2009-2013 Forecast
FIVE-YEAR FORECAST DRIVERS

BASE CASE

	2009	2010	2011	2012	2013
National Assumptions					
Real Gross Domestic Product (% Change)	3.20%	3.00%	3.20%	3.30%	3.50%
Prime Rate	7.70%	7.75%	8.00%	8.20%	8.00%
Mortgage Rate	6.60%	6.70%	7.20%	7.50%	7.00%
US Unemployment Rate	5.20%	5.00%	4.75%	4.50%	4.40%
Total US Employment Rate (% Change)	1.12%	1.25%	1.32%	1.33%	1.38%
US Car Sales (% Change)	1.10%	4.67%	2.68%	2.20%	2.50%
OPEC Oil Price (% Change)	6.25%	2.35%	(2.30%)	(3.53%)	(2.44%)
US Consumer Price Index (CPI)	2.20%	2.40%	2.30%	2.20%	2.10%
Local Assumptions					
San José Population	986,422	995,422	1,005,922	1,014,922	1,022,422
San José Population (% Change)	0.77%	0.91%	1.05%	0.89%	0.74%
County Unemployment Rate	4.78%	4.59%	4.36%	4.14%	4.04%
Total County Employment Rate (% Change)	1.65%	1.70%	1.70%	1.65%	1.60%
Number of Hotel Rooms	9,054	9,054	9,054	9,054	9,054
County Consumer Price Index (CPI)	2.27%	2.48%	2.37%	2.27%	2.16%

BASE CASE

February 2008 Forecast

REVENUE SUMMARY

	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
PROPERTY TAX	198,154,000	208,594,000	217,501,000	228,376,000	241,759,000	257,933,000
		5.27%	4.27%	5.00%	5.86%	6.69%
SALES TAX	152,636,000	152,461,000	158,087,000	163,731,000	169,641,000	176,427,000
		(0.11%)	3.69%	3.57%	3.61%	4.00%
DEPARTMENTAL CHARGES	30,714,618	29,377,000	30,405,000	31,469,000	32,570,000	33,710,000
		(4.35%)	3.50%	3.50%	3.50%	3.50%
BUSINESS LICENSE TAX	27,605,000	25,805,000	25,877,000	25,950,000	26,022,000	26,093,000
		(6.52%)	0.28%	0.28%	0.28%	0.27%
MONEY & PROPERTY	13,909,080	13,392,000	13,519,000	13,614,000	13,682,000	13,778,000
		(3.72%)	0.95%	0.70%	0.50%	0.70%
OTHER LICENSES	52,114,404	50,133,000	51,888,000	53,704,000	55,584,000	57,529,000
		(3.80%)	3.50%	3.50%	3.50%	3.50%
MOTOR VEHICLE IN LIEU	6,388,000	4,896,000	5,030,000	5,173,000	5,320,000	5,476,000
		(23.36%)	2.74%	2.84%	2.84%	2.93%
FEDERAL REVENUE	6,142,948	262,000	262,000	222,000	222,000	222,000
		(95.73%)	N/A	N/A	N/A	N/A
OTHER STATE REVENUE	4,041,201	4,719,000	4,813,000	4,909,000	5,008,000	5,108,000
		16.77%	1.99%	1.99%	2.02%	2.00%
GAS TAX	17,200,000	17,200,000	17,202,000	17,534,000	17,928,000	18,238,000
		0.00%	0.01%	1.93%	2.25%	1.73%
TRANSIENT OCCUPANCY TAX	8,988,000	9,922,000	10,320,000	10,720,000	11,113,000	11,468,000
		10.39%	4.01%	3.88%	3.67%	3.19%
UTILITY TAX	79,141,000	83,340,000	85,090,000	87,132,000	89,511,000	91,973,000
		5.31%	2.10%	2.40%	2.73%	2.75%
FRANCHISE FEES	39,032,000	41,707,000	42,675,000	43,776,000	45,032,000	46,329,000
		6.85%	2.32%	2.58%	2.87%	2.88%
FINES, FORFEITURES & PENALTIES	14,707,600	15,153,000	14,886,000	15,027,000	15,215,000	15,405,000
		3.03%	(1.76%)	0.95%	1.25%	1.25%
REVENUE FROM LOCAL AGENCIES	47,243,063	45,837,000	44,675,000	45,698,000	46,751,000	47,453,000
		(2.98%)	(2.54%)	2.29%	2.30%	1.50%
OTHER REVENUE	18,527,194	15,972,000	16,088,000	16,299,000	16,521,000	16,754,000
		(13.79%)	0.73%	1.31%	1.36%	1.41%
TOTAL GENERAL REVENUES	**716,544,108**	**718,770,000**	**738,318,000**	**763,334,000**	**791,879,000**	**823,896,000**
		0.31%	2.72%	3.39%	3.74%	4.04%

