by Category					
Personal Services	$ 1,741,109	$ 2,048,326	$ 2,151,755	$ 2,151,755	5.0%
Non-Personal/Equipment	39,614	69,153	69,153	69,153	0.0%
Total	**$ 1,780,723**	**$ 2,117,479**	**$ 2,220,908**	**$ 2,220,908**	**4.9%**
Dollars by Fund					
General Fund	$ 1,780,723	$ 2,010,679	$ 2,114,135	$ 2,114,135	5.1%
Integrated Waste Mgmt	0	11,748	11,745	11,745	(0.0%)
Sewer Svc & Use Charge	0	8,544	8,542	8,542	(0.0%)
SJ/SC Treatment Plant Oper	0	69,420	69,402	69,402	(0.0%)
Storm Sewer Operating	0	10,680	10,677	10,677	(0.0%)
Water Utility	0	6,408	6,407	6,407	(0.0%)
Total	**$ 1,780,723**	**$ 2,117,479**	**$ 2,220,908**	**$ 2,220,908**	**4.9%**
Authorized Positions by Core Service					
Audit Services	12.00	14.00	14.00	14.00	0.0%
Strategic Support	1.00	1.00	1.00	1.00	0.0%
Total	**13.00**	**15.00**	**15.00**	**15.00**	**0.0%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**15.00**	**2,117,479**	**2,010,679**
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		103,429	103,456
Technical Adjustments Subtotal:	**0.00**	**103,429**	**103,456**
2013-2014 Forecast Base Budget:	**15.00**	**2,220,908**	**2,114,135**
Budget Proposals Recommended			
NONE			
2013-2014 Proposed Budget Total	**15.00**	**2,220,908**	**2,114,135**

Performance Summary

Audit Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of audit recommendations implemented (cumulative over 10 years)	83%	80%	68%	80%
Ratio identified monetary benefit to audit cost	$1.30 to 1	$4 to 1	$1.70 to 1	$4 to 1
% of approved workplan completed or substantially completed during the fiscal year	70%	80%	72%	80%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of audit reports issued	16	18	18	18
# of audit recommendations adopted	67	50	106	50
# of audit reports per auditor	1.8 to 1	1.5 to 1	1.7 to 1	1.5 to 1
Identified monetary benefits (i.e., revenue enhancements and cost savings)	$2,268,000	$8,000,000	$3,173,000	$8,000,000

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I	4.00	4.00	-
Program Performance Auditor II	3.00	3.00	-
Senior Office Specialist	1.00	1.00	-
Senior Program Performance Auditor	5.00	5.00	-
Total Positions	**15.00**	**15.00**	**0.00**

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Clerk

Toni J. Taber, Acting City Clerk

MISSION

Maximize public access to municipal government

City Service Area

Strategic Support

Core Service

Facilitate the City's Legislative Process

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws

Strategic Support: Financial Management and Human Resources

Service Delivery Framework

Core Service		Key Operational Services
Facilitate the City's Legislative Process: *Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws*	⇔	• Provide Legislative, Technical, and Administrative Support to the Mayor, City Council, Boards, Commissions, and Committees • Improve and Preserve Public Access to the City's Legislative Records and Documents • Ensure Compliance with Open Government, Campaign Finance, Lobbyist Registration, and Other Public Disclosure Requirements • Conduct Elections
Strategic Support: *Financial Management and Human Resources*	⇔	• Financial Management • Human Resources

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Maintain Sunshine/Open Government Reforms to provide transparent legislative services.
- ❑ Create and distribute agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; and prepare and distribute minutes for all other Council Committees.
- ❑ Provide fiscal, grant, budget, human resources, payroll, administrative, and technical support services to the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- ❑ Provide access to the City's legislative records and documents.
- ❑ Maintain and improve compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- ❑ Conduct elections for City Council, Retirement Boards, Civil Service Commission, City Charter amendments, potential issuance of bonds, and ballot measures in accordance with City Charter and State of California elections code.
- ❑ Proceed with the consolidation of several of the City's Boards and Commissions with an eye on efficiency and enhanced service delivery.

2013-2014 Budget Actions

- ❑ The restoration of funding for 1.0 Analyst II and 1.0 Staff Technician on an ongoing basis allows the Office to maintain current service levels in compliance monitoring; Mayor and City Council budget, grant administration, and human resources support; and the timely processing of City contracts, grants, and agreements.

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Facilitate the City's Legislative Process	$ 1,659,337	$ 1,984,542	$ 1,718,666	$ 1,965,902	(0.9%)
Strategic Support	2,632	84,668	90,309	90,309	6.7%
Total	**$ 1,661,969**	**$ 2,069,210**	**$ 1,808,975**	**$ 2,056,211**	**(0.6%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 1,438,167	$ 1,826,280	$ 1,566,045	$ 1,813,281	(0.7%)
Overtime	1,428	0	0	0	N/A
Subtotal	$ 1,439,595	$ 1,826,280	$ 1,566,045	$ 1,813,281	
Non-Personal/Equipment	222,374	242,930	242,930	242,930	0.0%
Total	**$ 1,661,969**	**$ 2,069,210**	**$ 1,808,975**	**$ 2,056,211**	**(0.6%)**
Dollars by Fund					
General Fund	$ 1,661,969	$ 2,069,210	$ 1,808,975	$ 2,056,211	(0.6%)
Total	**$ 1,661,969**	**$ 2,069,210**	**$ 1,808,975**	**$ 2,056,211**	**(0.6%)**
Authorized Positions by Core Service					
Facilitate the City's Legislative Process	12.00	14.00	12.00	14.00	0.0%
Strategic Support	1.00	1.00	1.00	1.00	0.0%
Total	**13.00**	**15.00**	**13.00**	**15.00**	**0.0%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**15.00**	**2,069,210**	**2,069,210**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• City Clerk Staffing (1.0 Analyst II, 1.0 Staff Technician)	(2.00)	(226,000)	(226,000)
One-time Prior Year Expenditures Subtotal:	**(2.00)**	**(226,000)**	**(226,000)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		(34,235)	(34,235)
Technical Adjustments Subtotal:	**0.00**	**(34,235)**	**(34,235)**
2013-2014 Forecast Base Budget:	**13.00**	**1,808,975**	**1,808,975**
Budget Proposals Recommended			
1. Office of the City Clerk Staffing*	2.00	247,236	247,236
Total Budget Proposals Recommended	**2.00**	**247,236**	**247,236**
2013-2014 Proposed Budget Total	**15.00**	**2,056,211**	**2,056,211**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the City Clerk Staffing*	**2.00**	**247,236**	**247,236**

Strategic Support CSA
Facilitate the City's Legislative Process

This action restores funding for 1.0 Analyst II and 1.0 Staff Technician on an ongoing basis. These positions assist with compliance monitoring (campaign finance; statements of economic interest; lobbyist; and City Council disclosures); Mayor and City Council support (budget, grants, human resources, etc.); and processing of City contracts, grants, and agreements. (Ongoing costs: $249,846)

Performance Results:
Cycle Time, Customer Satisfaction The continuation of these positions will maintain response times for ethics compliance matters (filer training and assistance for lobbyist and designated employees, and compliance monitoring, review and audit functions). When all required documents are submitted, final contract and grant processing, execution, and electronic posting will be maintained at 48 hours.

2013-2014 Proposed Budget Changes Total	**2.00**	**247,236**	**247,236**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Facilitate the City's Legislative Process

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of complete City Council Agenda packets available online 10 days prior to Council Meeting	NEW	NEW	95%	95%
Estimated cost to document and track legislative actions per Council meeting	$3,250	$3,700	$3,250	$3,250
% of Public Records Act requests received and fulfilled by the Clerk's Office within 10 days of request	98%	95%	98%	98%
% City contracts that have all required documents after compliance check	NEW	NEW	75%	85%
% of Council synopses completed and posted online within three business days after the Council meeting	60%	95%	10%*	90%
% of Resolutions/Ordinances posted online within 3 business days of receipt from the City Attorney's Office	NEW	NEW	95%	95%
% of customers rating customer service experience with the Clerk's Office as good or excellent	N/A**	85%	N/A**	100%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- + "% of City contracts that have all required documents after compliance check" was added. The measure will help measure the effectiveness of the City Clerk's contract compliance efforts.
- ↺ "% of Council reports available online 10 days prior to the meeting" was replaced with "% of complete City Council Agenda packets available online 10 days prior to Council meeting" to monitor the performance of the City Clerk's Office as various departments prepare the reports for City Council consideration and may be submitted late.
- ↺ "% of Resolutions/Ordinances processed/posted online within 30 days of final Council action" was replaced with "% of Resolutions/Ordinances posted online within 3 business days of receipt from the City Attorneys' Office" to monitor the performance of the City Clerk's Office and not the City Attorney's Office since the City Attorney's Office drafts the ordinances and resolutions.

* "% of Council synopses completed and posted online with three business days after the Council meeting" reflect an estimated declined due to a combination of staffing turnover and increased workload. The City Clerk's Office expects to be at the 90% target level in 2013-2014.

** Data collection and methodology are currently under review by the Office of the City Clerk.

Performance Summary

Facilitate the City's Legislative Process

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of meetings staffed*	263	175	289	272
# of board/commission applications processed	63	150	106	100
# of contracts processed**	1,779	1,300	1,300	1,300
# of grants processed (Council Office and Arena Community Fund)	567	600	670	700
# of Statements of Economic Interests processed	1,100	1,300	1,100	1,100
# of campaign filings processed	556	400	560	550
# of ads placed in legal publications	277	500	275	295
# of Lobbyist Reports processed	320	200	320	320
# of Ordinances and Resolutions processed	649	700	500	500
# of Council Actions recorded, processed, and tracked	1,105	700	1,010	1,050
# of Public Records Act requests processed	662	700	1,100	1,100
# of internal requests for information/ documents processed	957	700	1,200	1,200

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Meetings defined as City Council meetings and study sessions; Council Committees; Civil Service, Elections, and Council Salary Setting Commission; and Project Diversity Screening Committee.
** Data includes contracts and grants processed.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	1.00	1.00	-
Analyst II	4.00	4.00	-
Assistant City Clerk	1.00	1.00	-
City Clerk	1.00	1.00	-
Legislative Secretary	4.00	4.00	-
Office Specialist II	1.00	1.00	-
Staff Technician	3.00	3.00	-
Total Positions	**15.00**	**15.00**	**0.00**

PAGE IS INTENTIONALLY LEFT BLANK

Office of the City Manager

Debra Figone, City Manager

MISSION

Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs

City Service Area

Strategic Support

Core Services

Analyze, Develop, and Recommend Public Policy
Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy

Lead and Advance the Organization
Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity

Manage and Coordinate City-Wide Service Delivery
Provide strategic direction and management for City-wide operations and service delivery

Strategic Support: Clerical Support and Financial Management

Office of the City Manager

Service Delivery Framework

Core Service	Key Operational Services
Analyze, Develop, and Recommend Public Policy: *Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy*	• Council Relations and Council/Committee Agenda Support • Intergovernmental Relations • Public Policy Development • Budget
Lead and Advance the Organization: *Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity*	• Leadership Management • Employee Relations
Manage and Coordinate City-Wide Service Delivery: *Provide strategic direction and management for City-wide operations and service delivery*	• Public Policy Implementation • Public Education & Community Outreach • Neighborhood Services Team
Strategic Support: *Clerical Support and Financial Management*	• Clerical Support • Financial Management

Department Budget Summary

Expected 2013-2014 Service Delivery

- The City Manager will continue to provide strategic leadership that supports the Mayor and City Council and challenges the organization to deliver high quality, cost-effective services that meet the needs of the community.
- The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on the development and implementation of these priorities.
- The City Manager will continue to engage the workforce in adapting to the City's economic environment and community service priorities, through ongoing structured communication.
- The implementation of the Fiscal Reform Plan, approved as part of the 2011-2012 Adopted Budget will continue in 2013-2014. The City Manager's Office will continue to coordinate this multi-year effort to achieve critical reforms designed to generate both cost savings and additional revenues, budget stability, and allow the restoration of key services.
- The Budget Office will continue to effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2013-2014 and will develop the 2014-2015 Proposed Budget for City Council consideration. Moving forward, the focus will be on restoring key services in a strategic and cost effective manner, meeting basic infrastructure and maintenance needs, and ensuring the City remains a competitive employer.
- The Office of Employee Relations will be engaged in a variety of labor relations with the City's 11 bargaining units as needed in 2013-2014.
- With the City acting as the Successor Agency to the former Redevelopment Agency, the City Manager's Office will continue to manage the multi-departmental transition team, and the winding down of the Successor Agency activities ensuring compliance with the applicable laws and timelines set forth by the legislation.
- Intergovernmental Relations (IGR) will continue to pursue and protect the best interest of the City through legislative advocacy at the regional, State and federal levels with resources dedicated in the Office of the City Manager and the Sacramento Legislative Office. In addition, the City will continue to contract with a firm to represent the City in Washington D.C.
- The City Manager's Office will continue to oversee the Medical Marijuana Program, providing leadership and direction for this multi-departmental program as well as other priority issues needed to address public safety which may include gaming, regional communications interoperability, and other time sensitive issues.
- The City Manager's Office continues to strive to implement a streamlined agenda management including paperless distribution and use of technology and online agenda management services.

2013-2014 Budget Actions

- Continues 1.0 Assistant to the City Manager position that supports the Medical Marijuana Program, provides assistance in managing cardrooms, and supports the Public Safety CSA.
- Continues funding for 2.0 Senior Executive Analysts in the Office of Employee Relations to ensure sufficient support for Fiscal Reform Plan efforts and labor relations issues.
- Eliminates 0.75 Secretary PT and $21,000 in overtime funding and adds 1.0 Principal Office Specialist to the Budget Office to ensure appropriate administrative support.

Operating Funds Managed

- Ice Centre Revenue Fund
- San José Municipal Stadium Capital Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Analyze, Develop, and Recommend Public Policy	$ 4,634,480	$ 4,900,107	$ 4,938,503	$ 4,938,503	0.8%
Lead and Advance the Organization	1,553,706	2,138,865	1,909,557	2,117,549	(1.0%)
Manage and Coordinate City-Wide Service Delivery	3,524,463	3,617,313	3,616,033	3,830,461	5.9%
Strategic Support	240,875	388,323	390,252	390,252	0.5%
Total	**$ 9,953,524**	**$ 11,044,608**	**$ 10,854,345**	**$ 11,276,765**	**2.1%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 9,049,319	$ 9,907,372	$ 9,765,509	$ 10,209,086	3.0%
Overtime	56,292	78,635	83,635	62,478	(20.5%)
Subtotal	$ 9,105,611	$ 9,986,007	$ 9,849,144	$ 10,271,564	2.9%
Non-Personal/Equipment	847,913	1,058,601	1,005,201	1,005,201	(5.0%)
Total	**$ 9,953,524**	**$ 11,044,608**	**$ 10,854,345**	**$ 11,276,765**	**2.1%**
Dollars by Fund					
General Fund	$ 9,695,693	$ 10,758,802	$ 10,535,454	$ 10,957,874	1.9%
Airport Maint & Oper	82,492	179,546	210,524	210,524	17.3%
Integrated Waste Mgmt	10,555	0	0	0	N/A
Low/Mod Income Hsg	19,852	0	0	0	N/A
Low/Mod Income Hsg Asset*	26,857	44,475	45,722	45,722	2.8%
Sewer Svc & Use Charge	25,547	22,881	23,477	23,477	2.6%
SJ/SC Treatment Plant Oper	88,935	38,904	39,168	39,168	0.7%
Water Utility	3,593	0	0	0	N/A
Total	**$ 9,953,524**	**$ 11,044,608**	**$ 10,854,345**	**$ 11,276,765**	**2.1%**
Authorized Positions by Core Service					
Analyze, Develop, and Recommend Public Policy	27.30	27.50	27.15	27.40	(0.4%)
Lead and Advance the Organization	9.40	10.75	10.90	12.90	20.0%
Manage and Coordinate City-Wide Service Delivery	23.05	18.25	17.45	18.45	1.1%
Strategic Support	2.00	2.00	2.00	2.00	0.0%
Total	**61.75**	**58.50**	**57.50**	**60.75**	**3.8%**

* This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**58.50**	**11,044,608**	**10,758,802**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Office of Employee Relations Fiscal Reform Staffing		(290,000)	(290,000)
• Gaming Unit Oversight/Public Safety City Service Area Staffing (0.55 Assistant to the City Manager)	(0.55)	(108,812)	(108,812)
• Medical Marijuana Program (0.45 Assistant to the City Manager)	(0.45)	(89,028)	(89,028)
• Ballot Polling Measures		(50,000)	(50,000)
• Civic Center Television Upgrades		(23,000)	(23,000)
One-time Prior Year Expenditures Subtotal:	**(1.00)**	**(560,840)**	**(560,840)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position additions, deletions, and reallocations: - 0.5 Administrative Assistant PT to 0.5 Staff Technician PT - 1.0 Administrative Assistant to 1.0 Executive Assistant - 1.0 Assistant to the City Manager to 1.0 Deputy Director - 1.0 Assistant to the City Manager to 1.0 Senior Executive Analyst - 1.0 Executive Analyst to 1.0 Senior Executive Analyst - 1.0 Executive Analyst to 1.0 Staff Technician		345,977	312,892
• Webstreaming Software and Hosting Services (City Council approval October 16, 2012)		30,600	30,600
• Overtime adjustment		5,000	5,000
• Lobbyist contactual adjustment		4,000	4,000
• Neighborhood Engagement Team funding shift to Housing Department		(15,000)	(15,000)
Technical Adjustments Subtotal:	**0.00**	**370,577**	**337,492**
2013-2014 Forecast Base Budget:	**57.50**	**10,854,345**	**10,535,454**
Budget Proposals Recommended			
1. Office of Employee Relations Fiscal Reform Staffing*	2.00	207,992	207,992
2. Gaming Unit Oversight/Public Safety City Service Area Staffing*	0.55	117,935	117,935
3. Medical Marijuana Program*	0.45	96,493	96,493
4. Budget Office Administrative Staffing	0.25	0	0
Total Budget Proposals Recommended	**3.25**	**422,420**	**422,420**
2013-2014 Proposed Budget Total	**60.75**	**11,276,765**	**10,957,874**

* Ongoing implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Office of Employee Relations Fiscal Reform Staffing*	**2.00**	**207,992**	**207,992**

Strategic Support CSA
Lead and Advance the Organization

This action restores funding for 2.0 Senior Executive Analysts on an ongoing basis in the Office of Employee Relations to ensure sufficient resources are dedicated to the Fiscal Reform Plan efforts and labor relations issues. The additional in-house staffing resources are necessary to maintain continuity on critical labor relations issues and to address increased workload associated with the following: negotiations with all 11 bargaining units in 2013-2014; significant litigation related to the retirement reform ballot measure; preparation for potential arbitration with the San José Police Officers' Association and the San José Firefighters, IAFF Local 230 over other retirement matters; potential arbitration over a successor Memorandum of Agreement with the SJPOA and IAFF Local 230; extensive labor negotiation efforts as AB 646 will require a fact finding process prior to implementation of various Fiscal Reforms; and Public Employment Relations Board (PERB) charges filed by bargaining units. (Ongoing costs: $208,000)

Performance Results:
Quality, Customer Satisfaction, Cycle Time This action increases the in-house labor relations resources to assist with the negotiations with the City's 11 bargaining units and implementation of the Fiscal Reform Plan. There will likely be a noticeable impact on the quality, customer satisfaction and cycle time related to labor relations issues as there will be more in-house resources available to work on these issues.

2. Gaming Unit Oversight/Public Safety City Service Area Staffing*	**0.55**	**117,935**	**117,935**

Strategic Support CSA
Manage and Coordinate City-Wide Service Delivery

This action restores funding for 0.55 of an Assistant to the City Manager position on an ongoing basis to assist in the oversight of the Gaming Unit and to provide high level support to the Public Safety City Service Area (CSA). This position will continue to work with the City's Gaming Unit to manage the licensing and permitting of the cardrooms and their employees, implement amendments to Title 16 of the Municipal Code that pertains to Cardrooms, work with the Cardrooms on any modification of the cardroom facilities, and oversee a possible transition of this unit from the Police Department to another department. In addition to the oversight of the cardrooms, this position will continue to provide support to the Public Safety CSA by undertaking high level special projects. (Ongoing costs: $117,941)

Performance Results:
Quality, Customer Satisfaction Significant improvements in customer service will be seen by the Cardrooms as a result of the work completed by the Gaming Unit such as amendments to Title 16 to streamline permitting and licensing procedures. In addition, tracking of critical items and the reporting of these items to the City Council related to the Public Safety CSA will be completed in a thorough and timely fashion.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Medical Marijuana Program*	**0.45**	**96,493**	**96,493**

Strategic Support CSA
Manage and Coordinate City-Wide Service Delivery

This action restores funding for 0.45 of an Assistant to the City Manager position on an ongoing basis to maintain oversight, coordination, and continued development and implementation of the multi-departmental Medical Marijuana Program. In the 2011-2012 Adopted Operating Budget, a Medical Marijuana Program was approved to both regulate the collectives through a regulatory ordinance and to ensure collection of the Marijuana Business Tax. Due to the suspension of the Regulatory Ordinance and pending cases in the California Supreme Court, the future of the regulatory program continues to be uncertain. This position will continue to track policy issues surrounding the development and implementation of the program, maintain community engagement through public outreach efforts, coordinate the multi-departmental program (includes Police and Finance Departments, Code Enforcement, and the City Attorney's Office) that ensures collection of the Marijuana Business Tax and compliance with various City codes, and provide fiscal management of the program. (Ongoing costs: $96,497)

Performance Results:
Quality, Customer Satisfaction This action will ensure continued oversight and management of the complex Medical Marijuana Program, an area of law which continues to be developed and determined in the Courts. This action will also provide needed communication and coordination between the Administration and the Medical Marijuana advocates following decisions from the Supreme Court on issues surrounding Medical Marijuana.

4. Budget Office Administrative Staffing	**0.25**	**0**	**0**

Strategic Support CSA
Analyze, Develop, and Recommend Public Policy

This net-zero action eliminates 0.75 Secretary part-time position and $21,000 in overtime funding and adds 1.0 Principal Office Specialist position. This staffing change better aligns the position to necessary duties and provides consistent administrative support coverage in the Budget Office for the Budget Office website, document production of at least seven published documents annually, and general administrative coverage. The reduction in overtime is expected to have minimal impact based on historical tracking. (Ongoing costs: $0)

Performance Results:
Quality This action ensures appropriate administrative support for the Budget Office, ensuring timely and quality services and documents.

2013-2014 Proposed Budget Changes Total	**3.25**	**422,420**	**422,420**

* Ongoing implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Analyze, Develop and Recommend Public Policy

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of City Council agenda reports approved *	780	900	750	800
# of City Council referrals assigned	79	80	70	80
# of City-sponsored bills	6	3	5	5
# of legislative items reviewed	4,764	5,000	4,360	5,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Beginning in 2011-2012, the methodology was revised to reflect the number of City Council memorandums and information memorandums processed.

Performance Summary

Lead and Advance the Organization

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	N/A*	N/A*	N/A*	N/A*
% of employees who say they utilize performance measures to track results and make improvements	N/A*	N/A*	N/A*	N/A*
% of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	N/A*	N/A*	N/A*	N/A*
% of employees who are satisfied or very satisfied with the recognition received for doing a good job	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for these measures is collected through the biennial City-Wide Employee Survey. The survey was last issued in 2010-2011 and was temporarily suspended. The Employee Survey will be reinstated in 2013-2014.

Activity and Workload Highlights

Activity & Workload Highlights	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of "Step 3" grievances received*	33	30	16	25
# of training sessions offered by the Office of Employee Relations	29	30	50	40
# of formal disciplines received	64	70	60	60
# of external fair employment complaints filed	13	30	15	20

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Performance Summary

Manage and Coordinate City-Wide Service Delivery

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of core services meeting or exceeding levels established by the City Council	55%	65%	51%	60%
% of core services meeting or exceeding their cycle time targets	47%	60%	47%	55%
% of residents that are satisfied or very satisfied with the quality of City services	N/A*	78%	N/A*	78%
% of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	N/A*	83%	N/A*	83%
% of residents rating the quality of life in San José as good or excellent	N/A*	80%	N/A*	80%

Changes to Performance Measures from 2011-2012 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of contracts/agreements approved	1,393	1,400	1,400	1,400

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Assistant	2.00	1.00	(1.00)
Administrative Assistant PT	0.50	0.00	(0.50)
Analyst I/II	6.00	6.00	-
Assistant Budget Director	1.00	1.00	-
Assistant City Manager	1.00	1.00	-
Assistant to the City Manager	10.00	8.00	(2.00)
Audiovisual Engineer	1.00	1.00	-
Budget Director	1.00	1.00	-
City Manager	1.00	1.00	-
Community Activity Worker PT	0.00	0.00	-
Community Coordinator	0.00	0.00	-
Community Services Supervisor	0.00	0.00	-
Deputy City Manager	3.00	3.00	-
Deputy Director	2.00	3.00	1.00
Director of Communication	1.00	1.00	-
Employee Relations Director*	0.00	0.00	-
Executive Analyst I/II	7.00	5.00	(2.00)
Executive Assistant	1.00	2.00	1.00
Executive Assistant to the City Manager	1.00	1.00	-
Legislative Research Specialist	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Principal Office Specialist	0.00	1.00	1.00
Secretary PT	2.00	1.25	(0.75)
Senior Executive Analyst	13.00	17.00	4.00
Senior Supervisor, Administration	1.00	1.00	-
Staff Technician	2.00	3.00	1.00
Staff Technician PT	0.00	0.50	0.50
Video/Multimedia Producer	0.00	0.00	-
Total Positions	**58.50**	**60.75**	**2.25**

* This position is currently defunded on an ongoing basis pending further analysis.

PAGE IS INTENTIONALLY LEFT BLANK

City Manager - Office of Economic Development

Kim Walesh, Director

MISSION

Catalyze job creation, private investment, revenue generation, and talent development and attraction

City Service Area

Community and Economic Development

Core Services

Arts and Cultural Development
Support diverse cultural amenities, offerings and organizations, and authorize and coordinate outdoor special events on public and private property

Business Development and Economic Strategy
Assist business location and expansion, advance San José's Economic Strategy, and support council policy-making

Real Estate Services
Manage the City's real estate assets and facilitate real-estate related transactions to support City projects and generate revenue

Regional Workforce Development
Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training

Strategic Support: Budget/Fiscal Management and Administrative Support

City Manager – Office of Economic Development

Service Delivery Framework

Core Service	Key Operational Services
Arts and Cultural Development: *Support diverse cultural amenities, offerings and organizations, and authorize and coordinate outdoor special events on public and private property*	• Arts/Festival Grants and Assistance • Cultural Facilities • Cultural Planning, Policy and Initiatives/Arts Commission Support • Public Art & Design: Master Plan Implementation/Inter-Agency Coordination • Public Art Project Management • Event Authorization • Inter-Departmental and External-Agency Coordination
Business Development and Economic Strategy: *Assist business location and expansion, advance San José's Economic Strategy, and support council policy-making*	• Economic Strategy & Policy • Business Outreach, Retention, and Attraction • Development Project Facilitation • Clean-Tech Strategy • Downtown Management • Incentive Programs • Business Communication • Air Service Development
Real Estate Services: *Manage the City's real estate assets and facilitate real-estate related transactions to support City projects and generate revenue*	• Asset Management • Property Sales • Acquisitions • Easements • Right of Way • Leasing
Regional Workforce Development: *Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training*	• Business Services • work2future Program Administration
Strategic Support: *Budget/Fiscal Management and Administrative Support*	• Budget/Fiscal Management • Administrative Support

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Engage and assist companies that can create jobs and expand the City's tax base, with particular focus on emerging growth companies, anchor employers and revenue-generators, clean technology firms, and incoming foreign investment.
- ❑ Facilitate development projects that generate property tax and sales tax revenue.
- ❑ Advance development of clean tech cluster through industry engagement, demonstration partnerships, and advocacy.
- ❑ Provide a range of re-employment services to residents who continue to remain unemployed as the economy continues to recover.
- ❑ Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in fiscally challenging times.
- ❑ Manage the City's real estate assets with a focus on revenue generation, cost minimization, and timely transaction services.

2013-2014 Budget Actions

- ❑ The delivery of direct client services will be transitioned to a third party administrator (TPA) resulting in the net elimination of 24.0 positions. The TPA will be able to maintain and enhance delivery of employment services to residents with a cost-effective and flexible approach in response to reductions to federal funding and recently adopted legislation. The administration, oversight, and performance management of the work2future program will remain in the City as well as business services and work2future Investment Board support.
- ❑ It is important that the City retain the ability to plan and compete for development projects, which is critical with the elimination of Redevelopment Agency funding. Continuing a one-time Economic Development/Incentive Fund allocation in the amount of $750,000, as reflected in the City-Wide Expenses section, will ensure that the City can support strategic projects.
- ❑ Real Estate transaction records consist of recorded documents and historical reports and archives, which are currently managed through a manual system. One-time funding of $200,000 is included in this budget to develop an interactive document imaging and records retention system, which will result in a cost-effective and streamlined approach to retaining, retrieving, and researching the City's real estate records.

Operating Funds Managed

- ❑ Business Improvement District Fund
- ❑ San José Arena Capital Reserve Fund
- ❑ San José Arena Enhancement Fund
- ❑ San José Diridon Development Authority Fund
- ❑ Transient Occupancy Tax Fund
- ❑ Workforce Investment Act Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	$ 1,744,280	$ 1,846,901	$ 1,831,400	$ 1,831,400	(0.8%)
Business Development and Economic Strategy	1,693,619	2,435,956	2,509,371	2,509,371	3.0%
Real Estate Services*	0	3,313,888	1,481,797	1,681,797	(49.3%)
Regional Workforce Development	4,855,127	4,890,331	4,943,950	3,243,319	(33.7%)
Strategic Support	3,623,249	452,027	703,260	703,260	55.6%
Total	**$ 11,916,275**	**$ 12,939,103**	**$ 11,469,778**	**$ 9,969,147**	**(23.0%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 9,665,321	$ 10,084,729	$ 10,509,124	$ 8,808,493	(12.7%)
Overtime	2,302	0	0	0	N/A
Subtotal	$ 9,667,623	$ 10,084,729	$ 10,509,124	$ 8,808,493	(12.7%)
Non-Personal/Equipment	2,248,652	2,854,374	960,654	1,160,654	(59.3%)
Total	**$ 11,916,275**	**$ 12,939,103**	**$ 11,469,778**	**$ 9,969,147**	**(23.0%)**
Dollars by Fund					
General Fund	$ 4,463,879	$ 5,254,549	$ 3,494,009	$ 3,694,009	(29.7%)
Airport Maint & Oper	0	0	139,214	139,214	N/A
Comm Dev Block Grant	13,273	0	0	0	N/A
Housing Trust Fund	19,322	0	0	0	N/A
Integrated Waste Mgmt	52,561	52,566	57,107	57,107	8.6%
SJ/SC Treatment Plant Oper	39,776	41,087	44,244	44,244	7.7%
Transient Occupancy Tax	819,618	1,192,870	1,263,019	1,263,019	5.9%
Workforce Investment Act	5,216,354	5,216,445	5,237,655	3,537,024	(32.2%)
Capital Funds	1,291,492	1,181,586	1,234,530	1,234,530	4.5%
Total	**$ 11,916,275**	**$ 12,939,103**	**$ 11,469,778**	**$ 9,969,147**	**(23.0%)**
Authorized Positions by Core Service					
Arts and Cultural Development	10.93	10.93	10.00	10.00	(8.5%)
Business Development and Economic Strategy	12.40	13.80	14.10	14.10	2.2%
Real Estate Services*	8.10	8.10	8.10	8.10	0.0%
Regional Workforce Development	41.00	40.60	40.60	16.60	(59.1%)
Strategic Support	2.57	2.57	4.20	4.20	63.4%
Total	**75.00**	**76.00**	**77.00**	**53.00**	**(30.3%)**

* In 2010-2011, Real Estate Services and corresponding positions and funding was transferred from the Public Works Department to the Office of Economic Development and budgeted in the Strategic Support Core Service in 2011-2012. In 2012-2013, the Real Estate Services Core Service was added with a reallocation of the funding from Strategic Support.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**76.00**	**12,939,103**	**5,254,549**
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Analyst I/II to 1.0 Executive Analyst - 1.0 Deputy Director to 1.0 Assistant Director - 1.0 Executive Analyst to 1.0 Senior Executive Analyst - 2.0 Senior Executive Analyst to 2.0 Assistant to the City Manager		338,884	144,742
• Airport Staffing Needs (City Council Approval - January 29, 2013) - 1.0 Senior Executive Analyst	1.00	141,679	0
• Property leases funding reallocation to City-Wide Expenses		(1,853,143)	(1,853,143)
• Real Estate contractual services adjustments		(70,787)	(70,787)
• Vacancy factor adjustment		(56,168)	(14,562)
• Various city-wide lease adjustments		26,890	26,890
• Internal Affairs Unit lease funding reallocation from the Police Department		5,000	5,000
• Enterprise Zone Program contractual services increase for State fee		1,320	1,320
• Changes in vehicle maintenance and operation costs		(3,000)	0
Technical Adjustments Subtotal:	**1.00**	**(1,469,325)**	**(1,760,540)**
2013-2014 Forecast Base Budget:	**77.00**	**11,469,778**	**3,494,009**
Budget Proposals Recommended			
1. work2future - Service Delivery Model Change	(24.00)	(1,700,631)	0
2. Real Estate Services Document Imaging and Records Retention System*		200,000	200,000
Total Budget Proposals Recommended	**(24.00)**	**(1,500,631)**	**200,000**
2013-2014 Proposed Budget Total	**53.00**	**9,969,147**	**3,694,009**

* Implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. work2future – Service Delivery Model Change	**(24.00)**	**(1,700,631)**	**0**

Community and Economic Development CSA
Regional Workforce Development

work2future provides workforce development services through case management, workshops, training, job fairs, and special recruitments to 5,000 – 10,000 unemployed workers (mainly Adults and Dislocated Workers) in Santa Clara County annually. In recent years, federal funding for work2future's activities has declined. Additionally, the enactment of a new State legislation (SB 734) requiring that 25% of work2future's Adult and Dislocated Worker funds be allocated to training services will further decline funding for direct client services. This action proposes to outsource direct client services to a third party administrator (TPA). In accordance with City Council Policy 0-41 Service Delivery Evaluation, staff undertook a preliminary business case analysis. Based on the analysis, which has identified significant cost savings as well as operational benefits for transitioning the service to a TPA as outlined in the preliminary Business Case Analysis transmitted as an Information Memorandum to the City Council in April 2013, the outsourcing of direct client services to a TPA is recommended. Additionally, this action includes a recommendation that the Mayor and the City Council not choose to implement the Public Private Competition Policy (Council Policy 0-29) based on the documented cost savings.

With transitioning of direct client services to a TPA, this action eliminates 25.0 positions (7.0 vacant and 18.0 filled as of March 2013) and adds 1.0 Accountant I/II position in the work2future Division in a phased process as part of transitioning direct client services from the City to a TPA. The preliminary plan for elimination of the 25.0 positions assumes a phase-out over a nine-month period as follows:

June 23, 2013 (7.0 vacant)	September 29, 2013 (8.0 filled)	December 22, 2013 (5.0 filled)	March 30, 2014 (5.0 filled)
3.0 Analyst	1.0 Account Clerk	2.0 Analyst	1.0 Analyst
2.0 Senior Analyst	1.0 Accounting Tech	1.0 Community Coordinator	1.0 Community Coordinator
2.0 Senior Office Specialist	1.0 Analyst	1.0 Senior Account Clerk	2.0 Network Technician
	1.0 Community Coordinator	1.0 Senior Office Specialist	1.0 Senior Office Specialist
	1.0 Community Services Supervisor		
	3.0 Senior Office Specialist		

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)

1. work2future – Service Delivery Model Change

The remaining 17.3 work2future staff will be responsible for fiscal and program management, monitoring and reporting and interface with the State's Job Training Automation system, labor market information management, small business services, and staff support for the work2future Board. The addition of 1.0 Accountant I/II position will monitor the TPA's fiscal operations to ensure proper accounting of costs to the City and will prepare the monthly and quarterly financial statementsas required by the State and federal government. Due to the phased-out transition, the personal services reductions for 2013-2014 will be approximately $1.7 million. The net elimination of 24.0 positions will generate ongoing personal services reductions of approximately $2.7 million. As documented in the preliminary Business Case Analysis, the anticipated savings from transitioning direct client services to a TPA are approximately $880,000. This projected annual savings may be used for client services that may include, but not limited to additional workshops or trainings, supportive services to clients, and additional case management services. (Ongoing savings: $2,654,263)

Performance Results:
Cost, Cycle Time, Quality, Customer Satisfaction The transition of direct client services to a TPA will reduce costs of providing services, thereby ensuring that service levels and quality of service are maintained. Time will be shortened as the TPA will have greater flexibility to realign resources in response to fluctuations in funding and changing client service demands. By reducing costs, retaining the quality of services delivered, and improving time through increased flexibility, work2future will be able to maintain and enhance the current level of customer satisfaction.

2. Real Estate Services Document Imaging and Records Retention System*		**200,000**	**200,000**

Community and Economic Development CSA
Real Estate Services

This action adds one-time contractual services funding of $200,000 for the implementation of a document imaging and records management system which has been identified as a critical component in establishing a streamlined asset management system for the City's real estate portfolio. The current system for maintaining the City's real estate assets consists of Excel spreadsheets. In addition to Excel spreadsheets, there are numerous filing systems and fireproofing filing cabinets for storing hard copy documents related to City-owned or leased properties. Historical reports and other critical documents are maintained both on-site and in archive boxes at the Central Service Yard. Converting the current manual system into an interactive document imaging and records retention system will reduce the amount of staff time spent retrieving and researching through thousands of hardcopy and softcopy files and streamline the management of the City's real estate assets. This action provides for a document imaging system which includes document conversion services, work flow set-up, and integration into a document management system which will be phased in over a three-year period. (Ongoing costs: $0)

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
2. Real Estate Services Document Imaging and Records Retention System*			
2013-2014 Proposed Budget Changes Total	**(24.00)**	**(1,500,631)**	**200,000**

Performance Results:
Cost, Cycle Time, Quality This funding will be used for the purchase of a document imaging and records retention system and the contractual services costs to scan and index hard copy records. The implementation of the document imaging and records retention system will ensure the safe keeping of vital records related to City-owned properties and leases. In addition, the system will reduce costs in researching records, the time required to locate information, and provide additional opportunities to market and sell surplus City-owned property.

* Implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Arts and Cultural Development

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of public art works that are in the City's permanent collection that are in good to excellent condition based on their physical and operational condition	80%	80%	80%	80%
Total OCA grant awards	$2.2 million	$2.2 million	$2.2 million	$2.4 million
% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness, timeliness, and integrity	95%	85%	85%	85%
% of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	N/A*	40%	N/A*	40%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

The following measures were revised or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

- ↺ "% of public art works that are in good to excellent condition based on their physical and operational condition" was revised to "% of public art works that are in the City's permanent collection that are in good to excellent condition based on their physical and operational condition" to clarify the type of public art collection being assessed.
- ↺ "% of funded cultural organizations rating funding process good to excellent based on responsiveness, timeliness, and integrity" was revised to "% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness, timeliness, and integrity" to reflect the actual survey question.
- ✕ "Ratio of OCA support to all other revenue sources for OCA supported cultural organizations" was eliminated because it was not meaningful.
- ✕ "Ratio of City grant funding to all other event revenue sources for City sponsored events" was eliminated because it was not meaningful.
- ✕ "% of event organizers rating City services good to excellent based on safety and planning" was eliminated because it was not meaningful.

Performance Summary

Arts and Cultural Development

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of arts and cultural grants awarded	87	75*	70	70
# of public art works in the City's permanent collection	256	260	267	273
# of outdoor special events coordinated by OCA	324	190**	400	385
# of reported attendees at OCA coordinated events	2,000,000	870,175**	1,800,000	1,700,000
Grant funding for special events	$252,000	$286,650	$286,000	$289,000

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* As part of the 2012-2013 Adopted Operating Budget, the 2012-2013 Forecast number of 145 was included. Inadvertently, this number included all Cultural Funding Portfolio (operating, project, and special event) grants from 2011-2012 that were being monitored in 2012-2013.

** The 2012-2013 Forecast for the number of events and attendance is lower than the 2011-2012 estimated figures due to the cancellation of events, including the Music in the Park summer series, the complete transfer of permitting of events held at Evergreen Plaza to the Department of Transportation, and Cirque du Soleil, a biennial event, being held in 2011-2012.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

The following measures were revised or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

- ↺ "# of arts and cultural grants awarded and monitored" was revised to "# of arts and cultural grants awarded." The previous measure included grants monitored, which were awarded in the prior year; this resulted in double-counting.
- ↺ "# of public art works in collection" was revised to "# of public art works in the City's permanent collection" to clarify what is included in the count.
- ↺ "# of outdoor special events coordinated" was revised to "# of outdoor special events coordinated by OCA" to clarify which outdoor special events were coordinated with OCA.
- ↺ "# of event attendees" was revised to "# of reported attendees at OCA-coordinated events" to clarify the number of attendees for outdoor special events that were coordinated with OCA.
- ✕ "# of non-profit sponsored events" was eliminated because it was not meaningful.
- ✕ "# of City-funded cultural organizations" was eliminated because it was not meaningful.
- ✕ "Attendance at Grantee Programs" was eliminated because it was not meaningful.

Performance Summary

Business Development and Economic Strategy

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Estimated jobs generated/retained by companies that received OED assistance	6,127	7,500	4,000	4,000
Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	7.8:1	8:5	2.3:1	2:1

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

The following measures were revised or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

- "# of jobs created or retained by assisted companies" was revised to "Estimated jobs generated/retained by companies that received OED assistance" to reflect the revised methodology and identify jobs generated/retained from permit assistance efforts.
- "Ratio of tax revenues (e.g. property, sales, utility, and transient occupancy tax) generated by assisted companies per OED expenditure" was revised to "Ratio of tax revenues (e.g. sales and business taxes, excluding property taxes) generated by assisted companies per estimated OED outreach expenditure" to reflect the revised methodology of calculating expenditures.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of companies receiving permitting assistance	46	80	25*	25
# of firms with which OED held meetings	284	250	250	250

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* As part of the 2012-2013 Adopted Operating Budget, 1.0 Senior Executive Analyst position for the Small Business Development Services was added to assist small businesses seeking permitting and inspection services. Therefore, the number of companies requiring direct assistance from OED has been reduced.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- "# of meetings with foreign firms regarding operating in San José" was revised to "# of firms with which OED held meetings" as result of the report from the City and Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 accepted by City Council on March 5, 2013. The previous measure only included foreign companies which excluded local companies.

Performance Summary

Real Estate Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
S Revenue Generated:				
a) Leases	$830,737	N/A	$805,000	$805,000
b) Telecom	$1,281,327	N/A	$1,200,000	$1,200,000
c) Surplus property sales	$4,093,078	N/A	$9,432,000*	$1,320,000

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* The estimate includes one-time revenue of $4.97 million for sale of the Airport West/FMC property.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

The following measures were added or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

+ "Revenue generated from: a) Leases; b) Telecom; c) Surplus property sales" was added to reflect revenue targets.
× "% of lease payments received within 30 days of due date" was eliminated because it was not meaningful.
× "% of property acquisition rights acquired within 12 months" was eliminated because it was not meaningful.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of properties managed	55	N/A	50	50
# of real estate transactions	105	N/A	120	120

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* The number of companies needing assistance have been primarily served by the Development Services Manager, with OED in a secondary role.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

The following measures were added as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:

+ "# of properties managed" was added to reflect the workload of Real Estate Services.
+ "# of real estate transactions within 12 months" was added to reflect the workload of Real Estate Services.

Performance Summary

Regional Workforce Development

Performance Measures

	2011-2012 Actual**	2012-2013 Target	2012-2013 Estimated***	2013-2014 Target
Estimated % of clients placed in jobs		Goals set annually by State of CA		Goals set annually by State of CA
- Adults	46%	TBD*	46%	TBD*
- Dislocated workers	55%	TBD*	57%	TBD*
- Youth	78%	TBD*	58%	TBD*
Estimated % of clients employed six months after initial placement		Goals set annually by State of CA		Goals set annually by State of CA
- Adults	78%	TBD*	79%	TBD*
- Dislocated workers	81%	TBD*	84%	TBD*

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Targets have not been negotiated with the Employment Development Department for 2012-2013 and are expected in fall 2013.
** Actual performance reflects work2future's success rate relative to the State's goal.
*** Estimated percentages reflect the actual attainment by work2future's performance outcomes and are higher than the goals set by the State.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:
The following measures were added or eliminated as a result of the report from the City Auditor's Office that was presented at the Public Safety, Finance, and Strategic Support Committee on February 21, 2013 and accepted by City Council on March 5, 2013:
+ "Estimated % of clients placed in jobs: a) Adults; b) Dislocated workers; and c) Youth" was added to reflect actual success rate.
+ "Estimated % of clients employed six months after initial placement: a) Adults and b) Dislocated workers" was added to reflect actual success rate.
× "% of clients entering employment related to federal mandated goals: Adults, Dislocated, and Youth (placement/education)" was eliminated because it was not meaningful.
× "% of clients retaining employment relative to federal mandated goals: Adults and Dislocated" was eliminated because it was not meaningful.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of business clients served by the Business Services Unit	304	450	450	350

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	1.00	0.00	(1.00)
Accountant II	1.00	2.00	1.00
Accounting Technician	1.00	0.00	(1.00)
Analyst I/II	14.00	6.00	(8.00)
Assistant Director	0.00	1.00	1.00
Assistant to the City Manager	0.00	2.00	2.00
Community Coordinator	3.00	0.00	(3.00)
Community Services Supervisor	1.00	0.00	(1.00)
Deputy Director	3.00	2.00	(1.00)
Director, Economic Development	1.00	1.00	-
Division Manager	2.00	2.00	-
Economic Development Officer	1.00	1.00	-
Events Coordinator II	1.00	1.00	-
Executive Analyst II	1.00	1.00	-
Executive Assistant	1.00	1.00	-
Network Technician II	2.00	0.00	(2.00)
Real Property Agent II	4.00	4.00	-
Section Manager	2.00	2.00	-
Senior Account Clerk	3.00	2.00	(1.00)
Senior Analyst	6.00	4.00	(2.00)
Senior Arts Program Coordinator	5.00	5.00	-
Senior Events Coordinator	1.00	1.00	-
Senior Executive Analyst	10.00	10.00	-
Senior Office Specialist	7.00	0.00	(7.00)
Staff Specialist	2.00	2.00	-
Staff Technician	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	**76.00**	**53.00**	**(23.00)**

Environmental Services Department

Kerrie Romanow, Director

MISSION

Delivering world class utility services and programs to improve our health, environment, and economy

City Service Areas

Environmental and Utility Services

Core Services

Natural and Energy Resources Protection
Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources

Recycling and Garbage Services
Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment

Potable Water Delivery
Develop, operate, and maintain the City's municipal potable water system

Stormwater Management
Protect the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways

Recycled Water Management
Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply

Wastewater Management
Manage wastewater for suitable discharge into the south San Francisco Bay and for beneficial reuse to protect the environment and public health

Strategic Support: Public Education, Long Range Planning, Human Resources, Facility Management, Financial Management, Information Technology Services, Clerical Support, and Materials Management

Service Delivery Framework

Core Service		Key Operational Services
Natural and Energy Resources Protection: *Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources*	⇔	• Sustainable Energy Practices Implementation • Improved Air Quality Promotion • Implementation of Development Review and Land Use Policies • Groundwater Quality Protection and Monitoring • National Pollutant Discharge Elimination System (NPDES) Permit Development and Implementation • Habitat Protection • Urban Environmental Accords Implementation • Environmentally Preferable Procurement Policy Implementation • Grant Development • Green Vision Implementation
Potable Water Delivery: *Develop, operate, and maintain the City's municipal potable water system*	⇔	• System Operations • System Maintenance • Regulatory Compliance • Customer Service • System Expansion • System Improvements • Water Conservation
Recycled Water Management: *Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply*	⇔	• System Operations and Maintenance • Regulatory Compliance • Customer Connection Services
Recycling and Garbage Services: *Collect, process, and dispose of solid waste to maximize diversion from landfills and protect public health, safety, and the environment*	⇔	• Waste Reduction Programs Development and Service Delivery • Customer Service and Billing Support • Collection, Processing, and Disposal Contracts Management • Education and Marketing

Service Delivery Framework

Core Service		Key Operational Services
Stormwater Management: *Protect the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways*	⇔	• Municipal Regional Stormwater NPDES Permit Compliance • Litter Reduction Program Development and Implementation • Illegal Discharge Response • Commercial, Industrial, and Construction Inspection • Water Quality Monitoring • Low Impact Development Oversight • Inter-Departmental Technical Support • Inter-Agency Collaboration • Education and Outreach
Wastewater Management: *Manage wastewater for suitable discharge into the south San Francisco Bay and for beneficial reuse to protect the environment and public health*	⇔	• Source Management and Control • Operation of Treatment System and Processes • Equipment and Facilities Maintenance • Regulatory Compliance • Regulatory Development and Technical Guidance • Process Control Monitoring • System Improvements
Strategic Support: *Public Education, Long Range Planning, Human Resources, Facility Management, Financial Management, Information Technology Services, Clerical Support, and Materials Management*	⇔	• Public Education • Long Range Planning • Employee Services • Facility Management • Financial Management • Information Technology Services • Clerical Support • Materials Management

Department Budget Summary

Expected 2013-2014 Service Delivery

- Build, operate and maintain the City's wastewater, recycled water, and potable water utility infrastructure to ensure system reliability and public health and safety.
- Promote the health of the 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 through energy efficiency and conservation, water conservation, waste reduction, and environmentally preferable purchases.
- Support the community in implementing sustainable infrastructure, equipment, and behaviors through education, and public-private partnerships.
- Lead implementation on four Green Vision goals (Goal 2: Reduce per capita energy use by 50 percent; Goal 3: Receive 100 percent of our electrical power from clean renewable sources; Goal 5: Divert 100 percent of the waste from our landfill; and Goal 6: Recycle or beneficially reuse 100 percent of our wastewater); and coordinate city-wide efforts on the overall Green Vision.

2013-2014 Budget Actions

- No 2013-2014 rate increases are proposed for Sewer Service and Use Charge, Storm Sewer Service Charge or Recycle Plus Programs. Municipal Water System rates, however, are estimated to increase by 8%, but not exceed 9%, primarily due to wholesale water cost increases.
- The addition of an Environmental Inspector position to perform solid waste related code and contract compliance work to monitor multi-family and single-family compliance with Recycle Plus Program requirements. Two Associate Engineer positions will provide engineering expertise and oversight to ongoing operational needs.
- The addition of a Division Manager will provide oversight of the Administrative Services Division that includes the Fiscal Budget, MIS and new Workforce Planning Section. The recommended addition of a Senior Analyst position will provide focused efforts on recruitments, training, and succession planning.
- Funding for the Water Pollution Control Plant will support special studies projects related to the National Pollutant Discharge Elimination System (NPDES) permit renewal process, support land management activities, and assist in filling entry-level vacancies.
- Funding for an Analyst for a three-year period will provide support for the Recycle Plus Billing transition. The service delivery model will change to either hauler billing or tax-roll billing.
- The transfer of the Municipal Energy Program to the Public Works Department (PW) will align the Green Building and Energy Efficiency Program with the Facility Management function in PW.

Operating Funds Managed

- Integrated Waste Management Fund
- San José-Santa Clara Treatment Plant Income Fund
- San José-Santa Clara Treatment Plant Operating Fund
- Sewage Treatment Plant Connection Fee Fund
- Sewer Service and Use Charge Fund
- Storm Sewer Operating Fund
- Water Utility Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Natural and Energy Resources Protection	$ 1,394,305	$ 1,830,002	$ 970,145	$ 922,245	(49.6%)
Potable Water Delivery	22,917,401	25,517,822	26,755,693	26,996,004	5.8%
Recycled Water Management	3,365,873	4,002,140	4,332,096	4,316,420	7.9%
Recycling and Garbage Services	94,233,494	100,071,713	101,929,416	101,985,151	1.9%
Stormwater Management	9,161,392	10,017,766	10,212,611	10,178,493	1.6%
Wastewater Management	55,855,357	65,129,860	64,662,674	64,789,300	(0.5%)
Strategic Support	5,263,390	6,752,229	6,732,598	6,862,071	1.6%
Total	**$ 192,191,212**	**$ 213,321,532**	**$ 215,595,233**	**$ 216,049,684**	**1.3%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 55,165,812	$ 61,160,015	$ 62,966,527	$ 63,062,878	3.1%
Overtime	1,919,652	873,314	873,314	873,314	0.0%
Subtotal	$ 57,085,464	$ 62,033,329	$ 63,839,841	$ 63,936,192	3.1%
Non-Personal/Equipment	135,105,748	151,288,203	151,755,392	152,113,492	0.5%
Total	**$ 192,191,212**	**$ 213,321,532**	**$ 215,595,233**	**$ 216,049,684**	**1.3%**
Dollars by Fund					
General Fund	$ 389,320	$ 427,752	$ 232,841	$ 184,941	(56.8%)
Integrated Waste Mgmt	94,753,649	100,894,687	102,533,091	102,596,706	1.7%
Sewer Svc & Use Charge	1,162,591	1,154,568	959,600	972,607	(15.8%)
SJ/SC Treatment Plant Oper	60,642,821	72,448,536	72,093,450	72,302,529	(0.2%)
Storm Sewer Operating	9,890,541	10,901,900	11,111,805	11,084,254	1.7%
Water Utility	22,734,081	25,441,209	26,578,773	26,822,974	5.4%
Capital Funds	2,618,209	2,052,880	2,085,673	2,085,673	1.6%
Total	**$ 192,191,212**	**$ 213,321,532**	**$ 215,595,233**	**$ 216,049,684**	**1.3%**
Authorized Positions by Core Service					
Natural and Energy Resources Protection	5.17	4.09	4.73	4.73	15.6%
Potable Water Delivery	31.55	30.69	32.50	33.56	9.4%
Recycled Water Management	19.17	17.51	15.20	15.05	(14.0%)
Recycling and Garbage Services	44.45	45.66	46.37	46.59	2.0%
Stormwater Management	39.83	39.09	41.66	41.24	5.5%
Wastewater Management	316.78	311.91	310.49	312.78	0.3%
Strategic Support	50.00	50.00	49.00	50.00	0.0%
Total	**506.95**	**498.95**	**499.95**	**503.95**	**1.0%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**498.95**	**213,321,532**	**427,752**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Structural Trash Controls		(200,000)	0
• Rebudget: Silicon Valley Energy Watch Grant		(103,000)	(103,000)
• Rebudget: Integrated Pest Management Demonstration Projects		(75,000)	0
• Treatment Plant Repairs and Maintenance		(1,500,000)	0
• Municipal Water Vehicles		(155,000)	0
• Homeless Encampment Cleanup - Phase I		(150,000)	0
• Silicon Valley Energy Watch Grant		(111,156)	(111,156)
• Solid Waste Contract Compliance Staffing		(30,000)	0
• WPCP Capital Staffing		(2,000)	0
One-Time Prior Year Expenditures Subtotal:	**0.00**	**(2,326,156)**	**(214,156)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 8.0 Electrician to 8.0 Industrial Electrician - 1.0 Electrician Supervisor to 1.0 Industrial Electrician Supervisor - 1.0 Environmental Laboratory Manager to 1.0 Environmental Services Program Manager - 4.0 Plant Mechanic and 1.0 Senior Custodian to 2.0 Senior Plant Mechanic, 2.0 Plant Mechanical Supervisor, and 1.0 Maintenance Superintendent - 6.0 Plant Operators I/II/III to 1.0 Plant Shift Supervisor I/II and 5.0 Plant Assistant Operations Manager I - 2.0 Senior Electrician to 2.0 Senior Industrial Electrician - 1.0 Systems Control Supervisor to 1.0 Supervising Applications Analyst		2,008,361	20,245
• 1.0 Environmental Services Specialist (expiration of limit-dated Energy Fund position)	(1.00)	0	0
• 2.0 Environmental Service Specialist for Silicon Valley Energy Watch Program Grant (Council Approval - March 19, 2013) (limit-dated to June 30, 2014)	2.00	0	0
• Non-Personal/Equipment reduction in the Integrated Waste Management Fund to align budget with historical spending levels		(267,256)	0
• Vacancy Factor adjustment		(71,693)	
• Non-Personal/Equipment adjustments in the San José/ Santa Clara Treatment Plant Operating Fund, Storm Sewer Operating Fund, and Sewer Service and Use Charge Fund to align budget with historical spending levels		(7,552)	0
• Wholesale water cost increase		1,015,586	0
• Single-family Dwelling garbage contract adjustments		630,521	0
• Yard Trimmings/Street Sweeping contract adjustments		441,454	0
• Multi-family Dwelling garbage contract adjustments		350,023	0
• Treatment Plant Training Program annualization		250,000	0
• International Disposal Corporation contract adjustments		241,500	0
• City Facilities waste collection adjustments		33,774	0

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Recycle Plus billing/printing contract adjustments		17,139	0
• Changes in vehicle maintenance and operations costs		(67,000)	(1,000)
• Changes in gas costs		15,000	0
• Changes in electricity costs		10,000	0
Technical Adjustments Subtotal:	1.00	4,599,857	19,245
2013-2014 Forecast Base Budget:	**499.95**	**215,595,233**	**232,841**

	Positions	All Funds ($)	General Fund ($)
Budget Proposals Recommended			
1. Environmental Services Department Staffing Realignment	(4.00)	(415,022)	0
2. Transfer of Energy Program to Public Works Department	(1.00)	(147,825)	(47,900)
3. Environmental Services Department Administrative Services Division Oversight	2.00	234,510	0
4. Wastewater Chemical and Biological Study		150,000	0
5. Municipal Water Vehicles and Equipment Replacement		140,000	0
6. Solid Waste Code and Contract Compliance Staffing	1.00	139,065	0
7. Municipal Water Staffing	1.00	95,458	0
8. Water Pollution Control Plant Engineering Staffing	1.00	94,971	0
9. Recycle Plus Billing Transition Project Staffing	1.00	91,272	0
10. Burrowing Owl Habitat Conservation		60,000	0
11. Water Pollution Control Plant - Plant Attendant Staffing	3.00	12,022	0
Total Budget Proposals Recommended	**4.00**	**454,451**	**(47,900)**
2013-2014 Proposed Budget Total	**503.95**	**216,049,684**	**184,941**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Environmental Services Department Staffing Realignment	**(4.00)**	**(415,022)**	**0**

Environmental and Utility Services CSA
Recycling and Garbage Services
Stormwater Management
Wastewater Management

This action eliminates 4.0 vacant positions in the Environmental Services Department (1.0 Maintenance Worker I, 1.0 Environmental Inspector Assistant, 1.0 Environmental Services Program Manager, and 1.0 Environmental Services Specialist) with no expected service impacts. The duties performed by the Maintenance Worker I, the Assistant Environmental Inspector, and the Environmental Services Program Manager have been absorbed by existing staff. The Environmental Services Specialist position supported the new Commercial collection system transition which has been completed. (Ongoing savings: $417,408)

Performance Results:
No impacts to current service levels are anticipated as a result of this action.

2. Transfer of Energy Program to Public Works Department	**(1.00)**	**(147,825)**	**(47,900)**

Environmental and Utility Services CSA
Natural and Energy Resources Protection
Potable Water Delivery
Recycled Water Management
Recycling and Garbage Services
Stormwater Management
Wastewater Management

This action transfers 1.0 Environmental Services Specialist position that manages the Green Building Program and associated non-personal/equipment funding ($47,900) from the Environmental Services Department to the Public Works Department. This position will be added on a one-time basis in the Public Works Department with an alternative recommended funding source. Additionally, staffing for the Energy Efficiency Program that was funded on a year-to-year basis from the city-wide Energy Efficiency Program appropriation will also now be managed by the Public Works Department. This transfer will more closely align the Green Building and Energy Efficiency Program responsibilities with the Facility Management function of the Public Works Department. Further information on this program can be found in the Public Works Department section of this document. (Ongoing savings: $148,858)

Performance Results:
No impacts to current service levels are anticipated as a result of this action.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Environmental Services Department Administrative Services Division Oversight	**2.00**	**234,510**	**0**

Environmental and Utility Services CSA
Strategic Support
Wastewater Management

This action adds 1.0 Division Manager position and 1.0 Senior Analyst position to the Administrative Services Division in the Environmental Services Department. The Division Manager position will manage the Department's Fiscal, Budget, Management Information System, and new Workforce Planning Section that will be responsible for all activities related to Plant staffing, developing and implementing a recruiting and retention strategy, management of all human resources, and employee relations activities. The Senior Analyst will assist with workforce planning efforts including recruitments, training and development, and performance appraisal management at the WPCP. (Ongoing costs: $245,424)

Performance Results:
Quality This action will provide management oversight and dedicated focus to increasing retention rates, decreasing vacancy rates, and increasing focus on staff development.

4. Wastewater Chemical and Biological Study		**150,000**	**0**

Environmental and Utility Services CSA
Wastewater Management

This action provides funding for wastewater and lower South San Francisco Bay research studies at the Water Pollution Control Plant (WPCP) that will be used to determine if the WPCP provides a net environmental benefit to the lower South San Francisco Bay. The results of the studies will be provided to the San Francisco Bay Regional Water Quality Control Board as part of the National Pollutant Discharge Elimination System (NPDES) renewal permit process. The current permit is set to expire in May 2014. The NPDES permit is issued every five years. (Ongoing costs: $0)

Performance Results:
Quality The results of the studies will support a reissued NPDES permit with attainable effluent permit limits for toxicity and nutrients.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
5. Municipal Water Vehicles and Equipment Replacement		**140,000**	**0**

Environmental and Utility Services CSA
Potable Water Delivery

This action provides funding for three light pickup vehicles and a trailer to support Municipal Water System (Muni Water) operations. The vehicles are necessary for the Water Systems Technicians and Inspectors to provide service on construction sites and to customers in the Muni Water service area, including complete daily work orders, emergency response, and maintenance and repair of water utility infrastructure. The trailer will be used to store all equipment and supplies that are used for the chlorination that is required by the Department of Public Health to provide safe drinking water to customers. (Ongoing costs: $0)

Performance Results:
Cost, Customer Satisfaction These vehicles will replace non-operable vehicles or vehicles whose repair costs exceed the value of the vehicle. The replacement vehicles will also ensure technicians and inspectors can maintain service levels by avoiding delays caused by unreliable equipment.

6. Solid Waste Code and Contract Compliance Staffing	**1.00**	**139,065**	**0**

Environmental and Utility Services CSA
Recycling and Garbage Services

This action adds 1.0 Environmental Inspector position and one-time non-personal/equipment funding for a vehicle and electronic equipment ($45,000) to perform solid waste related code and contract compliance work. The Environmental Inspector will monitor multi-family and single-family compliance with Recycle Plus Program requirements such as recyclables scavenging and overflowing garbage bins and carts. (Ongoing costs: $104,338)

Performance Results:
Quality This action will improve the environment by addressing the backlog of city-wide blight and quality of life issues, such as illegal dumping, recyclables scavenging, early setouts, and overflowing garbage bins and carts. Monitoring and enforcement efforts will ensure proper levels of solid waste service and prevent litter and other debris from polluting storm drains flowing to the San Francisco Bay.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
7. Municipal Water Staffing	**1.00**	**95,458**	**0**

Environmental and Utility Services CSA
Potable Water Delivery

This action adds 1.0 Associate Engineer to plan and implement water supply strategies in North San José, implement required California Urban Water Conservation Council (CUWCC) Best Management Practices, implement and maintain a Computerized Maintenance Management System (CMMS), implement a Muni Water conservation program to meet State mandated water use reduction by 2020, and pilot and integrate water efficiency technologies. (Ongoing costs: $105,235)

Performance Results:
Quality This action will ensure the City is in compliance with CUWCC, secure and develop a permanent water supply for the North San José area, and implement maintenance and water supply reliability projects.

8. Water Pollution Control Plant Engineering Staffing	**1.00**	**94,971**	**0**

Environmental and Utility Services CSA
Wastewater Management

This action adds 1.0 Associate Engineer position at the Water Pollution Control Plant (WPCP) to manage engineering support services for various operation and maintenance projects, while other experienced staff will focus on the implementation of the Capital Improvement Program (CIP) projects. The 2014-2018 CIP includes funding of $680.9 million for the implementation of Package 2 which includes new technology and facilities projects at the WPCP. The Associate Engineer will responsible for the maintenance of projects that require engineering services for design and troubleshooting. (Ongoing costs: $104,698)

Performance Results:
Cost, Quality This action will provide engineering support for the Plant maintenance projects and will assist in coordination between the WPCP operation and maintenance projects and CIP projects.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
9. **Recycle Plus Billing Transition Project Staffing**	**1.00**	**91,272**	**0**

Environmental and Utility Services CSA
Potable Water Delivery
Recycling and Garbage Services
Stormwater Management
Wastewater Management

This action adds 1.0 Analyst position for a three-year period (limit-dated to June 30, 2016) to support the Recycle Plus Billing transition. In January 2013, the City Council approved a service delivery model change for Recycle Plus Billing and Customer Service to either hauler billing or tax-roll billing which is currently under further analysis. The Analyst will maintain the current in-house system while existing staff would be responsible for preparing for the transition of the Recycle Plus Billing function, including data cleanup, testing, training, and implementation. (Ongoing costs: $95,233)

Performance Results:
Customer Satisfaction This action will provide the necessary staff support needed for the billing system conversion and will help mitigate delays and errors leading up to the transition of the Recycle Plus Billing function. Overall customer service will be increased through the position by ensuring the in-house system is properly maintained and accurate customer data is compiled, which will lead to a smoother transition for residents.

10. Burrowing Owl Habitat Conservation		**60,000**	**0**

Environmental and Utility Services CSA
Wastewater Management

This action provides funding for various land management activities for burrowing owl habitat conservation at the 180 acres owl habitat site located within the Water Pollution Control Plant western bufferlands area. Activities will include land maintenance, planting and maintaining native plants, monitoring the habitat using video cameras, and conducting comprehensive owl surveys. (Ongoing costs: $60,000)

Performance Results:
Quality, Customer Satisfaction This action will result in improved burrowing owl habitat that will increase the burrowing owl populations on the western bufferlands area.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
11. Water Pollution Control Plant Plant Attendant Staffing	**3.00**	**12,022**	**0**

Environmental and Utility Services CSA
Recycled Water Management
Wastewater Management

This action adds 7.0 Plant Attendant positions and eliminates 4.0 vacant journey-level Plant Mechanic positions in order to 1) create additional points of entry into the Water Pollution Control Plant (WPCP) Mechanic classification series and 2) help obtain a qualified candidate pool for existing Plant Operator Trainee, Apprentice Plant Mechanic, Electrician, Instrument Control Technician and Heavy Equipment Operator positions. The Plant has experienced challenges in hiring for the journey level WPCP Mechanic positions (30% vacancy rate in April 2013). The Plant Attendants will assist Plant Mechanics by performing the lower level tasks and will learn various job functions as they rotate through the various Plant work groups. (Ongoing costs: $56,543)

Performance Results:
Quality These positions will be able to rotate through various career fields at the WPCP and help create a pool of candidates over time for future hire into various trades positions at the facility.

2013-2014 Proposed Budget Changes Total	**4.00**	**454,451**	**(47,900)**

Performance Summary

Natural and Energy Resources Protection

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
(Energy) % of energy used at the Water Pollution Control Plant that is renewable	53%	60%	57%	60%
(Water) % of residents demonstrating water conservation knowledge*	N/A	N/A	N/A	40%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ "(Energy) % change in energy usage in all City accounts from 2007 baseline" was deleted from the Environmental Services Department and added to the Department of Public Works (PW) measures as the City's Energy Group has become a part of PW.
- ✕ "(Water) % of annual goal for gallons of water conserved tributary area-wide" was deleted from the Environmental Services Department because water flow from the Plant has been well under the 120 mgd level for many years.
- ✕ "(Water) Annual net cost per gallon of water conserved through City programs" was deleted from the Environmental Services Department because conservation activities to reduce discharge to the bay has been eliminated.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of United Nations Urban Environmental Accords Implemented (of 21 total Actions)	14	14	15	15

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ✕ "Millions of gallon per day conserved (tributary area-wide)" was deleted from the Environmental Services Department because water flow from the Plant has been well under the 120 mgd level for many years.
- ✕ "Cumulative millions of gallons per day conserved since July 1992 (tributary area-wide)" was deleted from the Environmental Services Department because data is no longer collected.

Performance Summary

Potable Water Delivery

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of water samples meeting or surpassing State and federal water quality standards	99.8%	100.0%	99.5%	100%
Ratio of Municipal Water System (MWS) average residential water bill to weighted average residential water bill of other San José water retailers*	82.0%	<100%	84%	<100%
% of customer service requests handled within 24 hours**	84%	N/A	N/A	86%
% of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness**	85%	N/A	N/A	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* San José water retailers include: San Jose Water Company and Great Oaks Water Company.
** No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Millions of gallons of water delivered per year to MWS customers	7,500	7,600	7,900	8,000
Total number of MWS customers	26,500	26,500	26,500	26,500

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Recycled Water Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Millions of gallons of recycled water delivered annually	3,339	2,900	3,900	4,000
% of time recycled water quality standards are met or surpassed	99.9%	100%	99.9%	100%
% of wastewater influent recycled for beneficial purposes during the dry weather period*	12%	12%	12%	12%
Cost per million gallons of recycled water delivered	$1,680	$2,306	$2,122	$2,306
% of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness**	82%	N/A	N/A	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Dry weather period is defined as the lowest continuous three month average rainfall between May and October, which during the fiscal year reporting period is July-September.
** No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

1 Changes to Performance Measures from 2012-2013 Adopted Budget:
× "Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period" was deleted because it is a duplicate measure reported in the Environmental and Utility Services CSA Outcome #2

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of South Bay Water Recycling customers	633	660	700	725

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Recycling and Garbage Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
# of household hazardous waste disposal appointments available for San José				
- Residents	11,164	15,000	13,700	15,000
- Small Businesses	254	1,000	230	1,000
% of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption				
- Single-Family Dwelling*	N/A	N/A	N/A	75%
- Multi-Family Dwelling*	N/A	N/A	N/A	75%
- Commercial Facilities*	N/A	N/A	N/A	75%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total tons of residential solid waste diverted from landfills	281,397	287,000	288,000	288,500
Total tons of residential solid waste landfilled	186,057	189,000	191,000	190,000
Total number of residential households served	311,459	312,000	313,000	313,000
# of residential pickups not completed as scheduled *	117	193	100	140

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Average per week; pickup completed next day.

Performance Summary

Stormwater Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Annual cost per residential unit	$91.68	$94.44	$94.44	$94.44
% of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system*	N/A	N/A	N/A	55%
% trash reduced from the storm sewer system	NEW	40%	54%**	40%
% Stormwater violations identified at industrial/commercial facilities resolved within ten business days	NEW	90%	97%	99%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.
** This is an estimate of Trash Loads Reduced based on the Proposed Trash Load Reduction Tracking Method. This Method has not yet been approved by the Water Board staff. It is anticipated that the final mechanism used to track trash load reduction will significantly change from the proposed method. This estimate is being used until a new mechanism is approved by the Water Board.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Tons of trash/litter collected by City led creek cleanup efforts	NEW	200	265	200

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Wastewater Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	95	<120	85	<120
% of time pollutant discharge requirements are met or surpassed	99.98%	100%	100%	100%
# of requirement violations				
-Pollutant discharge	2	0	0	0
-Air emissions	0	0	0	0
% of significant industrial facilities in consistent compliance with federal pretreatment requirements.	NEW	90%	95%	90%
Cost per million gallons treated	$1,086	$990	$1,150	$1,300
% of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pre-treatment services**	N/A	N/A	N/A	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Average dry weather season is defined as the lowest three month continuous average between May and October, which during the fiscal year reporting period is July-September.
** No survey was performed in 2012-2013 due to availability of staffing resources. Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Average millions of gallons per day treated	106	115	108	116
Total population in service area*	1,364,019	1,425,000	1,377,700	1,391,400

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The San José/Santa Clara Water Pollution Control Plant (Plant) is a regional wastewater treatment facility serving eight South Bay cities and four sanitation districts including: San José, Santa Clara, Milpitas, Cupertino Sanitation District (Cupertino), West Valley Sanitation District (Campbell, Los Gatos, Monte Sereno and Saratoga), County Sanitation Districts 2-3 (unincorporated), and Burbank Sanitary District (unincorporated).

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	1.00	1.00	-
Accountant II	1.00	1.00	-
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	3.00	3.00	-
Analyst I/II	15.00	16.00	1.00
Aquatic Toxicologist	1.00	1.00	-
Associate Construction Inspector	1.00	1.00	-
Assistant Director	1.00	1.00	-
Assistant Heavy Diesel Equipment Operator Mechanic	3.00	3.00	-
Associate Engineer	14.00	16.00	2.00
Associate Engineering Technician	5.00	5.00	-
Associate Environmental Services Specialist	3.00	3.00	-
Biologist	5.00	5.00	-
Chemist	9.00	9.00	-
Community Activity Worker	0.95	0.95	-
Cross Connection Specialist	1.00	1.00	-
Deputy Director	4.00	4.00	-
Director Environmental Services	1.00	1.00	-
Division Manager	5.00	6.00	1.00
Electrician	9.00	1.00	(8.00)
Electrician Supervisor	1.00	0.00	(1.00)
Engineer II	3.00	3.00	-
Engineering Technician II	4.00	4.00	-
Environmental Compliance Officer	1.00	1.00	-
Environmental Inspector I/II	36.00	37.00	1.00
Environmental Inspector, Assistant	6.00	5.00	(1.00)
Environmental Inspector, Senior	4.00	4.00	-
Environmental Laboratory Manager	2.00	1.00	(1.00)
Environmental Laboratory Supervisor	2.00	2.00	-
Environmental Services Program Manager	7.00	7.00	-
Environmental Services Specialist	37.00	36.00	(1.00)
Environmental Sustainability Manager	1.00	1.00	-
Financial Analyst	1.00	1.00	-
Geographic Systems Specialist II	1.00	1.00	-
Groundsworker	1.00	1.00	-
Heavy Diesel Equipment Operator Mechanic	13.00	13.00	-
Heavy Diesel Equipment Supervisor	1.00	1.00	-
Heavy Equipment Operator	5.00	5.00	-
Industrial Electrician	0.00	8.00	8.00
Industrial Electrician Supervisor	0.00	1.00	1.00
Information Systems Analyst	2.00	2.00	-
Instrument Control Supervisor	1.00	1.00	-
Instrument Control Technician	8.00	8.00	-
Laboratory Technician I/II	14.00	14.00	-
Maintenance Assistant	1.00	1.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Maintenance Superintendent	3.00	4.00	1.00
Maintenance Supervisor	3.00	3.00	-
Maintenance Worker I	3.00	2.00	(1.00)
Marketing and Public Outreach Manager	1.00	1.00	-
Marketing and Public Outreach Representative I/II	5.00	5.00	-
Microbiologist	2.00	2.00	-
Network Engineer	1.00	1.00	-
Network Technician II	2.00	2.00	-
Office Specialist II	9.00	9.00	-
Painter Supervisor Water Pollution Control	1.00	1.00	-
Painter Water Pollution Control	6.00	6.00	-
Plant Assistant Operations Manager I/II	1.00	6.00	5.00
Plant Attendant	2.00	9.00	7.00
Plant Mechanic	28.00	20.00	(8.00)
Plant Mechanical Supervisor	3.00	5.00	2.00
Plant Operator I/II/III	40.00	34.00	(6.00)
Plant Shift Supervisor I/II	6.00	7.00	1.00
Principal Accountant	1.00	1.00	-
Principal Construction Inspector	1.00	1.00	-
Principal Engineer/Architect	1.00	1.00	-
Principal Office Specialist	4.00	4.00	-
Process and Systems Specialist II	2.00	2.00	-
Program Manager II	1.00	1.00	-
Sanitary Engineer	7.00	7.00	-
Secretary	1.00	1.00	-
Senior Account Clerk	4.00	4.00	-
Senior Accountant	5.00	5.00	-
Senior Air Conditioning Mechanic	1.00	1.00	-
Senior Analyst	7.00	8.00	1.00
Senior Construction Inspector	2.00	2.00	-
Senior Custodian	1.00	0.00	(1.00)
Senior Electrician	2.00	0.00	(2.00)
Senior Engineer	8.00	8.00	-
Senior Engineering Technician	6.00	6.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Heavy Diesel Equipment Operator Mechanic	3.00	3.00	-
Senior Heavy Equipment Operator	2.00	2.00	-
Senior Industrial Electrician	0.00	2.00	2.00
Senior Instrument Control Technician	2.00	2.00	-
Senior Maintenance Worker	3.00	3.00	-
Senior Office Specialist	8.00	8.00	-
Senior Painter	1.00	1.00	-
Senior Plant Mechanic	6.00	8.00	2.00
Senior Plant Operator I/II	13.00	13.00	-
Senior Process and Systems Specialist	3.00	3.00	-
Senior Water Systems Technician	3.00	3.00	-
Staff Specialist	6.00	6.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Staff Technician	2.00	2.00	-
Supervising Applications Analyst	1.00	2.00	1.00
Supervising Environmental Services Specialist	14.00	14.00	-
Supply Clerk	1.00	1.00	-
Systems Applications Programmer II	3.00	3.00	-
Systems Control Supervisor	1.00	0.00	(1.00)
Warehouse Supervisor	1.00	1.00	-
Warehouse Worker I	2.00	2.00	-
Warehouse Worker II	2.00	2.00	-
Water Meter Reader	3.00	3.00	-
Water Systems Technician	9.00	9.00	-
Total Positions	**498.95**	**503.95**	**5.00**

Finance Department

Julia H. Cooper, Director

MISSION

To manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for residents, businesses, and investors

City Service Area

Strategic Support

Core Services

Disbursements
Facilitate timely and accurate payment of the City's financial obligations

Financial Reporting
Provide accurate and meaningful reporting on the City's financial condition

Purchasing and Risk Management
Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets

Revenue Management
Bill and collect the City's resources to enhance the City's financial condition

Treasury Management
Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition

Strategic Support: Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support

Service Delivery Framework

Core Service	Key Operational Services
Disbursements: *Facilitate timely and accurate payment of the City's financial obligations*	• Accounts Payable • Payroll
Financial Reporting: *Provide accurate and meaningful reporting on the City's financial condition*	• General Accounting and Analysis • Special Accounting
Purchasing and Risk Management: *Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets*	• Procurement • Risk Management (insurance)
Revenue Management: *Bill and collect the City's resources to enhance the City's financial condition*	• Accounts Receivable Collections • Business Tax Compliance • Integrated Billing System • Revenue Compliance and Monitoring
Treasury Management: *Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition*	• Debt Management • Investment Management • Cash Management/Payment Processing
Strategic Support: *Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support*	• Analytical Support • Budget/Fiscal Management • Contract Administration • Website Services • Administrative Support

Department Budget Summary

Expected 2013-2014 Service Delivery

- Ensure that the City's financial resources are protected and available to address the short and long-term needs of the community; accurate and timely payments to City employees and vendors; accurate and timely financial report; and efficient business systems and processes for timely billing and collection efforts.
- Ensure prudent utilization of public funds through competitive processes and cooperative purchasing with other government agencies.
- Maintain favorable bond ratings to ensure lowest cost of capital; provide financial modeling and analysis to meet the increasingly complex needs of the City; and ensure effective management of the City's investment portfolio.
- Manage enterprise systems including the Financial Management System (FMS), the Integrated Billing System (IBS), and the Oracle PeopleSoft HR Payroll System. The Finance Department will be responsible for the procurement process to replace some of these major systems such as IBS, Business Tax System, and HR Payroll System.
- Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible.

2013-2014 Budget Actions

- The phased transition of staffing to the Finance Department for the ongoing administration of the Successor Agency to the Redevelopment Agency (SARA) will streamline processes and strengthen the financial management of the existing $2.5 billion SARA debt portfolio and ongoing transactions.
- Two year funding for Procurement staff will support critical procurements and contracting activities in the Planning, Building and Code Enforcement Department Building Development Fee Program while ensuring consistent application of the City's procurement policies throughout the organization.
- Continued management of the Marijuana Business Tax (MBT) Program will ensure fiscal compliance with the MBT code by monitoring tax remittances, identifying non-remitters, assessing penalties and interest, conducting site visits, auditing to ensure compliance, and generating management reports regarding the MBT.

Operating Funds Managed

- Cash Reserve Fund
- City Hall Debt Service Fund
- Community Facilities Revenue Fund
- Convention and Cultural Affairs Fund
- Convention Centre Facilities District Revenue Fund
- Emergency Reserve Fund
- Gift Trust Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Disbursements	$ 1,675,977	$ 1,719,927	$ 1,685,997	$ 1,685,997	(2.0%)
Financial Reporting	1,604,268	1,655,558	1,748,030	1,859,211	12.3%
Purchasing and Risk Management*	1,885,554	2,041,002	2,145,501	2,252,693	10.4%
Revenue Management	4,292,839	4,890,018	4,495,941	4,686,783	(4.2%)
Treasury Management	3,072,396	3,738,746	3,817,984	3,882,312	3.8%
Strategic Support	1,080,900	1,168,420	1,178,597	1,227,088	5.0%
Total	**$ 13,611,934**	**$ 15,213,671**	**$ 15,072,050**	**$ 15,594,084**	**2.5%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 12,488,550	$ 14,012,456	$ 13,950,930	$ 14,472,964	3.3%
Overtime	16,709	48,615	48,615	48,615	0.0%
Subtotal	$ 12,505,259	$ 14,061,071	$ 13,999,545	$ 14,521,579	3.3%
Non-Personal/Equipment	1,106,675	1,152,600	1,072,505	1,072,505	(6.9%)
Total	**$ 13,611,934**	**$ 15,213,671**	**$ 15,072,050**	**$ 15,594,084**	**2.5%**
Dollars by Fund					
General Fund	$ 10,926,514	$ 12,275,583	$ 12,189,662	$ 12,711,696	3.6%
Comm Dev Block Grant	185,660	0	0	0	N/A
Integrated Waste Mgmt	1,392,293	1,382,813	1,354,874	1,354,874	(2.0%)
Low/Mod Income Hsg	53,153	0	0	0	N/A
Low/Mod Income Hsg Asset**	87,830	166,998	89,576	89,576	(46.4%)
PW Program Support	57,731	66,647	66,145	66,145	(0.8%)
Sewer Svc & Use Charge	387,263	480,811	515,633	515,633	7.2%
SJ/SC Treatment Plant Oper	125,934	425,050	528,159	528,159	24.3%
Stores Fund	231,598	0	0	0	N/A
Storm Sewer Operating	25,540	44,838	50,402	50,402	12.4%
Water Utility	138,418	252,690	277,599	277,599	9.9%
Capital Funds	0	118,241	0	0	(100.0%)
Total	**$ 13,611,934**	**$ 15,213,671**	**$ 15,072,050**	**$ 15,594,084**	**2.5%**
Authorized Positions by Core Service					
Disbursements	12.70	13.50	13.50	13.50	0.0%
Financial Reporting	13.26	12.08	12.25	13.25	9.7%
Purchasing and Risk Management*	15.79	16.19	16.41	17.41	7.5%
Revenue Management	42.06	38.81	33.59	35.59	(8.3%)
Treasury Management	27.34	27.57	27.40	28.40	3.0%
Strategic Support	5.35	6.35	6.35	6.85	7.9%
Total	**116.50**	**114.50**	**109.50**	**115.00**	**0.4%**

* This core service was previously named Purchasing and Materials Management.

** This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**114.50**	**15,213,671**	**12,275,583**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Medical Marijuana Program (1.0 Accountant I/II and 1.0 Investigator Collector I)	(2.00)	(206,725)	(206,725)
One-time Prior Year Expenditures Subtotal:	**(2.00)**	**(206,725)**	**(206,725)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 2.0 Senior Analyst to 2.0 Program Manager I		405,272	357,199
• Reallocation of Warehouse Function to Public Works Department (1.0 Mail Processor, 2.0 Warehouse Worker II, and non-personal/equipment)	(3.00)	(316,168)	(242,395)
• Integrated Waste Management Fund non-personal/ equipment funding realignment		(30,000)	0
• Changes in vehicle maintenance and operations costs		6,000	6,000
Technical Adjustments Subtotal:	**(3.00)**	**65,104**	**120,804**
2013-2014 Forecast Base Budget:	**109.50**	**15,072,050**	**12,189,662**

	Positions	All Funds ($)	General Fund ($)
Budget Proposals Recommended			
1. Successor Agency to the Redevelopment Agency (Administrative Support)	2.50	224,000	224,000
2. Medical Marijuana Program*	2.00	190,842	190,842
3. Planning, Building, and Code Enforcement Department Building Development Fee Program Purchasing Support	1.00	107,192	107,192
Total Budget Proposals Recommended	**5.50**	**522,034**	**522,034**
2013-2014 Proposed Budget Total	**115.00**	**15,594,084**	**12,711,696**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Successor Agency to the Redevelopment Agency (Administrative Support)	**2.50**	**224,000**	**224,000**

Strategic Support CSA
Financial Reporting
Treasury Management
Strategic Support

This action continues the transition of the Successor Agency to the Redevelopment Agency (SARA), phasing out, where appropriate, related SARA administration, including staffing. SARA financial work would be transferred to the Finance Department and the addition of 2.50 positions are included for these activities. In order to ensure knowledge transfer and a continued smooth transition, SARA employees will be retained through various portions of 2013-2014, as needed. An annual review of resources will continue to be completed. The addition of 2.0 Analyst II, 1.0 Senior Accountant, and deletion of 0.5 Analyst II PT will allow the Finance Department to assume responsibility of the financial management (audits, reporting, cash flow, accounts receivable/payable); treasury management (debt portfolio, cash investments), Successor Agency Administrative Board Support, and continued efforts to resolve outstanding accounts. (Ongoing costs: $260,773)

Performance Results:
Customer Satisfaction, Quality, Cycle Time This action will continue the wind down of the Successor Agency and ensure sufficient financial staffing for financial reporting including the Comprehensive Annual Financial Report (CAFR).

2. Medical Marijuana Program*	**2.00**	**190,842**	**190,842**

Strategic Support CSA
Revenue Management

This action restores funding for 1.0 Accountant II position and 1.0 Investigator Collector I position on an ongoing basis to maintain oversight, coordination and continued development and implementation of the multi-departmental Medical Marijuana Program. In the 2011-2012 Adopted Operating Budget, a Medical Marijuana Program was approved to both regulate the collectives through a regulatory ordinance and to ensure collection of the Marijuana Business Tax (MBT). Funding for the program was extended on a one-time basis for 2012-2013. Due to the suspension of the Regulatory Ordinance and pending cases in the California Supreme Court, the future of the regulatory program continues to be uncertain. These positions will continue to provide fiscal audits and compliance support related to the collection of MBT. (Ongoing costs: $193,962)

Performance Results:
No change to current service levels is expected as a result of this action.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Planning, Building, and Code Enforcement Department Building Development Fee Program Purchasing Support	**1.00**	**107,192**	**107,192**

Strategic Support CSA
Purchasing and Risk Management

This action provides funding for 1.0 Senior Analyst (limit-dated to June 30, 2015) to provide support to the Planning, Building, and Code Enforcement (PBCE) Department, Building Development Fee Program. This Senior Analyst position will be responsible for the timely procurement for PBCE needed services in compliance with applicable rules and regulations including: coordination of Request for Proposals (RFP) for technology initiatives such as the AMANDA upgrade, GIS Web Viewer/WebMap, Online Data Sharing, and Mobile Inspections; work with the City Attorney's Office on the agreements; and coordination of the final terms and conditions of the agreement with the selected consultant for the technology initiatives. This position will be funded through building fees. (Ongoing costs: $107,196)

Performance Results:
Customer Satisfaction, Quality, Cycle Time All performance levels will improve for the PBCE Building Development Fee Program to ensure proper procurement of professional services.

2013-2014 Proposed Budget Changes Total	**5.50**	**522,034**	**522,034**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Disbursements

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of disbursements paid accurately and timely	97%	91%	96%	97%
% of reimbursements paid to employees accurately and timely	97%	93%	97%	97%
% of payroll disbursements paid accurately and timely	61%	95%	95%	96%
Cost per payment	$7.00	$7.67	$6.66	$6.70
Average number of days from invoice date to check issuance	34	35	34	32
% of disbursements paid to vendors accurately and within 30 days	58%	63%	58%	65%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total cost for Disbursement services	$1.68M	$1.72M	$1.61M	$1.69M
Total number of payments made	239,383	225,000	241,072	251,694
Vendor invoices paid	77,635	65,000	71,584	73,732

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Financial Reporting

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of financial reports that are produced accurately and timely	92%	95%	97%	98%
Cost per report	$630	$651	$527	$610

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total cost for Financial Reporting services	$1.61M	$1.66M	$1.61M	$1.86M
Total number of financial reports provided	2,557	2,550	3,047	3,050

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Purchasing and Risk Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of cost savings achieved through the centralized purchasing process	1%	3%	2%	4%
Cost of purchasing services as a percentage of the total dollars procured	1.60%	1.65%	1.13%	1.62%
% of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ $10K	63%	83%	68%	83%
- 26 business days for POs > $10K and ≤ $100K	72%	77%	67%	77%
- 38 business days for POs > $100K and ≤ $250K	73%	80%	80%	80%
- 83 business days for POs > $250K and ≤ $1.0M	92%	80%	95%	80%
- 108 business days for POs > $1.0M	100%	100%	100%	100%
Percentage of contracts processed for insurance clearance within five days of receipt	73%	75%	80%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

× "% of time a request for record retention item is delivered within one day" has been moved to the Public Works Department who will manage Materials Management Services starting in 2013-2014.

Performance Summary

Purchasing and Risk Management

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total cost for services				
- Purchasing Services	$1.50M	$1.74M	$1.45M	$1.82M
- Risk Insurance Services	N/A	N/A	$0.35M	$0.45M
Total dollars procured	$94.0M	$105.0M	$127.9M	$112.4M
Total cost savings	$0.96M	$2.50M	$2.6M	$3.9M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ $10K	313	400	375	384
- 26 business days for POs > $10K and ≤ $100K	406	300	435	436
- 38 business days for POs > $100K and ≤ $250K	66	160	100	308
- 83 business days for POs > $250K and ≤ $1.0M	36	4	38	4
- 108 business days for POs > $1.0M	3	1	6	8
Total insurable value of the City's assets	$2.90B	$2.9B	$2.9B	$2.9B
Total number of contracts processed for insurance clearance	796	1,100	1,100	1,100

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "Total cost for services – Materials Management" has been moved to the Public Works Department who will manage Materials Management Services starting in 2013-2014 and replaced with "Risk Insurance Services" to align with the services provided in this core service.
- ✕ "# of record retention requests delivered within one day" has been moved to the Public Works Department who will manage Materials Management Services starting in 2013-2014.
- ✕ "total dollars recovered from surplus sales" has been moved to the Public Works Department who will manage Materials Management Services starting in 2013-2014.

Performance Summary

Revenue Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Cost of revenue collection services as a percentage of the City's total accounts receivable	NEW	NEW	21.84%	22.93%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ↺ "Cost of revenue collection services as a percentage of the City's total miscellaneous accounts receivable" was replaced with "Cost of revenue collection services as a percentage of the City's total accounts receivable" to encompass the City's total accounts receivable rather than just the miscellaneous accounts receivable.
- ↺ "City's Aging Accounts Receivable Balance Current Receivables and Delinquent Receivables" have been moved to Activity and Workload Highlights as these are not performance measures but rather outputs.

Activity and Workload Highlights

	2012-2013 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total cost for Revenue Management services	$4.29M	$4.89M	$4.83M	$5.10M
City's Aging Accounts Receivable Balance Current Receivables:				
0 - 30 days	$5,313,560	$2,785,000	$1,531,827	$2,904,099
31 - 60 days	$1,226,741	$1,444,000	$1,370,240	$1,229,277
61 - 90 days	$429,147	$922,000	$807,272	$925,371
Delinquent Receivables:				
91 - 120 days	$265,997	$997,000	$522,789	$2,259,733
121 - 365 days	$2,269,040	$2,394,000	$3,816,739	$2,844,784
366 - 730 days	$3,818,224	$3,313,000	$3,509,511	$2,455,152
731 - 999+ days	$9,646,921	$8,510,000	$10,534,757	$9,631,163

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget:

- × "Total balance of the City's miscellaneous accounts receivable" has been deleted as it is duplicative of existing measures.
- ↺ "City's Aging Accounts Receivable Balance Current Receivables and Delinquent Receivables" was moved from Performance Measures as these are more appropriately displayed here as activity and workload measures.

Performance Summary

Treasury Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
City's General Obligation Bond rating				
- Moody's	Aa1	Aaa	Aa1	Aa1
- Standard & Poor's	AA+	AA+	AA+	AA+
- Fitch	AA+	AA+	AA+	AA+
Average return on investments	0.694%	0.700%	0.500%	0.500%
Cost of Investment Program as a percentage of the City's total investment portfolio*	NEW	NEW	0.059%	0.062%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

× "Cost of Debt Management services as a percentage of the City's total investment portfolio" was deleted as the measure was deemed meaningless due to the structure of the Debt Management functions and the workload associated with that program.

