Environmental and Utility Services

Mission: *Provide environmental leadership through policy development, program design and reliable utility services.*

The services and programs of the Environmental and Utility Services (E&US) CSA provide integral support to the Council approved Economic Development Strategy and Strategic Initiatives. By providing and maintaining sound environmental infrastructure, programs and services for residents and businesses, our community continues to be a sustainable and attractive place to live, work and play. The quality and reliability of the services delivered by the E&US CSA are extremely high and have resulted in remarkable environmental leadership and achievements. As a result, our citizens view these services as routine and have high expectations for service delivery. The continued maintenance and expansion of these programs and services are necessary components of the City's economic growth and vitality.

In order to focus on providing critical services, a number of expenditure reductions were approved to offset cost increases related to maintaining or enhancing services. Most of these reductions can be made with little or no service level impact.

The majority of the additions are in the Capital Budget and relate to infrastructure maintenance, replacement, or rehabilitation. At the Water Pollution Control Plant, the Reliability Improvements Project continues in order to address the aging infrastructure, and seven support positions were converted to front-line positions to address increased maintenance requirements. In the Storm Sewer Capital Program, funding for storm pump station replacement and rehabilitation has been added to mitigate potential localized flooding.

The second year of a five-year expanded parking enforcement plan will be implemented in 2004-2005 as part of a strategy to enhance the effectiveness of city-wide street sweeping. A key to greater effectiveness is the expansion of parking prohibitions in areas that experience greater than normal parking impacts due to higher density neighborhoods. Staff anticipates that these efforts, coupled with improved inspection services and more aggressive outreach and education programs about street sweeping and parking enforcement, will improve the effectiveness of street sweeping services throughout the City.

Primary Partners

Environmental Services

Transportation

CSA OUTCOMES

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh, and Bay
- "Clean and Green" Air, Land and Energy
- Safe, Reliable and Sufficient Water Supply

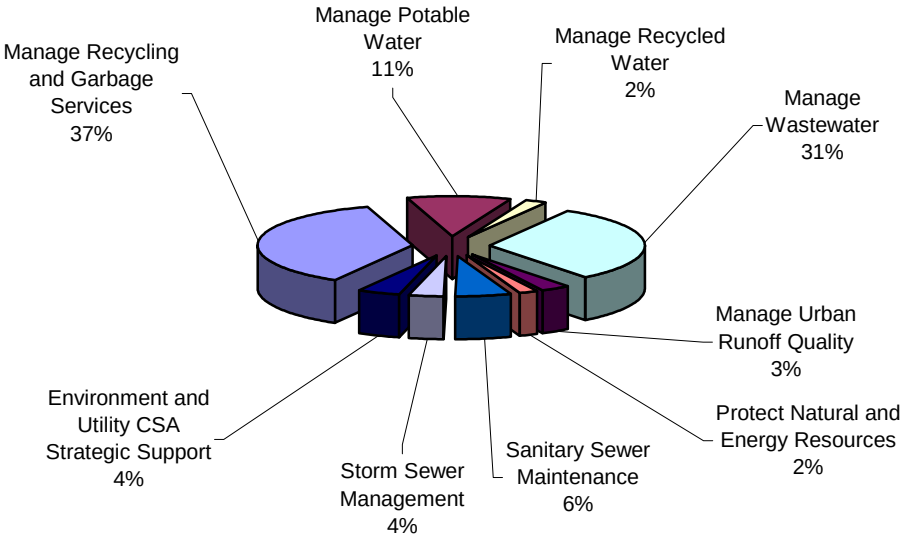
Budget at a Glance

	2003-2004 Adopted	2004-2005 Adopted	% Change
Total CSA Budget (All Funds)	$162,953,705	$162,246,600	(0.4%)
Total Authorized Positions	596.96	592.26	(0.8%)

Budget & Performance Highlights

- **Street Sweeping Parking Enforcement Expansion** — The 15% of streets where street cleanliness is a problem are in those areas with high street parking impacts. This enhancement will expand enforced parking restrictions on sweep days by 40% and represents the second year of a multi-year strategy to improve street sweeping effectiveness in the City.
- **Water Pollution Control Plant Infrastructure Upgrades** — As the Water Pollution Control Plant utility infrastructure ages, it has required increased maintenance and rehabilitation. Almost half of the Plant's infrastructure is 30 years old or older. The Reliability Improvements Project has commenced to address major infrastructure replacement and upgrades.
- **Water Pollution Control Plant Maintenance Staffing** — Maintenance needs at the Plant continue to escalate due to the aging infrastructure. In 2003-2004, the E&US CSA evaluated its vacant positions for opportunities to provide front-line maintenance services at the Plant. As a result, seven administrative support positions were converted to maintenance positions to address the increased maintenance required. These changes will provide savings, as well as additional core service support.
- **Storm Pump Stations Replacement/ Rehabilitation** — The storm sewer infrastructure is also in need of significant maintenance and replacement. Of particular concern are the storm pump stations, almost half of which are over 40 years old. As part of the 2004-2005 Adopted Capital Budget, funds have been allocated to replace or rehabilitate several of the older pump stations to reduce the risk of localized flooding.
- **Water Efficiency Program Reduction** — As a result of the effectiveness of the City's Flow Reduction Programs, the recently renewed National Pollutant Discharge Elimination System (NPDES) Wastewater Permit has less stringent program requirements. The Water Efficiency Program (WEP), one component of the Flow Reduction Programs, has been highly successful in reducing flows to the Water Pollution Control Plant. As a result, WEP activities can be scaled back without impacting the City's permit compliance. The result is ongoing savings of $911,000 for 2004-2005.
- **Operational Efficiencies** — Modifications include the reduction of marketing and outreach costs through a more strategic and budget conscious approach; and reductions that reflect the implementation of a variety of efficiencies in the Business Services Division of the Environmental Services Department.

2004-2005 Total Operations by Core Service



City Service Area Budget Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Manage Potable Water	$ 13,820,636	$ 17,476,077	$ 17,418,491	$ 17,387,790	(0.5%)
Manage Recycled Water	3,053,359	3,924,837	3,632,125	3,497,658	(10.9%)
Manage Recycling and Garbage Services	52,584,313	59,277,084	60,021,672	59,785,001	0.9%
Manage Urban Runoff Quality	4,641,854	5,242,786	4,811,397	4,815,871	(8.1%)
Manage Wastewater	46,797,447	48,579,939	49,828,696	50,438,852	3.8%
Protect Natural and Energy Resources	2,775,995	5,172,614	4,449,881	3,112,852	(39.8%)
Sanitary Sewer Maintenance	7,886,158	9,444,552	9,372,222	9,355,222	(0.9%)
Storm Sewer Management	5,862,949	6,107,351	5,905,568	6,261,705	2.5%
Strategic Support	6,622,772	7,231,465	7,212,440	6,972,649	(3.6%)
Subtotal	**$ 144,045,483**	**$ 162,456,705**	**$ 162,652,492**	**$ 161,627,600**	**(0.5%)**
Other Programs					
City-Wide Expenses	$ 475,706	$ 497,000	$ 619,000	$ 619,000	24.5%
General Fund Capital, Transfers and Reserves	315,595	0	0	0	N/A
Subtotal	**$ 791,301**	**$ 497,000**	**$ 619,000**	**$ 619,000**	**24.5%**
Total	**$ 144,836,784**	**$ 162,953,705**	**$ 163,271,492**	**$ 162,246,600**	**(0.4%)**
Authorized Positions	**591.20**	**596.96**	**591.16**	**592.26**	**(0.8%)**

Current Position *How are we doing now?*

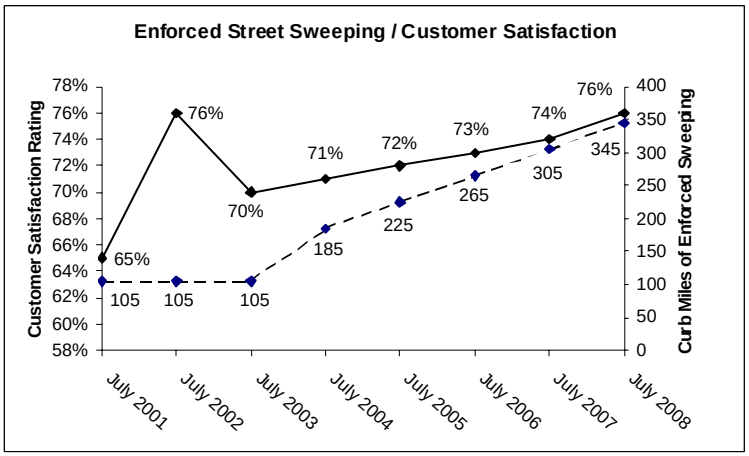
- Solid waste recycling and landfill diversion is 64%, the highest rate achieved by any large city in the country.
- City-wide facility and utility energy conservation is 16%.
- South Bay Water Recycling (SBWR) use for the summer of 2003 averaged 10.5 million gallons per day (mgd).
- During the summer of 2003, discharge from the San José/Santa Clara Water Pollution Control Plant (SJ/SC WPCP) met or exceeded all NPDES Permit requirements and was 100 mgd, well below the 120 mgd summer flow trigger.

Selected Community Indicators *What external conditions influence our strategies?*

- Flow to SJ/SC Water Pollution Control Plant—Used to determine need for new flow reduction programs and Plant expansion. Flow of 142 mgd triggers expansion planning.
- Recycling and diversion rates of the different sectors of the waste stream; i.e. Single Family Dwelling, Multi-family Dwelling, Commercial, Construction & Demolition—Indicates upon which areas we need to focus recycling education efforts.
- Solid waste landfill volumes—Indicates success of our diversion programs. State mandate = 50%.
- Recycled Water Use = 2.0 billion gallons per year—Indicates growth in use of recycled water for irrigation, agriculture, and industrial use.
- Percent of streets experiencing severe parking impacts that prevent effective street sweeping = 15%.

Trends / Issues / Opportunities *What developments require our response?*

- Increased natural gas, electricity, fuel and wholesale water costs increase expenses for the Treatment Plant, Recycle Plus, and Municipal Water System.
- Increased security requirements for SJ/SC WPCP and Municipal Water System.
- Lower solid waste landfill volumes reflect program effectiveness and downturn in the economy; impact General Fund revenue.
- Participation in the Santa Clara Valley Water Protection Collaborative to address flood protection, water quality, and habitat protection.
- Storm Water NPDES Permit continues the trend of more stringent requirements.
- Aging storm sewer and Treatment Plant infrastructure results in increased maintenance and rehabilitation/ replacement costs.



- Work with co-permittees and Regional Board to develop new Stormwater NPDES Permit with feasible and reasonable provisions for submittal in spring 2005.
- Review Solid Waste Diversion Policy and Action Plan to evaluate recycling program alternatives to maximize diversion.
- Improve neighborhood cleanliness by addressing parking impacts on street sweeping effectiveness.
- Enhance City's leadership in recycling through review of e-waste and Environmental Purchasing Policies.