February 2008 Forecast

REVENUE SUMMARY

	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
TRANSFERS & REIMBURSEMENTS						
OVERHEAD REIMBURSEMENTS	33,134,567	35,113,000	36,341,000	37,613,000	38,930,000	40,292,000
TRANSFERS	49,645,659	47,265,000	23,632,000	24,550,000	25,302,000	26,085,000
REIMBURSEMENTS FOR SERVICES	624,541	592,000	616,000	637,000	660,000	683,000
TOTAL TRANSFERS & REIMBURSEMENTS	**83,404,767**	**82,970,000**	**60,589,000**	**62,800,000**	**64,892,000**	**67,060,000**
		(0.52%)	(26.97%)	3.65%	3.33%	3.34%
TOTAL GENERAL FUND REVENUES	**799,948,875**	**801,740,000**	**798,907,000**	**826,134,000**	**856,771,000**	**890,956,000**
		0.22%	(0.35%)	3.41%	3.71%	3.99%
BEGINNING FUND BALANCE	205,468,471	54,213,000	55,923,000	55,446,000	57,371,000	59,504,000
GRAND TOTAL SOURCES	**1,005,417,346**	**855,953,000**	**854,830,000**	**881,580,000**	**914,142,000**	**950,460,000**
		(14.87%)	(0.13%)	3.13%	3.69%	3.97%

February 2008 Forecast

EXPENDITURE SUMMARY

	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
PERSONAL SERVICES						
Salaries and Other Compensation	475,886,060	473,309,000	491,754,000	510,134,000	530,028,000	550,705,000
Retirement	108,251,204	110,823,000	115,213,000	119,636,000	124,379,000	129,311,000
Health and Other Fringe Benefits	60,215,365	58,673,000	63,778,000	69,184,000	75,203,000	81,746,000
TOTAL PERSONAL SERVICES	**644,352,629**	**642,805,000**	**670,745,000**	**698,954,000**	**729,610,000**	**761,762,000**
		(0.24%)	**4.35%**	**4.21%**	**4.39%**	**4.41%**
TOTAL NON-PERSONAL/EQUIPMENT	**94,785,386**	**90,308,000**	**92,114,000**	**93,756,000**	**95,631,000**	**97,544,000**
		(4.72%)	**2.00%**	**1.78%**	**2.00%**	**2.00%**
OTHER EXPENDITURES						
CAPITAL PROJECTS	22,379,718	3,517,000	4,373,000	4,573,000	4,771,000	5,375,000
CITY-WIDE EXPENSES	128,085,249	75,105,000	76,574,000	77,014,000	78,249,000	78,802,000
EARMARKED RESERVES	57,798,659	200,000	200,000	200,000	200,000	200,000
EQUIPMENT (INCLUDING COMPUTER)	0	350,000	350,000	350,000	350,000	350,000
TRANSFERS	28,876,906	31,842,000	32,432,000	30,084,000	30,654,000	27,635,000
VEHICLE REPLACEMENT/GENERAL FLEET	0	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
VEHICLE REPLACEMENT/POLICE FLEET	*Included in N/P*	*Included in N/P*	452,000	951,000	103,000	(414,000)
TOTAL OTHER EXPENDITURES	**237,140,532**	**112,614,000**	**115,981,000**	**114,772,000**	**115,927,000**	**113,548,000**
		(52.51%)	**2.99%**	**(1.04%)**	**1.01%**	**(2.05%)**
CONTINGENCY RESERVE	29,138,799	28,494,000	29,699,000	30,638,000	31,725,000	32,709,000
TOTAL BASE EXPENDITURES (w/o ADDITIONS)	**1,005,417,346**	**874,221,000**	**908,539,000**	**938,120,000**	**972,893,000**	**1,005,563,000**
		(13.05%)	**3.93%**	**3.26%**	**3.71%**	**3.36%**