* Beginning in 2012-2013, the methodology for calculating this measure was revised to only include investment program resources divided by the average portfolio balance during the prior fiscal year for the City's Investment General Fund Portfolio.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Forecast
Total cost for Treasury Management services				
- Debt Management services	$0.77M	$1.04M	$0.86M	$0.94M
- Investment services	$2.21M	$2.70M	$2.25M	$2.51M
Total debt portfolio managed	$5.717M	$5.658B	$5.695B	$5.420B
Total of the City's investment portfolio	$913.4M	$1.000B	$1.100B	$1.100B

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Ratio of strategic support services cost to total department budget	7%	8%	7%	8%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

× "% of employees receiving 40 hours of relevant training annually" was deleted due to reductions in Citywide training and training resources providing limited opportunities for staff.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of training hours provided	666	200	200	200

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	4.00	4.00	-
Accountant I/II	14.00	14.00	-
Accounting Technician	9.00	9.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	4.00	6.00	2.00
Analyst II PT	0.50	0.00	(0.50)
Assistant Director	1.00	1.00	-
Buyer II	5.00	5.00	-
Debt Administrator	1.00	1.00	-
Director of Finance	1.00	1.00	-
Division Manager	4.00	4.00	-
Financial Analyst	7.00	7.00	-
Investigator Collector I/II	13.00	13.00	-
Investment Officer	1.00	1.00	-
Mail Processor	1.00	0.00	(1.00)
Office Specialist	4.00	4.00	-
Principal Account Clerk	4.00	4.00	-
Principal Accountant	3.00	3.00	-
Program Manager II	1.00	1.00	-
Program Manager I	0.00	2.00	2.00
Risk Manager	1.00	1.00	-
Senior Account Clerk	16.00	16.00	-
Senior Accountant	7.00	8.00	1.00
Senior Analyst	4.00	3.00	(1.00)
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	2.00	2.00	-
Staff Specialist	1.00	1.00	-
Warehouse Worker II	2.00	0.00	(2.00)
Total Positions	**114.50**	**115.00**	**0.50**

PAGE IS INTENTIONALLY LEFT BLANK

Fire Department

William L. McDonald, Fire Chief

MISSION

To serve the community by protecting life, property, and the environment through prevention and response

City Service Areas

Community and Economic Development
Public Safety

Core Services

Emergency Response
Provide comprehensive life safety services to residents and visitors by responding to emergencies in San José's incorporated and the County of Santa Clara's unincorporated areas, totaling approximately 200 square miles; develop and maintain the Emergency Operations Center and its systems in coordination with federal and State requirements

Fire Prevention
Educate the community to reduce injuries, loss of life, and property damage from fires and other accidents and investigates fire cause; provide regulatory enforcement of fire and hazardous materials codes through inspection activities

Fire Safety Code Compliance
Minimize loss of life and property from fires and hazardous materials releases; provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical-safe environment

Strategic Support: Administration, Emergency Preparedness Planning and Training, Employee/Volunteer Services, Equipment/Facilities, Homeland Security Programs and Grant Management, Information Technology, Master Planning, Multilingual Services, Safety/Wellness, and Training

Service Delivery Framework

Core Service	Key Operational Services
Emergency Response: *Provide comprehensive life safety services to residents and visitors by responding to emergencies in San José's incorporated and the County of Santa Clara's unincorporated areas, totaling approximately 200 square miles; develop and maintain the Emergency Operations Center and its systems in coordination with federal and State requirements*	• Fire Suppression • Public Assist • Emergency Medical Services (EMS) • Emergency Operations Center Readiness • Dispatch • Rescue • Hazardous Materials Mitigation
Fire Prevention: *Educate the community to reduce injuries, loss of life, and property damage from fires and other accidents and investigates fire cause; provide regulatory enforcement of fire and hazardous materials codes through inspection activities*	• Fire Cause Investigation • Regulatory Enforcement • Fire and Life Safety Education/Community Outreach
Fire Safety Code Compliance: *Minimize loss of life and property from fires and hazardous materials releases; provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical-safe environment*	• Engineering (Development Review) • Hazardous Materials (Development Review)
Strategic Support: *Administration, Emergency Preparedness Planning and Training, Employee/Volunteer Services, Equipment/Facilities, Homeland Security Programs and Grant Management, Information Technology, Master Planning, Multilingual Services, Safety/Wellness, and Training*	• Administration • Information Technology • Safety/Wellness • Training • Emergency Preparedness Planning and Training • Employee/Volunteer Services • Equipment/Facilities • Homeland Security Programs and Grants Management • Master Planning • Multilingual Services

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Provide essential emergency services (fire suppression and emergency medical services) in a timely and effective manner.
- ❑ Continue regional all-hazard emergency management and San José Prepared! Program.
- ❑ Deliver timely development review and inspection services.
- ❑ Provide life safety and fire prevention services to the community.

2013-2014 Budget Actions

- ❑ Funding for the establishment of a new Firefighter Recruit eligibility list is recommended. The last eligibility list was created in 2008 and has been exhausted through previous academies and implementation of the 2010 and 2011 SAFER Grants.
- ❑ The purchase of additional cardiac monitor/defibrillator units will ensure that the same equipment is used across the entire Fire emergency fleet.
- ❑ The Functional Movement Screening and Training program is anticipated to help reduce the Fire sworn personnel's frequency of injuries caused by strains and sprains and reduce resulting workers' compensation claims.
- ❑ Additional resources in the Fire Department's Development Fee Program will improve current cycle time performance in plan check and inspection activities and raise performance levels to meet customer needs. A small amount of shared support resources for this program are also recommended and can be found in the Planning, Building, and Code Enforcement Department section of this document.
- ❑ Elimination of a vacant position and reduction in overtime and non-personal/equipment allocations will align resources to activity levels in the Fire Department's Non-Development Fee Program.

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Emergency Response	135,810,064	127,711,029	138,767,001	138,962,001	8.8%
Fire Prevention	3,421,210	4,339,774	4,527,819	4,339,427	<0.0%
Fire Safety Code Compliance	2,447,035	3,393,738	3,615,643	4,030,406	18.8%
Strategic Support	12,619,302	16,335,705	16,024,952	16,257,303	(0.5%)
Total	**$ 154,297,611**	**$ 151,780,246**	**$ 162,935,415**	**$ 163,589,137**	**7.8%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 143,112,101	$ 138,677,099	$ 150,466,164	$ 150,601,440	8.6%
Overtime	4,705,432	5,380,438	5,102,438	5,216,961	(3.0%)
Subtotal	$ 147,817,533	$ 144,057,537	$ 155,568,602	$ 155,818,401	8.2%
Non-Personal/Equipment	6,480,078	7,722,709	7,366,813	7,770,736	0.6%
Total	**$ 154,297,611**	**$ 151,780,246**	**$ 162,935,415**	**$ 163,589,137**	**7.8%**
Dollars by Fund					
General Fund	$ 153,789,767	$ 151,324,065	$ 162,485,593	$ 162,913,235	7.7%
Capital Funds	507,844	456,181	449,822	675,902	48.2%
Total	**$ 154,297,611**	**$ 151,780,246**	**$ 162,935,415**	**$ 163,589,137**	**7.8%**
Authorized Positions by Core Service					
Emergency Response	660.03	660.03	687.03	687.03	4.1%
Fire Prevention	18.30	19.10	19.10	18.10	(5.2%)
Fire Safety Code Compliance	18.65	21.85	23.85	25.85	18.3%
Strategic Support	58.00	62.00	60.00	60.00	(3.2%)
Total	**754.98**	**762.98**	**789.98**	**790.98**	**3.7%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**762.98**	**151,780,246**	**151,324,065**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Technical/Workforce Development Training		(300,000)	(300,000)
• Rebudget: Performance Data Improvement Project		(50,000)	(50,000)
• Rebudget: Truck Company Air Monitors		(40,000)	(40,000)
• Rebudget: Staffing for Adequate Fire and Emergency Response (SAFER) Grant Academy Paramedic Training		(19,000)	(19,000)
• Sworn Incident Command and Leadership Programs		(300,000)	(300,000)
• Fire Development Fee Program		(117,500)	(117,500)
• Emergency Services and Preparedness Grant Staffing	(1.00)	0	0
One-time Prior Year Expenditures Subtotal:	**(1.00)**	**(826,500)**	**(826,500)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Administrative Officer to 1.0 Supervising Applications Analyst - 1.0 Senior Analyst to 1.0 Senior Systems Applications Programmer		6,899,374	6,905,733
• Staffing for Adequate Fire and Emergency Response (SAFER) 2011 Grant (City Council Approved - August 7, 2012) (6.0 Fire Captains, 7.0 Fire Engineers, and 14.0 Firefighters)	27.00	4,630,629	4,630,629
• Fire Development Fee Program Staffing (City Council Approved - January 29, 2013) (1.0 Senior Hazardous Materials Inspector)	1.00	106,843	106,843
• Sworn fire management staffing configuration amendment (City Council Approved - October 16, 2012) (3.0 Fire Captains to 3.0 Fire Division Chiefs)		76,000	76,000
• Changes in gas and electricity costs		(15,000)	(15,000)
• Vacancy factor adjustment		76,219	76,219
• Changes in vehicle maintenance and operations costs		207,604	207,604
Technical Adjustments Subtotal:	**28.00**	**11,981,669**	**11,988,028**
2013-2014 Forecast Base Budget:	**789.98**	**162,935,415**	**162,485,593**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Budget Proposals Recommended	Positions	All Funds ($)	General Fund ($)
1. Fire Non-Development Fee Program	(1.00)	(188,392)	(188,392)
2 Fire Development Fee Program	2.00	414,763	414,763
3. Cardiac Monitors/Defibrillators		195,000	195,000
4. Firefighter Recruit Testing		125,000	125,000
5. Fire Sworn Functional Movement Screening and Training Program		100,000	100,000
6. Fire Capital Staffing Alignment	0.00	7,351	(218,729)
Total Budget Proposals Recommended	**1.00**	**653,722**	**427,642**
2013-2014 Proposed Budget Total	**790.98**	**163,589,137**	**162,913,235**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Fire Non-Development Fee Program	**(1.00)**	**(188,392)**	**(188,392)**

Public Safety CSA
Fire Prevention

This action eliminates 1.0 vacant Hazardous Materials Inspector, reduces overtime ($47,094), and reduces non-personal/equipment costs ($21,282) to align costs and resources to bring the Fire Department Non-Development Fee Program to 100% cost recovery. (Ongoing savings: $189,659)

Performance Results:
No changes to current service levels are anticipated as a result of this action.

2. Fire Development Fee Program	**2.00**	**414,763**	**414,763**

Community and Economic Development CSA
Fire Safety Code Compliance

These actions, funded by fee activity, support the Fire Department Development Fee Program by improving service levels.

- **Plan Check Staff:** Adds 2.0 Associate Engineer positions and eliminates 2.0 vacant Senior Engineering Technician positions to better align employee classifications to address complex engineering system and architectural plan review. (Ongoing costs: $28,434)

- **Inspection and Support Staff:** Adds 1.0 Fire Prevention Inspector to address increased activity levels for inspections of fire alarm and sprinkler systems and 1.0 Senior Permit Specialist to handle complex plan intake review and provide customer service. A one-time increase in overtime ($99,722) will allow the Department to respond to after-hours inspection requests. An increase in non-personal/equipment will fund the purchase of two vehicles to meet requests for inspections and associated non-personal/equipment costs to support the new positions. (Ongoing costs: $272,285)

- **Development Fee Program Technology Fee and Earmarked Reserve:** Establishes a Technology Fee and a Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections. The Technology Fee will apply a 2% fee on all fire permits, and the revenues collected from this fee will be placed in this reserve for future use. The estimated revenue collection, starting in 2013-2014, from this new fee in the Fire Development Fee Program is $126,000. (Reserve is reflected in the General Fund Capital, Transfers, and Reserves section.)

Please note that use of the Fire Development Fee Reserve is not recommended to support the actions in this document. The anticipated Fire Development Fee Reserve at the beginning of 2013-2014 is projected at $4.3 million.

Performance Results:
Cycle Time, Quality, Customer Satisfaction These actions will improve plan review and inspection cycle times, and improve the delivery of customer service during plan intake.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Cardiac Monitors/Defibrillators		**195,000**	**195,000**

Public Safety CSA
Emergency Response

This action provides one-time funding to replace seven cardiac monitor/defibrillator units on front-line fire apparatus and ensure that the same make and model of cardiac monitor/defibrillators are deployed across the entire Fire emergency fleet. The 2011 Assistance to Firefighters Grant provided funding to replace 45 cardiac monitor/defibrillator units on front-line fire apparatus and 30 public access defibrillators throughout various fire stations. The 45 cardiac monitor/defibrillator units will be deployed on 30 engines, 10 trucks, and five squad car units; however, with the addition of sworn staff through the SAFER 2011 Grant, seven additional cardiac monitor/defibrillator units are needed to supply all front-line and strike team companies. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This action will enable the Department to equip all front line and strike team companies with the same cardiac monitor/defibrillator units.

4. Firefighter Recruit Testing		**125,000**	**125,000**

Public Safety CSA
Strategic Support

This action provides one-time funding for outreach, recruitment, and testing to establish a new Firefighter recruit eligibility list. The last eligibility list was created in 2008 and has been exhausted through previous academies and implementation of the SAFER 2010 and 2011 Grants. Recently, the Fire Department has hired lateral Firefighters to fill vacant positions. This new list will be used to identify qualified recruits for the 2013-2014 Firefighter Academy of approximately 20-25 candidates scheduled for spring 2014. In 2014-2015, one Firefighter Academy is scheduled to account for the estimated 17 Firefighters eligible to retire and some small level of attrition. (Ongoing costs: $0)

Performance Results:
Cost, Quality This action will provide the Department with a larger candidate pool that will be representative of the community. It is anticipated that this list will be active for four years for the Department to use for recruiting through 2016-2017.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
5. Fire Sworn Functional Movement Screening and Training Program		**100,000**	**100,000**

Public Safety CSA
Strategic Support

This action provides one-time funding for Fire Department personnel to become peer trainers to help reduce the frequency of injuries caused by sprains and strains and the resulting workers' compensation claims costs. Sprains and strains are the largest cause of Fire Department injuries, accounting for 44% of the injuries and 33% of the Fire Department's workers' compensation claims paid in 2011-2012. The Functional Movement System (FMS) process generates an FMS score to identify movement patterns that put individuals at increased risk of injury and addresses movement problems before they occur. In order to align the program with fire personnel that need the most training, the firefighter recruits will be tested first, followed by employees returning from disability leave, and finally all other sworn line staff. (Ongoing costs: $0)

Performance Results:
Cost Functional movement screening is anticipated to decrease the number and severity of sprain and strain injuries and the workers' compensation claims costs associated with these injuries.

6. Fire Capital Staffing Alignment	**0.00**	**7,351**	**(218,729)**

Public Safety CSA
Strategic Support

This action aligns funding for staff based on anticipated work activities by shifting 1.0 Fire Captain through 2014-2015 and 0.15 Deputy Director ongoing from the General Fund to the Fire Construction and Conveyance (C&C) Tax Fund and 0.3 Supervising Applications Analyst ongoing from the C&C Tax Fund to the General Fund. This funding realignment will ensure proper management oversight is available to address and monitor increased and urgent fire station facility and other capital needs. (Ongoing costs: $7,351)

Performance Results:
No changes to current service levels are anticipated as a result of this action.

2013-2014 Proposed Budget Changes Total	**1.00**	**653,722**	**427,642**

Performance Summary

Emergency Response

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of fires contained:				
- in room of origin	59%	85%	N/A*	85%
- in structure of origin	89%	90%	N/A*	90%
% of emergencies (fire, medical and other) handled by units assigned to district	96%	85%	N/A*	85%
% of hazardous material releases contained	N/A*	200	N/A*	200
to property of origin by Hazardous Incident Team	N/A*	80%	N/A*	80%
(total # contained)	N/A*	160	N/A*	160
% of City employees trained in the State Mandated Standardized Emergency Management System (SEMS) and National Incident Management System (NIMS) **				
Senior Staff	35%	25%	25%	25%
All other City employees	20%	20%	15%	15%
Average cost of emergency response (budget/# of emergency responses)	$2,598	$2,363	$2,382	$2,604
% of time the initial responding unit arrives within 8 minutes after an emergency 9-1-1 call is received	***	80%	****	80%
% of time the second response unit arrives within 10 minutes after 9-1-1 call is received	91%	80%	N/A*	80%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* The Fire Department is currently refining its methodology for tracking Emergency Response Performance Measures. Actual, estimated, and target information is anticipated to be reflected in the next budget document.

** Training on SEMS and NIMS is provided to all employees every five years and new hires individually through online training. Decrease in numbers is due to reduced staffing levels and increased number of retirees.

*** In 2011-2012, the Fire Department changed its data collection methodology for this measure. From July 2011 to January 2012, consistent with prior years' methodology, response time calculation began at the time a company was dispatched. Using this methodology, the response time for this period was calculated at 78.3%. In February 2012, the Fire Department began including call processing time in measuring response time. Although this change did not result in increasing actual response time, the inclusion of call processing time resulted in an increase in reported response time. Response time calculated for this period was at 63.8%.

**** As discussed in an information memorandum reported to City Council on January 4, 2013, the Fire Department reported its discovery of inconsistencies in reporting response time measures. Data from emergencies where a fire company responded to a call within its assigned area were included in the calculations, whereas data from emergencies where a fire company responded to a priority call outside of its assigned area were erroneously excluded. The Department is correcting the methodology and anticipates the estimated data to be reflected in the next budget document.

Performance Summary

Emergency Response

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of emergencies:	54,113	53,923	56,000	55,300
- # of fire emergencies:	1,890	1,603	1,750	1,800
o structure fires	483	463	460	470
o vehicle fires	340	363	340	340
o wildland fires	331	224	260	290
o other fires	736	553	680	700
- # of medical emergencies	50,876	50,959	53,000	52,000
- # of other emergencies	568	1,361	440	600
# of non-emergencies*	13,574	9,557	14,200	14,000
# of Squad Car Units dispatched**	1,276*	10,000	7,600	10,000
# of Hazardous Materials Incidents	779	250	870	900
Total estimated property fire loss (x 1,000)	$29,936	$29,000	$30,000	$30,000

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

* Excludes incidents that were not categorized. The Fire Department will continue to train newly promoted personnel in correctly coding responses.

** Squad Car Unit pilot program was implemented in May 2012.

Performance Summary

Fire Prevention

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of arson investigations with determination of cause	69%	80%	63%	80%
% of inspections not requiring a follow-up inspection	88%	80%	83%	80%
% of occupancies receiving an inspection:				
- State-mandated*	56%	100%	47%**	100%
- Non-mandated	37%	80%	N/A***	80%
% of code violation complaint investigations initiated within 1 week	87%	100%	96%	100%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* In coordination with the City Auditor, the Fire Department is continuing to evaluate this measure. Actual, estimated, and target information is anticipated to be reflected in the next budget document.

** The Fire Department experienced a delay in providing official directives covering the 2012-2013 Inspection schedules for line companies.

*** The Fire Department has discovered issues in capturing data for 2012-2013 non-mandated inspections and anticipates information to be reflected in the next budget document.

Performance Summary

Fire Prevention

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of investigations conducted by Arson Unit	311	296	290	301
# of investigations resulting in arson determination	176	178	150	164
Total number of arson fires in structures	74	92	50	60
Total estimated dollar loss due to arson	$1,300,000	$2,132,000	$4,730,000	$3,015,000
Arson fires per 100,000 population	18	18	15	17
Plan reviews performed (special events)	418	400	330	400
# of initial inspections conducted by Firefighters:				
- State-mandated*	4,883	3,200	2,500**	4,900**
# of initial inspections conducted by Bureau of Fire Prevention staff:				
- State-mandated*	1,707	2,800	2,600	2,130
- Non-mandated	584	900	N/A***	900
# of re-inspections:				
- State-mandated*	1,926	1,212	2,400	1,212
- Non-mandated	41	490	150	490
Total annual permitted occupancies:				
- Hazardous Materials	2,859	2,915	2,800	2,915
- Fire Safety	6,634	7,400	7,700	7,400
# of complaints investigated	91	136	105	105

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

* In coordination with the City Auditor, the Fire Department is continuing to evaluate this measure. Actual, estimated, and target information is anticipated to be reflected in the next budget document.

** The Fire Department experienced a delay in providing official directives covering the 2012-2013 Inspection schedules for line companies; therefore, 2012-2013 inspections are anticipated to be conducted during the beginning of 2013-2014.

*** The Fire Department has discovered issues in capturing data for 2012-2013 non-mandated inspections and expects an update to be provided in the 2013-2014 Adopted Budget.

Performance Summary

Fire Safety Code Compliance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Ratio of fee revenue to Development Fee Program cost	100%	100%	100%	100%
Selected cycle time measures for Development services:				
- Fire Plan Check processing targets met	81%	100%	91%	100%
- Fire inspections within 24 hours	99%	100%	99%	100%
% of Development process participants rating service as good or excellent	87%	90%	91%	90%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of new construction and tenant improvement plan checks performed	4,330	4,005	4,700	5,100
# of new construction and tenant improvement inspections performed	4,827	4,760	5,400	5,800

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
# of Council Districts with at least 5 community members graduated from the 20-hour San José Prepared! course each year	5*	10	3**	10

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* Council Districts 2, 3, 5, 7, and 10 had at least 5 community members trained in 2011-2012.
** Council Districts 3, 4, and 8 are anticipated to have at least 5 community members trained in 2012-2013.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of residents graduating 20-hour San José Prepared! Training annually	112	100	90	100
# of residents attending 2 hour San José Prepared! training (short course)	1,276	1,000	900	1,000

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	2.00	2.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	2.00	1.00	(1.00)
Analyst II	5.00	5.00	-
Analyst II C PT	0.50	0.50	-
Arson Investigator	3.00	3.00	-
Assistant Fire Chief	1.00	1.00	-
Associate Engineer	12.00	14.00	2.00
Battalion Chief	21.00	21.00	-
Deputy Director	1.00	1.00	-
Deputy Fire Chief	3.00	3.00	-
Director, Emergency Services	1.00	1.00	-
Fire Captain	163.00	166.00	3.00
Fire Chief	1.00	1.00	-
Fire Division Chief	0.00	3.00	3.00
Fire Engineer	207.00	214.00	7.00
Fire Equipment Technician	2.00	2.00	-
Fire Fighter	242.00	256.00	14.00
Fire Prevention Inspector	10.00	11.00	1.00
Hazardous Materials Inspector II	8.00	7.00	(1.00)
Information Systems Analyst	1.00	1.00	-
Network Technician	2.00	2.00	-
Office Specialist II	3.00	3.00	-
Permit Specialist	1.00	1.00	-
Principal Office Specialist	1.00	1.00	-
Program Manager I	1.00	1.00	-
Public Safety Radio Dispatcher	30.00	30.00	-
Public Safety Radio Dispatcher PT	0.48	0.48	-
Senior Account Clerk	2.00	2.00	-
Senior Analyst	4.00	2.00	(2.00)
Senior Engineer	2.00	2.00	-
Senior Engineering Technician	2.00	0.00	(2.00)
Senior Hazardous Materials Inspector	0.00	1.00	1.00
Senior Office Specialist	4.00	4.00	-
Senior Permit Specialist	1.00	2.00	1.00
Senior Public Safety Dispatcher	11.00	11.00	-
Senior Systems Applications Programmer	1.00	2.00	1.00
Staff Specialist	3.00	3.00	-
Staff Technician	1.00	1.00	-
Supervising Applications Analyst	0.00	1.00	1.00
Supervising Public Safety Dispatcher	3.00	3.00	-
Training Specialist	3.00	3.00	-
Total Positions	**762.98**	**790.98**	**28.00**

Note: Of the 790.98 positions in the Fire Department in 2013-2014, 679 are sworn positions and 111.98 are civilian positions.

Housing Department

Leslye Corsiglia, Director

MISSION

To strengthen and revitalize our community through housing and neighborhood investment

City Service Area

Community and Economic Development

Core Services

Community Development and Investment
Invest in at-risk residents and neighborhoods by providing housing and community development loans and support to public service providers; coordinate regional efforts to end homelessness

Housing Development and Preservation
Provide funding and technical assistance for the construction of new affordable housing, and the acquisition and rehabilitation of existing housing; preserve existing affordable housing through loans and grants and effective management of the City's loan portfolio; provide homebuyer assistance, and rehabilitation loans and grants, as funds are available; provide Inclusionary and Market Rate Housing assistance to the housing development community

Neighborhood Development and Stabilization
Provide investment and support to neighborhoods through funding infrastructure improvements and provide Rental Rights and Referrals services to community residents

Strategic Support: Public Education, Long Range Planning, Financial Management, Computer Services, Clerical Support, Human Resources, Audit Supervision, Policy Development and Loan Servicing and Oversight

Housing Department

Service Delivery Framework

Core Service		Key Operational Services
Community Development and Investment: *Invest in at-risk residents and neighborhoods by providing housing and community development loans and support to public service providers; coordinate regional efforts to end homelessness*	⇔	• Coordination of Services Aimed to End Chronic Homelessness • Homeless Encampments • Community Development Block Grant Program - Public Service • Information and Referral Services for Homeless and Those At-Risk of Homelessness
Housing Development and Preservation: *Provide funding and technical assistance for the construction of new affordable housing, and the acquisition and rehabilitation of existing housing; preserve existing affordable housing through loans and grants and effective management of the City's loan portfolio; provide homebuyer assistance, and rehabilitation loans and grants, as funds are available; provide Inclusionary and Market Rate Housing assistance to the housing development community*	⇔	• Make Loans to Developers • Provide Homebuyer Assistance • Complete outstanding projects in the Housing Rehabilitation Program • Manage Inclusionary Housing • Facilitate Market Rate Housing Development
Neighborhood Development and Stabilization: *Provide investment and support to neighborhoods through funding infrastructure improvements, and provide Rental Rights and Referral services to community residents*	⇔	• Fair Housing • Foreclosure Assistance • Rental Rights and Referral Services • Community Development Block Grant Program – Infrastructure Investment • Neighborhood Stabilization Program • Place-Based Neighborhood Strategy
Strategic Support: *Public Education, Long Range Planning, Financial Management, Computer Services, Clerical Support, Human Resources, Audit Supervision, Policy Development and Loan Servicing and Oversight*	⇔	• Loan Compliance and Collections • Policy Development • Financial Management • Clerical Support • Audit Supervision • Public Education

Department Budget Summary

Expected 2013-2014 Service Delivery

- Assist in the creation and preservation of affordable housing for low-income and special needs households by committing to provide financing for 432 newly constructed affordable rental apartments, including 15 special needs homes, and 191 affordable homes through the inclusionary housing program. As funds become available, staff will bring forward additional developments as over 340 affordable homes await financing.
- Continue to serve as a leader in Destination: Home and its efforts to eliminate homelessness. Activities will include: funding outreach programs to engage and facilitate the movement of homeless persons living on the streets to permanent housing; completing the expansion of the Medical Respite Center from 15 beds to 20 beds and doubling the number of medical exam/case management rooms from two to four; and continuing the expanded tenant based rental assistance program to focus on assisting the chronically homeless residents suffering from substance abuse issues who reside in and around St. James Park and in homeless encampments.
- Continue employing a place-based, neighborhood-focused strategy as part of the Community Development Block Grant (CDBG) program. This strategy will continue in three neighborhoods (Mayfair, Santee, and Five Wounds/Brookwood Terrace) where there is demonstrated need consistent with the CDBG program guidelines, the opportunity to make substantial change, and strong community partnerships to sustain that progress.
- Conclude the NSP2 Dream Home Program in 2013-2014 with rehabilitation and resale of approximately five homes that were acquired in 2012-2013. The program income received from sales proceeds is anticipated to be approximately $5.5 million and will be used to fund a multi-family acquisition and rehabilitation project or a new development to serve households earning 50% or less of the Area Median Income ($50,650 for a household of four).
- Complete approximately 150 mobilehome seismic retrofits through the Hazard Mitigation Grant Program by the October 2013 grant deadline. This projected number of retrofits will bring the program total to the stated goal of 650 units retrofitted.

2013-2014 Budget Actions

- In response to the concerns about growing and visible homeless encampments, this budget will add 1.0 Program Manager II, add 1.0 Community Coordinator through June 30, 2015, and shift funding for Student Interns between Housing funds through June 30, 2015. Additional resources to address homeless encampments are reflected in the City-Wide Expenses ($1.67 million), General Fund Capital, Transfers, and Reserves ($1.5 million), and Parks, Recreation and Neighborhood Services Department (1.0 Senior Park Ranger and 3.0 Park Rangers) sections of this document.
- As a result of reduced tax increment funding due to the dissolution of the San Jose Redevelopment Agency, reduction in CDBG funding due to the federal sequester, and the strict requirements of the use of CalHome funds, the elimination of five positions (2.0 Building Rehabilitation Inspector II and 3.0 Development Specialist) in the Rehabilitation Loan and Grant Program is included.
- The Homeownership Downpayment Program will have reduced federal and State grant funding and the demand for the program has decreased due to the housing market recovering; therefore, this program is no longer needed and two positions (1.0 Building Rehabilitation Inspector II and 1.0 Development Specialist) will be eliminated.

Operating Funds Managed

- Community Development Block Grant Fund
- Economic Development Administration Loan Fund
- Home Investment Partnership Program Trust Fund
- Housing Trust Fund
- Low and Moderate Income Housing Asset Fund
- Multi-Source Housing Fund

Department Budget Summary

The table below identifies the programs that are currently provided by the Housing Department. In each fund, the fund's total budget, full-time equivalent (FTE) count, source of funds, and program name and activity are described.

Fund	FTEs	Source of Funds	Program/Activity
General Fund (Fund 001) Total Fund Budget: $242,297	3.65	General Fund	Neighborhood Engagement - Implement place-based strategy
Low and Moderate Income Housing Asset Fund (Fund 346) Total Fund Budget: $31,812,422	26.48	Loan Repayments Interest	Loans and Portfolio Management - New Construction - Acquisition/Rehabilitation Administration - Reporting - Fiscal Management
Housing Trust Fund (Fund 440) Total Fund Budget: $3,227,810	3.15	Bond Administration Fees Tax Credit Review Fees	Grants for homeless programs/activities
Community Development Block Grant Fund (Fund 441) Total Fund Budget: $15,745,277	8.96	Federal CDBG Funding	Grant management - Grants to non-profits - Place-based strategy - Infrastructure - Code Enforcement Housing Rehabilitation Loans and Grants
Home Investment Partnership Program Fund (Fund 445) Total Fund Budget: $3,211,519	3.41	Federal HOME Investment Partnership Funding	Loans/Grants - New Construction - Acquisition/Rehabilitation - Home Rehabilitation Rental Assistance/Permanent Housing for the Homeless Grant to a non-profit for an acquisition and rehabilitation program

Department Budget Summary

Fund	FTEs	Source of Funds	Program/Activity
Multi-Source Housing Fund (Fund 448) Total Fund Budget: $45,286,944	4.75	Other Federal/Entitlement Programs: Neighborhood Stabilization Program (NSP) 1 and 2 Emergency Shelter Grants (ESG) Housing Opportunities for Persons with AIDS (HOPWA)	Loans/Grants – Large Projects - New Construction - Acquisition/Rehabilitation Loans/Grants – Small Projects - Acquisition/Rehabilitation/Resale of Single Family Homes Grants to homeless service providers Grants for services to persons living with HIV/AIDS
	5.40	Fees from Mobilehome Park Owners/Residents Fees from Apartment Owners	Mediation and arbitration services to landlords and tenants living in rent-controlled apartments Referral and arbitration services to mobilehome owners and mobilehome park owners
	0.80	State Funding: CalHome BEGIN	Loans - First Time Homebuyers - Home Rehabilitation - Acquisition/Rehabilitation - Homebuyer assistance
	0.40	Federal and State Funding: FEMA/CalEMA	Grants - Mobilehome Seismic Retrofit

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Community Development and Investment	$ 383,321	$ 636,753	$ 659,583	$ 382,892	(39.9%)
Housing Development and Preservation*	583,090	880,607	902,664	775,825	(11.9%)
Neighborhood Development and Stabilization**	2,827,574	3,547,834	3,618,477	3,437,927	(3.1%)
Strategic Support	4,201,506	4,282,128	4,360,956	4,100,416	(4.2%)
Total	**$ 7,995,491**	**$ 9,347,322**	**$ 9,541,680**	**$ 8,697,060**	**(7.0%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 7,217,261	$ 8,187,499	$ 8,370,857	$ 7,526,237	(8.1%)
Overtime	28,704	24,831	24,831	24,831	0.0%
Subtotal	$ 7,245,965	$ 8,212,330	$ 8,395,688	$ 7,551,068	(8.1%)
Non-Personal/Equipment	749,526	1,134,992	1,145,992	1,145,992	1.0%
Total	**$ 7,995,491**	**$ 9,347,322**	**$ 9,541,680**	**$ 8,697,060**	**(7.0%)**
Dollars by Fund					
General Fund	$ 0	$ 253,862	$ 254,671	$ 242,297	(4.6%)
Comm Dev Block Grant	1,403,263	1,419,495	1,490,437	1,318,450	(7.1%)
Home Invest Partnership	382,094	614,891	653,111	547,831	(10.9%)
Housing Trust Fund	242,384	201,393	214,337	456,683	126.8%
Low/Mod Income Hsg	3,071,903	0	0	0	N/A
Low/Mod Income Hsg Asset***	2,452,403	4,943,067	4,925,862	4,359,510	(11.8%)
Multi-Source Housing	443,444	1,914,614	2,003,262	1,772,289	(7.4%)
Total	**$ 7,995,491**	**$ 9,347,322**	**$ 9,541,680**	**$ 8,697,060**	**(7.0%)**
Authorized Positions by Core Service					
Community Development and Investment	6.74	3.80	3.80	2.70	(28.9%)
Housing Development and Preservation*	6.00	4.40	4.40	3.80	(13.6%)
Neighborhood Development and Stabilization**	24.60	25.40	25.40	24.02	(5.4%)
Strategic Support	25.66	28.40	28.40	26.48	(6.8%)
Total	**63.00**	**62.00**	**62.00**	**57.00**	**(8.1%)**

* This core service was previously named Increase Affordable Housing Supply.

** This core service was previously named Maintain Existing Affordable Housing Supply.

*** This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**62.00**	**9,347,322**	**253,862**
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Housing Policy and Planning Administrator to 1.0 Division Manager		183,358	(14,191)
• Neighborhood Engagement Team funding shiff from City Manager's Office		15,000	15,000
• Changes in vehicle maintenance and operations costs		(4,000)	0
Technical Adjustments Subtotal:	**0.00**	**194,358**	**809**
2013-2014 Forecast Base Budget:	**62.00**	**9,541,680**	**254,671**
Budget Proposals Recommended			
1. Housing Rehabilitation Loan and Grant Program	(5.00)	(651,012)	0
2. Homeownership Downpayment Program	(2.00)	(262,704)	0
3. Neighborhood Place-Based Staffing	0.00	(80,883)	(12,374)
4. Housing Department Staff Funding Realignment	0.00	0	0
5. Homeless Response Team	2.00	149,979	0
Total Budget Proposals Recommended	**(5.00)**	**(844,620)**	**(12,374)**
2013-2014 Proposed Budget Total	**57.00**	**8,697,060**	**242,297**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Housing Rehabilitation Loan and Grant Program	**(5.00)**	**(651,012)**	**0**

Community and Economic Development CSA
Housing Development and Preservation
Neighborhood Development and Stabilization
Strategic Support

This action eliminates five positions (2.0 Building Rehabilitation Inspector II and 3.0 Development Specialist) in the Rehabilitation Loan and Grant Program as a result of the loss of Low and Moderate Income Housing funds due to the dissolution of the San Jose Redevelopment Agency and reduction in CDBG funding due to the federal sequestration. Additionally, as a result of the strict requirements of the use of State CalHome funds, there have not been a large amount of applicants that qualify for the loans and the Department has been only able to provide for six loans within the past year. Therefore, the continued operational support is no longer needed. The program provided financial and technical assistance to low-income households seeking to maintain and/or improve the condition of their properties. Other funding sources in the Department will continue to provide rehabilitation assistance. (Ongoing savings: $651,897)

Performance Results:
No impacts to current service levels are anticipated as a result of this action. Although with less funding being available, the City's lower income homeowners will have fewer opportunities to access funding to maintain and/or improve the condition of their homes.

2. Homeownership Downpayment Program	**(2.00)**	**(262,704)**	**0**

Community and Economic Development CSA
Community Development and Investment
Neighborhood Development and Stabilization

This action eliminates two positions (1.0 Building Rehabilitation Inspector II and 1.0 Development Specialist) in the Homeownership Downpayment Program, which provided downpayment assistance to low-income first time homebuyers, as a result of reduced federal and State grant funding. Because the demand for this program has significantly decreased due to the housing market recovering and with less funding being available, the continual operational support is no longer needed. (Ongoing savings: $262,919)

Performance Results:
No impacts to current service levels are anticipated as a result of this action. While the City will no longer provide assistance to homebuyers, there are strong community partners who will continue to do so, including the Housing Trust of Silicon Valley and the Neighborhood Housing Services of Silicon Valley. Therefore, potential low- and moderate-income homebuyers will continue to have access to first-time homebuyer assistance.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Neighborhood Place-Based Staffing	**0.00**	**(80,883)**	**(12,374)**

Community and Economic Development CSA
Neighborhood Development and Stabilization
Strategic Support

This action eliminates 1.0 Community Coordinator, adds 1.0 Community Activity Worker, and shifts funding for portions of two positions from various Housing Funds to the General Fund to align existing work with the appropriate positions in support of the place-based neighborhood strategy that was implemented in 2012-2013. This strategy focuses efforts to revitalize three targeted neighborhoods where there is demonstrated need. These positions will work with community partners in the three designated areas to guide the implementation of the strategy and work to secure new partners in other neighborhoods next in line. (Ongoing savings: $75,154)

Performance Results:
Quality, Customer Satisfaction This action shifts funding between various sources to continue the implementation of priority projects in three targeted neighborhoods, in a coordinated effort with community based organizations, to provide services that create clean, safe, and engaged communities.

4. Housing Department Staff Funding Realignment	**0.00**	**0**	**0**

Community and Economic Development CSA
Community Development and Investment
Housing Development and Preservation
Neighborhood Development and Stabilization
Strategic Support

This action shifts funding between various Housing Funds among the administrative positions in the Housing Department in order to align funding sources with the work provided. This action shifts 1.27 positions out of the Low and Moderate Income Housing Asset Fund and 0.61 positions out of the Community Development Block Grant Fund and adds 0.55 positions to the Housing Trust Fund, 0.50 positions to Home Investment Partnership Program Fund, and 0.83 positions to the Multi-Source Housing Fund. (Ongoing costs: $0)

Performance Results:
No impacts to existing service levels are anticipated as a result of this action.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
5. Homeless Response Team	**2.00**	**149,979**	**0**

Community and Economic Development CSA
Community Development and Investment
Strategic Support

This action adds 1.0 Program Manager II on an ongoing basis, adds 1.0 Community Coordinator through June 30, 2015, and shifts funding for Student Interns from the Low and Moderate Income Housing Asset Fund to the Housing Trust Fund through June 30, 2015. The Program Manager position, funded by the Housing Trust Fund, will focus on the City's broad response to homelessness, which will include the concerns about homeless encampments on neighborhoods, and the need to connect the homeless residents with services and housing. The Community Coordinator position, funded by the General Fund in the City-Wide Expenses Section, will facilitate encampment clean-ups and provide on-site assistance for the waste disposal contractor. The Student Interns, funded by the Housing Trust Fund, will respond to constituents, provide field support, and collect data and research. In total, $3.32 million is allocated for this two-year strategy. Additional resources for this program are further described in the City-Wide Expenses ($1.67 million), General Fund Capital, Transfers, and Reserves ($1.5 million), and Parks, Recreation and Neighborhood Services Department (1.0 Senior Park Ranger and 3.0 Park Ranger) Sections in this document. (Ongoing costs: $149,979)

Performance Results:
Quality, Customer Satisfaction This action will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to homeless encampments and the concerns of community members and businesses regarding homeless individuals living in encampments. With this two-year plan, as reflected in the City-Wide Expenses Section of this document, staff will respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and the environmental damage caused by encampments. As part of this plan, staff will coordinate multi-disciplinary outreach and engagement programs that target homeless individuals and families living in encampments, increase the number of encampment clean-ups, and coordinate activities with stakeholder agencies. Furthermore, staff will seek additional resources to be able to offer both short and long-term housing solutions.

2013-2014 Proposed Budget Changes Total	**(5.00)**	**(844,620)**	**(12,374)**

Performance Summary

Community Development and Investment

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Reduction in the number of chronically homeless individuals from prior two years (biennial)	N/A*	500	200	N/A*
% of tenant/landlord mediations that resulted in mutual agreement	85%	85%	87%	90%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* This number is collected on a biennial basis.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of homeless individuals who secured permanent housing:				
- chronically	562	500	300	300
- non-chronically	1,028*	500	500	500
# of unduplicated mobilehome and apartment clients served by the Rental Rights and Referrals Program	2,634	2,600	2,500	2,650
Estimated number of homeless individuals (biennial):				
- chronically homeless	N/A**	1,000	1,500	N/A**
- non-chronically homeless	N/A**	2,500	2,500	N/A**

Changes to Activity & Workload Highlights from 2012-2013 Adopted Operating Budget: No

* As a result of the increased demand and competitiveness in the rental market, the number of non-chronically homeless individuals able to secure permanent housing has increased. It has become increasingly difficult for homeless individuals to qualify for secure housing.

** This number is collected on a biennial basis.

Performance Summary

Housing Development and Preservation

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of annual target achieved for production of affordable housing	106% (718)	100% (502)	30% (150)	100% (565)
% of annual target achieved for homebuyer clients assisted	71%	100% (75)	37%*	100%**
% of all rehab program funds that are loaned versus granted	79%	30%	65%	50%
Cumulative ratio of non-City funds to City funds over the last five years in the New Construction Program	2.25:1	4:1	1.63:1	6.55:1
% of rehabilitation and mobilehome clients satisfied or very satisfied based on overall service	100%	100%	90%	90%
% of homebuyer clients (approved or denied) satisfied or very satisfied with the programs based on overall service	100%	100%	100%	100%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* Because of the increase in home prices, fewer clients are eligible for the homebuyer assistance program.
** In 2013-2014, the target amount of loans will be lower and it is anticipated that 100% of the loans will be completed.

Performance Summary

Housing Development and Preservation

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of homebuyer loans closed:				
- Welcome Home	26	45	1	4
- CalHome BEGIN	20	28	15	16
- Other downpayment assistance	26	35	12	5
Total	72	108	28*	25*
# of unduplicated households assisted by the homebuyer program**	64	65	28	25
# of affordable housing units completed in the fiscal year	718	502	150	565
Average per-unit subsidy in funding commitments for new construction projects ($)	$117,302	$87,000	$56,000	$124,513
# of mobilehome retrofits completed	207	400	300	150
# of rehabilitation projects completed:				
- Rehabilitation projects	33	45	40	50
- Mobilehome projects	30	40	35	0
- Minor repair	41	0	110	100
Total	104***	85	185***	150***

Changes to Activity & Workload Highlights from 2012-2013 Adopted Operating Budget: No

* The drop in Homebuyer Loan activity is a result of the foreclosure crisis waning in the Bay Area. In recent years, there were plenty of unsold condominiums, townhomes, and even single-family homes available for purchase for the low- and moderate-income households. As a result of the turnaround, the inventory of unsold homes has fallen significantly. Therefore, the affordable buyer has to compete with many more potential buyers for properties to purchase. Also, sellers are more willing to accept offers from individuals who provide "all cash" or a much larger down payment and are reluctant to accept an offer that involves subordinate financing.

** Some homebuyers received multiple loans.

*** These are unduplicated units of rehabilitated housing funded through the Housing Department's rehab program.

Performance Summary

Neighborhood Development and Stabilization

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of CDBG-funded projects meeting all stated outcomes:				
- City projects	100%	90%	90%	90%
- Non-City projects	91%	90%	90%	90%
% of CDBG invoices processed within 30 days of receipt of all required documentation	99%	90%	90%	90%
% of CDBG contracts completed by July 1	0%*	90%	0%*	90%
% of CDBG open projects monitored by June 3	100%	100%	100%	100%
% of all non-mobilehome rehabilitation project funds approved within place-based neighborhoods	N/A	N/A	N/A	60%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: Yes[1]

* Due to turnover in staffing and changes in funding levels late in the process, no CDBG contract amendments were completed by July 1st.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
- "% of all non-mobilehome rehabilitation project funds approved within SNI neighborhoods" was revised to "% of all non-mobilehome rehabilitation project funds approved within place-based neighborhoods" as a result of the implementation of the new strategy.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of Loan Management transactions (refinances, subordinations, assumptions)	50	160	124	150
# of non-mobilehome rehabilitation projects completed in targeted neighborhood areas	13	40	25	20
# of neighborhood stabilization projects completed (homes sold)	24	40	14*	5**

Changes to Activity & Workload Highlights from 2012-2013 Adopted Operating Budget: No

* The program buys foreclosures, rehabilitates, and resells the properties to low- and moderate-income homebuyers; however, the amount of foreclosure inventory available drastically fell in 2012-2013.

** The San José Dream Home Homebuyer Program is concluding at the end of 2012-2013. However, the department is still in the process of acquiring the final five homes and it is anticipated that the acquisitions of these homes will be completed and sold in 2013-2014.

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Monetary default rate of loan portfolio by category:				
% of total loan principal:				
1. Project Loans	0%	<2%	0%	0%
2. Rehabilitation Loans	0.12%	<3%	6.5%	2%
3. Homebuyer Loans	5.60%	<5%	4.5%	2%
% of total loans:				
1. Project Loans	0%	<2%	0%	0%
2. Rehabilitation Loans	.24%	<3%	3.2%	2%
3. Homebuyer Loans	3.50%	<5%	3.5%	2%
% of portfolio units brought into compliance with safe and sanitary condition requirements within 90 days	90%	70%	90%	90%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Size of Housing Department loan portfolio by category:				
Total loan principal ($):				
1. Project Loans	573,521,282	661,138,000	685,567,304	695,000,000
2. Rehabilitation Loans	16,987,504	21,580,000	16,987,504	17,200,000
3. Homebuyer Loans	82,799,310	86,723,000	86,723,000	85,750,000
Total	673,308,096	769,441,000	789,277,808	797,950,000
Total number of loans:				
1. Project Loans	163	182	174	175
2. Rehabilitation Loans	414	342	400	375
3. Homebuyer Loans	1,565	1,810	1,600	1,550
Total	2,142	2,334	2,174	2,100
# of major projects in loan portfolio inspected annually				
- Projects	132	110	83*	115
- Units	1,073	1,300	800*	1,300

Changes to Activity & Workload Highlights from 2012-2013 Adopted Operating Budget: No

* The 2012-2013 Estimated number is lower than the 2012-2013 Forecast because the department had staff vacancies throughout the fiscal year. In 2013-2014, the department will be reorganizing staff and workload, and will be back at anticipated levels.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk I	1.00	1.00	-
Accountant II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	9.00	9.00	-
Assistant Director of Housing	1.00	1.00	-
Building Rehabilitation Inspector II	7.00	4.00	(3.00)
Community Activity Worker FT	0.00	1.00	1.00
Community Coordinator	1.00	1.00	-
Community Services Supervisor	1.00	1.00	-
Development Officer	6.00	6.00	-
Development Specialist	9.00	5.00	(4.00)
Development Specialist PT	1.00	1.00	-
Director of Housing	1.00	1.00	-
Division Manager	1.00	2.00	1.00
Housing Policy and Plan Administrator	2.00	1.00	(1.00)
Office Specialist II	4.00	4.00	-
Principal Account Clerk	1.00	1.00	-
Program Manager II	0.00	1.00	1.00
Senior Accountant	1.00	1.00	-
Senior Development Officer	6.00	6.00	-
Senior Systems Applications Programmer	1.00	1.00	-
Staff Specialist	4.00	4.00	-
Student Intern PT	1.00	1.00	-
Total Positions	**62.00**	**57.00**	**(5.00)**

Human Resources Department

Alex Gurza, Deputy City Manager

MISSION

To attract, develop and retain a quality workforce

City Service Area

Strategic Support

Core Services

Employee Benefits
Provide benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively

Employment Services
Facilitate the timely hiring of excellent employees and maintain the City's classification and compensation systems

Health and Safety
Provide services that ensure employee health, safety, and well-being

Strategic Support: Administration, Customer Service, Personnel Management, Human Resources Systems Management, Records Management, Financial Management

Human Resources Department

Service Delivery Framework

Core Service		Key Operational Services
Employee Benefits: *Provide benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively*	⟺	• Competitive Processes for Benefit Plans • Staff Support for Benefits Review Forum and Deferred Compensation Advisory Committee • Benefits Classes • Insurance Premium Payments • Claims Processing • Eligibility and Contribution Transfers • Customer Services, Counseling and Mediation • Human Resources Information System (HRIS) - Benefits Module Administration and Maintenance
Employment Services: *Facilitate the timely hiring of excellent employees and maintain the City's classification and compensation systems*	⟺	• Recruitment, Assessment, and Hiring • Executive Recruitment • Temporary Employment Program • Job Classification/ Compensation • Employee Reallocations • Civil Service and Hiring Rules, Policies, and Procedures • Employee Placements
Health and Safety: *Provide services that ensure employee health, safety, and well-being*	⟺	• Workers' Compensation Program • Safety and Loss Control • Employee Health Services
Strategic Support: *Administration, Customer Service, Personnel Management, Human Resources Systems Management, Records Management, Financial Management*	⟺	• Administration • Financial Management • Personnel Management • Human Resources Systems Management • Records Management • Customer Service

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Attract and retain qualified employees through the Employment Service Delivery Model. Employment Services will continue to facilitate recruitments and manage effective, efficient, and defensible hiring processes in partnership with client departments. Additionally, Employment Services will continue to generate and use seniority lists as well as work closely with departments and displaced employees to find acceptable placements and redeployments to facilitate organizational realignment.
- ❑ Maintain a safe and healthy work environment in compliance with all applicable State and federal regulations related to employee health and safety and continue to minimize liability and loss to the City. Health and Safety programs will continue to ensure injured employees receive adequate and appropriate treatment; promote a culture of safety through the Injury, Illness, and Prevention Programs; and ensure employee medical exams and testing are completed as mandated.
- ❑ Provide a wide range of quality, affordable, and responsive benefit programs that best meet the needs of the employees, retirees, their dependents, and the City and assist participants to utilize their plans effectively.

2013-2014 Budget Actions

- ❑ A Workers' Compensation Service Delivery Model pilot will partially contract out the administration of Workers' Compensation claims. Implementation of this pilot project results in the elimination of eight vacant positions and the addition of contractual funding resulting in 40-50% of claims administration, as well as all bill review, utilization review, and medical management services being delivered by a third party administrator (TPA). Upon completion and evaluation of the pilot, the Administration will recommend to the City Council to either keep the service in-house and add back staff, outsource the entire service to a TPA, or continue with a pilot program hybrid model.
- ❑ The addition of an Analyst in the Employment Division will address the increased need for hiring and classification services. This position will be responsible for researching workforce demographics, recruiting information, retention data, salary information, and other workforce survey information.

Operating Funds Managed

- ❑ Benefit Fund - Benefit Fund
- ❑ Benefit Fund - Dental Insurance Fund
- ❑ Benefit Fund - Life Insurance Fund
- ❑ Benefit Fund - Unemployment Insurance Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Employee Benefits	$ 2,153,046	$ 2,249,780	$ 2,258,295	$ 2,258,295	0.4%
Employment Services	1,434,152	1,994,437	1,974,457	2,051,590	2.9%
Health and Safety	3,220,991	3,159,700	3,100,833	3,306,288	4.6%
Strategic Support	650,906	830,975	833,164	833,164	0.3%
Total	**$ 7,459,095**	**$ 8,234,892**	**$ 8,166,749**	**$ 8,449,337**	2.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 6,260,448	$ 6,824,457	$ 6,790,892	$ 6,173,480	(9.5%)
Overtime	5,693	13,018	13,018	13,018	0.0%
Subtotal	$ 6,266,141	$ 6,837,475	$ 6,803,910	$ 6,186,498	(9.5%)
Non-Personal/Equipment	1,192,954	1,397,417	1,362,839	2,262,839	61.9%
Total	**$ 7,459,095**	**$ 8,234,892**	**$ 8,166,749**	**$ 8,449,337**	**2.6%**
Dollars by Fund					
General Fund	$ 5,364,639	$ 5,982,542	$ 5,923,956	$ 6,206,544	3.7%
Benefit Fund	515,005	477,548	489,379	489,379	2.5%
Dental Insurance	738,387	745,693	743,680	743,680	(0.3%)
Federated Retirement	62,234	63,392	67,544	67,544	6.5%
Integrated Waste Mgmt	9,033	21,340	22,808	22,808	6.9%
Library Parcel Tax	61,034	62,586	50,335	50,335	(19.6%)
Life Insurance	51,063	49,064	50,207	50,207	2.3%
Low/Mod Income Hsg	17,687	0	24,010	24,010	N/A
Low/Mod Income Hsg Asset*	10,377	30,776	0	0	(100.0%)
Police & Fire Retirement	141,437	144,709	154,111	154,111	6.5%
PW Program Support	147,248	141,672	112,414	112,414	(20.7%)
Sewer Svc & Use Charge	23,247	30,302	25,228	25,228	(16.7%)
SJ/SC Treatment Plant Oper	180,491	251,941	270,055	270,055	7.2%
Storm Sewer Operating	13,935	44,009	45,385	45,385	3.1%
Unemployment Insurance	117,450	111,444	108,003	108,003	(3.1%)
Water Utility Fund	5,828	11,953	12,785	12,785	7.0%
Vehicle Maint & Opers	0	65,921	66,849	66,849	1.4%
Total	**$ 7,459,095**	**$ 8,234,892**	**$ 8,166,749**	**$ 8,449,337**	**2.6%**
Authorized Positions by Core Service					
Employee Benefits	12.40	11.90	11.90	11.90	0.0%
Employment Services	11.00	15.00	15.00	16.00	6.7%
Health and Safety	24.10	22.35	22.35	14.35	(35.8%)
Strategic Support	5.00	5.00	5.00	5.00	0.0%
Total	**52.50**	**54.25**	**54.25**	**47.25**	**(12.9%)**

* This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**54.25**	**8,234,892**	**5,982,542**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Employment Services		(50,000)	(50,000)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(50,000)**	**(50,000)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		(8,565)	(8,586)
• Unemployment Insurance Administrator Fee		422	0
• Delta Administration Fee		(10,000)	0
Technical Adjustments Subtotal:	**0.00**	**(18,143)**	**(8,586)**
2013-2014 Forecast Base Budget:	**54.25**	**8,166,749**	**5,923,956**
Budget Proposals Recommended			
1. Workers' Compensation Delivery Pilot Program	(8.00)	205,455	205,455
2. Employment Services Staffing*	1.00	77,133	77,133
Total Budget Proposals Recommended	**(7.00)**	**282,588**	**282,588**
2013-2014 Proposed Budget Total	**47.25**	**8,449,337**	**6,206,544**

* Implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Workers' Compensation Service Delivery Pilot Program	**(8.00)**	**205,455**	**205,455**

Strategic Support CSA
Health and Safety

This action aligns funding for the City Council approved Workers' Compensation Service Delivery Model pilot. On October 16, 2012, the City Council approved a two-year pilot program for Workers' Compensation claims administration services (40-50%), as well as all bill review, utilization review, and medical management services, to be delivered by a third party administrator (TPA). A staff of 17 in the Human Resources Department currently administers claims, while bill review, utilization review, and medical management are provided by contractual services. The implementation of this pilot project results in the elimination of eight vacant positions including 1.0 Office Specialist, 1.0 Senior Office Specialist, 1.0 Senior Workers' Compensation Claim Adjuster, and 5.0 Workers' Compensation Claim Adjusters and the addition of $695,000 in non-personal/equipment funding for the contract. At the time of City Council approval of the pilot program, the Administration stated that the value of reducing these 8.0 positions was equivalent to $900,000 which was the level of funding required for the contract. With the implementation of the Federated Retirement System Tier 2 Plan, the cost of vacant positions has been reduced to $695,000, with the pension unfunded actuarial liability costs solely applied to Federated Retirement System Tier 1 Plan employees. Therefore, to ensure that there is sufficient funding for the pilot contract, it is recommended to add $205,000 to this program to make the funding whole. Upon completion and evaluation of the pilot, the Administration will recommend to the City Council to either keep the service in-house and add back staff, outsource the entire service to a TPA, or continue with the pilot program hybrid model. (Ongoing costs: $199,657)

Performance Results:
Costs, Quality The expectations of the Workers' Compensation Service Delivery pilot program are to lower overall workers' compensation costs (including administration and claims) and to improve current processes by allowing more time per case, applying best practices and efficiencies, and overall effectively managing a claim so employees are returned to work as soon as possible.

2. Employment Services Staffing*	**1.00**	**77,133**	**77,133**

Strategic Support CSA
Employment Services

This action adds 1.0 Analyst position to address the increased demand for employment services in the City. In April 2013, the City's vacancy rate was approximately 10% (573 vacancies). Additionally, requests for classification services including new classes, class specification revisions, and reallocations have increased. The position would provide support for these activities as needed as well as workforce planning and human resources analytics. (Ongoing costs: $94,073)

Performance Results:
Cycle Time Response times to meeting City staffing needs will improve with better ability to anticipate workforce changes.

2013-2014 Proposed Budget Changes Total	**(7.0)**	**282,588**	**282,588**

* Implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Employee Benefits

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Cost of benefits administration per FTE	$455	$507	$491	$540
% of requests for services responded to in one day	85%	90%	93%	90%
% of Human Resources Information Systems transactions completed within the target pay period	100%	100%	100%	100%
% of participants rating benefit program products and services as good to excellent:				
- City Employee Benefits staff customer service	45%	45%	45%	45%
- Benefit products and Vendor's customer service	49%	49%	49%	49%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Annual contributions to Deferred Compensation	$29M	$31M	$23M	$23M
% of employees contributing to Deferred Compensation	73%	72%	72%	72%
% of employees/retirees enrolled in dental HMO	5%	5%	5%	5%

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Employment Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of employee performance reviews completed on schedule	42%	80%	40%	60%
% of vacancies filled within 120 days	N/A	N/A	75%	75%
Working days to reclassify an occupied position	201	200	100	150

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
× "Days for Recruitments" was moved to Activity and Workload Highlights to better reflect the data.
+ "% of vacancies filled within 120 days" was added to align with industry standards.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Days for Recruitments	91	100	100	100
# of positions filled from recruitments:				
- Full time	321	400	800	600
- Part time	416	400	400	400

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:
+ "Days for recruitments" was moved from Performance Measures to better reflect the data.

Performance Summary

Health and Safety

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
# of Workers' Compensation claims per 100 FTEs	17.3	17.0	16.4	17.0
# of Workers' Compensation disability hours	194,000	200,000	225,000	210,000
# of Workers' Compensation disability hours per claim	195	200	237	210
Expenditures for Workers' Compensation per $100 of total City salaries and benefits	$4.22	$4.00	$4.46	$4.20

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of open Workers' Compensation claims	3,400	3,800	3,500	3,500
# of new Workers' Compensation claims	996	1,050	950	1,000
# of employees trained in safety	597	400	500	500
# of ergonomic evaluations	88	60	100	100
Total Workers' Compensation costs	$17.9M	$19.4M	$19.0M	$21.5M

Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget: No

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	12.00	13.00	1.00
Director, Human Resources	1.00	1.00	-
Division Manager	3.00	3.00	-
Medical Assistant	1.00	1.00	-
Nurse Practitioner	1.00	1.00	-
Nurse Practitioner PT	0.50	0.50	-
Office Specialist II	2.00	1.00	(1.00)
Office Specialist II PT	1.75	1.75	-
Physician	1.00	1.00	-
Principal Account Clerk	1.00	1.00	-
Principal Office Specialist	1.00	1.00	-
Senior Analyst	7.00	7.00	-
Senior Medical Assistant	1.00	1.00	-
Senior Office Specialist	5.00	4.00	(1.00)
Senior Workers' Compensation Claims Adjuster	2.00	1.00	(1.00)
Staff Technician	3.00	3.00	-
Workers' Compensation Claims Adjuster II	9.00	4.00	(5.00)
Total Positions	**54.25**	**47.25**	**(7.00)**

Office of the Independent Police Auditor

Judge LaDoris Cordell (Ret.), Independent Police Auditor

MISSION

To provide independent oversight of the citizen complaint process to ensure its fairness, thoroughness, and objectivity

City Service Area

Public Safety

Core Services

Independent Police Oversight
Provide independent oversight of the police misconduct complaint process to ensure its fairness, thoroughness, and objectivity

Strategic Support: Administrative Support

Office of the Independent Police Auditor

Service Delivery Framework

Core Service		Key Operational Services
Independent Police Oversight: *Provide independent oversight of the police misconduct complaint process to ensure its fairness, thoroughness, and objectivity*	⟺	• Initiate the Complaint Investigation Process • Attend Internal Affairs Interviews of San José Police Officers • Monitor and Audit Internal Affairs Complaint Investigations • Provide Recommendations to Improve San José Police Department Policy and Procedures • Increase Public Awareness of the Independent Police Auditor's (IPA) Office and the Complaint Process through Community Outreach • Respond to the Scene of Officer-Involved Shootings and Participate in Officer-Involved Shooting Review Panels
Strategic Support: *Administrative Support*	⟺	• Administrative Support

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Continue providing mandated police oversight services: conducting community outreach, performing intake of complaints from the public, auditing San José Police Department's (SJPD) Internal Affairs complaint investigations, and making recommendations to improve SJPD policies and procedures.
- ❑ Continue to resolve complaints, when appropriate, through the IPA/SJPD mediation program.
- ❑ Complete the third year of IPA-TLC (Teen Leadership Council) program, and continue to assess participant satisfaction and effectiveness in increasing outreach to youth.
- ❑ Complete the third year of providing IPA staff hours at the Mexican Consulate and continue to assess effectiveness of this outreach.
- ❑ Integrate a new database tracking system to provide statistical and trend analysis more quickly and accurately. The database is anticipated to be operational in spring/summer 2013.
- ❑ Print and release a Vietnamese translation of the fourth edition of the Student's Guide to Police Practices to distribute at youth outreach presentations and to high school students throughout San José.
- ❑ Identify new and cost-effective ways to inform San José residents about the IPA office and the services it provides. Work with City and community resources to identify "hot spots" in the City (locations of frequent interaction between SJPD and residents), focus outreach at those locations, and assess outreach effectiveness.

2013-2014 Budget Actions

N/A

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 4	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Independent Police Oversight	$ 932,903	$ 973,174	$ 959,192	$ 959,192	(1.4%)
Strategic Support	1,476	92,587	106,514	106,514	15.0%
Total	**$ 934,379**	**$ 1,065,761**	**$ 1,065,706**	**$ 1,065,706**	**(0.0%)**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 913,326	$ 1,035,431	$ 1,039,341	$ 1,039,341	0.4%
Overtime	611	1,000	1,000	1,000	0.0%
Subtotal	$ 913,937	$ 1,036,431	$ 1,040,341	$ 1,040,341	0.4%
Non-Personal/Equipment	$ 20,442	$ 29,330	$ 25,365	$ 25,365	(13.5%)
Total	**$ 934,379**	**$ 1,065,761**	**$ 1,065,706**	**$ 1,065,706**	**(0.0%)**
Dollars by Fund					
General Fund	$ 934,379	$ 1,065,761	$ 1,065,706	$ 1,065,706	(0.0%)
Total	**$ 934,379**	**$ 1,065,761**	**$ 1,065,706**	**$ 1,065,706**	**(0.0%)**
Authorized Positions by Core Service					
Independent Police Oversight	5.50	6.50	5.50	5.50	(15.4%)
Strategic Support	0.50	0.50	0.50	0.50	0.0%
Total	**6.00**	**7.00**	**6.00**	**6.00**	**(14.3%)**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**7.00**	**1,065,761**	**1,065,761**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Independent Police Auditor's Office Analytical Staffing	(1.00)	(107,200)	(107,200)
One-time Prior Year Expenditures Subtotal:	**(1.00)**	**(107,200)**	**(107,200)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: -1.0 Deputy Director to 1.0 Assistant Director		106,445	106,445
• Printing and copying services		700	700
Technical Adjustments Subtotal:	**0.00**	**107,145**	**107,145**
2013-2014 Forecast Base Budget:	**6.00**	**1,065,706**	**1,065,706**
Budget Proposals Recommended			
NONE			
2013-2014 Proposed Budget Total	**6.00**	**1,065,706**	**1,065,706**

Performance Summary

Independent Police Oversight

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
# of IPA recommendations to change policy or procedure made to the Internal Affairs Commander/ Police Chief/ City Council	30	15	18	15
% of residents rating confidence with the independent police review/oversight process as good or excellent *	N/A	60%	N/A	60%
% of community members responding to evaluations at outreach presentations or events who report an increased knowledge of IPA and the citizen complaint process	99%	99%	99%	99%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and the data results from this survey will be included in 2013-2014 Adopted Budget.

[1] Changes to Performance Measures from 2011-2012 Adopted Budget:

- × "% of complainants rating the professionalism and responsiveness of the IPA as good or excellent" was deleted, because the low return rate of the survey to capture the data for this measure did not justify the mailing cost and staff time to conduct the survey.
- × "% of complainants filing their complaint at the IPA Office rather than at Internal Affairs" was deleted from the Performance Measures section and added to the Activities and Workload Highlights section.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
% of complainants filing their complaint at the IPA office rather than at Internal Affairs	47%	47%	50%	50%
# of classified complaints	256	250	270	240
# of total cases	335	320	320	320
# of outreach presentations/events:				
- Total	188	180	170	175
- To youth	57	50	45	50
- To immigrant and minority communities	92	80	75	85
# of persons receiving community outreach services	12,367	10,000	9,500	9,750
# of agencies/community organizations that received outreach materials from the IPA:				
- Total	88	70	65	75
- To youth	40	25	20	30
- To immigrant and minority communities	42	30	25	30

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2011-2012 Adopted Budget:

- + "% of complainants filing their complaint at the IPA Office rather than at Internal Affairs" was added to the Activities and Workload Highlights section and deleted from the Performance Measures section.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Analyst II, Independent Police Auditor	2.00	1.00	(1.00)
Assistant Director	0.00	1.00	1.00
Deputy Director	1.00	0.00	(1.00)
Independent Police Auditor	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Senior Analyst, Independent Police Auditor	2.00	2.00	-
Total Positions	**7.00**	**6.00**	**(1.00)**

PAGE IS INTENTIONALLY LEFT BLANK

Information Technology Department

Vijay Sammeta, Acting Chief Information Officer

MISSION

Enable the service delivery of our customers through the integration of city-wide technology resources

City Service Area

Strategic Support

Core Services

Customer Contact Center
Process calls related to utility billing and services; serve as the primary point of City information for residents, businesses, and employees; provide direct customer support for technology equipment and applications

Enterprise Technology Systems and Solutions
Manage the City's data so that critical business processes remain operational; determine, develop, implement, and support technology solutions that maximize the delivery of enterprise City services; consolidate technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization

Information Technology Infrastructure
Enable the availability and relevancy of data and voice communications; consult on technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization

Strategic Support: Financial Management, Human Resources, Clerical Support, Training Management, and Special Projects

Service Delivery Framework

Core Service		Key Operational Services
Customer Contact Center: *Process calls related to utility billing and services; serve as the primary point of City information for residents, businesses, and employees; provide direct customer support for technology equipment and applications*	⇔	• Utility Services and Billing • Internet Self Service • General Information Requests • Technical Help Desk
Enterprise Technology Systems and Solutions: *Manage the City's data so that critical business processes remain operational; determine, develop, implement, and support technology solutions that maximize the delivery of enterprise City services; consolidate technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization*	⇔	• Business Systems • E-mail • Financial Management System • HR/Payroll System • Integrated Billing System
Information Technology Infrastructure: *Enable the availability and relevancy of data and voice communications; consult on technology solutions and ensure optimal resource utilization and technology investment across the city-wide organization*	⇔	• Core Infrastructure • Telecommunications • Servers • Desktop Support • Database Administration
Strategic Support: *Financial Management, Human Resources, Clerical Support, Training Management, and Special Projects*	⇔	• Clerical Support • Financial Management • Procurement Support • Special Projects

Department Budget Summary

Expected 2013-2014 Service Delivery

- Deployment of Office 365 will provide employees with significantly expanded email box capacity and better mobile support and compatibility for laptops, tablets, and Smartphones. In addition, the organization will be collaboration-enabled with an enterprise-level content management system and video-conferencing capabilities.
- The Customer Contact Center will transition to a multi-channel Call Center, offering modern communication options to customers including web chat, text messaging, and social media outlets.
- By moving to more modern solutions, technical staff will be trained in diverse and contemporary skills, making existing staff an important part of the City's efforts to attract and retain a highly qualified workforce for the future.

2013-2014 Budget Actions

- The elimination of a vacant Account Clerk position is part of a consolidation effort to reduce city-wide telephone costs. It realizes efficiencies gained by the transition to the hosted VoIP telephone system.
- Conversion of the City's Microsoft Office Suite licensing to a subscription model upgrades the City's outdated version and ensures that the City remain on current and supported versions in the future, thereby mitigating certain security and compatibility risks. It further increases employee productivity through enhanced features and functionality.
- The addition of one-time funding for end-of-life server and network replacement reduces the technical infrastructure backlog, and lowers the risk of equipment failure and system outages as a result of aging equipment.

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Customer Contact Center	$ 2,729,368	$ 3,940,374	$ 4,582,832	$ 4,582,832	16.3%
Enterprise Technology Systems & Solutions	6,052,716	4,785,485	4,912,126	4,912,126	2.6%
IT Infrastructure	6,353,436	7,955,708	6,800,553	7,830,653	(1.6%)
Strategic Support	784,335	880,774	890,640	890,640	1.1%
Total	**$ 15,919,855**	**$ 17,562,341**	**$ 17,186,151**	**$ 18,216,251**	**3.7%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 12,313,984	$ 11,987,149	$ 12,311,936	$ 12,280,036	2.4%
Overtime	35,264	128,664	128,664	128,664	0.0%
Subtotal	$ 12,349,248	$ 12,115,813	$ 12,440,600	$ 12,408,700	2.4%
Non-Personal/Equipment	3,570,607	5,446,528	4,745,551	5,807,551	6.6%
Total	**$ 15,919,855**	**$ 17,562,341**	**$ 17,186,151**	**$ 18,216,251**	**3.7%**
Dollars by Fund					
General Fund	$ 11,953,042	$ 13,361,856	$ 12,775,371	$ 13,805,471	3.3%
General Purpose Pkg	15,524	15,501	15,940	15,940	2.8%
Integrated Waste Mgmt	2,782,091	2,995,716	3,137,719	3,137,719	4.7%
Library Parcel Tax	(2,116)	0	0	0	N/A
Low/Mod Income Hsg	(1,699)	0	0	0	N/A
Sewer Svc & Use Charge	519,812	498,454	523,147	523,147	5.0%
SJ/SC Treatment Plant Oper	0	63,886	73,526	73,526	15.1%
Storm Sewer Operating	384,407	363,765	380,318	380,318	4.6%
Water Utility	268,794	263,163	280,130	280,130	6.4%
Total	**$ 15,919,855**	**$ 17,562,341**	**$ 17,186,151**	**$ 18,216,251**	**3.7%**
Authorized Positions by Core Service					
Customer Contact Center	40.37	37.37	40.37	40.37	8.0%
Enterprise Technology Systems & Solutions	24.00	20.00	20.00	20.00	0.0%
IT Infrastructure	30.63	29.13	26.13	25.13	(13.7%)
Strategic Support	6.00	5.00	5.00	5.00	0.0%
Total	**101.00**	**91.50**	**91.50**	**90.50**	**(1.1%)**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**91.50**	**17,562,341**	**13,361,856**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Data Storage		(350,000)	(350,000)
• Rebudget: VoIP Expansion		(50,000)	(50,000)
• Windows Server Licensing		(250,000)	(250,000)
• Software Centralization		(150,000)	(150,000)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(800,000)**	**(800,000)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position -1.0 Information Systems Analyst to 1.0 Senior Systems Programmer -1.0 Systems Applications Programmer II to 1.0 Senior Applications Programmer		340,834	132,919
• Night Shift Differential elimination		(16,047)	(16,047)
• Supplies and materials cost savings		(29,381)	(19,380)
• Hosted Email maintenance contract adjustment		69,400	69,400
• Hardware and software maintenance contracts		44,033	31,652
• Illegal media download prevention software licensing		21,171	21,171
• Password protection licensing		1,800	1,800
• Changes in vehicle maintenance and operations costs		(8,000)	(8,000)
Technical Adjustments Subtotal:	**0.00**	**423,810**	**213,515**
2013-2014 Forecast Base Budget:	**91.50**	**17,186,151**	**12,775,371**
Budget Proposals Recommended			
1. Hosted VoIP Efficiencies	(1.00)	(31,900)	(31,900)
2. Microsoft Office Upgrade*		812,000	812,000
3. Computer Server Replacements/Network Upgrades*		250,000	250,000
Total Budget Proposals Recommended	**(1.00)**	**1,030,100**	**1,030,100**
2013-2014 Proposed Budget Total	**90.50**	**18,216,251**	**13,805,471**

* Implementation of these proposals is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for futher information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Hosted VoIP Efficiencies	**(1.00)**	**(31,900)**	**(31,900)**

Strategic Support CSA
Information Technology Infrastructure

This action eliminates 1.0 vacant Account Clerk position as part of a consolidation effort to reduce city-wide telephone costs and adds one-time funding in the amount of $30,000 for temporary staff. Management of the Voice over Internet Protocol (VoIP) system, currently supported by both City staff and outside contractors, is now in the process of being shifted to a hosted provider. As part of the transition, one-time funding will allow existing staff to streamline billing and other processes. (Ongoing savings: $62,459)

Performance Results:
Customer Satisfaction, Cost With an updated phone system and billing model that better reflects the needs of the organization, customer satisfaction and the ability to control telecommunication usage costs are expected to improve.

2. Microsoft Office Upgrade*		**812,000**	**812,000**

Strategic Support CSA
Information Technology Infrastructure

This action allocates funding to convert the City's version of Microsoft's Office Suite licensing to an Office 365 subscription model. This licensing model upgrades the City's current Office 2003 version which is three full generations behind the proposed version. The upgraded version will increase productivity through enhanced features, cloud storage of office products documents, and mitigate certain security and compatibility risks by ensuring that the City remains on current and supported versions in a sustainable hosted model. Included in this action is a one-time allocation of $550,000 for implementation and training and ongoing funding of $262,000 for the subscription service. (Ongoing costs: $262,000)

Performance Results:
Quality, Customer Satisfaction, Cycle Time By upgrading to Microsoft's Office 365 subscription model, quality and customer satisfaction is expected to improve as users will always be updated to the latest version of Microsoft Office, mobile access to Microsoft Office tools will be available by utilizing cloud services, and compatibility issues between Microsoft Office versions will be reduced.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Computer Server Replacements/Network Upgrades*		**250,000**	**250,000**

Strategic Support CSA
Information Technology Infrastructure

This action allocates one-time funding for computer server replacements and network upgrades. Since opening City Hall in 2005, no substantial investment has been made for technical infrastructure replacement. Outside of City Hall (e.g. community centers and fire stations), some of the investments are as old as the mid-to late-1990s. Although portions of the core network have been replaced, there is a significant inventory of older equipment, and the risk of equipment failure and system outages increases as this infrastructure ages. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction, Cycle Time By replacing or upgrading end-of-life computer server and network equipment, it is anticipated that customer service and cycle time will remain at current levels by mitigating potential system failures due to aging infrastructure.

2013-2014 Proposed Budget Changes Total	**(1.00)**	**1,030,100**	**1,030,100**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Customer Contact Center

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of Customer Contact Center calls answered	70%	72%	68%	70%
% of calls/inquiries resolved within the Customer Contact Center	74%	75%	75%	75%
% of Technology Service Desk inquiries resolved	96%	85%	96%	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of Customer Contact Center calls received	305,344	270,000	260,000	260,000
Average Wait Time	6 minutes	< 6 minutes	6.5 minutes	7 minutes
# of Technology Service Desk inquiries	23,290	32,000	24,000	30,000

Changes Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Enterprise Technology Systems and Solutions

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of time system is available during normal business hours				
- E-mail	99.5%	99.5%	99.7%	99.5%
- Financial Management System	99.4%	99.5%	99.7%	99.5%
- PeopleSoft (HR/Payroll)	99.9%	99.5%	100%	99.5%
% of customers rating data availability and quality of data as good or excellent				
- availability	73.5%	70%	70%	70%
- quality	72.4%	70%	70%	70%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of centralized E-mail mailboxes	7,501	7,800	6,600	6,800
# of FMS users	510	550	495	500
# of PeopleSoft users (HR/Payroll)	6,991	7,200	7,000	7,200
# of application repair requests	2,308	3,200	2,500	3,200

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Information Technology Infrastructure

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of network services available 24x7				
Converged City Network	99.86%	99.90%*	99.90%	99.90%
- Telephones	99.86%	99.90%*	99.90%	99.90%
- Enterprise Servers	99.70%	99.90%*	98.88%	99.90%
% of customers rating customer support as good or excellent based on:				
- timeliness of response	82%	75%	75%	75%
- satisfaction with resolution	87%	75%	75%	75%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Due to the migration from aging infrastructure to newer platforms, it is anticipated that there may be periodic drops in network availability which impacts telephones and servers.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of network outages	3	2	2	3
# of network outages during normal business hours*	2	1	1	1
Average time of network outages during normal business hours*	2 hours	2 hours	2 hours	2 hours
# of telephones (Centrex)	830	1,200	800	720
# of managed services IP phones	4,643	5,000	4,700	5,000
# of telecommunication repair orders	1,714	3,000	1,600	3,000*

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* It is anticipated that the transition to hosted VoIP will increase calls for service in 2013-2014.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	2.00	1.00	(1.00)
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	1.00	1.00	-
Analyst II PT	0.50	0.50	-
Communications Technician	1.00	1.00	-
Director of Information Technology	1.00	1.00	-
Division Manager	2.00	2.00	-
Information Systems Analyst	15.00	14.00	(1.00)
Network Engineer	14.00	14.00	-
Network Technician II	11.00	11.00	-
Principal Office Specialist	5.00	5.00	-
Program Manager I	1.00	1.00	-
Senior Account Clerk	1.00	1.00	-
Senior Analyst	1.00	1.00	-
Senior Electronic Systems Technician	1.00	1.00	-
Senior Office Specialist	21.00	21.00	-
Senior Supervisor, Administration	2.00	2.00	-
Senior Systems Application Programmer	2.00	4.00	2.00
Staff Specialist	1.00	1.00	-
Supervising Applications Analyst	6.00	6.00	-
Systems Application Programmer II	1.00	0.00	(1.00)
Total Positions	**91.50**	**90.50**	**(1.00)**

PAGE IS INTENTIONALLY LEFT BLANK

Library Department

Anne Cain, Interim City Librarian

MISSION

The San José Public Library enriches lives by fostering lifelong learning and by ensuring that every member of the community has access to a vast array of ideas and information

City Service Area

Neighborhood Services

Core Services

Access to Information, Library Materials and Digital Resources
Link customers to the information they need through access to books, videos, digital, and other information resources

Formal and Lifelong Self-Directed Education
Provide programs that promote reading, literacy, and learning for all ages and support school readiness and success

Strategic Support: Administration, Business Office, Community Awareness and Outreach, Library Bond Program, and Technology Services

Service Delivery Framework

Core Service		Key Operational Services
Access to Information, Library Materials, and Digital Resources: *Link customers to the information they need through access to books, videos, digital, and other information resources*	⇔	• Dr. Martin Luther King, Jr. Library • Reference and Reader's Advisory Services • Borrower's Services • Interbranch Loan and Delivery • "The San José Way" Principles of Library Service • Internet-Access Computers
Formal and Lifelong Self-Directed Education: *Provide programs that promote reading, literacy, and learning for all ages and support school readiness and success*	⇔	• Adult and Family Literacy Programs • Preschool and Early Education Initiatives • Story Time Programs • School Focused Collections, Programming, and Internet Resources • Summer Reading Programs for Children and Youth
Strategic Support: *Administration, Business Office, Community Awareness and Outreach, Library Bond Program, and Technology Services*	⇔	• Administration • Business Office • Technology Services • Branch Library Bond Program • Community Awareness and Outreach

Department Budget Summary

Expected 2013-2014 Service Delivery

- Branch libraries will maintain their current level of service of being open four days per week with 34 hours of service at Monday-Thursday branches and 33 hours of service at Wednesday-Saturday branches.
- The four newly opened library branches (Seven Trees, Bascom, Educational Park, and Calabazas) will have their first full year of service in 2013-2014, bringing the total number of branch libraries open to 22. With these four branches open, an additional 6,800 hours of Library service will be available to the public, which represents an increase of 22% in available library hours.
- The Martin Luther King, Jr. Library will maintain its current level of service by operating every day of the week for a total of 77 hours per week.
- The Library continues its effort to increase technology and efficiency by upgrading its online customer and materials database and implementation of the Automated Materials Handling Systems that are now installed in eight of the highest circulating branch libraries.
- The Library's E-book circulation is expected to grow by approximately 10% to 483,000 items checked out.
- Library services will continue story-time, children's educational programs, literacy programs, adult programming, Summer Reading Celebration, and class visits. As the four new and renovated branch libraries will be open for a full fiscal year, a corresponding increase in visitor attendance, circulation, and program attendance is anticipated.

2013-2014 Budget Actions

- Although there are no recommended budget actions, as outlined in the 2014-2018 General Fund Five-Year Forecast, this budget increases funding by $1.7 million to annualize the cost to operate the four new libraries added in 2013-2014 (Seven Trees, Bascom, Educational Park, and Calabazas).

Operating Funds Managed

- Library Parcel Tax Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Access to Information, Library Materials, and Digital Resources	$ 21,816,872	$ 23,780,035	$ 25,405,597	$ 25,405,597	6.8%
Formal and Lifelong Self-Directed Education	2,279,761	1,615,882	1,857,638	1,857,638	15.0%
Strategic Support	3,180,896	3,607,654	3,878,843	3,878,843	7.5%
Total	**$ 27,277,529**	**$ 29,003,571**	**$ 31,142,078**	**$ 31,142,078**	**7.4%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 22,530,847	$ 23,832,136	$ 25,995,643	$ 25,995,643	9.1%
Overtime	25,002	101,796	36,796	36,796	(63.9%)
Subtotal	$ 22,555,849	$ 23,933,932	$ 26,032,439	$ 26,032,439	8.8%
Non-Personal/Equipment	4,721,680	5,069,639	5,109,639	5,109,639	0.8%
Total	**$ 27,277,529**	**$ 29,003,571**	**$ 31,142,078**	**$ 31,142,078**	**7.4%**
Dollars by Fund					
General Fund	$ 21,919,687	$ 24,030,561	$ 25,897,723	$ 25,897,723	7.8%
Comm Dev Block Grant	438,500	0	0	0	N/A
Library Parcel Tax	4,596,466	4,718,626	4,984,435	4,984,435	5.6%
Capital Funds	322,876	254,384	259,920	259,920	2.2%
Total	**$ 27,277,529**	**$ 29,003,571**	**$ 31,142,078**	**$ 31,142,078**	**7.4%**
Authorized Positions by Core Service					
Access to Information, Library Materials, and Digital Resources	228.91	277.63	275.58	275.58	(0.7%)
Formal and Lifelong Self-Directed Education	16.45	12.50	14.00	14.00	12.0%
Strategic Support	26.00	24.50	25.50	25.50	4.1%
Total	**271.36**	**314.63**	**315.08**	**315.08**	**0.1%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**314.63**	**29,003,571**	**24,030,561**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Library Grants		(10,000)	(10,000)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(10,000)**	**(10,000)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		648,890	387,545
- 1.05 Library Page PT benefitted to 1.5 Library Page PT unbenefitted	0.45		
- 0.33 Warehouse Worker I PT to 0.33 Warehouse Worker II PT			
• Reallocation of utility costs to PRNS for Bascom and Seven Trees Branches		(165,000)	(165,000)
• Four new branch library costs annualized			
- Personal Services		1,536,617	1,536,617
- Utility Costs		146,000	146,000
- Custodial Services		39,000	39,000
- Supplies and Materials		16,000	16,000
• Overtime and night shift differential reduction		(87,000)	(97,000)
• Changes in vehicle maintenance and operations costs		(4,000)	(4,000)
• Changes in gas and electricity costs		18,000	18,000
Technical Adjustments Subtotal:	**0.45**	**2,148,507**	**1,877,162**
2013-2014 Forecast Base Budget:	**315.08**	**31,142,078**	**25,897,723**
Budget Proposals Recommended			
NONE			
2013-2014 Proposed Budget Total	**315.08**	**31,142,078**	**25,897,723**

Performance Summary

Access to Information, Library Materials and Digital Resources

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of customers finding materials or information	88%	75%	85%	85%
% of customers able to access basic services through self-service	73%	75%	75%	75%
% of residents with a library card used within the last year	39%	30%	35%	35%
% of searches/requests for information/ materials completed within customer time requirements	91%	75%	85%	85%
% of customers rating staff assistance as good or excellent				
- for helpfulness	92%	80%	85%	85%
- for promptness	91%	80%	85%	85%
- for courtesy	92%	80%	85%	85%
% of residents that agree or strongly agree				
- that the variety and level of library collections and resources are good or excellent	N/A*	65%	N/A*	65%
- that library services are good or excellent	N/A*	60%	N/A*	60%
% of residents rating facilities as good or excellent				
- in terms of hours	N/A*	50%	N/A*	45%
- in terms of condition	N/A*	80%	N/A*	85%
- in terms of location	N/A*	85%	N/A*	88%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for these measures is collected through the biennial City-Wide Community Survey. The survey, which was temporarily suspended in 2011-2012 is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of items purchased	195,281	275,000	300,000	275,000
# of items checked out	11,544,886	11,900,000	10,700,000	11,500,000
# of reference questions	666,414	635,000	625,000	650,000
# of visits to Library website	2,716,777	3,000,000	3,000,000	3,500,000
# of customers trained to use information resources through library classes	2,553	3,000	2,000	2,500
# of residents with library card used in the last year	190,860	180,000	185,000	195,000

Performance Summary

Access to Information, Library Materials and Digital Resources

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Cost per capita to provide access to information, library materials, and digital resources	$24.47	$29.00	$29.00	$29.00
% of library budget (operating and materials) spent on providing access to information, library materials, and digital resources	80%	80%	80%	80%
# of public access computer sessions at library facilities	1,349,628	1,400,000	1,200,000	1,400,000
# of visitors to main and branch libraries	6,168,223	6,200,000	6,000,000	6,700,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Formal and Lifelong Self-Directed Education

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of literacy program participants in Family Learning Centers who improve their reading, writing, or speech skills	90%	85%	85%	85%
Average cost per participant in library reading program	$46.28	$50.00	$52.00	$52.00
% of literacy and school readiness program participants rating program as good or excellent and responsive to their needs	82%	80%	80%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- "% of parents and caregivers who report that they read more to their children following participation in a library program or activity" has been moved to City Service Area, Neighborhood Services Overview, Outcome 2.

Performance Summary

Formal and Lifelong Self-Directed Education

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of attendees at early literacy programs	87,421	100,000	85,000	85,000
# of attendees at literacy programs in Family Learning Centers:				
- Children	1,892	1,000	2,000	2,100
- Youth	946	500	1,150	1,200
- Adult	16,078	10,000	19,550	20,000
# of class visit attendees to libraries	9,126	6,000	6,000	6,000
# of participants in Summer Reading Program	15,547	10,000	15,000	18,000
Cost per capita to promote lifelong learning and educational support	$6.12	$7.00	$7.50	$7.50
% of Library budget (operating and materials) spent on educational support	20%	20%	20%	20%
# of schools, after school programs, and early care sites visited by Library staff	71	100	100	100
# of Smart Start San José Program Facilities	1,034	1,000	1,000	1,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- "# of Smart Start San José Program Participants" has been updated to "# of Smart Start San José Program Facilities" to clarify the measure.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	3.00	3.00	-
Assistant City Librarian	1.00	1.00	-
Assistant to the City Librarian	1.00	1.00	-
Capital Project Program Coordinator	1.00	1.00	-
City Librarian	1.00	1.00	-
Community Programs Administrator	2.00	2.00	-
Division Manager	3.00	3.00	-
Librarian II	41.00	41.00	-
Librarian I/II PT	21.60	21.60	-
Library Aide PT	19.26	19.26	-
Library Assistant	30.00	30.00	-
Library Clerk	38.00	38.00	-
Library Clerk PT	31.08	31.08	-
Library Page PT	62.61	63.06	0.45
Literacy Program Specialist	4.00	4.00	-
Marketing and Public Outreach Representative II	1.00	1.00	-
Network Engineer	5.00	5.00	-
Network Technician I/II	4.00	4.00	-
Network Technician II PT	0.50	0.50	-
Office Specialist II	3.00	3.00	-
Office Specialist II PT	0.50	0.50	-
Security Officer PT	0.75	0.75	-
Senior Account Clerk	3.00	3.00	-
Senior Librarian	19.00	19.00	-
Senior Library Clerk	3.00	3.00	-
Senior Office Specialist	2.00	2.00	-
Senior Warehouse Worker	1.00	1.00	-
Staff Technician	1.00	1.00	-
Supervising Applications Analyst	1.00	1.00	-
Volunteer Coordinator	1.00	1.00	-
Warehouse Worker I PT	1.33	1.00	(0.33)
Warehouse Worker II PT	0.00	0.33	0.33
Warehouse Worker I/II	4.00	4.00	-
Total Positions	**314.63**	**315.08**	**0.45**

PAGE IS INTENTIONALLY LEFT BLANK

Mayor and City Council

MISSION

The San José City Council consists of ten Councilmembers elected by district and a Mayor elected at-large, each for four-year terms. The Mayor and Council are responsible for representing the residents of San José, providing accountability, reviewing public policy and programs, and adopting those policies which best meet the needs of the residents, visitors, and businesses in San José.

Chuck Reed, Mayor

Pete Constant
District 1

Ash Kalra
District 2

Sam Liccardo
District 3

Kansen Chu
District 4

Xavier Campos
District 5

Pierluigi Oliverio
District 6

Madison Nguyen
District 7

Rose Herrera
District 8

Donald Rocha
District 9

Johnny Khamis
District 10

Department Budget Summary

Expected 2013-2014 Service Delivery

- The Office of the Mayor provides leadership and guidance to the City Council. Through community-based budgeting and gathering public input, the Mayor's Office will continue to ensure that the City's budget reflects the community's spending priorities and major initiatives of the City including economic development, green vision, public safety, transportation, and housing.
- The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions subject to the provisions of the City Charter and the State Constitution.
- Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Councilmembers' salary and benefits, Council Assistant benefits, clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures.

2013-2014 Budget Actions

N/A

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Program					
Office of the Mayor	$ 1,291,505	$ 1,834,619	$ 1,413,317	$ 1,413,317	(23.0%)
City Council	2,549,392	3,373,823	2,579,030	2,579,030	(23.6%)
Council General	4,622,220	5,813,917	5,650,153	5,650,153	(2.8%)
Total	**$ 8,463,117**	**$ 11,022,359**	**$ 9,642,500**	**$ 9,642,500**	**(12.5%)**
Dollars by Category					
Operating Expenditures	$ 8,463,117	$ 11,022,359	$ 9,642,500	$ 9,642,500	(12.5%)
Total	**$ 8,463,117**	**$ 11,022,359**	**$ 9,642,500**	**$ 9,642,500**	**(12.5%)**
Dollars by Fund					
General Fund	$ 8,463,117	$ 11,022,359	$ 9,642,500	$ 9,642,500	(12.5%)
Total	**$ 8,463,117**	**$ 11,022,359**	**$ 9,642,500**	**$ 9,642,500**	**(12.5%)**
Authorized Positions *	**27.00**	**27.00**	**27.00**	**27.00**	**0.0%**

* Does not include Mayor and City Council Unclassified Staff.