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- Silicon Valley Energy Partnership with PG&E to provide energy efficiency education, audits, and installation design analysis to small businesses and municipalities.
- Partnership opportunity with Santa Clara Valley Water District for operation of SBWR System.
- Continued participation in the Watershed Management Initiative to leverage resources to meet permit requirements.
- Improve diversion and increase recycling effectiveness in downtown core through restructuring of commercial solid waste and recycling program.
- Influence water supply planning through participation in the newly created Bay Area Water Conservation and Supply Agency.
- Participation in the planning of the conversion of the Cargill Salt Ponds to assure the SJ/SC WPCP can continue to operate effectively and efficiently and protect Alviso from tidal impacts.
- Slower economy has resulted in declining commercial and industrial revenues for sewer and solid waste funds.

Policy Framework *What policies guide our strategies?*

- Economic Development Strategy and Strategic Initiative Priorities.
- NPDES Storm Water Permit and Urban Runoff Management Plan (URMP) defines how the City will meet the objectives as set forth in the NPDES permit.
- NPDES Wastewater Permit - Defines the objectives the City must meet and guides flow reduction program development to ensure the wastewater treatment plant meets conditions that protect the San Francisco Bay from contaminants and conditions that could negatively impact water quality.
- AB939 50% Diversion mandate - Mandates that the City maintain a landfill diversion rate of 50% or greater.
- Environmental Procurement Policy - Reduction of environmental impacts through the purchase of preferable products by the City.
- Sustainable City Strategy - Statement of San José's desire to become an environmentally and economically sustainable city by conserving its natural resources for the use of present and future generations.
- Sanitary Sewer Master Plan - Identifies and prioritizes future capacity improvements to the City's sanitary sewer collection system in order to support the City's General Plan for future development.

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: Reliable Utility Infrastructure

- **100% cost-recovery in special funds –** Maintain programs at 100% cost-recovery to ensure financial integrity and fiscal responsibility of funds. A combination of program efficiencies and modest rate increases will be used to balance expenditures and revenues to keep programs as close to 100% cost-recovery as possible.
- **Continue to meet and exceed the State's AB939 Diversion Mandate of 50% -** San José has succeeded in achieving 64% diversion of solid waste from landfills. As a result, the expected life span of San José landfills has been effectively doubled with current capacity in excess of 20 years. The CSA will continue to analyze diversion and disposal information, conduct outreach to encourage continued diversion, and improve service delivery and reliability of solid waste collection while maximizing diversion and providing high quality customer services.
- **Improve service delivery and reliability of residential street sweeping** - The City employs parking prohibition and enforcement on sweep days as a tool to improve the quality of street sweeping in select high parking impact areas. To mitigate the effect of reduced residential street sweeping frequency, the City will continue to work with the community to further identify areas that will benefit from this strategy.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

- **Rehabilitation and replacement of aging infrastructure** — The utility infrastructure in San José - the Sanitary Sewer System, Storm Sewer System, and Treatment Plant - is aging and requiring increased maintenance. In order to maintain system reliability and minimize maintenance costs, the older infrastructure needs to be rehabilitated or replaced.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

- **Continue to meet and exceed Storm Water NPDES permit requirements** – The City conducts activities to limit non-storm water discharges to the storm sewer system and to implement "Best Management Practices" (BMP) to reduce pollutants. Activities include implementing BMP's for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, and educating the community on how to protect water quality.
- **Continue to meet and exceed Wastewater NPDES discharge requirements** – The City's NPDES permit development and management approach identifies the most cost-effective and environmentally beneficial programs. Through technical studies, regional cooperation and programmatic efforts, the Plant strives to provide regulatory certainty to the City and discharge community by resolving issues such as copper, nickel and mercury discharge limits, freshwater flows to the south bay, and marsh mitigation.
- **Continue expansion of recycled water system to decrease flow to the Bay** – The use of recycled water diverts flow from the Bay, and has been key to the City's success in maintaining effluent flows below the flow trigger level of 120 mgd. As the pipeline is extended, the system will serve more customers, decreasing flow to the Bay.
- **Watershed Management Initiative and Water Resources Protection Collaborative** – The City Council adopted the Watershed Management Initiative's (WMI) Watershed Action Plan in September 2003. The WMI will now concentrate its efforts on activities that implement the strategic objectives of the Action Plan. The City will continue participation in the Water Resources Protection Collaborative as it proceeds to develop standards and guidelines, as needed, for land uses near streams and the protection of surface and groundwater quality and quantity.

Outcome 3: "Clean and Green" Air, Land and Energy

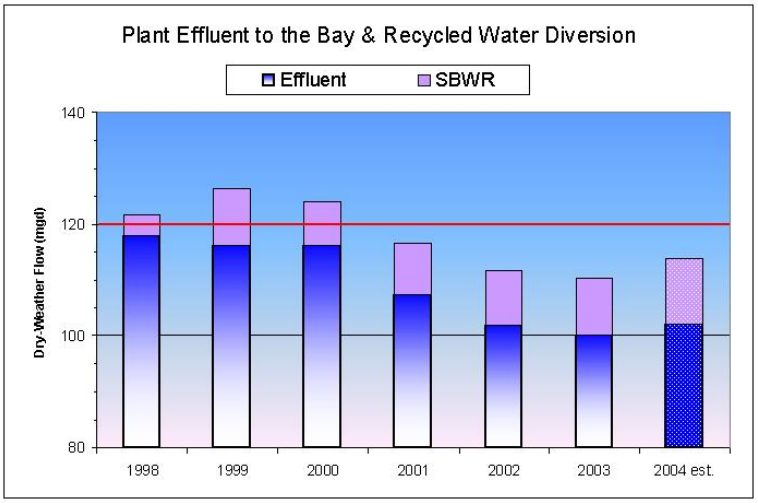
- **Utilize Green Building design and construction principles in public and private construction** – The City is committed to implementing the Green Building policy and goals by developing in-house expertise in green building design and construction (LEED™ rating system). Through a partnership with PG&E's Pacific Energy Center, education to encourage the incorporation of sustainable building goals early in the building design process is provided to public and private developers.
- **Promote environmentally responsible land use** – Utilizing closed landfills for both interim and permanent productive purposes provides a benefit to the community. Productive uses of landfills can include community athletic complexes such as softball and soccer fields, as well as land for temporary or permanent City use. Additionally, soil is a valuable commodity. Coordination of City project soil disposal and purchase needs, the temporary storage or staging of soil, and the ultimate reuse of soil can lead to significant cost savings.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 4: Safe, Reliable and Sufficient Water Supply

- **Continue to meet and exceed drinking water quality requirements** - San José Municipal Water System ensures that drinking water delivered to customers meets all applicable federal and state health standards. Water at various locations in the distribution system is tested daily using the latest testing procedures and equipment.

- **Continue to meet and exceed recycled water quality requirements** - The South Bay Water Recycling Program delivers treated effluent from the SJ/SC WPCP to customers for reuse in irrigation, landscaping, and other beneficial purposes. Planned upgrades to Plant facilities through the 2004-2005 Adopted Capital Budget will ensure continued treatment of recycled water to meet customer needs and comply with regulatory requirements.



Overview

The Environmental and Utility Services CSA will focus its service efforts in 2004-2005 on adjusting resources to meet City Council and community priorities, and address an aging utility infrastructure. Reliable and efficient utility services and strong environmental leadership both contribute to a strong economy and a sustainable community.

Key Investments & Objectives *How will we accomplish our goals?*

Although less than 2% of the Environmental and Utility Services (E&US) CSA funding comes from the General Fund, $900,000 in expenditures was shifted from the General Fund to E&US special funds in 2003-2004, with another $512,000 shifted for 2004-2005. In addition, the CSA reviewed potential changes or enhancements to General Fund revenues. The recommended General Fund revenue adjustments total $490,000.

While shifting costs to special funds reduces the General Fund budget, in the special funds, it reduces revenues available for other program activities. In order to minimize rate increases resulting from these shifts and from increased program costs, the E&US CSA performed a comprehensive evaluation of the services and activities provided from each of its special funds. This budget reflects the reduction or elimination of some services and activities not central to the mission and core services of the CSA, as well as general efficiency savings. In addition, offsetting reductions were approved for any position additions, resulting in an overall decrease in the number of positions.

Despite expenditure reductions in the special funds, rate increases will still be required to cover the escalating costs of service delivery and regulatory compliance. Approved as part of this budget were rate increases for the Municipal Water System, recycled water, and sewer service and use fees. Additionally, the second year of the City Council approved Recycle Plus rate increase and the third year of the City Council approved storm sewer rate increase will be implemented.

Outcome 1: Reliable Utility Infrastructure

General Fund Reductions and Revenue Enhancements

- Community-Based Organizations funding reduction.
- Shifted funds for Neighborhood Clean-Up Bins and Civic Yard Trimmings Collection and Processing to the Integrated Waste Management Fund.
- Shifted funds for storm response to the Storm Sewer Operating Fund.
- Removed Commercial Solid Waste Franchise Fee exemption for those companies providing front loader service to increase revenue collections.

Water Pollution Control Plant Reliability Improvements

- During 2004-2005, the Water Pollution Control Plant will complete the design for and bid the $57 million Reliability Improvements Project.
- Completion of construction on this project is scheduled to occur in 2008-2009 and will increase peak flow capacity from 271 million gallons per day (mgd) to 400 mgd during wet weather.
- This project will ensure the operational reliability of the Plant during significant and prolonged rainstorms.
- Completion of this project will ensure that development can continue uninterrupted as the economy recovers and wastewater flows increase.

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

Water Pollution Control Plant Maintenance Staffing

- Seven support positions in the Environmental Services Department were converted to front-line mechanics and electricians at the Water Pollution Control Plant to address the aging Plant infrastructure and corresponding increased maintenance needs.
- Over 50% of the Plant infrastructure is over 30 years old and in need of repair or replacement.
- The addition of these positions will reduce the 13-week maintenance backlog and enable the maintenance section to proactively address repair needs, as well as provide routine repair and maintenance on the Plant's electrical distribution system which must be available 24 hours per day, 365 days per year.
- The addition of these positions will also reduce the need for ongoing contractual services and help preserve City jobs.

Storm Pump Stations Rehabilitation and Replacement

- A total of $500,000 is dedicated to rehabilitate or replace an old and aging pump station infrastructure to improve overall reliability.
- Nine of the 21 pump stations city-wide are over 40 years old and require significant rehabilitation. This will provide first year funding of a multi-year plan to address the infrastructure improvement needs of the storm pump stations.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

Water Efficiency Program Reduction

- The flow reduction activities in the Water Efficiency Program, coupled with increased recycled water usage, have been highly successful over the past 10 years in diverting flow to the Plant.
- Reflecting this flow reduction, as well as changes in the Wastewater permit requirements, $911,000 in savings is realized in the Treatment Plant Operating Fund. These ongoing savings will reduce the magnitude of the approved sewer service and use rate increase.