OPERATING MARGIN

BASE EXPENDITURES (w/o ADDITIONS)	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
GRAND TOTAL REVENUE	1,005,417,346	855,953,000	854,830,000	881,580,000	914,142,000	950,460,000
GROWTH RATE		(14.87%)	(0.13%)	3.13%	3.69%	3.97%
TOTAL BASE EXPENDITURES (w/o ADDITIONS)	1,005,417,346	874,221,000	908,539,000	938,120,000	972,893,000	1,005,563,000
GROWTH RATE		(13.05%)	3.93%	3.26%	3.71%	3.36%
OPERATING MARGIN CHANGE *From Prior Year*		**(18,268,000)**	**(35,441,000)**	**(2,831,000)**	**(2,211,000)**	**3,648,000**

February 2008 Forecast

EXPENDITURE SUMMARY

	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
COMMITTED ADDITIONS:						
Street Improvements		227,000	517,000	696,000	883,000	1,088,000
New Parks and Recreation Facilities Maintenance and Operations		466,000	734,000	1,349,000	1,408,000	1,659,000
Defibrillator Replacement Program			1,631,000			
Retrofit of Diesel-Powered Vehicles (State Mandated)		319,000	305,000	246,000	276,000	
County Pocket Annexations (Transportation)		85,000	383,000	563,000	563,000	563,000
Measure O (Library) Maintenance and Operations		861,000	3,665,000	5,564,000	6,538,000	7,072,000
Measure P (Parks) Maintenance and Operations		2,108,000	3,174,000	4,183,000	4,803,000	5,074,000
Measure O (Public Safety) Maintenance and Operations: Fire			30,000	195,000	764,000	869,000
Measure O (Public Safety) Maintenance and Operations: Police			702,000	1,003,000	1,083,000	1,137,000
TOTAL COMMITTED ADDITIONS	**0**	**4,066,000**	**11,141,000**	**13,799,000**	**16,318,000**	**17,462,000**
TOTAL BASE EXPENDITURES (w / COMMITTED ADDITIONS)	**1,005,417,346**	**878,287,000**	**919,680,000**	**951,919,000**	**989,211,000**	**1,023,025,000**
		(12.64%)	4.71%	3.51%	3.92%	3.42%