2013-2014 Forecast Base Budget Detail Descriptions

Office of the Mayor

- *Personal Services:* Mayor's Office unclassified staff salaries ($1.39 million)
- *Other:* Constituent outreach ($25,000)

City Council

- *Personal Services*: Councilmember unclassified staff salaries ($2.48 million)
- *Other:* Constituent outreach ($100,000)

Council General

- *Personal Services:* Mayor and City Councilmember salary and benefits ($1.38 million); 16.0 classified positions salary and benefits ($1.50 million); unclassified staff benefits ($2.70 million)
- *Other:* Non-personal/Equipment ($65,000)

The budgeted figures above translate to:

Office of the Mayor	$ 2,969,192	
City Council Offices	$ 654,112	per Council District
Council General	$ 132,191	

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**27.00**	**11,022,359**	**11,022,359**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: 2011-2012 Expenditure Savings		(1,644,876)	(1,644,876)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(1,644,876)**	**(1,644,876)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		265,017	265,017
Technical Adjustments Subtotal:	**0.00**	**265,017**	**265,017**
2013-2014 Forecast Base Budget:	**27.00**	**9,642,500**	**9,642,500**
Budget Proposals Recommended			
NONE			
2013-2014 Proposed Budget Total	**27.00**	**9,642,500**	**9,642,500**

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Assistant	10.00	10.00	-
Councilmember	10.00	10.00	-
Executive Assistant	1.00	1.00	-
Mayor	1.00	1.00	-
Office Specialist II	2.00	2.00	-
Senior Office Specialist	2.00	2.00	-
Staff Technician	1.00	1.00	-
Total Positions*	**27.00**	**27.00**	**0.00**

* Does not include Mayor and City Council Unclassified Staff.

PAGE IS INTENTIONALLY LEFT BLANK

Parks, Recreation and Neighborhood Services Department

Julie Edmonds-Mares, Acting Director

MISSION

To build healthy communities through people, parks and programs

City Service Area

Neighborhood Services

Parks Maintenance and Operations
Ensuring the proper maintenance and operation of City parks and open space and providing opportunities for City residents and visitors to play, learn, and socialize

Recreation and Community Services
Through recreation, promote play and health, strengthen communities and enrich lives

Strategic Support: Budget and Fiscal Management Services, Network and Computer Services, Park Planning and Development, Marketing and Public Information, and Contracting Services

Parks, Recreation and Neighborhood Services Department

Service Delivery Framework

Core Service		Key Operational Services
Parks Maintenance and Operations: *Ensuring the proper maintenance and operation of City parks and open space and providing opportunities for City residents and visitors to play, learn, and socialize*	⇔	• Regional Parks and Special Facilities, including Happy Hollow Park & Zoo and Family Camp • Park Ranger Services • Civic Grounds and Landscape Maintenance • Neighborhood Parks and Trails Maintenance • Parks Volunteer Management
Recreation and Community Services: *Through recreation, promote play and health, strengthen communities and enrich lives*	⇔	• Community and Recreation Centers • Aging and Therapeutic Services • After School Recreation Program • Sports and Aquatics Programs • Youth Intervention Services
Strategic Support: *Budget and Fiscal Management Services, Network and Computer Services, Park Planning and Development, Marketing and Public Information, and Contracting Services*	⇔	• Budget and Fiscal Management Services • Business Systems Administration • Marketing and Public Information • Contracting Services • HR, Payroll and Employee Relations Services • Community Facilities Planning and Development • Reuse Property Management

Department Budget Summary

Expected 2013-2014 Service Delivery

- Parks, Recreation, and Neighborhood Services (PRNS) will continue to provide clean and safe parks and trails.
- An agreement with the County of Santa Clara for a Family Camp at Yosemite collaborative marketing campaign is being established to expand the target market from San José to the entire County of Santa Clara.
- PRNS will continue using a multi-service delivery "hub" model that optimizes resources and ensures delivery of its core services for all residents and fee-based recreation services for all ages. Community center services are retained at one hub community center in each Council District. PRNS will continue to maximize the public benefit from the partnerships established at the current 42 re-use sites.
- PRNS' Business Intelligence (BI) Technical Advisory Committee consisting of staff across all maintenance districts include Groundworkers, Maintenance Assistants, Senior Maintenance Workers, Gardeners, Park Rangers, Park Supervisors, Managers, Analysts, and a Deputy Director will implement a new web-based data system, which will assist staff to determine more accurate costs of maintaining parks at various service levels and to budget for newly-designed parks as they come online.

2013-2014 Budget Actions

- Two-year funding strategy to sustain San José BEST programming efforts through 2014-2015 is included. An allocation of $3.0 million as part of the two-year strategy – $1.5 million funded in 2013-2014 ($500,000 ongoing) and $1.5 million in a reserve for 2014-2015 – will maintain current support levels for Safe School Campus Initiative and provides ongoing funding for the Safe Summer Initiative.
- Senior Wellness and Transportation services are funded ongoing. San José seniors will continue to have transportation options to City-operated Senior Nutrition sites and be able to attend a variety of recreation classes. Additional ongoing nutrition funding will allow for enhanced meal offerings.
- The Housing Department and PRNS have partnered together to establish a Homeless Response Team as described in the City-Wide Expenses section of this document to address the community's concerns about the growth of homeless encampments. PRNS will expand their Park Ranger program with the addition of limit-dated 3.0 Park Rangers and 1.0 Senior Park Ranger positions. These Rangers will address public safety and habitat destruction issues created by burgeoning illegal encampments along Coyote Creek and Guadalupe River Park.
- Ongoing funding of $75,000 implements a two-year strategy to enhance the PRNS Anti-Graffiti Program. This additional funding will concentrate efforts in the 24-hour response areas and expand the volunteer base in the first year, thereby further expanding overall graffiti abatement zones and volunteer support in the second year and beyond.
- An additional 12 reservable picnic sites will be added, including Prusch, Alum Rock, Almaden Lake and several neighborhood parks, increasing the total number of reservable picnic spaces available from 68 to 80. PRNS will also expand Happy Hollow Park and Zoo Picnic Basket catering service to serve box lunches at camps, summer nutrition City sites, and other recreation programs.
- The PRNS Volunteer Management Unit will continue on an ongoing basis to leverage volunteer hours (average 24,000 annually) to enhance the experience in parks, trails, and open spaces.
- In order to ensure a summer recreational swim program is available to the Evergreen community, ongoing funding of $25,000 is recommended.

Operating Funds Managed

- Municipal Golf Course Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Parks Maintenance and Operations	$ 28,798,937	$ 30,018,001	$ 31,720,817	$ 32,304,513	7.6%
Recreation and Community Services	16,953,043	18,037,351	17,762,426	18,488,957	2.5%
Strategic Support	6,109,329	6,485,212	6,586,006	6,573,408	1.4%
Total	**$ 51,861,309**	**$ 54,540,564**	**$ 56,069,249**	**$ 57,366,878**	**5.2%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 38,049,837	$ 37,034,089	$ 38,392,110	$ 39,054,297	5.5%
Overtime	300,940	285,101	285,101	285,101	0.0%
Subtotal	$ 38,350,777	$ 37,319,190	$ 38,677,211	$ 39,339,398	5.4%
Non-Personal/Equipment	13,510,532	17,221,374	17,392,038	18,027,480	4.7%
Total	**$ 51,861,309**	**$ 54,540,564**	**$ 56,069,249**	**$ 57,366,878**	**5.2%**
Dollars by Fund					
General Fund	$ 47,003,582	$ 49,381,157	$ 50,758,315	$ 51,733,673	4.8%
Airport Maint & Oper	41,697	43,389	46,035	46,035	6.1%
Comm Fac District No. 14	77,574	350,207	354,050	354,050	1.1%
Integrated Waste Mgmt	53,276	65,566	70,815	70,815	8.0%
Storm Sewer Operating	181,622	196,688	212,438	212,438	8.0%
Capital Funds	4,503,558	4,503,557	4,627,596	4,949,867	9.9%
Total	**$ 51,861,309**	**$ 54,540,564**	**$ 56,069,249**	**$ 57,366,878**	**5.2%**
Authorized Positions by Core Service					
Parks Maintenance and Operations	255.71	264.20	260.46	274.02	3.7%
Recreation and Community Services	160.39	171.26	169.12	178.12	4.0%
Strategic Support	44.30	44.73	40.85	40.85	(8.7%)
Total	**460.40**	**480.19**	**470.43**	**492.99**	**2.7%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**480.19**	**54,540,564**	**49,381,157**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Senior Services and Wellness Program (1.0 Mobility Manager - Recreation Program Specialist)	(1.00)	(461,000)	(461,000)
• Spartan Keyes/McKinley Centers (1.0 Recreation Specialist and 0.50 Recreation Leader PT)	(1.50)	(116,000)	(116,000)
• Volunteer Engagement (1.0 Recreation Leader PT and 0.25 Volunteer Coordinator PT)	(1.25)	(88,300)	(88,300)
• Fair Swim Center Summer Program (1.24 Lifeguard PT, 0.14 Assistant Swimming Pool Manager and 0.13 Swimming Pool Manager PT)	(1.51)	(39,171)	(39,171)
• Silver Creek Aquatics Program		(25,000)	(25,000)
• San José BEST Programming (3.0 Youth Outreach Workers I, 0.50 Youth Outreach Worker PT and 1.0 Analyst)	(4.50)	0	0
One-time Prior Year Expenditures Subtotal:	**(9.76)**	**(729,471)**	**(729,471)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes including living wage adjustments and the following reallocations: - 1.0 Community Activity Worker PT to 1.0 Community Activity Worker - 1.0 Office Specialist PT to 1.0 Office Specialist - 1.0 Parks Maintenance Repair Worker I to 1.0 Parks Maintenance Worker II - 1.0 Recreation Superintendent to 1.0 Division Manager - 1.0 Secretary to 1.0 Staff Specialist - 1.0 Structure/Landscape Designer to 1.0 Associate Structure Landscape Designer - 1.0 Therapeutic Specialist to 1.0 Senior Therapeutic Treatment Specialist		1,686,588	1,535,061
• PRNS Fee Activity Program expenditure alignment to base level revenue estimates, including funding for supplies, materials and contract vendor hours		430,963	430,963
• Annualization of Seven Trees (open January 2013) and Bascom (open February 2013) Community Center/ Library Joint Facility utilities		166,000	166,000
• Annualization of New Parks and Recreation Facilities ongoing maintenance and operations (Allen at Steinbeck Middle School Sports Field, Mise Park Sports Field, Vietnamese Heritage Garden Phase IB, and various trails)		128,701	128,701

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Technical Adjustments to Costs of Ongoing Activities			
• Annualization of Seven Trees Branch (open January 2013), Bascom Branch (open February 2013), Educational Park Branch (open April 2013), and Calabazas Branch (open May 2013) Library Openings Parks Maintenance and Operations		32,000	32,000
• San José Earthquakes Maintenance and Operations Management Agreement (City Council approval - June 19, 2012)		56,000	56,000
• Vacancy factor adjustment (PRNS Fee Activity Program)		(7,096)	(7,096)
• Changes in gas and electricity costs		(338,000)	(338,000)
• Changes in vehicle maintenance and operations costs		103,000	103,000
Technical **Adjustments Subtotal:**	**0.00**	**2,258,156**	**2,106,629**
2013-2014 Forecast Base Budget:	**470.43**	**56,069,249**	**50,758,315**
Budget Proposals Recommended			
1. Senior Wellness and Transportation Services	1.50	460,000	460,000
2. Parks, Recreation and Neighborhood Services Capital Program Staffing	4.00	334,869	0
3. Senior Nutrition Program Meal Enhancements*		100,000	100,000
4. PRNS Facilities Rental Revenue Support	3.00	91,531	91,531
5. New Parks and Recreation Facilities Maintenance and Operations	3.91	79,000	79,000
6. Anti-Graffiti Program*		75,000	75,000
7. Parks Picnic Basket Catering Services		50,000	50,000
8. PRNS Volunteer Management Unit	1.25	37,629	50,227
9. South San José Police Substation Opening Parks Maintenance and Operations*		32,395	32,395
10. Evergreen Community Aquatics Program**		25,000	25,000
11. Christmas in the Park Part-Time Staffing Support	0.40	12,205	12,205
12. Homeless Response Team	4.00	0	0
13. San José BEST and Safe Summer Initiative Programs	4.50	0	0
Total Budget Proposals Recommended	**22.56**	**1,297,629**	**975,358**
2013-2014 Proposed Budget Total	**492.99**	**57,366,878**	**51,733,673**

* Implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. **Senior Wellness and Transportation Services**	**1.50**	**460,000**	**460,000**

Neighborhood Services CSA
Recreation and Community Services

This action restores funding of $460,000 for senior wellness and transportation services, including personal services funding of $123,000 and non-personal/equipment funding of $337,000 on an ongoing basis, bringing total ongoing funding for this program to $1.05 million. This funding provides San José's senior community with a variety of recreation classes and resources targeted for this community and transportation to City-operated Senior Nutrition sites to advance the well-being of seniors by integrating a network of services to meet their needs and enhance their quality of life. The personal services allocation includes a 0.50 Analyst I PT position to administer the Community Based Organization (CBO) funding for senior wellness services and a Mobility Manager (1.0 Recreation Program Specialist) to support the transportation services program. Non-personal/equipment funding includes an allocation of $162,000 for wellness services provided by CBOs and $175,000 for transportation services. Seniors will continue to be provided with gas cards and bus passes; however, the PRNS Department will have to evaluate other transportation options to address the reduction in the County's paratransit van service. In 2013-2014, the services provided by the County's paratransit vans will be reduced as a result of new parameters implemented by the County (service available to those 85 years and up and low income) that will decrease the number of daily participants in the County program from an estimate of 54 to 17 passengers. The funding that was allocated to that use will be redirected to alternate transportation options. (Ongoing costs: $460,000)

Senior Wellness and Transportation Services (General Fund)	2013-2014 Base-Level Funding	2013-2014 Proposed Funding	Total Ongoing Funding
Community Center Senior Nutrition Support Staff (2.0 Recreation Program Specialist positions)	$186,613	$0	$186,613
Mobility Manager (1.0 Recreation Program Specialist position)	$0	$85,000	$85,000
Transportation Services (van and other point-to-point options, Outreach and VTA, taxi, carpool incentives and subsidized bus passes)	$50,000	$175,000	$225,000
CBO/Administration (0.50 Analyst I PT)	$350,000	$200,000	$550,000
Total Senior Services and Wellness Program	**$586,613**	**$460,000**	**$1,046,613**

Performance Results:
Customer Satisfaction This action will ensure the continuation of social and wellness services provided to the senior community, including nutritious meals, social interaction and activities, and transportation options to the 14 senior community centers.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
2. Parks, Recreation and Neighborhood Services Capital Program Staffing	**4.00**	**334,869**	**0**

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds four Capital program support positions (1.0 Structure/Landscape Designer, 1.0 Groundsworker, 1.0 Senior Maintenance Worker, and 1.0 Analyst II). The Structure/Landscape Designer position (funded by the Park Trust Fund) will review developer proposals to determine conformance with the existing park dedication and park impact ordinances (PDO/PIO) and review turnkey park plans and specifications. Due to the increase in residential development activity requiring parkland development agreements, the volume of work necessary to negotiate, execute, and amend these agreements has also increased. The addition of this position will make this increased workload more manageable, guide developers through the park master plan process, and support agreement preparation, tracking, and reporting. The Groundsworker position will maintain the newly-constructed River Oaks Park. As part of the parkland dedication obligation, the developer contributed funding (appropriated in the Gift Trust Fund) to maintain the park for the first ten years of operation. The Senior Maintenance Worker position will be added to the existing Capital Infrastructure Team and serve as the lead of the construction crew responsible for the installation and renovation of playground equipment. Given the importance of adherence to State code requirements for playground safety and aging play equipment that will need repair and replacement, an additional lead staff person is necessary for oversight and supervision. The Analyst II will develop a long-term strategic plan for existing community centers to address infrastructure backlog, assist in prioritizing projects and repairs needed at the community centers, and coordinate with the Public Works Department regarding repairs/projects that are needed. (Ongoing costs: $337,270)

Performance Results:
Customer Satisfaction, Cycle Time The addition of these positions will positively impact several capital programs. The addition of the Structure/Landscape Designer will improve the developer's experience by having a staff person dedicated to the timely and thorough review of parkland development agreements. The Groundsworker and the Senior Maintenance Worker positions will add additional capacity in the maintenance of River Oaks Park and for the installation and renovation of playground equipment. The Analyst position will increase coordination and strategic planning of infrastructure needs at community centers.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Senior Nutrition Program Meal Enhancements*		**100,000**	**100,000**

Neighborhood Services CSA
Recreation and Community Services

This action adds non-personal/equipment funding of $100,000 for meal enhancement and increased meal options for the Senior Nutrition Program at 14 City-operated senior nutrition sites. (Ongoing costs: $100,000)

Performance Results:
Customer Satisfaction This action provides access to enhanced menu options that will expand meal variety and increase overall customer satisfaction with the Senior Nutrition Program.

4. PRNS Facilities Rental Revenue Support	**3.00**	**91,531**	**91,531**

Neighborhood Services CSA
Recreation and Community Services

This action adds 3.0 Recreation Leader PT positions, fully offset by fee revenue, to support additional PRNS rentals and reservations activity anticipated in 2013-2014. The additional staff will provide support at community centers when there are night and weekend reservations. (Ongoing costs: $91,531)

Performance Results:
Customer Satisfaction The additional staff supports the increased revenue-supported activity levels at community centers and provides direct customer support, especially for weekend and night reservations.

5. New Parks and Recreation Facilities Maintenance and Operations	**3.91**	**79,000**	**79,000**

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds 3.91 (1.0 Groundsworker, 2.18 Maintenance Assistant PT, 0.48 Park Ranger PT, and 0.25 Recreation Leader PT) positions to support new parks and recreation facilities. The 1.0 Groundsworker position, responsible for the maintenance of Vista Montana Park, will be paid from a developer contribution held in the Gift Trust Fund. The $79,000 in personal services provides funding for the remaining positions and non-personal/equipment associated with trails and fields, including the second sports field at Allen at Steinbeck Middle School, Buena Vista Park expansion, Riverview Park, and several trails coming online during 2013-2014. These costs are partially offset by anticipated revenues of $28,000 in 2013-2014 ($63,000 ongoing) generated from use of the facilities. The funding was anticipated in the 2014-2018 General Fund Forecast for parks and recreation facilities. (Ongoing costs: $162,000)

Performance Results:
Customer Satisfaction This action ensures that new facilities have adequate funding to be maintained at current maintenance standard levels comparable to other facilities.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
6. Anti-Graffiti Program*		**75,000**	**75,000**

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds ongoing funding of $75,000 to implement a two-year strategy to enhance the Anti-Graffiti Program. In the first year, funding will be allocated to increase the graffiti abatement zones covered within the 24-hour response area in the City and to market volunteer opportunities. Volunteers are a vital part of the service delivery and these funds will expand the volunteer base, and through their heightened efforts, will increase reporting through the smart phone application and telephone hotline. In the second year, with the anticipated increase in volunteers and enhanced level of graffiti abatement, it is expected that the expanded graffiti abatement zones will require only routine maintenance for graffiti removal. This will enable a year two shiff of the additional program support funds to partner service providers, such as Conservation Corp or Green Cadre. Funding in the second year would also support part-time staff to manage and oversee the extra volunteers recruited in the first year. (Ongoing costs: $75,000)

Performance Results:
Quality, Customer Satisfaction This action increases the graffiti abatement zones covered within the 24-hour response area. This funding also helps to expand the volunteer base and increase marketing efforts of the smart phone application and telephone hotline.

7. Parks Picnic Basket Catering Services		**50,000**	**50,000**

Neighborhood Services CSA
Recreation and Community Services

This action expands Happy Hollow Park and Zoo Picnic Basket catering service. Picnic Basket serves as the food service provider at Happy Hollow and also provides some catering services. With this additional funding, PRNS plans to expand catering services to summer nutrition sites, camps, and other recreation program participants by offering boxed lunches. PRNS will also pursue opportunities to serve as a catering option to other city office events. This action recognizes catering services revenue of $100,000 partially offset by associated expenditures of $50,000. The 2013-2014 Capital Budget includes the purchase of a van, a trailer, and catering equipment to fund one-time start-up costs. (Ongoing costs: $50,000)

Performance Results:
Customer Satisfaction The addition of these resources will expand this program's catering services and generate revenue while increasing healthy, nutritionally appropriate meals for youth participants in summer camps and other summer programs.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
8. PRNS Volunteer Management Unit	**1.25**	**37,629**	**50,227**

Neighborhood Services CSA
Parks Maintenance and Operations
Strategic Support

This action restores funding for 1.25 positions, including 0.25 Volunteer Coordinator and 1.0 Recreation Leader PT positions, on an ongoing basis to support the PRNS Department Volunteer Management Unit. The 0.25 Volunteer Coordinator restoration increases an existing 0.75 Volunteer Coordinator position to 1.0 Volunteer Coordinator position. The Volunteer Management Unit recruits, trains and matches volunteers with a variety of volunteer opportunities throughout the department. The 2013-2014 Capital Budget includes the purchase of a pick up truck to haul large equipment such as shovels, rakes, wheel barrows, paint and miscellaneous supplies that will be used by volunteers to improve the appearance of parks and trails (e.g., clean-up trails, and repaint bleachers and garbage cans). This program leverages approximately 24,000 volunteer hours annually. (Ongoing costs: $38,307)

Performance Results:
Customer Satisfaction This action enhances the department's ability to recruit, train, and place volunteers to improve the appearance of parks and trails.

9. South San José Police Substation Opening Parks Maintenance and Operations*		**32,395**	**32,395**

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds funding for landscape maintenance for the opening of the South San José Police Substation scheduled in January 2014. This allocation will fund maintenance costs associated with the facility's green roof, monitoring, and maintenance of various bio-swale areas, litter, trash and weed abatement, and minimal maintenance throughout the rest of the grounds. The funding was included in the 2014-2018 General Fund Forecast. (Ongoing costs: $49,565)

Performance Results:
Customer Satisfaction Landscape maintenance of this newly-operational facility will support a positive experience for the community and allow the sites to be maintained to current standards.

10. Evergreen Community Aquatics Program**		**25,000**	**25,000**

Neighborhood Services CSA
Recreation and Community Services

This action restores non-personal/equipment funding to support a summer recreational swim program for the Evergreen community on an ongoing basis. (Ongoing costs: $25,000)

Performance Results:
Customer Satisfaction This action enables the ongoing delivery of a summer aquatics program for the Evergreen community.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
11. Christmas in the Park Part-Time Staffing Support	**0.40**	**12,205**	**12,205**

Neighborhood Services CSA
Recreation and Community Services

This action provides funding for 0.40 Recreation Leader PT associated with the production of the 2013 Christmas in the Park program, offset fully by a reimbursement from the Christmas in the Park Foundation, who manages the annual event. This part-time position will be responsible for the transport of holiday props to and from the City Warehouse where they are stored. (Ongoing costs: $0)

Performance Results:
Customer Satisfaction This action ensures the continued success of the Christmas in the Park event.

12. Homeless Response Team	**4.00**	**0**	**0**

Neighborhood Services CSA
Parks Maintenance and Operations

This action adds 1.0 Senior Park Ranger and 1.0 Park Ranger positions through June 30, 2014 and 2.0 Park Rangers positions through June 30, 2015, to patrol and provide enforcement of homeless encampments along Coyote Creek and the Guadalupe River Park corridors. These corridors, representing 28 miles of trails, serve as the City's gateway; the encampments create public safety and habitat destruction issues in this area. The cost for the Ranger positions and related non-personal/equipment expenses for the Homeless Response Team are budgeted in the City-Wide Expenses section of this document partially offset by $170,000 in revenue from the Santa Clara Valley Water District. In total, $3.32 million is allocated for this two-year strategy. Additional resources for this program is further described in the City-Wide Expenses ($1.67 million), General Fund Capital, Transfers, and Reserves ($1.5 million), and Housing Department ($150,000) sections in this document. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This action will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to homeless encampments and the concerns of community members and businesses regarding homeless individuals living in encampments. With this two-year plan, as reflected in the City-Wide Expenses section of this document, staff will respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and the environmental damage caused by encampments. The 4.0 Rangers will address public safety and habitat destruction issues along Coyote Creek and the Guadalupe River.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
13. San José BEST and Safe Summer Initiative Programs	**4.50**	**0**	**0**

Neighborhood Services CSA
Recreation and Community Services

This action restores 4.50 positions (3.0 Youth Outreach Worker I, 0.5 Youth Outreach Worker I PT, and 1.0 Analyst II) through June 30, 2015 as part of a two-year strategy to continue support of San José Bringing Everyone's Strengths Together (BEST) and Safe Summer Initiative programming efforts. This action also combines the BEST and Safe Summer Initiative Programs appropriations into one and increases the allocation by a total of $3.0 million - $1.5 million in 2013-2014 ($500,000 ongoing) and $1.5 million set aside in an Earmarked Reserve for 2014-2015. San José BEST Program supports the Mayor's Gang Prevention Task Force by providing funding for various programs and to various community-based organizations that provide direct gang intervention services. Safe School Campus Initiative (SSCI), a part of the BEST Program, is a partnership between PRNS, School Districts, and the Police Department to create safer high school and middle schools and communities by addressing youth-related violence through prevention and intervention efforts, especially in high gang impacted areas within the City. The Youth Outreach Workers will increase capacity within the SSCI program, targeting youth on middle school campuses. The Safe Summer Initiative Program provides funding for pro-social activities during the summer months for at-risk, high-risk or gang-involved youth. The Analyst will provide overall support and administration of the programs, including contract oversight and compliance, making recommendations for program uses, and support of grant development. Funding for these positions and non-personal/equipment expenses for this program is further described in the City-Wide Expenses ($1.5 million) and General Fund Capital, Transfers, and Reserves ($1.5 million) sections of this document. (Ongoing costs: $0)

Performance Results:
Customer Satisfaction This action will ensure continued support of the San José BEST and Safe Summer Initiative Programs, which focus on gang intervention, prevention and suppression efforts.

2013-2014 Proposed Budget Changes Total	**22.56**	**1,297,629**	**975,358**

* Implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.
** Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Parks Maintenance and Operations

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of Litter Hot Spots rated as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index	80%	85%	85%	85%
% of volunteers rating their Litter Hot Spot as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful index	N/A*	85%	N/A*	85%
Maintenance dollars per developed park acre maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)	NEW	NEW	$8,061	$8,125
% of customer concerns completed within time standards established by PRNS	55%	60%	52%	55%
% of graffiti service requests completed within 48 hours (service requests reported by the public)	NEW	NEW	89%	91%
% of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)	86%	100%	79%	85%
% of customers who rate parks as safe, functional, and aesthetically pleasing	70%	70%	N/A**	N/A**

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- "Maintenance budget per developed neighborhood park acre maintained" was expanded to "Maintenance dollars per developed park acre maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)." This performance measure now includes a count of all trails and parks, including neighborhood and regional parks.
- "% of graffiti tag sites removed within 48 hours of being reported to the PRNS Anti-Graffiti Program" was modified to "% of graffiti service requests completed within 48 hours (service requests reported by the public)" to reflect graffiti incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.
- "% of gang graffiti removed within 24 hours" was changed to "% of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)" to reflect incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.

* No volunteer-led surveys were conducted in 2012-2013. Staff will resume volunteer-led surveys in 2013-2014.

** Staff are no longer conducting this survey. PRNS would like to consider adding this measure to the biennial City-Wide Community Survey in 2014-2015.

Performance Summary

Parks Maintenance and Operations

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of developed neighborhood and regional parks	NEW	NEW	192	193
# of developed acres maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)	NEW	NEW	1,904	1,909
# of regional and neighborhood park restrooms maintained	NEW	NEW	91	93
# of graffiti service requests completed within 48 hours (service requests reported by the public)	NEW	NEW	15,600	16,000
# of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)	NEW	NEW	800	850
# of graffiti work orders assigned to graffiti eradication vendor (service requests reported by the public)	NEW	NEW	17,600	17,500
# of customer concerns completed within time standards established by PRNS	679	627	850	850
# of customers who rate parks as safe, functional and aesthetically pleasing	700	700	N/A*	N/A*

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "# of developed neighborhood parks and trails" was changed to "# of developed neighborhood and regional parks". The revised measure counts all City parks, including regional and neighborhood parks. Trails are not included in this count as the methodology for counting trails and associated segments is different than counting parks. The number of miles of trails continues to be reported in Strategic Support Activity & Workload Highlights section.
- ↺ "Total developed acres maintained (neighborhood parks and trails)" was changed to "# of developed acres maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community grounds). This performance measure now includes count of all trails and parks, including neighborhood and regional parks.
- ↺ "# of neighborhood park facilities (restrooms) maintained" modified slightly to "# of regional and neighborhood park restrooms maintained" to ensure that the count includes *all* City parks.
- × The "# of neighborhood park acres" performance measure was deleted since this information is now reflected in the newly-modified performance measure "# of developed acres maintained (includes regional and neighborhood parks, trails, community center and civic grounds, and community gardens)."
- ↺ "# of graffiti tag sites removed within 48 hours of being reported to the PRNS Anti-Graffiti Program" was modified to "# of graffiti service requests completed within 48 hours (service requests reported by the public)" to reflect graffiti incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.
- ↺ "Gang graffiti removed within 24 hours" was changed to "# of gang or other offensive graffiti service requests completed within 24 hours (service requests reported by the public)" to reflect incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.
- + "# of graffiti work orders assigned to graffiti eradication vendor (service requests reported by the public)" was added to reflect incidents reported to graffiti eradication vendor and the vendor's ability to complete request in the prescribed time frame.

* Staff are no longer conducting this survey. PRNS would like to consider adding this measure to the biennial City-Wide Community Survey in 2014-2015.

Performance Summary

Recreation and Community Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of youth customers (BEST) experiencing change for the better due to youth services programs	83%	79%	72%	79%
% of school/community crisis incidents responded to within 30 minutes	100%	100%	100%	100%
% of school conflicts resolved with re-establishment of a safe learning environment within two weeks	100%	100%	100%	100%
% of Safe School Campus Initiative customers surveyed rating services good or better	95%	90%	100%	100%
% of customers who are repeat or returning customers (leisure classes)	77%	78%	N/A*	78%
% of community center customers rating overall Satisfaction/Services as good or better	98%	85%	N/A*	90%
% of gang intervention and prevention program participants who reported the ability to connect with a caring adult	89%	70%	88%	100%
% of customers who register online for leisure classes	45%	37%	33%	37%
% of customers who state that participation in programs has helped them increase their activity level to at least 60 minutes per day	72%	55%	N/A*	55%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: No

* This customer satisfaction survey has not yet been conducted; however, staff will begin conducting the surveys in May; data results will be available for the 2013-2014 Adopted Budget.

Performance Summary

Recreation and Community Services

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of youth customers (BEST) experiencing change for the better due to youth services programs	4,611	5,374	4,200	3,800
# of leisure class participant surveys completed with "2nd time or more" answer selected	195*	625	N/A**	625
# of Safe Schools Campus Initiative customers rating City efforts at keeping schools safe as good or better	93	88	104	120
# of incidents on Safe School Campus Initiative School Sites responded to within 30 minutes	383	300	350	350
# of school conflicts resolved with re-establishment of safe learning environment within two weeks	383	300	350	350
# of Safe Schools Campus Initiative school sites	49	48	52	60
# of BEST youth service program participants	4,611	6,803	4,500	5,000
# of customers who register online for leisure classes	10,023	15,417	14,723	15,000
# of customers who state that participation in programs has helped them increase their activity level at least 60 minutes per day	182**	436	N/A**	450

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: No

* This number reflects data for approximately three months of the year. The 2012-2013 and 2013-2014 Forecast figure reflects a full year.

** This customer satisfaction survey has not yet been conducted; however, staff will begin conducting the surveys in May; data results will be available for the 2013-2014 Adopted Budget.

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1st; Safe Summer Initiative Grant (SSIG): June 15th)	NEW	NEW	80%	80%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- "% of all contracts executed within 60 days of award decision" was changed to "% of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1st; Safe Summer Initiative Grant (SSIG): June 15th)". Award decision dates vary for each grant agreement; however, start dates are static for San José BEST and SSIG. Also, this measure did not measure "all contracts", but rather grant agreements only. This change in text reflects that now.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1st; Safe Summer Initiative Grant (SSIG): June 15th)	NEW	NEW	50	50
The size (in mileage) of the trail network in each phase:				
- construction	1.83	0.34	0.34	2.39
- open	53.38	54.97	54.97	53.37

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- "# of contracts executed within 60 days of award decision" was changed to "# of grant agreements ready for agency signature by the grant agreement start dates (SJ BEST: September 1st; Safe Summer Initiative Grant (SSIG): June 15th)". Award decision dates vary for each grant agreement; however, start dates are static for San José BEST and SSIG. Also, this measure did not measure "all contracts", but rather grant agreements only.
- "The size (in mileage) of the trail network in each phase: identified; study; plan; design; construction; open" was changed to "The size (in mileage) of the trail network in each phase: construction; open". The phases "identified", "study", "plan", and "design" were deleted since, as the size of the trail network grows, the numbers associated with these phases decreases, rendering this measure a bit complicated to understand. The "construction" and the "open" phases are the more pertinent phases to measure.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	2.00	2.00	-
Account Clerk PT	3.75	3.75	-
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Amusement Park Supervisor	1.00	1.00	-
Analyst I PT	0.00	0.50	0.50
Analyst II	14.00	15.00	1.00
Analyst II PT	1.00	1.00	-
Animal Health Technician PT	0.75	0.75	-
Assistant Director	1.00	1.00	-
Assistant Swim Pool Manager PT	0.60	0.46	(0.14)
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Construction Inspector	1.00	1.00	-
Associate Structure Landscape Designer	0.00	1.00	1.00
Athletic Stadium Groundskeeper	1.00	1.00	-
Camp Counselor PT	4.80	4.80	-
Camp Maintenance Worker PT	0.20	0.20	-
Camp Recreation Director PT	0.40	0.40	-
Community Activity Worker	2.00	3.00	1.00
Community Activity Worker PT	4.50	3.50	(1.00)
Community Coordinator	7.00	7.00	-
Community Services Aide PT	17.30	17.30	-
Community Services Supervisor	1.00	1.00	-
Cook PT	0.75	0.75	-
Deputy Director	3.00	3.00	-
Director, Parks, Recreation and Neighborhood Services	1.00	1.00	-
Division Manager	2.00	3.00	1.00
Events Coordinator II	1.00	1.00	-
Events Coordinator II PT	0.75	0.75	-
Exhibit Builder PT	1.00	1.00	-
Exhibit Designer/Builder	0.50	0.50	-
Gardener	23.00	23.00	-
Gerontology Specialist	10.00	10.00	-
Golf Course Manager	1.00	1.00	-
Groundskeeper	5.00	5.00	-
Groundsworker	34.00	36.00	2.00
Heavy Equipment Operator	2.00	2.00	-
Instructor-Lifeguard PT	1.89	1.89	-
Landscape Maintenance Manager	1.00	1.00	-
Lifeguard PT	3.24	2.00	(1.24)
Maintenance Assistant	9.00	9.00	-
Maintenance Assistant PT	24.04	26.22	2.18
Maintenance Supervisor	4.00	4.00	-
Maintenance Worker I	2.00	2.00	-
Marketing/Public Outreach Representative	2.00	2.00	-
Office Specialist	2.00	3.00	1.00
Office Specialist PT	2.00	1.00	(1.00)

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Park Ranger	6.00	9.00	3.00
Park Ranger PT	5.46	5.94	0.48
Parks Facilities Supervisor	8.00	8.00	-
Parks Maintenance Repair Worker I	1.00	0.00	(1.00)
Parks Maintenance Repair Worker II	11.00	12.00	1.00
Parks Manager	4.00	4.00	-
Planner II	1.00	1.00	-
Principal Account Clerk	1.00	1.00	-
Program Manager I	4.00	4.00	-
Puppet Theater Coordinator	1.00	1.00	-
Puppeteer PT	1.50	1.50	-
Recreation Leader PT	77.40	80.55	3.15
Recreation Program Specialist	30.00	30.00	-
Recreation Specialist	4.00	3.00	(1.00)
Recreation Superintendent	6.00	5.00	(1.00)
Recreation Supervisor	12.00	12.00	-
Regional Park Aide PT	7.36	7.36	-
Secretary	3.00	2.00	(1.00)
Senior Account Clerk	3.00	3.00	-
Senior Analyst	3.00	3.00	-
Senior Architect/Landscape Architect	1.00	1.00	-
Senior Engineering Technician	1.00	1.00	-
Senior Maintenance Worker	10.00	11.00	1.00
Senior Office Specialist	4.00	4.00	-
Senior Park Ranger	0.00	1.00	1.00
Senior Recreation Leader	7.00	7.00	-
Senior Recreation Leader PT	9.05	9.05	-
Senior Recreation Leader Teacher PT	2.24	2.24	-
Senior Therapeutic Treatment Specialist	0.00	1.00	1.00
Senior Zoo Keeper	2.00	2.00	-
Staff Specialist	0.00	1.00	1.00
Structure/Landscape Designer	2.00	2.00	-
Swimming Pool Manager PT	0.44	0.31	(0.13)
Therapeutic Services Manager	1.00	1.00	-
Therapeutic Specialist	12.00	11.00	(1.00)
Training Specialist	1.00	1.00	-
Volunteer Coordinator	1.00	1.00	-
Youth Outreach Worker I	10.00	10.00	-
Youth Outreach Worker I PT	0.60	0.60	-
Youth Outreach Worker II	7.00	7.00	-
Youth Outreach Specialist	3.00	3.00	-
Zoo Curator	1.00	1.00	-
Zoo Keeper	8.00	8.00	-
Zoo Keeper PT	1.67	1.67	-
Zoo Manager	1.00	1.00	-
Total Positions	**480.19**	**492.99**	**12.80**

Planning, Building and Code Enforcement Department

Joseph Horwedel, Director

MISSION

Facilitate the preservation and building of a safe, attractive, vibrant and sustainable San José through partnership with and exceptional service to our diverse communities and customers

City Service Areas

Community and Economic Development
Neighborhood Services

Core Services

Community Code Enforcement
Enforce and promote compliance with local and State codes to ensure a safe, healthy, and attractive community

Development Plan Review and Building Construction Inspection
Manage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies

Long Range Land Use Planning
Develop land use plans and policies to guide the future physical growth of the City

Strategic Support: Administration, Clerical Services, Budget Preparation, Fiscal Services, Human Resources, Information Systems, Marketing and Outreach, and Safety/Wellness

Planning, Building and Code Enforcement Department

Service Delivery Framework

Core Service	Key Operational Services
Community Code Enforcement: *Enforce and promote compliance with local and State codes to ensure a safe, healthy, and attractive community*	• Community Outreach/ Neighborhood Empowerment • General Code Enforcement • Housing Code Enforcement • Proactive Code Enforcement
Development Plan Review and Building Construction Inspection: *Manage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies*	• Review of Land Use, Rezonings, Development Applications and Plans for Compliance with Zoning Code, Standards, Policies, and Guidelines • Review of Construction Plans and Calculations for Compliance with Building Code Standards, Policies, and Guidelines • Environmental Review • Construction Inspection • Permit Issuance • Public Information Services
Long Range Land Use Planning: *Develop land use plans and policies to guide the future physical growth of the City*	• City-wide Land Use Planning (General Plan) • Village/Area Planning • Policy/Ordinance Development
Strategic Support: *Administration, Clerical Services, Budget Preparation, Fiscal Services, Human Resources, Information Systems, Marketing and Outreach, and Safety/ Wellness*	• Administration • Clerical Support • Budget Preparation • Fiscal Accountability • Human Resources • Information Systems • Building and Code Call Centers • Imaging Services

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Complete 11 community-based Village Plans and begin other Village Planning efforts.
- ❑ Complete the Sign Code amendments, Zoning Code modifications to align with the General Plan Update, and other City Council priority ordinances.
- ❑ Provide 92% of all Building Division field inspections within 48 hours of request.
- ❑ Offer Expedited Coordinated Review to customers as an option to choose a faster processing timeline for certain Planning applications.
- ❑ Review and track development permit mitigation measures implemented to improve the City's compliance with the California Environmental Quality Act (CEQA).

2013-2014 Budget Actions

- ❑ In addition to the permanent staffing added through the Development Services Staffing Needs memorandum that was approved by City Council on January 29, 2013, this budget adds 10.0 positions (4.0 Associate Engineer, 1.0 Building Inspector/Combination, 2.0 Building Inspector Supervisor, 1.0 Permit Specialist, 1.0 Principal Permit Specialist, and 1.0 Program Manager I) in order to meet the increase in Building Development Fee Program activity. These positions will augment plan review, inspection, and permit center staffing to align with the influx of large, complex construction projects in Development Services.
- ❑ The following resources, in the Building Development Fee Program, are added to improve administrative service levels: 4.0 Senior Office Specialist to process phone calls, schedule inspections, process documents for imaging, complete data entry, and verify document data in the Imaging, Call Center, and Reception workgroups; 1.0 Principal Office Specialist to run daily reports, work on special projects, and provide assistance in the Imaging workgroup; and funding for imaging contractual services, license upgrades, and replacement of outdated plan check software.
- ❑ The staffing reorganization in the Development Services Information Technology Team (deletes 1.0 Supervising Applications Analyst, and adds 1.0 Program Manager I and 1.0 Information Systems Analyst) will provide project management and technical expertise needed to upgrade or replace older technology with newer, web-based applications.
- ❑ An addition of one Senior Analyst, funded 75% by Building Development Fee Program and 25% by Solid Waste Fees, will oversee the day-to-day operations of the Administrative/Fiscal Division.
- ❑ The Building Development Fee Program provides funding to add one Senior Analyst through June 30, 2015 in the Finance Department to prepare Request for Proposals for technology professional services and other development-related initiatives.
- ❑ In the Planning Development Fee Program, the following resources are added to improve service levels: 1.0 Planning Technician to provide application intake and initial processing of Planning permits; and 1.0 Planner II through June 30, 2014 to complete environmental review work on the iStar development project and update the Edenvale area development policy.
- ❑ To improve customer service, an addition of one Senior Office Specialist (funded 34% by Planning Development Fee Program, 33% by Public Works Development Fee Program, and 33% by Multiple Housing Fees) is included.
- ❑ A new Technology Fee will be established, as well as a Development Fee Program Technology Earmarked Reserve, to fund technology initiatives for Development Services.
- ❑ The permanent addition of a Code Enforcement Inspector who will be responsible for investigating, responding, and enforcing code compliance of operating medical marijuana facilities.
- ❑ To continue the implementation of the Envision San José 2040 General Plan, an extension of a Senior Planner, funded by grants, from January 1, 2014 through June 30, 2014 is included.

Operating Funds Managed

N/A

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Community Code Enforcement	$ 8,421,328	$ 8,771,114	$ 8,549,731	$ 8,704,919	(0.8%)
Development Plan Review and Building Construction Inspection	17,347,923	22,643,190	21,588,392	23,289,200	2.9%
Long Range Land Use Planning	1,611,756	2,960,090	2,730,752	2,907,763	(1.8%)
Strategic Support	1,065,007	1,183,347	1,646,252	1,725,677	45.8%
Total	**$ 28,446,014**	**$ 35,557,741**	**$ 34,515,127**	**$ 36,627,559**	**3.0%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 26,685,972	$ 30,572,496	$ 31,603,163	$ 33,615,595	10.0%
Overtime	229,697	181,622	181,622	181,622	0.0%
Subtotal	$ 26,915,669	$ 30,754,118	$ 31,784,785	$ 33,797,217	9.9%
Non-Personal/Equipment	1,530,345	4,803,623	2,730,342	2,830,342	(41.1%)
Total	**$ 28,446,014**	**$ 35,557,741**	**$ 34,515,127**	**$ 36,627,559**	**3.0%**
Dollars by Fund					
General Fund	$ 25,758,658	$ 33,926,588	$ 33,077,728	$ 35,192,994	3.7%
Airport Maint & Oper	43,035	51,167	62,727	62,727	22.6%
Comm Dev Block Grant	1,793,630	1,098,634	958,271	958,271	(12.8%)
Integrated Waste Mgmt	183,751	178,237	178,901	177,634	(0.3%)
Sewer Svc & Use Charge	99,988	72,146	84,449	84,449	17.1%
SJ/SC Treatment Plant Oper	37,296	0	0	0	N/A
Storm Sewer Operating	192,016	72,969	94,840	95,140	30.4%
Water Utility	7,293	281	0	0	(100.0%)
Capital Funds	330,347	157,719	58,211	56,344	(64.3%)
Total	**$ 28,446,014**	**$ 35,557,741**	**$ 34,515,127**	**$ 36,627,559**	**3.0%**
Authorized Positions by Core Service					
Community Code Enforcement	76.33	70.33	68.25	69.71	(0.9%)
Development Plan Review and Building Construction Inspection	131.96	141.56	138.71	156.17	10.3%
Long Range Land Use Planning	15.29	12.94	19.82	21.16	63.5%
Strategic Support	6.67	6.17	10.22	10.96	77.6%
Total	**230.25**	**231.00**	**237.00**	**258.00**	**11.7%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**231.00**	**35,557,741**	**33,926,588**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Building Development Services		(728,000)	(728,000)
• Rebudget: Envision 2040 General Plan Update		(260,600)	(260,600)
• Rebudget: Alameda Urban Village Master Plan and Zoning		(150,000)	(150,000)
• Rebudget: Code Enforcement Programming Services		(106,100)	(106,100)
• Rebudget: Planning Development Services - Peak Staffing Agreements		(100,000)	(100,000)
• Rebudget: Alum Rock Main Street District Rezoning		(35,410)	(35,410)
• Rebudget: Bay Area Air Quality Management District Risk Reduction Plan		(18,500)	(18,500)
• Envision 2040 General Plan Implementation (2.0 Planner II)	(2.00)	(817,865)	(817,865)
• Building Fee Program:			
- Electronic Content Management System		(300,000)	(300,000)
- Building Inspection Vehicles		(64,000)	(64,000)
• ESD Treatment Plant Capital (1.0 Planner II)	(1.00)	(142,663)	0
• Medical Marijuana Regulatory Program (1.0 Code Enforcement Inspector)	(1.00)	(128,613)	(128,613)
• Planning Services Grants Staffing		(88,325)	(88,325)
One-time Prior Year Expenditures Subtotal:	**(4.00)**	**(2,940,076)**	**(2,797,413)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		911,473	937,968
- 1.0 Associate Architect to 1.0 Associate Engineer			
- 1.0 Associate Engineer to 1.0 Engineer I/II			
- 1.0 Principal Planner to 1.0 Senior Architect			
- 1.0 Senior Engineer to 1.0 Associate Engineer			
- 1.0 Supervising Building Inspector to 1.0 Building Inspection Manager			
• Vacancy factor adjustment		(111,241)	(111,241)
• Development Services Staffing Needs (City Council approval - January 29, 2013) (2.0 Building Inspector Supervisor, 6.0 Building Combination Inspector, and 2.0 Permit Specialist)	10.00	1,010,530	1,010,530
• Code Enforcement Operations (City Council approval - February 12, 2013)		(31,000)	0
• Funding reallocation for Development Services Information Technology Team		0	(12,353)
• Data processing funding for software license for Development Services		1,700	1,649
• Changes in vehicle maintenance and operations costs		116,000	122,000
Technical Adjustments Subtotal:	**10.00**	**1,897,462**	**1,948,553**
2013-2014 Forecast Base Budget:	**237.00**	**34,515,127**	**33,077,728**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Budget Proposals Recommended	Positions	All Funds ($)	General Fund ($)
1. Building Development Fee Program	17.19	1,668,474	1,668,474
2. Planning Development Fee Program	2.21	208,004	208,004
3. Medical Marijuana Program*	1.00	128,483	128,483
4. Planning Services Grants Staffing	0.00	80,392	80,392
5. Development Fee Program and Other Support Services	0.60	27,079	29,913
Total Budget Proposals Recommended	**21.00**	**2,112,432**	**2,115,266**
2013-2014 Proposed Budget Total	**258.00**	**36,627,559**	**35,192,994**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Building Development Fee Program	**17.19**	**1,668,474**	**1,668,474**

Community and Economic Development CSA
Development Plan Review and Building Construction Inspection
Strategic Support

These actions funded by fee activity and the use of reserves, support the Building Development Fee Program by improving service levels with no fee increases.

- **Plan Review Staffing:** Adds 4.0 Associate Engineer positions for plan review of the continued sustained increase in projects, from smaller residential to large, complex development projects. Building Plan Review is currently behind by at least two weeks in meeting performance targets. With the continual increase in development activity and the seasonal increase of smaller tenant improvement projects, and residential addition and alteration projects, the addition of these positions will help the Department keep pace with demands. ($434,660)
- **Inspection Staffing:** Adds three positions (2.0 Building Inspector Supervisor and 1.0 Building Inspector/Combination) in order to keep pace with the anticipated and sustained increase in development activity. The Building Inspector Supervisors will train new inspectors, handle field issues, assist with increased plan review workload, and supervise field staff. The Building Inspection Combination position will conduct inspections of industrial, commercial, and manufacturing facilities to ensure compliance with codes, regulations, ordinances, standards, and contract agreements. ($324,788)
- **Permit Center Staffing:** Adds three positions (1.0 Program Manager I, 1.0 Principal Permit Specialist, and 1.0 Permit Specialist) in the Permit Center. The Program Manager will be responsible for the direct oversight of the Development Services Permit Center, which is responsible for permit issuance and coordination. In addition, this position will coordinate, troubleshoot, and maintain the permit scheduling system enhancements, as well as coordinate the Building website management. The Principal Permit Specialist will supervise Permit Specialists that are responsible for permit issuance, special program coordination, and addressing all new construction tracts and multi-family development. The Permit Specialist will answer customer inquiries, issue permits, complete plan intake, and assist with the Expedited Programs (such as Special Tenant Improvement and Industrial Tools Installation). ($270,447)
- **Imaging/Call Center Staffing:** Adds 4.0 Senior Office Specialist positions to assist with the increased workload in the Imaging, Call Center, and Reception workgroups. These positions will process phone calls, schedule inspections, process documents for imaging, complete data entry, and verify document data. ($269,228)
- **Administrative Services Staffing:** Adds 1.0 Senior Analyst (funded 75% by the Building Development Fee Program) to assist with the oversight of budget development, oversight of new and revised fees and charges, and day-to-day operations of the Administrative Division, freeing up the Administrative Officer for higher level strategic duties. This action also adds one Principal Office Specialist to run daily reports, work on special projects, and assist with the Imaging Division's transition to a new platform. ($146,688)

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)

1. **Building Development Fee Program**

- **Information Technology Team Staffing:** Eliminates 1.0 Supervising Applications Analyst (funded 56% by the Building Development Fee Program), adds 1.0 Program Manager I, and adds 1.0 Information Systems Analyst to support the growing new technology initiatives in Development Services. The Building Development Fee Program will fund these positions in 2013-2014, but the costs will be shared between the Development partners starting in 2014-2015. ($140,663)
- **Non-Personal/Equipment Funding:** Adds one-time funding of $70,000 for imaging contractual services, license upgrades, and plan review engineering software. ($70,000)
- **Technology Training Funding:** Adds funding of $12,000 for technology training for staff. ($12,000)
- **Development Fee Program Purchasing Support:** The Building Development Fee Program will provide funding to add 1.0 Senior Analyst through June 30, 2015 in the Finance Department to coordinate Request for Proposals (RFP) for technology initiatives such as the AMANDA upgrade, GIS Web Viewer/WebMap, Online Data Sharing, and Mobile Inspections; work with the City Attorney's Office on agreements; and coordinate the final terms and conditions of the agreement with the selected consultant for the technology initiatives. This position is reflected in the City Department section under the Finance Department.
- **Development Fee Program Technology Fee and Earmarked Reserve:** Establishes a Technology Fee and a Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections. The 2% Technology Fee is applied on all building permits, and the revenues collected from this fee will be placed in this reserve for future use. The estimated revenue collection, starting in 2013-2014, from this new fee in the Building Development Fee Program is $420,000. The reserve is reflected in the General Fund Capital, Transfers, and Reserves section.

As a result of these actions and others as described in the Finance Department section; the General Fund Capital, Transfers, and Reserves section; and the General Fund Revenue Estimates section of this document, the anticipated Building Development Fee Program Reserve at the beginning of 2013-2014 is projected at $10.5 million to be used for works in progress projects.

(Ongoing costs: $1,480,004)

Performance Results:
Cycle Time, Customer Satisfaction This action will increase resources for Plan Review, Inspection Services, Permit Center Services, and Administration/Technology Support leading to an increased ability to meet performance targets in these areas. With a rising number of large, complex projects coming through Plan Review and Inspection Services, the percentage of Plan Reviews completed in target cycle time (currently 82%) and Building Inspections completed within 24-48 hours (currently 36%), will increase to meet targets. Permit Center customers served in less than 30 minutes (currently 76%) will also increase to meet the established target.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
2. Planning Development Fee Program	**2.21**	**208,004**	**208,004**

Community and Economic Development CSA
Development Plan Review and Building Construction Inspection
Long Range Land Use Planning

These actions funded by fee activity and the use of reserves support the Planning Development Fee Program by improving service levels with no fee increases.

- **Environmental Review Staffing:** Adds 1.0 Planner I/II through June 30, 2014 to complete environmental review work on the iStar development project and update the Edenvale area development policy. ($131,050)
- **Planning Development Services Staffing:** Adds 1.0 Planning Technician to assist with application intake and the initial processing of permits. This position will free up Senior Planners to oversee completion of Planning applications in order to meet application processing goals. ($73,735)
- **Customer Service Staffing:** Adds 1.0 Senior Office Specialist (funded 34% by the Planning Development Fee Program) to improve customer service. This position will also log plans, intake application materials, and accept payments. ($22,884)
- **Technology Training Funding:** Adds funding of $4,500 for technology training for staff. ($4,500)
- **Information Technology Team Staffing:** Eliminates 1.0 Supervising Applications Analyst (funded 13% by the Planning Development Fee Program), adds 1.0 Program Manager I, and adds 1.0 Information Systems Analyst to support the growing new technology initiatives in Development Services. The Building Development Fee Program will fund these positions in 2013-2014, but the costs will be shared between the Development partners starting in 2014-2015. (-$24,165)
- **Development Fee Program Technology Fee and Earmarked Reserve:** Establishes a Technology Fee and a Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections. The 2% Technology Fee is applied on all planning permits, and the revenues collected from this fee will be placed in this reserve for future use. The estimated revenue collection, starting in 2013-2014, from this new fee in the Planning Development Fee Program is $60,000. The reserve is reflected in the General Fund Capital, Transfers, and Reserves section.

As a result of these actions and others as described in the General Fund Revenue Estimates section of this document, the anticipated Planning Development Fee Program Reserve at the beginning of 2013-2014 is projected at $848,000 to be used for works in progress projects.

(Ongoing costs: $114,592)

Performance Results:
Cycle Time, Customer Satisfaction As a result of these additional resources, the environmental review work on the iStar development project and the update of the Edenvale area development policy will be completed in 2013-2014. This action will also improve service levels for Planning application intake and help staff complete the initial processing of Planning projects within the target of eight working days of submittal, which will alleviate a Senior Planner to spend more time on supervision and development project review.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Medical Marijuana Program*	**1.00**	**128,483**	**128,483**

Neighborhood Services CSA
Community Code Enforcement

This action continues support for 1.0 Code Enforcement Inspector on an ongoing basis to investigate, respond, and enforce code compliance of operating medical marijuana facilities. (Ongoing costs: $128,483)

Performance Results:
Cycle Time, Customer Satisfaction This action will allow the Department to continue enforcing code compliance of the operating medical marijuana facilities, thereby maintaining current service levels.

4. Planning Services Grants Staffing	**0.00**	**80,392**	**80,392**

Community and Economic Development CSA
Long Range Land Use Planning

This action provides funding to extend 1.0 Senior Planner from January 1, 2014 through June 30, 2014 to provide planning services for the various grants that the Department will receive in 2013-2014. This grant-funded position will be responsible for the completion of several Urban Village Plans, which includes preparing draft plans with diagrams and other illustrations, conducting community engagement work, preparing memoranda to the Planning Commission and City Council, coordinating environmental clearance, and completing other associated tasks. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This action supports the Envision San José 2040 General Plan with the completion of several Urban Village Plans.

5. Development Fee Program and Other Support Services	**0.60**	**27,079**	**29,913**

Community and Economic Development CSA
Development Plan Review and Building Construction Inspection
Strategic Support

Neighborhood Services CSA
Community Code Enforcement

These actions funded by other development fee programs and funds will improve services in development services.

- **Information Technology Team Staffing:** Eliminates 1.0 Supervising Applications Analyst (funded 12% by Multiple Housing Fees, 10% by the Fire Development Fee Program, 7% by the Public Works Development Fee Program, 1% by Capital Funds, and 1% by Environmental Services Funds), adds 1.0 Program Manager I, and adds 1.0 Information Systems Analyst to support the growing new technology initiatives in Development Services. The Building Development Fee Program will fund these positions in 2013-2014, but the costs will be shared between the Development partners starting in 2014-2015. (-$57,641)

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)

5. **Development Fee Program and Other Support Services**

- **Customer Service Staffing:** Adds 1.0 Senior Office Specialist (funded 33% by the Public Works Development Fee Program and 33% by Multiple Housing Fees) to improve customer service. This position will also log plans, intake application materials, and accept payments. ($44,422)
- **Administrative Services Staffing:** Adds 1.0 Senior Analyst (funded 25% by Solid Waste Fees) to assist with the oversight of budget development, oversight of new and revised fees and charges, and day-to-day operations of the Administrative Division, freeing up the Administrative Officer for higher level strategic duties. This action also adds one Principal Office Specialist to run daily reports, work on special projects, and assist with the Imaging Division's transition to a new platform. ($26,798)
- **Technology Training Funding:** Adds funding of $13,500 ($8,400 by Code Enforcement Fees, $2,700 by Public Works Development Fee Program, $1,500 by Fire Development Fee Program, and $900 by Environmental Services Funds) for technology training. ($13,500)

(Ongoing costs: $135,242)

Performance Results:
Quality, Customer Satisfaction This action will improve service levels and provide customer service support for Development Services.

2013-2014 Proposed Budget Changes Total	**21.00**	**2,112,432**	**2,115,266**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Community Code Enforcement

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of neighborhoods in "good" or better condition, based on a city-wide survey	N/A*	70%	N/A*	70%
% of violations resolved through voluntary compliance, based on complexity of case types	95%	95%	95%	95%
Cost per violation for:				
- proactive enforcement**	$34	$30	$275***	$275***
- complaint-based enforcement	$752	$705	$750	$750
% of violations resolved within estimated processing standards, based on type and complexity of violations	59%	60%	45%****	60%
% of annual fee-based inspections completed on schedule, including multi-year programs	96%	85%	85%	88%
% of residents who feel their neighborhood is in the same or better condition compared to previous year (annual Code Enforcement survey)	N/A*****	85%	75%	80%
% of customers who feel they received courteous treatment and timely service from their interaction with Code Enforcement staff	N/A*****	85%	70%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

** Proactive code enforcement services refer to Multiple Housing and Community Development Block Grant (CDBG)/Housing inspections. Currently, all Code Enforcement Inspectors that are CDBG-funded provide proactive and enhanced response to service requests.

*** The costs for proactive enforcement cases are significantly higher because the costs now include related strategic support (Development Services shared resources) costs such as Information Technology, Imaging, Call Center, Reception, and Administrative support. In addition, the majority of the CDBG-funded cases are now considered proactive rather than reactive.

**** Due to a U.S. Supreme Court case decision requiring an appeal process for property owners to contest violations, Code Enforcement started issuing Inspection Notices prior to Compliance Orders, which has extended the timeframe for resolution of the violations. In addition, the Department had vacancies that contributed to the extended timeframe for resolution.

***** Data for this measure comes from the Code Enforcement Customer Service Survey which was not conducted in 2011-2012.

Performance Summary

Community Code Enforcement

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Staff hours devoted to outreach/education/ prevention	1,780	2,000	2,000	2,000
# of multiple housing dwelling units	14,192*	13,000	12,180	13,000
Neighborhood Clean-Ups	24	23	24	24
General Code Compliance Cases:				
Opened	5,061	5,100	5,500	5,100
Resolved	5,152	5,250	5,500	5,250
Multiple Housing Complaint Cases:				
Opened	508	600	550	600
Resolved	540	650	600	600
% of Violations Resolved:				
Warning	67.8%	75%	81%	81%
Citation	4.7%	5%	7%	7%
Compliance Order	27.0%	19%	11%	11%
Appeals Hearing Board/Litigation	0.4%	1%	1%	1%

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The inspection rates were higher as a result of a significant number of large building (with 100 or more units) inspections.

Performance Summary

Development Plan Review & Building Construction Inspection

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process:				
Planning Permit Process	N/A*	70%	N/A*	70%
Building Plan Check Process	N/A*	90%	N/A*	90%
Building Inspection Process	N/A*	90%	N/A*	90%
Ratio of current year fee revenue to development fee program cost	100%	100%	100%	100%
Development projects completed within processing time targets:				
Planning Permit Process	71%**	80%	80%	80%
Building Plan Check Process	81%	82%	82%	82%
Building Inspection Process				
- within 24 hours	47%**	75%	44%**	75%
- within 48 hours	67%**	92%	76%**	92%
% of process participants rating service "good" or better				
Planning Permit Process	61%	80%	62%	80%
Building Plan Check Process	72%	80%	73%	80%
Building Inspection Process	82%	80%	83%	80%
% of residents surveyed who rate the quality of architecture and landscape design/maintenance in new development in their neighborhood as good or better	N/A***	75%	N/A***	75%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Staff are focused on front line service delivery and have not had capacity to collect data. See Community and Economic Development CSA Overview for customer survey data on consistent, clear, and understandable comments during project review.

** As approved by City Council on January 29, 2013, 10 positions were added to keep pace with the increased demand for development activity. While additional positions were also added in 2011-2012, some positions were filled but vacancies still remain as a result of the difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions.

*** This annual survey was previously conducted in the spring and has been suspended to provide staff capacity for processing development applications. Staff anticipates conducting this survey in 2013-2014.

Performance Summary

Development Plan Review & Building Construction Inspection

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of building permits issued	24,871	24,500	26,500	26,000
# of customers served in Permit Center	27,201	26,000	30,500	30,000
# of plan checks	6,100	8,500	9,000	8,500
# of field inspections	141,097	138,000	183,000	175,000
# of planning applications				
- Major	228	240	300	270
- Minor	412	400	425	400
# of planning adjustments	1,195	1,200	1,300	1,200

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Long Range Land Use Planning

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of special planning efforts completed within targeted cost: Specific/Area Policy Plans:	100%	100%	100%	100%
% of special planning efforts completed within targeted time: Specific/Area Policy Plans:	100%	100%	80%*	100%
% of planning process participants rating service as "good" or "excellent"	100%	85%	N/A**	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* The schedule for the Diridon Station Area Plan has been extended to 2013-2014.
** The survey will be conducted in the fourth quarter of 2012-2013 and the data results from this survey will be included in the 2013-2014 Adopted Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of Scheduled/Completed Specific/Area Policy Plans	1 of 3	3 of 3	0 of 8*	11 of 11*
# of planning policy studies	0 of 0	1 of 1	0 of 0	1 of 1
# of General Plan Amendments	9**	0***	0***	4

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Work will begin on eight of the 11 Urban Village Plans by the end of 2012-2013 and all 11 Urban Village Plans are scheduled to be completed by the end of 2013-2014.
** Nine General Plan amendments were considered by City Council for incorporation into the Envision San José 2040 General Plan Update at the end of calendar year 2011; no General Plan hearing was scheduled for Spring 2012.
*** With City Council approval of the Envision San José 2040 General Plan Update on November 1, 2011, no General Plan hearing was scheduled in 2012-2013; only one General Plan amendment remains "on file" while three new General Plan amendments have been filed in 2012-2013, which are anticipated to be scheduled for hearing in 2013-2014 or later.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting Technician	2.00	2.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	3.00	3.00	-
Assistant Director of Planning, Bldg and Code Enforcement	1.00	1.00	-
Associate Architect/Landscape Architect	1.00	0.00	(1.00)
Associate Engineer	11.00	16.00	5.00
Building Inspector Combination Certified	52.00	59.00	7.00
Building Inspection Manager	2.00	3.00	1.00
Building Inspector, Supervisor	1.00	5.00	4.00
Code Enforcement Inspector I/II	41.00	41.00	-
Code Enforcement Supervisor	4.00	4.00	-
Deputy Director, Code Enforcement	1.00	1.00	-
Deputy Director, Unclassified	1.00	1.00	-
Director of Planning, Building and Code Enforcement	1.00	1.00	-
Division Manager	8.00	8.00	-
Engineer II	0.00	1.00	1.00
Environmental Inspector II	3.00	3.00	-
Information Systems Analyst	1.00	2.00	1.00
Network Technician II	1.00	1.00	-
Office Specialist II	1.00	1.00	-
Permit Specialist	1.00	4.00	3.00
Planner I/II	19.00	17.00	(2.00)
Planning Technician	1.00	2.00	1.00
Principal Office Specialist	1.00	2.00	1.00
Principal Permit Specialist	3.00	4.00	1.00
Principal Planner	1.00	0.00	(1.00)
Program Manager	1.00	3.00	2.00
Regional Park Aide PT	8.00	8.00	-
Senior Account Clerk	1.00	1.00	-
Senior Analyst	1.00	2.00	1.00
Senior Architect/Landscape Architect	1.00	2.00	1.00
Senior Engineer	5.00	4.00	(1.00)
Senior Office Specialist	17.00	22.00	5.00
Senior Permit Specialist	9.00	9.00	-
Senior Planner	7.00	7.00	-
Senior Supervisor, Administration	4.00	4.00	-
Senior Systems Application Programmer	2.00	2.00	-
Staff Technician	1.00	1.00	-
Supervising Applications Analyst	1.00	0.00	(1.00)
Supervising Building Inspector (Cert.)	8.00	7.00	(1.00)
Supervising Environmental Services Specialist	1.00	1.00	-
Systems Applications Programmer II	1.00	1.00	-
Total Positions	**231.00**	**258.00**	**27.00**

PAGE IS INTENTIONALLY LEFT BLANK

Police Department

Larry Esquivel, Acting Police Chief

MISSION

Create safe places to live, work and learn through community partnerships

City Service Areas

Public Safety
Transportation and Aviation Services

Core Services

Crime Prevention and Community Education
Provide programs and services through community education and partnerships to reduce criminal activity and enhance public safety

Respond to Calls for Service
Provide for 24-hour emergency and non-emergency police calls, which include but are not limited to crimes against persons and property, disturbances, traffic accidents, disasters, and medical emergencies

Investigative Services
Provide for the objective examination of events through the collection of evidence, interviewing of witnesses, the interrogation of suspects, and other activities, to arrive at a resolution or successful prosecution

Special Events Services
Provide for safe and orderly special events including festivals and parades, free-speech demonstrations, political rallies, labor disputes, and dignitary visits, as well as other incidents requiring extra-ordinary planning and/or resources

Regulatory Services
Provide for the mandated regulation of businesses and activities and the issuance of those attendant mandated permits that are in the public interest

Traffic Safety Services
Provide for the safe and free flow of traffic through enforcement, education, investigation, and traffic control

Strategic Support: Public Information, Fiscal Integrity, Systems Availability, Recruiting/Training, Facilities and Vehicle Management, Wellness of the Workforce, and Safety

Police Department

Service Delivery Framework

Core Service	Key Operational Services
Crime Prevention and Community Education: *Provide programs and services through community education and partnerships to reduce criminal activity and enhance public safety*	• Proactive Patrol • Youth and School-Based Services • Community Problem Solving • Adult Services
Investigative Services: *Provide for the objective examination of events through the collection of evidence, interviewing of witnesses, the interrogation of suspects, and other activities, to arrive at a resolution or successful prosecution*	• Interview and Interrogate Witnesses and Suspects • Collect and Process Evidence • Assist District Attorney's Office • Obtain and Provide Specialized Training • Facilitate Support Services for Victims and Witnesses • Liaison with Outside Agencies for Investigations and Community Policing
Regulatory Services: *Provide for the mandated regulation of businesses and activities and the issuance of those attendant mandated permits that are in the public interest*	• Permits Issuance • Investigations • Inspections
Respond to Calls for Service: *Provide for 24-hour emergency and non-emergency police calls, which include but are not limited to crimes against persons and property, disturbances, traffic accidents, disasters, and medical emergencies*	• Dispatch/Communications • Reactive Patrol
Special Events Services: *Provide for safe and orderly special events including festivals and parades, free-speech demonstrations, political rallies, labor disputes, and dignitary visits, as well as other incidents requiring extra-ordinary planning and/ or resources*	• Off-Duty Security Services

Service Delivery Framework

Core Service		Key Operational Services
Traffic Safety Services: *Provide for the safe and free flow of traffic through enforcement, education, investigation, and traffic control*	⇔	• Enforcement • Education • Investigation • Traffic Control
Strategic Support: *Public Information, Fiscal Integrity, Systems Availability, Recruiting/Training, Facilities and Vehicle Management, Wellness of the Workforce, and Safety*	⇔	• Public Information • Fiscal Integrity • Systems Availability • Recruiting/Training • Facility and Vehicle Management • Wellness of the Workforce • Safety

Department Budget Summary

Expected 2013-2014 Service Delivery

- Maintain a vibrant, safe community by delivering high quality police services.
- Maintain the positive relationship the community has with the Police Department, which is critical in investigating crimes and patrolling the City. An open and positive community relationship can assist to quickly resolve the most serious crimes.
- Continue to keep crime rates down, continue to reduce and investigate crimes effectively, and continue efforts to deter violence.
- Continue to provide effective and timely response to calls for service.

2013-2014 Budget Actions

- Augment Field Patrol by adding 21.0 Community Service Officers, a new civilian classification, to respond to lower priority calls for service with a heavy emphasis on patrol-related support.
- A one-time augmentation ($4.0 million) to the Police Department's overtime budget will provide funding to continue backfilling for vacant patrol positions while new staff are being hired and trained, maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, and backfill for civilian position vacancies as needed.
- The Phase I opening of the South San José Police Substation in January 2014 will allow the Police Department to shift the Southern Patrol Division (approximately 270 sworn positions) to the facility, but will not included public access, in order to improve response times and service to the southern part of the City.
- Continue the implementation of the Automated Field Reporting/Records Management System and add staff to maintain the operation and functionality of the new system. This system will create Department-wide efficiencies in the time spent by sworn positions for regular job duties.
- One-time funding will ensure the Department has sufficient resources to recruit ($325,000) and background ($385,000) candidates for the upcoming 2013-2014 Police Officer Recruit Academies.
- Continue the Police Department's Medical Marijuana Police Sergeant position on an ongoing basis for on-site inspections of the various collectives within the City to ensure business is conducted lawfully.
- Restore three Crime Prevention Specialist positions to help meet the resident's demand for crime prevention community presentations.
- The addition of one Crime and Intelligence Analyst position will allow the Department to support the IMPACT (Investing in Management, Police, Accountability, Community, and Technology) Program in order to more effectively analyze crime data and better link crime analysis, community policing, and crime prevention programs.

Operating Funds Managed

- Edward Byrne Memorial Justice Assistance Grant Trust Fund
- Federal Drug Forfeiture Fund
- State Drug Forfeiture Fund
- Supplemental Law Enforcement Services Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Crime Prevention and Community Education	$ 6,134,184	$ 3,922,705	$ 4,603,102	$ 4,801,201	22.4%
Investigative Services	57,289,687	54,494,346	55,545,631	55,635,439	2.1%
Regulatory Services	3,712,535	3,768,908	3,014,097	3,240,673	(14.0%)
Respond to Calls for Service	176,663,720	185,581,963	189,769,018	195,888,544	5.6%
Special Events Services	2,048,845	939,607	1,339,686	1,339,686	42.6%
Traffic Safety Services	11,063,198	11,684,189	10,693,329	10,693,329	(8.5%)
Strategic Support	33,386,714	35,934,902	34,608,397	37,759,249	5.1%
Total	**$ 290,298,883**	**$ 296,326,620**	**$ 299,573,260**	**$ 309,358,121**	**4.4%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 259,751,471	$ 257,585,850	$ 264,823,300	$ 266,696,841	3.5%
Overtime	11,332,360	13,262,706	12,015,902	16,055,902	21.1%
Subtotal	$ 271,083,831	$ 270,848,556	$ 276,839,202	$ 282,752,743	4.4%
Non-Personal/Equipment	19,215,052	25,478,064	22,734,058	26,605,378	4.4%
Total	**$ 290,298,883**	**$ 296,326,620**	**$ 299,573,260**	**$ 309,358,121**	**4.4%**
Dollars by Fund					
General Fund	$ 288,670,461	$ 294,752,941	$ 298,538,202	$ 306,860,815	4.1%
Airport Maint & Oper	84,746	87,205	92,428	92,428	6.0%
Edward Byrne Mem Just Asst	271,609	86,551	0	0	(100.0%)
Federal Drug Forfeiture	380,170	527,017	92,835	708,083	34.4%
Integrated Waste Mgmt	68,288	104,000	104,000	104,000	0.0%
Local Law Enfc Blk Grt	90	0	0	0	N/A
State Drug Forfeiture	0	0	745,795	745,795	100.0%
Supp Law Enf Svcs	809,803	768,906	0	847,000	10.2%
Capital Funds	13,716	0	0	0	N/A
Total	**$ 290,298,883**	**$ 296,326,620**	**$ 299,573,260**	**$ 309,358,121**	**4.4%**
Authorized Positions by Core Service					
Crime Prevention & Community Education	40.18	43.87	47.87	50.87	16.0%
Investigative Services	281.00	282.50	283.50	284.50	0.7%
Regulatory Services	20.00	24.00	19.00	20.00	(16.7%)
Respond to Calls for Service	954.75	953.50	941.50	971.50	1.9%
Special Events Services	4.50	5.00	7.00	7.00	40.0%
Traffic Safety Services	53.00	57.00	55.00	55.00	(3.5%)
Strategic Support	171.50	182.50	193.50	194.50	6.6%
Total	**1,524.93**	**1,548.37**	**1,547.37**	**1,583.37**	**2.3%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**1,548.37**	**296,326,620**	**294,752,941**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Law Enforcement Technology Upgrades		(2,083,940)	(2,083,940)
• Rebudget: Sworn Recruitment and Background Services		(950,000)	(950,000)
• Rebudget: Supplemental Law Enforcement Services (SLES) Grant		(768,906)	0
• Rebudget: Automated Field Reporting/Records Management System Training		(750,000)	(750,000)
• Rebudget: Police Administrative Building Security Upgrades		(200,000)	(200,000)
• Rebudget and Technical Adjustment: South Bay Metro Task Force Grant		(100,804)	(100,804)
• Rebudget: Edward Byrne Memorial Justice Assistance Grant (JAG)		(86,551)	0
• Rebudget: Children's Interview Center		(60,000)	(60,000)
• Police Field Patrol Targeted Enforcement		(500,000)	(500,000)
• Medical Marijuana Program (1.0 Police Sergeant)	(1.00)	(188,387)	(188,387)
• South San José Police Substation Opening Deferral		(120,000)	(120,000)
One-time Prior Year Expenditures Subtotal:	**(1.00)**	**(5,808,588)**	**(4,953,131)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Senior Accountant to 1.0 Senior Analyst - 1.0 Secretary to 1.0 Principal Office Specialist		7,529,837	7,213,001
• Internal Affairs Unit lease funding reallocation to the Office of Economic Development		(5,000)	(5,000)
• Background contract services		600,000	600,000
• Police recruit academy contract services		300,000	300,000
• Polygraph contract services		55,000	55,000
• County crime lab services		35,741	35,741
• Software and server maintenance services		28,507	28,507
• Changes in vehicle replacement costs		(279,260)	(279,260)
• Changes in vehicle maintenance and operations costs		775,403	775,403
• Changes in gas and electricity costs		15,000	15,000
Technical Adjustments Subtotal:	**0.00**	**9,055,228**	**8,738,392**
2013-2014 Forecast Base Budget:	**1,547.37**	**299,573,260**	**298,538,202**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Budget Proposals Recommended			
1. Police Overtime		4,000,000	4,000,000
2. South San José Police Substation Opening*	9.00	3,033,094	1,570,846
3. Police Field Patrol Community Service Officers*	21.00	1,107,306	1,107,306
4. Police Automated Field Reporting/Records Management System Sustainment Team and Maintenance	1.00	419,978	419,978
5. Police Recruitment and Background Services		710,000	710,000
6. Medical Marijuana Program**	1.00	226,576	226,576
7. Police Crime Prevention Staffing*	3.00	224,211	224,211
8. Police Crime Analysis Staffing*	1.00	63,696	63,696
9. Police Artist Services		0	0
Total Budget Proposals Recommended	**36.00**	**9,784,861**	**8,322,613**
2013-2014 Proposed Budget Total	**1,583.37**	**309,358,121**	**306,860,815**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Police Overtime		**4,000,000**	**4,000,000**

Public Safety CSA
Respond to Calls for Service

This action increases the overtime budget in the Police Department by $4.0 million from a base budget level of $12.0 million to $16.0 million to fund anticipated overtime needs in the Department in 2013-2014. A $4.0 million Police Overtime Earmarked Reserve was proactively established for anticipated 2013-2014 overtime needs as part of the City Council approved 2012-2013 Mid-Year-Review. A corresponding action to reduce the Earmarked Reserve and fund this action can be found in the City-Wide General Fund Capital, Transfers, Reserves section of this document. 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 to backfill for vacant patrol positions, maintain targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, and graffiti, conduct high profile investigations and backfill for civilian vacancies as needed. This action brings the Department's overtime allocation closer in-line with the 2012-2013 Modified Budget overtime allocation of $17.6 million. (Ongoing costs: $0)

Performance Results:
Cycle Time, Quality, Customer Service The additional overtime funding will help backfill for both sworn and civilian vacancies while new staff are being hired and trained.
Cost Due to prior reductions to Special Operations Units, deploying extra patrol teams on overtime through suppression cars is a cost effective way to target quality of life crimes in San José.

2. South San José Police Substation Opening*	**9.00**	**3,033,094**	**1,570,846**

Public Safety CSA
Respond to Calls for Service
Strategic Support

This action funds the January 2014 Phase I opening of the South San José Police Substation, which will allow the Police Department to shift the Southern Patrol Division (approximately 270 sworn positions) to the facility, but will not include public access. Overall, resources will be added to three departments, Police, Public Works, and Parks, Recreation and Neighborhood Services (PRNS), to operate this facility, including 14.0 positions and $2.3 million in the General Fund. A $1.6 million Substation Earmarked Reserve was established in the 2014-2018 General Fund Forecast, and a corresponding action to reduce the Earmarked Reserve and partially fund this action can be found in the City-Wide General Fund Capital, Transfers, Reserves section of this document. One-time General Fund funding of $714,792 will be used to fund part of the alternate emergency communications center that will housed at the Substation and to fund some pre-occupancy corrective work in the Public Works Department. The $2.3 million will be added to the $3.2 million that has already been funded ($1.7 million) or will be funded as part of this document ($1.5 million) from various capital funds and law enforcement grants for furniture, fixtures and equipment and a portion of the alternate emergency communications center, bringing total resources to open the facility to $5.5 million.

Funding from the Earmarked Reserve will be appropriated in the Police Department ($822,953) to add 9.0 Police Property Specialist positions to staff Central Supply at the Substation on a 24/7 basis.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)

2. South San José Police Substation Opening*

Central Supply is responsible for equipping the patrol officers before their shift, storing the equipment after the shift, and taking in and properly handling any evidence acquired by the patrol staff during their shift. Funding will also be used for utility costs at the facility and ongoing maintenance contracts for copiers, telephones, and telepresence, which will virtually connect the Police Administration Building with the Substation for daily shift briefings.

Additional funding will be allocated to the Public Works Department ($1.3 million) for: contractual custodial services, 4.0 fleet positions and related equipment to maintain marked patrol vehicles, 1.0 maintenance position, and mechanical system re-commissioning; and the Parks, Recreation, and Neighborhood Services Department ($32,000) to maintain the green roof on the facility. Further discussion of these funds can be found in the respective City Department sections of this document. The following chart provides information on the total costs, by funding type, for opening the South San José Substation in 2013-2014 and ongoing. (Ongoing costs: $1,453,758)

South San José Police Substation Opening Total Costs		
	2013-2014	**Ongoing**
General Fund		
Police Department Staffing (9.0 FTE)	$396,972	$607,752
Other Department Staffing (5.0 FTE)	$235,789	$399,092
Non-Personal/Equipment	$1,698,031*	$1,184,123*
General Fund Subtotal	**$2,330,792**	**$2,190,967**
Other Funds/Reserves/Grants		
Non-Personal Equipment	$3,148,220**	$0
Total All Funds	**$5,479,012**	**$2,190,967**

* To avoid double counting of funds, Public Works fleet services costs ($364.033) are only reflected in the General Fund (the final source of funding) although the costs will also be displayed in the Vehicle Maintenance and Operations Fund.
** Approximately $1.4 million of these funds are currently budgeted in 2012-2013. These funds will be recommended to be rebudgeted to 2013-2014 as part of the 2012-2013 Year-End Clean-Up process.

Performance Results:
Quality, Cycle Time, Customer Service A Police Substation in the Southern Patrol Division will allow the patrol officers assigned to that Division to travel to their beat assignments more quickly, and a police facility located in South San José will increase the police presence and may lead to decreased crime rates in that area. A Manager's Budget Addendum will be issued separately to provide further information on this action.

3. Police Field Patrol Community Service Officers*	**21.00**	**1,107,306**	**1,107,306**

Public Safety CSA
Respond to Calls for Service

This action adds 21.0 Community Service Officer (CSO) positions and seven vehicles as of January 2014. The Audit of Civilianization Opportunities in the San José Police Department (SJPD), released in

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)

3. Police Field Patrol Community Service Officers*

January 2010, noted that SJPD should consider implementing the CSO position to perform a wide variety of non-sworn technical and administrative support services (interviewing witnesses, photographing crime scenes, collecting evidence, taking telephone reports, conducting follow-up investigations, and fingerprinting) with a heavy emphasis on patrol-related support. The new CSO positions will have the same level of backgrounding as sworn positions, begin a CSO academy in January 2014 at the South Bay Academy, where the Police Officer Recruit Academies are held, complete the Field Training Officer (FTO) Program, and be street ready by fall 2014. Operationally, seven CSOs will be assigned to each of the three patrol divisions on weekday day and swing shifts, and the CSOs will report to an on duty patrol Sergeant and be responsible for responding to calls within the entire division where they are assigned. (Ongoing costs: $1,835,915)

Performance Results:
Cost, Cycle Time, Customer Satisfaction These positions will be responsible for responding to lower priority calls, thereby, increasing capacity for existing sworn Police Officer positions to respond to higher priority calls and conduct proactive police work. In addition, response times for calls for service may decrease with these new positions.

4. Police Automated Field Reporting/Records Management System Sustainment Team and Maintenance	**1.00**	**419,978**	**419,978**

Public Safety CSA
Strategic Support

This action adds funding ($336,000) to the Police Department to support maintenance and operating costs for the new Records Management System (RMS) that was implemented in July 2012 and the Automated Field Reporting (AFR) System implemented in March 2013. A $336,000 AFR/RMS Earmarked Reserve was established in the 2014-2018 General Fund Forecast, and a corresponding action to reduce the Earmarked Reserve and fund this action can be found in the City-Wide General Fund Capital, Transfers, Reserves section of this document. These systems will equip Police Officers in the field with electronic report writing and detectives with real time data query capabilities. It will also enhance organizational efficiencies at every level of the organization by automating report writing, consolidating records management, streamlining workflow of cases, increasing report quality and accountability, automating records retention schedules, and expediting retrieval of law enforcement information.

This action also adds 1.0 Analyst position to the Systems Development Division to augment 2.0 existing Police Officer positions assigned to the AFR/RMS Sustainment Team. In order to maintain the efficiencies gained by the new AFR/RMS, the sustainment team will provide Department staff with ongoing support and training, especially as sworn staff rotates throughout the Department due to shift changes. The sustainment team will be responsible for addressing any technology issues, future integration issues, and any new regulations that impact AFR/RMS. (Ongoing costs: $492,599)

Performance Results:
Quality, Cycle Time Full implementation and sustainment of the AFR/RMS will create Department-wide efficiencies in the time spent by sworn positions to write and review reports, ensuring the accuracy and consistency of data, and the ability to more quickly file and retrieve records.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
5. **Police Recruitment and Background Services**		**710,000**	**710,000**

Public Safety CSA
Strategic Support

This action increases the Department's non-personal/equipment budget with one-time funding to recruit ($325,000) and background ($385,000) candidates for the upcoming Police Officer Recruit Academies as well as civilian candidates for non-sworn vacancies such as dispatchers in the 9-1-1 Emergency Communications Center. The Department is planning for two Police Officer Recruit Academies in 2013-2014, and in order to have 50-60 viable candidates for an academy, approximately 1,600 applications will need to be received, as historically, only 10-20% of applications proceed to background and most of these will drop out or be disqualified from the background process. Recruitment funding will augment the $125,000 2013-2014 Base Budget allocation (bringing total funding to $450,000) for recruitment activities, and it will be used to attend job fairs and recruiting events; conduct targeted radio, print, and social media marketing; and outreach in publications, community colleges, and military agencies. Background funding will augment the $600,000 2013-2014 Base Budget allocation (bringing total funding to $985,000) for contractual background services, due to the high number of vacancies in the Department. (Ongoing costs: $0)

Performance Results:
Quality, Cost A one-time investment in recruiting and background services will allow the Department to maximize the number and quality of the recruits in the jointly run South Bay Academies scheduled for October 2013 and April 2014 as well as filling the civilian vacancies in the Department with highly qualified candidates.

6. **Medical Marijuana Program****	**1.00**	**226,576**	**226,576**

Public Safety CSA
Regulatory Services

This action restores funding for 1.0 Police Sergeant to support the Medical Marijuana Program on an ongoing basis. The Police Sergeant position conducts on-site inspections of the various collectives within the City to ensure business is conducted lawfully and investigates criminal complaints and activities at the collectives. (Ongoing costs: $226,576)

Performance Results:
No significant change to current service levels is expected as a result of this action.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
7. **Police Crime Prevention Staffing***	**3.00**	**224,211**	**224,211**

Public Safety CSA
Crime Prevention and Community Education
Investigative Services

This action adds 3.0 Crime Prevention Specialists (CPS) in order to increase community outreach, disseminate crime prevention information to City residents through presentations, and respond to residents' concerns about crime. The Crime Prevention Program currently has 4.0 CPS to cover the three Police Patrol Divisions. The additional 3.0 CPS positions will allow the Crime Prevention Unit to provide each of the three Patrol Divisions with 2.0 CPS positions as well as 1.0 CPS for city-wide coordination of trainings and presentations regarding the following topics: Neighborhood Watch, Senior Security, Personal Safety, Fraud Protection, Child Safety, and business crime prevention programs such as Business Watch, Shoplifting, and Robbery Prevention. The ability to partner with the community allows the Department to create more active, educated, and informed participants in the crime prevention process. (Ongoing costs: $244,109)

Performance Results:
Cycle Time, Customer Satisfaction The additional staffing will increase the Department's ability to meet current service request levels for crime prevention presentations within the community.

8. **Police Crime Analysis Staffing***	**1.00**	**63,696**	**63,696**

Public Safety CSA
Investigative Services

This action adds 1.0 Crime and Intelligence Analyst position to assist the Department with its Investing in Management, Police, Accountability, Community and Technology (IMPACT) Program. IMPACT uses data to identify where crime and quality of life issues exist in the City and directs Patrol Captains to assign resources to those identified areas. The additional staff will increase the ability to analyze crime statistics and identify trends. The Crime and Intelligence Analysts, specifically trained in crime analytics, collect data, subject it to statistical tests, develop and test hypotheses, and write conclusions that adhere to commonly accepted criminal justice research standards. (Ongoing costs: $77,642)

Performance Results:
Quality, Cycle Time The expansion of IMPACT will allow the Department to more effectively analyze crime data and better link crime analysis, community policing, and crime prevention programs.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
9. Police Artist Services		0	0

Public Safety CSA
Investigative Services

This action shifts $40,000 of the $50,000 originally set aside for contracting out Police Artist Services from the Department's non-personal/equipment appropriation to the personal services appropriation for overtime. As part of the 2011-2012 Adopted Budget, the sworn Police Artist position was eliminated and $50,000 was added for contractual services to support this activity. The Department has utilized various vendors to support this function; however, the quality of the sketches is sometimes lower than desired and contract vendors are not always readily available when needed after hours. The Department has found that using a combination of civilian vendors and Police Officers with investigative police artist training results in the most efficient way to maintain this service. Currently, the Department uses Police Officers on overtime in emergency situations. (Ongoing costs: $0)

Performance Results:
No significant change to current service levels is expected as a result of this action.

2013-2014 Proposed Budget Changes Total	**36.00**	**9,784,861**	**8,322,613**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.
** Ongoing implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Crime Prevention and Community Education

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to the national crime rate (Index Crimes)	-21% 2,626/3,295	0%	N/A*	0%
San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to the California crime rate (CCI)	-13% 2,626/2,995	0%	N/A*	0%
San José's crime rate (per 100,000 inhabitants) – by % and # - as compared to 12 similar cities (CCI)	-42% 2,626/4,483	0%	N/A*	0%
% of requested crime prevention presentations fulfilled within 30 days	79%	60%	55%	95%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Report anticipated to be published by the FBI in October 2013.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ "% of repeat youth offenders in the TABS (Truancy Abatement/Burglary Suppression) program" was deleted, because the TABS program was suspended in September 2012.
- ✕ "% of community members who feel more knowledgeable about ways to keep themselves/neighborhoods safer after a crime prevention community education presentation" was deleted, because data obtained from the City's Community Survey for this measure was not reliable. Also four new measures have been added in the Activities and Workload Highlights section to more clearly report data related to participation in crime prevention presentations.
- ✕ "% of schools participating in the Safe School Campus Initiative program" was deleted, because the school-based programs conducted by the Police Department have been suspended and the Safe School Campus Initiative program is conducted and tracked by the Parks, Recreation and Neighborhood Services Department.
- ✕ "% of successful resolutions when immediate multi-agency response is activated under the Safe Campus Initiative" was deleted, because the Safe School Campus Initiative program is conducted and tracked by the Parks, Recreation and Neighborhood Services Department.
- ✕ "% of school administration rating school-based programs a 4 or better on a scale of 1 to 5 in the areas of protocol, training, interaction, and response" was deleted, because the school-based programs conducted by the Police Department have been suspended.

Performance Summary

Crime Prevention and Community Education

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of patrol hours spent on proactive community policing	12,881	12,000	9,500	10,000
# of community presentations (excluding schools)	NEW	NEW	NEW	400
# of participants at community presentations (excluding schools)	NEW	NEW	NEW	50,000
# of school presentations	NEW	NEW	NEW	300
# of participants at school presentations	NEW	NEW	NEW	10,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "Hours of patrol officer time spent on proactive community policing" was replaced by "# of patrol hours spent on proactive community policing" to clarify that community policing is part of field patrol activities.
- + "# of community presentations (excluding schools)" was added to more clearly report data related to the amount of crime prevention presentations conducted outside of schools.
- + "# of participants at community presentations (excluding schools)" was added to more clearly report data related to participation in crime prevention presentations conducted outside of schools.
- + "# of school presentations" was added to more clearly report data related to the amount of crime prevention presentations conducted at schools.
- + "# of participants at school presentations" was added to more clearly report data related to participation in crime prevention presentations conducted at schools.
- × "# of youth participating in intervention programs: - TABS" was deleted, because the TABS program was suspended in September 2012.
- × "# of multi-agency responses to schools activated" was deleted, because the school-based programs conducted by the Police Department have been suspended and the Safe School Campus Initiative program is conducted and tracked by the Parks, Recreation and Neighborhood Services Department.

Performance Summary

Investigative Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of cases assigned that result in criminal filings or are otherwise successfully resolved	70%	80%	N/A*	80%
% of change (increase or decrease) for # of cases assigned compared to the previous year	NEW	NEW	NEW	NEW**

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Data currently unavailable due to the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.
** New measure for 2013-2014 that has no prior data or methodology and is contingent on the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- + "% of change (increase or decrease) for # of cases assigned compared to the previous year" was added to reflect the change in the volume of cases handled by the Bureau of Investigations from year to year.
- × "% of victims who rate the service a 4 or better (on a scale of 1 to 5, with 5 being the highest rating) in areas of responsiveness and interactions" was deleted, because data obtained from the Department's surveys and the City's Community Survey for this measure was not reliable.
- × "% of prosecutors and advocates who rate the service a 4 or better (on a scale of 1 to 5, with 5 being the highest rating) in areas of completeness and follow-through" was deleted, because data obtained from the Department's surveys and the City's Community Survey for this measure was not reliable.

Performance Summary

Investigative Services

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of cases received	56,491	60,000	N/A***	60,000
# of cases assigned*	32,982	30,000	N/A***	30,000
# of cases that result in criminal filings	NEW	NEW	NEW	NEW****
# of outstanding cases (cases currently open)	NEW	NEW	NEW	NEW****
# of cases operationally closed due to lack of investigative resources	6,988	6,000	N/A***	6,000
# of cases operationally closed**	28,958	29,000	N/A***	29,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* Number of cases assigned reflects the number of cases received that have a solvability factor and can be assigned if resources allow. This number differs from the number of cases received as some cases have insufficient information or leads to warrant assignment for further investigation.
** Number of cases operationally closed reflects cases that were resolved (solved, cleared, or closed) within the fiscal year regardless of when they were assigned. As a result, this number may include cases initially assigned in a prior fiscal year.
*** Data currently unavailable due to the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.
**** New measure for 2013-2014 that has no prior data or methodology and is contingent on the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "# of cases investigated" was replaced by "# of cases assigned" to reflect the categorization of cases in the new Records Management System (RMS).
- ↺ "# of cases not assigned due to lack of resources" was replaced by "# of cases operationally closed due to lack of investigative resources" to reflect the categorization of cases in the new RMS.
- ↺ "# of cases successfully resolved" was replaced by "# of cases operationally closed" to reflect the categorization of cases in the new RMS.
- + "# of cases that result in criminal filings" was added to reflect the categorization of cases in the new RMS.
- + "# of outstanding cases (cases currently open)" was added to reflect the categorization of cases in the new RMS.