Street Sweeping Effectiveness

- Goal is to improve the cleanliness of residential neighborhoods through the enhancement of street sweeping effectiveness.
- Parking prohibition and enforcement on sweep days will be expanded by installing 40 new curb miles of signage for parking prohibitions in 2004-2005.
- The program will perform outreach and education to areas heavily impacted with parked cars to determine if parking prohibition on sweep days would benefit each area.

Outcome 1: Reliable Utility Infrastructure

Wastewater Treatement Plant Reliability Projects

The $57 million multi-year Plant Reliability Improvements Project currently underway at SJ/SC WPCP will increase peak wet weather flow capacity from 271 mgd to 400 mgd. Past wet weather flows during prolonged rainstorms have caused inflow to the Plant to surpass 320 mgd, resulting in numerous operational difficulties. Construction of this project is scheduled to begin in 2004-2005. Also, commencing in 2004-2005, are studies for the planned rehabilitation of the Plant's electrical distribution system to replace aging infrastructure and ensure redundancy for the Plant's 24/7 operations.

Outcome 1: Reliable Utility Infrastructure

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	TBD	85%	90% 18/20	85%
	2. % of CIP projects that are completed within approved baseline budget	TBD	90%	TBD	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects:				
	- Less than $500,000	TBD	TBD	TBD	31%
	- $500,000 < x < $3,000,000	TBD	TBD	TBD	23%
	- Greater than $3,000,000	TBD	TBD	TBD	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of commissioning or use	TBD	80%	TBD	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)				
	Public-	TBD	85%	TBD	85%
	City Staff-	TBD	85%	TBD	85%

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
B. Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:				
	- SJ/SC Water Pollution Control Plant	95%	95%	95%	95%
	- Sanitary Sewer lines	97%	97%	98%	97%
	- Storm Sewer lines	97%	97%	97%	97%
	- SJ Municipal Water	95%	95%	95%	95%
	- South Bay Water Recycling	95%	95%	95%	95%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption:				
	- Potable	95%	90%	91%*	91%
	- Recycled	90%	90%	76%*	76%
	3. Ratio of MWS average residential water bill to average residential water bill of other San Jose water retailers**	<100%	<100%	80%	<100%
C. Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)	>50%	64%	62%	62%
	2. % of residents rating collection services as good or excellent	90%	80%	83%	83%

* Potable and Recycled Water surveys conducted in 2004. Next surveys will be conducted in 2005-2006.
** San Jose water retailers include: San Jose Water Company and Great Oaks Water Company

Infrastructure Improvements

Also at the Water Pollution Control Plant, the Alternative Disinfection Project will begin in 2004-2005. This project will evaluate and construct the facilities required in order for the Plant to switch from gaseous chlorine to alternative disinfection methods.

A comprehensive storm pump station rehabilitation and upgrade capital program has been developed and will begin in 2004-2005 to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of localized flooding. Of the 21 storm pump stations in San José, nine of them are 40 years old or older.

Ten miles of recycled water pipeline extensions are under construction in Milpitas and Santa Clara which, when completed, will allow nearly 100 new customers to connect to the South Bay Water Recycling Program system.

Successful Solid Waste Diversion

San José requested that the California Integrated Waste Management Board adopt a new base year for San José to calculate the City's waste diversion numbers. The Board reviewed the study the City conducted and approved the request. The result is that the 1999 diversion rate for San José was 59% and the 2000 diversion rate was 64%. The City's submission to the Board for 2002 forecasts a 62% diversion rate. This reduction is the result of lower sales tax activity which is one of the factors upon which the rate calculation is based. With this reduction, these are still the highest diversion accomplishments of any big city in America.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Manage stormwater for suitable discharge into creeks, rivers and the Bay	1. % of Urban Runoff Management Plan (URMP) tasks completed by target date	100%	100%	90%	100%
	2. % 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	55%	40%	43%*	43%
B. Manage wastewater for suitable discharge into the Bay.	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	119	110	100	110
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%
C. 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 through recycled water during the ADWEF period	17	11	10.5	12

* Survey conducted fall of 2003. Next survey is scheduled for 2005-2006.

Managing Health of the Bay

For more than 10 years, the City has invested considerable efforts toward protecting local streams, rivers and the San Francisco Bay salt marsh habitat. The San José/Santa Clara Water Pollution Control Plant's (Plant) average dry-weather effluent flow for 2003 was 100.1 mgd well below the 120 million gallons per day (mgd) trigger set by the State to protect wildlife habitat for the sixth consecutive year. The Plant has also once again consistently met all discharge limitations.

The City's 5-year Wastewater NPDES Permit was adopted on September 17, 2003, following a successful eighteen month process. The stakeholder negotiations resulted in a permit that continues the City's excellent environmental leadership and protection, results in some resource savings relating to chlorine use, flow reduction, monitoring and marsh mitigation requirements, and should allow for regulatory certainty for permitted dischargers and the Plant over the next 5-year permit cycle.

Another significant success this year is San José's inclusion on the stakeholder forum for the State and federal South Bay salt pond restoration process giving the City a voice in this regional effort. This salt pond restoration effort is critical for San José, as much of the area to be restored is within City limits and in close proximity to the Treatment Plant. Actively participating will allow the City to address concerns that may affect planning for salt pond A18 and other bay habitat issues. It also demonstrates the agencies' recognition of the City's interest and knowledge, previous efforts in the area of restoration and habitat protection, as well as data collection and GIS mapping capabilities.

Decreased Construction Run-Off

Through the increased coordination effort between the Environmental Services, Planning, Building & Code Enforcement, and Public Works Departments for this rainy season, several additional and effective inspections of construction sites were performed. This resulted in a dramatic decrease in runoff and sediment transport incidents and citizen complaints about construction sites. This coordination effort between the different departments will continue.

Outcome 3: *"Clean and Green" Air, Land and Energy*

Green Building Program

In the Green Building Program, San José was recently recognized as having the first certified "green" library in the world by the United States Green Building Council. Staff continues to review existing construction projects to determine to what extent green building measures can be incorporated. Cross-training of staff within the departments of Environmental Services, Public Works, Redevelopment Agency, and Planning, Building and Code Enforcement continues to occur. To date, nine City staff are LEED™ Accredited Professionals.

Energy Efficiency

Energy supply, reliability and cost issues continue to be a concern for the next few years within California. As part of the adopted Sustainable Energy Policy, San José continues to pursue energy efficiency in City operations and encourages renewable and clean energy use, while promoting energy efficiency on a community basis. To that end, in 2003-2004 San José installed a small photovoltaic (PV) cell in one of the airport bus shelters. This PV cell generates enough electricity to power the light and motion sensor in the shelter.

Outcome 3: "Clean and Green" Air, Land and Energy

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Promote improved air quality	1. % of City vehicles using alternative fuels or are ultra-low emission vehicles	15%	15%	11%	11%
B. Utilize Green Building Design principles in all public buildings and encourage their use in private development	1. % of new and existing buildings incorporating Green Building Guidelines:				
	• Applicable Public Buildings	100%	100%	100%	100%
	• Commercial Buildings	25%	N/A*	N/A*	N/A*
	• Attached Residential	10%	N/A*	N/A*	N/A*
C. Procure, manage and conserve clean, economical and reliable sources of energy	1. % of energy conserved in City facilities	12%	12%	16%	12%
	2. # of renewable systems in City facilities	5	1	1	1
D. 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%	82%	82%	82%
E. Promote environmentally responsible land use	1. % of City-owned closed landfills utilized for Tier 1 beneficial uses	80%	60%	40%	40%

* Currently no funding exists for private sector green building activities.

Outcome 4: *Safe, Reliable, and Sufficient Water Supply*

Successful Water Recycling and Conservation

The City plays an important role in ensuring future water supplies through its water conservation and water recycling programs. Both of these programs serve a dual purpose: (1) conserving potable water supplies, and (2) reducing the amount of wastewater to the San José/Santa Clara Water Pollution Control Plant. Both programs have been a major factor in keeping flows below the 120 mgd permit trigger.

The South Bay Water Recycling (SBWR) Program has continued to increase the number of customers using recycled water to over 450. SBWR provides the greatest short-term and long-term flow diversion potential. The first of three new electric power generation facilities, the Los Esteros Critical Energy Facility, was connected in 2003 and the Silver Creek pipeline was completed in early 2004. When the power plants currently under construction in San José and Santa Clara are operational, they will use an additional 7 mgd of recycled water in the summer. The City continues negotiations on a long-term agreement between the Plant Joint Powers Authority and the Santa Clara Valley Water District on the operation, maintenance and future expansion of the SBWR system.

Opportunities remain to achieve water conservation from indoor water use. The City's water conservation efforts are currently only funded for indoor water conservation programs that prevent wastewater flows from the Water Pollution Control Plant from approaching the 120 mgd trigger. Because flows are currently around 100 mgd, water conservation efforts will be scaled back accordingly. The City will continue cost sharing on indoor water conservation programs with the Santa Clara Valley Water District and continue to offer businesses financial and technical assistance to reduce wastewater flows.

Outcome 4: **Safe, Reliable and Sufficient Water Supply**

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Decrease reliance on imported water	1. Mgd of water conserved and recycled	21.0	18.0	18.2	19.2
B. 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	40%	New Measure	New Measure	30%
	2. % of residents cutting back on water use as much as they can	75%	80%	80%	78%
	3. % of residents who are in favor of using recycled water	90%	80%	80%	80%
C. Meet or exceed drinking and recycled water quality standards	1. % of San Jose Municipal Water System drinking water samples meeting or surpassing State and Federal water quality regulations	100%	100%	100%	100%
	2. % of time recycled water meets or surpasses State recycled water standards (title 22)	100%	100%	100%	100%

Service Delivery Framework

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Environmental and 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 Service
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Green" Air, Land and Energy Resources
- 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:

- Manage Potable Water
- Manage Recycled Water
- Manage Recycling & Garbage Services
- Manage Urban Runoff Quality
- Manage Wastewater
- Protect Natural and Energy Resources

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

Core Service: Manage Potable Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain the City's municipal potable water system.

Key Operational Services:

- System Operations
- System Maintenance
- Regulatory Compliance
- Customer Service
- System Expansion
- System Improvements

Performance and Resource Overview

The Municipal Water System (Muni Water) continues to deliver high quality service at low cost for San José residents compared to the private water retailers in San José. Wholesale water costs have increased significantly over the last few years and are scheduled to increase again in 2004-2005. Additionally, the same inflationary factors that affect the general economy also affect Muni Water's operating costs and administrative expenses. Higher energy costs, as well as improvements to and replacement of the operational plant, have also increased the costs of providing water service.

Wholesale water costs will be increasing significantly over the next few years as the Santa Clara Valley Water District and San Francisco Water Department systems undertake significant infrastructure rehabilitation and water quality improvement projects. As part of the 2004-2005 Adopted Operating Budget, a monthly rate increase averaging $1.20 per residential household or approximately 4% was approved, to pass through increased wholesale water costs to residents. Even with this increase, retail water rates in the Municipal Water System will remain among the lowest in the Bay Area.