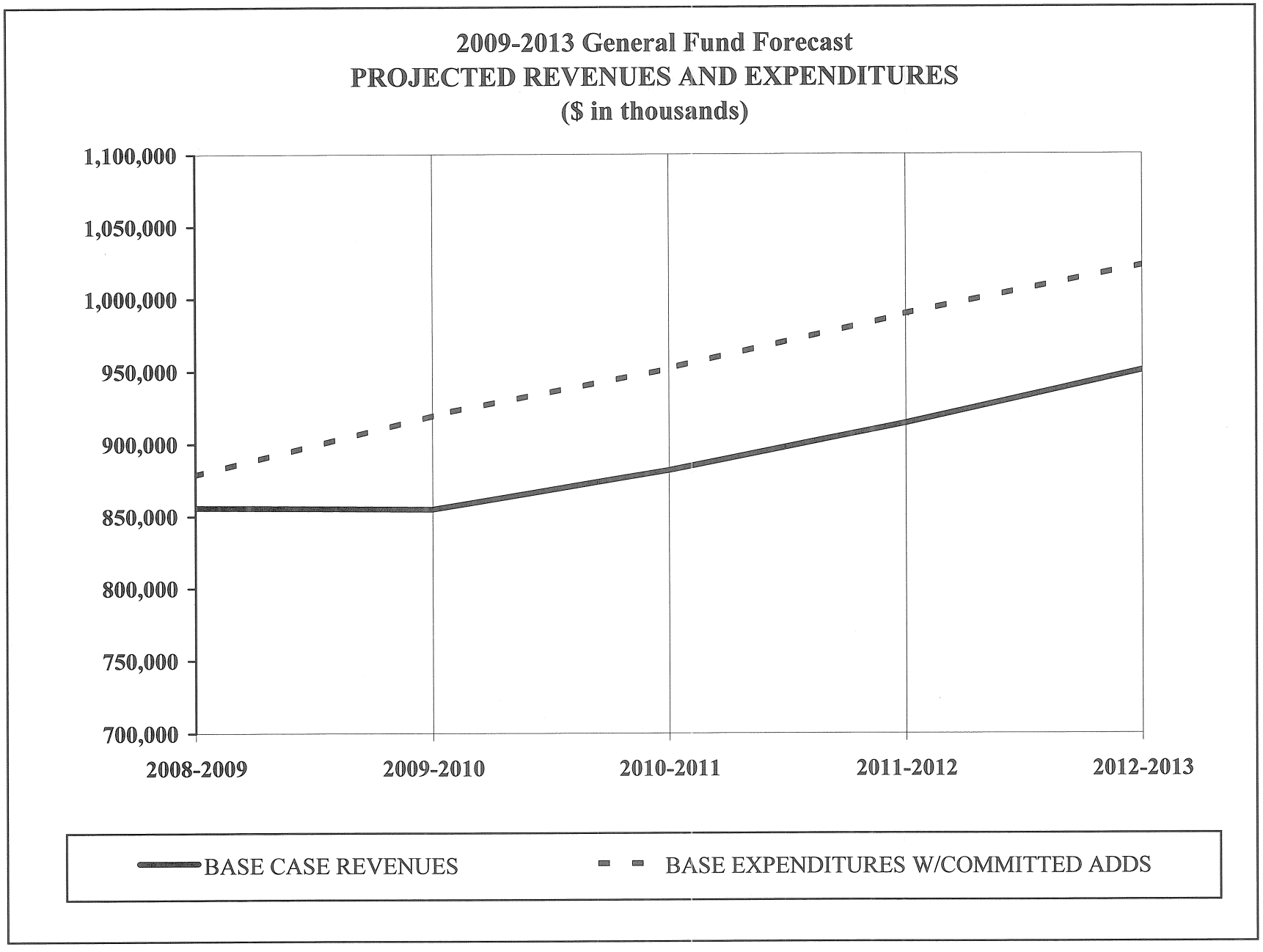
OPERATING MARGIN

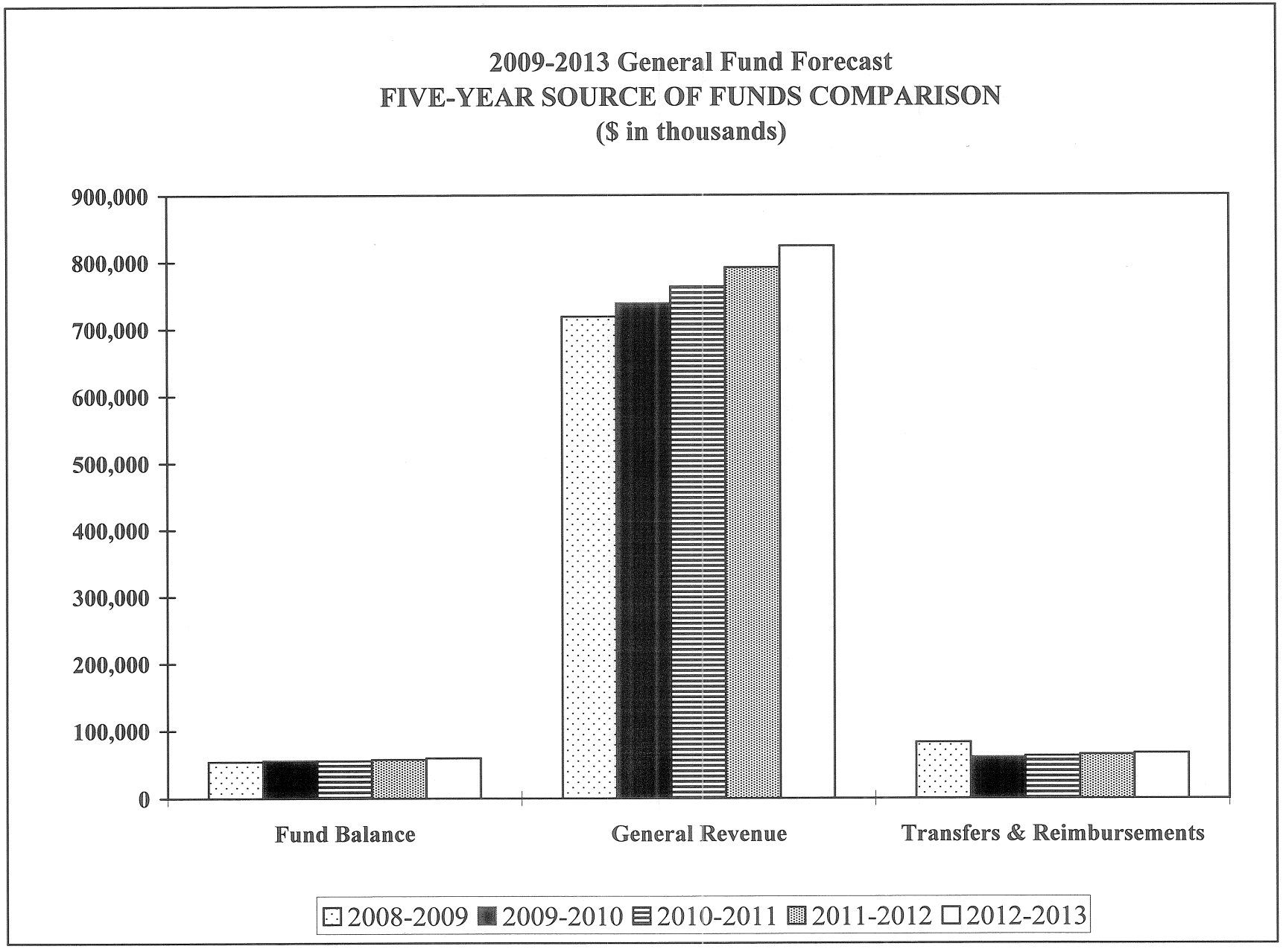
BASE EXPENDITURES (w / COMMITTED ADDITIONS)	ADOPTED 2007-2008	FORECAST 2009	2010	2011	2012	2013
GRAND TOTAL REVENUE	1,005,417,346	855,953,000	854,830,000	881,580,000	914,142,000	950,460,000
GROWTH RATE		(14.87%)	(0.13%)	3.13%	3.69%	3.97%
TOTAL BASE EXPENDITURES (w / COMMITTED ADDITIONS)	1,005,417,346	878,287,000	919,680,000	951,919,000	989,211,000	1,023,025,000
GROWTH RATE		(12.64%)	4.71%	3.51%	3.92%	3.42%
ONGOING OPERATING MARGIN CHANGE *From Prior Year*		(22,334,000)	(42,516,000) *	(5,489,000)	(4,730,000)	2,504,000