Performance Summary

Regulatory Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of card room licenses, key employee licenses and card room work permits revoked or denied as compared to total licenses/work permits issued	0.1%	0%	0%	0%
% of card room license revocations and denials overturned on appeal to total licenses or work permits revoked or denied	0%	0%	0%	0%
% of card room employee work permit applications receiving written decision within the ordinance mandated 20 working days	98.25%	100%	100%	100%
Ratio of budgeted costs to estimated revenues*	1.04 : 1	1.45 : 1	1.11 : 1	1.27 : 1

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Includes non-recoverable enforcement costs.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ "% of taxi drivers tested within 30 calendar days of application - from day of application to initial testing" was deleted, because the waiting time to schedule a testing appointment has been significantly reduced. In addition, taxi drivers can schedule their specific testing appointments and can schedule appointments beyond 30 days if they are not ready to take the test, which negatively skews the data.
- ✕ "% of permit applicants surveyed who rate the service a 4 or better on a scale of 1 to 5 in the areas of response and interactions" was deleted, because data obtained from the Department's surveys and the City's Community Survey for this measure was not reliable.

Performance Summary

Regulatory Services

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of permit applications processed*	2,697	2,500	N/A	N/A
# of gaming permit applications processed*	N/A	N/A	600	600
# of card room/key employee license applications	917	500	950	950
# of denials and revocations – card rooms only	2	0	0	0
# of denials overturned - card rooms only	0	0	0	0
# of taxi cabs Inspected**	554	500	N/A	N/A
# of taxi cabs permitted**	N/A	N/A	425	425
Total number of regulatory permits issued***	2,635	2,400	N/A	N/A
# of gaming permits issued***	N/A	N/A	1,000	1,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* 2011-2012 Actual and 2012-2013 Forecast data reflects the number of permit applications processed. 2012-2013 Estimated and 2013-2014 Forecast data reflects the number of gaming permit applications processed.
** 2011-2012 Actual and 2012-2013 Forecast data reflects the number of taxi cabs inspected. 2012-2013 Estimated and 2013-2014 Forecast data reflects the number of taxi cabs permitted.
*** 2011-2012 Actual and 2012-2013 Forecast data reflects the total number of regulatory permits issued. 2012-2013 Estimated and 2013-2014 Forecast data reflects the number of gaming permits issued.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- "# of permit applications processed" was replaced by "# of gaming permit applications processed" to highlight regulatory activities related to gaming.
- "# of taxi cabs inspected" was replaced by "# of taxi cabs permitted" to more clearly reflect the number of taxi cabs permitted by the Department, not just inspected.
- "Total number of regulatory permits issued" was replaced by "# of gaming permits issued" to highlight regulatory activities related to gaming.

Performance Summary

Respond to Calls for Service

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of 9-1-1 calls that are answered within 10 seconds	93.27%	91%	90%	90%
Average time in which emergency calls, including 9-1-1 calls, are answered (in seconds)	3.25	2.50	4.50	2.50
Average time in which non-emergency calls, including 3-1-1 calls are answered (in seconds)	30.25	25.00	57.00	25.00
Average time in which Telephone Reporting Automation Center (TRAC) calls are answered (in minutes)	4.33	4.00	6.30	6.00
Average response time (City-wide) - (in minutes) Priority One (present or imminent danger to life or major damage/loss of property)*	6.51	6.00	6.78	6.00
-Average call processing time	1.14	1.50	1.55	1.50
-Average call queuing time	1.26	0.50	0.47	0.50
-Average call driving-to-arrival time	4.15	4.00	4.20	4.00
Average response time (City-wide) - (in minutes) Priority Two (injury or property damage or potential for either to occur)*	17.31	11.00	20.33	11.00
-Average call processing time	1.50	1.50	1.49	1.50
-Average call queuing time	9.14	3.50	11.87	3.50
-Average call driving-to-arrival time	6.77	6.00	7.29	6.00
Annual cost of Police to respond to calls for service (in millions)	$103.05	$112.69	$115.53	$117.53
Annual cost per call for Police service	$135.69	$160.75	$164.70	$138.76

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

* Annual targets are set by the City Council as part of the San José Envision 2040 General Plan.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

× "% of callers rating SJPD's response time and service provided upon arrival as good or excellent" was deleted, because data obtained from the Department's surveys and the City's Community Survey for this measure was not reliable.

Performance Summary

Respond to Calls for Service

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of emergency calls received*	424,956	400,000	450,000	425,000
# of wireless 9-1-1 calls received	308,950	300,000	333,000	300,000
# of non-emergency calls received**	360,917	340,000	375,000	350,000
# of reports received by alternative means	13,205	12,000	N/A***	12,000
# of officer-initiated calls received	80,338	60,000	66,000	60,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* Includes 9-1-1, 7 digit, wireless, and California Highway Patrol (CHP) transfers.
** Includes 3-1-1, 7 digit non-emergency, and Telephone Report Automated Center (TRAC) calls.
*** Data currently unavailable due to the Police Department's transition to a new Records Management System; information is anticipated to be available for the 2013-2014 Adopted Operating Budget.

Performance Summary

Special Events Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
S Billing estimate to actual cost billed (in thousands)	$839 / $711	within 10.0%	$974 / $867	within 10.0%
S Cost to event promoters for off-duty officers as compared to City costs for equivalent on-duty personnel (in thousands)	$711 / $1,068	$415 / $622	$867 / $1,301	$849 / $1,274

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ "% of public events handled by off-duty officers which did not require the emergency assistance of on-duty personnel" was deleted, because staff is not available to compile the data for this measure.
- ✕ "Ratio of off-duty worksite inspections compared to total work permits issued" was deleted, because staff is not available to conduct a relevant number of inspections to record meaningful data for this measure. In addition, inspections that are requested by outside agencies, other City departments, and residents are completed 100% of the time.
- ✕ "% of complaints received from special event promoters from all events" was deleted, because staff is not available to compile the data for this measure.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of hours of off-duty uniformed work at special events (includes security and traffic control)	15,333	11,400	19,500	19,500
# of special events coordinated by Secondary Employment Unit (SEU)	799	425	650	650
# of officer work permits processed	1,372	1,000	1,000	1,000
Cost of providing Secondary Employment capability*	$836,777	$526,623	$664,863	$597,077

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

* Cost includes secondary employment administrative costs and excludes costs paid directly to off-duty Officers by secondary employers and event promoters.

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "# of hours of off-duty uniformed security at special events" was replaced by "# of hours of off-duty uniformed work at special events (includes security and traffic control)" to more clearly reflect the work that is performed by SEU.
- ↺ "# of special events" was replaced by "# of special events coordinated by SEU" to more clearly reflect that the measure only captures events that the Secondary Employment Unit coordinates.
- ↺ "# of Secondary Employment work permits" was replaced by "# of officer work permits processed" to more clearly reflect the number of officers permitted to perform off-duty uniformed work.

Performance Summary

Traffic Safety Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of change (increase or decrease) for # of DUI arrests compared to the previous year	NEW	NEW	NEW	-50%
Ratio of fatal collisions to total number of traffic collisions	NEW	NEW	NEW	1 : 438

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- + "% of change (increase or decrease) for # of DUI arrests compared to the previous year" was added to reflect the change in the volume of DUI arrests by Traffic Enforcement Unit staff from year to year.
- + "Ratio of fatal collisions to total number of traffic collisions" was added to compare the number of fatal traffic collisions to the total number of traffic collisions city-wide.
- × "% of change of crashes within the 10 high crash locations" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.
- × "Ratio of hazardous moving violation citations issued and DUI arrests compared to the total number of fatalities and injury cases" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.
- × "% of chronic neighborhood traffic enforcement areas worked (# worked/# areas identified)" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure. In addition, TEU staff responds to all requests from the community for chronic traffic violators, so this measure is always reported as 100%.
- × "% of neighborhood traffic enforcement requestors who rate response a 4 or better on a scale 1 to 5" was deleted, because data obtained from the Department's surveys and the City's Community Survey for this measure was not reliable.

Performance Summary

Traffic Safety Services

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of total traffic collisions	7,848	10,000	10,500	10,500
# of injury traffic collisions	NEW	NEW	NEW	3,400
# of fatal traffic collisions	NEW	NEW	NEW	24
# of neighborhood traffic enforcement requests received	767	1,000	900	900
# of DUI arrests	NEW	NEW	NEW	200
# of moving violation citations issued by Traffic Enforcement Unit (TEU) personnel (both hazardous and non-hazardous)	27,275	40,000	19,500	19,500

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ↺ "# of traffic accidents" was replaced by "# of total traffic collisions" to clarify that this measure is the total non-injury, injury, and fatal traffic collisions.
- ↺ "# of hazardous moving violation citations issued" was replaced by "# of moving violation citations issued by TEU personnel (both hazardous and non-hazardous)" to reflect the total number of moving citations issued by the Traffic Enforcement Unit.
- + "# of injury traffic collisions" was added to reflect the categorization of collisions in the new RMS.
- + "# of fatal traffic collisions" was added to reflect the categorization of collisions in the new RMS.
- + "# of DUI arrests" was added to reflect data related to the number of arrests made as a result of drivers driving under the influence.
- × "# of crashes at 10 highest crash locations" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.
- × "# of traffic requests included in chronic areas" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.
- × "# of pedestrian injuries" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.
- × "# of accidents involving red light running violations" was deleted, because the relevant use of the data does not warrant the cost and staff time spent to compile the data for this measure.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	1.00	1.00	-
Accountant I/II	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	10.00	11.00	1.00
Assistant Chief of Police	1.00	1.00	-
Chief of Police	1.00	1.00	-
Community Service Officer I/II	0.00	21.00	21.00
Crime and Intelligence Analyst	11.00	12.00	1.00
Crime Prevention Specialist	4.00	7.00	3.00
Darkroom Technician	1.00	1.00	-
Deputy Chief of Police	4.00	4.00	-
Deputy Director U	1.00	1.00	-
Division Manager	4.00	4.00	-
Information Systems Analyst	4.00	4.00	-
Latent Fingerprint Examiner II	13.00	13.00	-
Latent Fingerprint Examiner Supervisor	1.00	1.00	-
Maintenance Worker II	1.00	1.00	-
Messenger Clerk	1.00	1.00	-
Network Engineer	2.00	2.00	-
Network Technician I/II	4.00	4.00	-
Office Specialist II	15.00	15.00	-
Office Specialist II PT	0.50	0.50	-
Police Captain	8.00	8.00	-
Police Data Specialist	63.00	63.00	-
Police Data Specialist PT	0.50	0.50	-
Police Lieutenant	35.00	35.00	-
Police Officer	870.00	870.00	-
Police Property Specialist II	17.00	26.00	9.00
Police Property Supervisor	2.00	2.00	-
Police Sergeant	188.00	188.00	-
Principal Office Specialist	5.00	6.00	1.00
Program Manager I	2.00	2.00	-
Program Manager II	1.00	1.00	-
Public Safety Communication Specialist	59.00	59.00	-
Public Safety Communication Specialist PT	1.00	1.00	-
Public Safety Radio Dispatcher	79.00	79.00	-
Public Safety Radio Dispatcher PT	1.50	1.50	-
School Crossing Guard PT	31.87	31.87	-
School Safety Supervisor	2.00	2.00	-
Secretary	3.00	2.00	(1.00)
Senior Accountant	1.00	0.00	(1.00)
Senior Account Clerk	5.00	5.00	-
Senior Analyst	6.00	7.00	1.00
Senior Auditor	3.00	3.00	-
Senior Crime and Intelligence Analyst	2.00	2.00	-
Senior Latent Fingerprint Examiner	6.00	6.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Senior Office Specialist	19.00	19.00	-
Senior Police Data Specialist	10.00	10.00	-
Senior Public Safety Dispatcher	14.00	14.00	-
Senior Systems Applications Programmer	2.00	2.00	-
Staff Specialist	10.00	10.00	-
Staff Technician	3.00	3.00	-
Supervising Applications Analyst	2.00	2.00	-
Supervising Auditor	1.00	1.00	-
Supervising Police Data Specialist	4.00	4.00	-
Supervising Public Safety Dispatcher	6.00	6.00	-
Supply Clerk	1.00	1.00	-
Video/Multimedia Producer	1.00	1.00	-
Video Unit Supervisor	1.00	1.00	-
Total Positions	**1,548.37**	**1,583.37**	**35.00**

Note: Of the 1,583.37 positions in the Police Department in 2012-2013, 1,107.00 are sworn positions and 476.37 are civilian positions.

Public Works Department

Dave Sykes, Director

MISSION

To provide excellent service in building a smart and sustainable community, maintaining and managing City assets, and serving the animal care needs of the community

City Service Areas

Community & Economic Development
Neighborhood Services
Strategic Support

Core Services

Animal Care and Services
Promote and protect the health, safety, and welfare of animals and people in the City of San José

Facilities Management
Provide safe, efficient, comfortable, attractive, and functional buildings and facilities

Fleet and Equipment Services
Manage operations which provide a safe and reliable fleet of vehicles and equipment

Plan, Design, and Construct Public Facilities and Infrastructure
Plan, design, and construct public facilities and infrastructure

Regulate/Facilitate Private Development
Review private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development

Strategic Support: Materials Testing Laboratory, Surveying Services, Infrastructure and Mapping, Financial and Contractual Administration, Computer Services, Equality Assurance, and Human Resources

Service Delivery Framework

Core Service		Key Operational Services
Animal Care and Services: *Promote and protect the health, safety, and welfare of animals and people in the City of San José*	⟺	• Licensing and Rabies Vaccination Compliance • Public Low-Cost Spay/Neuter Services • Animal Control in the Community • House and Care for Stray Animals
Facilities Management: *Provide safe, efficient, comfortable, attractive, and functional buildings and facilities*	⟺	• Energy Efficiency and Green Building for City Facilities • Facilities Maintenance Services • Facilities Improvement Services • Special Event Support Services
Fleet and Equipment Services: *Manage operations which provide a safe and reliable fleet of vehicles and equipment*	⟺	• Provide Repair and Maintenance of City Fleet and Equipment • Manage Fuel Availability and Distribution • Manage the Acquisition and Equipping of the Entire City Fleet • Manage Radio Communications and Equipment
Plan, Design, and Construct Public Facilities and Infrastructure: *Plan, design, and construct public facilities and infrastructure*	⟺	• Airport Infrastructure • Parks and Recreation Facilities • Public Buildings • Public Safety • Streets and Transportation Facilities • Storm Sewers and Sanitary Sewers

Service Delivery Framework

Core Service		Key Operational Services
Regulate/Facilitate Private Development: *Review private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development*	⇔	• Development Application Review • Traffic Reports • Grading Permits • Public Improvement Permits • Subdivision Maps • Inspection • Assessment Engineering • Utility Permits • Underground Service Alert
Strategic Support: *Materials Testing Laboratory, Surveying Services, Infrastructure and Mapping, Financial and Contractual Administration, Computer Services, Equality Assurance, and Human Resources*	⇔	• Network/Computer Systems Management • Budget/Fiscal Management • Programmatic/Administrative Support • Strategic Planning/Leadership • Equality Assurance • Public Outreach/Information • Strategic Planning/Leadership • Geographic Information Systems/Infrastructure Management • Human Resources • Capital Project Management System • Budget Development/Staffing Plan • Financial and Contractual Administration

Department Budget Summary

Expected 2013-2014 Service Delivery

- ❑ Oversee the City's capital projects, ensuring on-time and on-budget delivery that meet the needs of San José residents.
- ❑ Maintain City facilities, equipment, and vehicles.
- ❑ Provide expedited and quality plan review services for the development community.
- ❑ Provide animal care and services resources with concentrated focus on public health and safety.

2013-2014 Budget Actions

- ❑ Continued one-time funding for preventive maintenance program will result in safer, more reliable infrastructure and will ultimately lead to a longer service-life for essential facility infrastructure. Eighty percent, the industry standard, of preventative maintenance work orders will be completed in 2013-2014.
- ❑ Resources are added to address facility and vehicle maintenance needs as part of the South San José Police Substation opening in January 2014.
- ❑ Additional resources in the Public Works Labor Compliance program provide crucial support in the implementation of the City's Minimum Wage Ordinance.
- ❑ Due to increased needs, this year's Capital Improvement Program staffing levels are recommended to be augmented to better align staffing levels with expected workload. This additional work is largely driven by ongoing capital projects in Sanitary and Storm Sewer programs, the Water Pollution Control Plant, as well as increased capital maintenance and BART.
- ❑ Additional resources in the Public Works Development and Utility Fee Programs will address the increase in development activity and improve current service delivery. A small amount of shared support resources for this program are also recommended and can be found in the Planning, Building, and Code Enforcement Department section of this document
- ❑ Additional fleet maintenance resources at the Mabury City service yard will support Storm and Sanitary Sewer maintenance equipment needs.

Operating Funds Managed

- ❑ Public Works Program Support Fund
- ❑ Vehicle Maintenance and Operations Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Animal Care & Services	$ 6,768,694	$ 6,449,494	$ 6,758,325	$ 6,872,368	6.6%
Facilities Management	14,208,492	17,456,887	17,288,564	19,595,260	12.2%
Fleet & Equipment Services	16,160,867	17,697,155	18,681,945	19,156,318	8.2%
Plan, Design, and Construct Public Facilities & Infrastr	26,900,153	27,188,506	28,170,604	28,619,169	5.3%
Regulate/Facilitate Private Development	5,086,317	6,609,115	7,299,332	8,157,133	23.4%
Strategic Support	5,655,214	6,712,333	5,998,652	6,121,543	(8.8%)
Total	**$ 74,779,737**	**$ 82,113,490**	**$ 84,197,422**	**$ 88,521,791**	**7.8%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 56,992,057	$ 60,602,002	$ 62,754,733	$ 64,970,127	7.2%
Overtime	546,438	590,930	764,346	909,346	53.9%
Subtotal	$ 57,538,495	$ 61,192,932	$ 63,519,079	$ 65,879,473	7.7%
Non-Personal/Equipment	9,746,885	12,497,558	11,418,343	13,382,318	7.1%
Inventory	7,494,357	8,423,000	9,260,000	9,260,000	9.9%
Total	**$ 74,779,737**	**$ 82,113,490**	**$ 84,197,422**	**$ 88,521,791**	**7.8%**
Dollars by Fund					
General Fund	$ 26,523,289	$ 30,600,031	$ 31,302,139	$ 34,789,387	13.7%
Airport Maint & Oper	156,504	171,034	190,187	190,187	11.2%
Convention & Cultural Affairs	2,550	5,000	9,000	9,000	80.0%
Dwntn Prop & Bus Imprmt Dist	8,545	0	0	0	N/A
General Purpose Pkg	65,148	70,184	73,081	73,081	4.1%
Integrated Waste Mgmt	31,157	148,367	132,472	132,472	(10.7%)
Low/Mod Income Housing	73,427	0	0	0	N/A
Low/Mod Income Hsg Asset *	49,420	143,089	157,005	157,005	9.7%
PW Program Support Fund	4,092,357	4,773,263	4,760,057	4,962,194	4.0%
Sewer Svc & Use Charge	1,645,712	2,068,756	2,118,626	2,118,626	2.4%
Storm Sewer Operating	645,797	871,078	705,433	705,433	(19.0%)
SJ/SC Treatment Plant Oper	67,564	290,025	245,321	245,321	(15.4%)
Vehicle Maint & Opers	15,344,210	16,215,308	17,220,506	17,694,879	9.1%
Water Utility	22,722	32,184	32,184	32,184	0.0%
Capital Funds	26,051,335	26,725,171	27,251,411	27,412,022	2.6%
Total	**$ 74,779,737**	**$ 82,113,490**	**$ 84,197,422**	**$ 88,521,791**	**7.8%**
Authorized Positions by Core Service					
Animal Care & Services	64.62	63.87	63.87	66.87	4.7%
Facilities Management	67.00	68.75	73.00	79.50	15.6%
Fleet & Equipment Services	69.75	69.90	69.30	73.30	4.9%
Plan, Design and Construct Public Facilities & Infrastr	194.24	193.10	196.10	202.45	4.8%
Regulate/Facilitate Private Development	38.34	48.48	53.68	60.55	24.9%
Strategic Support	38.67	38.77	35.92	38.20	(1.5%)
Total	**472.62**	**482.87**	**491.87**	**520.87**	**7.9%**

* This fund was previously named Affordable Housing Investment Fund.

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**482.87**	**82,113,490**	**30,600,031**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Sewage Geographic Information System Program		(100,000)	0
• Preventative Maintenance Program		(1,300,000)	(1,300,000)
• Trash Capture Device Installation		(220,000)	0
• Police Administration Building/Police Communications Center Critical Lighting Maintenance		(200,000)	(200,000)
• Environmental Innovation Center Project Support		(96,142)	0
• City Hall Public Access Defibrillators		(16,000)	(16,000)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(1,932,142)**	**(1,516,000)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Principal Engineering Technician to 1.0 Program Manager I		1,535,445	610,590
• Public Works Development Fee Program staffing (City Council approved - January 29, 2013) (2.0 Engineering Techinician II, 1.0 Associate Engineer, 1.0 Associate Engineering Technician, 1.0 Senior Engineer, 1.0 Senior Engineering Technician)	6.00	1,116,123	1,116,123
• Reallocation of Warehouse function from Finance Department (1.0 Mail Processor, 2.0 Warehouse Worker II, and non-personal/equipment)	3.00	316,168	242,395
• Vacancy factor adjustment		(37,662)	0
• Changes in fleet inventory		837,000	0
• Annualization of Community Center and Library Facilities maintenance and operations costs		150,000	150,000
• Animal Care and Services medical supplies		40,000	40,000
• Changes in gas and electricity costs		(50,000)	(50,000)
• Public Works Capital Allocation Plan adjustment		(21,000)	0
• Changes in vehicle maintenance and operations costs		130,000	109,000
Technical Adjustments Subtotal:	**9.00**	**4,016,074**	**2,218,108**
2013-2014 Forecast Base Budget:	**491.87**	**84,197,422**	**31,302,139**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Budget Proposals Recommended	Positions	All Funds ($)	General Fund ($)
1. South San José Police Substation Opening*	5.00	1,341,664	993,129
2. Preventative Maintenance Program**	3.00	1,300,000	1,300,000
3. Public Works Development Fee Program	5.62	711,782	711,782
4. Minimum Wage Ordinance Compliance	2.50	158,012	150,115
5. Public Works Utility Fee Program	1.25	146,019	146,019
6. Public Works Management Reorganization	1.78	137,935	(6,407)
7. Animal Care and Services Staffing	3.00	114,043	114,043
8. Transfer of Energy Program from Evironmental Services Department	2.00	97,798	47,900
9. Capital Technical Services Support Staffing	1.00	92,064	0
10. Storm and Sanitary Sewer Mechanic Staffing	1.00	79,647	0
11. Public Works Capital Improvement Program Right-Sizing	2.85	68,547	0
12. Fleet Operations Right-Sizing	(1.00)	46,191	0
13. City Hall Facilities Rental Staffing	1.00	30,667	30,667
Total Budget Proposals Recommended	**29.00**	**4,324,369**	**3,487,248**
2013-2014 Proposed Budget Total	**520.87**	**88,521,791**	**34,789,387**

* Ongoing implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Implementation of this proposal is contingent on the outcome of the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. South San José Police Substation Opening*	**5.00**	**1,341,664**	**993,129**

Strategic Support CSA
Facilities Management
Fleet and Equipment Services

This action adds one-time funding ($400,000) for design and building system warranty work and building system recommissioning and one-time funding ($176,250) for fleet related non-personal/equipment. In addition, ongoing resources to open the Substation in January 2014 include 2.0 Equipment Mechanic Assistant I, 1.0 Mechanic, and 1.0 Senior Mechanic positions to maintain the marked patrol fleet ($172,285 in 2013-2014 and $333,813 annualized). Ongoing resources to maintain the building include funding for contractual custodial services, general building maintenance needs, and 1.0 Air Conditioning Mechanic position that will service this facility along with other City facilities ($593,129 in 2013-2014 and $714,905 annualized). (Ongoing costs: $1,048,718)

Performance Results:
Customer Satisfaction These positions will support the opening and the ongoing operating needs of the South San José Police Station.

2. Preventative Maintenance Program**	**3.00**	**1,300,000**	**1,300,000**

Strategic Support CSA
Facilities Management

This action adds one-time funding of $1.3 million and three positions limit-dated through June 30, 2014 (1.0 Building Maintenance Superintendent and 2.0 Facility Repair Worker positions) to extend the current Preventative Maintenance Program that was included in the 2012-2013 Adopted Budget. This action will allow the overall preventative maintenance at City facilities to maintain the industry standard of 80% for Heating, Ventilation, and Air Conditioning (HVAC), plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems. The current ongoing funding level of $500,000 will only allow preventative maintenance to continue for HVAC, plumbing, lighting, and energy management systems at a 40-50% level. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction, Cycle Time Eighty percent of necessary preventative maintenance activities will be completed, creating a direct and positive effect on facility operations by helping to ensure that facilities stay operational. Additionally, a structured preventative maintenance program will have a long term affect of reducing the amount of corrective maintenance work that is required at facilities. The Public Works Department will continue to monitor and measure the success of this program.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Public Works Development Fee Program	**5.62**	**711,782**	**711,782**

Community and Economic Development CSA
Regulate/Facilitate Private Development

These actions, funded by fee activity and the use of reserves, support the Public Works Development Fee Program by improving service levels.

- **Development Services Staff:** This action adds 1.0 Senior Transportation Specialist, 1.0 Office Specialist, 0.75 Geographic System Specialist II, 0.5 Principal Construction Inspector, 0.25 Senior System Application Programmer, and $30,000 in overtime. The Senior Transportation Specialist will provide management level oversight and address development related transportation issues. Additional overtime will allow the Public Works Department to address the after hours availability needs of the Development community. The other positions will address the anticipated increase in plan check review, inspections, and geographic technical support. In addition, this action shifts funding from Capital Funds to the Public Works Development Fee Program for 1.0 Building Inspector Combination Certified position, 0.4 Senior Construction Inspector position, 0.25 Associate Engineer position, and 0.25 Senior Engineer position to increase service delivery level to the target of 85% completion rates within the specified time frame. This action also aligns funding with management activity and oversight by shifting 0.05 Director of Public Works position and 0.17 Assistant Director position from the Public Works Support Fund to the Development Fee Program. (Ongoing costs: $732,345)

- **Development Fee Program Technology Fee and Earmarked Reserve:** Establishes a Technology Fee and a Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections. The Technology Fee will apply a 2% fee on all Public Works permits, and the revenues collected from this fee will be placed in this reserve for future use. The estimated revenue collection, starting in 2013-2014, from this new fee in the Public Works Development Fee Program is $111,000. (Reserve is reflected in the General Fund Capital, Transfers, and Reserves section.)

As a result of these actions and others, as described in the General Fund Revenue Estimates section of this document the Public Works Development Fee Reserve will be reduced by $317,727 and is projected at $3.6 million at the beginning of 2013-2014.

Performance Results:
Cycle Time, Customer Satisfaction This action will increase service levels for plan reviews, inspections, and customer service from 78% to the current target of 85% completion rates within specified time frames.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
4. Minimum Wage Ordinance Compliance	**2.50**	**158,012**	**150,115**

Strategic Support CSA
Strategic Support

This action eliminates 1.0 Program Manager position and adds 1.0 Contract Compliance Coordinator, 2.0 Contract Compliance Specialist (1.0 limit-dated position through June 30, 2014), and 0.5 Contract Compliance Assistant PT positions to address the workload associated with the City's new Minimum Wage Ordinance which went into effect on March 11, 2013. Measure D – Minimum Wage was approved by voters on November 6, 2012. These positions will alert businesses and their employees of the change, develop policies and procedures, and provide public and business education outreach to minimize complaints. After the initial implementation, these positions will play a key role in managing the ongoing operation of the program by actively reviewing and investigating all Minimum Wage Ordinance related complaints and other compliance related issues. Once the program is fully implemented, staffing resource needs will be re-evaluated. (Ongoing costs: $120,841)

Performance Results:
Quality, Customer Satisfaction This action will ensure that San José businesses are notified, complaints investigated, and are in compliance with the new Minimum Wage Ordinance.

5. Public Works Utility Fee Program	**1.25**	**146,019**	**146,019**

Community and Economic Development CSA
Regulate/Facilitate Private Development

This action adds 1.0 Engineering Technician position, shifts funding from Capital Funds to the Public Works Utility Fee Program for 0.25 Senior Engineer position, and increases overtime by $30,000 to address after hours availability. These positions will help address the anticipated increase in plan check review activity and continue to meet the target of 85% completion rates within specified time frames. (Ongoing costs: $153,891)

Performance Results:
Cycle Time, Customer Satisfaction This action will ensure that service levels for plan review, inspections, and customer service are maintained at targeted levels with the anticipated increase in workload.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
6. Public Works Management Reorganization	**1.78**	**137,935**	**(6,407)**

Strategic Support CSA
Facilities Management
Plan, Design, and Construct Public Facilities and Infrastructure
Strategic Support

This action eliminates 1.0 vacant Deputy Director position and adds 1.0 Division Manager, 1.0 Program Manager I, and 1.0 Senior Analyst positions to provide support for procurement, capital project management, and budget management. This reallocation will provide tighter fiscal and procurement controls, increased capital project support, and assist the Department to improve the delivery of capital projects. This action also shifts 0.05 Director of Public Works position and 0.17 Assistant Director position from the Public Works Support Fund to the Public Works Development Fee Program to better align funding with management activity and oversight. (Ongoing costs: $137,942)

Performance Results:
Quality, Customer Satisfaction This action will provide tighter fiscal and procurement controls and increased capital project support which will improve the delivery of capital projects.

7. Animal Care and Services Staffing	**3.00**	**114,043**	**114,043**

Neighborhood Services CSA
Animal Care and Services

This action adds 3.0 Animal Care Attendant PT positions to address the increased workload due to the expanded service delivery needs from San José's contract with the City of Milpitas. San José provides animal care services for the City of Milpitas which includes housing approximately 800 animals at the San José Animal Shelter each year. These positions will provide customer service, facilitate adoptions, coordinate with animal rescue groups, and assist with spay and neuter services. The costs of these positions will be offset with revenue from the City of Milpitas which is discussed in the General Fund Revenue Estimates section of this document. (Ongoing costs: $114,043)

Performance Results:
Quality, Customer Satisfaction This action will maintain the current level of animal care services provided to San José and Milpitas residents with the increase demand.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
8. Transfer of Energy Program from Environmental Services Department	**2.00**	**97,798**	**47,900**

Strategic Support CSA
Facilities Management
Plan, Design, and Construct Public Facilities and Infrastructure

This action transfers the Energy Program, which seeks to lower energy costs in City facilities, from the Environmental Services Department to the Public Works Department. This transfer will add 2.0 limit-dated positions (1.0 Supervising Environmental Service Specialist (SESS) and 1.0 Environmental Service Specialist (ESS) through June 30, 2014 and associated non-personal/equipment ($47,900) to more closely align the Green Building and Energy Efficiency Program responsibilities with the Facility Management function of the Public Works Department. The SESS is funded by the Public Works Program Support Fund and City-Building Energy Projects Program and the ESS is funded by the City-wide Energy Efficiency Program appropriation. (Ongoing costs: $47,900)

Performance Results:
Quality, Customer Satisfaction This new alignment will continue the energy efficiency projects and green building effort on City facilities and streamline communication and coordination on related activities.

9. Capital Technical Services Support Staffing	**1.00**	**92,064**	**0**

Strategic Support CSA
Plan, Design, and Construct Public Facilities and Infrastructure

This action adds 0.75 Senior System Application Programmer and 0.25 Geographic System Specialist II positions to support the Technical Services section in Public Works to support the City's Capital Improvement Program. The team will ensure both the Capital Program Management System (CPMS) and the Geographic Information System (GIS) applications, which are central to developing and managing the Capital Improvement Programs, will continue to be operational by developing and maintaining custom web map and data management applications. The team will support object-oriented JavaScript and develop and maintain web interface code to make CPMS and GIS available in various browsers on a multitude of platforms including mobile and tablet devices. (Ongoing costs: $102,623)

Performance Results:
Quality, Customer Satisfaction These additional capital technical support resources will maintain the same level of support with anticipated increase in demand.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
10. Storm and Sanitary Sewer Mechanic Staffing	**1.00**	**79,647**	**0**

Strategic Support CSA
Fleet and Equipment Services

This action adds 1.0 Senior Mechanic position to address Storm and Sanitary Sewer Programs' vehicle and equipment needs. Currently, vehicles and equipment to support these programs are out of service a significant amount of time due to a lack of sufficient mechanical staffing. In particular, adding a Senior Mechanic allows for more timely and effective maintenance of combination cleaning vehicles. As recommended in the Transportation Department section of this document, the City's fleet of combination cleaning vehicles will grow from 18 to 22 by 2013-2014 and these vehicles require frequent and labor-intensive maintenance. (Ongoing costs: $88,750)

Performance Results:
Cycle Time This new position will perform critical and complicated maintenance tasks, add leadership and expertise, and manage resources efficiently, which will result in a significant reduction to the current average downtime of three months.

11. Public Works Capital Improvement Program Right-Sizing	**2.85**	**68,547**	**0**

Strategic Support CSA
Plan, Design, and Construct Public Facilities and Infrastructure

This action adds 3.0 Engineer II positions, 1.0 Associate Engineering Technician, 0.5 Principal Construction Inspector, and 0.5 Engineering Trainee PT positions to support the delivery of the City's Capital Improvement Program. These positions are needed to assist in supporting the BART project in the Traffic Capital Program, the Sanitary and Storm Sewer Capital Programs, and other capital programs. In addition, this action shifts funding from Capital Funds to the Public Works Development and Utility Fee Programs for 1.0 Building Inspector Combo position, 0.4 Senior Construction Inspector position, 0.25 Associate Engineer position, 0.25 Senior Engineer position, and 0.25 Engineering Technician position. (Ongoing costs: $111,407)

Performance Results:
Cycle Time, Customer Satisfaction This action increases staffing resources to match projected capital project activity in order to meet targeted service levels.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
12. Fleet Operations Right-Sizing	**(1.00)**	**46,191**	**0**

Strategic Support CSA
Fleet and Equipment Services

This action eliminates 1.0 vacant Equipment Mechanic Assistant II position and increases the non-personal/equipment allocation by $124,700 for contractual services. This shift in funding from personal services to contractual services, primarily for body work repair on vehicles, will better align the budget with actual expenditures in the Vehicle Maintenance and Operations Fund. (Ongoing costs: $46,191)

Performance Results:
Quality, Customer Satisfaction This action will ensure current service levels of fleet availability are maintained.

13. City Hall Facilities Rental Staffing	**1.00**	**30,667**	**30,667**

Strategic Support CSA
Facilities Management

This action makes permanent 1.0 Recreation Leader PT position to support the event setup at City Hall facilities. The special event team which currently consists of one full-time Senior Events Coordinator, one Events Coordinator PT, and a group of part-time unbenefitted Recreation Leaders working on an on-call basis, provides support to on-site event services for all events taking place at City Hall including the Council Chambers, Rotunda, Plaza, Bamboo Garden, and the committee rooms. The cost for these positions will be offset with revenue generated by the rental of City Hall facilities which is discussed in the General Fund Revenue Estimates section of this document. (Ongoing costs: $30,667)

Performance Results:
No changes to current service levels are anticipated as a result of this action.

2013-2014 Proposed Budget Changes Total	**29.00**	**4,324,369**	**3,487,248**

* Ongoing implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information
** Implementation of this proposal is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Performance Summary

Animal Care and Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% change in the number of animals licensed annually	16%	8%	(1%)	10%
Animal Care Center live release rate	71%	75%	75%	78%
% of Priority 1 calls with response time in one hour or less. (Priority 1: injured or aggressive animal, or public safety assist)	94%	90%	95%	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] "% increase in the number of animals licensed annually" was revised to "% change in the number of animals licensed annually" to account for increases or decreases in annual animal licenses.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Animal licenses issued annually	67,167	72,500	67,000	74,000
# of animals adopted/rescued/returned	11,656	12,000	11,750	11,500
# of incoming animals	17,453	17,500	17,000	17,000
# of calls for service completed	22,854	23,000	23,000	23,000
# of low-cost spay/neuter surgery provided to public	6,360	6,000	6,000	6,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Facilities Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of facilities with a condition assessment rating of good or better (3 or better on a 5-pt scale)	83%	80%	79%	80%
% change in energy usage in all City Accounts from 2007 baseline	N/A*	(16.67%)	N/A*	(20%)
% of preventative maintenance work orders completed	44%	80%	80%	80%
% of health and safety concerns mitigated within 24 hours	100%	100%	100%	100%
% of non-health and safety work completed within time standards	77%	75%	76%	80%
% of time a request for record retention item is delivered within one day	90%	90%	88%	92%
% of customers who rate service as good or excellent based on timeliness of response and quality of work	89%	90%	85%	87%
% of public who rate publicly accessed buildings as good or excellent	N/A**	64%	N/A**	64%

Changes to Performance Measures from 2012-2013 Adopted Operating Budget: Yes[1]

* Data for this measure, which comes from PG&E municipal data, will be available by July 2013.
** Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:
- + "% of change in energy usage in all City Accounts from 2007 baseline" was transferred to the Public Works Department from the Environmental Services Department due to the transfer of the Energy Team to Public Works.
- + "% of time a request for record retention item is delivered within one day" was transferred to the Public Works Department from the Finance Department due to the transfer of the Warehouse and Mail Room services to Public Works.

Performance Summary

Facilities Management

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of corrective and preventive work orders completed	13,231	14,700	20,000	20,000
kW of renewable energy installed at City-owned sites	5,230 kW	6,250 kW	5,600 kW	6,760 kW
Total cost for services - Materials Management Services	$0.50M	$0.30M	$0.51M	$0.30M
Total dollars recovered from surplus sales	$190,377	$50,000	$229,890	$50,000
# of record retention requests delivered within one day	8,009	2,350	6,000	5,000
Total square footage maintained	2.54M	2.57M	2.59M	2.77M

Changes to Activity and Workload Highlights from 2012-2013 Adopted Operating Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- + "kW of renewable energy installed at City-owned sites" was transferred to the Public Works Department from the Environmental Services Department due to the transfer of the Energy Team to Public Works.
- + "Total cost for services – Materials Management Services" was transferred to the Public Works Department from the Finance Department due to the transfer of the Warehouse and Mail Room services to Public Works.
- + "Total dollars recovered from surplus sales" was transferred to the Public Works Department from the Finance Department due to the transfer of the Warehouse and Mail Room services to Public Works.
- + "# of record retention item is delivered within one day" was transferred to the Public Works Department from the Finance Department due to the transfer of the Warehouse and Mail Room services to Public Works.

Performance Summary

Fleet and Equipment Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of fleet that is alternate fuel vehicles	42%	42%	40%	40%
% of fleet in compliance with replacement cycle:				
Emergency Vehicles	100%	100%	100%	100%
General Fleet	97%	91%	88%	90%
Cost per mile or hours, by class (of equipment):				
Police (miles)	$0.36	$0.38	$0.39	$0.38
Fire (miles)	$1.62	$1.70	$1.70	$1.70
General Fleet Light (miles)	$0.23	$0.25	$0.25	$0.25
General Fleet Heavy (miles)	$1.53	$1.60	$1.55	$1.60
Off Road Light (hours)	$0.19	$0.25	$0.33	$0.25
Off Road Heavy (hours)	$0.85	$1.00	$0.75	$1.00
% of customers who rate service good or better based on:				
Timeliness	96%	97%	96%	97%
Convenience	88%	90%	97%	98%
Courtesy	95%	97%	95%	97%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Total number of repair and preventive work orders	22,766	18,500	18,300	18,500
Total number of vehicles and equipment	2,506	2,550	2,500	2,550

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Plan, Design, and Construct Public Facilities and Infrastructure

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of projects completed within the approved baseline budget*	90%	90%	83%	90%
Departmental project delivery costs compared to target industry norm				
Projects ≤ $500,000	73%	68%	66%	76%
Projects > $500,000	35%	41%	41%	43%
% of projects designed and constructed by Public Works within approved baseline schedule	78%	85%	91%	85%
% of projects rated as good or excellent based on the achievement of project goals and the quality of the overall final product	97%	80%	100%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* Projects are considered "completed" when final cost accounting has occurred and the project has been accepted; projects are considered "on budget" when the total expenditures do not exceed 101% of the baseline budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of construction projects delivered	45	62	32	51
Total construction cost of projects*	$214,407,000	$103,268,000	$37,631,000**	$179,725,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* For multi-year projects, the total construction costs are reflected in the year that the project is completed rather than spread over multiple years.
** The Public Works Department is currently realigning the construction cost methodology to reflect project completion as actual project acceptance rather than beneficial use. Costs may still occur between beneficial use and project acceptance.

Note: The 2012-2013 Estimated and 2013-2014 Target figures represent projects anticipated to be completed in 2012-2013 and 2013-2014.

Performance Summary

Regulate/Facilitate Private Development

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
Ratio of fee revenue to Development Fee Program cost	100%	100%	100%	100%
Selected cycle time measures for:				
Improvement plan processing targets met	74%	85%	75%	85%
Planning processing targets met	76%	85%	78%	85%
% of Development process participants rating service as good or excellent:				
Development Review	79%	80%	80%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of underground service alert requests received	24,269	23,000	28,000	31,000
# of Public Works permit applications	329	350	350	380
Value of permitted public improvements	$23,780,276	$19,000,000	$25,000,000	$30,000,000
Value of accepted public improvements	$6,600,000	$9,000,000	$3,500,000	$5,000,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Strategic Support

Operational Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of reviewed projects that attain established labor compliance goals by project completion	92%	90%	93%	90%

Changes to Operational Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of contracts with wage requirements	218	400	200	200
# of contracts with labor compliance violations Identified	27	20	11	15
Minimum wage compliance cases:*				
# Opened	N/A	N/A	N/A	N/A
# Resolved	N/A	N/A	N/A	N/A
# of contractors' employees owed restitution	124	200	160	100
Total $ amount of restitution owed to employees	$170,000	$100,000	$700,000	$100,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

+ "Minimum wage compliance cases:" was added as a result of the new Minimum Wage Ordinance which went into effect March 11, 2013. Measure D – Minimum Wage was passed by voters on November 6, 2012. The Public Works Department will track this data as the program is implemented and will bring forward forecast and estimated levels in the 2014-2015 budget process.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Air Conditioning Mechanic	6.00	7.00	1.00
Air Conditioning Supervisor	1.00	1.00	-
Analyst II	6.00	6.00	-
Animal Care Attendant	7.00	7.00	-
Animal Care Attendant PT	8.57	11.57	3.00
Animal Health Technician	5.00	5.00	-
Animal Health Technician PT	0.80	0.80	-
Animal Services Officer	13.00	13.00	-
Animal Shelter Coordinator	3.00	3.00	-
Animal Shelter Veterinarian	2.00	2.00	-
Animal Shelter Veterinarian PT	1.00	1.00	-
Assistant Director	1.00	1.00	-
Associate Architect/Landscape Architect	1.00	1.00	-
Associate Construction Inspector	16.00	16.00	-
Associate Engineer	41.00	42.00	1.00
Associate Engineering Technician	14.00	16.00	2.00
Associate Structure/Landscape Designer	15.00	15.00	-
Automotive Equipment Specialist	1.00	1.00	-
Building Inspector/Combination Certified	5.00	5.00	-
Building Inspector Supervisor	1.00	1.00	-
Building Management Administrator	1.00	1.00	-
Building Maintenance Superintendent	0.00	1.00	1.00
Carpenter	4.00	4.00	-
Chief of Surveys	1.00	1.00	-
Communications Installer	1.00	1.00	-
Communications Technician	5.00	5.00	-
Construction Manager	1.00	1.00	-
Contract Compliance Assistant	1.00	1.50	0.50
Contract Compliance Coordinator	0.00	1.00	1.00
Contract Compliance Specialist	6.00	8.00	2.00
Deputy Director of Public Works	5.00	4.00	(1.00)
Director of Public Works	1.00	1.00	-
Dispatcher	5.00	5.00	-
Division Manager	3.00	4.00	1.00
Electrician	13.00	13.00	-
Electrician Supervisor	1.00	1.00	-
Engineer II	29.00	32.00	3.00
Engineering Geologist	1.00	1.00	-
Engineering Technician II	18.00	21.00	3.00
Engineering Trainee PT	0.00	0.50	0.50
Environmental Services Specialist	0.00	1.00	1.00
Equipment Maintenance Supervisor	3.00	3.00	-
Equipment Mechanic Assistant I/II	20.00	21.00	1.00
Events Coordinator II PT	0.50	0.50	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Facility Attendant	3.00	3.00	-
Facility Repair Worker	3.00	5.00	2.00
Facility Sound and Light Technician	1.00	1.00	-
Fleet Manager	1.00	1.00	-
Geographic Systems Specialist II	5.00	6.00	1.00
Information Systems Analyst	4.00	4.00	-
Instrument Person	4.00	4.00	-
Land Surveyor	1.00	1.00	-
Mail Processor	0.00	1.00	1.00
Maintenance Contract Supervisor	1.00	1.00	-
Maintenance Worker I	3.00	3.00	-
Marketing/Public Outreach Representative II	1.00	1.00	-
Mechanic	23.00	24.00	1.00
Network Engineer	4.00	4.00	-
Office Specialist II	5.00	6.00	1.00
Office Specialist II PT	3.00	3.00	-
Painter	3.00	3.00	-
Plumber	2.00	2.00	-
Principal Account Clerk	2.00	2.00	-
Principal Accountant	1.00	1.00	-
Principal Construction Inspector	4.00	5.00	1.00
Principal Engineer/Architect	2.00	2.00	-
Principal Engineering Technician	4.00	3.00	(1.00)
Program Manager I	3.00	4.00	1.00
Radio Communications Manager	1.00	1.00	-
Recreation Leader PT	0.00	1.00	1.00
Security Officer	4.00	4.00	-
Security Services Supervisor	1.00	1.00	-
Senior Account Clerk	5.00	5.00	-
Senior Air Conditioning Mechanic	1.00	1.00	-
Senior Analyst	2.00	3.00	1.00
Senior Animal Services Officer	3.00	3.00	-
Senior Architect/Landscape Architect	5.00	5.00	-
Senior Auto Equipment Specialist	1.00	1.00	-
Senior Carpenter	1.00	1.00	-
Senior Communications Technician	1.00	1.00	-
Senior Construction Inspector	30.00	30.00	-
Senior Electrician	2.00	2.00	-
Senior Engineer	13.00	14.00	1.00
Senior Engineering Technician	21.00	22.00	1.00
Senior Events Coordinator	1.00	1.00	-
Senior Facility Attendant	2.00	2.00	-
Senior Facility Repair Worker	1.00	1.00	-
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Mechanic	3.00	5.00	2.00
Senior Mechanical Parts Worker	1.00	1.00	-
Senior Office Specialist	5.00	5.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Senior Systems Applications Programmer	0.00	1.00	1.00
Senior Transportation Specialist	0.00	1.00	1.00
Senior Warehouse Worker	1.00	1.00	-
Staff Specialist	4.00	4.00	-
Staff Technician	1.00	1.00	-
Structure/Landscape Designer II	6.00	6.00	-
Supervisor, Animal Services Operations	2.00	2.00	-
Supervisor of Facilities	1.00	1.00	-
Supervising Applications Analyst	1.00	1.00	-
Supervising Environmental Services Specialist	0.00	1.00	1.00
Supervising Traffic Signal Technician	1.00	1.00	-
Survey Field Supervisor	5.00	5.00	-
Trades Supervisor	2.00	2.00	-
Warehouse Worker II	0.00	2.00	2.00
Total Positions	**482.87**	**520.87**	**38.00**

Retirement Services Department

Roberto L. Peña, Director

MISSION

Provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans

City Service Area

Strategic Support

Core Services

Retirement Plan Administration
Management and administration of the retirement trust funds, administration of retirement benefits, and supervision of investment assets

Strategic Support: Retirement Boards' Support, Training, and Contract Administration

Service Delivery Framework

Core Service		Key Operational Services
Retirement Plan Administration: *Management and administration of the retirement trust funds, administration of retirement benefits, and supervision of investment assets*	⇔	• Supervise Investment of Plan Assets • Administer Retirement Benefits
Strategic Support: *Retirement Boards' support, training, and contract administration*	⇔	• Provide Financial Management and Contract Administration • Information Technology • Provide administrative support to the Retirement Boards

Department Budget Summary

Expected 2013-2014 Service Delivery

- Manage Retirement Plans' assets and seek solutions to increase investment returns, and reduce volatility and cost, while mitigating risk.
- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented the most appropriate rates, assumptions, and methodologies to de-risk plans, reduce volatility, and reduce intergenerational shifting of liabilities.
- Provide quality retirement planning, counseling, and financial reporting.

2013-2014 Budget Actions

- The addition of a Benefits Analyst and an Information Systems Analyst for three years each will provide the required support to ensure a successful and timely system implementation of a new Retirement Services Pension Administration System.
- The addition of a Staff Technician will provide the necessary additional support for increased Retirement Board and Committee meetings as well as provide administrative assistance to the Department.
- Elimination of a Deputy Director and Retirement Investment Officer in Retirement Services realigns staffing and duties in the investment of funds and administration of the Retirement Plans.

Operating Funds Managed

- Federated Retiree Health Care Trust Fund
- Federated Retirement Fund
- Police and Fire Retiree Health Care Trust Fund
- Police and Fire Retirement Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Retirement Plan Administration	$ 2,421,089	$ 3,044,795	$ 3,176,610	$ 3,009,342	(1.2%)
Strategic Support	1,427,283	1,908,899	1,853,995	2,009,683	5.3%
Total	**$ 3,848,372**	**$ 4,953,694**	**$ 5,030,605**	**$ 5,019,025**	**1.3%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 3,839,945	$ 4,953,694	$ 5,030,605	$ 5,019,025	1.3%
Overtime	8,427	0	0	0	0.0%
Total	**$ 3,848,372**	**$ 4,953,694**	**$ 5,030,605**	**$ 5,019,025**	**1.3%**
Dollars by Fund					
Federated Retirement	$ 1,931,311	$ 2,476,382	$ 2,516,480	$ 2,510,691	1.4%
Police & Fire Retirement	1,917,061	2,477,312	2,514,125	2,508,334	1.3%
Total	**$ 3,848,372**	**$ 4,953,694**	**$ 5,030,605**	**$ 5,019,025**	**1.3%**
Authorized Positions by Core Service					
Retirement Plan Administration	22.25	22.25	22.25	21.50	(3.4%)
Strategic Support	11.25	13.25	13.25	15.00	13.2%
Total	**33.50**	**35.50**	**35.50**	**36.50**	**2.8%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)
Prior Year Budget (2012-2013):	**35.50**	**4,953,694**
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes		76,911
Technical Adjustments Subtotal:	0.00	76,911
2013-2014 Forecast Base Budget:	**35.50**	**5,030,605**
Budget Proposals Recommended		
1. Retirement Investment Staffing Realignment	(2.00)	(273,672)
2. Pension Administration System Implementation Staffing	2.00	189,628
3. Retirement Services Support Staffing	1.00	72,464
Total Budget Proposals Recommended	**1.00**	**(11,580)**
2013-2014 Proposed Budget Total	**36.50**	**5,019,025**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)
1. Retirement Investment Staffing Realignment	**(2.00)**	**(273,672)**

Strategic Support CSA
Retirement Plan Administration
Strategic Support

This action eliminates 1.0 Deputy Director position and 1.0 Retirement Investment Officer position in the Investment group. In 2011-2012, a Retirement Investment Officer classification was approved to facilitate the hiring and retention of staff with expertise in portfolio management. In 2012-2013, an Assistant Director, serving as Chief Investment Officer, was added to the Retirement Services Department. As a result of these changes, it has been determined that these vacant positions can be eliminated without impact. Sufficient oversight remains with the Chief Investment Officer and workload realignment among the remaining five Retirement Investment Officers will ensure adequate staffing for investments. It should be noted that this action reflects an initial evaluation of the resources needed for the Investment group. Further evaluation of the Investment group is anticipated once the currently vacant Chief Investment Officer position is filled. (Ongoing savings: $273,682)

Performance Results:
No impact to existing service levels are anticipated as a result of this action.

2. Pension Administration System Implementation Staffing	**2.00**	**189,628**

Strategic Support CSA
Retirement Plan Administration
Strategic Support

This action adds 1.0 Analyst and 1.0 Information System Analyst for three years (limit dated June 30, 2016) each to support the implementation of a new Pension Administration System. In order to ensure a successful implementation of the new pension system, experienced staffing will manage and support the design, testing, and transition of the new system. The addition of these new positions will support the everyday operations of the Department during this transition and system implementation. (Ongoing costs: $210,092)

Performance Results:
Quality This action will assist with the successful transition to the new pension administration system while maintaining day-to-day operations.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)
3. Retirement Services Support Staffing	**1.00**	**72,464**

Strategic Support CSA
Strategic Support

This action adds 1.0 Staff Technician to support Retirement Board and Committee meetings and provide administrative assistance to the Department. Both retirement boards have added various Standing and Ad Hoc Committees, which require scheduling, agenda creation, meeting materials compilation and distribution, website updates, meeting minutes compilation, and support for meeting follow-ups. The number of board meetings has increased from approximately 80 meetings in 2011-2012 to over 100 in 2012-2013. Additionally, this position will assist with the gathering of information for Public Records Act and discovery requests, write Retirement Resolutions for each Retiree, and provide other administrative support to the Department as needed. (Ongoing costs: $80,732)

Performance Results:
Quality This action will provide the necessary administrative assistance to support the Retirement Boards and Committees as well as the Department.

2013-2014 Proposed Budget Changes Total	**1.00**	**(11,580)**

Performance Summary

Retirement Plan Administration

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of active members that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	87%	100%	90%	100%
% of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
% of members (active and retired) that rate department services as very good or excellent based on accuracy and usefulness of work	83%	100%	85%	100%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of active and retired members surveyed	189	175	500	400
# of portfolios analyzed annually	51	100	50*	70
# of agendized Board meetings	77	76	106	110
Investment committee work plan projects	32	25	94**	35

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* At the direction of the Boards, the number of contractual investment managers have been reduced over the past couple of years due to the movement of a portion of the portfolios to passive investments.

** The number of Investment committee work plan projects is estimated to be higher in 2012-2013 than forecasted due to the inclusion of hedge funds as work plan projects.

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Account Clerk II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Analyst I/II	6.00	7.00	1.00
Assistant Director	1.00	1.00	-
Deputy Director	2.00	1.00	(1.00)
Director, Retirement Services	1.00	1.00	-
Division Manager	1.00	1.00	-
Financial Analyst	1.00	1.00	-
Information Systems Analyst	2.00	3.00	1.00
Network Technician II PT	0.75	0.75	-
Office Specialist II	2.00	2.00	-
Principal Accountant	1.00	1.00	-
Retirement Actuarial Analyst I/II	2.00	2.00	-
Retirement Investment Officer	6.00	5.00	(1.00)
Senior Account Clerk	1.00	1.00	-
Senior Accountant	2.00	2.00	-
Senior Analyst	1.00	1.00	-
Staff Specialist	1.00	1.00	-
Staff Technician	1.00	2.00	1.00
Staff Technician PT	0.75	0.75	-
Total Positions	**35.50**	**36.50**	**1.00**

PAGE IS INTENTIONALLY LEFT BLANK

Transportation Department

Hans Larsen, Director

MISSION

The mission of the Department of Transportation is to plan, develop, operate, and maintain transportation facilities, services, and related systems which contribute to the livability and economic health of the City

City Service Areas

Environmental and Utility Services
Transportation and Aviation Services

Core Services

Parking Services
Provide public parking by managing on-street and off-street parking, implementing effective policies and regulations, and ensuring understanding and compliance with policies and regulations

Street Landscape Maintenance
Provide for the management and maintenance of street landscapes, street trees, and sidewalks in order to provide a safe and aesthetically pleasing streetscape

Pavement Maintenance
Maintain and repair the street network pavement to allow for optimum street service life and the safe and efficient travel of the motoring public

Traffic Maintenance
Ensure the proper operation of the City's traffic devices and streetlights by providing maintenance and repair of traffic signals, streetlights, traffic safety devices, signs, and roadway markings

Sanitary Sewer Maintenance
Provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant

Transportation Operations
Provide for the safe and efficient movement of vehicles and pedestrians by optimizing traffic flow, calming neighborhood traffic, providing traffic safety education, and installing traffic improvements

Storm Sewer Management
Maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay

Transportation Planning and Project Delivery
Plan and develop the City's transportation system through local and regional programs

Strategic Support: Budget and Financial Services, Training and Safety, Personnel, and Information Technology

Service Delivery Framework

Core Service	Key Operational Services
Parking Services: *Provide public parking by managing on-street and off-street parking, implementing effective policies and regulations, and ensuring understanding and compliance with policies and regulations*	• Manage Off-Street Parking • Manage On-Street Parking
Pavement Maintenance: *Maintain and repair the street network pavement to allow for optimum street service life and the safe and efficient travel of the motoring public*	• Maintain Street Pavement
Sanitary Sewer Maintenance: *Provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant*	• Maintain Sanitary Sewer System
Storm Sewer Management: *Maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay*	• Maintain Storm Sewer System • Manage Stormwater Pollution Control • Provide Street Sanitation
Street Landscape Maintenance: *Provide for the management and maintenance of street landscapes, street trees, and sidewalks in order to provide a safe and aesthetically pleasing streetscape*	• Maintain Street Landscaping • Manage Care of City Street Trees • Maintain Undeveloped Rights-of-Way • Manage Special Landscape Programs • Inspect and Repair Sidewalks • Downtown Cleaning Activities

Service Delivery Framework

Core Service	Key Operational Services
Traffic Maintenance: *Ensure the proper operation of the City's traffic devices and streetlights by providing maintenance and repair of traffic signals, streetlights, traffic safety devices, signs, and roadway markings*	• Maintain Traffic Devices • Maintain Streetlight System
Transportation Operations: *Provide for the safe and efficient movement of vehicles and pedestrians by optimizing traffic flow, calming neighborhood traffic, providing traffic safety education, and installing traffic improvements*	• Optimize Arterial Traffic Conditions • Enhance Neighborhood Traffic Conditions • Promote Transportation Safety
Transportation Planning and Project Delivery: *Plan and develop the City's transportation system through local and regional programs*	• Plan Transportation System • Manage Capital Improvement Program • Policy Analysis and Advocacy • Coordinate Regional Transportation Projects
Strategic Support: *Budget and Financial Services, Training and Safety, Personnel, and Information Technology*	• Budget and Financial Services • Training and Safety • Personnel • Information Technology

Department Budget Summary

Expected 2013-2014 Service Delivery

- Focus the 2013 pavement maintenance season on the Priority Street Network, providing a surface seal on 42 miles and resurfacing 21 miles of arterial streets.
- Provide a variety of traffic safety improvements including enhancements at key crossing locations on major roadways and modifying existing traffic signals.
- Retrofit 780 streetlights with dimmable light-emitting diodes (LEDs) resulting in 40-60% energy savings.
- Reduce the number of sanitary sewer overflows by providing a higher quality and quantity of cleaned sewer lines, and with the use of technology improve response times to incidents.
- Maintain the City's traffic signals, streetlights, roadway markings, traffic and street name signs, and operate the system in an efficient manner.
- Continue work on implementing balanced, multi-modal goals of the recently adopted Envision San José 2040 General Plan that will provide for a transportation network that is safe, efficient, and sustainable.
- Provide parking for business, retail, and event customers and employees in downtown parking facilities, and parking compliance services in support of businesses and multiple programs.
- Facilitate the BART project and improvements at the Route 280/880/Stevens Creek interchange, High Occupancy Vehicle lanes on Route 880 from 237 to 101, and interchange improvements along Route 101 in North San José, Berryessa, and Evergreen areas.
- Continue to effectively manage the Department's budget; hire and effectively train employees; manage IT resources to maximize productivity; and improve employee safety and injury reductions through improved accountability and promoting a safety-driven culture.

2013-2014 Budget Actions

- Positions are added to effectively deliver pedestrian safety improvements, pavement maintenance, LED streetlight conversions, active transportation, local and regional Traffic CIP project delivery, development review, traffic signal operations, and parking and special event management.
- Staffing and vehicle additions are included in the Storm and Sanitary Sewer Programs to improve service efficiency and reduce the risk of sewer overflows.
- Continued temporary investments in the Sidewalk Repairs Program, offset by property owner reimbursements and fees, will allow the City to maintain enhanced efforts to address a backlog of needed repairs identified through the street tree inventory and the more efficient consolidated inspection program.
- One-time City-Wide allocations will reduce the deferred maintenance backlog in street tree pruning and install school area radar speed display equipment to improve traffic safety.

Operating Funds Managed

- Community Facilities District/Maintenance District Funds
- Downtown Property Business and Improvement District Fund
- General Purpose Parking Fund

Department Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Parking Services	$ 10,581,602	$ 11,520,909	$ 11,730,292	$ 12,013,247	4.3%
Pavement Maintenance	6,751,897	5,314,139	5,421,373	5,632,297	6.0%
Sanitary Sewer Maintenance	12,648,833	15,166,944	13,541,794	16,536,322	9.0%
Storm Sewer Management	7,511,525	7,816,272	7,566,796	7,766,796	(0.6%)
Street Landscape Maint	7,165,201	8,147,526	8,210,321	8,350,321	2.5%
Traffic Maintenance	10,736,310	11,801,040	12,407,851	12,438,851	5.4%
Transportation Operations	5,449,627	6,103,360	5,906,613	6,238,818	2.2%
Transportation Planning and Project Delivery	3,569,531	4,186,220	4,313,101	4,807,288	14.8%
Strategic Support	2,262,726	2,744,051	2,392,795	2,392,795	(12.8%)
Total	**$ 66,677,252**	**$ 72,800,461**	**$ 71,490,936**	**$ 76,176,735**	**4.6%**
Dollars by Category					
Personal Services					
Salaries/Benefits	$ 43,946,053	$ 44,565,968	$ 45,449,562	$ 47,207,252	5.9%
Overtime	654,572	841,771	716,102	716,102	(14.9%)
Subtotal	$ 44,600,625	$ 45,407,739	$ 46,165,664	$ 47,923,354	5.5%
Non-Personal/Equipment	22,076,627	27,392,722	25,325,272	28,253,381	3.1%
Total	**$ 66,677,252**	**$ 72,800,461**	**$ 71,490,936**	**$ 76,176,735**	**4.6%**
Dollars by Fund					
General Fund	$ 24,217,763	$ 25,906,405	$ 26,696,623	$ 26,867,623	3.7%
General Purpose Parking	5,612,062	6,542,203	6,510,446	6,773,401	3.5%
Integrated Waste Mgmt	156,464	178,237	188,244	208,244	16.8%
Comm/Maint Districts	3,842,504	4,551,317	4,593,555	4,593,555	0.9%
Sewer Svc & Use Charge	13,209,623	16,037,088	14,208,503	17,203,031	7.3%
Storm Sewer Operating	7,628,225	8,236,148	7,591,053	7,791,053	(5.4%)
Capital Funds	12,010,611	11,349,063	11,702,512	12,739,828	12.3%
Total	**$ 66,677,252**	**$ 72,800,461**	**$ 71,490,936**	**$ 76,176,735**	**4.6%**
Authorized Positions by Core Service					
Parking Services	64.79	61.74	61.69	62.24	0.8%
Pavement Maintenance	54.72	46.87	46.12	48.12	2.7%
Sanitary Sewer Maintenance	89.40	93.50	93.40	97.40	4.2%
Storm Sewer Management	49.09	46.84	46.94	46.94	0.2%
Street Landscape Maint	22.25	21.25	24.25	24.25	14.1%
Traffic Maintenance	38.60	38.60	38.60	38.60	0.0%
Transportation Operations	39.25	42.30	38.90	41.85	(1.1%)
Transportation Planning and Project Delivery	23.00	26.80	26.95	30.95	15.5%
Strategic Support	15.90	13.10	13.15	13.15	0.4%
Total	**397.00**	**391.00**	**390.00**	**403.50**	**3.2%**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Prior Year Budget (2012-2013):	**391.00**	**72,800,461**	**25,906,405**
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Pump Station SCADA Upgrade		(760,000)	0
• Rebudget: Sanitary Sewer System and Storm Sewer Equipment Replacement		(650,000)	0
• Rebudget: Computerized Maintenance Management System Upgrade		(250,000)	0
• Sanitary Sewer System and Storm Sewer Equipment Replacement		(690,000)	0
• Sanitary Sewer Overflow Mitigation		(414,000)	0
• Landscape Maintenance Vehicles		(210,000)	0
• San José Downtown Association		(190,000)	0
• Street Sweeping Signage		(165,000)	0
• Parking Services Program Management		(151,675)	0
• City-Wide Sidewalk Repairs Program		(140,000)	(140,000)
• General Plan Implementation (Associate Transportation Specialist)	(1.00)	(133,728)	(133,728)
One-time Prior Year Expenditures Subtotal:	**(1.00)**	**(3,754,403)**	**(273,728)**
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Engineering Technician II to 1.0 Associate Construction Inspector - 1.0 Maintenance Worker I PT to 1.0 Maintenance Assistant PT - 1.0 Principal Account Clerk to 1.0 Accounting Technician - 1.0 Senior Construction Inspector to 1.0 Principal Construction Inspector - 1.0 Senior Parking and Traffic Control Officer to 1.0 Staff Specialist - 1.0 Senior Pump Maintenance Worker to 1.0 Senior Maintenance Worker - 1.0 Transportation Planning Systems Manager to 1.0 Senior Transportation Specialist		1,145,067	610,615
• Overtime reduction to offset General Fund impact of Staff Specialist position reallocation		(1,669)	(1,669)
• Convention Center Garage operating costs		175,900	0
• Annualization of electricity cost for 900 streetlights		92,000	0
• Personal and Non Personal/Equipment appropriations for Community Facilities District #13 (City Council approved October 2, 2012)		58,000	0
• Annualization of Payment Card Industry Compliance Maintenance		23,580	0
• Annualization of New Transportation Infrastructure Operations and Maintenance costs		10,000	9,000

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	All Funds ($)	General Fund ($)
Technical Adjustments to Costs of Ongoing Activities			
• Changes in gas and electricity costs		560,000	500,000
• Changes in vehicle maintenance and operations costs		382,000	(54,000)
Technical Adjustments Subtotal:	**0.00**	**2,444,878**	**1,063,946**
2013-2014 Forecast Base Budget:	**390.00**	**71,490,936**	**26,696,623**
Budget Proposals Recommended			
1. Transportation Signals Operations Staffing Realignment	(0.50)	(46,459)	0
2. Sanitary Sewer Program Combination Cleaning Vehicles and Vehicle Maintenance Services		1,487,109	0
3. Sanitary Sewer and Storm Sewer Programs Fleet Replacement		1,200,000	0
4. Sanitary Sewer Maintenance Management Staffing	4.00	507,419	0
5. Pedestrian Safety and Traffic Signal Safety Improvement Programs Staffing	2.00	245,653	0
6. Pavement Maintenance Management and Engineering Staffing	2.00	210,924	0
7. San José Downtown Association		210,000	
8. LED Streetlight Conversion Staffing	1.00	166,325	0
9. Enhanced Sidewalk Repair Program		140,000	140,000
10. Active Transportation Program Staffing	1.00	133,011	0
11. Local Transportation Projects and Policy Oversight Staffing	1.00	122,091	0
12. Transportation Department Development Program Staffing	1.00	109,211	0
13. Regional Transportation Projects Staffing	1.00	96,560	0
14. Parking Program & Special Events Management Staffing	1.00	72,955	0
15. New Transportation Infrastructure Maintenance and Operations		31,000	31,000
Total Budget Proposals Recommended	**13.50**	**4,685,799**	**171,000**
2013-2014 Proposed Budget Total	**403.50**	**76,176,735**	**26,867,623**

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
1. Traffic Signals Operations Staffing Realignment	**(0.50)**	**(46,459)**	**0**

Transportation and Aviation Services CSA
Transportation Operations

This action aligns staffing in Traffic Signal Safety and Operations to best meet the section's needs by adding 1.0 Associate Transportation Specialist, 2.0 Engineer IIs, and 1.0 Office Specialist and eliminating 2.0 Senior Engineering Technicians, 1.0 Associate Engineering Technician, 1.0 Engineering Tech II, and 0.50 Traffic Checker PT. This section is responsible for event management (control of signals during event ingress and egress), traffic incident management, collision review, day-to-day signal timing services, and review of development and grant projects, among other activities. Delivery of several of these services will soon take place out of the new Transportation Incident Management Center (TiMC) that will be located in the City Hall Employee Garage. The TiMC will be staffed to provide oversight of morning and evening commutes, and evening/weekend special events. The reorganization of personnel classifications reflects the work's independent nature, complex new systems, and extended operating hours at this remote facility. (Ongoing savings: $24,690)

Performance Results:
Quality These position adjustments will support enhanced efficiency and safety of roadway operations.
Customer Satisfaction/Timeliness Improvements to the timeliness of responses to citizens' requests for traffic concerns will also improve customer satisfaction ratings.

2. Sanitary Sewer Program Combination Cleaning Vehicles and Vehicle Maintenance Services		**1,487,109**	**0**

Environmental and Utility Services CSA
Sanitary Sewer Maintenance

This action adds one-time funding for four combination cleaning vehicles ($1,400,000) and associated maintenance and operating costs ($87,109). Currently, the City has 16 of these vehicles which are an essential component in reducing sanitary sewer overflows. Adding four more vehicles allows a combination cleaner to be assigned to each sewer cleaning crew shift, avoiding the over-utilization, or "double shifting," often necessary due to a shortage of vehicles and maintenance downtime. As a result, the Department expects that all 365 miles of pipeline in the High Priority Cleaning Program will be cleaned on schedule, as opposed to the 262 miles currently cleaned. In the Public Works Department section of this document, 1.0 Senior Mechanic is added to allow for more timely and effective maintenance of combination cleaning vehicles. (Ongoing costs: $97,091)

Performance Results:
Quality This action will improve overall sewer system performance by improving the condition and reliability of the vehicle fleet used to perform maintenance on the system.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
3. Sanitary Sewer and Storm Sewer Programs Fleet Replacement		**1,200,000**	**0**

Environmental and Utility Services CSA
Sanitary Sewer Maintenance
Storm Sewer Maintenance

This action provides one-time funding from the Sewer Service and Use Charge Fund ($1,000,000) and Storm Sewer Operating Fund ($200,000) to replace aging, outdated vehicles that are often unavailable due to needed repairs. The sanitary sewer maintenance vehicles include a combination cleaner truck ($375,000), three maintenance trucks with cranes ($370,000), a dump truck ($175,000), and two cargo vans ($80,000). One street sweeper ($200,000) will be replaced with storm sewer funding. (Ongoing costs: $0)

Performance Results:
Quality This action will improve overall sanitary and storm sewer system performance by improving the condition and reliability of the vehicle fleet.

4. Sanitary Sewer Maintenance Management Staffing	**4.00**	**507,419**	**0**

Environmental and Utility Services CSA
Sanitary Sewer Maintenance

This action restores 4.0 positions (1.0 Analyst II, 1.0 Associate Engineering Technician, 1.0 Information System Analyst, and 1.0 Systems Application Programmer) to support the Sanitary Sewer Maintenance Management program including the reduction of Sanitary Sewer Overflows (SSOs). These positions were added on a one-time basis in 2012-2013 to determine if this staffing level was appropriate. Based on their effectiveness through the first nine months of the year, these four positions are recommended to be continued on an ongoing basis. The Analyst II position tracks and analyzes sewer operations and maintenance costs including maintenance crew performance levels to increase output and improve service delivery. The Associate Engineering Technician supports the Sewer Engineering Team and the Computerized Maintenance Management System (CMMS) program by providing information from field and data analysis to evaluate maintenance activities and program results with an emphasis on SSOs reporting and data tracking. The Information Systems Analyst and Systems Application Programmer provide dedicated support to the Sewer Division's CMMS and expand the technological capabilities of the division. CMMS is currently in the pilot phase. As the CMMS completes its full-scale rollout, incorporating more sewer infrastructure assets, sewer video inspection, and mobile computing, these positions will support and maintain the CMMS, adjust the functionality of the system as needed, prepare documentation and operating instructions for the system, and troubleshoot and integrate new mobile computing devices. (Ongoing costs: $510,159)

Performance Results:
Quality This action will continue to provide the analytical and technical support needed to effectively manage the data systems necessary to improve service delivery and reduce sanitary sewer overflows.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
5. Pedestrian Safety and Traffic Signal Safety Improvement Programs Staffing	**2.00**	**245,653**	**0**

Transportation and Aviation Services CSA
Transportation Operations

This action adds 1.0 Associate Engineer and 1.0 Engineer II to implement the Pedestrian Safety Improvement program. The 2013-2014 Capital Budget includes funding in the amount of $2.4 million, with $2.0 million in ongoing funding for this program. The two person team will focus on developing and implementing pedestrian crossing improvements on major roads, such as refuge islands, flashing beacons, high visibility signs and markings, and ADA accessible curb ramps. (Ongoing costs: $245,661)

Performance Results:
Quality/Customer Satisfaction This action will improve visibility of crosswalks; improve accessibility to major pedestrian generators, such as community centers, bus stops, and schools; and support walking as a safe transportation mode.

6. Pavement Maintenance Management and Engineering Staffing	**2.00**	**210,924**	**0**

Transportation and Aviation Services CSA
Pavement Maintenance

This action adds 1.0 Division Manager and 1.0 Associate Transportation Specialist to the Pavement Maintenance Program. The current organizational structure of one Division Manager overseeing both the pavement maintenance and sanitary and storm sewer maintenance programs is no longer possible due to the increased requirements placed on both programs. In addition to providing necessary management capacity to the pavement program, the Division Manager develops long term strategies to fund pavement maintenance and reduce the existing maintenance backlog. The new Associate Transportation Specialist will outreach with the public and stakeholders, perform all coordination and reporting with State and federal granting agencies, and plan the annual pavement program based on street conditions, available funding resources, and opportunities to leverage or advance other projects. Both positions will allow the existing engineering staff to focus on the more technical duties of data management, pavement analysis, and project delivery. (Ongoing costs: $230,334)

Performance Results:
Customer Satisfaction/Cost This action would improve the current span of control and managerial support to address the complex issues in the Pavement Program as well as improve public outreach and awareness efforts. In addition, this action will enable the City to focus on long-term strategies and pursue funding opportunities for pavement projects.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
7. San José Downtown Association		**210,000**	**0**

Transportation and Aviation Services CSA
Parking Services

This action continues one-time contractual services funding of $210,000 ($190,000 from the General Purpose Parking Fund and $20,000 from the Integrated Waste Management Fund) for the San José Downtown Association (SJDA) to continue its partnership with the City in activating and promoting Downtown. SJDA provides services related to downtown business retention and recruitment, and event production that result in reducing the commercial vacancy rates and promoting the City's parking facilities. This funding is in addition to the $40,000 Transient Occupancy Tax Fund support and $70,000 in the General Purpose Parking Fund base budget bringing total City funding for SJDA in 2013-2014 to $320,000. (Ongoing costs: $0)

Performance Results:
Customer Satisfaction/Cost: This action will support activation of the Downtown, reduction in the office vacancy rate, and attraction of new customers to the City's parking facilities.

8. LED Streetlight Conversion Staffing	**1.00**	**166,325**	**0**

Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Associate Engineer to manage the LED streetlight conversion program as well as to pursue grant opportunities and financing strategies to accelerate the conversion of the City's streetlight inventory in accordance with the City Council approved Green Vision. Other responsibilities include developing specifications, reviewing local and regional projects for conformance with the streetlight policy, managing streetlight procurement and consultant services, addressing streetlight inquiries, and managing the streetlight control system and data reporting to PG&E. (Ongoing costs: $166,330)

Performance Results:
Quality, Cycle Time This action will support advancing the City's LED streetlight conversion program in alignment with the City Council approved Green Vision. Approximately 59,000 of the 62,000 streetlights still require LED conversion.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
9. Enhanced Sidewalk Repair Program		**140,000**	**140,000**

Transportation and Aviation Services CSA
Street Landscape Maintenance

This action continues funding for two temporary inspectors and clerical support to address the workload associated with the increased number of sidewalk repairs being conducted to reduce the backlog. The cost for the temporary positions and clerical support is $140,000, which is offset by administrative fees. The status of this program will be reevaluated as part of the 2013-2014 Mid-Year Budget Review process to determine if additional funding is needed. (Ongoing costs: $0)

Performance Results:
Quality, Cycle Time This action would allow the sidewalk program to continue to address a portion of the backlog of sidewalk repairs currently identified, and improve the percentage of sidewalks, curbs, gutters, and park strips repaired within 90 days of the damage notification from 45% to 50%.

10. Active Transportation Program Staffing	**1.00**	**133,011**	**0**

Transportation and Aviation Services CSA
Transportation Operations

This action adds 1.0 Senior Transportation Specialist to manage the City's Active Transportation program, which promotes safe walking and biking, and transit use. Additionally, this position will coordinate City transportation programs and pursue grant funding related to promoting safe walking and biking to school children and to seniors. The Senior Transportation Specialist will have oversight of all transportation pedestrian and bicycle programs in the department, with a focus on increasing access and safety for these roadway users, and ultimately increasing the use of alternate modes of travel. This position would also be responsible for developing and administering a variety of grants in support of active transportation, and coordinating the City's programs with advocacy groups with the goal of collaborating on messaging the benefits of active transportation. The Active Transportation program supports achieving the Envision San José 2040 General Plan goal of increasing pedestrian and bicycling commuting trips to and from San José from 3% in 2008 to 30% in 2040. (Ongoing costs: $133,017)

Performance Results:
Quality/Customer Satisfaction This action leads to a more pedestrian- and bicycle-friendly City, so residents and visitors will find non-vehicle or transit modes of travel to be a viable and attractive mode of transportation.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
11. Local Transportation Projects and Policy Oversight Staffing	**1.00**	**122,091**	**0**

Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Division Manager responsible for local projects and policy. This position is a key component of the Department of Transportation's reorganization of the Transportation Planning and Project Delivery core service in response to increased work demands associated with private development activity; growth of the Traffic Capital Improvement Program and grant funding opportunities for new projects; regional projects including construction of BART to Berryessa, planning for BART to Downtown, and Highway upgrades; and the urgent need to deliver key projects like Autumn Parkway, 101/Mabury interchange, and Phase 1 North San José transportation improvements that are "triggers" for economic development priorities. The new organization model will leverage available resources, provide staffing flexibility, balance workloads, and provide for the effective and timely delivery of key regional and grant projects that support the Envision San José 2040 General Plan and economic development goals. (Ongoing costs: $122,097)

Performance Results:
Quality, Cycle Time This position will ensure that transportation-related projects are built in the City's best interests in compliance with responsible transportation policies. It will also allow for the timely delivery of approximately $47 million in Local Transportation System projects.

12. Transportation Department Development Program Staffing	**1.00**	**109,211**	**0**

Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Associate Engineer to support significantly increased work demands associated with private development activity. Development continues to experience a steady increase, with a significant number of high-profile, large projects expected next year. (Ongoing costs: $109,216)

Performance Results:
Quality, Cycle Time This position will ensure that transportation-related elements of development projects are reviewed in a timely manner, and in compliance with San José's transportation policies.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
13. Regional Transportation Projects Staffing	**1.00**	**96,560**	**0**

Transportation and Aviation Services CSA
Transportation Planning and Project Delivery

This action adds 1.0 Engineer II to the Regional Projects Team in response to increased work demand associated with regional highway and transit projects. Approximately $400 million in regional highway and transit projects and the $2 billion BART to Berryessa expansion project are under design and construction, and require significant engineering support during their planning, design, and construction for the foreseeable future. (Ongoing costs: $96,563)

Performance Results:
Quality, Cycle Time This position will ensure that regional transportation-related projects built in San José's jurisdiction are completed in a timely manner, and in compliance with San José's transportation policies.

14. Parking Program & Special Events Management Staffing	**1.00**	**72,955**	**0**

Transportation and Aviation Services CSA
Parking Services

This action restores a Program Manager I on an ongoing basis, adds 1.0 Associate Engineer and 1.0 Transportation Specialist, and eliminates 1.0 Engineer II and 1.0 Senior Events Coordinator. These changes will allow the Parking Division's Downtown Operations and Engineering Sections to better achieve core service goals and complete high priority work plan items including developing Transportation and Parking Management Plans (TPMP) for the Earthquake's soccer stadium; overseeing a demand management parking study in the Japantown neighborhood in conjunction with a major housing development; leading a comprehensive twelve-month evaluation of the City's Special Event Service model to reduce overall event costs; enabling customers to pay for parking by credit card; and evaluating the installation of smart parking meters in the Downtown Core to generate additional revenues and provide better customer service. (Ongoing costs: $72,955)

Performance Results:
Quality/Cycle Time This action will ensure the timely support of special events, development of TPMPs, and completion of other special projects and programs. ***Cost/Customer Satisfaction*** This proposal also supports a reduction in costs to event organizers for traffic control services, and supports the activation and vibrancy of the Downtown. This proposal will also improve customer satisfaction related to on-street parking accessibility and increase parking revenues.

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds ($)	General Fund ($)
15. New Transportation Infrastructure Maintenance and Operations		**31,000**	**31,000**

Transportation and Aviation Services CSA
Transportation Maintenance

This action provides funding for the operation and maintenance of the following completed capital improvement projects: Autumn Street Extension ($4,000), Capitol Expressway Light Rail Pedestrian Improvements ($25,000), and various Traffic Lighting and Signals ($2,000). This allocation is offset by a corresponding reduction to the Earmarked Reserves included in the 2014-2018 General Fund Forecast. (Ongoing costs: $31,000)

Performance Results:
Quality This funding would allow for the new infrastructure to be maintained at the same level as the existing infrastructure.

2013-2014 Proposed Budget Changes Total	**13.50**	**4,685,799**	**171,000**

Performance Summary

Parking Services

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of on-street parkers in compliance with all regulations	98%	97%	94%	97%
Parking Services revenue to cost ratio	1.71	1.60	1.60	1.57
% of parking service requests completed in 1 day (facility maintenance, enforcement meter repair) or in 14 days (citation appeal)	100%	99%	100%	99%
% of reported abandoned or stored vehicles in voluntary compliance by staff's second visit	68%	80%	73%	85%*
% of customers rating services good or better based upon satisfaction, appearance, comfort (4 or better on a 1-5 scale)	75%	77%	82%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- The "% of abandoned vehicles in voluntary compliance by staff's second visit" is being changed to the "% of reported abandoned or stored vehicles in voluntary compliance by staff's second visit" to more accurately depict the actual Vehicle Abatement compliance rate.

* The 2013-2014 Target has been increased because the addition of trained staff will improve productivity and timeliness.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of monthly parking customers served	77,053	78,000	79,700	80,000
# of transient parking customers served	1,358,480	1,200,000	1,396,000	1,400,000
# of parking meter service activities completed	3,592	2,700	6,200	5,000
# of parking citations issued	237,524	230,000	195,000	225,000
# of parking citations appealed/ adjudicated	11,728	13,000	9,900	10,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

Performance Summary

Pavement Maintenance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 75)	64	63	63	62
% of corrective pavement repairs completed within two days (priority) and 30 days (non-priority)	96%	85%	86%	85%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- The "City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 80)" is being changed to the "City average Pavement Condition Index (PCI) rating (Metropolitan Transportation Commission recommended condition level is 75)." The Metropolitan Transportation Commission changed the recommended PCI level from 80 to 75 in 2012-2013.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Miles of paved roadway to maintain	2,414	2,415	2,415	2,415
Miles of arterial streets receiving surface seal application	23	23	44	42
Miles of street resurfacing completed	7	15	24	21
# of priority service requests (potholes) completed	15,734	17,000	15,000	15,000
# of scheduled service requests (large pavement repairs) completed	536	525	630	650
Average sealing maintenance cost per mile of street (includes preparation work)	$75,000	$82,500	$120,000*	$120,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The 2012-2013 Estimated costs are higher than forecast because bids came in above expected levels.

Performance Summary

Sanitary Sewer Maintenance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
# of sanitary sewer overflows per 100 miles of sewer mains (annualized)	8.1	5.0	7.5	5.0
% of sanitary sewer problems responded to within 30 minutes	74%	80%	72%	80%
% of in-house repairs completed within established time guidelines:				
- Priority A: Service completely severed Temporary service – 24 hours; final repairs – 48 hours	98%	100%	85%	95%
- Priority B: Service exists at a limited capacity. Final repair – 20 days	55%	55%	90%	90%
- Priority C: Future service impact identified. Corrective actions – 90 days	58%	65%	60%	70%
% of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	99%	97%	98%	97%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- The "% of sanitary sewer overflow problems responded to within 30 minutes" was revised to the "% of sanitary sewer problems responded to within 30 minutes" because the overall response to *potential* overflows is paramount, and reflects the actual response measure reported.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Miles/number of sewer line segments	2,278/48,000	2,278/48,000	2,278/48,000	2,278/48,000
Miles of sanitary sewer lines cleaned	621	600	720	700
# of sanitary sewer main line stoppages cleared	539	500	480	350*
Miles of sanitary sewer lines inspected by video to support maintenance and repair	40	65	46	55
# of reported sanitary sewer problems	5,207	5,000	5,800	5,000
# of sanitary sewer overflows	190	120	170	120

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The 2013-2014 Target has been reduced due to the reduction of Sanitary Sewer Overflows (SSOs) down to 5.0 per mile. These measures will enable the City to comply with an US Environmental Protection Agency audit.

Performance Summary

Storm Sewer Management

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of storm sewer inlets without obstruction	99%	95%	99%	95%
% of swept curb miles rated good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	79%	85%	83%	85%
% of high priority storm sewer service requests/repairs addressed within 4 hours	58%	85%	55%	85%
% of customers rating street sweeping services good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	80%	80%	N/A*	N/A*

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- The "% of high priority storm sewer service requests addressed within 4 hours" was revised to the "% of high priority storm sewer service requests/repairs addressed within 4 hours" to better encompass the repairs of missing manhole or inlet grates as well as flooding along high traffic corridors, schools, or other critical facilities that are included in this measure.

* Data for this measure will be collected from a new survey to be conducted in late 2013, and data results from this survey will be included in the 2014-2015 Proposed Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Miles/number of storm sewer segments	1,250/25,500	1,250/25,500	1,250/25,500	1,250/25,500
# of storm sewer inlets	30,000	30,000	30,000	30,000
# of storm sewer inlet stoppages identified and cleared	330	1,300	900*	1,500*
# of curb miles swept	60,751	63,000	52,500	63,000
# of roadway debris removals	4,974	5,000	4,300	5,000
Thousands of tons of sweeping debris collected	7.6	8.0	6.3	8.0

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* In 2012-2013, a lower than normal storm season was experienced. For 2013-2014, the Department anticipates a normal storm season.

Performance Summary

Street Landscape Maintenance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of general benefit maintained street landscapes in good condition	43%	50%	45%	50%
% of community forest in the public right-of-way that is in optimal condition	38%	42%	38%	39%
% of sidewalks, curbs, gutters, and parkstrips repaired within 90 days of the notification of damage	35%	55%	27%	55%
% of unimproved rights-of-way that are rated as fire safe by the start of fire season	79%	100%	100%	100%
% of customers rating landscape services good or better based upon timeliness and work quality (4 or better on a 1-5 scale)	77%	75%	75%	75%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Acres of general benefit-maintained street landscapes	234	235	235	235
# of street tree emergency responses	643	1,500	300*	1,000
# of sidewalk repairs completed	3,606	2,800	2,700	5,000
Acres/districts of Special District maintained street landscapes	323/19	328/20	328/21	333/22
# of street tree pruning permits issued / # of trees pruned	805/2,419	1,000/3,000	785/3,200	1,000/3,000
# of street tree removal permits issued / # of trees removed	568/770	700/1,000	560/700	700/1,000

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The 2012-2013 Estimated is low because the storm season was very mild. Additionally, residents are more proactive in sidewalk tree maintenance. Whenever possible, residents hire their own contractors to avoid paying the City any administrative fees to do the same work.

Performance Summary

Traffic Maintenance

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of traffic signal preventative maintenance activities completed within established guidelines	33%	33%	25%	33%
% of traffic and street name signs meeting visibility and operational guidelines	80%	82%	82%	84%
% of traffic roadway markings meeting visibility and operational guidelines	60%	73%	62%	65%
% of time streetlights are operational	97%	97%	96%	97%
% of traffic signal malfunctions responded to within 30 minutes	61%	57%	62%	57%
% of traffic signs and street name signs service requests completed within prioritized operational guidelines	94%	90%	94%	90%
% of all roadway marking service requests completed within prioritized operational guidelines	94%	90%	98%	90%
% of reported streetlight malfunctions repaired within 7 days	55%	65%	62%	65%
% of customers rating traffic maintenance services good or better based upon timeliness and courtesy (4 or better on a 5-point scale)	97%	90%	100%	90%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

Performance Summary

Traffic Maintenance

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of traffic signals	917	904	917	920
# of streetlights	62,743	62,800	62,907	63,000
# of traffic and street name signs	108,902	108,900	109,933	112,500
# of square feet of markings	5.4 million	5.4 million	5.4 million	5.4 million
# of traffic signal repair requests completed	1,775	1,800	2,000	2,000
# of traffic signal preventive maintenance activities completed	904	904	650*	900
# of traffic and street name signs repair/replacement requests completed	1,581	1,600	1,400	1,500
# of traffic and street name signs preventively maintained	12,149	12,500	13,300	12,500
# of roadway markings maintenance requests completed	422	400	400	400
# of roadway markings preventively maintained (sq. ft)	1,284,169	1,200,000	1,395,000	1,350,000
# of streetlight repair requests completed	10,975	12,000	15,500	15,500

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The forecast and target are set upon performing one safety inspection per signal per year. The 2012-2013 Estimated is low because the Department is experiencing difficulties filling Electrician positions.

Performance Summary

Transportation Operations

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of traffic signals proactively re-timed city-wide to minimize wait times	14%	10%	4%*	15%*
% of signs and markings installed within 35 days from initial study request	42%	35%	45%	40%
% of customers rating services good or better based upon timeliness, added safety, and satisfaction with solution	76%	80%	75%	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: No

* The 2012-2013 target was not met due to a delay in Vehicle Registration Fee grant funding from the Santa Clara Valley Transportation Authority. The increase in the 2013-2014 Target reflects the addition of those delayed signals as well as the improved productivity and efficiency of staff following a proposed realignment.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of pedestrian and bike injury accidents*	654	635	N/A**	635
# of pedestrian and bike injury accidents for children (ages 5 to 14)*	90	80	N/A**	80
# of traffic congestion complaints	333	350	300	350
# of traffic studies completed and implemented	962	900	650	650
# of children receiving traffic safety education	1,510	14,000	35,000***	20,000
# of special events managed	260	340	350	350

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: No

* The number of pedestrian and bike injury accidents is being reported on a calendar year basis.
** This data is not currently available due to data entry staffing vacancies, but it is anticipated to be available for inclusion in the 2013-2014 Adopted Budget.
*** The number of children receiving traffic safety education increased in 2012-2013 due to increased, one-time funding from multiple grant sources and the addition of staff to this program.

Performance Summary

Transportation Planning and Project Delivery

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of Transportation CSA projects delivered within two months of approved baseline schedule	80%	85%	80%	80%
% of stakeholders and customers rating services as good or better	N/A*	80%	N/A*	80%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ The "% of issues resolved in City's best interest" is being deleted because it does not provide useful data.

* Data for this measure is collected through the biennial City-Wide Survey. The survey, which was temporarily suspended in 2011-2012, is expected to be completed no later than June 2013, and data results from this survey will be included in the 2013-2014 Adopted Budget.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
# of local Transportation projects in CIP Database	54	45	50	50
Dollar amount of transportation grant funds received	$35.7M	$21.9 M	$31.2M	$43.8M
# of regional projects in the City	20	20	20	23
Dollar amount of regional projects in the City*	$2.39B	$2.7B**	$2.45B**	$2.68B**

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ✕ The "# of transportation analyses/studies" is being deleted because it repeatedly counts multi-year studies for projects that are in the planning and design phases of development.

* The dollar value of regional projects reflects only projects under construction.

** The dollar values are drastically higher because major projects moved from the planning and design phases to the construction phase.