Performance results in the Manage Potable Water Core Service continue to be high. Both the water quality and customer service requests handled within 24 hours performance measures are estimated to have met or exceeded the targets in 2003-2004. A new measure comparing the ratio of the average Muni Water residential bill with other San José water retailers reflects Muni Water's lower costs, exceeding the target set for 2003-2004. The customer survey conducted for 2003-2004 shows that 91% of Muni Water customers rated service as good or excellent, which exceeded the target. Surveys for this core service are conducted every other year. The next survey is scheduled for 2005-2006.

Performance Measure Development

The change of one performance measure was approved. The current cost measure "Ratio of MWS average residential water bill to average Santa Clara County water bill" was revised to "Ratio of MWS average residential water bill to average residential water bill of other San José water retailers". The previous measure was new for 2003-2004 and upon review, Council directed that the comparison should be made between Muni Water and other San José water retailers, rather than the county-wide comparison. The revised measure will index Muni Water costs to that of other retailers in San José, providing a comparison of how Muni Water rates compare to other water system rates in San José, thereby demonstrating the efficiency of the Municipal Water System (MWS).

Manage Potable Water Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
% of water samples meeting or surpassing State and Federal water quality standards	100%	100%	100%	100%
Ratio of MWS average residential water bill to average residential water bill of other San José water retailers*	New Measure for 2003-2004	<100%	80%	<100%
% of customer service requests handled within 24 hours	99.8%	99.0%	99.0%	99.0%
% of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness	89%	90%	91%**	91%

* San José water retailers include: San José Water Company and Great Oaks Water Company

** Data for this measure comes from the 2004 Muni Water Customer Satisfaction Survey. The next survey is scheduled for 2005-2006.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Millions of gallons of water delivered per year to MWS customers	7,331	7,790	7,790	7,900
Total number of MWS customers	25,759	26,200	26,200	26,500

Core Service: Manage Potable Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Potable Water Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,360,799	$ 2,849,178	$ 2,794,330	$ 2,788,895	(2.1%)
Non-Personal/Equipment	11,459,837	14,626,899	14,624,161	14,598,895	(0.2%)
Total	**$ 13,820,636**	**$ 17,476,077**	**$ 17,418,491**	**$ 17,387,790**	**(0.5%)**
Authorized Positions	**31.93**	**33.93**	**32.43**	**32.37**	**(4.6%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Environmental Services Department Efficiency Savings		**(20,000)**	**0**

This action reduces the Municipal Water System communications funding for telephone services in order to recognize efficiency savings currently being realized. (Ongoing savings: $20,000)

Performance Results:
No change to service levels will result from this action.

2. Water Pollution Control Plant Staffing*	**(0.06)**	**(7,701)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In this core service, this action eliminates 0.06 Environmental Services Specialist. (Ongoing savings: $7,701)

Performance Results:
Minimal service level impacts will result from the deleted position. Some work related to energy conservation would be performed by grant-funded positions.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
3. Vehicle Maintenance Funding Reduction		**(3,000)**	**0**
This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Environmental Services Department, Manage Potable Water Core Service is $3,000. (Ongoing savings: $3,000)			
2004-2005 Adopted Core Service Changes Total	**(0.06)**	**(30,701)**	**0**

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by the City Council on May 4, 2004.

Core Service: Manage Recycled Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.

Key Operational Services:

- System Operations and Maintenance
- Regulatory Compliance
- Customer Connection Services
- Education and Marketing
- System Expansion and Development

Performance and Resource Overview

The City's investment in South Bay Water Recycling (SBWR) and its expansion is helping the City protect endangered species habitat while providing an alternate supply of high-quality water for turf irrigation and other purposes. This effort supports the City's economic development goals and the associated growth, while keeping the Water Pollution Control Plant's discharges to South San Francisco Bay within the wastewater discharge flow trigger of 120 million gallons per day (mgd) set by the Regional Water Quality Control Board.

Over 450 SBWR customers are currently using recycled water in a variety of ways including turf irrigation at parks, schools, golf courses, and businesses; landscape features such as ponds and fountains; water processing for manufacturing and cooling towers; and irrigation of local crops. As more customers are added to the system, the amount of water diverted from discharge into the South San Francisco Bay will continue to increase and approach the system's transmission capacity. The addition of the Los Esteros Energy Center in April 2003 and the scheduled additions of a new power plant in Santa Clara and the Metcalf Energy Center in 2005 will increase recycled water consumption by as much as 7 million gallons a day for the summer months.

Wholesale recycled water rates have been fixed since their inception in 1997 and the discount for recycled water has grown compared to the Santa Clara Valley Water District (SCVWD) untreated water rate. For 2004-2005, South Bay Water Recycling wholesale water rates will be indexed to the current SCVWD rate of $405 per acre-foot (AF) for untreated water. The new rates will increase to $240/AF for irrigation use ($165/AF discount) and $40/AF for industrial use ($365/AF discount). Water retailers have agreed that the new rates are reasonable.

The first performance measure, "Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period" is estimated to end the year below targeted levels in 2003-2004 due to cooler 2003 summer temperatures and a lower than anticipated water use resulting from the economic slowdown. The 2003-2004 cost per million gallons of recycled water delivered is estimated to be higher than the target because of lower than projected recycled water

sales, reflecting low off-season landscape and industrial use due to moderate rainfall this winter despite an overall increase in recycled water consumption. For 2004-2005, it is projected that the delivery cost will increase to account for the increase in energy and chemical costs.

The percentage of recycled water customers rating service as good or excellent is estimated to be 76%, which is slightly below the target of 80% for 2003-2004. However, it is worth noting that only 3% were dissatisfied with the service; the remaining 21% of the customers did not offer an opinion. ESD continues to implement process changes to improve delivery time and process review for recycled water customers. The survey is scheduled every other year to make the survey data more sustainable. The next survey is scheduled for 2005-2006. The number of SBWR system customers in 2003-2004 is projected to end the year at 480 customers, 4% below the targeted level of 500 customers. The variance in this number reflects lower than anticipated construction activity in the cities of Santa Clara and Milpitas.

Manage Recycled Water Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period*	10.2	11.0	10.5	11.5
Millions of gallons of recycled water delivered annually	2,048	2,300	2,300	2,500
% of time recycled water quality standards are met or surpassed	99.98%	100%	99.99%	100%
% of wastewater influent recycled for beneficial purposes during the dry weather period*	New Measure for 2003-2004	9%	9%	9%
Cost per million gallons of recycled water delivered	$1,047	$900	$974	$1,300
% of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness**	78%	80%	76%**	76%

* Dry weather period defined as lowest 3 months continuous average between May and October, which runs through the middle of the reporting period.

** Data for this measure comes from the 2004 Recycled Water Customer Satisfaction Survey. The next survey is scheduled for 2005-2006.

Core Service: Manage Recycled Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total number of South Bay Water Recycling customers	414	500	480	500

Manage Recycled Water Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,696,443	$ 2,007,793	$ 1,633,325	$ 1,621,548	(19.2%)
Non-Personal/Equipment	1,356,916	1,917,044	1,998,800	1,876,110	(2.1%)
Total	**$ 3,053,359**	**$ 3,924,837**	**$ 3,632,125**	**$ 3,497,658**	**(10.9%)**
Authorized Positions	**20.41**	**20.41**	**16.41**	**16.28**	**(20.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Water Pollution Control Plant Staffing*	**(0.13)**	**(13,509)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In this core service, this action eliminates 0.13 Environmental Services Specialist. (Ongoing savings: $13,509)

Performance Results:
Minimal service level impacts will result from the deleted position. Some work related to energy conservation would be performed by grant-funded positions.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Vehicle Maintenance Funding Reduction		**(1,000)**	**0**

This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Environmental Services Department, Manage Recycled Water Core Service is $1,000. (Ongoing savings: $1,000)

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

SAFE, RELIABLE, AND SUFFICIENT WATER SUPPLY

3. Marketing Communications Outreach		**(119,958)**	**0**

This action reduces non-personal/equipment funding for marketing activities related to recycled water outreach. Completion of South Bay Water Recycling Phase 2 construction reduces the outreach funding necessary. (Ongoing savings: $119,958)

Performance Results:
Customer Satisfaction Customer satisfaction performance measures related to recycled water may decrease as a result.

2004-2005 Adopted Core Service Changes Total	**(0.13)**	**(134,467)**	**0**

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Core Service: Manage Recycling and Garbage Services

Environmental Services Department

Core Service Purpose

Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety and the environment.

Key Operational Services:

- Develop and Administer Programs to Maximize Diversion
- Provide Customer Service
- Manage Collection, Processing, and Disposal Contracts

Performance and Resource Overview

The City of San José has achieved a State-certified diversion rate of 64%, which is the highest diversion rate of any large city in the nation. The certification raised the official diversion rate from the 53% previously announced in November 2001 and recognizes San José for all its recycling efforts. The next three places are held by Portland, OR, (56%), San Francisco (48%), and San Diego (44%). San José's extensive incentive-based programs make it easier to "Recycle Where You Live, Work and Play". Reaching out to customers in neighborhoods and businesses and a high level of customer satisfaction also contribute to the overall success of these well-designed programs. Since San José's diversion rate is subject to certification by the State of California, the data submitted for 2002-2003 actual percent of solid waste diverted from landfills was estimated at 62%. In June 2004, the City received official State confirmation of the rate as submitted at 62% for 2002-2003.

In 2003-2004, the City Council approved a two-year Recycle Plus residential garbage rate increase strategy of 9% annually, designed to bring the Recycle Plus program closer to cost recovery and reduce reliance on other funding sources, consistent with Council policy that programs be self-supporting whenever possible. For 2004-2005, the second and final year of the Council-approved rate increase strategy, an increase was approved to raise the single-family dwelling (SFD) rate for the average household (32 gallon cart) by $1.50 per month from $16.80 to $18.30. The approved rate still places San José below the countywide average of $18.65.

The continuing economic downturn has caused a decline in both waste generation and disposal, resulting in lower than anticipated solid waste fee revenues in both the General Fund and the Integrated Waste Management (IWM) Fund. In addition, in response to higher unemployment and higher vacancy rates, residents and property managers have downsized their garbage carts/dumpsters and, in the multi-family dwelling (MFD) sector, also reduced collection frequency, thus reducing revenues to the City. Based on analyses of the current economic climate, the City's budget shortfall situation, and to keep the Recycle Plus program at cost recovery, rate increases will likely be required in future years beyond the current two-year rate increase strategy.

A variety of actions were approved to reduce costs and increase revenues in order to offset these revenue shortfalls, bring the garbage and recycling programs closer to cost recovery, and also, to the extent possible, contribute to the General Fund. The removal of an annual exemption (first 21,600 cubic yards disposed) provided to franchised commercial haulers that provide "front loader" service in the City was approved, which is projected to generate an additional $490,000 in General Fund revenues. In addition, as directed by City Council, community based organizations funding reductions were approved in this core service. This action reflects the average percentage reduction approved in this budget for non-public safety departments. Reductions to the non-profit garbage subsidy generates ongoing General Fund savings of $71,496 and a reduction to the Resource Area For Teachers Grant will generate savings of $6,100 in the Integrated Waste Management (IWM) Fund.