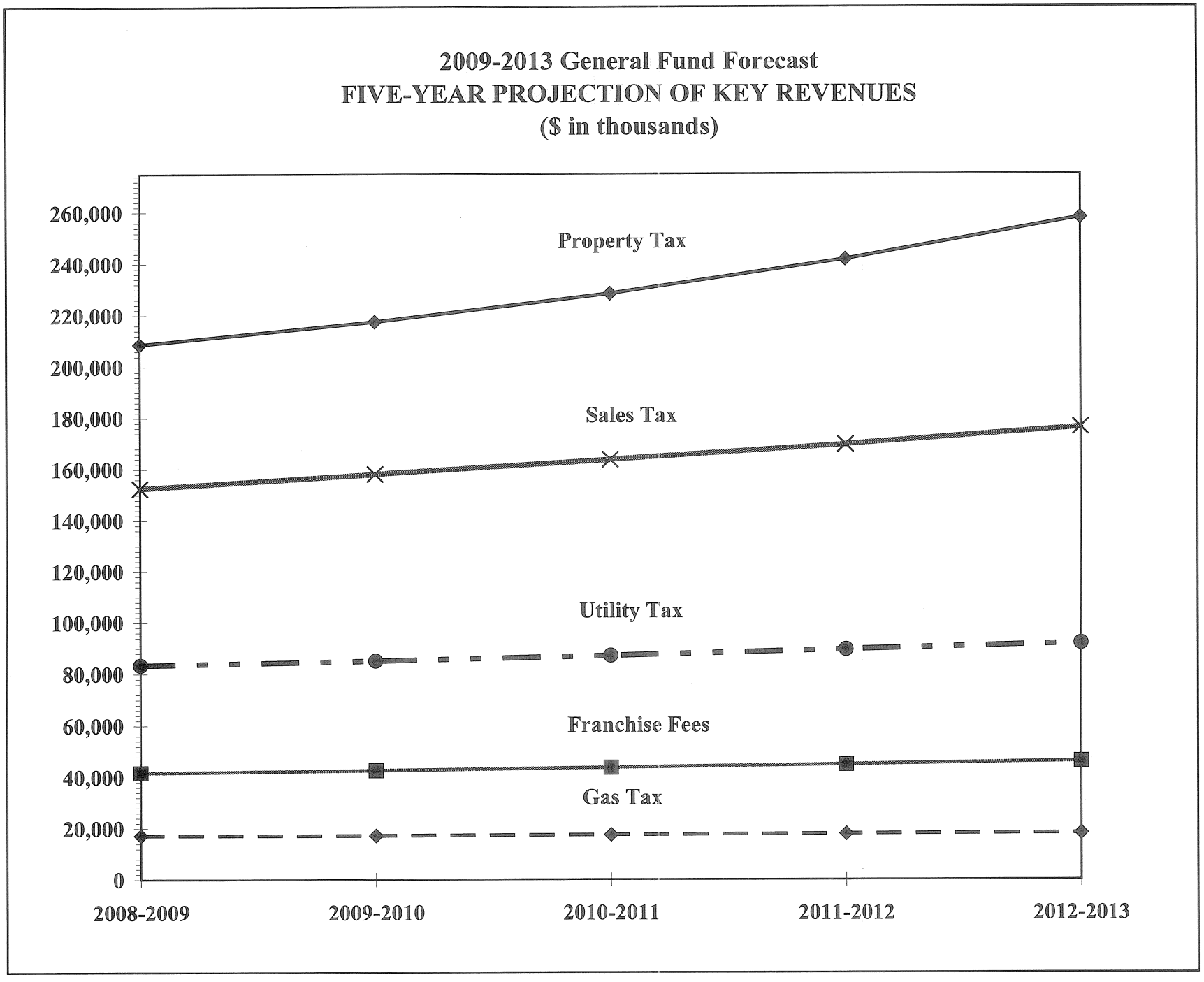
* Reflects the reduction of $23.4 million due to the sunsetting of the Emergency Communications System Support Fee

NET RETIREMENT RATE CHANGE IMPACT (CITY PORTION)	5,000,000
ONGOING OPERATING MARGIN CHANGE (EXCLUDING RETIREMENT RATE IMPACT)	(27,334,000)

ONE-TIME FUNDING AVAILABLE	
2008-2009 Future Deficit Reserve	7,270,696
TOTAL ONE-TIME FUNDING	**7,270,696**


2009-2013 General Fund Forecast
PROJECTED REVENUES AND EXPENDITURES
($ in thousands)
1,100,000
1,050,000
1,000,000
950,000
900,000
850,000
800,000
750,000
700,000
2008-2009
2009-2010
2010-2011
2011-2012
2012-2013
BASE CASE REVENUES
BASE EXPENDITURES W/COMMITTED ADDS


2009-2013 General Fund Forecast
FIVE-YEAR SOURCE OF FUNDS COMPARISON
($ in thousands)
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Fund Balance
General Revenue
Transfers & Reimbursements
2008-2009
2009-2010
2010-2011
2011-2012
2012-2013


2009-2013 General Fund Forecast
FIVE-YEAR PROJECTION OF KEY REVENUES
($ in thousands)
260,000
240,000
220,000
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Property Tax
Sales Tax
Utility Tax
Franchise Fees
Gas Tax
2008-2009
2009-2010
2010-2011
2011-2012
2012-2013