Performance Summary

Strategic Support

Performance Measures

	2011-2012 Actual	2012-2013 Target	2012-2013 Estimated	2013-2014 Target
% of vendor discounts taken	56%	60%	53%	60%
Fiscal Unit expenditures as a percent of Adopted Budget (total resources managed)	0.84%	0.97%	1.00%	1.00%
% of invoices paid within 30 days	60%	65%	63%	65%
% of customers whose service quality expectations are met or exceeded (4 or better on a 1-5 scale)	N/A*	75%	74%	75%

Changes to Performance Measures from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2012-2013 Adopted Budget:

- ✕ The "% of employees receiving 40 hours of relevant training annually" is being deleted due to reductions in City-wide training and training resources providing limited training opportunities for staff.
- ✕ The "% of vacancies filled within 30 days" is being deleted and tracked in the Human Resources Department to reflect the progress of all departments.

* No data was available for this measure due to a transition to a new tracking system.

Activity and Workload Highlights

	2011-2012 Actual	2012-2013 Forecast	2012-2013 Estimated	2013-2014 Forecast
Value of discounts taken	$2,334	$3,000	$2,200	$3,000
# of financial/budget transactions	16,093	16,500	16,700	16,500
# of employees hired	35	40	65	75
# of responses to information technology issues	N/A*	1,500	1,600	1,600

Changes to Activity & Workload Highlights from 2012-2013 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2012-2013 Adopted Budget:

- ✕ The "# of training hours provided" is being deleted due to reductions in City-wide training & training resources providing limited training opportunities for staff.

* No data was available for this measure due to a transition to a new tracking system.

Transportation Department

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting Technician	1.00	2.00	1.00
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst II	4.00	5.00	1.00
Arborist	1.00	1.00	-
Arborist Technician	1.00	1.00	-
Assistant Arborist	2.00	2.00	-
Assistant Director	1.00	1.00	-
Associate Construction Inspector	9.00	10.00	1.00
Associate Engineer	15.00	19.00	4.00
Associate Engineering Technician	6.00	6.00	-
Associate Transportation Specialist	6.00	7.00	1.00
Concrete Finisher	2.00	2.00	-
Deputy Director	3.00	3.00	-
Director of Transportation	1.00	1.00	-
Dispatcher	1.00	1.00	-
Division Manager	5.00	7.00	2.00
Electrical Maintenance Superintendent	1.00	1.00	-
Electrician	13.00	13.00	-
Electrician Supervisor	3.00	3.00	-
Engineer II	9.00	12.00	3.00
Engineering Technician II	10.00	8.00	(2.00)
Engineering Trainee PT	0.50	0.50	-
Heavy Equipment Operator	10.00	10.00	-
Information Systems Analyst	2.00	3.00	1.00
Maintenance Assistant PT	0.50	1.00	0.50
Maintenance Manager	1.00	1.00	-
Maintenance Superintendent	3.00	3.00	-
Maintenance Supervisor	12.00	12.00	-
Maintenance Worker I	55.00	55.00	-
Maintenance Worker I PT	0.50	0.00	(0.50)
Maintenance Worker II	75.00	75.00	-
Network Engineer	2.00	2.00	-
Office Specialist II	2.00	3.00	1.00
Operations Manager	1.00	1.00	-
Parking and Traffic Control Officer	39.00	39.00	-
Parking and Traffic Control Officer PT	3.00	3.00	-
Parking and Traffic Control Supervisor	2.00	2.00	-
Parking/Ground Transportation Administrator	3.00	3.00	-
Parking Manager	2.00	2.00	-
Principal Account Clerk	1.00	0.00	(1.00)
Principal Construction Inspector	1.00	2.00	1.00
Principal Engineering Technician	2.00	2.00	-
Program Manager I	1.00	2.00	1.00
Sanitary Engineer	1.00	1.00	-
Security Services Supervisor	1.00	1.00	-
Senior Account Clerk	3.00	3.00	-

Departmental Position Detail

Position	2012-2013 Adopted	2013-2014 Proposed	Change
Senior Analyst	3.00	3.00	-
Senior Construction Inspector	4.00	3.00	(1.00)
Senior Electrician	2.00	2.00	-
Senior Engineer	5.00	5.00	-
Senior Engineering Technician	4.00	2.00	(2.00)
Senior Events Coordinator	1.00	0.00	(1.00)
Senior Geographic Systems Specialist	1.00	1.00	-
Senior Heavy Equipment Operator	2.00	2.00	-
Senior Maintenance Worker	22.00	23.00	1.00
Senior Office Specialist	6.00	6.00	-
Senior Parking and Traffic Control Officer	6.00	5.00	(1.00)
Senior Pump Maintenance Worker	1.00	0.00	(1.00)
Senior Transportation Specialist	3.00	5.00	2.00
Senior Tree Maintenance Lead Worker	1.00	1.00	-
Staff Specialist	4.00	5.00	1.00
Street Sweeper Operator	5.00	5.00	-
Systems Application Programmer II	0.00	1.00	1.00
Traffic Checker II PT	0.50	0.00	(0.50)
Transportation Planning Systems Manager	1.00	0.00	(1.00)
Transportation Specialist	0.00	1.00	1.00
Total Positions	**391.00**	**403.50**	**12.50**

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

City-Wide

City-Wide Expenses

MISSION

To provide for City-Wide expenses that relate to more than one department or are not directly associated with ongoing departmental operations

City Service Areas

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

Programs

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

Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Community and Economic Development	$ 23,126,126	$ 21,744,123	$ 21,097,066	$ 23,812,066	9.5%
Environmental and Utility Services	5,397,522	5,951,135	432,000	432,000	(92.7%)
Neighborhood Services	7,975,453	7,592,535	6,395,837	6,995,837	(7.9%)
Public Safety	22,390,122	19,814,771	16,344,000	16,394,000	(17.3%)
Transportation and Aviation Services	4,611,629	7,776,175	4,871,000	5,131,000	(34.0%)
Strategic Support	123,744,419	46,985,409	31,912,750	24,420,750	(48.0%)
Total	**$ 187,245,271**	**$ 109,864,148**	**$ 81,052,653**	**$ 77,185,653**	**(29.7%)**
Dollars by Category					
City-Wide Expenses	$ 187,245,271	$ 109,864,148	$ 81,052,653	$ 77,185,653	(29.7%)
Total	**$ 187,245,271**	**$ 109,864,148**	**$ 81,052,653**	**$ 77,185,653**	**(29.7%)**
Dollars by Fund					
General Fund	$ 187,245,271	$ 109,864,148	$ 81,052,653	$ 77,185,653	(29.7%)
Total	**$ 187,245,271**	**$ 109,864,148**	**$ 81,052,653**	**$ 77,185,653**	**(29.7%)**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	General Fund ($)
Prior Year Budget (2012-2013):	**0.00**	**109,864,148**
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
Community and Economic Development CSA		
• Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations		(300,000)
• Rebudget: Cirque du Soleil		(25,000)
• Rebudget: Comprehensive General Plan Update		(71,000)
• Rebudget: Cultural Affairs Special Projects		(64,700)
• Rebudget: Donna Bradford Improvement Project		(125,000)
• Rebudget: Economic Development Pre-Development Activities		(110,000)
• Rebudget: Evergreen Innovation Corridor		(10,000)
• Rebudget: Historic Preservation		(597,500)
• Rebudget: Mexican Heritage Plaza Capital Maintenance		(5,000)
• Rebudget: Public Art in Private Development		(157,000)
• Arena Authority		(60,000)
• Cultural Affairs Special Projects		(14,000)
• Economic Development/Incentive Fund		(750,000)
• Neighborhood Business Districts		(45,000)
Subtotal:	**0.00**	**(2,334,200)**
Environmental and Utility Services CSA		
• Rebudget: City-Building Energy Projects Program		(1,318,000)
• Rebudget: Energy Efficiency Program		(90,000)
• Rebudget: Pesticide Management Demonstration		(51,000)
• Rebudget: Recovery Act - Energy Efficiency and Conservation Block Grant		(2,800,000)
• Rebudget: Recovery Act - Local Energy Assurance Planning (LEAP)		(83,000)
• Rebudget: Recovery Act - Retrofit California Program		(150,000)
• Rebudget: Silicon Valley Energy Watch (SVEW) Innovator Pilots		(404,000)
• Clean Creeks Healthy Communities		(277,608)
• Pesticide Management Demonstration		(35,000)
• Recovery Act - Retrofit California Program		(54,141)
• Silicon Valley Energy Watch (SVEW) Innovator Pilots		(307,494)
Subtotal:	**0.00**	**(5,570,243)**
Neighborhood Services CSA		
• Rebudget: Communities Putting Prevention to Work Grant - Obesity Prevention Grant		(61,000)
• Rebudget: Enhance Fitness Grant		(20,000)
• Rebudget: Grace Community Center Electronic Health Records Grant		(59,000)
• Rebudget: Health Trust Communities Putting Prevention to Work Grant		(18,000)
• Rebudget: PG&E Summer Cooling Shelter Program Grant		(7,000)
• Rebudget: San José BEST Program		(56,000)
• Rebudget: Science Program for Alum Rock Youth Center		(3,626)
• Rebudget: Workers' Compensation Claims - PRNS		(100,000)
• Enhance Fitness Grant		(25,000)
• Grace Community Center Electronic Health Records Grant		(55,529)

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Base Adjustments	Positions	General Fund ($)
One-Time Prior Year Expenditures Deleted		
Neighborhood Services CSA		
• Safe Summer Initiative		(100,000)
• San José BEST Program		(1,500,000)
Subtotal:	**0.00**	**(2,005,155)**
Public Safety CSA		
• Rebudget: Anti-Drug Abuse Grant 2011-2012		(5,000)
• Rebudget: Automated Fingerprint Identification System		(489,577)
• Rebudget: Automated Fingerprint Identification System Phase III		(161,140)
• Rebudget: Bay Area Regional Interoperability Communications System (BayRICS)		(49,500)
• Rebudget: Bulletproof Vest Partnership Grant		(18,621)
• Rebudget: Cardiac Monitors/Defibrillators		(1,560,000)
• Rebudget: Child Sexual Predator Program Grant 2009		(35,316)
• Rebudget: COPS Technology Program Grant 2010		(4,715)
• Rebudget: CrimeStoppers		(30,000)
• Rebudget: DUI Enforcement and Awareness Program Grant 2011-2012		(169,364)
• Rebudget: Emergency Response and Preparedness		(162,000)
• Rebudget: Hazardous Materials Consent Judgment		(35,088)
• Rebudget: Human Trafficking Prevention Grant 2011		(89,386)
• Rebudget: Internet Crimes Against Children Continuation Grant 2011		(130,934)
• Rebudget: Metropolitan Medical Response System Grant 2010		(208,135)
• Rebudget: Mobile Identification Services Project		(137,000)
• Rebudget: Protecting Children from Commercial Sexual Exploitation Grant 2011		(86,342)
• Rebudget: Recovery Act - 2009 Anti-Human Trafficking Task Force		(27,518)
• Rebudget: Recovery Act - 2009 Internet Crimes Against Children Task Force		(237,730)
• Rebudget: Recovery Act - 2010-2012 Anti-Drug Abuse Enforcement Team Program Grant		(1,146)
• Rebudget: Recovery Act - Anti-Drug Abuse Enforcement Team		(31,926)
• Rebudget: State Homeland Security Grant Program		(34,818)
• Rebudget: Truancy Abatement Program		(6,600)
• Rebudget: Urban Area Security Initiative Grant - Fire 2010		(18,248)
• Rebudget: Urban Area Security Initiative Grant - Police 2010		(73,264)
• Rebudget: Workers' Compensation Claims - Police		(400,000)
• Emergency Management Performance Grant 2010		(16,000)
• Human Trafficking Prevention Grant 2011		(380,000)
• La Raza Study		(50,000)
• Northern California Regional Intelligence Center SUASI - Police		(242,308)
• Police Property Facility Relocation		(500,000)
• Protecting Children from Commercial Sexual Exploitation Grant 2011		(147,000)
• State Homeland Security Grant Program		(8,595)
• Urban Area Security Initiative Training Grant		(23,000)
Subtotal:	**0.00**	**(5,570,271)**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Base Adjustments	Positions	General Fund ($)
One-Time Prior Year Expenditures Deleted		
Transportation and Aviation Services CSA		
• Rebudget: Contractual Street Tree Planting		(104,175)
• Rebudget: Sidewalk Repairs		(350,000)
• Cambrian 36 Traffic Safety Enhancements		(61,000)
• Radar Speed Display Signs		(350,000)
• Raised Reflective Markers and Arterial Street Striping		(500,000)
• Sidewalk Repairs		(900,000)
• Street Tree Maintenance		(500,000)
• Vehicle Detection Sensors		(250,000)
Subtotal:	**0.00**	**(3,015,175)**
Strategic Support CSA		
• Rebudget: Arena Community Fund		(135,693)
• Rebudget: Bay Area Electric Vehicle Corridor Project		(121,140)
• Rebudget: Business Tax System Replacement		(300,000)
• Rebudget: ChargePoint America Electric Vehicle Infrastructure Project		(63,500)
• Rebudget: City Manager Special Projects		(110,000)
• Rebudget: City Outreach and Education Efforts		(90,000)
• Rebudget: Community Translation/Interpretation and Meeting Spaces		(36,877)
• Rebudget: Computer System Remediation Project		(75,000)
• Rebudget: Deferred City Facilities Security and Maintenance		(92,000)
• Rebudget: E-Ideas Program		(20,000)
• Rebudget: Elections and Ballot Measures		(1,000,000)
• Rebudget: Executive Recruitments		(84,000)
• Rebudget: False Claims Act Litigation Settlement		(307,000)
• Rebudget: General Liability Claims		(8,000,000)
• Rebudget: Government Access - Capital Expenditures		(220,000)
• Rebudget: Human Resources/Payroll System Upgrade		(1,563,500)
• Rebudget: Information Technology Business Applications Support		(185,000)
• Rebudget: Integrated Cashiering Solution		(55,000)
• Rebudget: Labor/Employee Relations Consultant Funding		(323,000)
• Rebudget: Organizational Effectiveness		(100,000)
• Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital		(400,000)
• Rebudget: Public Works Unfunded Projects		(50,000)
• Rebudget: Retirement Actuarial Studies		(80,000)
• Rebudget: Sick Leave Payments Upon Retirement		(2,800,000)
• Rebudget: Spartan Keyes Neighborhood Action Center		(30,000)
• Rebudget: TRANS Debt Service		(150,000)
• Rebudget: Watson Park Settlement		(1,340,000)
• Rebudget: Workers' Compensation Claims - Public Works		(60,000)
• Business Tax System Replacement		(1,200,000)
• Deferred City Facilities Security and Maintenance		(64,000)
• Financial Management System Business Process Mapping		(450,000)
• Hellyer-Piercy Deferral Assessment Agreement Program		(140,000)
• Human Resources/Payroll System Upgrade (delayed one year)		(910,000)
• Mayor and City Council Travel		(10,000)

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Base Adjustments	Positions	General Fund ($)
One-Time Prior Year Expenditures Deleted		
Strategic Support CSA		
• Recovery Act Administration		(75,000)
Subtotal:	0.00	(20,640,710)
One-time Prior Year Expenditures Subtotal:	**0.00**	**(39,135,754)**
Technical Adjustments to Costs of Ongoing Activities		
Community and Economic Development CSA		
• 4th Street Garage Banquet Facility Maintenance and Operations		(10,000)
• Convention Center Lease Payments		(16,000)
• FMC Operating Site Costs		(90,000)
• Mexican Heritage Plaza Capital Maintenance		(5,000)
• Mexican Heritage Plaza Maintenance and Operations		(45,000)
• Property Leases (Reallocation from Office of Economic Development)		1,853,143
Subtotal:	0.00	1,687,143
Environmental and Utility Services CSA		
• Clean Creeks Healthy Communities		60,108
• Storm Fees		(9,000)
Subtotal:	0.00	51,108
Neighborhood Services CSA		
• California Gang Reduction, Intervention and Prevention (CALGRIP) Grant (City Council approval - February 12, 2013)		73,625
• Child Care Portable Debt Service Payments		(8,000)
• National Forum Capacity-Building Grant OJJDP 2012-2015		62,500
• OJJDP Community Based Violence Prevention Demonstration Program Grant		99,712
• San José BEST Program		(2,559,380)
• San José BEST and Safe Summer Initiative Programs		2,560,000
• Workers' Compensation Claims - PRNS		580,000
Subtotal:	0.00	808,457
Public Safety CSA		
• Bay Area Regional Interoperability Communication System (BayRICS)		500
• Emergency Response and Preparedness		(130,000)
• Police Officers' Professional Liability Insurance		(9,000)
• Silicon Valley Regional Interoperability Project Authority		(62,000)
• Workers' Compensation Claims - Fire		1,500,000
• Workers' Compensation Claims - Police		800,000
Subtotal:	0.00	2,099,500
Transportation and Aviation Services CSA		
• Workers' Compensation Claims - Transportation		110,000
Subtotal:	0.00	110,000

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	General Fund ($)
Base Adjustments		
Technical Adjustments to Costs of Ongoing Activities		
Strategic Support CSA		
• 1970, 1980, and 1990 COLA Federated, Police & Fire Retirees		(4,000)
• Annual Audit		1,000
• Bond Project Audits		1,000
• Business Tax System Replacement (one-time adjustment)		(300,000)
• City Dues/Memberships		(17,000)
• Civil Service Commission		492
• FMC Debt Service Payments		(1,190,000)
• Government Access - Capital Expenditures		3,400
• Grant Compliance Single Audit		(6,000)
• Insurance Premiums		13,000
• Police Retirees' Health/Dental Fees		80,000
• Property Tax Administration Fee		(1,720,441)
• Public, Educational, and Government (PEG) Access Facilities - Capital		30,600
• Retirement Prepayment Actuarial Services		(4,000)
• Sick Leave Payments Upon Retirement		(200,000)
• State of the City Convocation		(8,000)
• Successor Agency to the Redevelopment Agency City Subsidy		8,600,000
• TRANs Debt Service		232,000
• Workers' Compensation Claims - Other Departments		20,000
• Workers' Compensation Claims - Public Works		(150,000)
• Workers' Compensation State License		186,000
Subtotal:	**0.00**	**5,568,051**
Technical Adjustments Subtotal:	**0.00**	**10,324,259**
2013-2014 Forecast Base Budget:	**0.00**	**81,052,653**
Budget Proposals Recommended		
Community and Economic Development CSA		
1. Center for Employment Training		250,000
2. Economic Development/Incentive Fund*		750,000
3. Homeless Response Team		1,670,000
4. Neighborhood Business Districts**		45,000
Community and Economic Development Subtotal:	**0.00**	**2,715,000**
Neighborhood Services CSA		
1. Children's Health Initiative		(1,000,000)
2. Community Action and Pride Grants*		100,000
3. San José BEST and Safe Summer Initiative Programs**		1,500,000
Neighborhood Services Subtotal:	**0.00**	**600,000**
Public Safety CSA		
1. La Raza Roundtable/Harvard Study Consensus Building Project		50,000
Public Safety Subtotal:	**0.00**	**50,000**

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

Budget Proposals Recommended	Positions	General Fund ($)
Transportation and Aviation Services CSA		
1. Radar Speed Display Signs*		100,000
2. Street Tree Maintenance*		160,000
Transportation and Aviation Services CSA Subtotal:	**0.00**	**260,000**
Strategic Support CSA		
1. Ballot Measure/Polling		50,000
2. Civil Service Commission (Security)		8,000
3. Internal Financial Controls Evaluation		200,000
4. Successor Agency to the Redevelopment Agency City Subsidy		(7,100,000)
5. Successor Agency to the Redevelopment Agency City Subsidy (Administrative Support)		(650,000)
Strategic Support Subtotal:	**0.00**	**(7,492,000)**
Total Budget Proposals Recommended	**0.00**	**(3,867,000)**
2013-2014 Proposed Budget Total	**0.00**	**77,185,653**

* Implementation of these proposasl is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Community and Economic Development CSA		
1. Center for Employment Training		**250,000**

This action allocates one-time funding of $250,000 for the Center for Employment Training (CET) as directed in the City Council approved 2013-2014 Mayor's March Budget Message. CET is a non-profit organization that is dedicated to fighting poverty and dependence on public aid by making quality skill training available to San José residents since 1967. In 2008, CET received a Federal grant of $3.0 million which required a 40% local match to renovate its buildings. With the dissolution of the Redevelopment Agency, the local funding ($950,000) which the Agency had agreed to contribute is no longer available. This action will help CET achieve the required $2.0 million local match. (Ongoing costs: $0)

2. Economic Development/Incentive Fund*		**750,000**

This action allocates one-time funding of $750,000 for economic and development support and incentives. This funding would allow the City to continue planning and competing for development projects that will generate revenue and create jobs. (Ongoing costs: $0)

3. Homeless Response Team		**1,670,000**

These actions establish a two-year funding strategy for a Homeless Response Team to address the community's concerns about the growing and visible homeless encampments. These actions will provide the City with a stronger infrastructure for addressing homelessness, including the response relating to encampments and the concerns of community members and businesses regarding individuals living in encampments. With this two-year plan, staff will respond to the needs of encampment occupants, public safety and health concerns of neighborhoods, and any environmental damage caused by encampments.

A total of $3.32 million is allocated for this two-year strategy, including $1.67 million allocated to this City-Wide Homeless Response Team appropriation, partially offset by a reimbursement from the Santa Clara Valley Water District ($170,000); $1.5 million included in the General Fund Capital, Transfers, and Reserves section of this document set aside to continue the program in 2014-2015; and $150,000 in the Housing Trust Fund in the Housing Department. These funds will provide for the following:

- **Enforcement:** Adds 1.0 Senior Ranger and 1.0 Ranger through June 30, 2014 and 2.0 Park Ranger through June 30, 2015 ($284,000) and non-personal/equipment support ($86,000) for uniforms, safety equipment, radios, supplies and materials, and an outfitted SUV for the Senior Ranger to patrol and provide enforcement of the encampments along Coyote Creek and the Guadalupe River. These positions appear in the Parks, Recreation and Neighborhood Services Department.
- **Facilitator:** Adds 1.0 Community Coordinator through June 30, 2015 ($132,000) to facilitate encampment clean-ups and provide on-site assistance for the waste disposal contractor. This position appears in the Housing Department.

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Community and Economic Development CSA		
3. Homeless Response Team		
- **Contractual Services:** Adds contractual services funding through June 30, 2015 for property and waste clean-ups, security services, property storage, encampment deterrents (such as fencing and boulders), and outreach workers to distribute materials and supplies and provide transportation to shelter or housing for the encampment residents ($1,168,000).		
(Ongoing costs: $0)		
4. Neighborhood Business Districts**		**45,000**
This action restores ongoing funding of $5,000 to each of nine City-recognized Neighborhood Business Districts (Alum Rock Village, East Santa Clara Street, Japantown, Luna Park/13th Street, Story Road, The Alameda, West San Carlos Street, Willow Street, and Winchester Business Associations) in the City of San José. This funding will provide small businesses the resources needed to organize important community and cultural events. (Ongoing costs: $45,000)		
Subtotal Community and Economic Development CSA:	**0.00**	**2,715,000**
Neighborhood Services CSA		
1. Children's Health Initiative		**(1,000,000)**
This action transitions City funding provided for the Children's Health Initiative to Santa Clara County. The City's current allocation of $2.1 million provides health insurance access to children of Santa Clara County with family income that falls below the federal poverty level. With the recent passage of the County's Measure A sales tax increase, it is anticipated that the County will assume these costs with no program impact. (Ongoing savings: $2,100,000)		
2. Community Action and Pride Grants*		**100,000**
This action provides one-time funding of $100,000 to continue the Community Action and Pride (CAP) Grants Program in 2013-2014. In addition, funding of $100,000 has been set aside in an Earmarked Reserve for the 2014-2015 grant cycle. This program provides small grants to San José neighborhood groups to fund activities that result in cleaner, safer, and more engaged communities. The CAP Grant Program stopped receiving new City funding with the adoption of the 2008-2009 Operating Budget with remaining funds approved to be carried over for future grant awards on a year-to-year basis until the funding was exhausted. This action provides City funding through the 2014-2015 grant cycle. (Ongoing costs: $0)		

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Neighborhood Services CSA		
3. San José BEST and Safe Summer Initiative Programs**		**1,500,000**

This action combines the San José BEST and Safe Summer Initiative appropriations into one and increases the Base Budget allocation of $2.6 million by a total of $3.0 million over two years - $1.5 million in 2013-2014 ($500,000 ongoing) and $1.5 million set aside in a reserve for 2014-2015, bringing total program funding for the next two years to $4.6 million. San José BEST Program supports gang prevention and intervention efforts by providing funding to various community-based organizations and other government agencies that provide direct gang intervention services. This includes the Safe School Campus Initiative, which provides targeted gang intervention and prevention services on high school and middle school campuses, and Safe Summer Initiative which supports recreational, health and fitness, and youth development activities for at-risk, high-risk, or gang-involved youth during the summer months. As shown in the table below, this action maintains an allocation of $4.6 million through 2014-2015 and $3.1 million ongoing to continue the strong support of gang prevention, intervention, and suppression programs for youth through the efforts of the Mayor's Gang Prevention Task Force. This funding allocation will maintain the current funding levels through 2014-2015. (Ongoing costs: $500,000)

San José BEST/ Safe Summer Initiative Programs	2012-2013 Funding	2013-2014 Funding*	2014-2015 Funding**	Ongoing Funding
San José BEST Program	$4,060,000	$4,060,000	$4,060,000	$2,560,000
Safe Summer Initiative Program	$247,000	$500,000	$500,000	$500,000
Total San José BEST/ Safe Summer Initiative Programs***	**$4,307,000**	**$4,560,000**	**$4,560,000**	**$3,060,000**

* Assumes $500,000 currently allocated in a 2012-2013 Earmarked Reserve would be rebudgeted to 2013-2014.
** Includes the Earmarked Reserve of $1.5 million set aside for use in 2014-2015.
*** Funding may be interchanged among the two programs, as needed.

Subtotal Neighborhood Services CSA:	**0.00**	**600,000**
Public Safety CSA		
1. La Raza Roundtable/Harvard Study Consensus Building Project		**50,000**

This allocation restores matching funds one-time with Santa Clara County for the facilitation of the Harvard Study Consensus Process to create transformative multi-system change aimed at eliminating Latino overrepresentation in the Criminal Justice, Juvenile Justice and Child Welfare Systems serving San José. (Ongoing costs: $0)

Subtotal Public Safety CSA:	**0.00**	**50,000**

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Transportation and Aviation Services CSA		
1. Radar Speed Display Signs*		**100,000**
This action provides one-time funding of $100,000 to install five new radar feedback speed limit signs to help reduce speeds and improve safety, tentatively planned at the following locations: Blossom Hill Road (2 signs) west of Camden Avenue and east of Leigh Avenue; Taylor Street (2 signs) west of Route 87 and east of Coleman Avenue; and Hellyer Avenue (1 sign) west of Route 101 and east of Senter Road. (Ongoing costs: $0)		
2. Street Tree Maintenance*		**160,000**
This action provides one-time funding of $160,000 to remove dead or dying trees in several key locations, particularly palm trees, throughout the City. In the 2012-2013 Adopted Budget, one-time funding of $500,000 was added for the structural pruning of approximately 5,000 (or 50%) of the 10,000 City-owned trees in median islands and roadside properties which were in need of pruning. This additional funding will provide second year funding for this street tree strategy. (Ongoing costs: $0)		
Subtotal Transportation and Aviation Services CSA:	**0.00**	**260,000**
Strategic Support CSA		
1. Ballot Measure/Polling		**50,000**
This action provides one-time funding of $50,000 to allow for polling potential revenue generating ballot measures. This action is partially offset by a transfer to the General Fund in the amount of $25,000 from the Construction Excise Tax Fund due to the anticipated polling of various measures related to pavement maintenance. (Ongoing costs: $0)		
2. Civil Service Commission (Security)		**8,000**
This action provides ongoing funding of $8,000 for Police Department security services to ensure the safety of Civil Service Commission members during disciplinary hearings. (Ongoing costs: $8,000)		
3. Internal Financial Controls Evaluation		**200,000**
This action allocates one-time funding of $200,000 for a consultant to evaluate internal financial controls across the entire organization. As part of the audit related to the 2011-2012 Comprehensive Annual Financial Report, the City's external auditor raised concerns regarding the City's internal controls. The Auditor's Report to Management recommended the City identify and quantify the risks of any significant internal control weaknesses that have not been addressed because of insufficient resources or staff capabilities, and develop a work plan to mitigate these risks and address any potential internal control issues. (Ongoing costs: $0)		

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Strategic Support CSA		
4. Successor Agency to the Redevelopment Agency City Subsidy		**(7,100,000)**
This action reduces the Base Budget subsidy to the Successor Agency to the Redevelopment Agency (SARA) by $7.1 million in 2013-2014 (from $8.6 million to $1.5 million), and $2.7 million ongoing. Subsequent to the release of the 2014-2018 Five-Year General Fund Forecast, revised projections would have otherwise required a $6.4 million increase to the 2013-2014 Base Budget subsidy, bringing the total SARA subsidy to $15.0 million in 2013-2014, due to a cash flow change between 2012-2013 and 2013-2014. This change reduced the 2012-2013 subsidy and increased the 2013-2014 subsidy by the $6.4 million difference. However, as a result of a tentative ruling in the Superior Court, Sacramento County, it is anticipated that the Santa Clara County 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 SARA. It is anticipated that with these additional funds (totaling $15.15 million), to be received in 2013-2014, SARA will have sufficient tax increment revenues to ensure payment of the $13.5 million in City legally obligated Successor Agency debt in 2013-2014. The remaining City subsidy of $1.5 million provides for expenses that cannot be reimbursed due to the position of these costs in the priority of obligations. It should be noted that a SARA PERS/Water District Levy General Fund Contingency Plan of $13.5 million in one-time funding and $2.7 million in ongoing funding is included in this document pending the outcome of this litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information. (Ongoing savings: $2,700,000)		
5. Successor Agency to the Redevelopment Agency City Subsidy (Administrative Support)		**(650,000)**
This action continues the transition of the Successor Agency to the Redevelopment Agency (SARA), phasing out, where appropriate, related Successor Agency administration, including staffing. Successor Agency financial work would be transferred to the Finance Department and the addition of 2.5 positions in that Department is recommended for these activities. In order to ensure knowledge transfer and a continued smooth transition, SARA employees will be retained through various portions of 2013-2014, as needed. An annual review of resources will continue to be completed. (Ongoing savings: $1,175,000)		
Subtotal Strategic Support CSA:	**0.00**	**(7,492,000)**
2013-2014 Proposed Budget Changes Total	**0.00**	**(3,867,000)**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.
** Ongoing implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Program: Community and Economic Development

City Service Area: Community and Economic Development

Detail of Costs Description

Community and Economic Development	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
4th Street Garage Banquet Facility Maintenance and Operations	PW	$ 96,262	$ 350,000	$ 40,000	$ 40,000
Arena Authority	MGR	150,598	168,598	108,598	108,598
Arts Grants Multi-Year Stabilization Fund	OED	4,841	0	0	0
Arts Venture Fund	OED	500	0	0	0
Center for Employment Training	OED	0	0	0	250,000
Children's Discovery Museum	OED	285,000	270,750	270,750	270,750
Cirque du Soleil	OED	214,487	25,000	0	0
Comprehensive General Plan Update	PBCE	448,835	71,000	0	0
Convention and Visitors Bureau Marketing Program	OED	554,369	0	0	0
Convention Center Lease Payments	FIN	15,358,631	15,341,000	15,325,000	15,325,000
Cultural Affairs Special Projects	OED	279,568	78,700	0	0
Day Laborers Program	PRNS	72,375	0	0	0
Donna Bradford Improvement Project	HSG	169,311	125,000	0	0
Economic Dev Pre-Dev Activities	OED	91,987	110,000	0	0
Economic Development/Incentive Fund*	OED	995,386	750,000	0	750,000
Evergreen Innovation Corridor	OED	0	10,000	0	0
FMC Operating Site Costs	PW	31,405	100,000	10,000	10,000
Historic Preservation	PBCE	4,113	597,500	0	0
History San José	OED	784,000	784,000	784,000	784,000
Homeless Response Team	HSG	0	0	0	1,670,000
Joint Venture Silicon Valley	OED	34,617	34,617	34,617	34,617
Martha Gardens/Spartan Keyes Arts Festival	OED	11,000	0	0	0
Mexican Heritage Plaza Capital Maint	PW	34,113	60,000	50,000	50,000
Mexican Heritage Plaza Maint and Ops	PW	540,000	495,000	450,000	450,000
Neighborhood Business Districts**	OED	0	45,000	0	45,000
New Pathways in the Arts	OED	15,000	0	0	0
Planning Commission	PBCE	20,819	23,135	23,135	23,135
Property Leases	OED	0	0	1,853,143	1,853,143
Public Art in Private Development	OED	286,871	157,000	0	0
San José Cycling Events	OED	100,000	0	0	0
San José Green Vision	OED	6,000	0	0	0
San José Museum of Art	OED	475,000	475,000	475,000	475,000
San José Repertory Theater	OED	285,000	285,000	285,000	285,000
Sports Authority	MGR	338,073	338,073	338,073	338,073
Sports Opportunity Fund	OED	(35)	0	0	0
Tech Museum of Innovation	OED	1,105,000	1,049,750	1,049,750	1,049,750
United States Figure Skating Championships	OED	33,000	0	0	0
United States Gymnastics Olympic Trials	OED	300,000	0	0	0
TOTAL		**$ 23,126,126**	**$ 21,744,123**	**$ 21,097,066**	**$ 23,812,066**

Budget Program: Environmental and Utility Services

City Service Area: Environmental and Utility Services

Detail of Costs Description

Environmental and Utility Services	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
City-Building Energy Projects Program	ESD	$ 163,453	$ 1,318,000	$ 0	$ 0
Clean Creeks Healthy Communities	ESD	210,100	310,500	93,000	93,000
Energy Efficiency Program	ESD	295,994	168,000	78,000	78,000
Pesticide Management Demonstration	ESD	75,644	86,000	0	0
Recovery Act - Energy Efficiency and Conservation Block Grant	ESD	3,230,846	2,800,000	0	0
Recovery Act - Local Energy Assurance Planning (LEAP)	ESD	93,975	83,000	0	0
Recovery Act - Retrofit California Program	ESD	412,779	204,141	0	0
Recovery Act - Solar Market Transformation	ESD	545,116	0	0	0
Silicon Valley Energy Watch (SVEW) Innovator Pilots	ESD	109,368	711,494	0	0
Storm Fees	ESD	260,247	270,000	261,000	261,000
TOTAL		**$ 5,397,522**	**$ 5,951,135**	**$ 432,000**	**$ 432,000**

Budget Program: Neighborhood Services

City Service Area: Neighborhood Services

Detail of Costs Description

Neighborhood Services	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
After School Education and Safety Programs	PRNS	$ 538,636	$ 0	$ 0	$ 0
Aquatics Program Facility Leases	PRNS	44,887	0	0	0
California Gang Reduction, Intervention and Prevention (CALGRIP) Grant	PRNS	0	0	73,625	73,625
Child Care Portable Debt Service Payments	PRNS	379,120	8,000	0	0
Children's Health Initiative	PRNS	2,100,000	2,100,000	2,100,000	1,100,000
Communities Putting Prevention to Work Grant - Obesity Prevention Grant	PRNS	67,497	61,000	0	0
Community Action and Pride Grants*	CMO	22,000	0	0	100,000
Community Responsibility Council and Transition Center	PRNS	14,000	0	0	0
Enhance Fitness and Matter of Balance Program	PRNS	17,793	0	0	0
Enhance Fitness Grant	PRNS	(1,531)	45,000	0	0
Grace Community Center Electronic Health Records Grant	PRNS	0	114,529	0	0
Health Trust Communities Putting Prevention to Work Grant	PRNS	6,340	18,000	0	0
Healthy Neighborhoods Venture Fund - Senior Services	PRNS	(69,021)	0	0	0
Healthy Neighborhoods Venture Fund - Youth Services	PRNS	(8,378)	0	0	0
Hoffman/Via Monte Neighborhood Youth Center	PRNS	21,218	0	0	0
Juvenile Justice and Delinquency Prevention Grant 2008	PRNS	18,701	0	0	0
National Forum Capacity-Building Grant OJJDP 2012-2015	PRNS	0	0	62,500	62,500
OJJDP Community Based Violence Prevention Demonstration Program Grant	PRNS	0	0	99,712	99,712
PG&E Summer Cooling Shelter Program Grant	PRNS	0	7,000	0	0
Public-Private Parks Maintenance Partnership	PRNS	47,394	0	0	0
Safe Summer Initiative	PRNS	75,000	100,000	0	0
San José After School District Contracts Year 5	PRNS	(4,531)	0	0	0
San José BEST and Safe Summer Initiative Programs**	PRNS	0	0	2,560,000	4,060,000
San José BEST Program	PRNS	3,024,671	4,115,380	0	0
Science Program for Alum Rock Youth Center	PRNS	5,081	3,626	0	0
Senior Wellness Program	PRNS	370,072	0	0	0
STAND Program	PRNS	847	0	0	0
Strong Neighborhoods Initiative (Expanded)	HSG	(52)	0	0	0
Summer Youth Nutrition Program	PRNS	38,329	0	0	0
Vietnamese Cultural Heritage Garden	PRNS	250,000	0	0	0
Washington Area Youth Center Subsidy	PRNS	60,431	0	0	0
Workers' Compensation Claims - PRNS	PRNS	956,949	1,020,000	1,500,000	1,500,000
TOTAL		**$ 7,975,453**	**$ 7,592,535**	**$ 6,395,837**	**$ 6,995,837**

Budget Program: Public Safety

City Service Area: Public Safety

Detail of Costs Description

Public Safety	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Anti-Drug Abuse Grant 2011-2012	PD	$ 101,051	$ 5,000	$ 0	$ 0
Arena Traffic Control	DOT	227,000	227,000	227,000	227,000
Assistance to Firefighters Grant	FIRE	534,051	0	0	0
Automated Fingerprint Identification System	PD	0	489,577	0	0
Automated Fingerprint Identification System Phase III	PD	0	161,140	0	0
Avoid the 13 Grant 2008-2012	PD	8,844	0	0	0
Bay Area Regional Interoperability Communication System (BayRICS)	MGR	24,500	74,000	25,000	25,000
Bulletproof Vest Partnership Grant	PD	89,291	18,621	0	0
Cardiac Monitors/Defibrillators	FIRE	0	1,560,000	0	0
Child Sexual Predator Program Grant 2009	PD	47,195	35,316	0	0
COPS Technology Program Grant 2009	PD	13,370	0	0	0
COPS Technology Program Grant 2010	PD	287,960	4,715	0	0
CrimeStoppers	PD	0	30,000	0	0
Domestic Violence Prevention Program	MGR	(1,161)	0	0	0
DUI Enforcement and Awareness Program Grant 2010-2011	PD	112,365	0	0	0
DUI Enforcement and Awareness Program Grant 2011-2012	PD	227,620	169,364	0	0
Emergency Management Performance Grant 2010	FIRE	(2)	16,000	0	0
Emergency Management Performance Grant 2011-2012	FIRE	108,671	0	0	0
Emergency Response and Preparedness	FIRE	46,830	292,000	0	0
Fire Self Contained Breathing Apparatus	FIRE	2,158,541	0	0	0
Hazardous Materials Consent Judgment	FIRE	0	35,088	0	0
Human Trafficking Prevention Grant 2010	PD	80,324	0	0	0
Human Trafficking Prevention Grant 2011	PD	60,620	469,386	0	0
Internet Crimes Against Children Continuation Grant	PD	214,250	0	0	0
Internet Crimes Against Children Continuation Grant 2011	PD	338,709	130,934	0	0
Internet Crimes Against Children Task Force Grant 2011-2012	PD	124,223	0	0	0
La Raza Study	PD	50,000	50,000	0	0
La Raza Roundtable/Harvard Study Consensus Building Project	PD	0	0	0	50,000
Metropolitan Medical Response System Grant 2008	FIRE	(93)	0	0	0
Metropolitan Medical Response System Grant 2009	FIRE	320,579	0	0	0
Metropolitan Medical Response System Grant 2010	FIRE	110,349	208,135	0	0

Budget Program: Public Safety

City Service Area: Public Safety

Detail of Costs Description

Public Safety	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Metropolitan Medical Task Force Grant	FIRE	$ 1,061	$ 0	$ 0	$ 0
Mobile Identification Services Project	PD	0	137,000	0	0
Northern California Regional Intelligence Center SUASI - Police	PD	227,242	242,308	0	0
Police Officers' Professional Liability Insurance	FIN	162,904	165,000	156,000	156,000
Police Property Facility Relocation	PD	0	500,000	0	0
Protecting Children from Commercial Sexual Exploitation Grant 2011	PD	60,046	233,342	0	0
Recovery Act - 2009 Anti-Human Trafficking Task Force	PD	288,478	27,518	0	0
Recovery Act - 2009 Internet Crimes Against Children Task Force	PD	311,103	237,730	0	0
Recovery Act - 2010-2012 Anti-Drug Abuse Enforcement Team Program Grant	PD	12,998	1,146	0	0
Recovery Act - Anti-Drug Abuse Enforcement Team	PD	55,542	31,926	0	0
Silicon Valley Regional Interoperability Project Authority	FIRE	76,569	198,000	136,000	136,000
State Homeland Security Grant Program	PD	55,381	43,413	0	0
Super Urban Area Security Initiative Grant – Police 2008	FIRE	(340)	0	0	0
Truancy Abatement Program	PRNS	12,903	6,600	0	0
Urban Area Security Initiative Grant - Fire 2009	FIRE	1,319,750	0	0	0
Urban Area Security Initiative Grant - Fire 2010	FIRE	233,956	18,248	0	0
Urban Area Security Initiative Grant - Police 2009	PD	633,808	0	0	0
Urban Area Security Initiative Grant - Police 2010	PD	303,195	73,264	0	0
Urban Area Security Initiative Training Grant	PD	0	23,000	0	0
Weed and Seed - East San José (Police)	PD	211	0	0	0
Workers' Compensation Claims - Fire	FIRE	5,946,745	5,700,000	7,200,000	7,200,000
Workers' Compensation Claims - Police	PD	7,403,483	8,200,000	8,600,000	8,600,000
TOTAL		**$ 22,390,122**	**$ 19,814,771**	**$ 16,344,000**	**$ 16,394,000**

Budget Program: Transportation and Aviation Services

City Service Area: Transportation and Aviation Services

Detail of Costs Description

Transportation and Aviation Services	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Cambrian 36 Traffic Safety Enhancements	DOT	$ 0	$ 61,000	$ 0	$ 0
Contractual Street Tree Planting	DOT	2,325	105,175	1,000	1,000
Emergency Street Tree Services	DOT	131,370	400,000	400,000	400,000
Parking Citations/Jail Courthouse Fees	DOT	2,495,522	2,480,000	2,480,000	2,480,000
Parking Citations Processing	DOT	668,103	680,000	680,000	680,000
Radar Speed Display Signs*	DOT	0	350,000	0	100,000
Raised Reflective Markers and Arterial Street Striping	DOT	0	500,000	0	0
Sidewalk Repairs	DOT	730,780	1,850,000	600,000	600,000
Street Tree Maintenance*	DOT	0	500,000	0	160,000
Urban Forestry Grant	DOT	40,000	0	0	0
Vehicle Detection Sensors	DOT	0	250,000	0	0
Workers' Compensation Claims - Transportation	DOT	543,529	600,000	710,000	710,000
TOTAL		**4,611,629**	**$ 7,776,175**	**$ 4,871,000**	**$ 5,131,000**

Detail of Costs Description

Strategic Support	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
1970, 1980, and 1990 COLA Federated, Police & Fire Retirees	RET	$ 97,598	$ 104,000	$ 100,000	$ 100,000
Annual Audit	AUD	203,215	220,000	221,000	221,000
Arena Community Fund	CLK	239,492	385,693	250,000	250,000
Arts Stabilization Loan Fund	MGR	88,556	0	0	0
Ballot Measure/Polling	MGR	0	0	0	50,000
Banking Services	FIN	1,108,087	1,150,250	1,150,250	1,150,250
Bay Area Electric Vehicle Corridor Project	PW	80,887	121,140	0	0
Bond Project Audits	AUD	56,737	54,000	55,000	55,000
Business Tax System Replacement	FIN	44,625	1,800,000	0	0
ChargePoint America Electric Vehicle Infrastructure Project	PW	63,500	63,500	0	0
Chinese Historical Society	PW	3,000	3,000	3,000	3,000
City Auditor's Office Performance Audit	CLK	4,772	5,000	5,000	5,000
City Dues/Memberships	CLK	374,755	392,000	375,000	375,000
City Manager Special Projects	MGR	(1,018)	110,000	0	0
City Outreach and Education Efforts	MGR	115,961	186,000	96,000	96,000
Civil Service Commission	CLK	16,508	16,508	17,000	25,000
Community Translation/Interpretation and Meeting Spaces	CLK	0	36,877	0	0
Computer System Remediation Project	IT	0	75,000	0	0
Cultural Facilities Capital Maintenance	PW	0	139,000	139,000	139,000
Deferred City Facilities Security and Maintenance	PW	173,610	156,000	0	0
E-Ideas Program	MGR	89,542	45,000	25,000	25,000
Elections and Ballot Measures	CLK	1,207,234	2,100,000	1,100,000	1,100,000
Elections Commission	CLK	39,856	60,000	60,000	60,000
Employee and Community Surveys	MGR	2,500	55,000	55,000	55,000
Executive Recruitments	HR	0	84,000	0	0
False Claims Act Litigation Settlement	ATTY	5,265	307,000	0	0
Financial Management System Business Process Mapping	ITD	0	450,000	0	0
Fire Hydrant Program	FIN	0	65,000	65,000	65,000
Fiscal Reform Plan Outside Legal Counsel	ATTY	455,743	0	0	0
FMC Debt Service Payments	FIN	2,008,000	4,500,000	3,310,000	3,310,000
General Employee Tuition	HR	74,206	75,000	75,000	75,000
General Fund Structural Deficit Elimination Plan	MGR	54,100	0	0	0
General Liability Claims	FIN	2,212,199	10,000,000	2,000,000	2,000,000
Government Access - Capital Expenditures	MGR	55,607	351,900	135,300	135,300
Grant Compliance Single Audit	AUD	71,927	82,000	76,000	76,000
Hellyer-Piercy Deferral Assessment Agreement Program	PW	0	140,000	0	0
Human Resources/Payroll System Upgrade	FIN	0	2,473,500	0	0
IAFF Binding Interest Arbitration	MGR	23,922	0	0	0
Inactive Improvement District Funds Close-Out Administration	FIN	54,743	0	0	
Information Technology Business Applications Support	IT	17,893	185,000	0	0

City-Wide Expenses

Budget Program: Strategic Support

City Service Area: Strategic Support

Detail of Costs Description

Strategic Support	Dept	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Insurance Premiums	HR	$ 466,997	$ 535,000	$ 548,000	$ 548,000
Integrated Cashiering Solution	FIN	0	55,000	0	0
Internal Financial Controls Evaluation	FIN	0	0	0	200,000
Labor/Employee Relations Consultant Funding	MGR	451,082	323,000	0	0
Mayor and City Council Travel	CLK	12,945	20,000	10,000	10,000
Medical Marijuana Program Administration	MGR	1,116	0	0	0
Organizational Effectiveness	MGR	13,727	190,000	90,000	90,000
Police Retirees' Health/Dental Fees	RET	34,920	40,000	120,000	120,000
Property Tax Administration Fee	FIN	3,182,695	3,296,441	1,576,000	1,576,000
Public, Educational, and Government (PEG) Access Facilities - Capital	MGR	1,381,752	1,924,600	1,555,200	1,555,200
Public Works Unfunded Projects	PW	147,316	200,000	150,000	150,000
Recovery Act Administration	MGR	121,728	75,000	0	0
Retirement Actuarial Studies	MGR	107,595	80,000	0	0
Retirement Prepayment Actuarial Services	RET	5,640	10,000	6,000	6,000
Revenue Enhancement Consulting Services	FIN	254,872	455,000	455,000	455,000
Sick Leave Payments Upon Retirement	FIN	5,769,538	9,000,000	6,000,000	6,000,000
Spartan Keyes Neighborhood Action Center	MGR	0	30,000	0	0
Special Services Assessment Revolving Fund	FIN	479	0	0	0
State of the City Convocation	CLK	46,073	60,000	52,000	52,000
Successor Agency to the Redevelopment Agency City Subsidy	MGR	0	0	8,600,000	850,000
TRANs Debt Service	FIN	100,397,098	950,000	1,032,000	1,032,000
Watson Park Settlement	ATTY	111,989	1,340,000	0	0
Workers' Compensation Claims - Other Departments	HR	1,038,310	1,150,000	1,170,000	1,170,000
Workers' Compensation Claims - Public Works	PW	457,525	530,000	320,000	320,000
Workers' Compensation State License	HR	698,000	730,000	916,000	916,000
TOTAL		**$ 123,744,419**	**$ 46,985,409**	**$ 31,912,750**	**$ 24,420,750**

* Implementation of these proposals is contingent on the outcome fo the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

** Ongoing implementation of these proposals is contingent on the outcome fo the pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

PAGE IS INTENTIONALLY LEFT BLANK

General Fund Capital, Transfers, Reserves

MISSION

To provide necessary funding for: (1) capital projects not funded by a dedicated funding source, (2) transfers to other funds, (3) reserves earmarked for known future needs, and (4) a reserve for unforeseen contingencies

City Service Areas

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

Programs

Capital Contributions	**Earmarked Reserves**
Transfers to Other Funds	**Contingency Reserve**

Budget Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Program					
Capital Contributions	$ 5,571,227	$ 15,640,000	$ 6,050,000	$ 16,450,000	5.2%
Transfers to Other Funds	30,222,019	39,386,581	26,085,266	25,635,266	(34.9%)
Earmarked Reserves	N/A	65,090,830	17,001,685	46,092,436	(29.2%)
Contingency Reserve	N/A	29,309,000	29,309,000	29,309,000	0.0%
Total	**$ 35,793,246**	**$ 149,426,411**	**$ 78,445,951**	**$ 117,486,702**	**(21.4%)**
Dollars by Category					
Capital, Transfers, Reserves	$ 35,793,246	$ 149,426,411	$ 78,445,951	$ 117,486,702	(21.4%)
Total	**$ 35,793,246**	**$ 149,426,411**	**$ 78,445,951**	**$ 117,486,702**	**(21.4%)**
Dollars by Fund					
General Fund	$ 35,793,246	$ 149,426,411	$ 78,445,951	$ 117,486,702	(21.4%)
Total	**$ 35,793,246**	**$ 149,426,411**	**$ 78,445,951**	**$ 117,486,702**	**(21.4%)**
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	General Fund ($)
Prior Year Budget (2012-2013):	**0.00**	**149,426,411**
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
• Capital Contributions Rebudget: Arena Repairs		(431,000)
• Capital Contributions Rebudget: Fire Apparatus Replacement		(1,000,000)
• Capital Contributions Rebudget: Fire Station 37 - Willow Glen		(620,000)
• Capital Contributions Rebudget: Police Communications Emergency Uninterrupted Power Supply		(1,300,000)
• Capital Contributions Rebudget: South San José Police Substation FF&E		(889,000)
• Capital Contributions Rebudget: Transportation Maintenance Backlog: Neighborhood Appearance		(15,000)
• Capital Contributions: Police Communications Emergency Uninterrupted Power Supply		(2,500,000)
• Capital Contributions: Police Administration Building/Emergency Communications Center Backup Generator Replacements		(500,000)
• Capital Contributions: The Alameda Beautiful Way		(300,000)
• Capital Contributions: Police Administration Building Critical Repairs		(300,000)
• Capital Contributions: Bucknall Road		(200,000)
• Capital Contributions: San José Municipal Stadium		(85,000)
• Transfers to Other Funds: Fiber Optics Dev Fund Loan Repayment		(2,250,000)
• Earmarked Reserves Rebudget: Building Development Fee Program		(13,652,909)
• Earmarked Reserves Rebudget: Almaden Lake Park Swim Program		(18,510)
• Earmarked Reserves Rebudget: Fire Development Fee Program		(3,663,258)
• Earmarked Reserves Rebudget: Fiscal Reform Plan Implementation		(1,550,000)
• Earmarked Reserves Rebudget: Fuel Usage		(250,000)
• Earmarked Reserves Rebudget: Future Capital Projects (FF&E)		(250,080)
• Earmarked Reserves Rebudget: Planning Development Fee Program		(945,279)
• Earmarked Reserves Rebudget: Public Works Development Fee Program		(2,994,864)
• Earmarked Reserves Rebudget: Retirement Pre-Payment		(1,000,000)
• Earmarked Reserves Rebudget: Salaries and Benefits		(5,000,000)
• Earmarked Reserves Rebudget: Wellness Program		(189,768)
• Earmarked Reserves Rebudget: Workers' Compensation/General Liability		(10,000,000)
• Earmarked Reserves: Fiscal Reform Plan Implementation		50,000
• Earmarked Reserves: Building Development Fee Program		124,703
• Earmarked Reserves: Planning Development Fee Program		520,821
• Earmarked Reserves: Martha Gardens Alleyways		(345,000)
• Earmarked Reserves: 2013-2014 Future Deficit		(22,500,000)
• Earmarked Reserves: 2013-2014 San José BEST Program		(500,000)
• Earmarked Reserves: Staffing For Adequate Fire and Emergency Response Grant		(300,000)
One-Time Prior Year Expenditures Subtotal:	**0.00**	**(72,854,144)**
Technical Adjustments to Costs of Ongoing Activities		
• Capital Contributions: Arena Repairs restoration (two-year reduction)		100,000
• Capital Contributions: Central Service Yard - Phase I Debt Service adjustment (Service Yards C&C Fund)		(1,300,000)
• Capital Contributions: Closed Landfill Compliance adjustment		(50,000)

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	General Fund ($)
Base Adjustments		
• Capital Contributions: Fire Apparatus Replacement and Repair adjustment		(300,000)
• Capital Contributions: Unanticipated/Emergency Maintenance adjustment		100,000
• Transfers to Other Funds: Arena Enhancement Fund adjustment		(487,368)
• Transfers to Other Funds: Camden Community Center Debt Service adjustment		(202,162)
• Transfers to Other Funds: City Hall Debt Service Fund adjustment		(208,046)
• Transfers to Other Funds: Communications Construction and Conveyance Tax Fund adjustment		375,000
• Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion Conference Center adjustment		200,000
• Transfers to Other Funds: Downtown Property and Business Improvement District adjustment		71,261
• Transfers to Other Funds: Municipal Golf Course Fund adjustment		200,000
• Transfers to Other Funds: Redevelopment Obligation Retirement Fund reallocation to City-Wide Expenses		(11,000,000)
• Earmarked Reserves: Salaries and Benefits adjustment		640,999
• Earmarked Reserves: Employee Compensation Planning *		11,100,000
• Earmarked Reserves: Deferred Infrastructure and Maintenance/Technology establishment		600,000
• Earmarked Reserves: New Police Maintenance and Operations establishment		336,000
• Earmarked Reserves: Measure O Maintenance and Operations (Police) establishment		1,616,000
• Earmarked Reserves: New Traffic Infrastructure Assets establishment		31,000
• Earmarked Reserves: New Parks and Recreation Facilities Maint and Ops establishment		51,000
Technical Adjustments Subtotal:	**0.00**	**1,873,684**
2013-2014 Forecast Base Budget:	**0.00**	**78,445,951**
Budget Proposals Recommended		
Capital Contributions		
1. Capital Contributions: Police Communications Fire Protection System Upgrade		3,000,000
2. Capital Contributions: Police Administration Building/Police Communications Center Chiller Replacements *		2,400,000
3. Capital Contributions: Police Communications Center Electrical System Upgrade *		1,650,000
4. Capital Contributions: City Hall Waterproofing		1,600,000
5. Capital Contributions: Police Administration Building Elevator Retrofit		600,000
6. Capital Contributions: Police Administration Building/Police Communications Center Exterior Waterproofing *		350,000
7. Capital Contributions: Police Administration Building HVAC Controls Replacements *		275,000
8. Capital Contributions: City Hall Bamboo Courtyard Renovation *		250,000

Budget Reconciliation

(2012-2013 Adopted to 2013-2014 Proposed)

	Positions	General Fund ($)
Budget Proposals Recommended		
9. Capital Contributions: Police Communications Center Redundant Power Circuitry System Design *		200,000
10. Capital Contributions: Police Administration Building Firing Range Lighting *		75,000
Capital Contributions Subtotal:	**0.00**	**10,400,000**
Transfers to Other Funds		
1. Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion		(300,000)
2. Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		(150,000)
Transfers to Other Funds Subtotal:	**0.00**	**(450,000)**
Earmarked Reserves		
1. Earmarked Reserves: Measure O Maintenance and Operations (Police)		(1,616,000)
2. Earmarked Reserves: Deferred Infrastructure and Maintenance Elimination		(600,000)
3. Earmarked Reserves: New Police Maintenance and Operations		(336,000)
4. Earmarked Reserves: New Parks and Recreation Facilities Maint and Ops		(51,000)
5. Earmarked Reserves: New Traffic Infrastructure Assets Maint and Ops		(31,000)
6. Earmarked Reserves: 2014-2015 Future Deficit		13,700,000
7. Earmarked Reserves: Budget Stabilization *		4,000,000
8. Earmarked Reserves: Operating/Capital Budget Systems Replacement *		2,850,000
9. Earmarked Reserves: Successor Agency City Legal Obligations *		2,500,000
10. Earmarked Reserves: Essential Services		2,000,000
11. Earmarked Reserves: 2014-2015 Homeless Response Team *		1,500,000
12. Earmarked Reserves: 2014-2015 San José BEST and Safe Summer Initiatives Programs		1,500,000
13. Earmarked Reserves: Fiscal Reform Plan Implementation		1,350,000
14. Earmarked Reserves: 2014-2015 Children's Health Initiative		1,000,000
15. Earmarked Reserves: Development Fee Program Technology		717,000
16. Earmarked Reserves: Aircraft Rescue and Firefighting Services		507,751
17. Earmarked Reserves: 2014-2015 Community Action and Pride Grants *		100,000
Earmarked Reserves Subtotal:	**0.00**	**29,090,751**
Total Budget Proposals Recommended	**0.00**	**39,040,751**
2013-2014 Proposed Budget Total	**0.00**	**117,486,702**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Capital Contributions		
1. Capital Contributions: Police Communications Fire Protection System Upgrade		**3,000,000**

Strategic Support CSA

This action funds the upgrade of the fire protection system at the Police Communications Center. This project will include upgrades to the fire alarms and the mechanical and electrical components of the system. The current fire protection system is 25 years old and on average has three false alarms a month. Components are failing frequently and replacement parts are no longer available, which poses a life safety risk for the users of the facility. (Ongoing costs: $0)

2. Capital Contributions: Police Administration Building/ Police Communications Center Chiller Replacements*		**2,400,000**

Strategic Support CSA

This action provides funding to replace one chiller at the Police Administration Building and two chillers at the Police Communications Center. The current chiller at the Police Administration Building is more than 40 years old and is beyond its serviceable life, estimated to be 20 years. The chillers currently at the Police Communications Center are 25 years old and beyond their estimated life expectancy as well. Maintenance costs of this equipment at these facilities over the past two years have been moderate to high. Due to the critical nature of these facilities, proactive replacement of this equipment is recommended. (Ongoing costs: $0)

3. Capital Contributions: Police Communications Center Electrical System Upgrade*		**1,650,000**

Strategic Support CSA

This action funds the upgrade of three critical electrical systems at the Police Communications Center. These electrical systems include transfer switches that allow for the shift of power from normal PG&E power to the emergency Uninterrupted Power Supply and generator power; the electrical main power connection that provides the main power to the Police complex; and the electrical distribution panels. This allocation is needed due to the age of the electrical systems of the Police Communications Center and the critical nature of this facility. The electrical systems are approximately 25 years old and replacement parts are very expensive and difficult to obtain as they are no longer manufactured. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Capital Contributions		
4. Capital Contributions: City Hall Waterproofing		**1,600,000**

Strategic Support CSA

This action provides funding to address water infiltration issues in the parking and basement level of City Hall. This includes hiring a consultant to develop a plan to address water infiltration in the parking and basement level of City Hall and implementing corrective actions. It is anticipated that a large amount of the corrective action funding will be used for injection of waterproofing material into perimeter walls as that has become an area where leaks are evident and solutions are straightforward. A portion of the funding will also be allocated to address water infiltration in the flooring and ceiling based on the results of the consultant study as well as the basement of City Hall where the power supply equipment to the building is located. (Ongoing costs: $0)

5. Capital Contributions: Police Administration Building Elevator Retrofit		**600,000**

Strategic Support CSA

This action funds the replacement of two elevator controllers at the Police Administration Building that are approximately 40 years old. The elevator controls include the mechanical, electrical, and electronic functions of an elevator. This equipment is beyond its serviceable life, fails frequently, and replacement parts are no longer available. (Ongoing costs: $0)

6. Capital Contributions: Police Administration Building/Police Communications Center Exterior Waterproofing*		**350,000**

Strategic Support CSA

This action provides funding for the exterior waterproofing of the Police Administration Building and the Police Communications Center. This exterior coating will protect the facility from water infiltration through the concrete at cracks and joints. If waterproofing is not maintained, water infiltration can lead to mold development and ultimately to interruptions to the use of the facility and costly repairs. (Ongoing costs: $0)

7. Capital Contributions: Police Administration Building HVAC Controls Replacement*		**275,000**

Strategic Support CSA

This action funds the replacement of Heating, Ventilation, and Air Conditioning (HVAC) controls at the Police Administration Building. This allocation is needed to replace the HVAC controls due to the increased maintenance needs and costs of the current equipment and the high level of failure. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Capital Contributions		
8. Capital Contributions: City Hall Bamboo Courtyard Renovation*		**250,000**
Strategic Support CSA		
This action funds the removal of the existing bamboo in the courtyard of City Hall and installation of a shade structure in order to make the space more usable for the community and employees. The roots of the bamboo planted in this location have become invasive and are growing into the concrete deck and damaging the waterproofing of the facility. (Ongoing costs: $0)		
9. Capital Contributions: Police Communications Center Redundant Power Circuitry System Design*		**200,000**
Strategic Support CSA		
This action funds a consultant to design an electrical system redundancy for the Police Communications Center. This project involves the creation of redundant power circuitry from the PG&E point of connection to the equipment distribution within the building. This allocation is necessary due to the critical nature of the Police Communications Center. This redundant part of the system would carry the load and allow for uninterrupted service in the case of equipment failure or a breaker is tripped in one part of the facility. (Ongoing costs: $0)		
10. Capital Contributions: Police Administration Building Firing Range Lighting*		**75,000**
Strategic Support CSA		
This action funds the replacement and reconfiguration of the lighting at the Police firing range. The firing range is used semi-annually to qualify police officers and for routine target practice necessary for duty. This allocation is needed to replace the current lighting system at the Police firing range to accommodate a more protected solution and reduce the incidents of failure. The currently installed lighting is easily damaged by bullets or ricochet making the use of the range more difficult due to a lack of proper lighting. (Ongoing costs: $0)		
Subtotal Capital Contributions:	**0.00**	**10,400,000**

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Transfers to Other Funds		
1. Transfers to Other Funds: Community Facilities Revenue Fund/ Hayes Mansion		**(300,000)**

Strategic Support CSA

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 of approximately $4.8 million to $10.0 million (all funds) for 2013-2014, depending on the timing of the refunding. This is expected to result in savings of approximately $3.5 million to $7.2 million in the General Fund. Over the life of the debt, this refunding is projected to generate savings of approximately $70 million (all funds). In addition, as part of this refunding, the Finance Department will continue to reduce the organization's variable rate exposure by refunding the outstanding variable rate bonds for the City Hall and Garage facilities to fixed rate bonds. It is recommended that the General Fund savings generated in 2013-2014 be used to continue reducing the City's outstanding variable rate debt for the Hayes Mansion improvements. The total outstanding principal for bonds issued for the Hayes Mansion is $53.7 million of which $49.8 million is in variable rate mode. By using the savings to pay down a portion of the outstanding principal, the annual debt service payment is expected to be reduced by approximately $294,000 to $614,000, continuing to mitigate variable rate debt risks and, in turn, decreasing the annual ongoing General Fund subsidy to the Community Facilities Revenue Fund by $300,000 to $600,000. In addition, the reduction in outstanding principal would help align the existing debt structure with current property values helping to position the asset for potential future sale. The minimum reduction to the transfer of $300,000 is recommended at this time as the final savings amount has not yet been determined. (Ongoing savings: $300,000)

2. Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		**(150,000)**

Strategic Support CSA

This action reduces the transfer to the Communications Construction and Conveyance Tax Fund based on recent information regarding the City's required allocation of Silicon Valley Regional Interoperability Authority (SVRIA) costs in 2013-2014. These costs were approved by the SVRIA Board of Directors in late March 2013. This reduction is only recommended on a one-time basis based on the projected future costs provided by SVRIA and the projected future available fund balance in the Communications Construction and Conveyance Tax Fund. (Ongoing savings: $0)

Subtotal Transfers to Other Funds:	**0.00**	**(450,000)**

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
1. Earmarked Reserves: Measure O Maintenance and Operations Elimination		**(1,616,000)**

Public Safety CSA

This action liquidates the Earmarked Reserve that was established in the 2013-2014 General Fund Forecast Base Budget for projected additional costs ($1,616,000) to operate and maintain the new South San José Police Substation effective January 2014 ($2.2 million annually). Construction of this facility was completed in October 2010 with move-in originally projected for the fall 2011 sworn shift change. As part of the approval of the 2011-2012 and 2012-2013 Adopted Budgets, the opening of the substation was deferred to the following fiscal year. The 2014-2018 Forecast factored in the ongoing costs associated with this facility, totaling $1.6 million in 2013-2014 and $2.2 million ongoing. Resources will be added to three departments to operate this facility. Funding for the Police Department of $2.7 million ($1.1 million ongoing) will be used for 9.0 Police Property Specialists, utilities, and one-time furniture, fixtures and equipment. Public Works Department funding of $1.3 million ($1.1 million ongoing) will be used for contractual custodial services, four fleet positions and related equipment to maintain marked patrol vehicles, 1.0 maintenance position, and mechanical systems re-commissioning. Capital and law enforcement grant funding of $1.4 million was previously appropriated and will be used for design and Cal-OSHA related corrective work and build out of an alternate emergency communications center. Funding for the Parks, Recreation, and Neighborhood Services Department of $32,000 ($50,000 ongoing) will be used to maintain the green roof on the facility. (Ongoing savings: $2,253,000)

2. Earmarked Reserves: Deferred Infrastructure and Maintenance Elimination		**(600,000)**

Strategic Support CSA

This action liquidates the reserve for deferred infrastructure and maintenance needs that was included in the 2014-2018 General Fund Forecast for 2013-2014. These funds are allocated to one-time infrastructure and maintenance needs in this budget. (Ongoing savings: $0)

3. Earmarked Reserves: New Police Maintenance and Operations Elimination		**(336,000)**

Public Safety CSA

This action liquidates the Earmarked Reserve that was established in the 2013-2014 General Fund Forecast Base Budget to support maintenance and operating costs for the new Police Records Management System (RMS) that was implemented in July 2012 and the Police Automated Field Reporting (AFR) that will be implemented by July 2013. (Ongoing savings: $399,000)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
4. Earmarked Reserves: New Parks and Recreation Facilities Maintenance and Operations Elimination		**(51,000)**

Neighborhood Services CSA

This action liquidates the Earmarked Reserve that was established in the 2013-2014 General Fund Forecast Base Budget for projected operations and maintenance expenses ($51,000) related to new parks and recreation facilities that are scheduled to become operational in 2013-2014 and were included in the Five-Year Capital Improvement Program. Allocated in the Parks, Recreation, and Neighborhood Services Department section of this document, these include costs associated with Riverview Park, Buena Vista Park, Essex Turnkey Park (land only), Coyote Creek Trail (Highway 237 to Tasman Drive), Doerr Parkway (Curtner Avenue to Comstock Lane), and Lower Silver Creek 6 (Dobern Avenue to Story Road). (Ongoing savings: $99,000)

5. Earmarked Reserves: New Traffic Infrastructure Assets Maintenance and Operations Elimination		**(31,000)**

Transportation and Aviation Services CSA

This action liquidates the Earmarked Reserve that was established in the 2013-2014 General Fund Forecast Base Budget for projected operations and maintenance expenses ($31,000) related to new traffic infrastructure assets (traffic signals, landscaping, and street lighting) that are scheduled to become operational in 2013-2014 and were included in the Five-Year Capital Improvement Program. These funds are allocated for operations and maintenance expenses in the Transportation Department section of this document. (Ongoing savings: $31,000)

6. Earmarked Reserves: 2014-2015 Future Deficit		**13,700,000**

Strategic Support CSA

This action establishes a 2014-2015 Future Deficit Reserve of $13.7 million. The 2014-2018 General Fund Forecast projected an ongoing shortfall of $13.7 million for 2014-2015. This reserve will set aside funds to address this shortfall on a one-time basis. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
7. Earmarked Reserves: Budget Stabilization*		**4,000,000**

Strategic Support CSA

This action establishes a Budget Stabilization reserve of $4.0 million to help ensure resources are available to address unforeseen changes in revenues or expenditures in any given year. Given the size of the City's budget and the relatively small General Fund Contingency Reserve, this proposed reserve is considered a prudent investment, serving as a small buffer, or bridge funding to balance the budget, if necessary. Previously, the City had an Economic Uncertainty Reserve that contained funding as high as $15.8 million to address unforeseen changes in revenues as a result of deteriorating economic conditions. That reserve was replenished and used over the past decade to address small portions of the City's significant General Fund budget shortfalls. In the future, the Administration recommends that the City Council consider changing the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18) to broaden the use and distribution of excess fund balance to allow for any available funds in any year to be allocated to a Budget Stabilization Reserve, as appropriate. (Ongoing costs: $0)

8. Earmarked Reserves: Operating/Capital Budget Systems Replacement*		**2,850,000**

Strategic Support CSA

This action establishes a $2.85 million Operating/Capital Budget System Replacement reserve for the replacement of the City's two budgeting systems. This preliminary funding level is based on estimates received from a recently conducted and extensive request for information process combined with anticipated implementation expenses. The City currently uses an in-house Oracle forms-based application and database to assist in the development of the Operating and Capital Budgets. The Operating Budget System was first developed in the 1980s and lacks the basic functionality of systems that are now available. The Capital Budget System was developed in the early 2000s and, while an improvement from the Operating System, lacks functionality and integration with other systems. With the existing budget systems, an excessive amount of staff resources throughout the City are necessary to produce the annual budget as they do not capture all of the budget data, do not have effective user interfaces, do not provide effective tools to manage the budget development process, and do not allow the leveraging of the budget information. Further, because the existing operating system has undergone a series of incremental revisions over more than a decade, the system architecture does not easily allow changes and there is a risk that the system will not be able to meet the continuing changing data and analytics requirements. In addition, Oracle is phasing out support for this application. Therefore, in fall 2012, the Budget Office released a Request for Information to learn about the current systems available for replacement of the over 20 year old Operating/Capital Budget System. Based on the responses and demonstrations of five systems, it is anticipated that a new budget system would potentially include the following data analytics features: (1) expenditure and revenue forecasting and modeling with trend analysis; (2) modeling of personal services cost scenarios; (3) dashboard data on the budget available to the public; (4) management tool during the year to track actual budget performance; and (5) consolidated performance measure data. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
9. Earmarked Reserves: Successor Agency City Legal Obligations*		**2,500,000**

Strategic Support CSA

This action increases the Successor Agency City Legal Obligations reserve by $2.5 million. When combined with the $7.5 million 2012-2013 Successor Agency Legal Obligations Earmarked Reserve that is expected to be rebudgeted later in the 2013-2014 budget process, a total of $10.0 million will be available for these purposes. Funds are recommended to be set aside equivalent to the principal value of loans made between the City and former Redevelopment Agency as part of the SERAF Loan ($2.0 million from the Ice Centre Revenue Fund, $5.0 million from the Sewage Treatment Plant Connection Fee Fund, and $3.0 million from the Subdivision Park Trust Fund). Although loans such as these were invalidated by AB X1 26, the approval of AB 1484 outlined that such loans may be deemed an enforceable obligation contingent upon 1) a finding by the State Department of Finance that all required audits of the Successor Agency have been completed, and 2) a finding by the Oversight Board that these loans were for legitimate redevelopment purposes. As the administration continues to work through these requirements, this action proactively sets aside funds as these loans are current due and payable by June 30, 2015. (Ongoing costs: $0)

10. Earmarked Reserves: Essential Services		**2,000,000**

Strategic Support CSA

This action establishes a one-time Essential Services reserve to fund services that are of importance to the community as directed in the Mayor's 2013-2014 March Budget Message as approved by the City Council. These funds will be allocated by the City Council as part of the 2013-2014 Budget process. (Ongoing costs: $0)

11. Earmarked Reserves: 2014-2015 Homeless Response Team *		**1,500,000**

Community and Economic Development CSA

This action provides funding in 2014-2015 as part of a two-year funding strategy for the continuation of a Homeless Response Team (described in further detail in the Housing Department and Parks, Recreation and Neighborhood Services Department sections of this document) to address the community's concerns about growing and visible homeless encampments. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
12. Earmarked Reserves: 2014-2015 San José BEST and Safe Summer Initiative Programs		**1,500,000**

Neighborhood Services CSA

This action establishes a 2014-2015 San José Bringing Everyone's Strengths Together (BEST)/Safe Summer Initiative Programs reserve as part of a two-year funding strategy as directed by the City Council as part of the approval of the 2013-2014 Mayor's March Budget process. The San José BEST and Safe Summer Initiative Programs support gang prevention and intervention efforts through a variety of efforts. This additional funding combined with funding actions described in the City-Wide Expenses section of this document will bring total program funding to $4.6 million in 2014-2015 ($3.1 million ongoing and $1.5 million one-time). (Ongoing costs: $0)

13. Earmarked Reserves: Fiscal Reform Plan Implementation		**1,350,000**

Strategic Support CSA

This action increases the Fiscal Reform Plan Implementation reserve by $1.35 million. When combined with the 2012-2013 Fiscal Reform Plan Implementation Earmarked Reserve current allocation of $150,000, a total of $1.5 million will be available for these purposes. This expenditure increase is offset by additional estimated 2013-2014 Available Fund Balance due in part to anticipated savings in the City Attorney's Office in 2012-2013. Additional funding will continue to be used for costs associated with implementing the Fiscal Reform Plan, particularly for litigation-related costs. (Ongoing costs: $0)

14. Earmarked Reserves: 2014-2015 Children's Health Initiative		**1,000,000**

Neighborhood Services CSA

This reserve allocates funding for the transition of City funding provided for the Children's Health Initiative to Santa Clara County, if needed. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
15. Earmarked Reserves: Development Fee Program Technology		**717,000**

Community and Economic Development CSA

This action establishes a Technology Fee and a Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections. The Technology Fee will apply a 2% fee on all building permits, and the revenues collected from this fee will be placed in this reserve for future use. The estimated revenue collection, starting in 2013-2014, from this new fee in the Development Fee Program is $420,000 in Building, $126,000 in Fire, $111,000 in Public Works, and $60,000 in Planning. (Ongoing costs: $717,000)

16. Earmarked Reserves: Aircraft Rescue and Firefighting Services		**507,751**

Public Safety CSA

This action establishes an Aircraft Rescue and Firefighting Services reserve to offset a portion of the Fire Department costs to provide this service in 2014-2015. Fire SAFER 2010 grant revenues of $2.3 million are anticipated to be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds from the Federal Emergency Management Agency/Department of Homeland Security. This additional revenue will be used to lower the Transfer from the Airport Maintenance and Operation Fund to the General Fund for aircraft rescue and firefighting services provided by the Fire Department in order to help with airport cost competitiveness. With the approval of the Fire SAFER 2010 grant, the decision to potentially outsource aircraft rescue and firefighting services was postponed until 2013-2014. However, with the acceptance of the Fire SAFER 2011 grant, the potential outsourcing would have to be postponed to October 2014 to remain in compliance with the Fire SAFER grant requirements. Based on the data from an outsourcing proposal received in 2011, it is estimated that the cost of aircraft rescue and firefighting services provided by the Fire Department will exceed the contracted services costs by approximately $1.8 million in 2013-2014. By lowering the Transfer to the General Fund from the Airport Maintenance and Operation Fund by $1.8 million in 2013-2014, the cost to Airport for fire services will be in-line with the outsourcing proposal. The remaining $508,000 in grant funds will help lower airport costs for the first part of 2014-2015. This action will maintain sworn firefighter levels and avoid layoffs. (Ongoing costs: $0)

Budget Changes By Program

Proposed Budget Changes	Positions	General Fund ($)
Earmarked Reserves		
17. Earmarked Reserves: 2014-2015 Community Action and Pride Grants*		**100,000**
Strategic Support CSA		
This action provides funding in 2014-2015 as part of a two-year funding strategy to continue the Community Action Pride (CAP) Grant Program. As described in the City-Wide Expenses section of this document, this program provides small grants to San José neighborhood groups to fund activities that result in cleaner, safer, and more engaged communities. Ongoing funding for the CAP Grant Program was eliminated in 2008-2009 with remaining funds approved to be carried over for future grant awards on a year-to-year basis until the funding was exhausted. This two-year strategy will provide $100,000 for the 2013-2014 grant cycle and set aside an additional $100,000 in this Earmarked Reserve for the 2014-2015 grant cycle. (Ongoing costs: $0)		
Subtotal Earmarked Reserves:	**0.00**	**29,090,751**
2013-2014 Proposed Budget Changes Total	**0.00**	**39,040,751**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Program: Capital Contributions

City Service Area: Multiple

Detail of Costs Description

Capital Contributions	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Neighborhood Services CSA				
Parks & Community Facilities Dev. Capital Program				
Parks and Recreation Bond Projects	$ 124	$ 0	$ 0	$ 0
Watson Park Site Clean-up and Restoration	52,898	0	0	0
Total Parks & Community Fac. Dev. Capital Pgm.	**$ 53,022**	**$ 0**	**$ 0**	**$ 0**
Total Neighborhood Services CSA	**$ 53,022**	**$ 0**	**$ 0**	**$ 0**
Public Safety CSA				
Public Safety Capital Program				
Fire Apparatus Replacement	$ 2,629,250	$ 6,300,000	$ 5,000,000	$ 5,000,000
Fire Station 37 - Willow Glen	0	620,000	0	0
South San José Police Substation	53,000	0	0	0
South San José Police Substation Exterior Public Art	(666)	0	0	0
South San José Police Substation FF&E	0	889,000	0	0
South San José Police Substation Interior Public Art	3,999	0	0	0
Total Public Safety Capital Program	**$ 2,685,583**	**$ 7,809,000**	**$ 5,000,000**	**$ 5,000,000**
Total Public Safety CSA	**$ 2,685,583**	**$ 7,809,000**	**$ 5,000,000**	**$ 5,000,000**
Transportation & Aviation Services CSA				
Traffic Capital Program				
Bucknall Road	$ 0	$ 200,000	$ 0	$ 0
North First - East Tasman Drive Maintenance	50,700	0	0	0
Tenth Street - Senter Road Maintenance	14,130	0	0	0
The Alameda Beautiful Way	0	300,000	0	0
Transportation Maintenance Backlog: Neighborhood Appearance	132,248	15,000	0	0
Total Traffic Capital Program	**$ 197,078**	**$ 515,000**	**$ 0**	**$ 0**
Total Transportation & Aviation Services CSA	**$ 197,078**	**$ 515,000**	**$ 0**	**$ 0**
Strategic Support CSA				
Municipal Improvements Capital Program				
Arena Repairs	$ 138,320	$ 431,000	$ 100,000	$ 100,000
Bldg Facilities Maint Backlog: 9-1-1 UPS System, Comm. Air & Gen. Control, Spec. Ops. Mech. Sys.	645,240	0	0	0
City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance	0	150,000	150,000	150,000
City Hall Bamboo Courtyard Renovation *	0	0	0	250,000
City Hall Waterproofing	0	0	0	1,600,000
Closed Landfill Compliance	270,381	400,000	350,000	350,000
Fuel Tank Monitoring	58,040	50,000	50,000	50,000

Budget Program: Capital Contributions

City Service Area: Multiple

Detail of Costs Description

Capital Contributions	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Strategic Support CSA				
Municipal Improvements Capital Program				
Police Administration Building Critical Repairs	$ 0	$ 300,000	$ 0	$ 0
Police Administration Building HVAC Controls Replacements *	0	0	0	275,000
Police Administration Building Elevator Retrofit	0	0	0	600,000
Police Administration Building Firing Range Lighting *	0	0	0	75,000
Police Administration Building/Emergency Communications Center Backup Generator Replacements	0	500,000	0	0
Police Administration Building/Police Communications Center Chiller Replacements *	0	0	0	2,400,000
Police Administration Building/Police Communications Center Exterior Waterproofing *	0	0	0	350,000
Police Communications Center Electrical System Upgrade *	0	0	0	1,650,000
Police Communications Center Redundant Power Circuitry System Design *	0	0	0	200,000
Police Communications Emergency Uninterrupted Power Supply	0	3,800,000	0	0
Police Communications Fire Protection System Upgrade	0	0	0	3,000,000
San José Municipal Stadium	0	85,000	0	0
Unanticipated/Emergency Maintenance	508,757	300,000	400,000	400,000
Total Municipal Improvements Capital Program	**$ 1,620,738**	**$ 6,016,000**	**$ 1,050,000**	**$ 11,450,000**
Service Yards Capital Program				
Central Service Yard - Phase I Debt Service Payments	$ 1,014,806	$ 1,300,000	$ 0	$ 0
Total Service Yards Capital Program	**$ 1,014,806**	**$ 1,300,000**	**$ 0**	**$ 0**
Total Strategic Support CSA	**$ 2,635,544**	**$ 7,316,000**	**$ 1,050,000**	**$ 11,450,000**
TOTAL CAPITAL CONTRIBUTIONS	**$ 5,571,227**	**$ 15,640,000**	**$ 6,050,000**	**$ 16,450,000**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Program: Transfers to Other Funds

City Service Area: Multiple

Detail of Costs Description

Transfers to Other Funds	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Community & Economic Development CSA				
Arena Enhancement Fund	$ 990,616	$ 2,502,646	$ 2,015,278	$ 2,015,278
Arena Reserve Fund	500,000	250,000	250,000	250,000
Business Improvement District Fund	10,000	10,000	10,000	10,000
Total Community & Economic Develop. CSA	**$ 1,500,616**	**$ 2,762,646**	**$ 2,275,278**	**$ 2,275,278**
Environmental & Utility Services				
Integrated Waste Management Fund	$ 10,000	$ 0	$ 0	$ 0
Total Environmental & Utility Services CSA	**$ 10,000**	**$ 0**	**$ 0**	**$ 0**
Neighborhood Services CSA				
Camden Community Center Debt Service	$ 98,769	$ 202,162	$ 0	$ 0
Municipal Golf Course Fund	1,800,000	1,800,000	2,000,000	2,000,000
Parks C&C Tax Fund - Council District 10	120,000	0	0	0
Total Neighborhood Services CSA	**$ 2,018,769**	**$ 2,002,162**	**$ 2,000,000**	**$ 2,000,000**
Transportation & Aviation Services CSA				
Downtown Property and Bus Impvt District Fund	$ 639,131	$ 623,920	$ 695,181	$ 695,181
Maintenance Assessment District #2	2,408	2,408	2,408	2,408
Maintenance Assessment District #8	2,353	2,353	2,353	2,353
Maintenance Assessment District #9	23,480	23,480	23,480	23,480
Maintenance Assessment District #11	6,354	6,354	6,354	6,354
Maintenance Assessment District #15	16,636	16,636	16,636	16,636
Maintenance Assessment District #19	6,195	6,195	6,195	6,195
Maintenance Assessment District #20	21,461	21,461	21,461	21,461
Maintenance Assessment District #21	8,996	8,996	8,996	8,996
Maintenance Assessment District #22	35,223	35,223	35,223	35,223
Total Transportation & Aviation Services CSA	**$ 762,237**	**$ 747,026**	**$ 818,287**	**$ 818,287**
Strategic Support CSA				
2010-2011 Federated Retirement System Fund Additional Payment	$ 4,412,384	$ 0	$ 0	$ 0
Benefit Fund	8,700	0	0	0
City Hall Debt Service Fund	15,541,945	15,287,247	15,079,201	15,079,201
Communications Construction and Convey Tax Fund	37,500	37,500	412,500	262,500
Community Facilities Revenue Fund/Hayes Mansion	5,500,000	4,500,000	4,700,000	4,400,000
Fiber Optics Dev Fund Loan Repayment	50,000	2,250,000	0	0
Gift Trust Fund	3,000	0	0	0
Police and Fire Retirement Fund (SB90 Reimb)	275,368	0	0	0
Redevelopment Obligation Retirement Fund	0	11,000,000	0	0
Vehicle Replacement/General Fleet	101,500	800,000	800,000	800,000
Total Strategic Support CSA	**$ 25,930,397**	**$ 33,874,747**	**$ 20,991,701**	**$ 20,541,701**
TOTAL TRANSFERS TO OTHER FUNDS	**$ 30,222,019**	**$ 39,386,581**	**$ 26,085,266**	**$ 25,635,266**

Budget Program: Earmarked Reserves

City Service Area: Multiple

Detail of Costs Description

Earmarked Reserves	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Community & Economic Development CSA				
Building Development Fee Program	N/A	$ 13,528,206	$ 0	$ 0
Development Fee Program Technology	N/A	0	0	717,000
Fire Development Fee Program	N/A	3,663,258	0	0
2014-2015 Homeless Response Team *	N/A	0	0	1,500,000
Planning Development Fee Program	N/A	424,458	0	0
Public Works Development Fee Program	N/A	2,994,864	0	0
Total Community & Economic Develop. CSA	**N/A**	**$ 20,610,786**	**$ 0**	**$ 2,217,000**
Environmental and Utility Services CSA				
Martha Gardens Alleyways	N/A	$ 345,000	$ 0	$ 0
Total Environmental and Utility Services CSA	**N/A**	**$ 345,000**	**$ 0**	**$ 0**
Neighborhood Services CSA				
2013-2014 San José BEST Program	N/A	$ 500,000	$ 0	$ 0
2014-2015 Children's Health Initiative	N/A	0	0	1,000,000
2014-2015 San José BEST and Safe Summer Initiative Programs	N/A	0	0	1,500,000
Almaden Lake Park Swim Program	N/A	18,510	0	0
New Parks and Recreation Facilities Maint and Ops	N/A	0	51,000	0
Total Neighborhood Services CSA	**N/A**	**$ 518,510**	**$ 51,000**	**$ 2,500,000**
Public Safety CSA				
Aircraft Rescue and Firefighting Services	N/A	$ 0	$ 0	$ 507,751
New Police Maintenance and Operations	N/A	0	336,000	0
Measure O Maintenance and Operations (Police)	N/A	0	1,616,000	0
Staffing For Adequate Fire and Emergency Response Grant	N/A	300,000	0	0
Total Public Safety CSA	**N/A**	**$ 300,000**	**$ 1,952,000**	**$ 507,751**
Transportation & Aviation Services CSA				
New Traffic Infrastructure Assets Maint and Ops	N/A	$ 0	$ 31,000	$ 0
Total Transportation & Aviation Services CSA	**N/A**	**$ 0**	**$ 31,000**	**$ 0**
Strategic Support CSA				
2013-2014 Future Deficit	N/A	$ 22,500,000	$ 0	$ 0
2014-2015 Community Action and Pride Grants *	N/A	0	0	100,000
2014-2015 Future Deficit	N/A	0	0	13,700,000
Budget Stabilization *	N/A	0	0	4,000,000
Deferred Infrastructure and Maintenance	N/A	0	600,000	0
Employee Compensation Planning *	N/A	0	11,100,000	11,100,000
Essential Services	N/A	0	0	2,000,000
Fiscal Reform Plan Implementation	N/A	1,500,000	0	1,350,000
Fuel Usage	N/A	250,000	0	0
Future Capital Projects (FF&E)	N/A	250,080	0	0
Operating/Capital Budget Systems Replacement *	N/A	0	0	2,850,000

Budget Program: Earmarked Reserves

City Service Area: Multiple

Detail of Costs Description

Earmarked Reserves	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Strategic Support CSA				
Retirement Pre-Payment	N/A	1,000,000	0	0
Salaries and Benefits	N/A	7,626,686	3,267,685	3,267,685
Successor Agency City Legal Obligations *	N/A	0	0	2,500,000
Wellness Program	N/A	189,768	0	0
Workers' Compensation/General Liability	N/A	10,000,000	0	0
Total Strategic Support CSA	**N/A**	**$ 43,316,534**	**$ 14,967,685**	**$ 40,867,685**
TOTAL EARMARKED RESERVES	**N/A**	**$ 65,090,830**	**$ 17,001,685**	**$ 46,092,436**

* Implementation of these proposals is contingent on the outcome of pending litigation. Please refer to the City Manager's 2013-2014 Budget Message for further information.

Budget Program: Contingency Reserve

City Service Area: Strategic Support

Detail of Costs Description

Contingency Reserve	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Forecast 3	2013-2014 Proposed 4
Strategic Support CSA				
Contingency Reserve	N/A	$ 29,309,000	$ 29,309,000	$ 29,309,000
Total Strategic Support CSA	**N/A**	**$ 29,309,000**	**$ 29,309,000**	**$ 29,309,000**
TOTAL CONTINGENCY RESERVE	**N/A**	**$ 29,309,000**	**$ 29,309,000**	**$ 29,309,000**

2013-2014

Operating Budget

Selected Special Funds Summaries

Community Development Block Grant Fund

MISSION

To provide funding for local community projects and services which further the objectives of the federal Community Development Block Grant (CDBG) program. The national objectives of the program are to provide assistance to persons of low- and moderate-income, prevent or eliminate slums and blight, or meet an urgent community development need.

CDBG funds are granted to programs and projects carried out by local non-profit organizations and by City departments. By federal regulation, up to fifteen percent of the City's CDBG grant and program income may be allocated to public service activities. By City policy, all of these funds are provided to non-profit organizations that provide community services including but not limited to: homeless assistance; foreclosure assistance; fair housing activities, services for seniors; childhood education; and employment services.

Up to twenty percent of the CDBG grant and program income may be used for administration, fair housing, and planning activities. The remainder of the CDBG funds are allocated to community development activities and construction, and awarded to non-profit organizations and City departments for activities such as capital projects, housing improvements, neighborhood revitalization, code enforcement, job creation, and economic development.

Community Development Block Grant

Budget Summary

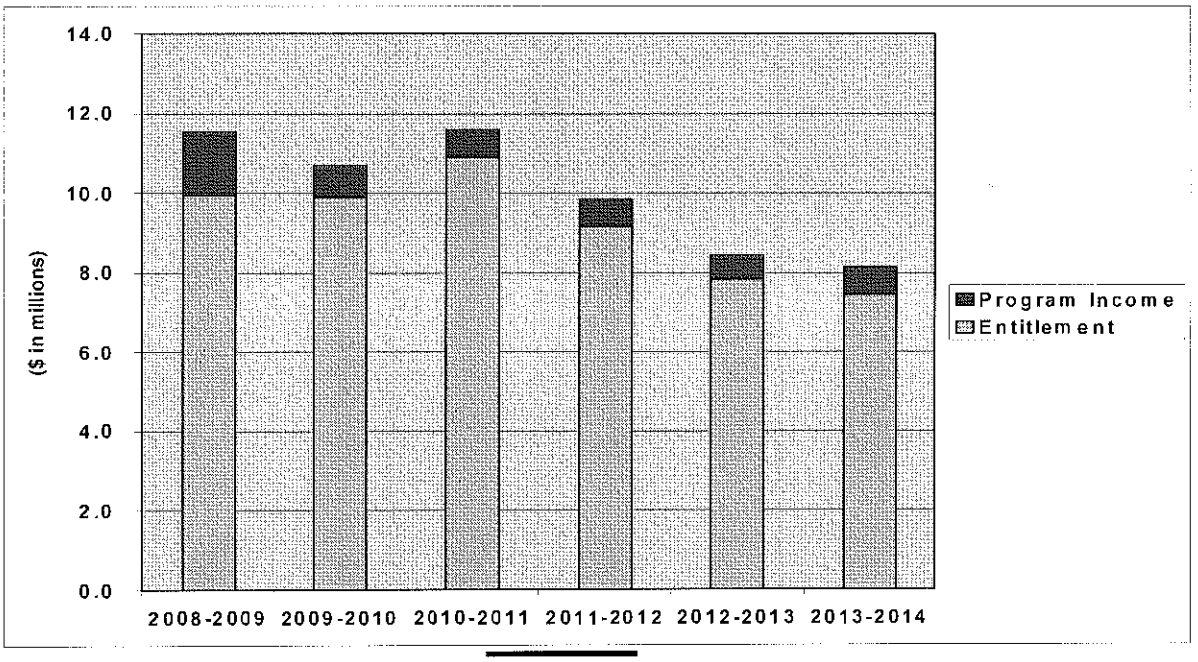
	2012-2013 Adopted	2013-2014 Proposed	Change
Contractual Community Services	$ 1,266,042	$ 1,289,740	1.9%
Community Development Improvements	$ 6,071,547	$ 5,225,234	(13.9%)
Administration, Fair Housing, & Planning	$ 1,733,361	$ 1,627,346	(6.1%)
Section 108 Debt Service	$ 1,870,928	$ 2,178,381	16.4%

Budget Highlights 2013-2014

- In 2013-2014, the annual CDBG entitlement award is $7.4 million. The City's annual entitlement has decreased by 5% from the 2012-2013 level of $7.8 million due to federal sequestration.
- In 2013-2014, the majority of the Community Development Improvement funds will be dedicated to a place-based, neighborhood-focused strategy. The three place-based neighborhoods are Mayfair, Five Wounds/Brookwood Terrace, and Santee.
- Approximately $1.3 million will be allocated to Contractual Community Services for senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.
- CDBG will pay principal and interest payments of approximately $2.2 million for the CDBG-guaranteed Section 108 economic development loans.