Additional approved actions in this core service include funding shifts from the General Fund to the IWM Fund to cover costs of a number of programs and activities. These include: supply bins for Neighborhood Clean-ups ($231,588) and the redistribution of costs of civic yard-waste collections ($80,000).

Currently under development is an enterprise system that integrates Customer Service, Utility Billing and Hauler Contract Management systems (CUSP) for Integrated Waste Management, Municipal Water System and the One-Stop Customer Service Center in City Hall. The CUSP system will provide the technological foundation for more efficient customer service and associated finance operations and integration of call centers. Once this system is implemented, data will be available to complete two future performance measures: "% of residential pickups completed as scheduled" and "% of service requests on time per contract requirements".

Performance Measure Development

One performance measure revision was approved for the "% of customers rating recycling and garbage services". A split in this measure was approved to reflect data from SFD and MFD customers. The SFD and MFD sectors have significantly different customer satisfaction ratings, with SFD customers having higher ratings than MFD. Reflecting the measure separately allows staff to focus on those areas that need attention.

In the Activity and Workload Highlights section, the "Total tons of solid waste landfilled" and "Total number of households served" highlights have added the distinction "residential" to more accurately describe the highlights being tracked.

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
% of solid waste diverted from landfill State Mandate: 50%	62%*	64%	62%	62%
% of residential pickups completed as scheduled	N/A	100%	N/A**	100%
City's annual per household cost to provide recycling and garbage collection, processing, and disposal (per residential household)	$178.40	$195	$195	$200
% of service requests on time per contract requirements	N/A	100%	N/A**	100%
% 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	90%	85%	85%	85%
Multi-Family Dwelling	80%	75%	75%	75%

* 2003-2004 Target reflects diversion estimated in the 2003-2004 Adopted Operating Budget. Certification by the State occurs one to two years after data is submitted to the Board.

** Data not available for 2003-2004. Data will be available when a work order system is implemented. See Performance Measure Development Section.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total tons of residential solid waste diverted from landfills	223,278	240,000	240,000	250,000
Total tons of residential solid waste landfilled	247,391	255,000	255,000	255,000
Total number of residential households served	286,442	290,000	287,000	292,000

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,693,747	$ 3,917,021	$ 4,250,741	$ 4,183,178	6.8%
Non-Personal/Equipment	48,890,566	55,360,063	55,770,931	55,601,823	0.4%
Total	**$ 52,584,313**	**$ 59,277,084**	**$ 60,021,672**	**$ 59,785,001**	**0.9%**
Authorized Positions	**44.72**	**44.72**	**47.42**	**46.59**	**4.2%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Water Pollution Control Plant Staffing*	**(0.83)**	**(67,563)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In this core service, this action eliminates 0.76 Marketing/Public Outreach Representative and 0.07 Environmental Services Specialist. (Ongoing savings: $67,563)

Performance Results:
Quality Minimal service level impact will result from the position reductions due to fewer marketing outreach activities and a redistribution of work to existing staff.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Garbage and Recycling Funding Shift		**0**	**(311,558)**

This action shifts funding for Neighborhood Clean-Up Program bins ($231,558) and civic yard-waste collection services ($80,000) from the General Fund to the Integrated Waste Management Fund. Non-rate payer revenues in the Integrated Waste Management Fund will support these services. (Ongoing savings: $0)

Performance Results:
No service level impact will result from this action.

"CLEAN AND GREEN" AIR, LAND AND ENERGY

3. Community Based Organizations Funding Reduction		**(77,596)**	**(71,496)**

This action reduces funding for community based organizations by the same average percentage reduction as approved for non-public safety city service areas. For the Environmental Services Department, this action reflects a 12.2% reduction for the non-profit reuse disposal subsidy and the Resource Area for Teachers (RAFT) subsidy resulting in total savings of $77,596 in this core service (General Fund savings of $71,496 and Integrated Waste Management Fund savings of $6,100). ESD will work with these organizations to minimize service delivery impacts. (Ongoing savings: $77,596)

Performance Results:
Quality Service level impacts will be determined by each community-based organization as appropriate. ***Cost*** This funding reduction is consistent with the average percentage reduction for non-public safety city service areas.

4. Marketing Communications Outreach		**(67,512)**	**0**

This action reduces non-personal/equipment funding for marketing activities related to residential recycling outreach, generating ongoing savings in the Integrated Waste Management Fund ($67,512). The result of this action reduces outreach for some general curbside recycling services (garbage, bulky goods, oil recycling, waste reduction, and buying recycled) and giveaways at outreach events. (Ongoing savings: $67,512)

Performance Results:
Customer Satisfaction Customer satisfaction and diversion levels may decrease as a result of the reduced information available to the public. ***Cost*** The total savings ($67,512) will allow the funds to be redirected to other important program activities.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
"CLEAN AND GREEN" AIR, LAND AND ENERGY (CONT'D.)			
5. Integrated Waste Management Composting Program		**(24,000)**	**0**
This action recognizes one-time savings in the backyard-composting program, generating 2004-2005 savings in the Integrated Waste Management Fund with no service level impacts. During the six months of transition to the single stream-recycling program, the compost bin program did not have any scheduled events. As a result, the inventory of compost bins has remained unusually high and will have a sufficient supply for the program in 2004-2005. (Ongoing savings: $0)			
2004-2005 Adopted Core Service Changes Total	**(0.83)**	**(236,671)**	**(383,054)**

Performance Results:
Quality This action will have no impact on the compost bin program. ***Cost*** The total savings ($24,000) will allow the funds to be redirected to other important program activities.

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Core Service Purpose

Promote the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways.

Key Operational Services:

- Illegal Discharge Response Program (ICID)
- Industrial Inspection Program (IND)
- Water Quality Monitoring Program
- Inter-Departmental Technical Support
- Inter-Agency Collaboration
- Education and Outreach

Performance and Resource Overview

Much of this core service's current work is governed by the City's National Pollutant Discharge Elimination System (NPDES) permit for separate municipal storm sewer systems. Extensive efforts are underway in several other City departments, including Public Works, Transportation, General Services, and Planning, Building and Code Enforcement, which also contribute to the City's success in managing urban runoff quality.

Beginning in 2002-2003, City Council approved a three-year rate increase strategy for the City's Storm Sewer Fees, involving increases of 4% to 4.5%. For 2004-2005, the final year of the three-year rate strategy, a 4.5% increase in the Storm Sewer Service Charge was approved. This increase raised the annual single-family residential rate by $1.93, from $43.92 to $45.85. This funding will help the City meet the performance standards set by the permit, maintain the storm sewer infrastructure, support the health of the South Bay Watershed, and fund storm pump station rehabilitation and replacement in the Storm Sewer System Capital Improvement Program.

Performance results in the Manage Urban Runoff Quality Core Service are mixed. The measure "% of Urban Runoff Management Plan tasks completed by target date" is expected to be below the targeted level in 2003-2004 due to expanding requirements. Program elements that were added as a result of the 2001 permit have now matured to an implementation stage and have required additional resources. Recent program adjustments have addressed these needs in order to protect compliance with the City's NPDES Stormwater permit. The recent shift of two inspector positions from other programs is expected to improve performance on completing Urban Runoff Management Plan tasks. Protecting the City's compliance record is particularly important with the process for permit renewal commencing in 2004-2005. Data for Manage Urban Runoff Quality's customer satisfaction performance measure comes from watershed surveys conducted at least once every three years. The most recent survey was conducted through the county-wide stormwater program in fall of 2003, and resulted in 43% of residents understanding that substances washed

down the street end up untreated in the storm drain, exceeding a previous survey by 11 percentage points.

Manage Urban Runoff Quality Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
Cost per residential unit	$42.00	$43.92	$43.92	$45.85
% of Urban Runoff Management Plan tasks completed by target date*	94%	100%	90%	100%
% of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system	No Survey in 2002-2003	32%	43%**	43%

* Compliance plan for NPDES Stormwater permit.
** Survey conducted Fall 2003. Next survey is scheduled for 2005-2006.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Stormwater NPDES permit work plan tasks completed by target date	208	180	171	200

Manage Urban Runoff Quality Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,743,978	$ 2,007,320	$ 2,413,140	$ 2,378,614	18.5%
Non-Personal/Equipment	2,897,876	3,235,466	2,398,257	2,437,257	(24.7%)
Total	**$ 4,641,854**	**$ 5,242,786**	**$ 4,811,397**	**$ 4,815,871**	**(8.1%)**
Authorized Positions	**20.84**	**20.84**	**24.15**	**23.65**	**13.5%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Water Pollution Control Plant Staffing*	**(0.50)**	**(34,526)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In this core service, this action eliminates 0.14 Marketing/Public Outreach Representative, 0.11 Environmental Services Specialist, and 0.25 Senior Office Specialist. (Ongoing savings: $34,526)

Performance Results:
Minimal service level impacts will result from the deleted positions due to a lower level of marketing outreach activities and a redistribution of work to existing staff.

2. Vehicle Maintenance Funding Reduction		**(1,000)**	**0**

This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Environmental Services Department, Manage Urban Runoff Quality Core Service is $1,000. (Ongoing savings: $1,000)

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

HEALTHY STREAMS, RIVERS, MARSH AND BAY			
3. Rebudget: Pesticide Use Tracking System		**40,000**	**0**

Rebudgeting unexpended 2003-2004 funds will allow the Department to continue the implementation of a pesticide management program as part of meeting the City's storm water permit requirements. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2004-2005 Adopted Core Service Changes Total	**(0.50)**	**4,474**	**0**

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Core Service: Manage Wastewater

Environmental Services Department

Core Service Purpose

Manage wastewater for suitable discharge into the South San Francisco Bay and for beneficial reuse to protect the environment and public health.

Key Operational Services:

- Source Management and Control
- Operation of Treatment System and Processes
- Maintain Equipment and Facilities
- Regulatory Compliance
- Regulatory Development and Technical Guidance
- Process Control Monitoring
- System Improvements

Performance and Resource Overview

The key performance issue for this core service is to continue to meet the Regional Water Quality Control Board's permit requirements and flow trigger of 120 million gallons per day (mgd). If average discharges from the Water Pollution Control Plant exceed this level during the May through October dry weather season, the Board could order a number of more stringent measures, such as a building moratorium, that could threaten the area's economic growth.

The City's five-year National Pollutant Discharge Elimination System (NPDES) Wastewater permit was renewed in September 2003 by the Regional Water Quality Control Board. ESD is implementing the permit, which includes more flexible flow reduction requirements. Instead of having a five-year prescriptive Action Plan incorporated in the permit, staff negotiated an annual work plan requirement that will allow for more cost-effective program adaptation. Since effluent flows have been well below the permit trigger, water conservation efforts have been scaled back to a maintenance level to allow maintenance of flows below the trigger at reduced costs. Further budget actions related to this reduction are discussed in the Protect Natural and Energy Resources core service section of this document.

