Strategic Support

Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects*

The Strategic Support CSA has ownership and responsibility for leading and managing the City organizations that facilitate the innovative and efficient delivery of services and programs to customers. This CSA develops and enables strategies that facilitate the City Council's vision for the community. The strategic support elements of the CSA promote the organization's business goals by:

- Recruiting, developing and retaining a high performing workforce;
- Building and maintaining the capital assets of the organization;
- Providing effective state-of-the-art technologies as a resource for staff and customers; and
- Securing and managing the fiscal resources required to deliver services and programs.

Through these collective efforts, partners in this CSA provide the leadership, direction and resources required to modernize the organization while at the same time sustaining and continuing to enhance the quality of life for the entire community of San José.

Primary Partners

Finance

General Services

Human Resources

Information Technology

Public Works

Retirement Services

CSA OUTCOMES

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

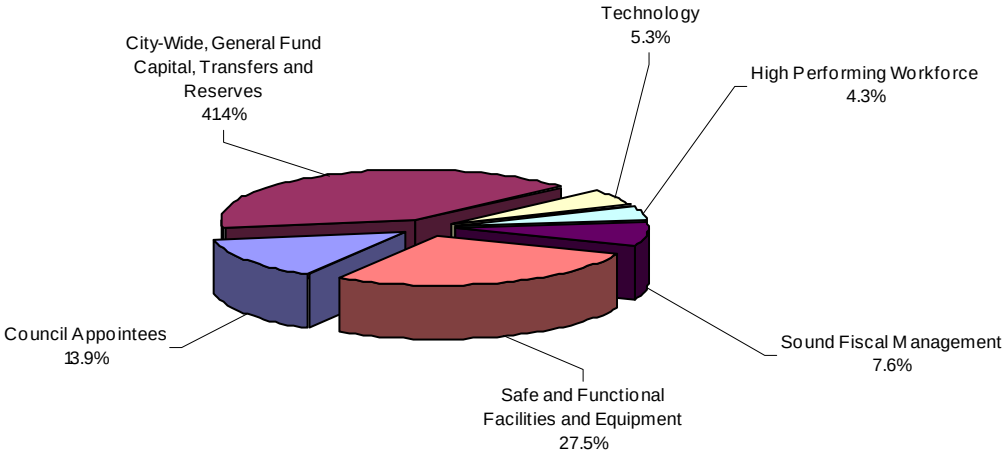
Budget at a Glance

	2007-2008 Adopted	2008-2009 Adopted	% Change
Total CSA Budget (All Funds)	$377,044,898	$366,576,430	(20.1%)
Total Authorized Positions	1,152.35	1,135.46	(1.7%)

Budget & Performance Highlights

- The Finance Department began the Revenue Collection Strategic Plan in January 2007 with the restructure of operations to maximize effectiveness of the Investigator Collectors' time spent on collections. For 2007-2008, revenue exceeded the targeted goal by 301%.
- Public Works is still experiencing peak activity levels with the bond programs and Airport projects using a variety of project delivery models. To date in 2007-2008, 44 projects have been awarded through the streamlined Director Award process (for construction contracts up to $1 million).
- With the exception of the Retirement Department, position eliminations in all of the partner departments were included in this budget with various impacts as described in this document.
- Funding is included in this budget to further the update to the City's Standard Plans and Specifications. The completion of this project will result in fewer contractor claims and better project bids, and alignment with the latest statutes, codes, regulations, and San José's Green Vision.
- Funding is included in this budget for the establishment of a Wellness Program that will focus on promoting healthy lifestyles for plan participants in order to prevent chronic health problems and decrease healthcare utilization.
- Funding was approved in this budget for the extension of a limit-dated position to identify and liquidate outstanding unexpended encumbrance balances and establish a policy for timely liquidations.