Budget Byte

CDBG FUNDING



Fund Overview

The City's Community Development Block Grant (CDBG) program budget is based on a 2013 entitlement grant of $7.4 million, which is a 5% reduction from the current year level of $7.8 million due to federal sequestration. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at $700,000, slightly higher than previous collection levels. In addition, the program is anticipated to receive approximately $443,000 in developer payments. Of the total $10.3 million expenditures programmed in the 2013-2014 budget, approximately $1.3 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately $5.2 million will be available for Community Development Improvements (CDI), and approximately $1.6 million will be allocated to Administration, Fair Housing, and Planning activities. In addition, CDBG will fund the Section 108 debt service payments (approximately $2.2 million) as a result of the dissolution of the San Jose Redevelopment Agency. Per the agreement between the Federal Department of Housing and Urban Development, if the Successor Agency to the Redevelopment Agency (SARA) is not able to make the debt service payment, CDBG funds are pledged to cover this obligation. Due to the fact that it is projected that there will be insufficient property tax increment revenue available to cover the debt service payment in 2013-2014, CDBG funds are programmed for this payment next year. In addition, a reserve has been established to set aside funds for that debt service payment in 2014-2015, as it is currently anticipated that there will not be sufficient property tax increment revenues to make the payment that year as well.

Contractual Community Services

Eight projects from non-profit agencies offering services to San José residents will be funded in 2013-2014. Programs funded under this category offer a variety of services to the community, including senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

Community Development Improvements

Two City programs and projects are funded in the CDI category. In addition, one non-profit agency will receive funding to support minor repair grants to lower-income homeowners and a second non-profit agency will be selected to provide job readiness and training for homeless individuals. Finally, CDBG will invest approximately $1.5 million to support the place-based, neighborhood-focused strategy that was implemented in 2012-2013. This strategy will continue in three neighborhoods (Mayfair, Santee, and Five Wounds/Brookwood Terrace) where there is demonstrated need consistent with the mission of the CDBG program, the opportunity to make substantial change, and strong community partnerships to sustain that progress. These funds will provide for various infrastructure projects such as LED streetlights, crosswalks and other pedestrian-safety measures, traffic calming, and recreational improvements.

Fund Overview

Administration, Fair Housing, and Planning

Funds in this category are used to support a variety of projects, including administration of the program, fair housing, and planning activities. The Housing, and Planning, Building and Code Enforcement Departments will receive funding for the support services, including environmental review services, they provide to the program.

Funding allocations within each CDBG category are contained within the "2013-2014 Consolidated Annual Action Plan." Six public hearings were held on January 10, 2013, February 14, 2013, March 14, 2013, April 2, 2013, April 9, 2013, and April 11, 2013 to discuss the "2013-2014 Consolidated Annual Action Plan." The Annual Action Plan, including the CDBG funding allocations, is scheduled for approval by City Council on April 30, 2013. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the "2013-2014 Consolidated Annual Action Plan" that can be found at http://sanjoseca.gov/index.aspx?nid=1291.

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	$ 9,840,514	$ 6,303,999	$ 7,154,007	13.5%
CDBG Entitlement	9,151,034	7,840,284	7,448,270	(5.0%)
Developer Payments	0	352,717	443,000	25.6%
Housing Rehabilitation Loan Program Income	394,260	500,000	500,000	0.0%
Miscellaneous Revenue	213	0	0	N/A
Other Loan Repayment	173,548	100,000	200,000	100.0%
Total	**$ 19,559,569**	**$ 15,097,000**	**$ 15,745,277**	**4.3%**
Dollars by Uses				
Contractual Community Services	$ 1,450,574	$ 1,266,042	$ 1,289,740	1.9%
Community Development Improvements	6,015,687	6,071,547	5,225,234	(13.9%)
Administration, Fair Housing & Planning	1,451,556	1,733,361	1,627,346	(6.1%)
Recovery Act - CDBG Fund	535,923	0	0	N/A
Section 108 Debt Service	1,891,423	1,870,928	2,178,381	16.4%
Transfers	67,182	0	0	N/A
Ending Fund Balance	8,147,224	4,155,122	5,424,576	30.6%
Total	**$ 19,559,569**	**$ 15,097,000**	**$ 15,745,277**	**4.3%**

Community Development Block Grant

Budget Category: Contractual Community Services

Budget Category Overview

Contractual Community Services (CCS) funds may be used for activities defined as public services under CDBG regulations. These funds support programs that provide services to the community, including senior and homeless assistance, school readiness/third grade literacy, and foreclosure prevention assistance. The total available for this category in 2013-2014 is $1,289,740. By policy, the City makes all of these funds available to local non-profit organizations.

Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Contractual Community Services	$ 1,450,574	$ 1,266,042	$ 1,289,740	1.9%
Total	**$ 1,450,574**	**$ 1,266,042**	**$ 1,289,740**	**1.9%**

The following projects are included for funding in the 2013-2014 Proposed Budget in the CCS category.

Proposed Allocation	2013-2014 Amount
City-wide Outreach and Shelter Project (EHC LifeBuilders)	$ 559,694
Homeless Services to Youth and Families (Next Door Solutions)	184,561
Meals on Wheels (The Health Trust)	100,000
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	100,000
Foreclosure HELP SCC (Housing Trust of Santa Clara County)	50,000
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara County)	98,495
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	98,495
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	98,495
Total Contractual Community Services	**$ 1,289,740**

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Overview

The largest portion of the City's CDBG funds are allocated to the Community Development Improvements (CDI) category. This category includes non-construction projects including housing rehabilitation and repair and code enforcement activities. The Housing Department will provide construction management services for rehabilitation loans and grants approved in 2012-2013. To the extent feasible and based on the availability of funding, the Housing Department will seek opportunities to fund rehabilitation activities. In addition, this category includes construction projects or physical improvements. The following table provides the distribution of funding in the CDI category by non-construction and construction categories.

Budget Category Summary

Community Development Improvements	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
CDI Non-Construction	$ 4,373,348	$ 4,522,507	$ 3,725,234	(17.6%)
CDI Construction	1,642,339	1,549,040	1,500,000	(3.2%)
Total	**$ 6,015,687**	**$ 6,071,547**	**$ 5,225,234**	**(13.9%)**

The following projects are included for funding in the 2013-2014 Proposed Budget from the CDI category.

Proposed Allocation	2013-2014 Amount
CDI Non-Construction	
Housing Rehabilitation Single and Multi Family (Housing Department)	$ 1,560,000
Proactive Blight Elimination (Planning, Building and Code Enforcement	1,165,324
Job Readiness Training Project (Downtown Streets Team)	600,000
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	400,000
Total CDI Non-Construction	**$ 3,725,324**
CDI Construction	
Neighborhood Infrastructure Improvements (Diocese of San José, Franklin-School District, Public Works Department, and Transportation Department)	$ 1,500,000
Total CDI Construction	**$ 1,500,000**
Total Community Development Improvements	**$ 5,225,324**

Community Development Block Grant

Budget Category: Administration, Fair Housing and Planning

Budget Category Overview

The Administration, Fair Housing and Planning category consists primarily of program Administration, Fair Housing, and Planning activities.

Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Administration, Fair Housing, and Planning	$ 1,451,556	$ 1,733,361	$ 1,627,346	(6.1%)
Total	**$ 1,451,556**	**$ 1,733,361**	**$ 1,627,346**	**(6.1%)**

The following projects are included for funding in the 2013-2014 Proposed Budget from the Administration, Fair Housing, and Planning category.

Proposed Allocation	2013-2014 Amount
Program Development and Monitoring (Housing Department)	$ 1,178,622
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	385,000
Legal Services (Office of the City Attorney)	35,224
Environmental Review Services (Planning, Building and Code Enforcement Department)	28,500
Total Administration, Fair Housing and Planning	**$ 1,627,346**

PAGE IS INTENTIONALLY LEFT BLANK

Integrated Waste Management Fund

MISSION

To provide solid waste disposal and recycling services, collect fees for those services, and lead City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:

- *Management of the residential and commercial solid waste system;*
- *Management of the Construction and Demolition waste system;*
- *Residential billing and customer service;*
- *Household Hazardous Waste services;*
- *Management of garbage and recycling services for City facilities and public litter cans;*
- *Zero waste efforts for special events at City properties;*
- *Public education and outreach;*
- *Countywide solid waste planning and programming;*
- *Enforcement of Solid Waste municipal code provisions, franchises, and agreements;*
- *Customer rate setting and revenue monitoring;*
- *Development of the Environmental Innovation Center; and*
- *Grant procurement and oversight*

Integrated Waste Management Fund

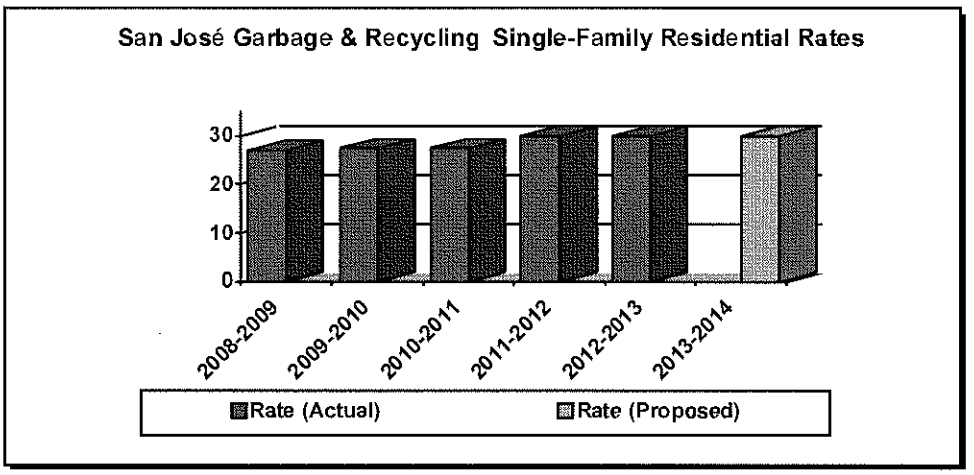
Budget Summary

	2012-2013 Adopted	2013-2014 Proposed	% Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	$ 118,170,440	$ 115,250,681	(2.5%)
Accounting and Lien Collection	1,382,813	1,354,874	(2.0%)
City-Wide Disposal Contract Mgmt	8,752,800	9,041,000	3.3%

Budget Highlights 2013-2014

- In 2013-2014, the Integrated Waste Management Fund will support garbage and recycling services, reduce neighborhood blight, and pursue energy conversion technologies.
- A continuing goal for this fund in 2013-2014 is to maintain the Recycle Plus single-family and multi-family garbage and recycling programs as close to 100% cost recovery as possible. No rate increases for Recycle Plus services are required for 2013-2014.

Budget Byte



San José Garbage & Recycling Monthly Single-Family Residential Rates

	2008-2009 Actual	2009-2010 Actual	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Proposed
Rate	$26.95	$27.50	$27.50	$29.95	$29.95	$29.95
Effective Date	7/1/2008	7/1/2009	7/1/2010	8/1/2011	7/1/2012	7/1/2013

Fund Overview

The Integrated Waste Management (IWM) Fund supports residential, commercial, and City facility and operations solid waste disposal, including administration of various agreements for collection, processing, and disposal. The fund also supports the implementation of Green Vision Goal #5: *Divert 100 percent of the waste from the City's landfill and convert waste to energy.*

The residential services group manages Recycle Plus garbage, recycling, yard trimmings, and street sweeping services contracts for single-family dwelling (SFD) and multi-family dwelling (MFD) properties. In 2012-2013, the City Council gave approval to discontinue the in-house service delivery model for Recycle Plus billing and customer service and directed staff to evaluate utilizing the Santa Clara County Secured Property Tax Bill for Recycle Plus billing or shifting all Recycle Plus billing and customer service responsibility to the municipal solid waste haulers. These options are currently being evaluated and staff will return to the City Council with a recommendation in late Spring 2013. Notable residential projects completed in 2012-2013 include integration of the Neighborhood Clean-Up event schedule with the online Collection Day Look-up tool, creation of the second annual ReSources newsletter distributed to all 210,000 single-family households, redesign of program signage found on 184 Recycle Plus collection vehicles, and introduction of 18 new CNG vehicles to the multi-family residential collection fleet. Waste & Recycling News awarded the Recycle Plus program the "2012 Green City Award" for having the most effective and successful residential recycling program for a large city in the U.S.

On June 21, 2011, Council granted Allied Waste Services (now known as Republic Services, their parent company) two exclusive franchises for north and south San José to provide solid waste collection, recyclables processing, and disposal services for most of the City's commercial waste, and authorized an agreement with Zero Waste Energy Development Company (ZWED) to provide commercial organic waste processing services. On July 1, 2012, the transition commenced, and businesses switched from the non-exclusive franchise system (involving more than 20 different haulers) to service with a single hauler, Republic, serving the entire City. Beyond consolidating service with one hauler, the transition introduced new technologies and approaches. Approximately 8,000 business sites are now participating in a new wet/dry collection system with waste materials being separated into two categories: 1) wet or organic material such as food waste or plant trimmings, and 2) dry material such as paper or plastic. All solid waste collected is delivered to Republic or ZWED facilities for processing, and residual garbage from the processing operations is sent to a landfill for disposal. In an effort to ensure that a degree of competitive and shared market remains, two large components of the commercial waste stream continue to be collected through the non-exclusive franchise system: construction and demolition debris and residential cleanout materials. For these components, there are currently 19 non-exclusive franchised haulers, with four more applications pending. In order to ensure compliance with the San José Municipal Code and the various franchise agreements, the addition of two Environmental Inspectors dedicated to field enforcement was approved with the City's 2012-2013 Adopted Operating Budget. This enforcement function helps ensure that the cost of the new system is distributed appropriately among all customers covered by the franchise, thus mitigating risk of rate increases. The inspectors also ensure that franchisees are collecting waste per the terms of their agreements and are meeting requirements for the quality of services to the customer.

Fund Overview

The Construction and Demolition Diversion (CDD) program continues to divert the single largest component of the City's waste stream. Under this program, building permits are subject to one of two tracks depending on the Building Code that impacts the project. The CDD deposit is still required for most addition and alteration building permits; however, new construction, non-residential additions greater than 2,000 square feet in size, and non-residential alterations greater than $500,000 in value are subject to the CALGreen Building Code and a non-refundable flat fee is paid in-lieu of a deposit. CALGreen's building permit scope is expected to expand to include all non-residential additions greater than 1,000 square feet and all alterations with a valuation greater than $200,000 in the beginning of 2014. Currently, all applicants must demonstrate that a certain amount of construction and demolition waste was diverted from landfills before either their deposit is returned, or they can obtain final occupancy for projects subject to the CALGreen mandatory measures. Deposits which are abandoned, or which are not eligible to be returned to the depositor, support a variety of City activities. Transfers of CDD Revenue to the General Fund total $600,000 for 2013-2014. In addition to this transfer, CDD monies will fund a portion of two existing Planning, Building and Code Enforcement positions that support CDD efforts.

Renovation and construction of the Environmental Innovation Center (EIC) on Las Plumas Avenue began in September 2011 and is slated to open in Spring 2014. In November 2011, a New Markets Tax Credit transaction with JPMorgan Chase (the investor) and three Community Development Entities closed, resulting in approximately an additional $4.3 million in funding for the project. The EIC advances the City's commitment to San José's Green Vision, with an approximately 10,000 square foot permanent Household Hazardous Waste (HHW) drop-off facility for the convenient and safe disposal of common toxic items; flexible laboratory and office space for members of Prospect Silicon Valley (Prospect SV) to demonstrate, develop, and deploy emerging clean technologies in renewable energy, energy efficiency, green building, and transportation; conference space for environmental workshops and job trainings; and a Habitat for Humanity ReStore that will sell discounted new, like new, and surplus building materials that would likely otherwise be landfilled.

The Organics to Energy Strategic Plan was developed in the summer 2009 as a road map to pursue energy conversion technologies that will reduce the volume of material entering landfills, and prepare the material for further processing, while capturing energy for beneficial uses. The Environmental Services Department (ESD) is currently implementing two conversion projects that will divert pre-landfill organics to biomethane production. The ZWED Anaerobic Digestion Facility will support processing of commercial organics collected as part of the new exclusive franchise agreements that started on July 1, 2012. The Anaerobic Digestion facility is projected to receive material by the end of 2013.

The Zero Waste Event Program provides technical assistance and resources to the event planning community for "green" events, and helps incorporate zero waste planning into procedures and processes. Resources include workshops, recycling equipment loans, free recycling collection services, and a certification program to encourage participation. In addition, this program administers grants to help offset additional costs associated with producing green events, and manages an agreement with the San José Conservation Corps to implement recycling services at special events on City property.

Fund Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	$ 21,151,590	$ 10,291,516	$ 12,054,174	17.1%
Operating Revenues	137,602,693	130,733,389	128,100,894	(2.0%)
Interest and Transfers	136,900	78,000	68,661	(12.0%)
Total	**$ 158,891,183**	**$ 141,102,905**	**$ 140,223,729**	**(0.6%)**
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	$ 136,624,260	$ 118,170,440	$ 115,250,681	(2.5%)
Accounting and Lien Collection	1,392,293	1,382,813	1,354,874	(2.0%)
City-Wide Disposal Contract Management	8,288,816	8,752,800	9,041,000	3.3%
Other *	963,681	250,000	0	(100.0%)
Ending Fund Balance	11,622,133	12,546,852	14,577,174	16.2%
Total	**$ 158,891,183**	**$ 141,102,905**	**$ 140,223,729**	**(0.6%)**

* These are miscellaneous items paid for from this fund on a one-time basis, and offset by miscellaneous or unrestricted revenues.

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

Activities in this budget category ensure the achievement of City objectives related to waste management and the reduction of solid waste. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and the franchises and agreements for services to businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City, provides policy and technical analysis, promotes programs such as the State of California's Recycling Market Development Zone in order to develop markets, and ensures compliance with environmental laws and permits. Administrative Services include support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

No customer rate increases for Recycle Plus services are recommended for 2013-2014, as savings from 2012-2013 are available to offset solid waste hauler contractual increases. Rate increases for the optional subscription yard trimmings cart and on-demand large item collection are proposed in 2013-2014. The subscription yard trimmings cart rate increase is necessary to bring the cart program up to cost recovery. The large item collection rate increase is an annual adjustment that is required contractually between the City and the service provider. T he large item program is managed by the Recycle Plus recycling haulers with customers paying the large item collection rate directly to the haulers. Any rate increases will be evaluated through the annual budget process, based on the growth in indexes that drive the garbage hauling contractual increases and other costs.

The Ending Fund Balance includes a reserve of $2.0 million to prepare for the Integrated Billing System (IBS) replacement solution, which will need to be implemented by 2015 because the current system will not be supported by the vendor past 2015.

Proposed actions for 2013-2014 include the addition of an Environmental Inspector for the Residential section. The new Environmental Inspector position will perform compliance work and monitoring in residential areas to address city-wide blight and compliance issues. These include illegal dumping, recyclables scavenging, and recyclables contamination. The cost of the addition was offset by deleting a vacant Environmental Services Specialist position and also includes funding for associated non-personal costs and the purchase of a vehicle.

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Garbage and Recycling Services	$ 101,442,180	$ 110,375,265	$ 105,286,346	(4.6%)
Public Outreach	364,163	277,788	277,788	0.0%
Administrative Services	34,817,917	7,517,387	9,686,547	28.9%
Total	**$ 136,624,260**	**$ 118,170,440**	**$ 115,250,681**	**(2.5%)**

The following changes are included for 2013-2014 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Garbage and Recycling Services	**$110,375,265**	**$105,286,346**	**($5,088,919)**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Household Hazardous Waste Las Plumas Facility	Elimination of one-time funding associated with the construction of the Household Hazardous Waste Facility	($6,059,604)
• CEC Grant: Biomass to Energy Technology Project	Expenditures related to a grant from the California Energy Commission	($600,000)
• Capital Program and Public Works Department Support Costs	Decrease in Capital Program and Public Works Costs (Completion of Environmental Innovation Center)	($148,000)
• Environmental Services Department (ESD) Non-Personal/ Equipment	One-time funding associated with the Environmental Innovation Center, Miscellaneous Non-Personal/Equipment changes	($117,407)
• Clean Creeks, Healthy Communities	Expenditures related to a grant from the Environmental Protection Agency	($32,000)
• Single-Family Recycle Plus	Contractual increase to the single-family dwelling garbage and recycling contract	$630,521
• Yard Trimmings/Street Sweeping	Contractual increase to the yard trimmings and street sweeping contract	$441,454
• Multi-Family Recycle Plus	Contractual increase to the multi-family dwelling garbage and recycling contract	$350,023

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Proposed Allocation		Change
Garbage and Recycling Services		
• Various Departments Personal Services	Salary/benefit changes, position eliminations, and other changes	$321,345
• City Facilities Recycle Plus	Contractual increase to the City Facilities garbage contract	$32,265
• PBCE Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes	$8,269
	Subtotal Base Adjustments	**($5,173,134)**
Budget Proposals Recommended		
• ESD Personal Services	Environmental Services Department Staffing	($100,706)
	Transfer of Energy Program to Public Works	($29,204)
	Solid Waste Contract Compliance Staffing	$89,565
	Recycle Plus Billing Transition Project Staffing	$43,265
	Environmental Services Department Administrative Services Division Oversight	$7,880
• ESD Non-Personal/Equipment	Solid Waste Compliance and Enforcement and Recycle Billing Transition Project	$52,815
• Various Departments Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	$20,600
	Subtotal Budget Proposals Recommended	**$84,215**
Total Garbage and Recycling Services		**($5,088,919)**

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Public Outreach	**$277,788**	**$277,788**	**($0)**
Total Public Outreach			**($0)**
Administrative Services	**$7,517,387**	**$9,686,547**	**$2,169,160**

Base Adjustments
(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Safe Routes to Schools Creative (SRTC) Grant	Second year of a schools program funded by the Metropolitan Transportation Commission	($84,600)
• IBS Commercial Paper Payment	Integrated Billing System commercial paper repayment	$1,431,469
• Transfer to the General Fund - CDDD	Increased transfer of CDDD revenue to the General Fund	$350,000
• Overhead	Net change in overhead reimbursement resulting from staffing changes	$306,124
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	$119,685
• Transfer to the City Hall Debt Service Fund	Increased City Hall Debt Service allocation	$39,192
• Workers' Comp Claims	Increased allocation for Worker's Compensation Claims	$3,000
• Various Departments Non-Personal/ Equipment	Miscellaneous Non-personal/Equipment changes	$4,276
	Subtotal Base Adjustments	**$2,169,146**

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary

Proposed Allocation		2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Services				
Budget Proposals Recommended				
• PBCE Personal Services	Salary/benefit changes, position reallocations, and other changes			($1,867)
• Overhead	Net change in overhead reimbursement resulting from staffing changes			$1,881
	Subtotal Budget Proposals Recommended			**$14**
Total Administrative Services				**$2,169,160**
Total Garbage and Recycling Services, Public Outreach, and Administrative Services		**$ 118,170,440**	**$115,250,681**	**($2,919,759)**

Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the Garbage Lien unit. Program staff reconciles revenue, expenditures, and accounts receivable.

Budget Category Summary

Accounting and Lien Collection	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Accounting and Lien Collection	$ 1,392,293	$ 1,382,813	$ 1,354,874	(2.0%)
Total	**$ 1,392,293**	**$ 1,382,813**	**$ 1,354,874**	**(2.0%)**

The following changes are included in 2013-2014 for the Accounting and Lien Collection allocation:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Accounting and Lien Collection	**$1,382,813**	**$1,354,874**	**($27,939)**

Base Adjustments
(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Finance Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	($30,000)
• Finance Personal Services	Salary/benefit changes, position eliminations, and other changes	$2,061
	Subtotal Base Adjustments	**($27,939)**

Total Accounting and Lien Collection	**$1,382,813**	**$1,354,874**	**($27,939)**
Total Accounting and Lien Collection	**$1,382,813**	**$1,354,874**	**($27,939)**

Budget Category: City-Wide Landfill Disposal Contract Management

Budget Category Overview

This category manages the City-Wide Landfill Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
City-Wide Disposal Contract Management	$ 8,288,816	$ 8,752,800	$ 9,041,000	3.3%
Total	**$ 8,288,816**	**$ 8,752,800**	**$ 9,041,000**	**3.3%**

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 2009 and the term was extended through 2024. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2024. The residential disposal costs paid from the IWM Fund for the IDC contract cover the cost for disposing of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. The single-family garbage is hauled directly to Newby Island Sanitary Landfill for disposal, but multi-family garbage is first processed by another contractor. The residue is then hauled to Newby Island, as are the residue from processing recyclables from single-family and multi-family residences and the debris from Neighborhood Cleanups.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for each ton of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City, State and County on each ton of waste received (disposal surcharges); and regulatory rate payments for the City's share of costs resulting from changes to laws and regulations made after January 1, 2009.

The only change in this category is an increase to the IDC agreement, due to higher indexed prices, especially diesel fuel.

Budget Category: City-Wide Disposal Contract Management

Budget Category Summary

The following changes are included in 2013-2014 for the City-Wide Disposal Contract Management allocation:

Proposed Allocation		2012-2013 Adopted	2013-2014 Proposed	Change
City-Wide Disposal Contract Management		**$8,752,800**	**$9,041,000**	**$288,200**
Base Adjustments				
• IDC Disposal Contract (Late Fees)	Reduction to reflect revised methodology for calculating distribution of city waste disposal			($165,700)
• IDC Disposal Contract	Increase is a result of higher indexed prices			$453,900
	Subtotal Base Adjustments			**$288,200**
Total City-Wide Disposal Contract Management		**$8,752,800**	**$9,041,000**	**$288,200**
Total City-Wide Disposal Contract Management		**$8,752,800**	**$9,041,000**	**$288,200**

PAGE IS INTENTIONALLY LEFT BLANK

Sewer Service and Use Charge Fund

MISSION

To account for the financing, construction, and operation of the sanitary sewer system and for San José's share of the financing, construction, and operation of the regional San José/Santa Clara Water Pollution Control Plant (WPCP). Services provided through this fund are:

- *Sewer maintenance;*
- *Sewer construction and rehabilitation;*
- *Sewage treatment at the Water Pollution Control Plant; and*
- *Water Pollution Control Plant Renovation*

Budget Summary

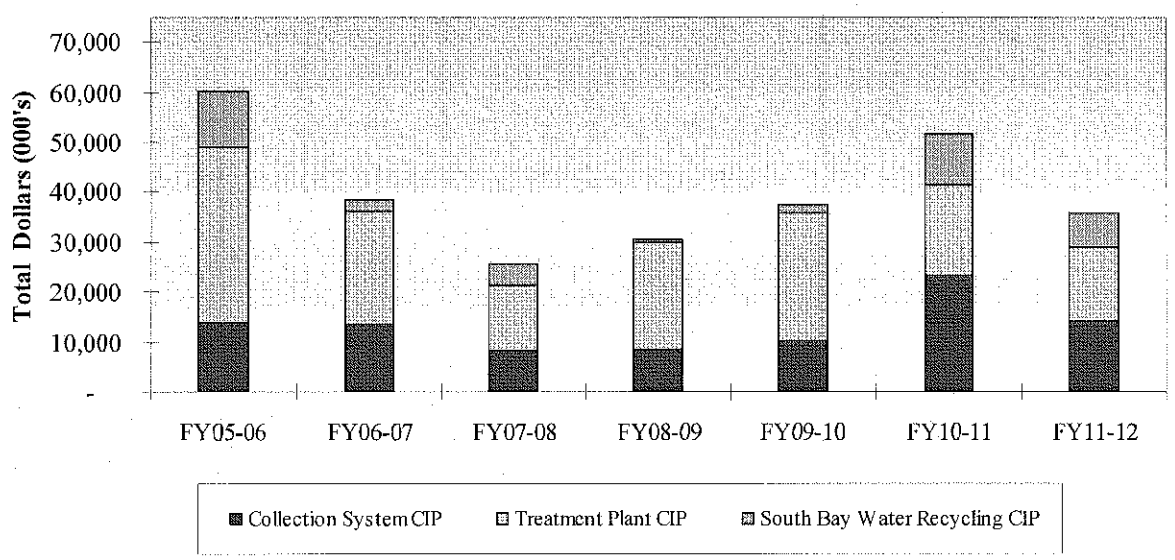
	2012-2013 Adopted	2013-2014 Proposed	Change
Sewer System Maintenance and Admin.	$ 27,390,851	$ 29,037,657	6.0%
Sanitary Sewer Rehabilitation	$ 25,000,000	$ 23,600,000	(5.6%)
Water Pollution Control Plant	$ 72,312,000	$ 75,576,000	4.5%

Budget Highlights 2013-2014

- Additional funds are proposed to replace aging, outdated vehicles that are often unavailable due to repairs, including a combination cleaner truck, three maintenance trucks with cranes, a dump truck, two cargo vans, and a street sweeper.
- Ongoing restoration of several positions to continue to reduce Sanitary Sewer Overflows (SSOs).
- One-time funding to add four combination cleaning vehicles to the Sewer Maintenance vehicle program and ongoing funding for maintenance staffing is included.
- No Sewer Service and Use Charge rate increases are recommended.

Budget Byte

Sewer Service and Use Charge Fund
Historical Trend of Expenditures for Capital Projects
(Includes Collection System, Treatment Plant, and Water Recycling Programs)



Excludes debt service, land acquisition, and non-project related costs

Fund Overview

The Sewer Service and Use Charge Fund serves as the primary revenue source for several other funds, including the San José-Santa Clara Treatment Plant Operating and Capital Funds and the Sewer Service and Use Charge Capital Improvement Fund. In coordination with the Departments of Environmental Services, Public Works, and Transportation, these funds are managed to deliver services in the most efficient and cost-effective manner.

The primary source of the Sewer Service and Use Charge Fund's revenues are property tax-based assessments within the residential and commercial sectors. As in 2012-2013, no rate increase is proposed for 2013-2014. The average cost for a single family household will remain at $33.83 per month. The ability to avoid a rate increase is due in large part to the savings realized within the Fund over the past three years from vacancy savings and delays in the Plant Master Plan. As the preliminary studies and pre-construction work arising out of the Plant Master Plan are finalized, the capital expenditures will increase, as described in detail in the 2014-2018 Proposed Capital Improvement Program. The need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual Proposed Budget process.

Due to the aging infrastructure of the sanitary sewer system and Treatment Plant, comprehensive master planning efforts to rehabilitate and replace the infrastructure are close to completion. The Preferred Alternative of the Plant Master Plan, adopted by the City Council on April 19, 2011, gives direction to the capital program and guides the development of a new financing strategy to implement anticipated projects. A similar plan is under development for the sanitary sewer system. The Sanitary Sewer Master Plan report was completed in September 2011, and the program level Environmental Impact Report for recommended projects was completed by the end of 2012. Projects with high priority have been programmed in the current CIP. Increased resources will be directed toward the Sanitary Sewer Condition Assessment Program and Condition Assessment Sewer Repairs to reduce the number of Sanitary Sewer Overflows (SSOs). Both the master planning and condition assessment programs will identify sanitary sewer system needs and priorities for the next 30 years, and will be used to guide capital budget planning. As master plan recommendations are studied and possible technologies evaluated, larger annual capital programs are expected to be proposed for both systems in the coming years.

In addition to the anticipated need for increased capital funding, standard inflationary factors, such as price increases for chemicals, materials, and other items associated with the operations and maintenance of both systems, may necessitate rate increases in future years.

The total Ending Fund Balance ($43.9 million) in the Sewer Service and Use Charge Fund includes several reserves totaling $41.8 million. The reserves with the largest funding total include the Capital Program Reserve ($26.0 million) for capital expenditures that are expected to increase in coming years, as recommendations from master planning efforts are evaluated in greater detail. The Capital Program Reserve provides for a portion of these needs. The Debt Service Reserve ($6.0 million) is established in accordance with the covenants of the bonds issued in 1995 for the construction of the South Bay Water Recycling (SBWR) project, and represents a source of funds if revenues are ever insufficient to satisfy annual obligations. The Operations and Maintenance Reserve ($4.2 million), which is set to approximately two months of operating expenditures, is intended to provide for

Fund Overview

system needs in case of unforeseen circumstances. The purpose of the Rate Stabilization Reserve ($2.0 million) is to offset any unexpected or unforeseen costs that would require rate increases over a multi-year period. The Billing Transition Reserve ($1.1 million) sets aside funding for the startup costs of transitioning to a new billing system.

Fund Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	$ 33,891,625	$ 38,907,861	$ 44,067,194	13.3%
Sewer Service and Use Charges	127,039,554	127,225,000	127,846,137	0.5%
Interest and Other	130,963	196,300	191,722	(2.3%)
Total	**$ 161,062,142**	**$ 166,329,161**	**$ 172,105,053**	**3.5%**
Dollars by Uses				
Sewer System Maintenance and Admin.	$ 22,550,676	$ 27,390,851	$ 29,037,657	6.0%
Sanitary Sewer Construction and Rehabilitation	31,000,000	25,000,000	23,600,000	(5.6%)
Water Pollution Control Plant	67,808,000	72,312,000	75,576,000	4.5%
Ending Fund Balance				
Billing Transition Reserve	0	1,100,000	1,100,000	0.0%
Capital Program Reserve	0	24,000,000	26,000,000	8.3%
Debt Service Reserve	6,000,000	6,000,000	6,000,000	0.0%
Employee Compensation Planning Reserve	0	0	251,100	N/A
Operations and Maintenance Reserve	4,181,312	4,288,977	4,244,263	(1.0%)
Rate Stabilization Reserve	5,000,000	2,000,000	2,000,000	0.0%
Reserve for Encumbrances	1,440,970	1,299,527	1,440,970	10.9%
Retirement Pre-Payment Reserve	78,000	78,000	0	(100.0%)
Unrestricted	22,243,184	2,099,806	2,095,063	(0.2%)
Workers Compensation Reserve	760,000	760,000	760,000	0.0%
Ending Fund Balance Subtotal	39,703,466	41,626,310	43,891,396	5.4%
Total	**$ 161,062,142**	**$ 166,329,161**	**$ 172,105,053**	**3.5%**

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Overview

This category provides for Sewer System Maintenance and Administrative Services. Sewer System Maintenance and repair of damaged sewer pipes are performed by the Departments of Transportation and Public Works Department. Information Technology (IT) Department costs are also included in Sewer System Maintenance, reflecting the supporting role that the IT Department plays in maintaining the system. Administrative Services includes costs for support services provided by various City departments, overhead reimbursements to the General Fund, fees charged by the County for collecting assessments, and audit costs.

Significant augmentations for 2013-2014 in Sewer System Maintenance include Department of Transportation one-time funding for sewer equipment replacement and expansion of the fleet to improve maintenance operations and ongoing funding for sewer staffing.

Budget Category Summary

Sewer System Maintenance and Administrative Services	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Sewer System Maintenance	$ 15,505,201	$ 18,793,648	$ 20,034,154	6.6%
Administrative Services	7,045,475	8,597,203	9,003,503	4.7%
Total	**$ 22,550,676**	**$ 27,390,851**	**$ 29,037,657**	**6.0%**

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Summary

The following changes are included in 2013-2014 in the Sewer System Maintenance and Administrative Services category:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Sewer System Maintenance	**$18,793,648**	**$20,034,154**	**$1,240,506**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• DOT Non-Personal/ Equipment	Elimination of one-time funding Sanitary Sewer System Equipment Replacement	($595,000)
	Elimination of one-time funding for one dump truck and two maintenance body trucks	($500,000)
	Elimination of one-time funding for SCADA system	($410,000)
	Elimination of one-time funding for CMMS system	($250,000)
	Miscellaneous Non-Personal/Equipment changes	($45,000)
• Public Works Non-Personal/Equipment	Public Works Capital Allocation Program	($43,000)
• DOT Personal Services	Elimination of one-time funding for 4.0 one-time funded positions for Sanitary Sewer Overflow Mitigation and salary/benefit changes, position reallocations, and other changes	($28,585)
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	$117,077
• ITD Non-Personal	Miscellaneous Non-Personal/Equipment changes	$486
	Subtotal Base Adjustments	**($1,754,022)**

Budget Proposals Recommended

• DOT Non-Personal/ Equipment	Sanitary Sewer Program Cleaning Vehicles and Maintenance Services	$1,487,109
	Sanitary Sewer Fleet Replacement	$1,000,000
• DOT Personal Services	Sanitary Sewer Maintenance Management Staffing	$507,419
	Subtotal Budget Proposals Recommended	**$2,994,528**
Total Sewer System Maintenance		**$1,240,506**

Budget Category: Sewer System Maintenance and Administrative Services

Budget Category Summary

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Services	**$8,597,203**	**$9,003,503**	**$406,300**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes	($169,316)
• ESD Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	($25,652)
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	($9,597)
• Overhead	Net change in overhead reimbursements resulting from staffing changes, compensation, and overhead rate adjustments	$403,595
• Facilities Capital Repairs & Maintenance	Ongoing Base Funding Adjustment in Public Works Department	$40,000
• Transfer to the City Hall Debt Service Fund	Increased City Hall Debt Service allocation	$3,543
	Subtotal Base Adjustments	**$242,573**

Budget Proposals Recommended

• Overhead	Net change in overhead reimbursement resulting from staffing changes	$150,720
• ESD Personal	Energy Program Transfer to Public Works Department	($11,135)
	Recycle Plus Billing Transition Project staffing	$18,756
	Administrative Services Oversight	$3,956
• ESD Non-Personal	Recycle Plus Billing Transition Project staffing	$1,430
	Subtotal Budget Proposals Recommended	**$163,727**
Total Administrative Services		**$406,300**

Total Administrative Services	**$27,390,851**	**$29,037,657**	**$1,646,806**

Budget Category: Sanitary Sewer Construction and Rehabilitation

Budget Category Overview

The Sanitary Sewer Construction and Rehabilitation category consists of capital projects designed to rehabilitate the system and enhance sewer capacity to meet economic development. Rehabilitation projects of existing sewers are selected on the basis of pipe corrosion studies performed through video inspection, maintenance reports, infiltration analysis, and actual pipe failures. Capacity improvement projects are determined by a process that incorporates Census 2010 population, land use planning, water use and flow monitoring data, and design criteria for estimating wastewater flows in a computer hydraulic model of the trunk sewer system.

The vast majority of the sanitary sewer collection system (80%) consists of small (6-inch and 8-inch diameter) sewer mains that serve established residential neighborhoods. These small diameter neighborhood sewer systems are the most common locations for blockage and sewer backups.

The Sanitary Sewer Master Plan Report, completed in September 2011, identified city-wide trunk sewer system deficiencies for existing, near-term and long-term (i.e. General Plan 2040) land use scenarios, and recommended 93 capacity improvement projects totaling approximately $170 million. The near-term projects will be phased over a 20-year period.

Funding from the Sewer Service and Use Charge Fund for the Sanitary Sewer Capital Program is programmed at $25 million per year for each of the five years of the 2014-2018 CIP, with the exception of 2013-2014. The funding in the CIP includes capacity improvement and rehabilitation projects to prevent Sanitary Sewer Overflows. Funding will be used to manage system capacity, to assess the system's condition, and to construct sewer improvement projects.

Budget Category Summary

Sanitary Sewer Construction and Rehabilitation	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Transfer to Capital Fund	$ 31,000,000	$ 25,000,000	$ 23,600,000	(5.6%)
Total	**$ 31,000,000**	**$ 25,000,000**	**$ 23,600,000**	**(5.6%)**

Budget Category: Sanitary Sewer Construction and Rehabilitation

Budget Category Summary

The following changes are included in 2013-2014 for the Sanitary Sewer Rehabilitation category:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Sanitary Sewer Construction and Rehabilitation	**$25,000,000**	**$23,600,000**	**($1,400,000)**

Budget Proposals Recommended

• Transfer to Sewer Service and Use Charge Capital Improvement Fund	This transfer supports major projects in the Sanitary Sewer Capital Program to address infrastructure rehabilitation and replacement needs in the City's sanitary sewer system. The decrease in transfer reflects an offset for additional one-time equipment purchases. Subsequent years will maintain the current $25 million per year funding. The specific elements of this program are described in the 2014-2018 Proposed Capital Improvement Program. Public Works is presently evaluating the needs of the Sanitary Sewer Capital Program through the development of a system assessment and master plan.	($1,400,000)
	Subtotal Budget Proposals Recommended	**($1,400,000)**

Total Sanitary Sewer Rehabilitation	**$25,000,000**	**$23,600,000**	**($1,400,000)**

Budget Category: Water Pollution Control Plant

Budget Category Overview

This category provides for operational and capital costs, support services, and debt service requirements for the San José/Santa Clara Water Pollution Control Plant (Treatment Plant). This regional wastewater treatment facility serves seven tributary sewage collection agencies, including municipalities and sanitary sewer districts. The Treatment Plant processes wastewater, operates a Bio-solids Reuse Program, and administers the South Bay Water Recycling Project. The capital costs in this category provide for planning, design, and construction of wastewater treatment assets at the Treatment Plant.

Budget Category Summary

Water Pollution Control Plant	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Treatment Plant Operating Fund	$ 40,000,000	$ 49,000,000	$ 41,000,000	(16.3%)
Treatment Plant Capital Fund	27,808,000	23,312,000	34,576,000	48.3%
Total	**$ 67,808,000**	**$ 72,312,000**	**$ 75,576,000**	**4.5%**

The Treatment Plant is one of the largest and most complex advanced wastewater treatment facilities in the nation. The Plant's operating and maintenance program continues its core function of meeting the Plant's National Pollutant Discharge Elimination System (NPDES) permit by ensuring that flows from the sanitary sewer system to the Bay are free of pollutants.

In addition to meeting regulatory requirements, the Treatment Plant continues its multi-year asset management and facility reliability efforts. Significant progress has been made toward implementing an asset management program. The Computerized Maintenance Management System (CMMS) database now tracks and maintains over 14,500 vertical and linear assets, 4,000 inventory items, and over 9,750 non-inventory items. Work continues to incorporate equipment into the CMMS system and prepare preventive maintenance procedures and schedules. Due to staffing vacancies, temporary staff has been instrumental in adding the primary sedimentation tanks and associated equipment to the CMMS system and incorporating standard maintenance procedures and associated parts. Work has now been initiated to do the same for South Bay Water Recycling Pump Station 8/11.

The Enhanced Preventative Maintenance Program continues to focus on facility reliability. The primary goal of the Program is to reduce equipment failures by maintaining specified routine maintenance standards. The Enhanced Maintenance Program also aids with the training of new employees and improves efficiencies in resources allocation through scheduling and documentation of information. However, the staffing vacancies has resulted in a backlog of needed repairs and slowed progress on the enhanced preventative maintenance program. Preventative maintenance activities are in place for almost 1,900 pieces of equipment that have been entered into the CMMS

database within the last three years. Efforts continue to fold more equipment into the preventative maintenance schedules, with an anticipated completion of all documentation and database entry within the next three years. Upon completion of the documentation and data entry, staff efforts will shift to ongoing upkeep, quality control, and data analysis of the content of the system.

As the majority of the Plant's infrastructure exceeds 30 years of service, critical infrastructure components, such as electrical distribution systems, concrete structures, pumps, motors, piping, and valves need to be replaced or rehabilitated. On April 19, 2011, the City Council approved the Preferred Alternative of the Plant Master Plan, which identifies and plans for the future needs of the Treatment Plant. Environmental clearance is expected to be completed by summer 2013. Key recommendations in the Plant Master Plan include projects focused on odor control, biosolids, and renewable energy. The total projected cost of all technical improvements identified in the Plant Master Plan is $2.1 billion over the next 30 years (escalated at two percent annually).

The following changes are included in 2013-2014 in the Water Pollution Control Plant category:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Treatment Plant Operating Fund	**$49,000,000**	**$41,000,000**	**($8,000,000)**

Budget Proposals Recommended

• Transfer to the San José-Santa Clara Treatment Plant Operating Fund	This transfer provides funding for program expenses related to the Water Pollution Control Plant. Transfer amounts from this fund to the Treatment Plant Operating Fund vary each year based on anticipated operating expenditures and the anticipated ending fund balance in that fund.	($8,000,000)
	Subtotal Budget Proposals Recommended	**($8,000,000)**

Budget Category Summary

Proposed Allocation		2012-2013 Adopted	2013-2014 Proposed	Change
Treatment Plant Capital Fund		**$23,312,000**	**$34,576,000**	**$11,264,000**
Budget Proposals Recommended				
• Transfer to the San José-Santa Clara Treatment Plant Capital Fund	The 2013-2014 increase reflects the continued effort to increase the annual capital rehabilitation investment within the facility; and commence with studies and preliminary projects leading to the implementation of the Plant Master Plan. This effort is expected to require significantly greater annual expenditures during the next several years.			$11,264,000
	Subtotal Budget Proposals Recommended			**$11,264,000**
Total Water Pollution Control Plant		**$72,312,000**	**$75,576,000**	**$3,264,000**

Storm Sewer Operating Fund

MISSION

To provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements*

Budget Summary

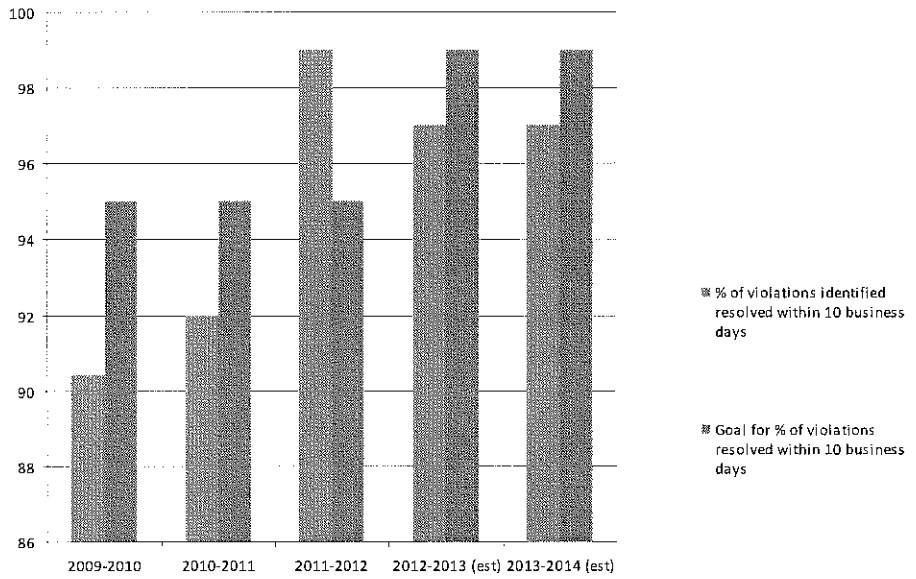
	2012-2013 Adopted	2013-2014 Proposed	Change
Storm Sewer Maint. and Admin.	$ 24,010,843	$ 23,553,797	(1.9%)
Storm Sewer Improvements	$ 5,600,000	$ 18,000,000	221.4%

Budget Highlights 2013-2014

- Key activities for this fund in 2013-2014 include rehabilitation of storm sewer system infrastructure, replacement of some maintenance fleet, and funding for the storm drainage master plan. Water quality programming continues, including the expansion of initiatives to address the impact of trash in waterways.
- Funding for the Capital Improvement Program in 2013-2014 continues to provide for critical storm sewer system improvements and development of the multi-phase Storm Sewer System Master Plan.
- Funding for 2013-2014 continues investments needed to meet requirements of the Stormwater Permit that became effective December 1, 2009. Permit negotiations will begin in 2013-2014 as the current permit expires on November 30, 2014.
- No Storm Sewer Service Charge rate increases are recommended.

Budget Byte

Watershed Enforcement Program
Industrial and Commercial Inspection Facility Violations



Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was established to provide funding for the maintenance of the storm sewer system; to improve the quality of the City's storm and surface water runoff to meet increasing federal, State, and regional regulatory requirements; and to rehabilitate aging system infrastructure. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) stormwater permit requires the City to implement activities and controls to prevent pollutants from entering the storm sewer collection system and receiving waters.

The main sources of revenue for the Storm Sewer Operating Fund are Storm Sewer Service Charge fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties. As in 2012-2013, no rate increase is proposed for 2013-2014. Further, as described in the Storm Sewer System Capital Improvement Program, no rate increases are currently assumed through 2017-2018; however, this may change based on a variety of factors including the recommendations of the Storm Sewer Master Plan (described below), unexpected infrastructure needs or cost fluctuations, and/or unanticipated Storm Sewer operating needs. The need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual Proposed Budget process.

The Environmental Services, Public Works, and Transportation Departments are responsible for maintenance and construction of the storm sewer system and pollution prevention and control activities. Other departments' activities, such as those of Planning, Building and Code Enforcement and Parks, Recreation and Neighborhood Services are also affected by the stormwater regulations.

The 2013-2014 transfer to the Storm Sewer Capital Fund totals $18 million, which is an increase of $12.4 million, compared to 2012-2013. This funding will provide for continued development of a multi-phase storm sewer master plan, design of two new storm pump stations, existing storm pump station rehabilitation and replacement, projects associated with the Alviso Storm Network Infiltration Control project, and other capital improvements.

The Ending Fund Balance for the Storm Sewer Operating Fund includes reserves totaling $11.7 million to provide for anticipated future costs or contingencies. The reserves with the largest funding total include the Operations and Maintenance Reserve ($6.9 million), which sets aside monies for unanticipated or emergency needs related to the Storm Sewer System. This reserve is set to equal approximately two months of operating expenditures in this fund. A Billing Transition Reserve ($1.0 million) sets aside funding for the startup costs of transitioning to a new billing system. The Reserve for Permit Implementation ($1.0 million) sets aside funding to address various elements of the Stormwater Permit.

On October 14, 2009, the San Francisco Regional Water Quality Control Board (Water Board) adopted the Municipal Regional Stormwater NPDES Permit (Stormwater Permit) for the San Francisco Bay Region. The Stormwater Permit became effective December 1, 2009, and remains in effect through November 30, 2014. The Stormwater Permit aims to protect local creeks and the Bay

by reducing pollutants in, and eliminating non-stormwater discharges into, the municipal storm sewer system and local waterways. Permit renewal negotiations will begin in 2013-2014.

The Stormwater Permit requires new and expanded programs to reduce pollutants discharged through the storm sewer system, such as Polychlorinated biphenyls (PCBs), mercury, pesticides, and trash; expanded water quality monitoring and regional studies; and rigorous data collection and reporting to demonstrate compliance. The permit also emphasizes integration of stormwater treatment and green street infrastructure through pilot projects. In addition to ongoing funding already allocated toward stormwater programming over the last several budget cycles, a Permit Implementation Reserve of $1.0 million is available to address various elements of the Stormwater Permit, such as projects or studies triggered by water quality monitoring and pump station monitoring requirements.

A significant investment being made to comply with the Stormwater Permit requirements is the retrofit of the storm system with trash capture devices. The trash controls will capture and prevent trash from entering the system and local creeks. The City's Trash Load Reduction Plan, which will specify the actions needed to reduce trash loading to creeks by 40% by 2014, was approved by the City Council and submitted to the Water Board on February 1, 2012.

Storm Sewer Operating Fund

Fund Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	$ 16,748,766	$ 18,976,895	$ 25,126,429	32.4%
Assessments	32,011,729	32,069,000	32,025,494	(0.1%)
Interest and Other	83,261	42,500	83,417	96.3%
Total	**$ 48,843,756**	**$ 51,088,395**	**$ 57,235,340**	**12.0%**
Dollars by Uses				
Storm Sewer Maint. & Administration	$ 22,108,714	$ 24,010,843	$ 23,553,797	(1.9%)
Storm Sewer Improvements	6,000,000	5,600,000	18,000,000	221.4%
Ending Fund Balance				
Billing Transition Reserve	0	1,000,000	1,000,000	0.0%
Capital Program Reserve	0	12,000,000	0	(100.0%)
Employee Compensation Planning Reserve	0	0	235,700	N/A
Grant Match Reserve	0	500,000	500,000	0.0%
Operations and Maintenance Reserve	5,294,545	3,769,759	6,925,633	83.7%
Permit Implementation Reserve	4,010,000	2,000,000	1,000,000	(50.0%)
Reserve for Encumbrances	2,012,408	1,648,523	2,012,408	22.1%
Retirement Pre-Payment Reserve	58,000	58,000	0	(100.0%)
Unrestricted	9,360,089	501,270	4,007,802	699.5%
Ending Fund Balance Subtotal	20,735,042	21,477,552	15,681,543	(27.0%)
Total	**$ 48,843,756**	**$ 51,088,395**	**$ 57,235,340**	**12.0%**

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

The Storm Sewer Maintenance and Administration category includes funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation, Public Works, and Environmental Services Departments. The Transportation and Public Works Departments repair damaged storm sewer pipes and maintain the system infrastructure, while the Environmental Services Department coordinates stormwater regulatory programs and implements pollution control initiatives for the stormwater inspection program. Collectively, all three departments are responsible for the overall stormwater management program. Pollution Control includes the cost of efforts to ensure City compliance with the Stormwater Permit requirements. Administrative Services include support services provided by various City departments, overhead to the General Fund, and fees charged by the County for collecting assessments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
System Maintenance	6,247,267	$ 6,470,117	$ 6,251,897	(3.4%)
Pollution Control	12,420,480	13,817,691	13,633,596	(1.3%)
Administrative Services	3,440,967	3,723,035	3,668,304	(1.5%)
Total	**$ 22,108,714**	**$ 24,010,843**	**$ 23,553,797**	**(1.9%)**

Two major factors impact the expenditures in this category: pollution control programs mandated by the City's Stormwater Permit, as issued by the San Francisco Regional Water Quality Control Board, and the rehabilitation and maintenance needs of the storm sewer system. The decrease in the category is mainly the result of the elimination of one-time funding for structural trash controls, sewer maintenance equipment, and other one-time programs. Ongoing funding for trash control installation continues to be available in this fund in the Environmental Services Department Non-Personal/Equipment appropriation.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

The following changes are included in 2013-2014 for the Storm Sewer System Maintenance, Pollution Control, and Administrative Services allocations:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Storm Sewer System Maintenance	**$ 6,470,117**	**$ 6,251,897**	**($218,220)**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Department of Transportation (DOT) Non-Personal/	Miscellaneous Non-Personal/Equipment adjustments	($298,200)
	Fleet Replacements & Street Sweeping Signage	($174,000)
	Landscape Maintenance Vehicles	($105,000)
• DOT Personal Services	Eliminate one time funding of Street Sweeping Signage overtime	($99,000)
	Salary/benefit changes, position reallocations, and other changes	$263,905
• IDC Contract	Reduction to reflect revised methodology for calculating distribution of city waste disposal	($5,925)
	Subtotal Base Adjustments	**($418,220)**

Budget Proposals Recommended

• DOT Non-Personal/ Equipment	Fleet Replacement	$200,000
	Subtotal Budget Proposals Recommended	**$200,000**

Total Storm Sewer System Maintenance	**($218,220)**

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Pollution Control	**$13,817,691**	**$13,633,596**	**($184,095)**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Public Works (PW) Personal Services	Elimination of one-time funding for Trash Capture Devices	($220,000)
	Salary/benefit changes, position reallocations, and other changes	$33,355
• Environmental Services Department (ESD) Non-Personal/Equipment	Elimination of one-time funding for Trash Capture Devices	($200,000)
	Elimination of one-time Integrated Pest Management project funding	($75,000)
	Miscellaneous Non-Personal/Equipment changes	$27,275
• DOT Non-Personal/ Equipment	Fleet Replacements	($127,800)
	Landscape Maintenance Vehicles	($105,000)
• IDC Contract	Reduction to reflect revised methodology for calculating distribution of city waste disposal	($5,925)
• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes	$457,630
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	$33,486
• Public Works (PW) Non-Personal/ Equipment	Public Works Capital Allocation Program adjustment	$21,000
• PBCE Non-Personal/Equipment	Shared Resources (AMANDA Support)	$4,135
	Subtotal Base Adjustments	**($156,844)**

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Proposed Allocation		Change
Pollution Control		
Budget Proposals Recommended		
• ESD Personal Services	ESD Staffing Realignment	($30,698)
	Transfer of Energy Program to Public Works	($17,119)
	Recycle Plus Billing Transition Project Staffing	$12,724
	Administrative Services Division Oversight	$6,567
• ESD Non-Personal/ Equipment	Recycle Plus Billing Transition Project Staffing	$975
• PBCE Non-Personal/Equipment	Technology Training Funding	$300
	Subtotal Budget Proposals Recommended	**($27,251)**
Total Pollution Control		**($184,095)**

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Administrative Services	**$ 3,723,035**	**$ 3,668,304**	**($54,731)**

Base Adjustments
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Overhead	Net change in overhead reimbursement resulting from staffing changes, compensation, and overhead rate adjustments	($181,445)
• Collection Fees	Technical adjustments to costs incurred for sewer fee collection	($131)
• Transfer to the City Hall Debt Service Fund	Increased allocation to the City Hall Debt Service Fund	$76,926
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	$22,948
• Transfer to Maintenance District 15 Fund	Silver Creek Valley annexation and formation to enable the implementation and maintenance of streetscape improvements	$22,118
• Transfer to Community Facilities District 13 Fund	Operation and maintenance of unique improvements for development of Guadalupe Mines	$10,121
• Various Departments Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	$542
	Subtotal Base Adjustments	**($48,921)**

Budget Proposals Recommended

• Overhead	Net change in overhead reimbursement resulting from staffing changes, compensation, and overhead rate adjustments	($5,810)
	Subtotal Budget Proposals Recommended	**($5,810)**

Total Administrative Services			**($54,731)**
Total Storm Sewer System Maintenance, Pollution Control & Administration	**$24,010,843**	**$23,553,797**	**($457,046)**

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements category consists of capital projects to construct storm sewer systems that convey surface runoff in the City's Urban Service Area to adjacent stream channels, to enhance existing storm sewer capacity, and to improve operations. These improvements will reduce the risk of potential flooding and drainage-related surface damage to adjacent properties while managing the quality of stormwater runoff.

Current projects include the installation of technology and infrastructure to maximize the efficiency of the storm sewer collection system and the reliability of pump stations, manage the quality of storm water runoff to minimize ponding in residential areas, and the continued development of a multi-phase storm sewer master plan.

Budget Category Summary

Storm Sewer Improvements	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Proposed 3	% Change (2 to 3)
Transfer to the Storm Sewer Capital Fund	$ 6,000,000	$ 5,600,000	$ 18,000,000	221.4%
Total	**$ 6,000,000**	**$ 5,600,000**	**$ 18,000,000**	**221.4%**

The following changes are included in the Storm Sewer Improvements category for 2013-2014:

Proposed Allocation	2012-2013 Adopted	2013-2014 Proposed	Change
Storm Sewer Improvements	**$ 5,600,000**	**$18,000,000**	**$12,400,000**

Budget Proposal Recommended

• Transfer to the Storm Sewer Capital Fund	Transfer to the Storm Sewer Capital Fund for capital improvements. Details regarding the Storm Sewer Capital Improvement Program (CIP) can be found in the 2014-2018 Proposed CIP. Transfer amounts from this Fund to the Capital Fund vary each year based on the projects programmed and the anticipated ending fund balance in that fund.	$12,400,000
	Subtotal Budget Proposals Recommended	**$12,400,000**

Total Storm Sewer Improvements	**$ 5,600,000**	**$18,000,000**	**$12,400,000**

PAGE IS INTENTIONALLY LEFT BLANK

Transient Occupancy Tax Fund

MISSION

To provide funding for Convention Facilities Operations and Maintenance, Cultural Development, and the San José Convention and Visitors Bureau.

Beginning in 1982, the City Council instituted a 6% Transient Occupancy Tax (TOT) on all hotel/motel rooms in San José. The revenues are collected in the TOT Fund (461) and the increment of growth is distributed by formula to three program categories: Convention Facilities Operations and Maintenance (50% of the TOT increase), Cultural Development (25% of the TOT increase) and the San José Convention and Visitors Bureau (25% of the TOT increase).

Transient Occupancy Tax Fund

Budget Summary

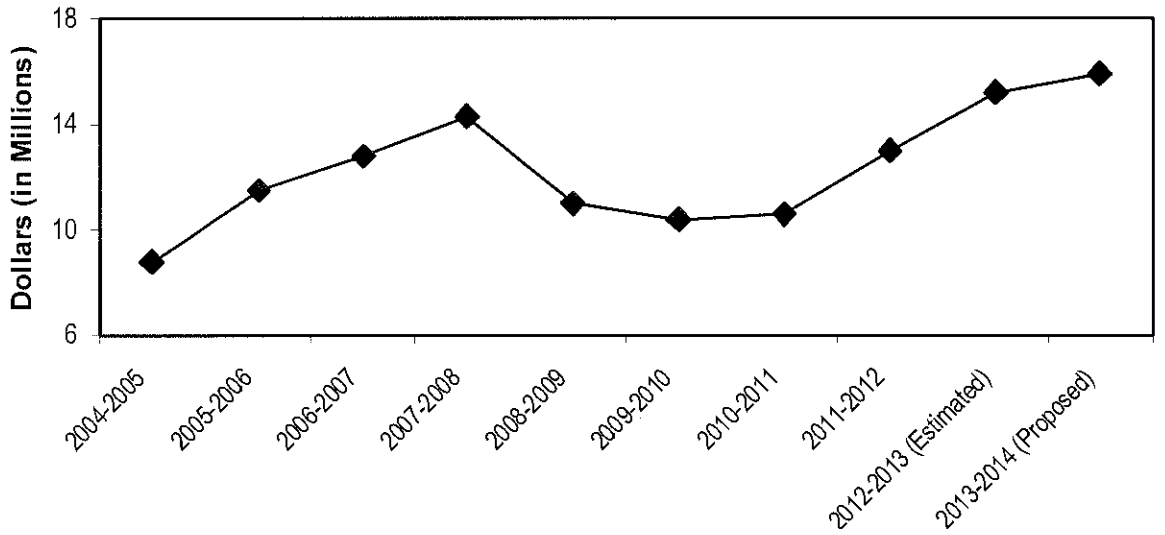
	2012-2013 Adopted	2013-2014 Proposed	Change
Convention Facilities Operations and Maintenance	$ 6,281,864	$ 8,444,865	34.4%
Cultural Development	$ 4,207,886	$ 4,539,386	7.9%
San José Convention & Visitors Bureau	$ 3,334,250	$ 4,415,750	32.4%

Budget Highlights 2013-2014

- 2012-2013 TOT revenues are projected to exceed 2011-2012 revenues by 12%. In 2013-2014, TOT revenues are expected to increase by an additional 5%.
- In 2013-2014, the resources allocated to the three recipient organizations have been increased consistent with projected increases to TOT collections. The additional TOT revenue anticipated for 2012-2013 in the amount of $1.5 million was placed into a reserve for future distribution. Supplementing their normal allocation, each recipient in 2013-2014 will also receive their proportionate share of this reserved funding.

Budget Byte

10-Year View of TOT Collections



Transient Occupancy Tax Fund

Fund Overview

By ordinance, the Transient Occupancy Tax (TOT) Fund (6% of the 10% TOT) is used to provide funding for Convention Facilities Operations and Maintenance, Cultural Development, and the San José Convention and Visitors Bureau (CVB).

The level of TOT collections is directly related to the status of the economy. When the economy is growing, convention, business travel, and tourism activity increase, which leads to higher occupancy rates in hotels. With increased occupancy, the hotels are able to raise room rates, which positively impacts TOT collections. Conversely, when the economy is declining, TOT revenues tend to decrease.

In 2012-2013, Transient Occupancy Tax receipts have steadily increased as compared to the prior year. The 2012-2013 Adopted Budget allowed for a decline of 3% from 2011-2012 Actual. Due to better than anticipated TOT activity through December 2012, however, the budgeted revenue estimate was increased as part of the 2012-2013 Mid-Year Budget Review, and a Future Distribution Reserve was established to allocate the additional revenue to the three recipient organizations as part of the 2013-2014 budget process. The increased collections in 2012-2013 are noteworthy, as year-end estimated collections will represent the third consecutive year of improved collections following two consecutive years of sharp year-over-year declines. In fact, TOT collections in 2012-2013 are estimated at $15.2 million, nearly $1.0 million higher than the previous peak of $14.3 million achieved in 2007-2008.

The upward trend in this revenue category is anticipated to continue in 2013-2014 with growth of 5% projected. This growth rate reflects the continued overall health of collections in this category, even with temporary negative impacts associated with the Convention Center Expansion/Renovation project. The Convention Center Expansion/Renovation project, scheduled to be complete in fall 2013, was estimated to negatively affect TOT collections due to construction impacts and reduced building capacity. However, the recovering local economy and the effort put forth by Team San Jose, the City's contract operator of the Convention Center, resulted in more booked events during the construction period than anticipated, which contributed to higher TOT collections. Once complete, the expanded Convention Center's competitiveness, marketability, and revenue-generating capabilities will be enhanced, which should drive additional TOT growth.

It should be noted that while TOT is projected to grow by 5% in 2013-2014, the allocations for the three recipient organizations reflect higher than 5% increases when compared to the 2012-2013 Adopted Budget. As mentioned previously, when the 2012-2013 Mid-Year Budget Review increased the TOT revenue estimate by $1.5 million, action was also taken to set aside that amount in a reserve for future distribution. As part of the 2013-2014 budget process, this reserve will be allocated to the recipients as follows: $750,000 to Convention Facilities, $375,000 to Cultural Grants, $375,000 to Convention & Visitor's Bureau. The increase between the 2012-2013 Adopted Budget and the 2013-2014 Proposed Budget for the Cultural Development allocation shows a smaller increase than the other recipients due to the fact that the 2012-2013 allocation included one-time carryover funds. Excluding these carryover funds, Cultural Development increases by 31%, which is in line with other TOT recipients.

Transient Occupancy Tax Fund

Fund Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2012-2013 Estimate 3	2013-2014 Proposed 4	% Change (2 to 4)
Dollars by Sources					
Beginning Fund Balance	$ 4,015,362	$ 2,381,659	$ 4,415,204	$ 3,080,799	29.4%
TOT Revenues	13,467,024	13,074,000	15,150,254	15,900,000	21.6%
Interest/Other	212,473	7,000	7,000	6,000	(14.3%)
Total	**$ 17,694,859**	**$ 15,462,659**	**$ 19,572,458**	**$ 18,986,799**	**22.8%**
Dollars by Uses					
Convention Facilities Operations and Maintenance	$ 6,406,211	$ 6,281,864	$ 7,179,956	$ 8,444,865	34.4%
Cultural Development	3,466,575	4,207,886	5,528,407	4,539,386	7.9%
SJ Convention/Visitors Bureau	3,396,423	3,334,250	3,783,296	4,415,750	32.4%
Ending Fund Balance and Misc.	4,425,650	1,638,659	3,080,799	1,586,798	(3.2%)
Total	**$ 17,694,859**	**$ 15,462,659**	**$ 19,572,458**	**$ 18,986,799**	**22.8%**

Budget Category: Convention Facilities Operations and Maintenance

Budget Category Overview

Convention Facilities Operations and Maintenance funding is used to support the City's various convention and cultural facilities. Once TOT revenues are received, the funding is transferred to the Convention and Cultural Affairs Fund and, for the past many years, this funding has been used to primarily support adminis tration, maintenance, and operations costs for the Convention Center and other facilities operated by Team San Jose. Other Team San Jose operating costs are funded by facility operating revenues, which are directly captured in the Convention and Cultural Affairs Fund. Because the total operating expenses are not delineated by funding source, the specific operations supported by TOT funding cannot be isolated.

Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2012-2013 Estimate 3	2013-2014 Proposed 4	% Change (2 to 4)
Convention Facilities Operations and Maintenance	$ 6,406,211	$ 6,281,864	$ 7,179,956	$ 8,444,865	34.4%
Total	**$ 6,406,211**	**$ 6,281,864**	**$ 7,179,956**	**$ 8,444,865**	**34.4%**

Transient Occupancy Tax Fund

Budget Category: Cultural Development

Budget Category Overview

Transient Occupancy Tax revenues allocated for Cultural Development may provide funding for the cultural grant program and fine arts division programs, including funding of cultural grants and expenses of the fine arts division, including, but not limited to, personal and non-personal/equipment expenses, fringe benefits, and overhead.

Each year, the Arts Commission solicits and evaluates applications for funding under the Cultural Development category using award criteria approved by the City Council. The Arts Commission then submits recommendations for Cultural Grants and Technical Assistance Grants to the City Council for consideration during the annual budget process. All unexpended Cultural Development funding is traditionally rebudgeted for expenditure in the next fiscal year. The 2012-2013 Adopted Budget includes carryover funds from the prior year. Excluding these carryover funds, this category will increase in 2013-2014 by 31% from the 2012-2013 Adopted Budget level.

As part of the multi-year transition plan for the Christmas in the Park event, the City has entered into an agreement with the Christmas in the Park, Inc. (CITP), a non-profit organization. CITP's production responsibilities have increasingly grown while the City's production responsibilities have decreased. In March 2012, CITP hired a full-time executive director, who has expanded CITP's fundraising efforts. Through the Office of Cultural Affairs (OCA), a second and final year transition grant totaling $35,000 from TOT funds will be made in 2013-2014 to support new independent operating costs of CITP. Other TOT funding to support this effort includes an OCA Festivals, Parades, and Celebrations grant of $32,250.

In 2013-2014, Cultural Development will continue its funding of the San José Downtown Association in the amount of $40,000. More detailed information for the 2013-2014 TOT Cultural Development category, which includes Cultural Grants/Programs and Services ($3,276,367) and Cultural Development Administration ($1,263,019), will be included in the 2013-2014 Adopted Operating Budget.

Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2012-2013 Estimate 3	2013-2014 Proposed 4	% Change (2 to 4)
Cultural Development	$ 3,466,575	$ 4,207,886	$ 5,528,407	$ 4,539,386	7.9%
Total	**$ 3,466,575**	**$ 4,207,886**	**$ 5,528,407**	**$ 4,539,386**	**7.9%**

Budget Category: San José Convention and Visitors Bureau

Budget Category Overview

Approximately 23.4% of the 2013-2014 estimated TOT revenue in this fund is allocated to the San José Convention and Visitors Bureau (CVB). The City contracts with Team San Jose to operate CVB to provide long-term booking of events at the Convention Center, market the Convention Center, promote traveling to San José for business and pleasure, and assist visitors.

In 2013-2014, the CVB is scheduled to receive $500,000 from the Convention and Cultural Affairs Fund (shown in the Source and Use of Funds section of this document) as well as revenue from other sources such as San José businesses, restaurants, and hotels, to provide similar services, which are not represented here. In 2012-2013, the funding directed toward CVB included the TOT allocation of nearly $3.8 million and $51,000 from the Convention and Cultural Affairs fund, for a total of approximately $3.8 million. With the TOT allocation improving to $4.4 million, combined with a programmed transfer of $500,000 from the Convention and Cultural Affairs fund, total City funding for this program in 2013-2014 will be $4.9 million.

Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2012-2013 Estimate 3	2013-2014 Proposed 4	% Change (2 to 4)
SJ Convention/Visitors Bureau	$ 3,396,423	$ 3,334,250	$ 3,783,296	$ 4,415,750	32.4%
Total	**$ 3,396,423**	**$ 3,334,250**	**$ 3,783,296**	**$ 4,415,750**	**32.4%**

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

Source and Use of Funds Statements

AIRPORT CUSTOMER FACILITY AND TRANSPORTATION FEE FUND (519)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Coverage Reserve	0	3,394,159	3,394,159	3,394,159	3,772,763
RAC Agreement Reserve	0	0	1,500,759	1,500,759	1,923,283
Rate Stabilization Reserve	2,278,858	1,682,224	1,000,000	1,000,000	1,000,000
Reserve for Encumbrances	115,465	115,465	71,417	71,417	71,417
Total Beginning Fund Balance	2,394,323	5,191,848	5,966,335	5,966,335	6,767,463
Revenues					
Customer Transport Fee	10,137,053	11,915,500	11,915,500	12,985,000	14,647,000
Interest	12,016	0	0	0	0
Other Revenue	35,721	0	0	0	0
Rental Car Agencies	6,512,380	4,174,240	4,174,240	4,174,240	2,767,411
Total Revenues	16,697,170	16,089,740	16,089,740	17,159,240	17,414,411
Transfers					
Airport Fiscal Agent Fund	3,394,164	0	0	0	0
Total Transfers	3,394,164	0	0	0	0
TOTAL SOURCE OF FUNDS	**22,485,657**	**21,281,588**	**22,056,075**	**23,125,575**	**24,181,874**
USE OF FUNDS					
Expenditures					
CFC Audit	8,351	7,500	7,500	7,500	30,000
Non-Personal/Equipment	4,714,632	2,415,512	2,515,512	2,515,512	2,376,911
Operations Contingency	0	0	0	150,000	250,000
Personal Services	(533)	0	0	0	0
Total Expenditures	4,722,450	2,423,012	2,523,012	2,673,012	2,656,911
Transfers					
Airport Fiscal Agent Fund	11,369,920	13,576,700	13,576,700	13,576,700	15,091,052
Airport Maint and Oper Fund	35,248	0	0	0	0
Airport Surplus Revenue Fund	391,704	108,400	108,400	108,400	110,500
Total Transfers	11,796,872	13,685,100	13,685,100	13,685,100	15,201,552
Ending Fund Balance					
Contingency Reserve	0	250,000	150,000	0	0
Debt Service Coverage Reserve	3,394,159	3,772,763	3,772,763	3,772,763	3,772,763
Future Debt Service Reserve	0	0	0	0	1,479,231
RAC Agreement Reserve	0	0	853,783	1,923,283	0
Rate Stabilization Reserve	2,500,759	1,035,248	1,000,000	1,000,000	1,000,000
Reserve for Encumbrances	71,417	115,465	71,417	71,417	71,417
Total Ending Fund Balance	5,966,335	5,173,476	5,847,963	6,767,463	6,323,411
TOTAL USE OF FUNDS	**22,485,657**	**21,281,588**	**22,056,075**	**23,125,575**	**24,181,874**

AIRPORT FISCAL AGENT FUND (525)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Reserve	52,906,947	103,640,741	90,359,323	90,359,323	87,071,830
Total Beginning Fund Balance	52,906,947	103,640,741	90,359,323	90,359,323	87,071,830
Revenues					
Bond Proceeds	504,400,803	0	0	49,140,000	0
Interest	441,759	398,500	398,500	398,500	317,500
Total Revenues	504,842,562	398,500	398,500	49,538,500	317,500
Transfers					
Airport Cust Fac & Transp Fee Fd	11,369,920	13,576,700	13,576,700	13,576,700	15,091,052
Airport Revenue Bond Imp Fd	0	0	4,418,719	4,418,719	11,083,000
Airport Revenue Fund	48,019,289	50,981,651	46,562,932	46,229,840	43,148,946
Passenger Fac Charge Fd	21,336,421	22,128,000	22,128,000	22,128,000	25,779,000
Total Transfers	80,725,630	86,686,351	86,686,351	86,353,259	95,101,998
TOTAL SOURCE OF FUNDS	**638,475,139**	**190,725,592**	**177,444,174**	**226,251,082**	**182,491,328**
USE OF FUNDS					
Expenditures					
Interest Payment	68,969,387	76,846,069	76,846,069	76,252,997	74,651,757
Other Payments (Bond Issuance)	6,775,276	0	0	0	0
Principal Payment	114,080,000	13,180,000	13,180,000	62,580,000	22,275,000
Total Expenditures	189,824,663	90,026,069	90,026,069	138,832,997	96,926,757
Transfers					
Airport Cust Fac & Transp Fee Fd	3,394,164	0	0	0	0
Airport Revenue Fund	646,989	551,056	551,056	346,255	319,744
Airport Surplus Rev Fd	354,250,000	0	0	0	0
Total Transfers	358,291,153	551,056	551,056	346,255	319,744
Ending Fund Balance					
Debt Service Reserve	90,359,323	100,148,467	86,867,049	87,071,830	85,244,827
Total Ending Fund Balance	90,359,323	100,148,467	86,867,049	87,071,830	85,244,827
TOTAL USE OF FUNDS	**638,475,139**	**190,725,592**	**177,444,174**	**226,251,082**	**182,491,328**

AIRPORT MAINTENANCE AND OPERATION FUND (523)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Airport Councils Intl Conf Reserve	100,000	100,000	100,000	100,000	0
Master Trust Agreement Reserve	16,314,651	20,911,422	19,326,122	19,326,122	24,697,347
Reserve for Encumbrances	1,936,893	1,936,893	2,650,459	2,650,459	2,650,459
Workers' Comp Claim Reserve	3,286,639	2,556,275	2,434,245	2,434,245	2,434,245
Total Beginning Fund Balance	21,638,183	25,504,590	24,510,826	24,510,826	29,782,051
Transfers					
Airport Revenue Fund	72,056,839	74,195,122	77,199,028	73,180,453	77,525,067
Other Airport Funds (OPEB Liability)	1,122,125	0	0	0	0
Total Transfers	73,178,964	74,195,122	77,199,028	73,180,453	77,525,067
TOTAL SOURCE OF FUNDS	**94,817,147**	**99,699,712**	**101,709,854**	**97,691,279**	**107,307,118**
USE OF FUNDS					
Expenditures					
Airport Non-Pers/Equip	33,296,884	34,316,753	33,075,061	31,075,059	30,694,408
Airport Personal Svcs	22,916,692	24,022,223	23,928,360	22,928,360	25,266,590
Annual Audit	55,393	78,250	78,250	78,250	78,250
City Attny Non-Pers/Equip	2,161	4,000	4,000	4,000	4,000
City Attny Personal Services	526,344	578,728	579,327	579,327	605,293
City Mgr Non-Pers/Equip	25,149	24,500	24,500	24,500	24,500
City Mgr Personal Services	57,344	155,046	154,936	154,936	186,024
OED Personal Services	0	0	77,000	77,000	139,214
Operations Contingency	0	0	0	1,902,757	2,000,000
Overhead	3,499,460	3,128,883	3,128,883	3,128,883	2,837,758
PBCE Personal Services	43,035	51,167	58,430	58,430	62,727
PRNS Personal Services	41,697	43,389	43,356	43,356	46,035
PW Non-Pers/Equip	7,665	13,000	13,000	13,000	19,000
PW Personal Services	148,839	158,034	157,923	157,923	171,187
Police Personal Services	84,746	87,205	87,140	87,140	92,428
Workers' Comp Claims	554,463	560,000	560,000	560,000	560,000
Workers' Comp Judgs/Loss	0	17,700	17,700	17,700	40,813
Total Expenditures	61,259,872	63,238,878	61,987,866	60,890,621	62,828,227
Transfers					
Aircraft Rescue/Fire Fighting	3,051,945	1,684,274	1,684,274	1,684,274	1,695,942
Federated Ret. Fd. - Add'l Payment	485,149	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	115,009	0	0	0	0
Police Services	5,394,346	5,342,084	5,334,333	5,334,333	5,534,953
Total Transfers	9,046,449	7,026,358	7,018,607	7,018,607	7,230,895
Ending Fund Balance					
Airport Councils Intl Conf Reserve	100,000	64,700	0	0	0

AIRPORT MAINTENANCE AND OPERATION FUND (523)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Contingency Reserve	0	2,010,686	2,902,757	0	0
Employee Compensation Plan Reserve	0	0	0	0	469,300
Master Trust Agreement Reserve	19,326,122	22,865,922	24,715,920	24,697,347	31,693,992
Reserve for Encumbrances	2,650,459	1,936,893	2,650,459	2,650,459	2,650,459
Workers' Comp Claim Reserve	2,434,245	2,556,275	2,434,245	2,434,245	2,434,245
Total Ending Fund Balance	24,510,826	29,434,476	32,703,381	29,782,051	37,247,996
TOTAL USE OF FUNDS	**94,817,147**	**99,699,712**	**101,709,854**	**97,691,279**	**107,307,118**

AIRPORT REVENUE FUND (521)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Airline Agreement Reserve	34,472,103	27,205,683	34,042,898	34,042,898	23,883,757
Curfew Reserve	339,104	0	0	0	0
Future Deficit Reserve	0	28,014,126	28,014,168	28,014,168	26,630,779
Total Beginning Fund Balance	34,811,207	55,219,809	62,057,066	62,057,066	50,514,536
Revenues					
Airfield Area	2,783,446	2,762,590	2,762,590	3,012,115	3,067,362
Landing Fees	11,413,628	12,733,524	12,733,524	13,656,561	11,863,537
Miscellaneous	6,283,942	5,560,859	5,560,859	5,955,969	7,454,160
Parking & Roadway	44,310,737	40,090,694	39,412,703	41,163,324	41,188,766
Petroleum Products	1,690,326	1,608,580	1,608,580	2,239,245	2,957,341
Terminal Building	15,770,190	15,114,972	15,114,972	15,090,273	15,371,210
Terminal Rental	39,864,277	37,186,986	37,186,986	38,384,595	38,087,565
Total Revenues	122,116,546	115,058,205	114,380,214	119,502,082	119,989,941
Transfers					
Airport Capital Impvmnt Fund	500,000	0	0	0	0
Airport Fiscal Agent Fund	646,988	551,056	551,056	346,255	319,744
Airport Rev Bond Imp Fund	33,513,017	0	0	0	0
Total Transfers	34,660,005	551,056	551,056	346,255	319,744
TOTAL SOURCE OF FUNDS	**191,587,758**	**170,829,070**	**176,988,336**	**181,905,403**	**170,824,221**
USE OF FUNDS					
Transfers					
Airport Fiscal Agent Fund	48,019,289	50,981,651	46,562,932	46,229,840	43,148,946
Airport Maint and Oper Fund	72,056,839	74,195,122	77,199,028	73,180,453	77,525,067
Airport Surplus Revenue Fund	9,454,564	11,980,574	11,980,574	11,980,574	9,805,773
Total Transfers	129,530,692	137,157,347	135,742,534	131,390,867	130,479,786
Ending Fund Balance					
Airline Agreement Reserve	34,042,898	6,805,597	14,379,634	23,883,757	13,713,656
Future Deficit Reserve	28,014,168	26,866,126	26,866,168	26,630,779	26,630,779
Total Ending Fund Balance	62,057,066	33,671,723	41,245,802	50,514,536	40,344,435
TOTAL USE OF FUNDS	**191,587,758**	**170,829,070**	**176,988,336**	**181,905,403**	**170,824,221**

AIRPORT SURPLUS REVENUE FUND (524)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Airline Agreement Reserve	1,571,700	151,011	0	0	0
Discretionary Exp Reserve	2,530,474	3,953,735	4,000,000	4,000,000	5,000,000
Rate Stabilization Reserve	0	0	104,802	104,802	4,630,802
Total Beginning Fund Balance	4,102,174	4,104,746	4,104,802	4,104,802	9,630,802
Revenues					
Interest	383	0	0	0	0
Total Revenues	383	0	0	0	0
Transfers					
Airport Capital Impvmnt Fd	209,391	0	0	0	0
Airport Cust Fac & Transp Fee Fd	391,704	108,400	108,400	108,400	110,500
Airport Fiscal Agent Fd	354,250,000	0	0	0	0
Airport Rev Bond Impvmnt Fd	2,307,328	0	0	0	0
Airport Revenue Fund	9,454,564	11,980,574	11,980,574	11,980,574	9,805,773
Total Transfers	366,612,987	12,088,974	12,088,974	12,088,974	9,916,273
TOTAL SOURCE OF FUNDS	**370,715,544**	**16,193,720**	**16,193,776**	**16,193,776**	**19,547,075**
USE OF FUNDS					
Expenditures					
Commercial Paper Principal and Interest Pymt	362,501,702	2,454,547	2,454,574	2,454,574	2,805,773
Green Island Principal and Interest Pymt	109,017	108,400	108,400	108,400	110,500
Total Expenditures	362,610,719	2,562,947	2,562,974	2,562,974	2,916,273
Transfers					
Airport Renew & Replace Fd	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Airport Revenue Bond Imp Fd	23	0	0	0	0
Total Transfers	4,000,023	4,000,000	4,000,000	4,000,000	4,000,000
Ending Fund Balance					
Airline Agreement Reserve	0	0	0	0	0
Discretionary Exp Reserve	4,000,000	4,953,762	5,000,000	5,000,000	6,000,000
Rate Stabilization Reserve	104,802	4,677,011	4,630,802	4,630,802	6,630,802
Total Ending Fund Balance	4,104,802	9,630,773	9,630,802	9,630,802	12,630,802
TOTAL USE OF FUNDS	**370,715,544**	**16,193,720**	**16,193,776**	**16,193,776**	**19,547,075**

ANTI-TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE FUND (426)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Interest Earnings Reserve	0	0	0	0	0
Reserve for Encumbrances	110,183	0	0	0	0
Unrestricted	147,683	0	0	0	0
Total Beginning Fund Balance	257,866	0	0	0	0
Revenues					
Interest	0	0	0	0	0
Miscellaneous Revenue	247	0	0	0	0
Total Revenues	247	0	0	0	0
TOTAL SOURCE OF FUNDS	**258,113**	**0**	**0**	**0**	**0**
USE OF FUNDS					
Expenditures					
Education/Health: Community-Based Organizations	0	0	0	0	0
Education/Health: San José After School	108,020	0	0	0	0
Non-Profit Platform	0	0	0	0	0
Senior Svcs/Health: Community-Based Organizations	0	0	0	0	0
Senior Svcs/Health: Senior Nutrition	0	0	0	0	0
Total Expenditures	108,020	0	0	0	0
Transfers					
General Fund	150,093	0	0	0	0
Total Transfers	150,093	0	0	0	0
Ending Fund Balance					
Interest Earnings Reserve	0	0	0	0	0
Reserve for Encumbrances	0	0	0	0	0
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**258,113**	**0**	**0**	**0**	**0**

BENEFIT FUNDS - BENEFIT FUND (160)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Early Retirement Reinsurance Program Reserve	1,277,060	1,280,000	2,793,988	2,793,988	2,793,988
Future Premiums Reserve	0	0	0	0	1,105,000
Reserve for Encumbrances	0	0	7,893	7,893	7,893
Retirement Pre-Payment Reserve	2,891	2,891	2,891	2,891	2,891
Unrestricted	116,681	1,051,212	1,373,468	1,373,468	806,141
Total Beginning Fund Balance	1,396,632	2,334,103	4,178,240	4,178,240	4,715,913
Revenues					
401(a) Defined Contrib Retirement Plan	0	0	10,000	10,000	25,000
Early Retirement Reinsurance Program	1,513,445	0	0	0	0
Flexible Spending Accounts	36,168	30,000	30,000	10,000	10,000
Interest-ERRP	3,483	0	0	0	0
Interest/Demutualization Fds	766	0	0	0	0
Recovery Act - COBRA Subsidy	5,221	0	0	0	0
Total Revenues	1,559,083	30,000	40,000	20,000	35,000
Transfers					
Benefits Administration Fee	1,076,967	1,305,000	1,305,000	1,346,400	0
Employee Assist Program	585,572	565,000	565,000	561,000	573,000
FICA - Medicare	6,321,462	6,150,000	6,350,000	6,350,000	6,370,000
General Employee Vision	175,566	230,000	230,000	175,000	232,000
Health Plans	43,724,593	48,680,000	48,280,000	45,618,000	55,612,000
MEF Legal	77,943	80,000	80,000	75,000	90,000
PTC 457	706,308	680,000	880,000	875,000	900,000
Wellness Program Reserve	8,700	0	0	0	0
Total Transfers	52,677,111	57,690,000	57,690,000	55,000,400	63,777,000
TOTAL SOURCE OF FUNDS	**55,632,826**	**60,054,103**	**61,908,240**	**59,198,640**	**68,527,913**
USE OF FUNDS					
Expenditures					
401(a) Defined Contrib Retirement Plan	0	0	10,000	10,000	25,000
Benefits Consultant Fee	240,000	240,000	240,000	240,000	240,000
Employee Assist Program	583,502	565,000	565,000	561,000	573,000
FICA - Medicare	6,314,782	6,150,000	6,350,000	6,350,000	6,370,000
Flexible Spending Accounts	0	30,000	30,000	10,000	10,000
General Employee Vision	172,093	230,000	230,000	175,000	232,000
HR Personal Services	515,005	477,548	477,220	377,000	489,379
Health Plans	42,632,700	48,680,000	48,280,000	45,513,000	55,612,000
MEF Legal	77,954	80,000	80,000	75,000	90,000
Overhead	138,786	207,175	207,175	207,175	176,513
PTC 457	701,040	680,000	880,000	875,000	900,000
Recovery Act - COBRA Subsidy	5,291	0	0	0	0

BENEFIT FUNDS - BENEFIT FUND (160)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Total Expenditures	51,381,153	57,339,723	57,349,395	54,393,175	64,717,892
Transfers					
City Hall Debt Service Fund	64,165	89,552	89,552	89,552	78,247
Federated Ret. Fd. Add'l Payment	9,268	0	0	0	0
Total Transfers	73,433	89,552	89,552	89,552	78,247
Ending Fund Balance					
Early Retirement Reinsurance Program Reserve	2,793,988	1,280,000	2,793,988	2,793,988	2,793,988
Employee Compensation Planning Reserve	0	0	0	0	8,600
Future Premiums Reserve	0	1,000,000	1,000,000	1,105,000	0
Reserve for Encumbrances	7,893	0	7,893	7,893	7,893
Retirement Pre-Payment Reserve	2,891	2,891	2,891	2,891	0
Unrestricted	1,373,468	341,937	664,521	806,141	921,293
Total Ending Fund Balance	4,178,240	2,624,828	4,469,293	4,715,913	3,731,774
TOTAL USE OF FUNDS	**55,632,826**	**60,054,103**	**61,908,240**	**59,198,640**	**68,527,913**

BENEFIT FUNDS - DENTAL INSURANCE FUND (155)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	1,807,369	1,820,000	1,712,615	1,712,615	1,691,040
Retirement Pre-Payment Reserve	1,602	1,602	1,602	1,602	1,602
Unrestricted	1,875,732	2,375,610	2,522,710	2,522,710	2,851,028
Total Beginning Fund Balance	3,684,703	4,197,212	4,236,927	4,236,927	4,543,670
Revenues					
Interest	11,892	13,000	13,000	11,000	8,000
Participant Contributions	431,701	430,000	430,000	382,000	363,000
Recovery Act - COBRA Subsidy	35,051	0	0	0	0
Total Revenues	478,644	443,000	443,000	393,000	371,000
Transfers					
Reimbursement from City Funds	5,501,702	5,330,000	5,330,000	5,211,000	5,507,000
Reimbursement from Retirement Funds	6,214,411	6,130,000	6,130,000	6,201,000	6,168,000
Total Transfers	11,716,113	11,460,000	11,460,000	11,412,000	11,675,000
TOTAL SOURCE OF FUNDS	**15,879,460**	**16,100,212**	**16,139,927**	**16,041,927**	**16,589,670**
USE OF FUNDS					
Expenditures					
Dental HMO Plan	262,984	270,000	270,000	285,000	285,000
HR Non-Pers/Equip	468,371	496,000	506,000	512,000	486,000
HR Personal Services	270,016	249,693	239,510	150,000	257,680
Overhead	71,867	107,389	107,389	107,389	91,167
Payment of Claims	10,532,690	11,200,000	11,200,000	10,400,000	11,352,000
Total Expenditures	11,605,928	12,323,082	12,322,899	11,454,389	12,471,847
Transfers					
City Hall Debt Service Fund	31,445	43,868	43,868	43,868	38,337
Federated Ret. Fd. Add'l Payment	5,160	0	0	0	0
Total Transfers	36,605	43,868	43,868	43,868	38,337
Ending Fund Balance					
Claims Reserve	1,712,615	1,821,170	1,713,785	1,691,040	1,793,192
Employee Compensation Planning Reserve	0	0	0	0	4,500
Retirement Pre-Payment Reserve	1,602	1,602	1,602	1,602	0
Unrestricted	2,522,710	1,910,490	2,057,773	2,851,028	2,281,794
Total Ending Fund Balance	4,236,927	3,733,262	3,773,160	4,543,670	4,079,486
TOTAL USE OF FUNDS	**15,879,460**	**16,100,212**	**16,139,927**	**16,041,927**	**16,589,670**