A reprioritization of resources to focus on Water Pollution Control Plant mechanical and electrical needs were approved to address aging infrastructure, implement a mechanic-in-training program, and provide additional electrical maintenance support. This action reallocated seven positions (2.48 in this core service) and provided five Plant Mechanics and two Electricians dedicated to maintenance needs at the Water Pollution Control Plant. As a result, cycle times for preventative maintenance and repairs will decrease, customer satisfaction from operations personnel will increase, and an overall increase in the reliability of the Water Pollution Control Plant will occur.

Performance and Resource Overview (Cont'd.)

With the exception of the "Cost per million gallons treated" measure, the Department is projected to meet or exceed its performance measurement targets in 2003-2004. The performance measure "Million gallons per day discharged to the Bay during average dry weather season" was well below targeted levels due to both increased recycled water consumption and the downturn in the economy. As the economic situation in 2004-2005 is expected to remain weak, the water discharged to the Bay is expected to remain well below the 120 mgd flow trigger.

In 2003-2004, the "Cost per million gallons treated" measure is projected to end the year above the targeted levels primarily due to the decrease in influent flow, which correspondingly increased the overall unit cost of treating wastewater. In addition, the cold-weather spike in natural gas prices during winter 2003-2004 further impacted the costs included in this measure.

Manage Wastewater Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	102	110	100	110
% of time pollutant discharge requirements are met or surpassed	100%	100%	100%	100%
% of suspended solids removed	-	99%	99%	99%
% of scheduled industrial inspections completed on time	-	90%	90%	90%
Cost per million gallons treated	$710	$730	$755	$785
% of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pre-treatment services	No survey in 2002-2003	90%	90%**	90%

* Average dry weather season is defined as the lowest three month continuous average between May and October.
** Survey conducted March 2004. Next survey scheduled for 2005-2006.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Average millions of gallons per day treated	118	120	117	116
Total population in service area	1,239,152	1,259,541	1,301,150	1,316,256
Total pounds of suspended solids removed (in millions)	N/A	105	105	105

Manage Wastewater Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 21,182,249	$ 23,877,122	$ 24,502,250	$ 24,841,737	4.0%
Non-Personal/Equipment	25,615,198	24,702,817	25,326,446	25,597,115	3.6%
Total	**$ 46,797,447**	**$ 48,579,939**	**$ 49,828,696**	**$ 50,438,852**	**3.8%**
Authorized Positions	**259.06**	**259.06**	**258.63**	**263.15**	**1.6%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Water Pollution Control Plant Staffing*	**4.52**	**390,844**	**0**

This action eliminates 7.0 vacant positions: 3.0 Environmental Services Specialists (0.63 in this core service), 2.0 Marketing/Public Outreach Representatives (1.10 in this core service), 1.0 Accountant, and 1.0 Office Specialist (0.75 in this core service). This action also adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) in this core service to address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. (Ongoing cost: $390,844)

Performance Results:
Cycle Time Cycle times for preventative maintenance and repairs will improve. ***Customer Satisfaction*** Minimal service level impacts will result from the deleted positions due to a lower level of marketing outreach activities and a redistribution of work to existing staff. Decreased cycle times will allow for greater customer satisfaction from the operations personnel as well as increased Plant reliability and process readiness. The change in staffing will provide the Water Pollution Control Plant with the mechanical and electrical staff needed to keep the Plant maintained and functioning efficiently.

2. Vehicle Maintenance Funding Reduction		**(25,688)**	**0**

This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Environmental Services Department, Manage Wastewater Core Service is $25,688. (Ongoing savings: $25,688)

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
3. Environmental Services Department Efficiency Savings		**(89,000)**	**0**
This action recognizes existing efficiency savings and reduced contractual services for temporary staffing in the Source Control Program ($30,000) and the Policy and Planning Program ($59,000). (Ongoing savings: $89,000)			
Performance Results: No change to service levels will result from this action.			
4. Rebudget: Water Efficient Technology Rebate Program		**304,000**	**0**
Rebudgeting unexpended 2003-2004 funds will allow the Department to cover pending Water Efficient Technology rebate payments continuing into 2004-2005. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
5. Rebudget: Water Protection Clean-Up		**30,000**	**0**
Rebudgeting unexpended 2003-2004 funds will allow the Department to continue storm water clean-up work that will continue into 2004-2005. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2004-2005 Adopted Core Service Changes Total	**4.52**	**610,156**	**0**

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Core Service Purpose

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources.

Key Operational Services:

- Promote Improved Air Quality
- Implement Sustainable Energy Practices
- Manage Green Building Program
- Development Review and Land Use Policy Implementation
- Protect and Monitor Groundwater Quality
- NPDES Permits Development
- Habitat Protection
- Water Conservation

Performance and Resource Overview

This core service focuses on the City's contributions to protecting and conserving air, land, water, and energy. In its other five core services, the Environmental Services Department accomplishes its mission and practices environmental leadership through the services it provides. In this core service, other than water conservation activities, direct services are more limited and the focus is on practicing leadership through education, influence, and coordination.

A significant accomplishment related to this core service is the City's receipt of the U.S. Green Building Council's LEED™ (Leadership in Energy and Environmental Design) Certification for the new West Valley Library in February 2004. Approved under the City Council's Green Building Policy and constructed through the collaboration of three City departments including Public Works, Library, and Environmental Services, the library is not only the City's first building to achieve the special distinction, but is also the first LEED™ certified library in the United States. The building was designed and constructed to use 30% less energy and 50% less irrigation water than standard buildings. It also incorporates natural day lighting and a variety of chemical-free fabrics and materials to improve the indoor air quality and comfort for library patrons. Additionally, more than 25% of the materials used during the construction were made from recycled products, such as soda bottles. Twenty percent of the building materials were manufactured locally, contributing to the local economy.

2003-2004 represented the first year of the Water Pollution Control Plant's new NPDES Permit that governs the Water Efficiency Program (WEP). Because flows to the Water Pollution Control Plant are appreciably below the trigger of 120 mgd, the WEP has scaled back its efforts accordingly. A reduction of WEP funding was approved, which reduced non-personal/equipment expenditures ($910,821) available for programs, allowed for the reallocation of two vacant Environmental

Services Specialist positions, and reduced marketing communications outreach funding ($167,000). In 2004-2005, WEP will continue to focus on maintaining the flow reduction it has achieved through the Revised South Bay Action Plan by promoting such programs as leak identification and repair, Direct Distribution Ultra-Low Flow Toilet replacement, and the Water Efficient Technologies program geared towards businesses. WEP will also continue to cost share with the Santa Clara Valley Water District on indoor water conservation programs.

WEP expanded its water conservation focus to outdoors with the Neighborhood Preservation Water Conservation Pilot Program. This program is funded by the Santa Clara Valley Water District and offers financial assistance to low-income San José residents identified under the City's Neighborhood Preservation Ordinance who upgrade their landscapes using water conserving landscape materials and plants. The program helps beautify San José's neighborhoods while minimizing impacts to water supply.

In 2003-2004, performance results in this core service are mixed. The two energy performance measures relating to conservation and the incorporation of Green Building Guidelines in new City facilities are estimated to meet or exceed targeted levels. The three new performance measures for land: "% of Notice of Violations resolved to the satisfaction of the regional body", "% of City-owned closed landfills utilized for Tier 1 beneficial uses", and "% of City-owned closed landfills utilized for Tier 2 beneficial uses" are estimated to meet targeted levels in 2003-2004.

The new performance measure "(Air) % of city vehicles using alternative and/or less polluting fuels" tracked lower than the targeted level due to a reduced fleet of alternative fuel vehicles. The City's lease with Toyota for 16 Electric RAV vehicles expired and the 16 vehicles were returned. Toyota has discontinued this program; consequently, the City has not replaced them with other alternative fuel vehicles.

The performance measure "(Water) % of annual goal achieved for gallons of water conserved tributary area-wide" and the Activity and Workload Highlight "Millions of gallons per day conserved (tributary area-wide)" are estimated to end the year below targeted levels as a result of reduced flow reduction activities in the Water Efficiency Program. Because Plant effluent is considerably below the 120 mgd trigger, flow reduction activities have been scaled back several times this year. The Water Efficiency Program anticipates achieving approximately 80% of its flow reduction goal set out last year.

Performance Measure Development

Only one performance measure change to this core service was approved to more accurately measure residents' knowledge of water conservation. The measure, "% of residents rating the City's job at showing people how to conserve water as good or excellent based on awareness" was approved to change to "% of residents demonstrating water conservation knowledge." The approved measure reflects how educated the public is regarding water conservation, whereas, the previous measure reflects the public's perception of the City's water conservation marketing efforts.

Performance and Resource Overview (Cont'd.)

One addition to the Activity and Workload Highlights section was approved. The "cumulative millions of gallons per day conserved since 1992-93" Activity and Workload Highlight was approved to reflect the annual and total (since 1992) program accomplishments achieved.

Protect Natural and Energy Resources Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
(Energy) % of energy conserved in City facilities	14%	12%	13%	12%
(Energy) % of new City facilities incorporating the Green Building Guidelines implementation goal as adopted by Council (LEED certification)	N/A	100%	100%	100%
(Air) % of City vehicles using alternative fuels or Ultra-Low Emission Vehicles	15%	15%	11%	11%
(Water) % of annual goal for gallons of water conserved tributary area-wide	84%	100%	80%	100%
(Land) % of Notice of Violations resolved to the satisfaction of the regional body	100%	100%	100%	100%
(Land) % of City-owned closed landfills utilized for Tier 1 beneficial uses	60%	60%	60%	40%
(Land) % of City-owned closed landfills utilized for Tier 2 beneficial uses	20%	20%	20%	40%
(Water) Net cost per million gallons per day of water conserved through City programs*	$2.69 million	$3.60 million	$3.48 million	$2.50 million
(Water) % of residents demonstrating water conservation knowledge	-	-	New Measure for 2004-2005	30%

* Cost after Santa Clara Valley Water District cost-sharing.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Millions of gallons per day conserved (tributary area-wide)	0.37	0.20	0.18	0.175
Cumulative millions of gallons per day conserved since July 1992 (tributary area-wide)	-	-	New Highlight for 2004-2005	7.15

Performance and Resource Overview (Cont'd.)

Protect Natural and Energy Resources Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 839,488	$ 1,019,879	$ 1,312,336	$ 1,099,770	7.8%
Non-Personal/Equipment	1,936,507	4,152,735	3,137,545	2,013,082	(51.5%)
Total	**$ 2,775,995**	**$ 5,172,614**	**$ 4,449,881**	**$ 3,112,852**	**(39.8%)**
Authorized Positions	**9.96**	**9.96**	**9.96**	**7.46**	**(25.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Water Pollution Control Plant Staffing*	**(2.00)**	**(207,814)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In this core service, this action eliminates 2.0 Environmental Services Specialists. A reduction in Water Efficiency Program activities allows for this reduction. (Ongoing savings: $207,814)

Performance Results:
Minimal service level impacts will result from the deleted positions due to reduced Water Efficiency Program activities.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
2. Water Efficiency Program		**(910,821)**	**0**

This action reduces non-personal/equipment funding for the Environmental Services Department Water Efficiency Programs including the Ultra-Low Flow toilet replacement program. Flows from the Water Pollution Control Plant are well below the 120 mgd permit requirement due to success of water conservation programs, increased use of recycled water, and a slowdown in economic activity. This reduction can be made without compromising the City's ability to meet regulatory requirements. (Ongoing savings: $910,821)

Performance Results:
Customer Satisfaction Customer satisfaction levels based on awareness may decrease as a result of this reduction.