2008-2009 Total Operations by Outcome



City Service Area Budget Summary

Dollars by Core Service	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Administer Retirement Plans	$ 2,661,696	$ 2,953,537	$ 3,014,833	$ 3,132,375	6.1%
Debt Management*	1,094,790	1,069,540	0	0	(100.0%)
Disbursements	1,784,610	1,801,738	1,903,422	1,893,422	5.1%
Employee Benefits	1,739,101	1,972,643	1,979,334	2,403,939	21.9%
Employment Services	1,301,633	1,590,283	1,275,649	1,266,311	(20.4%)
Facilities Management	18,167,920	18,985,218	18,532,627	18,326,878	(3.5%)
Financial Reporting	1,388,930	1,724,872	1,677,976	1,907,105	10.6%
Fleet & Equipment Services	17,506,117	18,191,160	19,565,502	19,255,457	5.9%
Health and Safety	3,260,399	4,455,202	4,588,221	4,624,185	3.8%
Manage and Support the Info. Tech. Infrastructure	7,482,585	10,319,461	8,521,682	8,380,481	(18.8%)
Plan, Design and Construct Public Facilities and Infrastructure	31,387,024	31,574,279	33,162,418	33,215,112	5.2%
Provide Enterprise Tech. Systems and Solutions	6,315,023	9,844,449	11,875,450	12,329,523	25.2%
Purch. and Mat'l Management	2,639,677	3,467,182	2,991,026	2,867,292	(17.3%)
Revenue Management	5,607,090	5,853,606	4,457,256	4,859,013	(17.0%)
Support Departmental Technology Services	2,092,268	2,113,390	1,826,783	1,677,606	(20.6%)
Treasury Management	0	0	3,342,241	3,744,241	N/A
Workforce Resources and Diversity**	549,399	535,565	439,323	604,201	12.8%
Strategic Support	13,756,686	16,889,071	15,978,003	16,038,851	(5.0%)
Total Strategic Support CSA	**$118,734,948**	**$133,341,196**	**$135,131,746**	**$136,525,992**	**2.4%**
MAYOR, CITY COUNCIL AND APPOINTEES	**$ 35,959,877**	**$ 41,111,287**	**$ 43,334,155**	**$ 45,426,004**	**10.5%**
Other Programs					
City-Wide Expenses	$ 44,822,497	$ 76,718,877	$ 42,075,728	$ 69,557,067	(9.3%)
General Fund Capital, Transfers and Reserves	25,838,657	125,873,538	75,021,000	115,067,367	(8.6%)
Subtotal	**$ 70,661,154**	**$ 202,592,415**	**$ 117,096,728**	**$ 184,624,434**	**(8.9%)**
Total Strategic Support	**$225,355,979**	**$377,044,898**	**$295,562,629**	**$366,576,430**	**(2.8%)**
Authorized Positions	**1,105.35**	**1,152.35**	**1,129.69**	**1,135.46**	**(1.5%)**

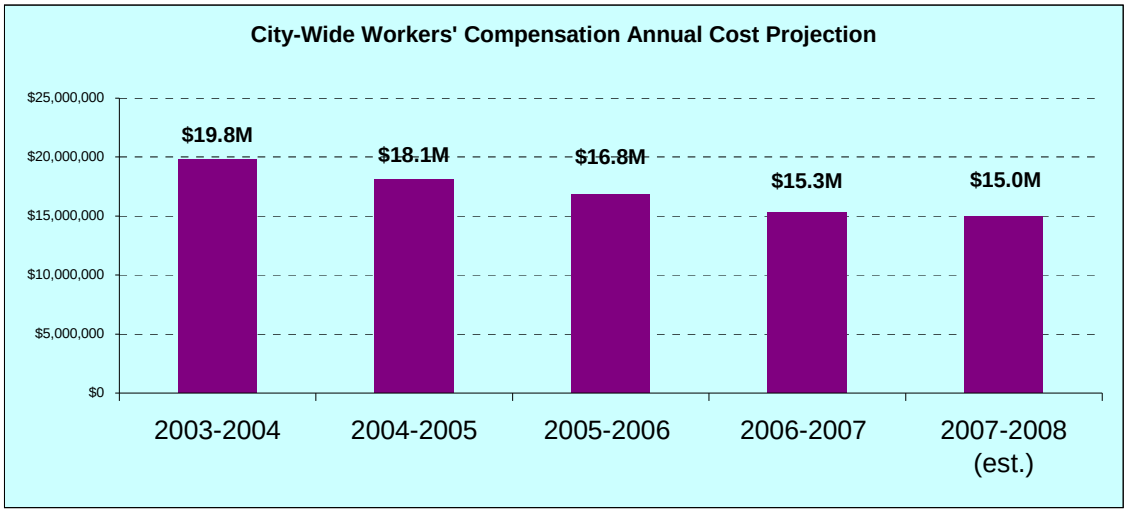
* Prior to 2007-2008, this core service was titled Debt and Risk Management. For 2008-2009, this core service has been integrated into a new core service, Treasury Management.