BENEFIT FUNDS - LIFE INSURANCE FUND (156)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Retirement Pre-Payment Reserve	303	303	303	303	303
Unrestricted	187,883	135,844	174,943	174,943	129,116
Total Beginning Fund Balance	188,186	136,147	175,246	175,246	129,419
Revenues					
Interest	1,239	300	300	800	700
Participant Contributions	606,497	579,000	579,000	575,000	575,000
Total Revenues	607,736	579,300	579,300	575,800	575,700
Transfers					
Administration Fee	0	53,000	53,000	46,000	48,000
Reimbursement from City Funds	413,845	356,000	356,000	325,000	398,000
Total Transfers	413,845	409,000	409,000	371,000	446,000
TOTAL SOURCE OF FUNDS	**1,209,767**	**1,124,447**	**1,163,546**	**1,122,046**	**1,151,119**
USE OF FUNDS					
Expenditures					
HR Non-Pers/Equip	854	2,140	2,140	2,140	2,140
HR Personal Services	50,209	46,924	46,890	46,924	48,067
Insurance Premiums	963,128	935,000	935,000	915,000	935,000
Overhead	13,361	20,203	20,203	20,203	17,073
Total Expenditures	1,027,552	1,004,267	1,004,233	984,267	1,002,280
Transfers					
City Hall Debt Service Fund	6,016	8,360	8,360	8,360	7,298
Federated Ret. Fd. Add'l Payment	953	0	0	0	0
Total Transfers	6,969	8,360	8,360	8,360	7,298
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	800
Retirement Pre-Payment Reserve	303	303	303	303	0
Unrestricted	174,943	111,517	150,650	129,116	140,741
Total Ending Fund Balance	175,246	111,820	150,953	129,419	141,541
TOTAL USE OF FUNDS	**1,209,767**	**1,124,447**	**1,163,546**	**1,122,046**	**1,151,119**

BENEFIT FUNDS - UNEMPLOYMENT INSURANCE FUND (157)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	2,360,000	5,000,000	5,000,000	5,000,000	3,000,000
Reserve for Encumbrances	1	1	1	1	1
Retirement Pre-Payment Reserve	635	635	635	635	635
Unrestricted	1,513,908	1,634,560	1,747,559	1,747,559	2,107,055
Total Beginning Fund Balance	3,874,544	6,635,196	6,748,195	6,748,195	5,107,691
Revenues					
Interest	16,764	12,000	12,000	13,000	10,000
Total Revenues	16,764	12,000	12,000	13,000	10,000
Transfers					
Reimbursements from City Funds	5,503,711	0	0	0	0
Total Transfers	5,503,711	0	0	0	0
TOTAL SOURCE OF FUNDS	**9,395,019**	**6,647,196**	**6,760,195**	**6,761,195**	**5,117,691**
USE OF FUNDS					
Expenditures					
HR Non-Pers/Equip	11,616	11,854	16,854	16,000	12,276
HR Personal Services	105,834	99,590	94,517	80,000	95,727
Overhead	28,057	42,762	42,762	42,762	36,716
Payment of Claims	2,488,750	2,600,000	2,600,000	1,500,000	1,500,000
Total Expenditures	2,634,257	2,754,206	2,754,133	1,638,762	1,644,719
Transfers					
City Hall Debt Service Fund	10,613	14,742	14,742	14,742	12,902
Federated Ret. Fd. Add'l Payment	1,954	0	0	0	0
Total Transfers	12,567	14,742	14,742	14,742	12,902
Ending Fund Balance					
Claims Reserve	5,000,000	3,000,000	3,000,000	3,000,000	1,500,000
Employee Compensation Planning Reserve	0	0	0	0	1,700
Reserve for Encumbrances	1	1	1	1	1
Retirement Pre-Payment Reserve	635	635	635	635	0
Unrestricted	1,747,559	877,612	990,684	2,107,055	1,958,369
Total Ending Fund Balance	6,748,195	3,878,248	3,991,320	5,107,691	3,460,070
TOTAL USE OF FUNDS	**9,395,019**	**6,647,196**	**6,760,195**	**6,761,195**	**5,117,691**

BUSINESS IMPROVEMENT DISTRICT FUND (351)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	5	5	5	5	5
Unrestricted - Downtown	59,328	34,545	66,710	66,710	66,710
Unrestricted - Hotel	626,673	160,139	749,220	749,220	749,220
Unrestricted - Interest	2,813	2,755	2,755	2,755	2,755
Unrestricted - Japantown	50,534	45,534	48,584	48,584	48,584
Unrestricted - Willow Glen CBID	84,578	84,578	81,845	81,845	81,845
Total Beginning Fund Balance	823,931	327,556	949,119	949,119	949,119
Revenues					
Downtown Assessment	706,402	705,000	864,435	853,310	710,000
Hotel Assessment	2,032,755	1,735,933	2,378,458	1,993,972	1,995,853
Japantown Assessment	30,724	33,250	37,810	36,346	33,000
Willow Glen Assessment	9	0	0	0	0
Willow Glen CBID Assessment	192,993	198,983	198,983	268,626	213,469
Total Revenues	2,962,883	2,673,166	3,479,686	3,152,254	2,952,322
Transfers					
General Fund	10,000	10,000	10,000	10,000	10,000
Total Transfers	10,000	10,000	10,000	10,000	10,000
TOTAL SOURCE OF FUNDS	**3,796,814**	**3,010,722**	**4,438,805**	**4,111,373**	**3,911,441**
USE OF FUNDS					
Expenditures					
DPW Administration Srvcs	4,983	5,000	5,000	5,000	5,000
Downtown Business Imp District	699,020	705,000	864,435	853,310	710,000
Hotel Business Imp District	1,910,208	1,735,933	2,378,458	1,993,972	1,995,853
Japantown Business Imp District	32,674	33,250	37,810	36,346	33,000
Willow Glen Community Benefit Improvement District	200,752	203,983	203,983	273,626	218,469
Total Expenditures	2,847,637	2,683,166	3,489,686	3,162,254	2,962,322
Transfers					
Federated Ret. Fd. - Add'l Payment	58	0	0	0	0
Total Transfers	58	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	5	5	5	5	5
Unrestricted - Downtown	66,710	34,545	66,710	66,710	66,710
Unrestricted - Hotel	749,220	160,139	749,220	749,220	749,220
Unrestricted - Interest	2,755	2,755	2,755	2,755	2,755
Unrestricted - Japantown	48,584	45,534	48,584	48,584	48,584
Unrestricted - Willow Glen CBID	81,845	84,578	81,845	81,845	81,845
Ending Fund Balance					
Total Ending Fund Balance	949,119	327,556	949,119	949,119	949,119
TOTAL USE OF FUNDS	**3,796,814**	**3,010,722**	**4,438,805**	**4,111,373**	**3,911,441**

CASH RESERVE FUND (002)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	5,534	5,549	5,549	5,549	5,561
Total Beginning Fund Balance	5,534	5,549	5,549	5,549	5,561
Revenues					
Interest	15	18	18	12	18
Total Revenues	15	18	18	12	18
TOTAL SOURCE OF FUNDS	**5,549**	**5,567**	**5,567**	**5,561**	**5,579**
USE OF FUNDS					
Ending Fund Balance					
Unrestricted	5,549	5,567	5,567	5,561	5,579
Total Ending Fund Balance	5,549	5,567	5,567	5,561	5,579
TOTAL USE OF FUNDS	**5,549**	**5,567**	**5,567**	**5,561**	**5,579**

CITY HALL DEBT SERVICE FUND (210)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Res. for Econ. Refunding/Ltr. of Credit	0	1,021,315	1,021,315	1,021,315	1,021,315
Unrestricted	882,657	569,694	922,975	922,975	372,066
Total Beginning Fund Balance	882,657	1,591,009	1,944,290	1,944,290	1,393,381
Revenues					
Interest	38,446	40,000	40,000	40,000	38,000
Total Revenues	38,446	40,000	40,000	40,000	38,000
Transfers					
Capital Funds	1,814,412	1,743,000	1,743,000	1,743,000	1,863,000
General Fund	15,541,945	15,287,247	15,287,247	15,287,247	15,079,201
Special Funds	3,799,579	4,071,309	4,593,309	4,593,309	4,073,518
Total Transfers	21,155,936	21,101,556	21,623,556	21,623,556	21,015,719
TOTAL SOURCE OF FUNDS	**22,077,039**	**22,732,565**	**23,607,846**	**23,607,846**	**22,447,100**
USE OF FUNDS					
Expenditures					
City Hall Debt Service	18,928,080	20,189,250	20,189,250	20,182,000	20,856,100
City Hall Garage Debt Service	1,204,481	1,522,000	1,522,000	1,522,000	1,591,000
Total Expenditures	20,132,561	21,711,250	21,711,250	21,704,000	22,447,100
Transfers					
Civic Center Construction Fund	0	0	510,465	510,465	0
Civic Center Improvement Fund	188	0	0	0	0
Total Transfers	188	0	510,465	510,465	0
Ending Fund Balance					
Res. for Econ. Refunding/Ltr. of Credit	1,021,315	1,021,315	1,021,315	1,021,315	0
Unrestricted	922,975	0	364,816	372,066	0
Total Ending Fund Balance	1,944,290	1,021,315	1,386,131	1,393,381	0
TOTAL USE OF FUNDS	**22,077,039**	**22,732,565**	**23,607,846**	**23,607,846**	**22,447,100**

COMMUNITY DEVELOPMENT BLOCK GRANT FUND (441)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	1,663,305	1,663,305	2,637,598	2,637,598	2,637,598
Retirement Pre-Payment Reserve	27,483	27,483	27,483	27,483	27,483
Section 108 Debt Svc Reserve	0	1,871,000	1,871,000	1,871,000	2,178,381
Unrestricted	8,149,726	2,742,211	3,611,143	3,611,143	2,310,545
Total Beginning Fund Balance	9,840,514	6,303,999	8,147,224	8,147,224	7,154,007
Revenues					
CDBG Grant Entitlement	9,151,034	7,840,284	7,840,284	7,840,284	7,448,270
Developer Payments	0	352,717	352,717	352,717	443,000
Housing Rehab Loan Repayments	394,260	500,000	500,000	500,000	500,000
Miscellaneous Revenue	213	0	0	476,000	0
Other Loan Repayments	173,548	100,000	100,000	100,000	200,000
Total Revenues	9,719,055	8,793,001	8,793,001	9,269,001	8,591,270
TOTAL SOURCE OF FUNDS	**19,559,569**	**15,097,000**	**16,940,225**	**17,416,225**	**15,745,277**
USE OF FUNDS					
Expenditures					
Accounting Services	212,149	0	0	0	0
CDI - Capital Projects	1,642,339	1,549,040	1,585,834	1,585,834	1,500,000
CDI - Code Enforcement Operations	1,400,745	1,297,507	1,265,784	1,025,607	1,165,234
CDI - Economic Development	777,861	0	0	0	600,000
CDI - Emergency Repair Program	411,021	400,000	400,000	400,000	400,000
CDI - Fire Engines	0	0	88,518	88,518	0
CDI - Housing Rehab Loans	1,783,721	2,625,000	2,625,000	2,100,000	1,560,000
CDI - Neighborhood Clean-Up	0	200,000	200,000	200,000	0
City-Wide Grants Management System	2,724	0	0	0	0
Contractual Community Services	1,450,574	1,266,042	1,266,042	1,266,042	1,289,740
Fair Housing	125,974	385,000	385,000	385,000	385,000
Hsg Program Development and Monitoring	1,092,561	1,216,761	1,215,760	1,215,760	1,178,622
Legal Services	6,379	101,600	101,567	56,295	35,224
Non-Profit Platform	13,273	0	0	0	0
Planning Studies	0	30,000	30,000	30,000	28,500
Recovery Act - CDBG Fund	535,923	0	38,234	38,234	0
Section 108 Debt Service	1,891,423	1,870,928	1,870,928	1,870,928	2,178,381
Transportation - Tree Study	(1,504)	0	0	0	0
Total Expenditures	11,345,163	10,941,878	11,072,667	10,262,218	10,320,701
Transfers					
Federated Ret. Fd. - Add'l Payment	67,182	0	0	0	0
Total Transfers	67,182	0	0	0	0

COMMUNITY DEVELOPMENT BLOCK GRANT FUND (441)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Reserve for Encumbrances	2,637,598	1,663,305	2,637,598	2,637,598	2,637,598
Retirement Pre-Payment Reserve	27,483	27,483	27,483	27,483	0
Section 108 Debt Svc Reserve	1,871,000	1,952,610	1,952,610	2,178,381	2,133,846
Unrestricted	3,611,143	511,724	1,249,867	2,310,545	653,132
Total Ending Fund Balance	8,147,224	4,155,122	5,867,558	7,154,007	5,424,576
TOTAL USE OF FUNDS	**19,559,569**	**15,097,000**	**16,940,225**	**17,416,225**	**15,745,277**

COMMUNITY FACILITIES DISTRICT NO. 1 (CAPITOL AUTO MALL) FUND (371)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	48,813	48,813	86,695	86,695	86,695
Unrestricted	429,118	345,418	415,534	415,534	404,129
Total Beginning Fund Balance	477,931	394,231	502,229	502,229	490,824
Revenues					
Interest	1,210	1,000	1,000	1,000	1,200
Special Assessments	154,103	151,300	151,300	151,300	151,300
Total Revenues	155,313	152,300	152,300	152,300	152,500
TOTAL SOURCE OF FUNDS	**633,244**	**546,531**	**654,529**	**654,529**	**643,324**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	85,618	108,918	108,918	108,918	108,918
DOT Personal Services	36,473	44,591	44,568	44,568	46,835
Overhead	8,380	9,719	9,719	9,719	9,102
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	130,471	163,728	163,705	163,705	165,355
Transfers					
Federated Ret. Fd. - Add'l Payment	544	0	0	0	0
Total Transfers	544	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	86,695	48,813	86,695	86,695	86,695
Unrestricted	415,534	333,990	404,129	404,129	391,274
Total Ending Fund Balance	502,229	382,803	490,824	490,824	477,969
TOTAL USE OF FUNDS	**633,244**	**546,531**	**654,529**	**654,529**	**643,324**

COMMUNITY FACILITIES DISTRICT NO. 2 (ABORN-MURILLO) AND COMMUNITY FACILITIES DISTRICT NO. 3 (SILVERLAND-CAPRIANA) FUND (369)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	333,970	333,970	214,758	214,758	214,758
Retirement Pre-Payment Reserve	1,164	1,164	1,164	1,164	1,164
Unrestricted	1,516,501	1,496,796	1,741,160	1,741,160	1,768,449
Total Beginning Fund Balance	1,851,635	1,831,930	1,957,082	1,957,082	1,984,371
Revenues					
Interest	4,225	3,500	3,500	4,000	5,300
Special Assessments	1,286,133	1,318,300	1,318,300	1,318,300	1,353,600
Total Revenues	1,290,358	1,321,800	1,321,800	1,322,300	1,358,900
TOTAL SOURCE OF FUNDS	**3,141,993**	**3,153,730**	**3,278,882**	**3,279,382**	**3,343,271**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	951,125	1,070,808	1,070,808	1,070,808	1,068,622
DOT Personal Services	177,761	171,704	171,582	171,582	155,056
Overhead	52,110	52,121	52,121	52,121	45,062
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	1,180,996	1,295,133	1,295,011	1,295,011	1,269,240
Transfers					
Federated Ret. Fd. - Add'l Payment	3,915	0	0	0	0
Total Transfers	3,915	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	214,758	333,970	214,758	214,758	214,758
Retirement Pre-Payment Reserve	1,164	1,164	1,164	1,164	0
Unrestricted	1,741,160	1,523,463	1,767,949	1,768,449	1,859,273
Total Ending Fund Balance	1,957,082	1,858,597	1,983,871	1,984,371	2,074,031
TOTAL USE OF FUNDS	**3,141,993**	**3,153,730**	**3,278,882**	**3,279,382**	**3,343,271**

COMMUNITY FACILITIES DISTRICT NO. 8 (COMMUNICATIONS HILL) FUND (373)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	26,219	26,219	72,192	72,192	72,192
Retirement Pre-Payment Reserve	690	690	690	690	690
Unrestricted	3,234,005	3,233,279	3,426,564	3,426,564	3,505,239
Total Beginning Fund Balance	3,260,914	3,260,188	3,499,446	3,499,446	3,578,121
Revenues					
Interest	9,273	9,000	9,000	8,800	10,500
Special Assessments	606,353	527,000	527,000	527,000	458,800
Total Revenues	615,626	536,000	536,000	535,800	469,300
TOTAL SOURCE OF FUNDS	**3,876,540**	**3,796,188**	**4,035,446**	**4,035,246**	**4,047,421**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	300,688	382,766	382,766	367,089	382,766
DOT Personal Services	58,109	68,661	68,611	68,611	81,153
Overhead	17,266	20,925	20,925	20,925	23,384
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	376,063	472,852	472,802	457,125	487,803
Transfers					
Federated Ret. Fd. - Add'l Payment	1,031	0	0	0	0
Total Transfers	1,031	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	72,192	26,219	72,192	72,192	72,192
Retirement Pre-Payment Reserve	690	690	690	690	0
Unrestricted	3,426,564	3,296,427	3,489,762	3,505,239	3,487,426
Total Ending Fund Balance	3,499,446	3,323,336	3,562,644	3,578,121	3,559,618
TOTAL USE OF FUNDS	**3,876,540**	**3,796,188**	**4,035,446**	**4,035,246**	**4,047,421**

COMMUNITY FACILITIES DISTRICT NO. 11 (ADELINE-MARY HELEN) FUND (374)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	231,205	211,239	234,640	234,640	231,237
Total Beginning Fund Balance	231,205	211,239	234,640	234,640	231,237
Revenues					
Interest	649	750	750	600	700
Special Assessments	56,650	53,500	53,500	53,500	53,500
Total Revenues	57,299	54,250	54,250	54,100	54,200
TOTAL SOURCE OF FUNDS	**288,504**	**265,489**	**288,890**	**288,740**	**285,437**
USE OF FUNDS					
Expenditures					
DOT Non-Personal/Equipment	8,095	24,182	24,182	6,000	24,182
DOT Personal Services	30,642	33,975	33,975	33,975	33,975
Overhead	15,127	17,028	17,028	17,028	15,576
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	53,864	75,685	75,685	57,503	74,233
Ending Fund Balance					
Unrestricted	234,640	189,804	213,205	231,237	211,204
Total Ending Fund Balance	234,640	189,804	213,205	231,237	211,204
TOTAL USE OF FUNDS	**288,504**	**265,489**	**288,890**	**288,740**	**285,437**

COMMUNITY FACILITIES DISTRICT NO. 12 (BASKING RIDGE) FUND (376)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	62,793	62,793	95,279	95,279	95,279
Unrestricted	962,340	1,019,414	1,095,624	1,095,624	1,203,545
Total Beginning Fund Balance	1,025,133	1,082,207	1,190,903	1,190,903	1,298,824
Revenues					
Interest	3,033	3,000	3,000	3,000	3,600
Special Assessments	270,305	255,600	255,600	255,600	213,000
Total Revenues	273,338	258,600	258,600	258,600	216,600
TOTAL SOURCE OF FUNDS	**1,298,471**	**1,340,807**	**1,449,503**	**1,449,503**	**1,515,424**
USE OF FUNDS					
Expenditures					
DOT Non-Personal/Equipment	52,777	139,522	139,522	93,261	139,522
DOT Personal Services	42,140	43,650	43,620	43,620	44,495
Overhead	11,825	13,298	13,298	13,298	12,179
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	106,742	196,970	196,940	150,679	196,696
Transfers					
Federated Ret. Fd. - Add'l Payment	826	0	0	0	0
Total Transfers	826	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	95,279	62,793	95,279	95,279	95,279
Unrestricted	1,095,624	1,081,044	1,157,284	1,203,545	1,223,449
Total Ending Fund Balance	1,190,903	1,143,837	1,252,563	1,298,824	1,318,728
TOTAL USE OF FUNDS	**1,298,471**	**1,340,807**	**1,449,503**	**1,449,503**	**1,515,424**

COMMUNITY FACILITIES DISTRICT NO. 13 (GUADALUPE MINES) FUND (310)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	66,505
Total Beginning Fund Balance	0	0	0	0	66,505
Revenues					
Interest	0	0	0	0	200
Special Assessments	0	0	95,084	95,084	54,900
Total Revenues	0	0	95,084	95,084	55,100
Transfers					
Storm Sewer Operating Fund	0	0	10,121	10,121	10,121
Total Transfers	0	0	10,121	10,121	10,121
TOTAL SOURCE OF FUNDS	**0**	**0**	**105,205**	**105,205**	**131,726**
USE OF FUNDS					
Expenditures					
CFD#13 Feasibility Project	0	0	30,000	30,000	0
DOT Non-Pers/Equip	0	0	52,000	0	52,000
DOT Personal Services	0	0	6,000	6,000	14,995
Overhead	0	0	2,700	2,700	3,972
Total Expenditures	0	0	90,700	38,700	70,967
Ending Fund Balance					
Unrestricted	0	0	14,505	66,505	60,759
Total Ending Fund Balance	0	0	14,505	66,505	60,759
TOTAL USE OF FUNDS	**0**	**0**	**105,205**	**105,205**	**131,726**

COMMUNITY FACILITIES DISTRICT NO. 14 (RALEIGH - CHARLOTTE) FUND (379)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	185,113	151,945	151,945	212,934
Total Beginning Fund Balance	0	185,113	151,945	151,945	212,934
Revenues					
Interest	13	1,000	1,000	400	600
Special Assessments	238,183	488,700	488,700	488,700	501,800
Total Revenues	238,196	489,700	489,700	489,100	502,400
TOTAL SOURCE OF FUNDS	**238,196**	**674,813**	**641,645**	**641,045**	**715,334**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	5,164	104,518	104,518	43,959	104,518
DOT Personal Services	3,512	21,167	21,152	21,152	27,085
Overhead	0	12,808	12,808	12,808	14,158
PRNS Non-Pers/Equip	62,099	329,396	329,396	329,396	329,396
PRNS Personal Services	15,476	20,811	20,796	20,796	24,654
Workers' Comp Claims	0	0	0	0	500
Total Expenditures	86,251	488,700	488,670	428,111	500,311
Ending Fund Balance					
Unrestricted	151,945	186,113	152,975	212,934	215,023
Total Ending Fund Balance	151,945	186,113	152,975	212,934	215,023
TOTAL USE OF FUNDS	**238,196**	**674,813**	**641,645**	**641,045**	**715,334**

COMMUNITY FACILITIES REVENUE FUND (422)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	1,201	1,201	795	795	795
Unrestricted	1,167,420	1,418,521	1,984,340	1,984,340	1,764,600
Total Beginning Fund Balance	1,168,621	1,419,722	1,985,135	1,985,135	1,765,395
Revenues					
Hayes Ctr - Capital Impvt	522,570	482,000	482,000	524,260	550,610
Hayes Ctr - City Expenses	207,140	226,543	252,543	245,975	251,000
Hayes Ctr - Debt Expenses	4,051,000	3,901,000	3,901,000	3,900,000	4,412,000
Interest	14,796	32,000	32,000	16,000	16,000
Total Revenues	4,795,506	4,641,543	4,667,543	4,686,235	5,229,610
Transfers					
General Fund	5,500,000	4,500,000	4,500,000	4,500,000	4,400,000
Total Transfers	5,500,000	4,500,000	4,500,000	4,500,000	4,400,000
TOTAL SOURCE OF FUNDS	**11,464,127**	**10,561,265**	**11,152,678**	**11,171,370**	**11,395,005**
USE OF FUNDS					
Expenditures					
Hayes Consultant Costs	100,407	121,000	121,000	115,294	116,000
Hayes Ctr - Debt/Operating Subsidy	5,050,000	5,200,000	5,200,000	4,800,000	5,200,000
Hayes Ctr - Ph I Dbt Srvc	846,975	243,000	243,000	242,000	828,000
Hayes Ctr - Ph III Dbt Srvc	2,842,922	3,658,000	3,658,000	3,658,000	3,584,000
Hayes Repair and Impvt	532,560	523,500	523,500	460,000	872,000
Total Expenditures	9,372,864	9,745,500	9,745,500	9,275,294	10,600,000
Transfers					
General Fund	106,128	105,543	131,543	130,681	140,898
Total Transfers	106,128	105,543	131,543	130,681	140,898
Ending Fund Balance					
Reserve for Encumbrances	795	1,201	795	795	795
Unrestricted	1,984,340	709,021	1,274,840	1,764,600	653,312
Total Ending Fund Balance	1,985,135	710,222	1,275,635	1,765,395	654,107
TOTAL USE OF FUNDS	**11,464,127**	**10,561,265**	**11,152,678**	**11,171,370**	**11,395,005**

CONVENTION & CULTURAL AFFAIRS FUND (536)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Capital Reserve	0	151,657	151,657	151,657	172,932
Facilities Maintenance Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for Encumbrances	495,302	495,302	386,763	386,763	386,763
Retirement Pre-Payment Reserve	45,818	45,818	45,818	45,818	45,818
Revenue Stabilization Reserve	0	514,637	514,637	514,637	628,186
Unrestricted	7,375,695	5,941,585	6,814,017	6,814,017	2,563,143
Total Beginning Fund Balance	8,916,815	8,148,999	8,912,892	8,912,892	4,796,842
Revenues					
Commercial Paper - Convention Center Expansion/Renovation	0	10,000,000	10,000,000	0	10,000,000
Interest	17,195	15,000	15,000	15,000	15,000
Naming Rights (Civic Auditorium/CPA)	0	0	1,200,000	1,200,000	0
Operating Revenues	19,402,344	11,528,827	17,828,827	21,500,000	21,350,000
Total Revenues	19,419,539	21,543,827	29,043,827	22,715,000	31,365,000
Transfers					
Transient Occupancy Tax	6,406,211	6,281,864	7,179,956	7,179,956	8,444,865
Total Transfers	6,406,211	6,281,864	7,179,956	7,179,956	8,444,865
TOTAL SOURCE OF FUNDS	**34,742,565**	**35,974,690**	**45,136,675**	**38,807,848**	**44,606,707**
USE OF FUNDS					
Expenditures					
CA and CPA Marketing/Capital Improvements	0	0	1,200,000	1,200,000	0
CVB Marketing Services	188,000	500,000	51,000	51,000	500,000
Center for Performing Arts Improvements	87,132	630,000	609,868	609,868	0
Civic Auditorium Temp Cooling	0	0	0	0	200,000
Coffee Shop/Business Center Procurement	0	0	150,000	150,000	0
Commercial Paper Debt Service	0	222,232	222,232	0	1,600,000
Convention Center City Free-Use	35,210	50,000	50,000	63,000	200,000
Convention Center Expan/Renovation Construction Coordination	0	0	160,000	160,000	0
Convention Center Expansion/Renovation (Kitchen, HVAC)	0	10,000,000	10,000,000	0	10,750,000
Convention Center Expansion/Renovation Kitchen Design	0	200,000	0	0	0
Convention Center FF&E	142,070	300,000	2,507,930	2,507,930	0
Convention Facilities Industry Advisor	83,539	100,000	100,000	100,000	100,000
Convention Facilities Non-Pers/Equip	21,184,816	0	0	0	0
Convention Facilities Operations	0	16,374,756	21,824,756	25,200,000	22,363,000
Convention Facilities Personal Services	1,075,590	0	0	0	0
Cultural Facilities Maintenance	0	0	0	0	3,400,000

CONVENTION & CULTURAL AFFAIRS FUND (536)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Insurance Expenses	93,850	130,000	130,000	130,000	130,000
Misc. Capital Improvements	641,899	500,000	1,308,101	1,708,101	250,000
Overhead	358,964	0	0	0	0
PW Non-Personal/Equipment	2,550	5,000	5,000	5,000	9,000
Team San José Executive Management Fee	1,006,101	750,000	750,000	750,000	750,000
Team San José Management Fee	200,000	200,000	0	0	200,000
Workers' Compensation Claims	175,698	200,000	200,000	200,000	150,000
Total Expenditures	25,275,419	30,161,988	39,268,887	32,834,899	40,602,000
Transfers					
Federated Ret. Fd. - Add'l Payment	33,528	0	0	0	0
General Fund: Cultural Facilities Capital Maint. Cost Sharing	0	69,500	69,500	69,500	69,500
General Fund: Contract Oversight	400,000	341,809	341,809	341,809	331,303
General Fund: Mexican Heritage Plaza	116,442	70,000	70,000	70,000	20,000
General Fund: Overhead	0	694,798	694,798	694,798	753,416
General Fund: Payroll System Upgrade	4,284	0	0	0	0
Total Transfers	554,254	1,176,107	1,176,107	1,176,107	1,174,219
Ending Fund Balance					
Capital Reserve	151,657	172,932	172,932	172,932	320,000
Facilities Maintenance Reserve	1,000,000	1,000,000	1,000,000	1,000,000	250,000
Reserve for Encumbrances	386,763	495,302	386,763	386,763	386,763
Retirement Pre-Payment Reserve	45,818	45,818	45,818	45,818	0
Revenue Stabilization Reserve	514,637	628,186	628,186	628,186	769,000
Unrestricted	6,814,017	2,294,357	2,457,982	2,563,143	1,104,725
Total Ending Fund Balance	8,912,892	4,636,595	4,691,681	4,796,842	2,830,488
TOTAL USE OF FUNDS	**34,742,565**	**35,974,690**	**45,136,675**	**38,807,848**	**44,606,707**

CONVENTION CENTER FACILITIES DISTRICT REVENUE FUND (791)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Debt Service Reserve	0	10,502,550	10,533,428	10,533,428	10,502,550
Revenue Stabilization Reserve	0	8,950,664	8,950,664	8,950,664	10,180,292
Unrestricted	18,088,083	0	0	0	0
Total Beginning Fund Balance	18,088,083	19,453,214	19,484,092	19,484,092	20,682,842
Revenues					
Convention Center Facilities District Special Tax	8,361,169	8,715,000	8,715,000	9,477,000	9,951,000
Interest	68,209	131,400	131,400	73,000	80,000
Total Revenues	8,429,378	8,846,400	8,846,400	9,550,000	10,031,000
TOTAL SOURCE OF FUNDS	**26,517,461**	**28,299,614**	**28,330,492**	**29,034,092**	**30,713,842**
USE OF FUNDS					
Expenditures					
Debt Service: Lease Revenue Bonds	0	1,655,000	1,655,000	1,655,000	1,655,000
Debt Service: Special Tax Bonds	6,891,431	6,546,250	6,546,250	6,546,250	6,945,000
Trustee Payment	0	0	0	0	625
Total Expenditures	6,891,431	8,201,250	8,201,250	8,201,250	8,600,625
Transfers					
General Fund: Administration	141,938	150,000	150,000	150,000	130,000
Total Transfers	141,938	150,000	150,000	150,000	130,000
Ending Fund Balance					
Debt Service Reserve	10,533,428	10,502,550	10,533,428	10,502,550	10,502,550
Revenue Stabilization Reserve	8,950,664	9,445,814	9,445,814	10,180,292	10,258,950
Unrestricted	0	0	0	0	1,221,717
Total Ending Fund Balance	19,484,092	19,948,364	19,979,242	20,682,842	21,983,217
TOTAL USE OF FUNDS	**26,517,461**	**28,299,614**	**28,330,492**	**29,034,092**	**30,713,842**

DOWNTOWN PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FUND (302)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	70,647	70,647	62,449	62,449	62,449
Unrestricted	982,409	976,157	955,912	955,912	1,038,618
Total Beginning Fund Balance	1,053,056	1,046,804	1,018,361	1,018,361	1,101,067
Revenues					
Downtown PBID Assessments	1,563,609	1,778,222	1,778,222	1,791,191	1,780,495
Interest	2,466	3,000	3,000	2,600	3,100
Total Revenues	1,566,075	1,781,222	1,781,222	1,793,791	1,783,595
Transfers					
General Fund	639,131	623,920	619,891	619,891	695,181
General Purpose Parking Fund	79,897	73,759	73,759	73,759	73,759
San José Diridon Development Authority Fund	0	4,003	4,003	0	0
Total Transfers	719,028	701,682	697,653	693,650	768,940
TOTAL SOURCE OF FUNDS	**3,338,159**	**3,529,708**	**3,497,236**	**3,505,802**	**3,653,602**
USE OF FUNDS					
Expenditures					
Downtown PBID	1,949,790	2,046,679	2,084,179	2,034,511	2,200,000
Downtown Transit Mall	361,343	358,769	358,769	358,769	365,000
Public Works Support	8,545	10,000	10,000	11,455	10,000
Total Expenditures	2,319,678	2,415,448	2,452,948	2,404,735	2,575,000
Transfers					
Federated Ret. Fd. - Add'l Payment	120	0	0	0	0
Total Transfers	120	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	62,449	70,647	62,449	62,449	62,449
Unrestricted	955,912	1,043,613	981,839	1,038,618	1,016,153
Total Ending Fund Balance	1,018,361	1,114,260	1,044,288	1,101,067	1,078,602
TOTAL USE OF FUNDS	**3,338,159**	**3,529,708**	**3,497,235**	**3,505,802**	**3,653,602**

ECONOMIC DEVELOPMENT ADMINISTRATION LOAN FUND (444)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	120,295	66,545	71,327	71,327	57,377
Total Beginning Fund Balance	120,295	66,545	71,327	71,327	57,377
Revenues					
Interest	284	500	500	200	100
Loan Repayment - Interest	1,593	1,000	1,000	850	1,000
Loan Repayment - Principal	9,750	5,000	5,000	7,000	5,000
Total Revenues	11,627	6,500	6,500	8,050	6,100
TOTAL SOURCE OF FUNDS	**131,922**	**73,045**	**77,827**	**79,377**	**63,477**
USE OF FUNDS					
Expenditures					
Small Business Loans	60,595	60,000	60,000	22,000	60,000
Total Expenditures	60,595	60,000	60,000	22,000	60,000
Ending Fund Balance					
Unrestricted	71,327	13,045	17,827	57,377	3,477
Total Ending Fund Balance	71,327	13,045	17,827	57,377	3,477
TOTAL USE OF FUNDS	**131,922**	**73,045**	**77,827**	**79,377**	**63,477**

ECONOMIC DEVELOPMENT ENHANCEMENT FUND (439)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Const. Taxes Incentive Program Reserve	0	0	0	0	0
Unrestricted	850,737	650,737	652,953	652,953	0
Total Beginning Fund Balance	850,737	650,737	652,953	652,953	0
Revenues					
Interest	2,216	0	0	1,350	0
Total Revenues	2,216	0	0	1,350	0
TOTAL SOURCE OF FUNDS	**852,953**	**650,737**	**652,953**	**654,303**	**0**
USE OF FUNDS					
Expenditures					
Econ. Development Incentive Prog.	200,000	200,000	200,000	0	0
Total Expenditures	200,000	200,000	200,000	0	0
Transfers					
General Fund	0	0	0	654,303	0
Total Transfers	0	0	0	654,303	0
Ending Fund Balance					
Const. Taxes Incentive Program Reserve	0	450,000	450,000	0	0
Unrestricted	652,953	737	2,953	0	0
Total Ending Fund Balance	652,953	450,737	452,953	0	0
TOTAL USE OF FUNDS	**852,953**	**650,737**	**652,953**	**654,303**	**0**

EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT TRUST FUND (474)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	261,700	261,700	274,634	274,634	274,634
Reserve for Recovery Act	375	0	0	0	0
Unrestricted	87,662	87,233	66,548	66,548	0
Total Beginning Fund Balance	349,737	348,933	341,182	341,182	274,634
Revenues					
Federal Revenue	262,442	0	210,497	210,497	0
Interest	1,114	0	0	0	0
Total Revenues	263,556	0	210,497	210,497	0
TOTAL SOURCE OF FUNDS	**613,293**	**348,933**	**551,679**	**551,679**	**274,634**
USE OF FUNDS					
Expenditures					
2009 JAG	35,389	0	0	0	0
2010 JAG	192,729	19,571	17,578	17,578	0
2011 JAG	41,256	66,980	48,970	48,970	0
2012 JAG	0	0	210,497	210,497	0
JAG 2008-2011	1,861	0	0	0	0
Recovery Act - JAG	375	0	0	0	0
Total Expenditures	271,610	86,551	277,045	277,045	0
Transfers					
Federated Ret. Fd. - Add'l Payment	501	0	0	0	0
Total Transfers	501	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	274,634	261,700	274,634	274,634	274,634
Unrestricted	66,548	682	0	0	0
Total Ending Fund Balance	341,182	262,382	274,634	274,634	274,634
TOTAL USE OF FUNDS	**613,293**	**348,933**	**551,679**	**551,679**	**274,634**

EMERGENCY RESERVE FUND (406)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Restricted - Emergency Reserve	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Total Beginning Fund Balance	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Revenues					
Interest	9,213	16,000	16,000	7,000	11,000
Total Revenues	9,213	16,000	16,000	7,000	11,000
TOTAL SOURCE OF FUNDS	**3,390,745**	**3,397,532**	**3,397,532**	**3,388,532**	**3,392,532**
USE OF FUNDS					
Transfers					
General Fund - Interest Earnings	9,213	16,000	16,000	7,000	11,000
Total Transfers	9,213	16,000	16,000	7,000	11,000
Ending Fund Balance					
Restricted - Emergency Reserve	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
Total Ending Fund Balance	3,381,532	3,381,532	3,381,532	3,381,532	3,381,532
TOTAL USE OF FUNDS	**3,390,745**	**3,397,532**	**3,397,532**	**3,388,532**	**3,392,532**

FEDERAL DRUG FORFEITURE FUND (419)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	2,678,633	2,416,980	2,534,442	2,534,442	2,952,677
Total Beginning Fund Balance	2,678,633	2,416,980	2,534,442	2,534,442	2,952,677
Revenues					
Federal Revenue	228,550	0	0	200,000	150,000
Interest	7,429	10,000	10,000	5,000	5,000
Total Revenues	235,979	10,000	10,000	205,000	155,000
Transfers					
General Fund	0	0	66,238	66,238	0
State Drug Forfeiture Fund	0	0	299,963	299,963	0
Total Transfers	0	0	366,201	366,201	0
TOTAL SOURCE OF FUNDS	**2,914,612**	**2,426,980**	**2,910,643**	**3,105,643**	**3,107,677**
USE OF FUNDS					
Expenditures					
Police Non-Pers/Equip	63,105	92,835	92,835	92,835	708,083
Police Personal Services	317,065	434,182	60,131	60,131	0
Total Expenditures	380,170	527,017	152,966	152,966	708,083
Ending Fund Balance					
Unrestricted	2,534,442	1,899,963	2,757,677	2,952,677	2,399,594
Total Ending Fund Balance	2,534,442	1,899,963	2,757,677	2,952,677	2,399,594
TOTAL USE OF FUNDS	**2,914,612**	**2,426,980**	**2,910,643**	**3,105,643**	**3,107,677**

FEDERATED RETIREE HEALTH CARE TRUST FUND (124)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Investment Income	0	0	0	0	5,474,000
Total Revenues	0	0	0	0	5,474,000
Transfers					
City Contributions	0	0	0	0	30,052,000
Federated Retiree Health Care Trust Fund	0	0	0	0	43,379,000
Total Transfers	0	0	0	0	73,431,000
TOTAL SOURCE OF FUNDS	**0**	**0**	**0**	**0**	**78,905,000**
USE OF FUNDS					
Expenditures					
Professional Fees	0	0	0	0	33,000
Retirement Non-Pers/Equip	0	0	0	0	22,000
Total Expenditures	0	0	0	0	55,000
Ending Fund Balance					
Claims Reserve	0	0	0	0	78,850,000
Total Ending Fund Balance	0	0	0	0	78,850,000
TOTAL USE OF FUNDS	**0**	**0**	**0**	**0**	**78,905,000**

FEDERATED RETIREMENT FUND (134)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	1,896,072,000	2,005,300,458	1,765,226,425	1,787,047,425	1,792,534,425
Total Beginning Fund Balance	1,896,072,000	2,005,300,458	1,765,226,425	1,787,047,425	1,792,534,425
Revenues					
Investment Income	(66,423,000)	160,201,709	160,201,709	42,190,000	174,184,000
Participant Income	25,550,000	31,224,310	31,224,310	28,273,000	39,166,000
Total Revenues	(40,873,000)	191,426,019	191,426,019	70,463,000	213,350,000
Transfers					
1980 COLA	10,798	11,738	11,738	10,000	9,300
1990 COLA	62,481	65,474	65,474	57,000	56,300
City Contributions	112,916,000	124,750,000	125,108,000	121,004,000	107,617,000
Total Transfers	112,989,279	124,827,212	125,185,212	121,071,000	107,682,600
TOTAL SOURCE OF FUNDS	**1,968,188,279**	**2,321,553,689**	**2,081,837,656**	**1,978,581,425**	**2,113,567,025**
USE OF FUNDS					
Expenditures					
1980 COLA	10,798	11,738	11,738	10,000	9,300
1990 COLA	62,481	65,474	65,474	57,000	56,300
Benefits	136,797,000	149,954,763	149,954,763	143,394,000	159,167,000
HR Staffing Support	59,702	63,392	63,392	62,000	67,544
Health Insurance	33,077,000	38,601,176	38,601,176	27,952,000	30,538,000
Professional Fees	8,509,531	6,898,526	6,898,526	12,085,000	16,465,000
Retirement Non-Pers/Equip	693,031	762,765	762,765	673,000	752,209
Retirement Pers Svcs	1,931,311	2,476,383	2,476,383	1,814,000	2,510,691
Total Expenditures	181,140,854	198,834,217	198,834,217	186,047,000	209,566,044
Transfers					
Federated Retiree Health Care Trust Fund	0	0	0	0	43,379,000
Total Transfers	0	0	0	0	43,379,000
Ending Fund Balance					
Claims Reserve	1,787,047,425	2,122,719,472	1,883,003,439	1,792,534,425	1,860,621,981
Total Ending Fund Balance	1,787,047,425	2,122,719,472	1,883,003,439	1,792,534,425	1,860,621,981
TOTAL USE OF FUNDS	**1,968,188,279**	**2,321,553,689**	**2,081,837,656**	**1,978,581,425**	**2,113,567,025**

FIBER OPTICS DEVELOPMENT FUND (007)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	28,877	28,987	28,993	28,993	0
Total Beginning Fund Balance	28,877	28,987	28,993	28,993	0
Revenues					
Interest	116	13	13	0	0
Total Revenues	116	13	13	0	0
Transfers					
General Fund	50,000	2,250,000	2,250,000	2,213,751	0
Total Transfers	50,000	2,250,000	2,250,000	2,213,751	0
TOTAL SOURCE OF FUNDS	**78,993**	**2,279,000**	**2,279,006**	**2,242,744**	**0**
USE OF FUNDS					
Transfers					
Loan Repayment to Sewage Treatment Plant Connection Fee Fund	50,000	2,279,000	2,279,000	2,242,744	0
Total Transfers	50,000	2,279,000	2,279,000	2,242,744	0
Ending Fund Balance					
Unrestricted	28,993	0	6	0	0
Total Ending Fund Balance	28,993	0	6	0	0
TOTAL USE OF FUNDS	**78,993**	**2,279,000**	**2,279,006**	**2,242,744**	**0**

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1943 (409)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	6,701,565	6,950,000	6,950,000	6,800,000	6,800,000
Total Revenues	6,701,565	6,950,000	6,950,000	6,800,000	6,800,000
TOTAL SOURCE OF FUNDS	**6,701,565**	**6,950,000**	**6,950,000**	**6,800,000**	**6,800,000**
USE OF FUNDS					
Transfers					
General Fund	6,701,565	6,950,000	6,950,000	6,800,000	6,800,000
Total Transfers	6,701,565	6,950,000	6,950,000	6,800,000	6,800,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**6,701,565**	**6,950,000**	**6,950,000**	**6,800,000**	**6,800,000**

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1964 (410)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	3,336,692	3,350,000	3,350,000	3,300,000	3,300,000
Total Revenues	3,336,692	3,350,000	3,350,000	3,300,000	3,300,000
TOTAL SOURCE OF FUNDS	**3,336,692**	**3,350,000**	**3,350,000**	**3,300,000**	**3,300,000**
USE OF FUNDS					
Transfers					
General Fund	3,336,692	3,350,000	3,350,000	3,300,000	3,300,000
Total Transfers	3,336,692	3,350,000	3,350,000	3,300,000	3,300,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**3,336,692**	**3,350,000**	**3,350,000**	**3,300,000**	**3,300,000**

GAS TAX MAINTENANCE AND CONSTRUCTION FUND - 1990 (411)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Gas Tax	4,655,044	4,700,000	4,700,000	4,400,000	4,400,000
Total Revenues	4,655,044	4,700,000	4,700,000	4,400,000	4,400,000
TOTAL SOURCE OF FUNDS	**4,655,044**	**4,700,000**	**4,700,000**	**4,400,000**	**4,400,000**
USE OF FUNDS					
Transfers					
General Fund	4,655,044	4,700,000	4,700,000	4,400,000	4,400,000
Total Transfers	4,655,044	4,700,000	4,700,000	4,400,000	4,400,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**4,655,044**	**4,700,000**	**4,700,000**	**4,400,000**	**4,400,000**

GENERAL PURPOSE PARKING FUND (533)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
4th/San Fernando Reserve	2,317,861	2,317,861	2,317,861	2,317,861	2,317,861
Debt Service Payments Reserve	0	7,725,930	7,725,930	7,238,132	8,499,171
Emergency Repairs Reserve	700,000	700,000	700,000	700,000	700,000
Reserve for Encumbrances	1,004,893	1,004,893	854,074	854,074	854,074
Retirement Pre-Payment Reserve	10,702	10,702	10,702	10,702	10,702
Unrestricted	5,830,012	769,800	2,534,357	3,022,156	100,000
Total Beginning Fund Balance	9,863,468	12,529,186	14,142,924	14,142,925	12,481,808
Revenues					
Interest	33,138	50,000	50,000	30,000	30,000
Miscellaneous	0	10,000	10,000	45,000	45,000
Parking Lots and Garages	9,412,334	8,096,000	8,746,000	9,205,000	9,425,000
Parking Meters	2,172,616	2,300,000	2,300,000	2,360,000	2,375,000
Total Revenues	11,618,088	10,456,000	11,106,000	11,640,000	11,875,000
Transfers					
Parking Capital Development Fund	153,315	0	18,604	18,604	0
Total Transfers	153,315	0	18,604	18,604	0
TOTAL SOURCE OF FUNDS	**21,634,871**	**22,985,186**	**25,267,528**	**25,801,529**	**24,356,808**
USE OF FUNDS					
Expenditures					
Capital Program	277,335	3,335,000	3,508,000	1,597,000	1,966,000
DOT Non-Pers/Equip	3,913,376	4,699,933	4,699,933	4,612,933	4,932,483
DOT Personal Services	1,698,686	1,842,270	1,841,079	1,841,079	1,840,918
Debt Service - 4th/San Fernando	0	3,362,653	3,362,653	3,362,653	1,712,833
Downtown Holiday Events	25,000	0	0	0	0
IT Non-Pers/Equip	9,315	9,000	9,000	9,000	9,000
IT Personal Services	6,209	6,501	6,496	6,496	6,940
Overhead	551,748	590,751	590,751	590,751	473,868
Police Garage Security Svcs	152,236	200,000	200,000	165,000	200,000
Public Works Non-Pers/Equip	27,000	27,000	27,000	27,000	27,000
Public Works Personal Services	38,148	43,184	43,153	43,153	46,081
Transfer to Successor Agency	0	0	0	330,000	180,000
Workers' Comp Claims	4,610	7,000	7,000	7,000	7,000
Total Expenditures	6,703,663	14,123,292	14,295,065	12,592,065	11,402,123
Transfers					
City Hall Debt Service Fund	167,522	156,897	156,897	156,897	154,576
Downtown PBID Fund	79,897	73,759	73,759	73,759	73,759
General Fund	531,676	497,000	497,000	497,000	497,000
General Fund - Human Resources/Payroll System Upgrade	9,188	0	0	0	0

GENERAL PURPOSE PARKING FUND (533)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Transfers					
Total Transfers	788,283	727,656	727,656	727,656	725,335
Ending Fund Balance					
4th/San Fernando Reserve	2,317,861	2,317,861	2,317,861	2,317,861	2,317,861
Debt Service Payments Reserve	7,238,132	3,944,133	6,205,521	8,499,171	8,224,615
Emergency Repairs Reserve	700,000	700,000	700,000	700,000	700,000
Employee Compensation Planning Reserve	0	0	0	0	32,800
Reserve for Encumbrances	854,074	1,004,893	854,074	854,074	854,074
Retirement Pre-Payment Reserve	10,702	10,702	10,702	10,702	0
Unrestricted	3,022,156	156,649	156,649	100,000	100,000
Total Ending Fund Balance	14,142,925	8,134,238	10,244,807	12,481,808	12,229,350
TOTAL USE OF FUNDS	**21,634,871**	**22,985,186**	**25,267,528**	**25,801,529**	**24,356,808**

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Gifts Reserve	2,605,804	3,784,285	3,480,837	3,483,986	3,204,583
Reserve for Encumbrances	1,281	1,281	1,714	1,714	1,714
Total Beginning Fund Balance	2,607,085	3,785,566	3,482,551	3,485,700	3,206,297
Revenues					
CMO Purposes	0	0	0	0	0
Clerk Purposes	62	0	0	32	0
DOT Purposes	13,063	0	16,000	16,006	0
Library Purposes	271,017	0	284,917	302,767	0
OED Purposes	657	0	0	363	0
Other Purposes	5,824	0	0	347	0
PRNS Purposes	832,410	0	54,565	70,280	0
PW Purposes	144,035	0	10,481	91,308	0
Public Safety Purposes	56,507	0	5,000	56,296	0
Total Revenues	1,323,575	0	370,963	537,399	0
Transfers					
General Fund	3,000	0	0	0	0
Total Transfers	3,000	0	0	0	0
TOTAL SOURCE OF FUNDS	**3,933,660**	**3,785,566**	**3,853,514**	**4,023,099**	**3,206,297**
USE OF FUNDS					
Expenditures					
Airport-Art Work	0	8,830	8,837	0	8,848
Airport-Heliport System Plan Study	0	28,532	28,554	0	28,591
Airport-Kidport	0	308	308	0	309
CMO-Berryessa Center Art Project	0	2,424	2,426	0	2,429
Clerk-Annual Dist 1 Festival in the Park	0	1,578	1,579	0	1,581
Clerk-CommUnity Resource Fair	0	16,691	16,751	0	16,851
Clerk-Go Girl Go BAWSI	0	606	609	0	615
Clerk-Mayor's College Motivation Prgm	0	20,285	20,301	0	20,327
DOT-Coleman/Guadalupe Traffic Study/Mitigation	0	0	15,000	15,000	0
DOT-Downtown Shuttle Program	81	0	0	0	0
DOT-Our City Forest	0	0	2	2	0
DOT-Pedestrian Enhancements - International Cir & Hosp Pkwy	267	17,454	17,458	12,391	5,072
DOT-ThinkBike Workshop	0	0	1,000	1,000	0
DOT-Trans & Park Guidance	9	0	0	0	0
Library-Books for Little Hands	0	0	4,342	0	4,348
Library-Calabazas Branch	0	0	2,823	0	2,827
Library-Child Care Endowment	22,827	9,538	36	0	38
Library-Garbage Stickers	4,560	35,476	36,171	2,500	35,394
Library-General Gifts	199,093	489,453	746,414	321,950	440,496

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Library-Literacy Project	11,270	71,440	65,743	11,796	54,031
Library-Tully Community Branch	990	0	0	0	1
Library-Young Adult Summer Reading	270	0	0	0	0
OED-Albino, Erminia & Alba Joyce Martini Memorial Fund	0	100,838	100,915	0	101,044
OED-Art + Technology	8,907	182,854	181,304	39,942	141,595
OED-Art/Education Week	(705)	4,238	5,006	0	5,110
OED-Cultural Performance	275	0	1	0	3
OED-Incubation Office Project	4,309	0	886	0	975
OED-Miscellaneous Gifts	5,294	0	0	0	1
OED-Sponsorship Gifts	203	0	0	0	1
PRNS-Abate Gift	893	0	0	0	0
PRNS-Alexander B. Langhof	1,566	0	0	0	0
PRNS-Almaden Lake Park	0	0	202	202	0
PRNS-Almaden Lake Park Rangers	0	0	28,622	24,405	7,292
PRNS-Almaden Winery Imprvts	300	30,849	30,846	0	30,885
PRNS-Alum Rock Park	0	1,372	1,572	438	1,748
PRNS-Alviso Community Center	4,048	21,682	21,699	0	21,726
PRNS-Alviso Rec/Teen Program	0	1,800	1,802	0	1,804
PRNS-Animal Adoption	2,612	16,096	16,720	1,379	16,345
PRNS-Calabazas BMX Park	0	5,910	5,915	0	5,922
PRNS-Castro School Landscaping	0	6,994	6,999	0	7,008
PRNS-Cat Spay/Neuter Program	0	2,734	0	0	2,740
PRNS-Christmas in the Park	0	144	144	144	0
PRNS-Combined Gifts	0	6,676	6,681	0	6,690
PRNS-Community Cultural Council	0	3,769	3,772	0	3,777
PRNS-Computer Equipment	72	0	0	0	0
PRNS-Emma Prusch Farm Park	537	12,339	16,451	6,090	12,160
PRNS-Family Camp Camperships	0	0	0	0	6,002
PRNS-Friends of Paul Moore Park	12,700	4,217	4,030	0	4,044
PRNS-Friends of SJ Env Outrch	0	951	952	0	953
PRNS-Gullo Park Turf Irrigation	0	21,434	21,450	0	21,477
PRNS-HHPZ Improvements	28	0	1,277	72	0
PRNS-HHPZ Puppet Theater	(123)	0	0	0	0
PRNS-HNVF Stronger Communities	0	13,543	0	0	0
PRNS-Hershey Youth Track	(4,420)	0	0	0	0
PRNS-J. Ward Memorial Scholarship	3,210	17,892	17,975	0	18,106
PRNS-Japanese Friendship Gardens	3,332	6,484	16,813	9,121	9,739
PRNS-Lake Almaden Summer 2010	(629)	31,035	3,066	28	0
PRNS-Lake Cunningham Skate Prk	0	2,506	4,981	4,982	3,002
PRNS-Leland HS Tennis	0	2,442	2,443	0	2,447
PRNS-Lone Hill Park Tree	203	0	0	0	0
PRNS-Mayor's Gang Prevention Task Force Clean Slate Program	4,970	23,017	33,074	13,675	19,435
PRNS-Mayor's Youth Conference	2,241	5,628	6,459	6,459	8
PRNS-McClaren Circles Design of History	0	8,164	8,170	0	8,181

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
PRNS-Miscellaneous Gifts	4,533	13,743	19,916	1,253	20,554
PRNS-Mise and Starbird Gift	0	68,704	68,756	0	68,844
PRNS-Newhall Park Maintenance	0	401,320	403,688	11,400	393,472
PRNS-Nicholas Prusch Swim	0	351,885	352,155	0	352,605
PRNS-O'Donnell's Gardens Park	0	27,200	35,728	0	35,773
PRNS-Old Mill Exhibit	286	0	1	0	0
PRNS-Older Adult Resources	5	0	0	0	0
PRNS-Overfelt Gardens	0	6,344	6,349	0	6,358
PRNS-Packard Foundation	231	232	1	0	0
PRNS-RP & CS Gen Gifts	3,442	60,853	74,753	26,306	48,153
PRNS-Richard Guarino Memorial Fd	0	520	1	0	0
PRNS-River Oaks Park Maintenance	0	664,868	665,378	65,701	600,527
PRNS-Rose Garden Fountain	0	0	10,807	4,500	6,310
PRNS-S J Vietnam War Memorial	0	0	12,004	0	12,009
PRNS-Safe Summer Initiative	39,500	854	30,872	15,039	15,838
PRNS-San José BEST	2	0	0	0	0
PRNS-Senior Companion	1,433	385	385	385	0
PRNS-Southside Comm Ctr	1,800	10	508	508	508
PRNS-Southside Comm Ctr Gazebo	0	385,977	0	0	0
PRNS-St. James Park Landscaping	0	5,280	7,035	0	7,044
PRNS-Summer Lunch Program	0	0	443	200	243
PRNS-Swings for Spcl Nds Chldrn	4,459	0	10	0	0
PRNS-Vista Montana Pk Maint	0	75,104	75,131	0	75,228
PRNS-Willow Glen Founders Day	0	8,164	8,170	0	8,181
PRNS-YIS Chowchilla	75	0	0	0	0
PRNS-Youth Commission	3,405	20,092	18,970	14,782	4,420
PRNS-Youth Sports Fair	0	714	715	0	716
PRNS-Zoo Educator Grant	316	0	1	0	0
PS-Anti Theft Car Campaign	0	0	61	0	61
PS-CADPE-Drug Education	0	1,509	1,511	0	1,513
PS-Canine Unit	0	8,523	8,530	0	8,541
PS-Child Safety Seats	0	15,230	15,242	0	15,261
PS-Children's Interview Center	0	43,360	43,394	15,000	28,449
PS-Communications Fac Fitness Ctr	0	2,542	2,544	0	2,548
PS-Community Svcs Program	0	2,940	2,942	0	2,946
PS-Crime Prevention Comm	0	846	847	0	848
PS-Cybercadet Program	0	5,545	5,549	0	5,556
PS-G.E.A.R. Program	0	278	278	0	278
PS-Hazardous Materials Training	0	2,899	2,901	0	2,905
PS-IPA's Teen Leadership Council	4,800	5,544	11,090	3,006	8,095
PS-Internet Crimes Against Children	0	12,259	12,268	0	12,284
PS-Investigative Enhancement	0	56,615	56,659	0	56,731
PS-Major Awards Banquet	0	1,564	1,565	0	22,132
PS-Mayor's Safe Families	0	6,672	6,677	0	6,685
PS-Police Educational Robot	0	2,553	2,555	0	2,559
PS-Police Misc Gifts	0	0	0	0	1,001

GIFT TRUST FUND (139)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
PS-Police Mounted Unit	2,500	19,062	16,577	0	16,600
PS-Police Reserves Unit	12,114	50,163	44,313	15,409	28,958
PS-Police/School Partnership Prgm	0	10,790	10,798	0	10,812
PS-Public Education Program	2,933	2,911	23,712	10,969	42,077
PS-Robbery Secret Witness	0	18,505	18,519	0	18,543
PS-S.A.V.E. Program	0	35,045	35,072	0	35,117
PS-Scholastic Crime Stoppers	0	5,697	5,701	0	5,708
PS-School Safety Gifts	0	4,230	4,233	0	4,238
PS-Trauma Kits	0	2,159	2,161	0	2,163
PS-Volunteer Program	0	781	782	0	783
PW-Animal Services	76,936	104,201	150,596	151,999	76,935
PW-Hurricane Katrina Animals	0	618	619	619	0
PW-Kinjo Gardens	0	5,479	5,483	0	5,490
PW-Spay/Neuter Program	0	25,293	48,263	8,000	40,005
Total Expenditures	447,960	3,784,285	3,851,800	816,652	3,204,583
Transfers					
Trans to General Fund-Harriet Gustafson Gift	0	0	0	150	0
Total Transfers	0	0	0	150	0
Ending Fund Balance					
Gifts Reserve	3,483,986	0	0	3,204,583	0
Reserve for Encumbrances	1,714	1,281	1,714	1,714	1,714
Total Ending Fund Balance	3,485,700	1,281	1,714	3,206,297	1,714
TOTAL USE OF FUNDS	**3,933,660**	**3,785,566**	**3,853,514**	**4,023,099**	**3,206,297**

HOME INVESTMENT PARTNERSHIP PROGRAM TRUST FUND (445)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	107,366	107,366	1,889	1,889	1,889
Retirement Pre-Payment Reserve	1,220	1,220	1,220	1,220	1,220
Teacher HP Revolving Loan Fund Reserve	140,000	140,000	140,000	140,000	0
Unrestricted	139,952	423,731	562,685	562,685	407,612
Total Beginning Fund Balance	388,538	672,317	705,794	705,794	410,721
Revenues					
Grant Revenue	5,457,799	10,004,044	7,793,509	5,428,270	2,199,798
Interest	456	1,000	1,000	1,000	1,000
Loan Repayments	724,015	4,000,000	4,000,000	800,000	600,000
Total Revenues	6,182,270	14,005,044	11,794,509	6,229,270	2,800,798
Transfers					
Housing Trust Fund	115,000	0	0	0	0
Total Transfers	115,000	0	0	0	0
TOTAL SOURCE OF FUNDS	**6,685,808**	**14,677,361**	**12,500,303**	**6,935,064**	**3,211,519**
USE OF FUNDS					
Expenditures					
City Attorney Personal Svcs	7,894	59,887	59,842	15,000	51,795
Habitat Acquisition Rehab Assistance	0	0	0	0	500,000
Housing Loans and Grants	3,453,619	8,889,263	8,023,912	4,470,968	130,000
Housing Non-Personal/Equip	33,262	46,714	46,714	46,714	46,714
Housing Personal Services	348,832	389,172	388,763	388,763	501,117
Housing Rehab Program	0	1,000,000	0	0	0
NSP2 Downpayment Assistance	829,502	1,425,000	1,425,000	534,800	100,000
Overhead	14,440	73,098	73,098	73,098	71,289
Tenant Based Rental Assistance	792,127	1,296,910	951,726	945,000	720,000
Welcome Home Prgm (Pers. Svcs)	0	179,005	179,005	0	0
Welcome Home Program	496,014	820,995	820,995	50,000	0
Total Expenditures	5,975,690	14,180,044	11,969,055	6,524,343	2,120,915
Transfers					
Federated Ret. Fd. - Add'l Payment	4,324	0	0	0	0
Total Transfers	4,324	0	0	0	0
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	12,000
Reserve for Encumbrances	1,889	107,366	1,889	1,889	1,889
Retirement Pre-Payment Reserve	1,220	1,220	1,220	1,220	0
Teacher HP Revolving Loan Fund Reserve	140,000	0	0	0	0

HOME INVESTMENT PARTNERSHIP PROGRAM TRUST FUND (445)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Unrestricted	562,685	388,731	528,139	407,612	1,076,715
Total Ending Fund Balance	705,794	497,317	531,248	410,721	1,090,604
TOTAL USE OF FUNDS	**6,685,808**	**14,677,361**	**12,500,303**	**6,935,064**	**3,211,519**

HOUSING TRUST FUND (440)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	368,270	368,270	447,892	447,892	447,892
Unrestricted	1,797,377	1,113,151	1,663,231	1,663,231	1,664,918
Total Beginning Fund Balance	2,165,647	1,481,421	2,111,123	2,111,123	2,112,810
Revenues					
Bond Administration Fees	922,005	850,000	850,000	1,400,000	1,100,000
Interest	6,249	10,000	10,000	5,000	5,000
Job Training Grant Prgm	22,753	0	0	0	0
Lifeline Transportation Grant	(1,460)	15,000	50,000	0	0
Miscellaneous Revenue	61,000	10,000	59,747	59,747	10,000
Total Revenues	1,010,547	885,000	969,747	1,464,747	1,115,000
TOTAL SOURCE OF FUNDS	**3,176,194**	**2,366,421**	**3,080,870**	**3,575,870**	**3,227,810**
USE OF FUNDS					
Expenditures					
City Attorney Personal Svcs	20,152	30,233	30,211	30,211	27,376
Destination: Home	155,129	400,000	410,000	400,000	400,000
Emergency Assistance	0	50,000	50,000	10,000	50,000
Housing & Homeless Projects	267,694	500,000	549,747	500,000	400,000
Housing Non-Pers/Equip	58,908	50,000	50,000	50,000	50,000
Housing Personal Services	183,476	151,393	318,435	318,435	406,683
Housing Services Partnership	172,884	0	0	0	0
Job Training Grant Prgm	72,391	0	0	0	0
Lifeline Transportation Grant Prgm	(1,460)	30,000	100,000	100,000	0
Non-Profit Platform	19,322	0	0	0	0
Overhead	1,093	20,828	20,828	20,828	56,643
Total Expenditures	949,589	1,232,454	1,529,221	1,429,474	1,390,702
Transfers					
City Hall Debt Service	0	33,586	33,586	33,586	16,192
Federated Ret. Fd. - Add'l Payment	482	0	0	0	0
Home Investment Partnership	115,000	0	0	0	0
Total Transfers	115,482	33,586	33,586	33,586	16,192
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	3,500
Reserve for Encumbrances	447,892	368,270	447,892	447,892	447,892
Unrestricted	1,663,231	732,111	1,070,171	1,664,918	1,369,524
Total Ending Fund Balance	2,111,123	1,100,381	1,518,063	2,112,810	1,820,916
TOTAL USE OF FUNDS	**3,176,194**	**2,366,421**	**3,080,870**	**3,575,870**	**3,227,810**

ICE CENTRE REVENUE FUND (432)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	4,771,802	3,164,302	3,676,996	3,676,996	3,999,241
Total Beginning Fund Balance	4,771,802	3,164,302	3,676,996	3,676,996	3,999,241
Revenues					
Ice Centre - Additional Rent	53,167	55,074	55,074	54,989	55,911
Ice Centre - Base Rent	2,750,000	2,878,380	2,878,380	2,878,380	3,025,000
Interest	15,473	12,000	12,000	12,000	11,000
Total Revenues	2,818,640	2,945,454	2,945,454	2,945,369	3,091,911
TOTAL SOURCE OF FUNDS	**7,590,442**	**6,109,756**	**6,622,450**	**6,622,365**	**7,091,152**
USE OF FUNDS					
Expenditures					
Fuel Cell Equipment	2,000,000	0	0	0	0
Ice Ctr - Bond Expenses	335,290	0	0	0	0
Ice Ctr - Debt Service and Bond Expenses	1,218,010	1,784,000	1,784,000	1,784,000	1,868,000
Ice Ctr - Oversight Expenses	41,004	41,824	41,824	41,824	42,661
Ice Ctr - Repairs/Replacements	299,142	522,250	522,250	784,136	2,835,250
Total Expenditures	3,893,446	2,348,074	2,348,074	2,609,960	4,745,911
Transfers					
General Fund - Insurance Expenses	20,000	13,250	13,250	13,164	13,250
Total Transfers	20,000	13,250	13,250	13,164	13,250
Ending Fund Balance					
Unrestricted	3,676,996	3,748,432	4,261,126	3,999,241	2,331,991
Total Ending Fund Balance	3,676,996	3,748,432	4,261,126	3,999,241	2,331,991
TOTAL USE OF FUNDS	**7,590,442**	**6,109,756**	**6,622,450**	**6,622,365**	**7,091,152**

INTEGRATED WASTE MANAGEMENT FUND (423)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Contingency Reserve	1,600,000	0	0	0	0
Integrated Billing System Reserve	0	0	0	0	2,000,000
Operations and Maintenance Reserve	643,144	6,724,894	4,418,268	4,418,268	2,850,309
Reserve for Encumbrances	2,996,316	2,996,316	7,138,166	7,138,166	7,138,166
Retirement Pre-Payment Reserve	65,699	66,000	65,699	65,699	65,699
Unrestricted	15,846,431	504,306	0	0	0
Total Beginning Fund Balance	21,151,590	10,291,516	11,622,133	11,622,133	12,054,174
Revenues					
AB 939 Fees	3,321,475	4,200,000	5,080,530	5,330,530	3,785,000
CDDD Ineligible Refunds	1,514,982	820,000	820,000	1,030,000	1,030,000
California Energy Commission Grant	77,966	600,000	745,492	300,000	0
Clean Creeks Healthy Comm Grant	6,964	16,000	25,036	25,036	16,000
EDA Grant	0	0	0	0	2,350,943
EIC - Ground Lease	8,022,174	0	0	0	0
Franchise Applications	6,240	390	390	2,340	390
HHW Revenue from County	0	0	0	261,570	0
Hauler Payments	0	235,582	235,582	0	2,650,000
IWM Miscellaneous Revenue	0	0	0	50,000	0
Interest	74,116	78,000	78,000	68,135	68,661
Las Plumas Tenant Utility Reimbursement	0	86,000	86,000	0	0
Lien-Related Charges	6,693,510	7,200,000	7,200,000	6,498,191	6,597,386
Miscellaneous Solid Waste	179,015	197,300	197,300	182,300	188,000
NMTC Developer Fee	0	250,000	250,000	0	0
NMTC Leverage Loan Interest	0	96,142	96,142	96,142	98,048
NMTC Proceeds - First Draw	4,715,436	5,775,000	5,775,000	0	5,333,396
NMTC Proceeds/Reimbursement	0	5,190,547	5,190,547	5,415,719	216,432
NMTC Transaction - One-Day Loan	8,022,174	0	0	0	0
Recycle Plus Collection Charges	104,777,353	105,701,000	105,701,000	105,240,272	105,529,014
SB 332 Revenue	265,404	255,428	255,428	251,286	251,286
Safe Routes to Schools Creative (SRTC) Grant	0	110,000	110,000	55,000	55,000
Total Revenues	137,676,809	130,811,389	131,846,447	124,806,521	128,169,555
Transfers					
General Fund - Solid Waste Services	10,000	0	0	0	0
SJ/SC Treatment Plant Income Fnd	52,784	0	0	0	0
Total Transfers	62,784	0	0	0	0
TOTAL SOURCE OF FUNDS	**158,891,183**	**141,102,905**	**143,468,580**	**136,428,654**	**140,223,729**
USE OF FUNDS					
Expenditures					
CEC Grant: Biomass to Energy Tech Project	86,629	600,000	745,492	300,000	0

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Cap Prog and PW Dept Support Costs	1,605	258,000	258,000	258,000	110,000
City Attorney Personal Svcs	32,935	36,985	36,985	36,985	40,978
City Auditor Personal Svcs	0	11,748	11,740	11,740	11,745
City Facilities Recycle Plus (Late Fees)	532,554	575,500	575,500	575,500	607,765
City Mgr Personal Services	10,555	0	0	0	0
Clean Creeks Healthy Communities	32,000	32,000	32,000	32,000	0
DOT Non-Pers/Equip	18	16,804	16,804	16,804	36,804
DOT Personal Services	156,446	161,433	161,316	161,316	171,440
Delinquent Lien Releases	163,241	195,000	221,000	221,000	195,000
EIC Public Art	42,484	0	0	0	0
ESD MFD Recycle Plus	16,261,028	17,501,172	17,501,172	17,223,330	17,851,195
ESD Non-Pers/Equip	2,762,384	3,485,261	4,365,791	3,783,791	3,420,669
ESD Personal Services	6,429,588	6,818,359	6,813,572	6,213,572	7,130,707
ESD SFD Recycle Plus	47,662,369	50,441,695	50,441,695	49,578,151	51,072,216
ESD Yard Trimming/Street Sweeping	21,105,726	22,072,700	22,072,700	22,057,001	22,514,154
Environmental Compliance/Monitoring	10,797	0	0	0	0
Finance Non-Pers/Equip	113,786	142,500	142,500	142,500	112,500
Finance Personal Services	1,278,507	1,240,313	1,239,451	1,239,451	1,242,374
HHW Las Plumas Facility	6,576,024	8,410,547	8,619,547	6,268,604	2,350,943
HR Personal Services	9,033	21,340	21,324	21,324	22,808
IBS Commercial Paper Payment	627,615	617,973	617,973	617,973	2,049,442
IDC Disposal Agreement	8,288,816	8,493,100	8,493,100	8,443,100	8,947,000
IDC Disposal Contract (Late Fees)	0	259,700	259,700	79,700	94,000
IT Non-Pers/Equip	166,995	260,518	260,518	260,518	261,794
IT Personal Services	2,615,096	2,735,198	2,733,249	2,683,249	2,875,925
NMTC Transaction Leverage Loan	19,609,645	0	0	0	0
NMTC Transaction One-Day Loan Repayment	8,042,229	0	0	0	0
OED Personal Services	52,561	52,566	52,526	52,526	57,107
Overhead	1,523,290	1,830,988	1,830,988	1,830,988	2,138,993
PBCE Neighborhood Cleanups	25,847	57,450	57,450	57,450	57,450
PBCE Non-Pers/Equip	0	0	0	0	8,869
PBCE Personal Services	183,751	178,237	178,111	178,111	168,765
PRNS Non-Pers/Equip	9,371	17,624	17,624	17,624	17,624
PRNS Personal Services	43,905	47,942	47,908	47,908	53,191
Police Dept Pers Svcs (Creek Encampments)	68,288	104,000	104,000	104,000	104,000
Public Works Non-Pers/Equip	0	3,000	9,300	9,300	6,000
Public Works Personal Services	31,157	145,367	145,331	145,331	126,472
Safe Routes to Schools Creative (SRTC) Grant	0	110,000	110,000	84,600	25,400
Union Pacific Settlement Payment	952,884	0	0	0	0
Workers' Comp Claims	21,886	153,000	153,000	153,000	156,000
Total Expenditures	145,531,045	127,088,020	128,347,367	122,906,447	124,039,330

INTEGRATED WASTE MANAGEMENT FUND (423)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Transfers					
City Hall Debt Service Fund	837,811	968,033	968,033	968,033	1,007,225
Federated Ret. Fd. - Add'l Payment	205,729	0	0	0	0
General Fund - CDDD	650,000	250,000	250,000	250,000	600,000
General Fund - Human Resources/Payroll System Upgrade	44,465	0	0	0	0
Neighborhood Security Bond Fund	0	250,000	250,000	250,000	0
Total Transfers	1,738,005	1,468,033	1,468,033	1,468,033	1,607,225
Ending Fund Balance					
Billing Transition Reserve	0	2,000,000	2,000,000	2,000,000	2,000,000
Employee Compensation Planning Reserve	0	0	0	0	218,300
Operations and Maintenance Reserve	4,418,268	7,330,147	4,294,926	2,850,309	4,400,000
Reserve for Encumbrances	7,138,166	2,996,316	7,138,166	7,138,166	7,138,166
Retirement Pre-Payment Reserve	65,699	66,000	65,699	65,699	0
Unrestricted	0	154,389	154,389	0	820,708
Total Ending Fund Balance	11,622,133	12,546,852	13,653,180	12,054,174	14,577,174
TOTAL USE OF FUNDS	**158,891,183**	**141,102,905**	**143,468,580**	**136,428,654**	**140,223,729**

LIBRARY PARCEL TAX FUND (418)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Contingency Reserve	100,000	100,000	100,000	100,000	100,000
Online Circ Sys Replacement Reserve	800,000	850,000	850,000	850,000	900,000
Reserve for Encumbrances	32,159	32,159	16,343	16,343	16,343
Retirement Pre-Payment Reserve	13,507	13,507	13,507	13,507	13,507
Unrestricted	5,299,257	4,932,752	6,011,369	6,011,369	6,171,794
Total Beginning Fund Balance	6,244,923	5,928,418	6,991,219	6,991,219	7,201,644
Revenues					
Interest	13,356	17,000	17,000	20,000	20,000
Miscellaneous	200	0	0	0	0
Parcel Tax	7,462,895	7,500,000	7,500,000	7,690,000	7,887,000
Total Revenues	7,476,451	7,517,000	7,517,000	7,710,000	7,907,000
TOTAL SOURCE OF FUNDS	**13,721,374**	**13,445,418**	**14,508,219**	**14,701,219**	**15,108,644**
USE OF FUNDS					
Expenditures					
Acquisition of Materials	1,267,568	1,943,000	2,253,000	2,253,000	1,992,000
Annual Audit	11,395	12,000	12,000	12,000	13,000
Automation Proj and Syst Mtnce	677,583	900,000	1,125,000	1,125,000	900,000
HR Personal Services	61,034	62,586	62,539	50,000	50,335
Info Tech Personal Services	(2,116)	0	0	0	0
Library Non-Pers/Equip	239,875	845,500	845,500	345,000	845,500
Library Personal Services	4,356,591	3,873,126	3,827,397	3,677,000	4,138,935
Total Expenditures	6,611,930	7,636,212	8,125,436	7,462,000	7,939,770
Transfers					
City Hall Debt Service Fund	49,095	37,575	37,575	37,575	29,591
Federated Ret. Fd. Add'l Payment	49,138	0	0	0	0
General Fund — HR/Payroll Sys Upgrade	19,992	0	0	0	0
Total Transfers	118,225	37,575	37,575	37,575	29,591
Ending Fund Balance					
Contingency Reserve	100,000	100,000	100,000	100,000	0
Employee Compensation Plan Res	0	0	0	0	77,800
Online Circ Sys Replacement Reserve	850,000	900,000	900,000	900,000	1,000,000
Reserve for Encumbrances	16,343	32,159	16,343	16,343	16,343
Retirement Pre-Payment Reserve	13,507	13,507	13,507	13,507	0
Unrestricted	6,011,369	4,725,965	5,315,358	6,171,794	6,045,140
Total Ending Fund Balance	6,991,219	5,771,631	6,345,208	7,201,644	7,139,283
TOTAL USE OF FUNDS	**13,721,374**	**13,445,418**	**14,508,219**	**14,701,219**	**15,108,644**

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND (415)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	91	0	0	0	0
Total Beginning Fund Balance	91	0	0	0	0
TOTAL SOURCE OF FUNDS	**91**	**0**	**0**	**0**	**0**
USE OF FUNDS					
Expenditures					
LLEBG Close-out	91	0	0	0	0
Total Expenditures	91	0	0	0	0
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**91**	**0**	**0**	**0**	**0**

LOW AND MODERATE INCOME HOUSING FUND (443)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Contingency Reserve	150,000	0	0	0	0
Reserve for Encumbrances	19,560,248	19,560,248	0	0	0
Retirement Pre-Payment Reserve	58,220	0	0	0	0
Unrestricted	19,843,150	0	0	0	0
Total Beginning Fund Balance	39,611,618	19,560,248	0	0	0
Revenues					
20% Tax Increment	17,532,368	0	0	0	0
Homebuyer Subordination Fee	1,960	0	0	0	0
Interest	48,412	0	0	0	0
Loan Repayments	2,308,106	0	0	0	0
Miscellaneous Revenue	154,578	0	0	0	0
Multi-Family Project Ownership Transfer Fee	1,668	0	0	0	0
Total Revenues	20,047,092	0	0	0	0
Transfers					
Other Funds	6,510	0	0	0	0
Total Transfers	6,510	0	0	0	0
TOTAL SOURCE OF FUNDS	**59,665,220**	**19,560,248**	**0**	**0**	**0**
USE OF FUNDS					
Expenditures					
City Attorney Non-Pers/Equip	2,086	0	0	0	0
City Attorney Personal Svcs	345,216	0	0	0	0
City Manager Non-Pers/Equip	4,881	0	0	0	0
City Manager Personal Services	14,971	0	0	0	0
Commercial Paper Debt Service	286,187	0	0	0	0
Debt Service	23,804,744	0	0	0	0
Finance Personal Services	53,153	0	0	0	0
HR Personal Services	17,687	0	0	0	0
Hazard Mitigation Grant Match	798,391	0	0	0	0
Homeless Mgmt Info System Support	18,340	0	0	0	0
Homeowner Education Program	10,091	0	0	0	0
Housing Loans and Grants	4,351,251	0	0	0	0
Housing Non-Pers/Equip	210,764	0	0	0	0
Housing Personal Services	2,861,139	0	0	0	0
Housing Rehab Loan	50,000	0	0	0	0
IT Personal Services	(1,699)	0	0	0	0
Loan Management	(11,449)	0	0	0	0
Overhead	655,100	0	0	0	0
PW Non-Pers/Equip	3,596	0	0	0	0
PW Personal Services	69,831	0	0	0	0
Teacher/First Time Buyer Loan	50,000	0	0	0	0

LOW AND MODERATE INCOME HOUSING FUND (443)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Program					
Workers' Comp Claims	17,514	0	0	0	0
Total Expenditures	33,611,794	0	0	0	0
Transfers					
Affordable Hsg Invstmnt Fd.	19,660,559	0	0	0	0
City Hall Debt Service Fund	725,856	0	0	0	0
Federated Ret. Fd. - Add'l Payment	165,554	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	24,243	0	0	0	0
Redevelopment Obligation Ret. Fd.	5,477,214	0	0	0	0
Total Transfers	26,053,426	0	0	0	0
Ending Fund Balance					
Contingency Reserve	0	0	0	0	0
Reserve for Encumbrances	0	19,560,248	0	0	0
Retirement Pre-Payment Reserve	0	0	0	0	0
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	19,560,248	0	0	0
TOTAL USE OF FUNDS	**59,665,220**	**19,560,248**	**0**	**0**	**0**

LOW AND MODERATE INCOME HOUSING ASSET FUND (346)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	0	0	10,705,308	10,705,308	10,705,308
Retirement Pre-Payment Reserve	0	58,220	58,220	58,220	58,220
Revenue Stabilization Reserve	0	5,500,000	5,500,000	5,500,000	5,500,000
Unrestricted	0	14,228,499	19,908,097	19,908,097	8,379,884
Total Beginning Fund Balance	0	19,786,719	36,171,625	36,171,625	24,643,412
Revenues					
Homebuyer Subordination Fee	8,150	12,000	12,000	30,000	0
Interest	21,777	10,000	10,000	75,000	75,000
Loan Repayments	21,334,607	6,500,000	12,200,000	12,300,000	6,900,000
Miscellaneous Revenue	486,902	20,000	20,000	553,616	0
Multi-Family Hsg Fees & Charges	0	0	0	0	194,010
Multi-Family Project Ownership Transfer Fee	1,668	10,000	10,000	30,000	0
Total Revenues	21,853,104	6,552,000	12,252,000	12,988,616	7,169,010
Transfers					
Low/Mod Income Housing Fund	18,934,345	0	0	0	0
Total Transfers	18,934,345	0	0	0	0
TOTAL SOURCE OF FUNDS	**40,787,449**	**26,338,719**	**48,423,625**	**49,160,241**	**31,812,422**
USE OF FUNDS					
Expenditures					
Auto Repair Assistance Program	0	0	100,000	0	0
City Attorney Non-Pers/Equip	4,508	16,724	16,724	16,724	16,724
City Attorney Personal Svcs	159,136	519,581	520,495	520,495	556,678
City Manager Non-Pers/Equip	14,137	18,375	18,375	18,375	18,375
City Manager Personal Svcs	12,720	26,100	26,085	26,085	27,347
Finance Personal Services	87,830	166,998	166,876	166,876	89,576
HR Personal Services	10,377	30,776	30,753	30,753	24,010
Hazard Mitigation Grant Match	0	0	450,000	287,500	200,000
Homeowner Education Program	9,082	0	34,440	30,000	30,000
Housing Loans and Grants	1,801,366	12,000,000	11,219,957	5,255,000	6,000,000
Housing Non-Pers/Equip	368,280	804,634	804,634	804,634	800,634
Housing Personal Services	2,084,123	4,138,433	4,149,854	4,149,854	3,558,876
Housing Predevelopment Activity	7,000	0	0	0	0
Housing Rehabilitation Loan	(23)	0	0	0	0
Loan Management	5,888	200,000	200,000	125,000	150,000
Overhead	0	532,207	532,207	532,207	656,015
PW Non-Pers/Equip	2,421	9,650	9,650	9,650	14,650
PW Personal Services	46,999	133,439	133,345	133,345	142,355
Successor Agency to Redevelopment Agency	0	0	10,255,043	11,698,043	50,000
Workers' Compensation Claims	1,980	150,000	150,000	25,000	100,000

LOW AND MODERATE INCOME HOUSING ASSET FUND (346)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Total Expenditures	4,615,824	18,746,917	28,818,438	23,829,541	12,435,240
Transfers					
City Hall Debt Service Fund	0	687,288	687,288	687,288	453,507
Total Transfers	0	687,288	687,288	687,288	453,507
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	90,700
Reserve for Encumbrances	10,705,308	0	10,705,308	10,705,308	10,705,308
Retirement Pre-Payment Reserve	58,220	58,220	58,220	58,220	0
Revenue Stabilization Reserve	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Unrestricted	19,908,097	1,346,294	2,654,371	8,379,884	2,627,667
Total Ending Fund Balance	36,171,625	6,904,514	18,917,899	24,643,412	18,923,675
TOTAL USE OF FUNDS	**40,787,449**	**26,338,719**	**48,423,625**	**49,160,241**	**31,812,422**

MAINTENANCE DISTRICT NO. 1 (LOS PASEOS) FUND (352)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	68,379	68,379	27,868	27,868	27,868
Retirement Pre-Payment Reserve	547	547	547	547	547
Unrestricted	804,370	702,073	846,160	846,160	796,080
Total Beginning Fund Balance	873,296	770,999	874,575	874,575	824,495
Revenues					
Interest	2,277	2,000	2,000	2,000	2,400
Special Assessments	228,410	205,500	205,500	205,500	202,900
Total Revenues	230,687	207,500	207,500	207,500	205,300
TOTAL SOURCE OF FUNDS	**1,103,983**	**978,499**	**1,082,075**	**1,082,075**	**1,029,795**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	102,941	136,388	136,388	113,325	136,388
DOT Personal Services	94,482	110,254	110,177	110,177	96,357
Overhead	29,879	33,578	33,578	33,578	28,649
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	227,302	280,720	280,643	257,580	261,894
Transfers					
Federated Ret. Fd. - Add'l Payment	2,106	0	0	0	0
Total Transfers	2,106	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	27,868	68,379	27,868	27,868	27,868
Retirement Pre-Payment Reserve	547	547	547	547	0
Unrestricted	846,160	628,853	773,017	796,080	740,033
Total Ending Fund Balance	874,575	697,779	801,432	824,495	767,901
TOTAL USE OF FUNDS	**1,103,983**	**978,499**	**1,082,075**	**1,082,075**	**1,029,795**

MAINTENANCE DISTRICT NO. 2 (TRADE ZONE BLVD.- LUNDY AVE.) FUND (354)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	30,390	30,390	32,982	32,982	32,982
Unrestricted	54,750	51,211	57,904	57,904	69,080
Total Beginning Fund Balance	85,140	81,601	90,886	90,886	102,062
Revenues					
Interest	232	1,000	1,000	300	200
Special Assessments	67,577	70,000	70,000	70,000	71,900
Total Revenues	67,809	71,000	71,000	70,300	72,100
Transfers					
General Fund	2,408	2,408	2,408	2,408	2,408
Total Transfers	2,408	2,408	2,408	2,408	2,408
TOTAL SOURCE OF FUNDS	**155,357**	**155,009**	**164,294**	**163,594**	**176,570**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	60,404	60,593	60,593	52,775	60,593
DOT Personal Services	2,570	6,359	6,355	6,355	6,783
Overhead	1,429	1,902	1,902	1,902	1,775
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	64,403	69,354	69,350	61,532	69,651
Transfers					
Federated Ret. Fd. - Add'l Payment	68	0	0	0	0
Total Transfers	68	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	32,982	30,390	32,982	32,982	32,982
Unrestricted	57,904	55,265	61,962	69,080	73,937
Total Ending Fund Balance	90,886	85,655	94,944	102,062	106,919
TOTAL USE OF FUNDS	**155,357**	**155,009**	**164,294**	**163,594**	**176,570**

MAINTENANCE DISTRICT NO. 5 (ORCHARD PARKWAY-PLUMERIA DRIVE) FUND (357)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	25,228	25,228	34,088	34,088	34,088
Unrestricted	351,983	322,472	339,658	339,658	343,812
Total Beginning Fund Balance	377,211	347,700	373,746	373,746	377,900
Revenues					
Interest	2,094	1,000	1,000	800	1,000
Special Assessments	65,061	65,700	65,700	65,700	60,500
Total Revenues	67,155	66,700	66,700	66,500	61,500
TOTAL SOURCE OF FUNDS	**444,366**	**414,400**	**440,446**	**440,246**	**439,400**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	53,466	53,334	53,334	39,339	53,334
DOT Personal Services	12,490	17,284	17,272	17,272	11,758
Overhead	4,390	5,235	5,235	5,235	3,144
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	70,346	76,353	76,341	62,346	68,736
Transfers					
Federated Ret. Fd. - Add'l Payment	274	0	0	0	0
Total Transfers	274	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	34,088	25,228	34,088	34,088	34,088
Unrestricted	339,658	312,819	330,017	343,812	336,576
Total Ending Fund Balance	373,746	338,047	364,105	377,900	370,664
TOTAL USE OF FUNDS	**444,366**	**414,400**	**440,446**	**440,246**	**439,400**

MAINTENANCE DISTRICT NO. 8 (ZANKER-MONTAGUE) FUND (361)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	16,417	16,417	50,202	50,202	50,202
Unrestricted	303,156	252,486	266,456	266,456	252,356
Total Beginning Fund Balance	319,573	268,903	316,658	316,658	302,558
Revenues					
Interest	866	1,000	1,000	800	800
Special Assessments	75,979	78,700	78,700	78,700	77,600
Total Revenues	76,845	79,700	79,700	79,500	78,400
Transfers					
General Fund	2,353	2,353	2,353	2,353	2,353
Total Transfers	2,353	2,353	2,353	2,353	2,353
TOTAL SOURCE OF FUNDS	**398,771**	**350,956**	**398,711**	**398,511**	**383,311**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	47,820	65,435	65,435	59,854	65,435
DOT Personal Services	26,412	27,344	27,325	27,325	24,885
Overhead	7,367	8,274	8,274	8,274	7,211
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	81,599	101,553	101,534	95,953	98,031
Transfers					
Federated Ret. Fd. - Add'l Payment	514	0	0	0	0
Total Transfers	514	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	50,202	16,417	50,202	50,202	50,202
Unrestricted	266,456	232,986	246,975	252,356	235,078
Total Ending Fund Balance	316,658	249,403	297,177	302,558	285,280
TOTAL USE OF FUNDS	**398,771**	**350,956**	**398,711**	**398,511**	**383,311**

MAINTENANCE DISTRICT NO. 9 (SANTA TERESA-GREAT OAKS) FUND (362)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	86,174	86,174	62,099	62,099	62,099
Unrestricted	342,968	334,065	354,876	354,876	369,379
Total Beginning Fund Balance	429,142	420,239	416,975	416,975	431,478
Revenues					
Interest	1,213	2,000	2,000	1,100	1,100
Special Assessments	106,815	119,900	119,900	119,900	120,200
Total Revenues	108,028	121,900	121,900	121,000	121,300
Transfers					
General Fund	23,480	23,480	23,480	23,480	23,480
Total Transfers	23,480	23,480	23,480	23,480	23,480
TOTAL SOURCE OF FUNDS	**560,650**	**565,619**	**562,355**	**561,455**	**576,258**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	108,519	94,232	94,232	89,224	94,232
DOT Personal Services	26,168	30,841	30,819	30,819	26,733
Overhead	8,399	9,434	9,434	9,434	8,021
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	143,086	135,007	134,985	129,977	129,486
Transfers					
Federated Ret. Fd. - Add'l Payment	589	0	0	0	0
Total Transfers	589	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	62,099	86,174	62,099	62,099	62,099
Unrestricted	354,876	344,438	365,271	369,379	384,673
Total Ending Fund Balance	416,975	430,612	427,370	431,478	446,772
TOTAL USE OF FUNDS	**560,650**	**565,619**	**562,355**	**561,455**	**576,258**

MAINTENANCE DISTRICT NO. 11 (BROKAW RD. FROM JUNCTION AVE. TO OLD OAKLAND RD.) FUND (364)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	34,926	34,926	8,675	8,675	8,675
Unrestricted	169,273	174,279	203,603	203,603	210,192
Total Beginning Fund Balance	204,199	209,205	212,278	212,278	218,867
Revenues					
Interest	583	1,000	1,000	600	600
Special Assessments	60,006	62,100	62,100	62,100	63,800
Total Revenues	60,589	63,100	63,100	62,700	64,400
Transfers					
General Fund	6,354	6,354	6,354	6,354	6,354
Total Transfers	6,354	6,354	6,354	6,354	6,354
TOTAL SOURCE OF FUNDS	**271,142**	**278,659**	**281,732**	**281,332**	**289,621**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	52,069	53,708	53,708	53,708	53,708
DOT Personal Services	5,298	6,359	6,355	6,355	6,783
Overhead	1,429	1,902	1,902	1,902	1,775
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	58,796	62,469	62,465	62,465	62,766
Transfers					
Federated Ret. Fd. - Add'l Payment	68	0	0	0	0
Total Transfers	68	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	8,675	34,926	8,675	8,675	8,675
Unrestricted	203,603	181,264	210,592	210,192	218,180
Total Ending Fund Balance	212,278	216,190	219,267	218,867	226,855
TOTAL USE OF FUNDS	**271,142**	**278,659**	**281,732**	**281,332**	**289,621**

MAINTENANCE DISTRICT NO. 13 (KARINA-O'NEL) FUND (366)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	19,094	19,094	17,815	17,815	17,815
Unrestricted	41,374	34,589	45,761	45,761	50,528
Total Beginning Fund Balance	60,468	53,683	63,576	63,576	68,343
Revenues					
Interest	180	250	250	200	200
Special Assessments	43,176	44,700	44,700	44,700	45,900
Total Revenues	43,356	44,950	44,950	44,900	46,100
TOTAL SOURCE OF FUNDS	**103,824**	**98,633**	**108,526**	**108,476**	**114,443**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	32,285	33,711	33,711	31,373	33,711
DOT Personal Services	6,149	6,362	6,358	6,358	4,505
Overhead	1,694	1,902	1,902	1,902	1,479
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	40,128	42,475	42,471	40,133	40,195
Transfers					
Federated Ret. Fd. - Add'l Payment	120	0	0	0	0
Total Transfers	120	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	17,815	19,094	17,815	17,815	17,815
Unrestricted	45,761	37,064	48,240	50,528	56,433
Total Ending Fund Balance	63,576	56,158	66,055	68,343	74,248
TOTAL USE OF FUNDS	**103,824**	**98,633**	**108,526**	**108,476**	**114,443**