"CLEAN AND GREEN" AIR, LAND, AND ENERGY			
3. Environmental Services Department Efficiency Savings	**(0.50)**	**(51,394)**	**(31,394)**

This action reduces contractual services in the Municipal Environmental Compliance Program and creates savings of $20,000 in the San José-Santa Clara Treatment Plant Operating Fund. Based on an analysis of historical expenditures in this program, this reduction can be made without adverse service impacts. In addition, a funding shift for 0.5 Senior Office Specialist from the Fire Fee Program to the Environmental Services Department realigned current administrative needs and resources. (Ongoing savings: $51,394)

Performance Results:
No change to service levels will result from this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE, RELIABLE, AND SUFFICIENT WATER SUPPLY			
4. Marketing Communications Outreach		**(167,000)**	**0**
This action reduces non-personal/equipment funding for marketing activities related to recycled water and water conservation outreach. A smaller Ultra-Low Flow Toilet (ULFT) Program for 2004-2005 reduces the outreach funding necessary. (Ongoing savings: $167,000)			
2004-2005 Adopted Core Service Changes Total	**(2.50)**	**(1,337,029)**	**(31,394)**

Performance Results:
Customer Satisfaction Customer satisfaction performance measures related to conservation of water may decrease as a result.

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Core Service: Sanitary Sewer Maintenance

Transportation Department

Core Service Purpose

To provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant.

Key Operational Service:

- Maintain Sanitary Sewer System

Performance and Resource Overview

The Sanitary Sewer Maintenance Core Service's primary goal is to ensure proper sanitary sewage flow while minimizing blockages and other system malfunctions that may have significant health or property damage impacts. The core service includes all maintenance and operational activities necessary to sustain the 2,181-mile collection system. This core service contributes primarily to the Environmental and Utility Services CSA Outcome: *Reliable Utility Infrastructure.*

Sanitary Sewer Maintenance has consistently performed well over the years. The percentage of sewer line segments that do not become obstructed each year remains high, with 98% estimated to have remained clear in 2003-2004. The Department's ability to respond to system obstructions within four hours is estimated to remain at a constant 90% in both 2003-2004 and 2004-2005.

The estimated number of sanitary sewer main line blockages for 2003-2004 is 1,000. Staff continues to identify areas of historical blockage problems to provide timely proactive sewer line cleaning. With an aging sanitary sewer system, it is challenging to reduce the number of blockages without significant capital improvements to the sanitary sewer infrastructure. For 2004-2005, 1,200 blockages are forecasted, which is consistent with the number of blockages that occurred in 2001-2002 and 2002-2003.

In 2003-2004, an estimated 75% of all in-house repairs, which include sanitary sewer main spot repairs, lateral repairs, and cleanout installations, will be completed within established time guidelines. This is below the targeted 86% due to staffing vacancies. Also, a significant backlog of class B repairs developed. Class B repairs are necessary repairs but are not urgent because the sewer line or lateral still has full capacity. Staff is optimistic that the backlog can be eliminated in 2004-2005 while still achieving a 75% timeliness measure.

Overall the sanitary sewer maintenance program receives very high customer service ratings. Ninety-eight percent of customers rated the service good or better in 2003-2004 and customer satisfaction is anticipated to remain high in 2004-2005.

Performance and Resource Overview (Cont'd.)

The sanitary sewer maintenance staff constantly assesses system performance through video inspection. Engineering staff investigates chronic blockages and unacceptable sewer odors. Mitigation measures to improve sewage flow include chemical injection, ongoing preventive cleaning, and corrective repairs. Sixteen pump stations, two soil-bed bio-filters, and one chemical injection station are also used to improve the flow of sewage within the sanitary sewer system. Sewer odors are handled swiftly, and corrective measures include: cleaning the sewer pipes, sealing off the emission holes (forcing foul air to flow through bio-filters for treatment), and using ferrous chloride to reduce odor-causing sulfides. Caustic soda is also used during the hot summer months to prevent odors. System deficiencies are constantly monitored and addressed when necessary. Major repairs or rehabilitation are referred to the capital program managed by Public Works, an Environmental and Utility Services CSA partner.

Sanitary Sewer Maintenance Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
% of sewer line segments without obstruction	97%	97%	98%	97%
Sanitary Sewer Cost to Budget Ratio	1.00	1.00	1.00	1.00
% of blockages cleared within 4 hours of notification	90%	90%	90%	90%
% of in-house repairs completed within established time guidelines: (Class A – 20 days: usage available, but less than full capacity Class B – 35 days; usage available, and at full capacity)	93%	86%	75%	75%
% of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	98%	95%	98%	95%

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Miles/number of sewer line segments	2,132/45,180	2,132/45,240	2,181/47,043	2,183/47,100
Miles of sanitary sewer lines cleaned	530	450	550	550
Number of sanitary sewer main line stoppages cleared	1,192	1,200	1,000	1,200
Miles of sanitary sewer lines inspected by video	36	40	40	40

Sanitary Sewer Maintenance Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,922,280	$ 6,993,766	$ 7,058,283	$ 7,058,283	0.9%
Non-Personal/Equipment	1,963,878	2,450,786	2,313,939	2,296,939	(6.3%)
Total	**$ 7,886,158**	**$ 9,444,552**	**$ 9,372,222**	**$ 9,355,222**	**(0.9%)**
Authorized Positions	**90.05**	**92.80**	**89.95**	**89.95**	**(3.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Vehicle Maintenance Funding Reduction		**(17,000)**	**0**
This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Transportation Department, Sanitary Sewer Maintenance Core Service is $17,000. (Ongoing savings: $17,000)			
2004-2005 Adopted Core Service Changes Total	**0.00**	**(17,000)**	**0**

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

Core Service: Storm Sewer Management

Transportation Department

Core Service Purpose

To 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.

Key Operational Services:

- Maintain Storm Sewer System
- Provide Street Sanitation
- Manage Non-Point Source Pollution Control

Performance and Resource Overview

Storm Sewer Management includes preventive cleaning of the storm sewer system at chronic problem points, as well as timely responses to storm emergency needs. Inspection, cleaning, and repair of storm sewer inlets, outfalls, pump stations, and retention basins help to prepare for each storm season and are necessary to meet non-point source pollution control objectives. This core service contributes primarily to the Environmental and Utilities CSA Outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh and Bay.*

Storm Sewer System

As a result of the Department of Transportation's proactive annual storm inlet cleaning program, all 27,900 storm inlets Citywide were cleaned of debris between September 2003 and January 2004. In 2003-2004, it is estimated that the City experienced 800 plugged storm inlets and 68% of those blockages were cleared within 24 hours. These levels are expected to continue or even slightly improve in 2004-2005. In addition to cleaning the storm inlets, the Storm Sewer Management Program maintains and operates twenty aging storm pump stations. A comprehensive rehabilitation and upgrade program has been developed and $500,000 is included in the Storm Sewer Capital Fund for storm pump station replacements and rehabilitation in 2004-2005. This will begin to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of flooding.

Street Sanitation

The City of San José provides street sweeping services to the City's 4,072 curb miles of streets in three ways: residential street sweeping, major street and bikeway sweeping, and central and neighborhood business district street sweeping. The Environmental and Utility Services CSA, through the work of the Environmental Services Department and the Department of Transportation, combines efforts to manage, implement, and inspect the Street Sweeping program.

In general, San José residents are pleased with the services that are being delivered, as indicated in the 2003 Recycle Plus Tracking survey in which 76% of residents responded that they were satisfied with the service. In order to generate cost savings and assist in minimizing rate increases, the frequency of residential street sweeping was reduced from twice per month to once per month beginning in January 2004. Performance and inspection data indicate that approximately 15% of City streets experience a considerable presence of parked vehicles on sweeping day. The Department of Transportation and the Environmental Services Department have initiated a comprehensive plan to address streets that are heavily impacted by parked vehicles. Parking prohibition signage was installed on an estimated 80 miles of streets in 2003-2004. The implementation of this plan will be continued in 2004-2005 by installing signage for another 40 miles of parking prohibitions, again in areas heavily impacted by parked vehicles. Complete implementation of this plan would produce 120 more miles of parking prohibitions over the following 3 years. In areas where they are considered effective, other efforts, such as public education, enhanced sweeping, and mitigation of other obstacles that prevent sweepers from reaching the curb will continue.

Non-Point Source Pollution

The Department of Transportation works closely with the Environmental Services Department to ensure compliance with the City's Urban Runoff Management Plan and the National Pollutant Discharge Elimination System (NPDES) permit that allows the City to discharge water into South San Francisco Bay. The two departments also coordinate their focus on services that collect pollutants before they reach the waterways. Additionally, the departments work together to provide annual training for applicable Best Management Practices for City maintenance activities. In an attempt to streamline work conducted in waterways under Santa Clara Valley Water District jurisdiction, a Master Maintenance Permit between the City and the District has been issued. The master permit allows the City to be more responsive to non-point source pollution prevention and flood mitigation needs.

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
% of storm sewer inlets without obstruction	95%	97%	97%	97%
% of streets rated clean (4 or greater on a 1 – 5 scale)	76%	62%	71%	72%
Storm Sewer Management Cost to Budget Ratio	1.00	1.00	1.00	1.00
% of storm sewer inlet blockages cleared within 24 hours	59%	70%	68%	70%
% 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)	76%	75%	70%	71%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Miles/number of storm sewer segments	908/23,820	909/23,900	909/23,900	910/24,000
Number of storm sewer inlets	25,500	25,750	27,900	28,500
Number of storm sewer inlet stoppages identified and cleared	1,379	800	800	800
Number of residential curb miles swept	107,434	54,000*	81,000*	60,000
Number of roadway debris removals	4,932	5,500	5,500	5,500
Thousands of tons of sweeping debris collected	12.80	9.00*	11.00*	9.00

* The 2003-2004 forecast was set assuming street sweeping frequency would change from twice a month to once a month for the entire year. Subsequent operational revisions were made, with the result that the change in street sweeping frequency became effective as of January 2004.

Core Service: Storm Sewer Management

Transportation Department

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,025,949	$ 4,147,392	$ 4,166,797	$ 4,243,014	2.3%
Non-Personal/Equipment	1,837,000	1,959,959	1,738,771	2,018,691	3.0%
Total	**$ 5,862,949**	**$ 6,107,351**	**$ 5,905,568**	**$ 6,261,705**	**2.5%**
Authorized Positions	**52.03**	**53.04**	**51.19**	**52.64**	**(0.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Vehicle Maintenance Funding Reduction		**(16,000)**	**0**

This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Transportation Department, Storm Sewer Management Core Service is $16,000. (Ongoing savings: $16,000)

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Storm Response Funding Shift*		**0**	**(200,000)**

This action transfers $200,000 in storm response expenses from the General Fund to the Storm Sewer Operating Fund, retroactive to July 1, 2003. Previously, costs associated with responding to storm events had been borne exclusively by the General Fund. It has now been determined that activities, such as catch basin cleaning, contribute to the maintenance of the storm sewer system and can appropriately be charged to the Storm Sewer Operating Fund. Implementation of this action also generated 2003-2004 General Fund savings of $100,000, since it was approved by the City Council as part of its May 4, 2004 consideration of accelerated proposals. (Ongoing savings: $0)

Performance Results:
No change to service levels will result from this action.

HEALTHY STREAMS, RIVERS, MARSH AND BAY			
3. Landscape Services Program	**(0.55)**	**(41,006)**	**0**

This action eliminates 2.0 filled Maintenance Worker II positions and 1.0 filled Maintenance Supervisor position that support landscape and storm sewer maintenance services, including landscape services provided by the Alternate Work Program. As part of this action, the City's Municipal Water program will no longer support 1.2 positions that were funded in the Department of Transportation. The landscaping services on City-owned Municipal Water properties will be performed instead by existing Municipal Water staff. Also included are non-personal/equipment reductions of $230,000 for Contract Landscape Maintenance, $30,000 for Weed Abatement, and $14,400 for vehicle operating and maintenance costs since, as positions are eliminated, vehicles will be returned to the pool. Service impacts will be mitigated through crew efficiencies, including the consolidation of work crews and the elimination of a supervisor position. However, the frequency of landscape services at each property will be reduced from every three weeks to every four weeks and the percentage of landscapes maintained in good or better condition will be reduced from the current 76% level to approximately 68% in 2004-2005.

This action impacts both the Street Landscape Maintenance Core Service in the Transportation Services CSA and this Core Service in the Environmental and Utility Services CSA. In this core service, 0.65 Maintenance Worker II positions and 0.25 Maintenance Supervisor positions are eliminated, while funding for 0.35 Senior Maintenance Worker is restored here after being removed from the Street Landscape Core Service in the Transportation CSA. In addition, non-personal/equipment reductions of $274,400 were approved in the Street Landscape Maintenance Core Service. (Ongoing savings: $44,088)

Performance Results:
Quality As a result of reduced landscape maintenance efforts, slightly more debris will flow into the storm sewer system. Because it is not anticipated that this change will result in debris amounts that are sufficient to plug catch basins, no service level impacts are anticipated as a result of this action. The debris that does end up deposited in catch basins will be removed when the Department of Transportation performs its annual catch basin cleaning.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY (CONT'D.)			
4. Expanded Street Sweeping Enforcement	**2.00**	**213,143**	**0**

This action provides one-time resources to support one Maintenance Worker I and one Maintenance Worker II and $96,000 in supplies and materials costs for one year to install signs prohibiting parking on street sweeping days on an additional 40 curb miles. The additional signs will be placed on streets that are severely impacted by parking. With additional parking restrictions posted, street sweeps will be more effective at cleaning neighborhood roads and preventing the influx of debris into the storm drain system and, ultimately, area streams and the bay. These investments will be split evenly between the Integrated Waste Management Fund and the Storm Sewer Operating Fund. This action is anticipated to raise customer satisfaction with the sweeping program from 70% to 71%. (Ongoing cost: $0)

Performance Results:
Quality This action will raise the percent of streets rated clean by 1 percentage point, from 71% to 72%.
Customer Satisfaction This action will raise the sweeping program's customer satisfaction rating by 1 percentage point from the 70% estimated in 2003-2004 to 71%.

5. Rebudget: Residential Street Sweeping Signage		**200,000**	**0**

This action rebudgets unexpended 2003-2004 funding from the Integrated Waste Management Fund for signage to support restricted parking areas during street sweeping times. The funds will provide equipment and materials necessary to continue to construct and deploy new street sweeping signage to ensure enhanced street sweeping effectiveness in neighborhoods. (Ongoing cost: $0)

Performance Results: N/A (Final Budget Modification)

2004-2005 Adopted Core Service Changes Total	**1.45**	**356,137**	**(200,000)**

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Strategic Support

Environmental Services Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Environmental Services Department includes:

Key Operational Services:

- Public Education
- Long Range Planning
- Employee Services
- Facility Management
- Financial Management
- Information Technology Services
- Clerical Support
- Materials Management

Performance and Resource Overview

Key initiatives in this area include annual reporting on the Environmental Services Department's special funds and rates, legislative research and advocacy, and GIS mapping activities.

Several actions are included in this section to realize efficiencies. The elimination of a vacant Staff Specialist position and a reduction of department-wide supplies and materials, training, data processing, and contractual funding were approved.

The elimination of an Accountant position in Strategic Support, in addition to six other positions across various core services, realized efficiencies and reallocated resources to address needs at the Water Pollution Control Plant, as discussed in the Manage Wastewater core service. This reduction is part of the strategy to move support positions to address critical front line needs and avoid a net increase of positions in the department.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,389,731	$ 4,915,329	$ 5,052,907	$ 4,931,788	0.3%
Non-Personal/Equipment	1,409,302	1,612,992	1,521,128	1,351,769	(16.2%)
Total	**$ 5,799,033**	**$ 6,528,321**	**$ 6,574,035**	**$ 6,283,557**	**(3.7%)**
Authorized Positions	**55.58**	**55.58**	**55.50**	**54.00**	**(2.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Environmental and Utility Services CSA

Strategic Support

Environmental Services Department

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Environmental Services Department Efficiency Savings	**(0.50)**	**(197,836)**	**0**

This action eliminates 1.0 vacant Staff Specialist in Support Services, and reduces Environmental Services Department contractual services, supplies and materials, data processing, training, and stores funding in order to recognize efficiency savings currently being realized. In addition, a funding shift for 0.5 Senior Office Specialist from Fire Fee Program to the Environmental Services Department realigned current administrative needs and resources. (Ongoing savings: $197,836)

Performance Results:
No service level impact will result from this reduction.

2. Water Pollution Control Plant Staffing*	**(1.00)**	**(91,642)**	**0**

This action eliminates 7.0 vacant positions (3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, 1.0 Office Specialist) and adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff will address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. In Strategic Support, this action eliminates 1.0 Accountant. (Ongoing savings: $92,617)

Performance Results:
Minimal service level impacts will result from the deleted position due to a redistribution of work to existing staff.

Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
3. Vehicle Maintenance Funding Reduction		**(1,000)**	**0**
This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of $492,788 city-wide, of which $394,230 is generated in the General Fund. The cost savings in the Environmental Services Department, Strategic Support is $1,000. (Ongoing savings: $1,000)			
2004-2005 Adopted Strategic Support Changes Total	**(1.50)**	**(290,478)**	**0**

Performance Results:
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. ***Customer Satisfaction*** Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

* This action was included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum approved by City Council on May 4, 2004.

Strategic Support

Transportation Department

Provide the necessary direction and support to the department's core services by ensuring sound budget and fiscal services, hiring of quality new employees, development of a highly skilled and safe workforce, and implementation of useful and reliable information technology systems.

Key Operational Services:

- Budget and Financial Services
- Training & Safety
- Personnel
- Information Technology

Performance and Resource Overview

Strategic Support provides essential behind-the-scenes services that are necessary for the effective management of the department's core services. By centralizing operational services such as budget and financial management, training and safety functions, personnel services, and information technology management, front-line staff are better able to provide quality services to the department's customers.

The Department of Transportation's strategic support staff provide a variety of services that support the outcomes in the Environmental and Utility Services CSA, including budget and financial, training, safety, personnel and information technology support. For more information on these services, including the Performance Summary and Activity and Workload Highlights, please see the narrative in the Strategic Support section of the Transportation CSA section of this document.

In 2004-2005, small changes were approved in the budget for these services. Funding has been shifted across three positions including an Administrative Assistant, a Senior Account Clerk, and a Senior Analyst, to more accurately reflect services being provided to the Storm Sewer Management and Sanitary Sewer Management Core Services. No change to service levels will result from this action, since the action simply aligns funding with actual storm sewer and sanitary sewer management services provided by strategic support staff.

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 800,646	$ 668,984	$ 604,245	$ 654,932	(2.1%)
Non-Personal/Equipment	23,093	34,160	34,160	34,160	0.0%
Total	**$ 823,739**	**$ 703,144**	**$ 638,405**	**$ 689,092**	**(2.0%)**
Authorized Positions	**6.62**	**6.62**	**5.52**	**6.17**	**(6.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY RIVERS, STREAMS, MARSH AND BAY			
1. Training, Overtime and Staffing	**0.65**	**50,687**	**0**

This action eliminates 1.0 filled Secretary position along with $30,000 in overtime and $71,000 in supplies and equipment and makes minor adjustments to the funding for 4.0 positions to more accurately reflect the work that is being performed by these positions. The Secretary supports the Director's Office and other senior staff in the Department of Transportation. The non-personal/equipment reduction will limit availability of specialized training and some computer replacement equipment. Including funding shifts for the four positions, total General Fund savings of $168,495 will be generated from this action across Strategic Support within this CSA as well as the Street Landscape Maintenance Core Service and Strategic Support in the Transportation Services CSA. The Secretary position will not be eliminated until January 2005.

In this core service, funding shifts add resources for 0.1 Administrative Assistant, 0.5 Senior Account Clerk, and 0.05 Senior Analyst to more accurately reflect services being provided to the Storm Sewer Management and Sanitary Sewer Management Core Services. Impacts on the other core services are described in the appropriate core service sections of the Transportation Services CSA section of this document. (Ongoing cost: $50,687)

Performance Results:
No change to service levels will result from this action. The funding shifts recommended will align funding with actual storm sewer and sanitary sewer management services provided by strategic support staff.

2004-2005 Adopted Strategic Support Changes Total	**0.65**	**50,687**	**0**

Environmental and Utility Services CSA

City-Wide Expenses

Overview

The Environmental and Utility Services Program provides funding for basic utility services in a way that values the environment and makes it easy for residents and businesses to do the same. The recent energy situation in California has underscored the importance of this CSA's services related to energy sustainability.

Budget Summary

City-Wide Expenses Resource Summary*	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Environmental and Utility Services	$ 433,706	$ 497,000	$ 619,000	$ 619,000	24.5%
Total	**$ 433,706**	**$ 497,000**	**$ 619,000**	**$ 619,000**	**24.5%**
Authorized Positions	**0.00**	**0.00**	**0.00**	**0.00**	**N/A**

* For a complete listing of allocations for the Environmental and Utility Services Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
NONE		

Environmental and Utility Services CSA

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves *Environmental and Utility Services* Resource Summary*	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Adopted 4	% Change (2 to 4)
Transfers to Other Funds	$ 315,595	$ 0	$ 0	$ 0	N/A
Total	**$ 315,595**	$ 0	$ 0	$ 0	**N/A**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

* For a complete listing of allocations for the Transfers to Other Funds Programs for Environmental and Utility Services, please refer to the General Fund Transfers, Capital, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
NONE		