MAINTENANCE DISTRICT NO. 15 (SILVER CREEK VALLEY) FUND (368)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	150,156	150,156	241,556	241,556	241,556
Retirement Pre-Payment Reserve	1,462	1,462	1,462	1,462	1,462
Unrestricted	5,390,672	4,411,396	5,071,127	5,071,127	4,775,088
Total Beginning Fund Balance	5,542,290	4,563,014	5,314,145	5,314,145	5,018,106
Revenues					
Interest	15,278	15,000	15,000	12,800	14,400
Special Assessments	803,348	945,500	999,150	999,150	945,000
Total Revenues	818,626	960,500	1,014,150	1,011,950	959,400
Transfers					
General Fund	16,636	16,636	16,636	16,636	16,636
Storm Sewer Operating Fund	0	0	22,118	22,118	22,118
Total Transfers	16,636	16,636	38,754	38,754	38,754
TOTAL SOURCE OF FUNDS	**6,377,552**	**5,540,150**	**6,367,049**	**6,364,849**	**6,016,260**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	804,557	956,316	1,124,966	1,069,143	955,502
DOT Personal Services	198,139	213,791	216,183	213,643	221,515
Overhead	56,231	63,457	64,217	63,457	65,576
Workers' Comp Claims	500	500	6,500	500	500
Total Expenditures	1,059,427	1,234,064	1,411,866	1,346,743	1,243,093
Transfers					
Federated Ret. Fd. - Add'l Payment	3,980	0	0	0	0
Total Transfers	3,980	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	241,556	150,156	241,556	241,556	241,556
Retirement Pre-Payment Reserve	1,462	1,462	1,462	1,462	0
Unrestricted	5,071,127	4,154,468	4,712,165	4,775,088	4,531,611
Total Ending Fund Balance	5,314,145	4,306,086	4,955,183	5,018,106	4,773,167
TOTAL USE OF FUNDS	**6,377,552**	**5,540,150**	**6,367,049**	**6,364,849**	**6,016,260**

MAINTENANCE DISTRICT NO. 18 (THE MEADOWLANDS) FUND (372)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	20,050	20,050	5,020	5,020	5,020
Unrestricted	36,016	31,556	28,675	28,675	60,431
Total Beginning Fund Balance	56,066	51,606	33,695	33,695	65,451
Revenues					
Interest	112	250	250	100	200
Special Assessments	88,701	91,900	91,900	91,900	94,300
Total Revenues	88,813	92,150	92,150	92,000	94,500
TOTAL SOURCE OF FUNDS	**144,879**	**143,756**	**125,845**	**125,695**	**159,951**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	79,343	77,096	92,096	26,709	77,096
DOT Personal Services	24,582	25,445	25,427	25,427	18,011
Overhead	6,777	7,608	7,608	7,608	5,915
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	110,702	110,649	125,631	60,244	101,522
Transfers					
Federated Ret. Fd. - Add'l Payment	482	0	0	0	0
Total Transfers	482	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	5,020	20,050	5,020	5,020	5,020
Unrestricted	28,675	13,057	(4,806)	60,431	53,409
Total Ending Fund Balance	33,695	33,107	214	65,451	58,429
TOTAL USE OF FUNDS	**144,879**	**143,756**	**125,845**	**125,695**	**159,951**

MAINTENANCE DISTRICT NO. 19 (RIVER OAKS AREA LANDSCAPING) FUND (359)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	23,068	23,068	46,019	46,019	46,019
Unrestricted	360,503	273,901	292,336	292,336	272,497
Total Beginning Fund Balance	383,571	296,969	338,355	338,355	318,516
Revenues					
Interest	1,010	1,000	1,000	800	800
Special Assessments	40,388	43,400	43,400	43,400	40,100
Total Revenues	41,398	44,400	44,400	44,200	40,900
Transfers					
General Fund	6,195	6,195	6,195	6,195	6,195
Total Transfers	6,195	6,195	6,195	6,195	6,195
TOTAL SOURCE OF FUNDS	**431,164**	**347,564**	**388,950**	**388,750**	**365,611**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	75,091	66,335	66,335	51,359	66,335
DOT Personal Services	13,636	14,109	14,099	14,099	15,052
Overhead	3,808	4,276	4,276	4,276	3,989
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	92,535	85,220	85,210	70,234	85,876
Transfers					
Federated Ret. Fd. - Add'l Payment	274	0	0	0	0
Total Transfers	274	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	46,019	23,068	46,019	46,019	46,019
Unrestricted	292,336	239,276	257,721	272,497	233,716
Total Ending Fund Balance	338,355	262,344	303,740	318,516	279,735
TOTAL USE OF FUNDS	**431,164**	**347,564**	**388,950**	**388,750**	**365,611**

MAINTENANCE DISTRICT NO. 20 (RENAISSANCE-N. FIRST LANDSCAPING) FUND (365)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	55,559	55,559	64,396	64,396	64,396
Unrestricted	333,324	295,831	309,745	309,745	304,553
Total Beginning Fund Balance	388,883	351,390	374,141	374,141	368,949
Revenues					
Interest	1,100	1,000	1,000	900	900
Special Assessments	39,603	40,000	40,000	40,000	40,000
Total Revenues	40,703	41,000	41,000	40,900	40,900
Transfers					
General Fund	21,461	21,461	21,461	21,461	21,461
Total Transfers	21,461	21,461	21,461	21,461	21,461
TOTAL SOURCE OF FUNDS	**451,047**	**413,851**	**436,602**	**436,502**	**431,310**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	73,132	67,527	67,527	58,796	67,527
DOT Personal Services	2,277	6,359	6,355	6,355	6,783
Overhead	1,429	1,902	1,902	1,902	1,775
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	76,838	76,288	76,284	67,553	76,585
Transfers					
Federated Ret. Fd. - Add'l Payment	68	0	0	0	0
Total Transfers	68	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	64,396	55,559	64,396	64,396	64,396
Unrestricted	309,745	282,004	295,922	304,553	290,329
Total Ending Fund Balance	374,141	337,563	360,318	368,949	354,725
TOTAL USE OF FUNDS	**451,047**	**413,851**	**436,602**	**436,502**	**431,310**

MAINTENANCE DISTRICT NO. 21 (GATEWAY PLACE-AIRPORT PARKWAY) FUND (356)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	25,827	25,827	38,080	38,080	38,080
Unrestricted	267,643	250,817	259,414	259,414	272,456
Total Beginning Fund Balance	293,470	276,644	297,494	297,494	310,536
Revenues					
Interest	822	1,000	1,000	800	800
Special Assessments	70,509	71,200	71,200	71,200	70,300
Total Revenues	71,331	72,200	72,200	72,000	71,100
Transfers					
General Fund	8,996	8,996	8,996	8,996	8,996
Total Transfers	8,996	8,996	8,996	8,996	8,996
TOTAL SOURCE OF FUNDS	**373,797**	**357,840**	**378,690**	**378,490**	**390,632**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	54,694	79,054	79,054	42,267	79,054
DOT Personal Services	16,307	19,289	19,275	19,275	17,599
Overhead	4,991	5,912	5,912	5,912	5,159
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	75,992	104,755	104,741	67,954	102,312
Transfers					
Federated Ret. Fd. - Add'l Payment	311	0	0	0	0
Total Transfers	311	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	38,080	25,827	38,080	38,080	38,080
Unrestricted	259,414	227,258	235,869	272,456	250,240
Total Ending Fund Balance	297,494	253,085	273,949	310,536	288,320
TOTAL USE OF FUNDS	**373,797**	**357,840**	**378,690**	**378,490**	**390,632**

MAINTENANCE DISTRICT NO. 22 (HELLYER AVE.-SILVER CREEK VALLEY RD.) FUND (367)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	67,920	67,920	33,398	33,398	33,398
Unrestricted	255,758	226,945	256,403	256,403	260,929
Total Beginning Fund Balance	323,678	294,865	289,801	289,801	294,327
Revenues					
Interest	930	1,000	1,000	700	800
Special Assessments	49,031	50,000	50,000	50,000	50,000
Total Revenues	49,961	51,000	51,000	50,700	50,800
Transfers					
General Fund	35,223	35,223	35,223	35,223	35,223
Total Transfers	35,223	35,223	35,223	35,223	35,223
TOTAL SOURCE OF FUNDS	**408,862**	**381,088**	**376,024**	**375,724**	**380,350**
USE OF FUNDS					
Expenditures					
DOT Non-Pers/Equip	112,266	102,971	102,971	72,640	102,971
DOT Personal Services	5,298	6,359	6,355	6,355	6,783
Overhead	1,429	1,902	1,902	1,902	1,775
Workers' Comp Claims	0	500	500	500	500
Total Expenditures	118,993	111,732	111,728	81,397	112,029
Transfers					
Federated Ret. Fd. - Add'l Payment	68	0	0	0	0
Total Transfers	68	0	0	0	0
Ending Fund Balance					
Reserve for Encumbrances	33,398	67,920	33,398	33,398	33,398
Unrestricted	256,403	201,436	230,898	260,929	234,923
Total Ending Fund Balance	289,801	269,356	264,296	294,327	268,321
TOTAL USE OF FUNDS	**408,862**	**381,088**	**376,024**	**375,724**	**380,350**

MULTI-SOURCE HOUSING FUND (448)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Rental Rights and Referrals Reserve	337,369	123,688	123,688	123,688	62,744
Reserve for Encumbrances	3,911,194	3,911,194	1,034,400	1,034,400	1,034,400
Retirement Pre-Payment Reserve	2,208	2,208	2,208	2,208	2,208
Special Projects Reserve	2,637,883	0	0	0	0
Unrestricted	446,842	512,977	2,577,710	2,577,710	18,293,761
Total Beginning Fund Balance	7,335,496	4,550,067	3,738,006	3,738,006	19,393,113
Revenues					
Children's Shelter Repayment	0	0	0	5,126,000	0
Development Agreement	0	6,200,000	6,200,000	6,885,000	2,600,000
Grant Revenue	5,450,406	9,283,209	9,934,846	9,597,739	12,589,405
Interest	13,069	20,000	20,000	38,000	40,000
Loan Repayments	542,913	0	0	5,447,000	3,000,000
Medical Respite Facility	0	0	0	0	471,240
Multi-Family Housing Fees & Charges	0	0	0	0	537,833
Recovery Act - Homeless Prevention and Rapid Re-Housing Program	450,032	0	790,507	435,479	0
Recovery Act - Neighborhood Stabilization Program 2	19,926,593	6,500,000	5,667,678	3,232,199	6,165,071
Rental Rights and Referrals	392,594	485,246	485,246	510,706	490,282
Toxic Substances Control Grant	0	314,530	314,530	0	0
Total Revenues	26,775,607	22,802,985	23,412,807	31,272,123	25,893,831
TOTAL SOURCE OF FUNDS	**34,111,103**	**27,353,052**	**27,150,813**	**35,010,129**	**45,286,944**
USE OF FUNDS					
Expenditures					
CalHome Prgm (BEGIN - Pers. Svcs)	0	5,908	5,908	5,908	0
CalHome Prgm (BEGIN)	1,531,724	2,494,092	2,494,092	1,161,000	1,400,000
CalHome Prgm (Hmbyr - Pers. Svcs)	0	17,285	17,285	2,000	5,919
CalHome Prgm (Homebuyer)	243,500	582,715	582,715	160,000	1,240,000
CalHome Prgm (Rehab - Pers. Svcs)	0	107,325	107,325	71,000	68,316
CalHome Prgm (Rehab)	2,655	692,675	692,675	529,000	60,000
Capital Grant Program	0	0	0	0	4,775,000
City Attorney Personal Svcs	60,137	110,000	109,918	109,918	107,477
Development Agreement Projects	0	6,200,000	6,200,000	0	0
Emergency Shelter Grants	473,393	1,014,242	1,014,242	1,014,242	792,456
Emergency Shelter Grants (Pers. Svcs)	0	26,529	26,529	26,529	14,093
Extremely Low Income Housing	1,050,079	0	0	0	0
Family Shelter Project	3,448,685	0	0	0	0
HOPWA Grants	859,032	858,690	858,690	858,690	858,690
HOPWA Grants (Pers. Svcs)	0	19,507	19,507	19,507	19,284
HOPWA SHAPPS Grants	424,341	406,952	438,589	438,589	448,156
HOPWA SHAPPS Grants (Pers. Svcs)	0	19,507	19,507	19,507	19,284
Hazard Mitigation Grant Program	630,023	2,184,392	2,184,392	1,150,000	800,000

MULTI-SOURCE HOUSING FUND (448)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Hazard Mtgtn Grant Prgm (Pers. Svcs)	0	315,608	315,608	265,000	50,420
Housing Loans and Grants	0	0	0	2,505,000	20,910,000
Housing Non-Pers/Equip	44,690	200,022	200,022	200,022	200,022
Housing Personal Services	398,755	530,676	444,434	444,434	733,215
Inclusionary Projects	0	330,000	330,000	330,000	330,000
Medical Respite Facility	0	0	0	0	471,240
Muni Whole House Rehab Pilot Program	0	0	370,000	134,400	40,000
Neighborhood Stabilization Program	180,730	48,168	48,168	45,000	20,000
Neighborhood Stabilization Program (Pers. Svcs)	0	51,832	51,832	20,000	173,158
Overhead	27,194	211,791	211,791	211,791	216,673
Rcvry Act - Homeless Prevention and Rapid Re-Housing Program	392,637	0	790,507	435,479	0
Rcvry Act - Neigh. Stblztn Prgm 2	20,452,323	5,879,585	5,047,263	4,825,000	5,676,493
Rcvry Act - Neigh. Stblztn Prgm 2 (Pers. Svcs)	0	620,415	620,415	385,000	488,578
Rental Rehabilitation Program Projects	29,340	0	0	0	0
Skills to Succeed	104,390	0	250,000	250,000	0
Toxic Substances Control Grant	0	314,530	314,530	0	0
Water Street Project	0	0	26,260	0	0
Total Expenditures	30,353,628	23,242,446	23,792,204	15,617,016	39,918,474
Transfers					
Federated Ret. Fd. - Add'l Payment	17,332	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	2,137	0	0	0	0
Total Transfers	19,469	0	0	0	0
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	35,000
Rental Rights and Referrals Reserve	123,688	62,744	62,744	62,744	62,744
Reserve for Encumbrances	1,034,400	3,911,194	1,034,400	1,034,400	1,034,400
Retirement Pre-Payment Reserve	2,208	2,208	2,208	2,208	0
Unrestricted	2,577,710	134,460	2,259,257	18,293,761	4,236,326
Total Ending Fund Balance	3,738,006	4,110,606	3,358,609	19,393,113	5,368,470
TOTAL USE OF FUNDS	**34,111,103**	**27,353,052**	**27,150,813**	**35,010,129**	**45,286,944**

MUNICIPAL GOLF COURSE FUND (518)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	6,749	6,749	0	0	0
Unrestricted	301,482	327,982	375,482	375,482	339,482
Total Beginning Fund Balance	308,231	334,731	375,482	375,482	339,482
Revenues					
Interest	1,313	3,000	3,000	2,000	2,000
Los Lagos Golf Course	84,936	110,000	110,000	85,000	90,000
Miscellaneous Revenue	34,324	17,500	17,500	20,000	20,000
San José Municipal Golf Course	457,363	444,000	444,000	444,000	444,000
Total Revenues	577,936	574,500	574,500	551,000	556,000
Transfers					
General Fund	1,800,000	1,800,000	1,800,000	1,800,000	2,000,000
Total Transfers	1,800,000	1,800,000	1,800,000	1,800,000	2,000,000
TOTAL SOURCE OF FUNDS	**2,686,167**	**2,709,231**	**2,749,982**	**2,726,482**	**2,895,482**
USE OF FUNDS					
Expenditures					
Coyote Creek Environmental Mitigation	4,603	10,000	10,000	10,000	10,000
Los Lagos Debt Service	1,483,450	1,402,000	1,402,000	1,402,000	1,494,000
Los Lagos Golf Course	90,821	115,000	230,000	230,000	150,000
Rancho del Pueblo Debt Service	453,245	455,000	455,000	455,000	459,000
Rancho del Pueblo Golf Course	278,566	290,000	290,000	290,000	290,000
Total Expenditures	2,310,685	2,272,000	2,387,000	2,387,000	2,403,000
Ending Fund Balance					
Reserve for Encumbrances	0	6,749	0	0	0
Unrestricted	375,482	430,482	362,982	339,482	492,482
Total Ending Fund Balance	375,482	437,231	362,982	339,482	492,482
TOTAL USE OF FUNDS	**2,686,167**	**2,709,231**	**2,749,982**	**2,726,482**	**2,895,482**

POLICE AND FIRE RETIREE HEALTH CARE TRUST FUND (125)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Investment Income	0	0	0	0	2,390,000
Total Revenues	0	0	0	0	2,390,000
Transfers					
City Contributions	0	0	0	0	17,350,000
Police and Fire Retirement Fd	0	0	0	0	15,858,000
Total Transfers	0	0	0	0	33,208,000
TOTAL SOURCE OF FUNDS	**0**	**0**	**0**	**0**	**35,598,000**
USE OF FUNDS					
Expenditures					
Professional Fees	0	0	0	0	30,000
Retirement-Non-Pers/Equip	0	0	0	0	40,000
Total Expenditures	0	0	0	0	70,000
Ending Fund Balance					
Claims Reserve	0	0	0	0	35,528,000
Total Ending Fund Balance	0	0	0	0	35,528,000
TOTAL USE OF FUNDS	**0**	**0**	**0**	**0**	**35,598,000**

POLICE AND FIRE RETIREMENT FUND (135)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Claims Reserve	2,687,397,000	2,726,808,517	2,641,442,463	2,641,442,463	2,691,318,463
Total Beginning Fund Balance	2,687,397,000	2,726,808,517	2,641,442,463	2,641,442,463	2,691,318,463
Revenues					
Investment Income	(24,780,000)	210,980,000	210,980,000	95,173,000	199,729,000
Participant Income	30,819,000	35,554,000	30,554,000	33,255,000	38,266,000
Total Revenues	6,039,000	246,534,000	241,534,000	128,428,000	237,995,000
Transfers					
1970 COLA	1,336	1,476	1,476	800	700
1980 COLA	16,812	18,479	18,479	15,000	15,000
1990 COLA	6,172	6,833	6,833	6,000	6,000
City Contributions	142,214,000	121,137,000	120,222,000	120,221,000	121,199,000
Total Transfers	142,238,320	121,163,788	120,248,788	120,242,800	121,220,700
TOTAL SOURCE OF FUNDS	**2,835,674,320**	**3,094,506,305**	**3,003,225,251**	**2,890,113,263**	**3,050,534,163**
USE OF FUNDS					
Expenditures					
1970 COLA	1,336	1,476	1,476	800	700
1980 COLA	16,812	18,479	18,479	15,000	15,000
1990 COLA	6,172	6,833	6,833	6,000	6,000
Benefits	151,720,000	166,731,839	166,731,839	160,237,000	176,261,000
HR Staffing Support	146,800	144,709	144,709	145,000	154,111
Health Insurance	28,479,000	27,608,579	27,608,579	23,053,000	23,336,000
Professional Fees	11,292,125	9,899,000	9,899,000	12,794,000	16,596,000
Retirement Non-Pers/Equip	652,551	770,000	770,000	730,000	752,238
Retirement Pers Svcs	1,917,061	2,477,312	2,477,312	1,814,000	2,508,334
Total Expenditures	194,231,857	207,658,227	207,658,227	198,794,800	219,629,383
Transfers					
Police & Fire Retiree Health Care Trust Fund	0	0	0	0	15,858,000
Total Transfers	0	0	0	0	15,858,000
Ending Fund Balance					
Claims Reserve	2,641,442,463	2,886,848,078	2,795,567,024	2,691,318,463	2,815,046,780
Total Ending Fund Balance	2,641,442,463	2,886,848,078	2,795,567,024	2,691,318,463	2,815,046,780
TOTAL USE OF FUNDS	**2,835,674,320**	**3,094,506,305**	**3,003,225,251**	**2,890,113,263**	**3,050,534,163**

PUBLIC WORKS PROGRAM SUPPORT FUND (150)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	54,275	54,275	37,321	37,321	37,321
Retirement Pre-Payment Reserve	26,020	26,020	26,020	26,020	26,020
Unrestricted	4,060,527	1,555,235	1,065,696	1,065,696	478,542
Total Beginning Fund Balance	4,140,822	1,635,530	1,129,037	1,129,037	541,883
Revenues					
Interest	5,148	7,000	7,000	3,000	5,000
Valley Transportation Authority	119,784	0	0	0	0
Total Revenues	124,932	7,000	7,000	3,000	5,000
Transfers					
Capital Program Support	1,414,874	2,611,150	2,611,150	2,188,000	2,308,832
Compensated Absences	5,647,606	7,200,000	7,200,000	6,769,000	8,400,000
Public Works Program Support	2,562,456	4,503,881	4,503,881	3,796,000	4,895,633
Total Transfers	9,624,936	14,315,031	14,315,031	12,753,000	15,604,465
TOTAL SOURCE OF FUNDS	**13,890,690**	**15,957,561**	**15,451,068**	**13,885,037**	**16,151,348**
USE OF FUNDS					
Expenditures					
Compensated Absence Liability	700,000	0	700,000	700,000	600,000
Compensated Time Off	6,413,551	7,000,000	7,000,000	6,936,000	7,800,000
Finance Non-Personal/Equipment	20,000	20,000	20,000	20,000	20,000
Finance Personal Services	37,731	46,647	46,612	45,000	46,145
HR Personal Services	147,248	141,672	141,562	109,000	112,414
Overhead	917,543	1,233,808	1,233,808	1,114,000	1,246,337
PW Non-Personal/Equipment	406,596	734,001	734,001	538,000	627,001
PW Personal Services	3,685,761	4,039,262	4,036,332	3,785,000	4,335,193
Valley Transporation Authority Collaboration	119,729	0	0	0	0
Total Expenditures	12,448,159	13,215,390	13,912,315	13,247,000	14,787,090
Transfers					
Civic Center Construction Fund	9,918	0	0	0	0
Federated Ret. Fd. - Add'l Payment	200,858	0	0	0	0
General Fund (Plans and Specifications Payback)	87,900	87,900	96,154	96,154	0
General Fund - Human Resources/Payroll System Upgrade	14,818	0	0	0	0
Total Transfers	313,494	87,900	96,154	96,154	0
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	76,500
Reserve for Encumbrances	37,321	54,275	37,321	37,321	37,321

PUBLIC WORKS PROGRAM SUPPORT FUND (150)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Retirement Pre-Payment Reserve	26,020	26,020	26,020	26,020	0
Unrestricted	1,065,696	2,573,976	1,379,258	478,542	1,250,437
Total Ending Fund Balance	1,129,037	2,654,271	1,442,599	541,883	1,364,258
TOTAL USE OF FUNDS	**13,890,690**	**15,957,561**	**15,451,068**	**13,885,037**	**16,151,348**

SAN JOSE ARENA CAPITAL RESERVE FUND (459)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed*
SOURCE OF FUNDS					
Beginning Fund Balance					
Previously Approved Repairs Reserve	0	0	0	0	187,982
Unrestricted	0	0	0	0	1,841,770
Total Beginning Fund Balance	0	0	0	0	2,029,752
Revenues					
Interest	0	0	0	0	5,000
San José Arena Management	0	0	0	0	550,000
Total Revenues	0	0	0	0	555,000
Transfers					
General Fund (Arena Revenue)	0	0	0	0	250,000
Total Transfers	0	0	0	0	250,000
TOTAL SOURCE OF FUNDS	**0**	**0**	**0**	**0**	**2,834,752**
USE OF FUNDS					
Expenditures					
Electrical Repairs	0	0	0	0	80,000
Mechanical Repairs	0	0	0	0	75,000
Miscellaneous Repairs	0	0	0	0	26,000
Structures Repairs	0	0	0	0	903,000
Unanticipated/Emergency Repairs	0	0	0	0	50,000
Total Expenditures	0	0	0	0	1,134,000
Ending Fund Balance					
Previously Approved Repairs Reserve	0	0	0	0	1,176,982
Unrestricted	0	0	0	0	523,770
Total Ending Fund Balance	0	0	0	0	1,700,752
TOTAL USE OF FUNDS	**0**	**0**	**0**	**0**	**2,834,752**

* *Previously, this fund was unbudgeted and proposed expenditures were brought forward as part of the Manager's Budget Addenda process and subsequently authorized by the City Council as part of final budget adoption.*

SAN JOSE ARENA ENHANCEMENT FUND (301)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	429	2,828	2,585	2,585	3,000
Total Beginning Fund Balance	429	2,828	2,585	2,585	3,000
Revenues					
Comerica Naming Rights	87,500	87,500	87,500	87,500	0
Interest	2,078	4,281	4,281	4,281	4,400
Total Revenues	89,578	91,781	91,781	91,781	4,400
Transfers					
General Fund	990,616	2,502,646	2,502,646	2,502,646	2,015,278
Total Transfers	990,616	2,502,646	2,502,646	2,502,646	2,015,278
TOTAL SOURCE OF FUNDS	**1,080,623**	**2,597,255**	**2,597,012**	**2,597,012**	**2,022,678**
USE OF FUNDS					
Expenditures					
HP Improvements - Debt Service	1,078,038	2,597,255	2,597,012	2,594,012	2,022,678
Total Expenditures	1,078,038	2,597,255	2,597,012	2,594,012	2,022,678
Ending Fund Balance					
Unrestricted	2,585	0	0	3,000	0
Total Ending Fund Balance	2,585	0	0	3,000	0
TOTAL USE OF FUNDS	**1,080,623**	**2,597,255**	**2,597,012**	**2,597,012**	**2,022,678**

SAN JOSE DIRIDON DEVELOPMENT AUTHORITY FUND (482)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	0	0	3,645	3,645	0
Unrestricted	0	155,800	173,191	173,191	0
Total Beginning Fund Balance	0	155,800	176,836	176,836	0
Revenues					
Interest	115	1,000	1,000	1,000	0
Parking Facilities	202,326	235,900	235,900	198,000	0
Total Revenues	202,441	236,900	236,900	199,000	0
TOTAL SOURCE OF FUNDS	**202,441**	**392,700**	**413,736**	**375,836**	**0**
USE OF FUNDS					
Expenditures					
Administration	25,605	157,500	171,750	0	0
Transfer to Successor Agency	0	0	0	375,836	0
Total Expenditures	25,605	157,500	171,750	375,836	0
Transfers					
Downtown PBID	0	4,003	4,003	0	0
Total Transfers	0	4,003	4,003	0	0
Ending Fund Balance					
Reserve for Encumbrances	3,645	0	3,645	0	0
Unrestricted	173,191	231,197	234,338	0	0
Total Ending Fund Balance	176,836	231,197	237,983	0	0
TOTAL USE OF FUNDS	**202,441**	**392,700**	**413,736**	**375,836**	**0**

SAN JOSE MUNICIPAL STADIUM CAPITAL FUND (476)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	0	0	0	0	0
Total Beginning Fund Balance	0	0	0	0	0
Revenues					
Rent - Baseball Acquisition Company	28,578	29,000	29,000	31,000	30,000
Total Revenues	28,578	29,000	29,000	31,000	30,000
TOTAL SOURCE OF FUNDS	**28,578**	**29,000**	**29,000**	**31,000**	**30,000**
USE OF FUNDS					
Expenditures					
Capital Enhancements	28,578	29,000	29,000	31,000	30,000
Total Expenditures	28,578	29,000	29,000	31,000	30,000
Ending Fund Balance					
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	0	0	0	0	0
TOTAL USE OF FUNDS	**28,578**	**29,000**	**29,000**	**31,000**	**30,000**

SAN JOSE/SANTA CLARA TREATMENT PLANT INCOME FUND (514)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Unrestricted	1,523	28,318	28,344	28,344	28,627
Total Beginning Fund Balance	1,523	28,318	28,344	28,344	28,627
Revenues					
Interest	193	0	0	283	100
Miscellaneous	79,382	0	0	0	0
Rental	30	0	0	0	0
Total Revenues	79,605	0	0	283	100
TOTAL SOURCE OF FUNDS	**81,128**	**28,318**	**28,344**	**28,627**	**28,727**
USE OF FUNDS					
Transfers					
Integrated Waste Management Fund	52,784	0	0	0	0
Sewer Svc & Use Charge Fnd	0	0	0	0	0
Total Transfers	52,784	0	0	0	0
Ending Fund Balance					
Unrestricted	28,344	28,318	28,344	28,627	28,727
Total Ending Fund Balance	28,344	28,318	28,344	28,627	28,727
TOTAL USE OF FUNDS	**81,128**	**28,318**	**28,344**	**28,627**	**28,727**

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUND (513)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Operations and Maintenance Reserve	9,692,351	13,078,396	13,078,396	13,078,396	13,589,002
Reserve for Encumbrances	7,036,826	7,036,826	6,713,487	6,713,487	6,713,487
Retirement Pre-Payment Reserve	253,000	253,000	253,000	253,000	253,000
Unrestricted	18,783,295	7,219,397	12,265,774	12,265,774	13,942,804
Workers' Comp Claims Reserve	2,352,000	2,352,000	2,352,000	2,352,000	2,352,000
Total Beginning Fund Balance	38,117,472	29,939,619	34,662,657	34,662,657	36,850,293
Revenues					
Contributions - Other Agencies	13,920,688	15,100,000	15,100,000	15,507,047	16,170,998
Contributions - Santa Clara	8,976,355	9,400,000	9,400,000	9,862,328	10,154,876
Interest	66,304	81,000	81,000	81,000	121,606
Miscellaneous	588,941	0	0	0	340,000
Recycled Water	3,123,109	2,700,000	2,700,000	4,000,000	4,000,000
SCVWD Cost-Sharing Reimb	5,519	25,000	25,000	25,000	25,000
South Bay Dischargers Authority	95,341	65,000	65,000	65,000	65,000
Total Revenues	26,776,257	27,371,000	27,371,000	29,540,375	30,877,480
Transfers					
Sewer Svc & Use Charge Fund	40,000,000	49,000,000	49,000,000	49,000,000	41,000,000
Total Transfers	40,000,000	49,000,000	49,000,000	49,000,000	41,000,000
TOTAL SOURCE OF FUNDS	**104,893,729**	**106,310,619**	**111,033,657**	**113,203,032**	**108,727,773**
USE OF FUNDS					
Expenditures					
City Attny Personal Services	105,150	108,305	108,222	108,222	96,164
City Auditor Personal Services	0	69,420	69,372	69,372	69,402
City Mgr Non-Pers/Equip	18,967	18,375	18,375	18,375	18,375
City Mgr Personal Services	69,967	20,529	20,522	20,522	20,793
ESD Non-Pers/Equip	22,842,937	29,754,290	30,754,290	27,969,033	28,567,518
ESD Personal Services	37,799,884	42,694,246	42,664,143	38,851,764	43,735,011
Finance Non-Pers/Equip	155	5,118	5,118	2,000	5,118
Finance Personal Services	125,779	419,932	419,637	240,000	523,041
HR Non-Pers/Equip	(2)	1,500	1,500	1,500	1,500
HR Personal Services	180,494	250,441	250,258	190,000	268,555
IT Personal Services	0	63,886	63,853	63,853	73,526
Inventory	323,010	400,000	400,000	305,000	400,000
OED Personal Services	39,776	41,087	41,056	39,776	44,244
Overhead	6,429,975	6,610,459	6,610,459	6,610,459	8,380,904
PBCE Personal Services	37,296	0	0	0	0
PW Non-Pers/Equip	3,309	11,000	11,000	11,000	22,000
PW Personal Services	64,255	279,025	278,822	278,822	223,321
Workers' Comp Claims	409,304	700,000	700,000	625,000	700,000
Total Expenditures	68,450,256	81,447,613	82,416,627	75,404,698	83,149,472

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Transfers					
City Hall Debt Service Fund	850,879	948,041	948,041	948,041	1,068,233
Federated Ret. Fd. - Add'l Payment	760,873	0	0	0	0
General Fund - Human Resources/Payroll Systems Upgrade	169,064	0	0	0	0
Total Transfers	1,780,816	948,041	948,041	948,041	1,068,233
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	791,700
Operations and Maintenance Reserve	13,078,396	13,589,002	13,589,002	13,589,002	13,998,590
Reserve for Encumbrances	6,713,487	7,036,826	6,713,487	6,713,487	6,713,487
Retirement Pre-Payment Reserve	253,000	253,000	253,000	253,000	0
Unrestricted	12,265,774	684,137	4,761,500	13,942,804	654,291
Workers' Comp Claims Reserve	2,352,000	2,352,000	2,352,000	2,352,000	2,352,000
Total Ending Fund Balance	34,662,657	23,914,965	27,668,989	36,850,293	24,510,068
TOTAL USE OF FUNDS	**104,893,729**	**106,310,619**	**111,033,657**	**113,203,032**	**108,727,773**

SEWAGE TREATMENT PLANT CONNECTION FEE FUND (539)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	45,975	45,975	38,702	38,702	38,702
Reserve for Plant Expansion	6,002,693	6,052,880	6,011,230	6,011,230	7,142,974
Total Beginning Fund Balance	6,048,668	6,098,855	6,049,932	6,049,932	7,181,676
Revenues					
Connection Fees	2,268,569	2,000,000	2,000,000	1,700,000	1,700,000
Interest	17,223	25,000	25,000	25,000	15,000
Metcalf Energy Center Repayment	0	313,000	313,000	313,000	313,000
Total Revenues	2,285,792	2,338,000	2,338,000	2,038,000	2,028,000
Transfers					
Fiber Optics Fund Loan Repayment	50,000	2,279,000	2,279,000	2,242,744	0
Water Utility Cap Fnd Loan Repayment	1,000,000	176,000	176,000	176,000	0
Total Transfers	1,050,000	2,455,000	2,455,000	2,418,744	0
TOTAL SOURCE OF FUNDS	**9,384,460**	**10,891,855**	**10,842,932**	**10,506,676**	**9,209,676**
USE OF FUNDS					
Expenditures					
Collection Costs	234,442	235,000	235,000	235,000	260,000
Connection Fee Study	7,273	0	0	0	0
Total Expenditures	241,715	235,000	235,000	235,000	260,000
Transfers					
Federated Ret. Fd. - Add'l Payment	2,813	0	0	0	0
SJ-SC Treatment Plant Capital Fund	3,090,000	3,090,000	3,090,000	3,090,000	3,090,000
Total Transfers	3,092,813	3,090,000	3,090,000	3,090,000	3,090,000
Ending Fund Balance					
Reserve for Encumbrances	38,702	45,975	38,702	38,702	38,702
Reserve for Plant Expansion	6,011,230	7,520,880	7,479,230	7,142,974	5,820,974
Total Ending Fund Balance	6,049,932	7,566,855	7,517,932	7,181,676	5,859,676
TOTAL USE OF FUNDS	**9,384,460**	**10,891,855**	**10,842,932**	**10,506,676**	**9,209,676**

SEWER SERVICE & USE CHARGE FUND (541)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	0	0	0	1,100,000
Capital Program Reserve	0	0	0	0	24,000,000
Debt Service Reserve	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Operations and Maintenance Reserve	3,994,434	4,181,312	4,181,312	4,181,312	4,288,977
Rate Stabilization Reserve	2,000,000	5,000,000	5,000,000	5,000,000	2,000,000
Reserve for Encumbrances	1,299,527	1,299,527	1,440,970	1,440,970	1,440,970
Retirement Pre-Payment Reserve	78,000	78,000	78,000	78,000	78,000
Unrestricted	19,759,664	21,589,022	22,243,184	22,243,184	4,399,247
Workers' Comp Claims Reserve	760,000	760,000	760,000	760,000	760,000
Total Beginning Fund Balance	33,891,625	38,907,861	39,703,466	39,703,466	44,067,194
Revenues					
Commercial	18,855,691	19,171,000	19,171,000	19,000,000	19,171,367
Industrial	4,197,942	3,900,000	3,900,000	4,000,000	4,000,000
Interest	121,898	150,000	150,000	150,000	145,422
Miscellaneous	1,461	1,300	1,300	1,300	1,300
Penalties	0	5,000	5,000	5,000	5,000
Residential	103,985,921	104,154,000	104,154,000	104,154,000	104,674,770
Sewer Installation	7,604	40,000	40,000	40,000	40,000
Total Revenues	127,170,517	127,421,300	127,421,300	127,350,300	128,037,859
TOTAL SOURCE OF FUNDS	**161,062,142**	**166,329,161**	**167,124,766**	**167,053,766**	**172,105,053**
USE OF FUNDS					
Expenditures					
City Attny Personal Services	411,526	478,857	479,841	475,043	426,615
City Auditor Personal Services	0	8,544	8,538	8,544	8,542
City Mgr Non-Pers/Equip	6,219	6,125	6,125	6,064	6,125
City Mgr Personal Services	19,329	16,756	16,749	16,581	17,352
Clean Water Financing Audit	21,049	30,000	30,000	25,000	30,000
Collection Costs	361,680	380,000	380,000	370,000	380,000
DOT Non-Pers/Equip	3,393,612	5,463,407	5,463,407	4,500,000	6,150,516
DOT Personal Services	9,816,010	10,573,681	10,616,846	10,600,000	11,052,515
ESD Non-Pers/Equip	186,736	253,864	303,864	300,825	229,642
ESD Personal Services	975,855	900,704	903,075	894,044	742,965
Facilities Capital Repairs and Maintenance	40,000	0	40,000	40,000	40,000
Finance Non-Pers/Equip	1,738	16,750	16,750	16,583	16,750
Finance Personal Services	385,525	464,061	463,730	459,093	498,883
HR Personal Services	23,247	30,302	30,280	29,977	25,228
IDC Disposal Contract	126,202	159,850	159,850	158,252	159,850
IT Non-Pers/Equip	138,916	147,982	147,982	146,502	148,468
IT Personal Services	380,897	350,472	376,469	372,704	374,679
Major Litigation - Attorney	0	600,000	600,000	0	600,000
Neighborhood Cleanups - Pharmaceutical Collections	3,851	29,500	29,500	29,205	29,500

SEWER SERVICE & USE CHARGE FUND (541)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Expenditures					
Overhead	3,486,113	4,078,816	4,078,816	4,078,816	4,633,131
PBCE Personal Services	99,988	72,146	79,094	78,303	84,449
PW Non-Pers/Equip	178,791	403,460	409,760	405,662	360,460
PW Personal Services	1,466,922	1,665,296	1,669,794	1,653,096	1,758,166
Sanitary Sewer Claims	111,136	250,000	250,000	200,000	250,000
Workers' Comp Claims	177,407	600,000	600,000	400,000	600,000
Total Expenditures	21,812,749	26,980,573	27,160,470	25,264,294	28,623,836
Transfers					
City Hall Debt Svc Fund	457,242	410,278	410,278	410,278	413,821
Federated Ret. Fd. - Add'l Payment	221,412	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	59,273	0	0	0	0
SJ-SC Treatment Plant Cap Fund	27,808,000	23,312,000	23,312,000	23,312,000	34,576,000
SJ-SC Treatment Plant Opr Fund	40,000,000	49,000,000	49,000,000	49,000,000	41,000,000
SSUC Capital Fund	31,000,000	25,000,000	25,000,000	25,000,000	23,600,000
Total Transfers	99,545,927	97,722,278	97,722,278	97,722,278	99,589,821
Ending Fund Balance					
Billing Transition Reserve	0	1,100,000	1,100,000	1,100,000	1,100,000
Capital Program Reserve	0	24,000,000	24,000,000	24,000,000	26,000,000
Debt Service Reserve	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Employee Compensation Planning Reserve	0	0	0	0	251,100
Operations and Maintenance Reserve	4,181,312	4,288,977	4,288,977	4,288,977	4,244,263
Rate Stabilization Reserve	5,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reserve for Encumbrances	1,440,970	1,299,527	1,440,970	1,440,970	1,440,970
Retirement Pre-Payment Reserve	78,000	78,000	78,000	78,000	0
Unrestricted	22,243,184	2,099,806	2,574,071	4,399,247	2,095,063
Workers' Comp Claims Reserve	760,000	760,000	760,000	760,000	760,000
Total Ending Fund Balance	39,703,466	41,626,310	42,242,018	44,067,194	43,891,396
TOTAL USE OF FUNDS	**161,062,142**	**166,329,161**	**167,124,766**	**167,053,766**	**172,105,053**

STATE DRUG FORFEITURE FUND (417)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Police Substation FF&E	314,000	314,000	500,000	500,000	500,000
Unrestricted	1,216,749	1,260,749	1,071,711	1,071,711	401,066
Total Beginning Fund Balance	1,530,749	1,574,749	1,571,711	1,571,711	901,066
Revenues					
Interest	4,236	6,000	6,000	3,500	3,000
State Revenue	36,726	0	0	60,000	50,000
Total Revenues	40,962	6,000	6,000	63,500	53,000
TOTAL SOURCE OF FUNDS	**1,571,711**	**1,580,749**	**1,577,711**	**1,635,211**	**954,066**
USE OF FUNDS					
Expenditures					
Police Personal Services	0	0	434,182	434,182	745,795
Total Expenditures	0	0	434,182	434,182	745,795
Transfers					
Federal Drug Forfeiture Fund	0	0	299,963	299,963	0
Total Transfers	0	0	299,963	299,963	0
Ending Fund Balance					
Reserve for Police Substation FF&E	500,000	500,000	500,000	500,000	0
Unrestricted	1,071,711	1,080,749	343,566	401,066	208,271
Total Ending Fund Balance	1,571,711	1,580,749	843,566	901,066	208,271
TOTAL USE OF FUNDS	**1,571,711**	**1,580,749**	**1,577,711**	**1,635,211**	**954,066**

STORES FUND (551)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	49,009	49,009	0	0	0
Reserve for Inventory	304,209	0	0	0	0
Retirement Pre-Payment Reserve	4,474	4,474	4,474	4,474	0
Unrestricted	419,640	195,526	277,676	277,676	0
Total Beginning Fund Balance	777,332	249,009	282,150	282,150	0
Revenues					
Hydrant Sales	66,632	0	0	6,363	0
Interest	1,807	0	0	0	0
Total Revenues	68,439	0	0	6,363	0
Transfers					
Dept. Chrg - Invent Req	522,147	0	0	9,019	0
Dept. Chrg - Postage	374,474	0	0	0	0
Total Transfers	896,621	0	0	9,019	0
TOTAL SOURCE OF FUNDS	**1,742,392**	**249,009**	**282,150**	**297,532**	**0**
USE OF FUNDS					
Expenditures					
Finance Non-Pers/Equip	48,338	0	0	0	0
Finance Personal Services	183,261	0	0	0	0
Inventory Purchases	473,105	0	0	0	0
Overhead	20,788	0	0	0	0
Postage Inventory	400,000	0	0	0	0
Workers' Comp Claims	3,282	0	0	0	0
Total Expenditures	1,128,774	0	0	0	0
Transfers					
City Hall Debt Service Fund	19,927	0	0	0	0
Federated Ret. Fd. Add'l Payment	9,734	0	0	0	0
General Fund	301,807	200,000	282,150	297,532	0
Total Transfers	331,468	200,000	282,150	297,532	0
Ending Fund Balance					
Reserve for Encumbrances	0	49,009	0	0	0
Reserve for Inventory	277,676	0	0	0	0
Retirement Pre-Payment Reserve	4,474	0	0	0	0
Unrestricted	0	0	0	0	0
Total Ending Fund Balance	282,150	49,009	0	0	0
TOTAL USE OF FUNDS	**1,742,392**	**249,009**	**282,150**	**297,532**	**0**

STORM SEWER OPERATING FUND (446)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	0	0	0	1,000,000
Capital Program Reserve	0	0	0	0	12,000,000
Grant Match Reserve	0	0	0	0	500,000
Operations and Maintenance Reserve	5,898,631	5,294,545	5,294,545	5,294,545	3,769,759
Permit Implementation Reserve	1,860,000	4,010,000	4,010,000	4,010,000	2,000,000
Reserve for Encumbrances	1,648,523	1,648,523	2,012,408	2,012,408	2,012,408
Retirement Pre-Payment Reserve	58,000	58,000	58,000	58,000	58,000
Unrestricted	7,283,612	7,965,827	9,360,090	9,360,089	3,786,262
Total Beginning Fund Balance	16,748,766	18,976,895	20,735,043	20,735,042	25,126,429
Revenues					
Assessments	32,011,729	32,069,000	32,069,000	31,982,994	32,025,494
Interest	35,235	42,000	42,000	42,000	82,917
Miscellaneous	45,576	0	0	15,840	0
Penalties	2,450	500	500	9,835	500
Total Revenues	32,094,990	32,111,500	32,111,500	32,050,669	32,108,911
TOTAL SOURCE OF FUNDS	**48,843,756**	**51,088,395**	**52,846,543**	**52,785,711**	**57,235,340**
USE OF FUNDS					
Expenditures					
City Auditor Personal Services	0	10,680	10,672	10,672	10,677
Collection Fees	92,620	96,207	96,207	96,207	96,076
DOT Non-Pers/Equip	2,287,484	2,944,503	2,944,503	2,544,503	2,334,503
DOT Personal Services	5,340,741	5,291,645	5,313,764	5,313,764	5,456,550
ESD Non-Pers/Equip	2,631,042	2,909,533	2,909,533	2,609,533	2,662,783
ESD Personal Services	5,574,028	5,896,509	5,892,224	4,704,974	6,325,613
Finance Personal Services	25,540	44,838	44,805	44,805	50,402
HR Personal Services	13,935	44,009	43,975	43,975	45,385
IDC Contract	129,547	139,850	139,850	92,898	128,000
IT Non-Pers/Equip	138,724	143,320	143,320	143,320	143,862
IT Personal Services	245,683	220,445	230,285	230,285	236,466
Overhead	2,229,221	2,411,882	2,411,882	2,411,882	2,224,627
PBCE Non-Pers/Equip	0	0	0	0	4,436
PBCE Personal Services	192,016	72,969	84,316	84,316	90,705
PRNS Non-Pers/Equip	61,255	52,871	52,871	52,871	52,871
PRNS Personal Services	130,367	143,817	143,717	143,717	159,567
PW Non-Pers/Equip	96,507	41,000	53,000	53,000	62,000
PW Personal Services	549,289	830,078	829,634	829,634	643,433
Workers' Comp Claims	27,661	101,000	101,000	101,000	101,000
Yard Trimmings/Street Sweeping	1,685,471	2,095,858	2,095,858	1,995,858	2,095,858
Total Expenditures	21,441,131	23,491,014	23,541,416	21,507,214	22,924,803

STORM SEWER OPERATING FUND (446)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Transfers					
City Hall Debt Service Fund	399,119	519,829	519,829	519,829	596,756
Community Facilities District #13 (Guadalupe-Mines) Fund	0	0	10,121	10,121	10,121
Federated Ret. Fd. - Add'l Payment	217,849	0	0	0	0
General Fund - Human Resources/Payroll System Upgrade	50,615	0	0	0	0
Maintenance District No. 15 Fund	0	0	22,118	22,118	22,118
Storm Sewer Capital Fund	6,000,000	5,600,000	5,600,000	5,600,000	18,000,000
Total Transfers	6,667,583	6,119,829	6,152,068	6,152,068	18,628,995
Ending Fund Balance					
Billing Transition Reserve	0	1,000,000	1,000,000	1,000,000	1,000,000
Capital Program Reserve	0	12,000,000	12,000,000	12,000,000	0
Employee Compensation Planning Reserve	0	0	0	0	235,700
Grant Match Reserve	0	500,000	500,000	500,000	500,000
Operations and Maintenance Reserve	5,294,545	3,769,759	3,769,759	3,769,759	6,925,633
Permit Implementation Reserve	4,010,000	2,000,000	2,000,000	2,000,000	1,000,000
Reserve for Encumbrances	2,012,408	1,648,523	2,012,408	2,012,408	2,012,408
Retirement Pre-Payment Reserve	58,000	58,000	58,000	58,000	0
Unrestricted	9,360,089	501,270	1,812,892	3,786,262	4,007,801
Total Ending Fund Balance	20,735,042	21,477,552	23,153,059	25,126,429	15,681,542
TOTAL USE OF FUNDS	**48,843,756**	**51,088,395**	**52,846,543**	**52,785,711**	**57,235,340**

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND (414)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	943,717	943,717	1,229,247	1,229,247	1,229,247
Unrestricted	305,490	769,798	775,436	775,436	847,000
Total Beginning Fund Balance	1,249,207	1,713,515	2,004,683	2,004,683	2,076,247
Revenues					
Interest	5,554	0	0	0	0
State Revenue	1,559,727	0	1,359,354	1,359,354	0
Total Revenues	1,565,281	0	1,359,354	1,359,354	0
TOTAL SOURCE OF FUNDS	**2,814,488**	**1,713,515**	**3,364,037**	**3,364,037**	**2,076,247**
USE OF FUNDS					
Expenditures					
SLES 2007-2009	10,203	0	0	0	0
SLES 2008-2010	242,919	0	0	0	0
SLES 2009-2011	(339)	345	2,468	2,468	0
SLES 2010-2012	557,022	5,995	10,262	10,262	0
SLES 2011-2013	0	762,566	1,504,627	1,275,060	229,567
SLES 2012-2014	0	0	617,433	0	617,433
Total Expenditures	809,805	768,906	2,134,790	1,287,790	847,000
Ending Fund Balance					
Reserve for Encumbrances	1,229,247	943,717	1,229,247	1,229,247	1,229,247
Unrestricted	775,436	892	0	847,000	0
Total Ending Fund Balance	2,004,683	944,609	1,229,247	2,076,247	1,229,247
TOTAL USE OF FUNDS	**2,814,488**	**1,713,515**	**3,364,037**	**3,364,037**	**2,076,247**

TRANSIENT OCCUPANCY TAX FUND (461)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Future Distribution Reserve	589,000	0	0	0	1,500,000
Reserve for Encumbrances	175,728	175,728	116,301	116,301	116,301
Unrestricted	3,250,634	2,205,931	4,298,903	4,298,903	1,464,498
Total Beginning Fund Balance	4,015,362	2,381,659	4,415,204	4,415,204	3,080,799
Revenues					
Interest	8,567	7,000	7,000	7,000	6,000
Miscellaneous Revenue	203,906	0	0	0	0
TOT Compliance	466,782	0	0	0	0
Transient Occupancy Tax	13,000,242	13,074,000	15,150,254	15,150,254	15,900,000
Total Revenues	13,679,497	13,081,000	15,157,254	15,157,254	15,906,000
TOTAL SOURCE OF FUNDS	**17,694,859**	**15,462,659**	**19,572,458**	**19,572,458**	**18,986,799**
USE OF FUNDS					
Expenditures					
Cultural Grants	2,646,958	3,015,016	4,336,252	4,336,252	3,276,367
Cultural Grants Administration	819,617	1,192,870	1,192,155	1,192,155	1,263,019
SJ Conv/Visitors Bureau	3,396,423	3,334,250	3,783,296	3,783,296	4,415,750
Total Expenditures	6,862,998	7,542,136	9,311,703	9,311,703	8,955,136
Transfers					
Convention/Cultural Affairs Fund	6,406,211	6,281,864	7,179,956	7,179,956	8,444,865
Federated Ret. Fd. - Add'l Payment	10,446	0	0	0	0
Total Transfers	6,416,657	6,281,864	7,179,956	7,179,956	8,444,865
Ending Fund Balance					
Future Distribution Reserve	0	0	1,500,000	1,500,000	0
Reserve for Encumbrances	116,301	175,728	116,301	116,301	116,301
Unrestricted	4,298,903	1,462,931	1,464,498	1,464,498	1,470,497
Total Ending Fund Balance	4,415,204	1,638,659	3,080,799	3,080,799	1,586,798
TOTAL USE OF FUNDS	**17,694,859**	**15,462,659**	**19,572,458**	**19,572,458**	**18,986,799**

VEHICLE MAINTENANCE AND OPERATIONS FUND (552)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Reserve for Encumbrances	300,856	300,856	1,283,447	1,283,447	1,283,447
Retirement Pre-Payment Reserve	46,653	46,653	46,653	46,653	46,653
Unrestricted	1,271,064	859,959	572,947	572,947	266,436
Total Beginning Fund Balance	1,618,573	1,207,468	1,903,047	1,903,047	1,596,536
Revenues					
Interest	1,051	2,000	2,000	1,000	1,000
Miscellaneous	4,138	5,000	5,000	500	1,000
Total Revenues	5,189	7,000	7,000	1,500	2,000
Transfers					
Departmental Charges (M&O)	15,821,261	16,729,338	16,729,338	15,700,000	18,884,080
Replacement Chgs: General Fleet	101,500	800,000	800,000	800,000	800,000
Replacement Chgs: Police	2,448,076	3,937,171	3,937,171	3,000,000	3,866,807
Total Transfers	18,370,837	21,466,509	21,466,509	19,500,000	23,550,887
TOTAL SOURCE OF FUNDS	**19,994,599**	**22,680,977**	**23,376,556**	**21,404,547**	**25,149,423**
USE OF FUNDS					
Expenditures					
Compensated Absence Liability	121,000	0	121,000	121,000	121,000
Diesel Retrofit Mandate	101,336	0	1,200	1,200	0
HR Personal Services	63,269	65,921	65,872	36,000	66,849
Info Tech Personal Services	(2,236)	0	0	0	0
Inventory Purchases	7,494,886	8,423,000	8,423,000	7,500,000	9,260,000
Overhead	688,706	359,416	359,416	359,416	571,078
PW Non-Pers/Equip	1,059,259	841,577	841,577	841,577	1,142,527
PW Personal Services	6,306,182	6,950,731	6,945,965	6,945,965	7,292,352
Vehicle Replacement-General Fleet	0	800,000	800,000	800,000	800,000
Vehicle Replacement-Police	1,727,527	3,937,171	3,937,171	3,000,000	3,866,807
Workers' Comp Claims	130,545	225,000	225,000	150,000	225,000
Total Expenditures	17,690,474	21,602,816	21,720,201	19,755,158	23,345,613
Transfers					
City Hall Debt Service Fund	70,071	51,853	51,853	51,853	85,087
Federated Ret. Fd. - Add'l Payment	127,507	0	0	0	0
General Fund	203,500	2,000	2,000	1,000	1,000
Total Transfers	401,078	53,853	53,853	52,853	86,087
Ending Fund Balance					
Employee Compensation Planning Reserve	0	0	0	0	121,187
Reserve for Encumbrances	1,283,447	300,856	1,283,447	1,283,447	1,283,447
Retirement Pre-Payment Reserve	46,653	46,653	46,653	46,653	0

VEHICLE MAINTENANCE AND OPERATIONS FUND (552)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Unrestricted	572,947	676,799	272,402	266,436	313,089
Total Ending Fund Balance	1,903,047	1,024,308	1,602,502	1,596,536	1,717,723
TOTAL USE OF FUNDS	**19,994,599**	**22,680,977**	**23,376,556**	**21,404,547**	**25,149,423**

WATER UTILITY FUND (515)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Billing Transition Reserve	0	0	0	0	750,000
Operations and Maintenance Reserve	4,378,437	4,349,204	4,653,459	4,653,459	3,709,059
Rate Stabilization Reserve	1,283,000	1,280,000	1,280,000	1,280,000	1,351,000
Reserve for Encumbrances	531,600	531,600	638,074	638,074	638,074
Retirement Pre-Payment Reserve	24,000	24,000	24,000	24,000	24,000
Unrestricted	1,529,574	66,950	1,249,402	1,249,402	1,823,636
Workers' Comp Claims Reserve	50,000	50,000	50,000	50,000	50,000
Total Beginning Fund Balance	7,796,611	6,301,754	7,894,935	7,894,935	8,345,769
Revenues					
Interest	19,423	19,000	19,000	10,000	14,000
Late Fees	278,475	225,000	225,000	300,000	275,000
Operating	27,721,177	28,777,000	28,777,000	29,527,000	31,437,000
Total Revenues	28,019,075	29,021,000	29,021,000	29,837,000	31,726,000
TOTAL SOURCE OF FUNDS	**35,815,686**	**35,322,754**	**36,915,935**	**37,731,935**	**40,071,769**
USE OF FUNDS					
Expenditures					
City Auditor Personal Services	0	6,408	6,404	6,404	6,407
City Mgr Personal Services	3,835	0	0	0	0
ESD Non-Pers/Equip	19,276,516	22,002,747	22,077,747	21,527,747	23,029,009
ESD Personal Services	3,457,323	3,438,462	3,449,908	3,249,908	3,793,965
Finance Personal Services	138,418	252,690	252,505	252,505	277,599
Human Resources Personal Services	5,828	11,953	11,944	11,944	12,785
IBS Comm Paper Repayment	149,321	147,027	147,027	147,027	168,000
IT Non-Pers/Equip	17,345	22,052	22,052	22,052	22,128
IT Personal Services	251,449	241,111	240,937	240,937	258,002
Overhead	826,520	894,770	894,770	894,770	753,104
PBCE Personal Services	7,293	281	281	281	0
Public Works Non-Pers/Equip	22,722	32,184	32,184	32,184	32,184
Workers' Comp Claims	40,208	24,000	74,000	74,000	74,000
Total Expenditures	24,196,778	27,073,685	27,209,759	26,459,759	28,427,183
Transfers					
City Hall Debt Service Fund	109,817	101,407	101,407	101,407	111,747
Federated Ret. Fd. - Add'l Payment	72,828	0	0	0	0
General Fund (Late Fees)	225,000	225,000	225,000	225,000	275,000
General Fund - Human Resources/Payroll System Upgrade	16,328	0	0	0	0
Water Utility Capital Fund	3,300,000	2,600,000	2,600,000	2,600,000	3,000,000
Total Transfers	3,723,973	2,926,407	2,926,407	2,926,407	3,386,747

WATER UTILITY FUND (515)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Billing Transition Reserve	0	750,000	750,000	750,000	750,000
Employee Compensation Planning Reserve	0	0	0	0	73,100
Operations and Maintenance Reserve	4,653,459	2,523,890	3,709,059	3,709,059	4,700,000
Rate Stabilization Reserve	1,280,000	1,351,000	1,351,000	1,351,000	1,476,000
Reserve for Encumbrances	638,074	531,600	638,074	638,074	638,074
Retirement Pre-Payment Reserve	24,000	24,000	24,000	24,000	0
Unrestricted	1,249,402	92,172	257,636	1,823,636	570,665
Workers' Comp Claims Reserve	50,000	50,000	50,000	50,000	50,000
Total Ending Fund Balance	7,894,935	5,322,662	6,779,769	8,345,769	8,257,839
TOTAL USE OF FUNDS	**35,815,686**	**35,322,754**	**36,915,935**	**37,731,935**	**40,071,769**

WORKFORCE INVESTMENT ACT FUND (290)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
Program Allocation Reserve	510,470	788,819	788,819	788,819	812,599
Reserve for Encumbrances	34	34	19,356	19,356	19,356
Unrestricted	675,897	518,075	220,327	220,327	170,310
Total Beginning Fund Balance	1,186,401	1,306,928	1,028,502	1,028,502	1,002,265
Revenues					
Grants	13,731,659	14,028,084	17,154,845	14,648,788	10,094,353
Recovery Act - Federal Revenue	143,422	0	0	0	0
Total Revenues	13,875,081	14,028,084	17,154,845	14,648,788	10,094,353
TOTAL SOURCE OF FUNDS	**15,061,482**	**15,335,012**	**18,183,347**	**15,677,290**	**11,096,618**
USE OF FUNDS					
Expenditures					
25% Add'l Assistance-Transition Suppl. Support	985,000	0	0	0	0
25% Additional Assistance Grant	249,396	0	0	0	0
Bridge Funding - NUMMI Administration	838,172	845,585	950,568	950,568	760,768
Adult Workers Program	2,971,482	2,794,150	3,274,430	3,189,287	2,630,822
BusinessOwnerSpace.com Network	7,990	30,000	35,000	2,237	32,763
CA Workforce Assoc	0	5,000	5,000	0	5,000
Cisco Systems Layoff Award Grant	37,391	2,942,730	1,078,533	1,078,533	0
City Attorney Administration	153,735	175,360	175,232	175,232	171,063
Dislocated Workers Program	2,450,503	3,408,179	5,054,853	3,677,166	3,092,870
Exemplary Performance Award	15,352	0	0	0	0
Minority Small Business Initiative	0	200,000	200,000	168,350	31,650
National Emergency Grant Dislocated Workers - NUMMI	1,559,004	423,450	848,865	287,600	0
Public Sector Career Transition Assistance Program	239,587	0	0	0	0
Rapid Response Grant	690,372	452,452	678,575	678,575	610,718
Recovery Act - OJT NEG Grant	143,421	0	0	0	0
SV Small Business Assistance Portal Project	108,720	0	0	0	0
Solyndra Project	0	0	886,209	886,209	0
Youth Workers Program	3,479,582	2,986,178	3,747,928	3,581,268	2,796,462
Total Expenditures	13,929,707	14,263,084	16,935,193	14,675,025	10,132,116
Transfers					
Federated Ret. Fd. - Add'l Payment	103,273	0	0	0	0
Total Transfers	103,273	0	0	0	0
Ending Fund Balance					
Program Allocation Reserve	788,819	742,599	1,202,123	812,599	698,874

WORKFORCE INVESTMENT ACT FUND (290)

STATEMENT OF SOURCE AND USE OF FUNDS

	2011-2012 Actual	2012-2013 Adopted	2012-2013 Modified	2012-2013 Estimate	2013-2014 Proposed
USE OF FUNDS (CONT'D.)					
Ending Fund Balance					
Reserve for Encumbrances	19,356	34	19,356	19,356	19,356
Unrestricted	220,327	329,295	26,675	170,310	246,272
Total Ending Fund Balance	1,028,502	1,071,928	1,248,154	1,002,265	964,502
TOTAL USE OF FUNDS	**15,061,482**	**15,335,012**	**18,183,347**	**15,677,290**	**11,096,618**

PAGE IS INTENTIONALLY LEFT BLANK

2013-2014

Operating Budget

Appendices

2013-2014

Operating Budget

Mayor's March Budget Message

City Council Agenda: 03-26-13
Item: 3.4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed

SUBJECT: **MARCH BUDGET MESSAGE FOR FISCAL YEAR 2013-2014**

DATE: March 8, 2013

Approved: Chuck Reed Date: 3/8/13

RECOMMENDATION

I recommend that the City Council direct the City Manager to submit a proposed budget for Fiscal Year 2013-2014 that is balanced and guided by the policy direction and framework of priorities outlined in the Mayor's March Budget Message.

CAUTIOUS OPTIMISM AFTER AVERTING DISASTER

As we move toward the adoption of the budget in June, we can be cautiously optimistic and plan for continued improvement in our fiscal condition. This year we are fortunate to be making spending decisions instead of cutting decisions, but we must be careful and avoid repeating past mistakes as we restore services.

Only two years ago, our General Fund shortfall was $115 million, which would have been enough to push us into service-level insolvency if we failed to act. To avert disaster, the City Council took bold budget actions, which included 10% cuts in total compensation for all City employees, outsourcing work, and pension and healthcare reforms.

As a result of these painful but necessary actions, we were able to balance our Fiscal Year 2012-2013 budget without layoffs or service reductions, open four libraries and a community center, and turn on 900 street lights; and we can now plan for a Fiscal Year 2013-2014 budget that will:

- Avoid cutting services for the second year in a row,
- Increase some services in critical areas, and
- Restore some pay to help retain our most experienced employees.

We are not going to have enough funding to immediately restore all of the services that were cut in recent years, and we cannot yet afford to restore the entire 10% pay cuts that our employees have taken. We must be cautious with the limited funds we have available, rebuilding reserves and spending in ways that will not add to future deficits.

Our top priority must be public safety, and there are things we can do this year to restore capacity in the Police and Fire Departments.

- Recruit, hire, and train new officers more quickly, by expanding our academies and hiring ahead,
- Move more officers back onto the street through civilianization,
- Use data analytics to deploy our existing officers more effectively,
- Open the new South San José Police Substation
- Implement the new field reporting/police records management system, and
- Continue funding the firefighters originally hired with an expiring Federal Staffing and Adequate Fire and Emergency Response (SAFER) grant.

We can also help to retain veteran officers - as well as employees in other critical, hard-to-fill or hard-to-retain positions, like public safety dispatchers, and water pollution control plant operators - by using some of our limited funds to reward experience and superior performance with targeted pay increases and one-time bonuses.

Since the City Manager's Five-Year General Fund Forecast assumes approximately $20 million in savings from retirement reforms which are the subject of ongoing litigation, we should not initiate many of these actions until after we get a favorable ruling from the court. We also need to be prepared for the $13.7 million projected deficit in 2014-2015.

As we achieve more of the savings from pension reform and potential new revenues in the years ahead, we'll be able to restore even more services and consider across-the-board pay raises. But until then, we must be cautious and prudent with the limited funds we have available, and ensure they are spent on our City's most pressing needs.

San José's Improving Fiscal Condition

From Fiscal Year 2002-2003 to Fiscal Year 2011-2012, San José experienced ten straight years of budget shortfalls that forced us to continually cut core City services and eliminate approximately 2,000 jobs from our City workforce.

The largest single driver of these deficits was skyrocketing retirement costs, which jumped from $73 million in 2001-2012 to $245 million in 2011-2012 and squeezed out funding for basic City operations. For example, we have hundreds fewer officers today even though we increased the Police Department budget by nearly $100 million.

However, by taking bold and difficult actions, we have been able to bring our expenses under control and are in a position to adopt a second consecutive budget without service cuts or layoffs. According to the Forecast, the elements of the Fiscal Reform Plan that we've implemented to date are savings us $59.5 million per year in the General Fund, which translates to $81 million per year in overall savings (all funds).

In addition, we're seeing the rate-of-growth in our retirement costs slowing down. This year in the General Fund, we paid $65.6 million less than we had originally projected, and our projection for Fiscal Year 2015-2016 has been reduced by approximately $100 million (all funds).

Changes in Retirement Cost Projections (all funds)

	2012-13	2013-14	2014-15	2015-16
February 2011 Projections*	$310.5M	$360.2M	$388.9M	$400.7M
2012-2013 Retirement Contributions Budget**	$245.9M			
February 2013 Projections**		$275.8M	$295.1M	$301.6M
Difference from Original Cost Projection	**-$64.6M**	**-$84.4M**	**-$93.8M**	**-$99.1M**

Major Factors in the Change in Projections: In 2011, the City experienced a 24% reduction in payroll due to the 10% pay cuts and elimination of positions. Starting in 2013, the City will realize savings from the elimination of the SRBR (13th or bonus check) and retiree healthcare plan design changes. These savings were partially offset by changes in the economic and demographic assumptions.

Note: These projections do not take into account other elements of Measure B that have not yet been implemented. These elements - which include additional contributions or an optional lower-cost plan for current employees, and a lower-cost plan for all new employees - will generate significant additional savings.

*Source: February 14, 2011 Budget Study Session Presentation (Note: does not include prepayment discount)
**Source: City Manager's General Fund Five-Year Forecast (2/28/2013)

Even with these substantial savings, the actuaries for the two independent retirement boards are projecting significant increases in retirement costs for at least another decade. Those costs will exceed 25% of the General Fund by 2017-2018 unless we implement the additional employee contributions and lower-cost pension option for our current employees, and get all new employees into the Tier II plan, as approved in Measure B.

While our outlook is much brighter than just a few years ago, we have to remain extremely careful with how we spend our limited funds. We can't make the same mistakes we made in the past that led us to the brink of insolvency. We must remain focused on our ultimate goal of restoring the most critical City services.

RESTORING SERVICES AND RETAINING EXPERIENCED EMPLOYEES

Given the improvement in our City's fiscal condition, I am pleased to recommend some actions in this Budget Message that will help improve and enhance some core services, starting with public safety. While there are many more services that need additional funding, these actions address our most pressing needs and reflect input gathered during our Community Based Budget Process as detailed in Attachment A.

We also need to acknowledge that we have lost some valuable City employees due to the 10% pay cuts and retirement reforms adopted in recent years. So, as we restore services, we need to take steps to help retain experienced and talented employees, starting with critical and hard-to-fill positions.

The City Manager's Five-Year General Fund Forecast includes a recommendation to create an Employee Compensation Planning Reserve of $11.1 million, which would allow us to restore some of the 10% pay cuts that our employees have taken. However, without offsetting cost reductions, this action would push us into a deficit next year. We should strive to restore some

of the 10% pay cuts our employees have taken, but the only way we will be able to increase employee compensation from ongoing revenues without cutting services, is by implementing the retirement reforms that are being challenged by the City employee unions.

The City Manager is directed to identify potential ongoing budget balancing solutions that will allow us to restore the services identified in this Budget Message and establish an Employee Compensation Planning Reserve without reducing General Fund services.

The City Manager is also directed to use the 2013-2014 Budget Balancing Strategy Guidelines as detailed in Attachment B to help balance next year's 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.

THREATS TO THE FISCAL STABILITY

Despite the tremendous progress that we have made, there are still a number of obstacles that we must overcome to achieve long-term fiscal stability and restore services to our community.

Retirement Reform Litigation
The various elements of Measure B and other reforms will generate significant General Fund savings:

- Supplemental Retirement Benefit Reserve (SRBR) elimination -- $13.4 million
- Lowest cost plan healthcare changes effective 2012-2013 -- $6.5 million (Federated only)
- Employee contribution increases -- $48 million over four years
- New tier benefits for new employees will increase savings annually

Unfortunately, these savings are subject to litigation by our employee unions.

The General Fund Forecast includes approximately $20 million of General Fund savings from the SRBR elimination and lowest cost healthcare plan changes. The matters are set for trial in the Superior Court on June 17, 2013. The City Manager is directed to prepare a list of $20 million of proposed ongoing and/or one-time expenditures that will not be implemented until at least 60 days after a favorable verdict is received.

In addition, most of the legal work has to be handled by outside counsel because most of our City lawyers are members of an employee union and have a conflict of interest. While this constitutes an added expense for the City, it is vastly outweighed by the amount of savings we can realize from Measure B. The City Manager is directed to set aside sufficient funds in a reserve to pay for our outside counsel as may be necessary to defend the City's interests. The City Manager should use savings in the City Attorney's Office to help replenish this reserve.

Escalating Retiree Healthcare Costs
The changes made in plan design to reduce healthcare costs have reduced our retiree healthcare unfunded liabilities by nearly $400 million ($196 million in Police and Fire and $200 million

Federated). This will save the General Fund $6.5 million next year for the Federated System and millions more for the Police and Fire system once the phase-in to full-funding is complete.

Despite these significant savings, the cost of retiree healthcare is in excess of 20% of payroll and continues to climb. With the costs split between the City and our employees, the burden is becoming high and getting higher. Plan design change remains the primary tool available to control costs and we should seek changes to reduce the costs. The City Manager is directed to meet and confer with our bargaining units to develop plan design changes to be effective January 1, 2014 that will keep the costs of retiree healthcare at 17% of payroll or less.

Preparing for a Shortfall in Fiscal Year 2014-2015

As detailed in the chart below, the City Manager's Five-Year General Fund Forecast is projecting small deficits in four of the five years ahead. To prepare for Fiscal Year 2014-2015, the City Manager is directed to 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.

2014-2018 General Fund Five-Year Forecast
($ in Millions)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Projected Revenues	$852.7	$873.9	$899.7	$930.5	$963.3
Projected Expenditures	$858.2	$893.1	$916.8	$952.4	$991.2
Total Cumulative Surplus/(Shortfall)	($5.5)	($19.2)	($17.1)	($21.9)	($27.9)
Total Incremental Surplus/(Shortfall)	**($5.5)**	**($13.7)**	**$2.0**	**($4.7)**	**($6.0)**

Note: Does not incorporate impacts associated with elements of the Fiscal Reform Plan that are not yet implemented; Tax Increment funding for the Successor Agency to the Redevelopment Agency, a public entity, regarding the outcome of litigation with the County of Santa Clara related to the PERS Levy; costs associated with fully funding the annual required contributions for police and fire retiree health care; costs associated with services funded on a one-time basis in 2012-2013; costs associated with restoration of key services to January 1, 2011 levels; costs associated with unmet/deferred infrastructure and maintenance needs; or one-time revenues/expenses.

Assumes that the Police and Fire Retirement Plan Board will approve the elimination of the Supplemental Retiree Benefit Reserve (SRBR) for the 2013-2014 City retirement contribution amount and rates; and includes an Employee Compensation Planning Reserve, which totals $11.1 million in 2013-2014. Without that Reserve, a surplus of $5.6 million is projected for 2013-2014, and surpluses would be generated in all years but 2014-2015.

SPENDING PRIORITIES

1. Community and Economic Development

a. **Downtown and North San José Transportation Improvements:** In December 2012, the City Council approved a Development Agreement with the Irvine Company in which the developer agreed to a monetary contribution of $3,000,000, in consideration of City Council approval of a modified design on a residential development at North First Street and River Oaks Place. The payment is due at the time that the first building permit is issued for Parcel 1 of the multi-phased development, anticipated to occur in the 2013-

2014 Fiscal Year. The City Manager is directed to allocate that $3,000,000 contribution towards offsetting unfunded transportation improvements in Downtown and North San José.

b. **Center for Employment Training (CET):** The Center for Employment Training serves thousands of San José residents through its job training programs. In 2008, the US Economic Development Administration awarded a Federal grant of $3 million to CET to renovate its buildings. The Grant required a 40% local match. The Redevelopment Agency had agreed to provide funding in the amount of $950,000, but that can no longer be achieved as a result of the dissolution of redevelopment agencies statewide. The Center for Employment Training is now seeking other partners to help finance the renovations. The City Manager is directed to allocate $250,000 in one-time funding from the General Fund to help CET achieve the required local match.

c. **City-Funded Marketing Efforts:** Four years ago, the City Council created the Communications Working Group (CWG) to review and coordinate the marketing efforts of groups who were receiving City and Redevelopment Agency funding to help promote San José for economic development and tourism purposes. These included Team San Jose, the San Jose Downtown Association, the former Redevelopment Agency, the Airport, the Office of Economic Development, and marketing consultants with which these departments contracted. As a result of this effort, these external partners and City departments now provide detailed plans on how they will be spending their allocation of the City's limited marketing dollars and the expected return-on-investment.

To ensure continued transparency and accountability, the City Manager is directed to 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 and performance metrics, as well as results from the previous year's marketing efforts. These documents should be submitted for review by the City Manager (or designee) and Public Information Officer (in accordance with the City Charter) during the development of the proposed operating budget and be made available to the Mayor and City Council after the proposed budget is released.

2. Public Safety and Neighborhood Services

a. **Accelerating Public Safety Recruitment, Hiring and Training:** Hiring more police officers and increasing staffing in the Fire Department remain a top priority of the City Council and the community. We must continue looking at ways to accelerate our efforts to recruit, hire and train public safety personnel, and ensure that the Police and Fire Chiefs have adequate resources to conduct outreach to a diverse range of candidates. The City Manager is directed to determine what additional steps can be taken to increase the rate of hiring and training of new public safety officers. Among the strategies that should be explored are "hiring ahead" of police officers to reduce the impact of vacancies, options for expanding the size/frequency of our academies, such as exploring the use of regional academies, and possibly reinstituting the satellite Field Training Officer program to handle larger groups of hires.

b. **One-Time Bonuses:** In light of the increasing rate of departures in the Police Department, we need to explore all ideas to help with retention. One idea is offering one-time bonuses in the form of retention bonuses and signing incentives for laterals. The City Manager should consider this as a strategy.

c. **Overtime:** Some of our one-time funding should be used to increase the number of eligible overtime hours that our employees are paid (i.e. police officers are limited to six hours per pay period, with the rest available as compensation time). Increased use of overtime is only a stop-gap staffing measure, but we can allow our employees to take home more overtime pay by temporarily increasing the limit. The City Council approved a reserve of $4 million for 2013-2014 overtime needs as part of the 2012-2013 Mid-Year Budget Review. The City Manager is directed to ensure that these funds are primarily used for patrol and investigation services, as well as critical non-sworn positions such as dispatchers. The City Manager is also directed to explore the use of overtime to ensure officers are able to use vacation hours during summer months.

d. **Continue to Fund Public Safety Positions Funded with Expiring Federal Grants:** Our Fire Department and Police Department staffing has been enhanced over the last couple of years with funding from Federal SAFER and Community Oriented Policing Services (COPS) grants. We appreciate the help from the Federal Government, but the grants were only for short durations. Since public safety is our highest priority, we should continue to fund those positions after the grants expire. The City Manager, consistent with the 2013-2014 Forecast, is directed to include funding in the amount of $8 million in the 2013-2014 budget to retain the firefighter positions funded with the SAFER 2010 grant.

e. **Gang Prevention Funding and Safe Summer Initiative:** Gang prevention efforts were a priority for our residents and our neighborhood associations during our community based budgeting process. The City Manager is directed to allocate $3.5 million in one-time funding to support a two-year funding strategy for San José BEST and the Safe Summer Initiative.

f. **Crossing Guards:** The safety of our school children remains a top priority for San José residents, as well as the City Council. During meetings with Superintendents at the Schools/City Collaborative, the Superintendents stated that this was the most important service the City provides for the schools. The City Manager is directed to maintain funding to the elementary and middle school crossing guard program.

g. **South San José Police Substation:** A significant way to improve services to South San José residents is to open the South San José Police Substation which was delayed due to budget constraints. Given the City's improved financial outlook, it is now appropriate to begin planning to open the substation in 2014, which will help the Police Department to improve response times to the residents furthest from their headquarters and increase the time that our police officers spend on patrol instead of commuting back and forth to their downtown headquarters. The City Manager is directed to identify funds to proceed with the opening of the substation.

h. **Gun Task Force:** Statewide, there are an estimated 19,170 registered gun owners prohibited from possessing firearms, based on the most recent Department of Justice list. There are more than 40,000 weapons associated to those gun owners, including 1,641 assault weapons. In our County, the Department of Justice reported 534 registered gun owners who are prohibited from possessing firearms and there are more than 1,200 weapons associated to those gun owners, including 51 assault weapons. The City Manager is directed to confer with the District Attorney and the Sheriff about development of a regional Gun Task Force to confiscate those weapons, and provide a cost estimate in the budget process.

i. **Residential Burglaries:** Residential burglaries and other property crimes have been on the rise in San José and around the state. These increases may be tied to the State's prison realignment plans which allow qualified inmates to be released early. We need to do everything we can to ensure our residents are safe. The City Manager is directed to review and report back with a plan and the resources needed to deal with the increase in residential burglaries.

j. **Community Service Officers/Use of Police Reserves:** To ensure that San José continues to be one of the safest large cities in the country, we need to find ways to keep police officers on the streets. Civilianization and the use of police reserves is one way to put officers on the streets if recruiting falls short of our needs. Three years ago, an audit was completed to review the possibilities of civilianization opportunities in the Police Department. While I am pleased that some efforts have been made, more needs to be done to implement the City Auditor's recommendations. 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 City Manager is directed to aggressively pursue those additional opportunities. The City Manager is also directed to fully engage the use of police reserves.

k. **Homeless Encampments:** Solving issues related to homelessness must be a high priority. The City Manager is directed to return during the 2013-2014 budget process with a funding recommendation and strategy to support homeless outreach services, creek clean-ups, and permanent housing.

l. **Medical Marijuana Tax:** With the adoption of Measure U in November 2010, more than 78% of voters approved a tax rate of up to 10% to preserve essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs. 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. This should be done before the adoption of the budget.

m. **La Raza Study:** For years, we have seen Latinos disproportionately represented in our criminal justice, juvenile justice, and child welfare systems. With many different causes and factors involved, this problem has long been considered impossible to solve. Yet, through the leadership of La Raza Roundtable, and the Harvard Study Consensus Process, we now have a broad collaborative effort that cuts across different agencies and levels of government to address the various pieces of the problem. The City Manager is directed to continue to support these efforts next year.

n. **Children's Health Initiative:** The City of San José provides $2.1 million annually in funding to the Children's Health Initiative. With the County's recent passage of a sales tax increase, the County is in a stronger financial position to fund many of its programs. The President of the Santa Clara County Board of Supervisors has indicated a willingness to discuss funding this program. The City Manager is directed to begin negotiations on a three year phase-out of the City's funding for the Children's Health Initiative.

o. **Aquatics Programs:** Last year, one-time funding was provided to continue aquatics programs at Fair Swim Center and Silver Creek High School. In order to continue operations this summer, the City Manager is directed to continue one-time funding for these programs.

p. **Senior Services and Wellness Program and Senior Transportation Services:** The Senior Nutrition Program provides healthy meals and social activity to San José's elderly residents. Through this program, seniors receive nutritious meals and social interaction that prevents them from feeling isolated. Together with the many social services that support this program, seniors are able to live more active and independent lives. Last year, the City maintained senior nutrition services at the 14 current City sites and continued transportation services. The City Manager is directed to continue to support these efforts on a one-time basis and maintain current funding levels for the program. The City Manager is also directed to evaluate this program for potential improvements to ensure that the highest quality meals are provided.

q. **Card Room Administration:** Over the years, there have been many issues with the Police Department's licensing and permitting process for cardroom owners and employees. Issues have included the speed of processing work permits, to permit requirements. This process has long been in need of a redesign. The City Manager is directed to consider moving the Division of Gaming from the Police Department to another City department or office, as originally recommended when the Division was created. If there is a need for law enforcement, the Gaming Division can call upon the Police Department as needed. The City Manager should also consult with the City Auditor on best ways to implement outstanding audit recommendations.

r. **Downtown College Prep (DCP):** Downtown College Prep opened as a charter high school in 1999 with a City startup loan of $600,000. The school has garnered national recognition for its high program standards and exemplary levels of achievement by its students, and 95% of all Downtown College Prep graduates have been admitted to four year colleges. Recently, Downtown College Prep opened DCP Alum Rock Middle School serving grades 6-8. The school is the highest performing new middle school in

the State of California. To provide Downtown College Prep with incentives to open new campuses and keep the Downtown College Prep Alum Rock campus open and thriving, the City Manager is directed to forgive $200,000 of the original loan for each year the Downtown College Prep Alum Rock campus stays open.

3. **Strategic Support**

a. **Litigation with the County:** A hearing is scheduled in April in the Superior Court on the City's dispute with Santa Clara County over the County's withholding of $7.5 million annually from redevelopment tax increment to fund the County employees retirement plan (the PERS levy) and water district costs. If the City prevails, additional General Fund revenues will be available on an ongoing basis to fund priority programs. The City Manager is directed to use this funding to help resolve the General Fund structural deficit and/or identify and provide ongoing funding for priority programs such as senior services and wellness, senior transportation, and homeless programs which are currently funded on a one-time basis.

b. **Pay Increases:** Pay increases should be targeted 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 (60% of the officers who resigned from the Police Department last year were at "top step"). Less tenured employees would still get their scheduled step increase and have a higher "top step" to look forward to in the future. The City Manager is directed to pursue this strategy.

c. **Essential Services Reserve:** The City Manager is directed to set aside $2 million of one-time funds that may be used for the purpose of supporting services that are of essential importance to our residents. Services deemed essential by the City Council may be funded with the use of these one-time funds.

d. **Review of One-Time Funded Services from 2012-2013:** The City Manager is directed to review one-time funded services that were included in the 2012-2013 Adopted Budget for continuation again in Fiscal Year 2013-2014, where appropriate.

e. **City's Debt Refinancing:** As the City's Finance Department pursues refinancing of City Hall debt to reduce financial risk, the City Manager is directed to 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.

f. **Council General Phase Out:** Both Mayor and City Council Office budgets incur costs that are charged to other appropriations, including Mayor and Councilmember salary and benefits costs, and administrative costs. The City Manager is directed to work with the Mayor's Office to reallocate costs from Council General to the individual City Council Office budgets. This should be done as part of the 2014-2015 Base Budget process.

g. **City Council Office Budgets:** In prior years, incoming Councilmembers have not been left with enough funding in their office budget to complete the Fiscal Year. This has

been primarily due to vacation payouts and spending by their predecessors. 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 Councilmember leave office due to elections or term limits, a separate appropriation is created for the incoming Councilmember. The separate appropriation would be an even split of both the base and rebudgets and includes all funds controlled by the Council Office.

h. **Street Tree Maintenance Costs:** To reduce costs, in 2008-2009 the City contracted out tree maintenance and began billing property owners for contractual street tree maintenance. Recently, the State Department of Industrial Relations informed the City that the classifications being used for tree trimming no longer applies and a general classification should be used. This decision results in much higher costs to the program. As a result, reliable tree companies have stopped working for the City, and the City Administration has been forced to consider a $1 million plus budget proposal to cover the higher costs.

   The City Manager is directed to set local prevailing wage rates for tree maintenance as soon as is practicable and, when feasible, return to the City Council with the associated changes to the prevailing wage policy. The City Manager is authorized to extend and increase current tree maintenance purchase order limits until a new Request for Proposals process with locally set prevailing wages, has been completed and new agreements have been awarded by the City Council.

i. **Potential Ballot Measures:** At the March 5, 2013 City Council meeting, direction was given to conduct additional polling in September for potential ballot measures in 2014. The City Manager is directed to allocate appropriate funding to conduct polling. The City Manager will continue to work with the Mayor's Office on development of the poll.

j. **Public Data Initiative:** We continually look for ways to be open and transparent. Transparency encourages public participation, builds public trust, and promotes efficiency and effectiveness. An initiative currently in use by the Federal Government creates ways for the public to easily find, download, and use datasets. Creating a similar system for San José would deliver similar benefits to our City. The City Manager is directed to report back on principles, a workplan, and a budget for a San José Public Data Initiative.

k. **Employee Training and Leadership Development:** Over the past decade in order to save money, our capacity for training and developing the skills of our workforce has been reduced. The City Manager is directed to provide the City Council with a plan to restore some of that capacity and the cost to do so.

l. **Office of the City Clerk:** With a focus on the rapid delivery of quality services, an electronic document management system is needed in the Office of the City Clerk. This system will act as a self-service file storage system where City staff and members of the public can obtain documents such as Agendas, Minutes, Resolutions, Ordinances, and Contracts without requiring the assistance of staff. This system will offer a robust, searchable database of the large volume of documents created, maintained, and stored by

the Office of the City Clerk. The City Manager is directed to work with the City Clerk's Office to use savings within the City Clerk's current year appropriations to fund this system.

COORDINATION

This memorandum has been coordinated with the City Manager and the City Attorney.

Community Input on Budget Priorities

As in years past, the City has initiated extensive community outreach to gather input on potential budget strategies and priorities. As we consider how to use the limited amount of funding we have available, we should remain mindful of our constituents' top priorities.

Community Budget Survey
In January 2013, the City conducted a budget priority survey of more than 900 residents which touched on a number of different budget topics and issues.

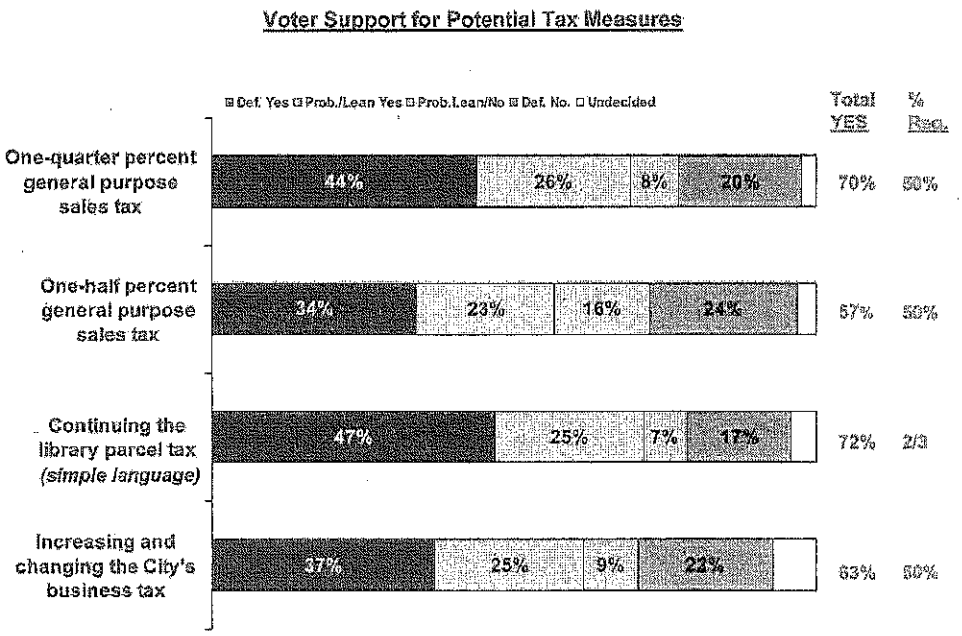
One of the survey questions asked residents opinions about five potential areas for spending additional funding should funding become available - hiring more police officers, restoring pay for City employees who previously agreed to pay cuts, increasing library hours, increasing the size of the Fire Department, and increasing community center hours. The overwhelming highest priority was hiring more police officers.

Prioritization of Budget Enhancements if Funding is Available

	%		
Potential Budget Enhancement	Highest Priority	Second Highest Priority	Total Selected
Hiring more police officers	50	19	69
Increasing the size of the fire department	8	32	40
Restoring pay for City employees who previously agreed to pay cuts	17	13	30
Increasing library hours	10	11	22
Increasing community center hours	5	11	16
All/None/Don't know	10	14	-

Respondents were also asked about potentially increasing City employee pay - specifically to police officers. They were asked if they would support or oppose increasing pay for experienced officers in order to encourage them to stay with the Department. Sixty-three percent supported the concept while 30% indicated they would oppose this. It is important to note that respondents, who indicated they would support increasing pay for experienced officers, preferred that these increases be funded through additional revenue rather than cutting services.

Support for Specific Revenue Generating Proposals
Survey respondents were asked to provide their opinions about several different options for generating revenue for the City. Specifically, they were asked about seven potential finance measures requiring voter approval. Only four of the measures, a one-quarter or one-half percent sales tax, adjusting the City's Business Tax rate, and continuing the library parcel tax appear to have enough voter support to consider.



To view the complete budget priority survey results, visit:
http://www.sanjoseca.gov/Archive.aspx?ADID=1576

Neighborhood Association and Youth Commission Priority Setting Session
At the Seventh Annual Neighborhood Association and Youth Commission Priority Setting Session, 114 residents participated in an exercise where they prioritized funding for City services and weighed in on various cost-saving/revenue proposals.

- Top Funding Priorities - A top priority from the session was public safety, with gang prevention efforts, community services officers, and crime prevention specialists on the prevention side and additional police officers on the enforcement side, being purchased by nearly all 19 tables. Other high priority items included community center and library hours and the elimination of fire engine brownouts.

- Top Cost Saving/Revenue Proposals - The top cost saving proposals were eliminating overtime for management positions and reducing staffing in engine companies from four to three firefighters. Nearly every table agreed to at least one revenue generating proposal. The revenue generating proposals presented included a parcel tax for road repair, a ¼ cent sales tax, and a business tax increase.

The full report from the Seventh Annual Neighborhood Association and Youth Commission Priority Setting Session can be found at:
http://www.sanjoseca.gov/DocumentCenter/View/3807

2013-2014 Budget Balancing Strategy Guidelines

1. Develop a budget that balances the City's delivery of the most essential services to the community with the resources available.
2. Balance ongoing expenditure needs with ongoing revenues to ensure no negative impact on future budgets and to maintain the City's high standards of fiscal integrity and financial management.
3. Focus on business process redesign in light of the severe staff reductions experienced during the last several years in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).
4. Explore alternative service delivery models (e.g., partnerships with the non-profit, public, or private sector for out- or in-sourcing services) to ensure no service overlap, reduce and/or share costs, and use our resources more efficiently and effectively. The City Council Policy on Service Delivery Evaluation provides a decision-making framework for evaluating a variety of alternative service delivery models.
5. Analyze non-personal/equipment/other costs, including contractual services, for cost savings opportunities. Contracts should be evaluated for their necessity to support City operations and to identify negotiation options to lower costs.
6. Explore redirecting and/or expanding existing revenue sources and/or adding new revenue sources.
7. Establish a fee structure to assure that operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services, where appropriate.
8. Identify City policy changes that would enable/facilitate service delivery changes or other budget balancing strategies.
9. As additional resources become available, focus service restorations to meet the baseline January 1, 2011 service levels previously identified by the City Council in the areas of fire, police, library, community centers, street maintenance, and facility openings.
10. In addition to considering the service restorations to meet the baseline January 1, 2011 service levels, take a holistic approach regarding the restoration of services. As outlined in the Guiding Principles for Restoring City Service Levels, allocate additional resources with the following goals in mind: ensure the fiscal soundness of the City; choose investments that achieve significant outcomes; and improve efficiency and effectiveness of service delivery. Using a multi-pronged approach to restoring direct services, take into consideration the following factors: adequate strategic support resources; adequate infrastructure; service delivery method to ensure efficient and effective operations; service delivery goals and current performance status; service sustainability; and staffing resources.
11. Incorporate compensation adjustments in a fiscally responsible manner that does not result in a reduction or elimination of services in the General Fund.
12. Engage employees in department budget proposal idea development.
13. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.
14. Continue a community-based budget process where the City's residents and businesses are educated and engaged, as well as have the opportunity to provide feedback regarding the City's annual budget.