** Prior to 2007-2008, this core service was titled Performance Development.

Current Position *How are we doing now?*

- In response to a study commissioned by the City Manager's Office, Human Resources developed a "Matrix" type business process in partnership with five departments that have a high volume of recruitments: Airport, Environmental Services, Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement, and Public Works. On average, time to hire decreased by 24% and vacancy rates decreased by 7%.
- During 2007, 22 executive-level recruitments were initiated or completed by the Human Resources Department either independently or in conjunction with an executive search firm.
- City-wide training efforts continue to focus more heavily on management development programs. The Art & Practice of Leadership graduated another twenty-five students in December 2007, while the Leadership & Supervision Academy was offered three times. In 2007, Human Resources also began managing the City Manager's Office's widely-regarded and competitive San José Management Fellowship Program, an annual rotation program targeting recent Masters of Public Administration graduates for high-level projects throughout the City.
- City-wide training classes on computer, analytical, city-wide process, and communication skills continue to be offered at a minimal level. However, as an incentive to join the City-wide Mentoring Program, mentees now have the opportunity to take special classes and mentoring "bootcamps" for professional development, including interviewing skills, public speaking, and successful meeting management.
- In 2007 Human Resources became a strategic partner on the Cal-ICMA Bay Area Preparing the Next Generation team and now manages a portfolio of workforce development projects. The Department co-facilitated the 2007 regional Management Talent Exchange Program, where City staff spent a three-month rotation in an external jurisdiction. The Department co-hosted the regional Speed Coaching & Networking Luncheon for Aspiring Local Government Leaders, co-launched what is now the Women's Leadership Summit in San José with the Municipal Management Association of Northern California, and began the pilot Training Consortium for City staff to gain accredited opportunities at De Anza College.
- Human Resources cultivated local partnerships to build the leadership pipeline outside the City. Among others, the department partnered with Work2Future, Cal-ICMA, SJSU, Junior Achievement Silicon Valley, the East Side Union High School District and the Alum Rock Elementary Unified School District.
- Market searches were conducted for life insurance benefits and the Employee Assistance Program. As a result of these searches, the City's annual premiums were reduced by a combined $364,000 and employee premiums were reduced by $91,000. Additionally, the City obtained training support benefits for critical incident stress debriefing and on-line legal preparation and estate planning guidance for eligible participants.
- The City implemented Blue Shield's healthy lifestyle rewards and Kaiser Healthworks. These programs are designed to encourage employees to seek and maintain a healthier lifestyle. In addition, the City conducted an actuarial review of health plan rates effective January 2008. This review resulted in a 2% decrease in the initial rate offering for Blue Shield plans, resulting in annual savings of $1,552,000.
- The Retirement Services investment team will oversee $4.6 billion in assets in 2007-2008. This represents an increase from the 2006-2007 level of $4.3 billion.
- The Retirement Services benefits team sponsored 71 training classes with 19 different class titles in 2007-2008. They served over 1,500 active employees and retirees with their premier training program.
- For the fourth straight year, workers' compensation costs are projected to be lower than the prior year. This success is the result of working collaboratively with departments to implement a risk reduction program and efforts in preventing and mitigating past claims and costs.

Current Position *How are we doing now? (Cont'd.)*



- In conjunction with the recommendations of the most recent Fleet Audit, the General Services Department will continue its efforts to reduce the time required to complete work orders and increase the percentage of the City's fleet that is in compliance with replacement criteria. Above all, the CSA is committed to maintaining 100% fleet availability for public safety departments.
- The Central Service Yard Phase II Project is complete. This project has allowed for the consolidation of staff resources, provided for more cost effective operations within several departmental operations, and has allowed the City to vacate the Main Corporation Yard in Japantown to make way for a major mixed-use development. The General Services Department is working with the Redevelopment Agency to clean up, market, and sell the site.
- With the dynamic nature and advancement of technology, information security has become a primary concern of government and business over the last several years. During 2007-2008, one-time funding was provided to perform an independent information security audit focused upon development of a sustainable governance model that will act as a road map for developing and maintaining information security.
- During 2007-2008, Information Technology staff successfully transitioned from the need for contractual assistance for day-to-day management of the Nortel network in all areas.
- The fiber connecting the police campus to City Hall is anticipated to be completed in the 1st quarter of 2008-2009. Remote facilities connected by T-1 lines have been migrated from the old City Hall (OCH) to City Hall. At present, systems remaining at OCH include the VAX and redundant voice components. The voice components are scheduled to move out of OCH with the completion of the Police Department Campus cabling project. Migration of applications on the VAX to a new platform continues.
- The Integrated Billing System (IBS) was successfully implemented in July 2006. The IBS provides revenue management capabilities for the Recycle Plus, Municipal Water, and the Storm Water and Sanitary Sewer programs and offers staff the management tools to oversee annual revenues approaching $250 million. In addition, it is estimated that the City responds to over 350,000 customer calls per year with the aid of this application. Work is currently underway to integrate the Business Tax license program, representing an annual revenue stream of $16 million into this application.

Current Position *How are we doing now? (Cont'd.)*

- The HR/Payroll system enables City staff to oversee a workforce of approximately 7,000 employees. In November 2007, CityJobs was implemented, which provided significant recruitment functionality enhancements for management and staff.
- A temporary Geographic Information Systems (GIS) Manager position responsible for GIS strategy and oversight was approved in 2007-2008. Ongoing funding for this position is included in this budget with a net-zero impact on the General Fund. Staff is also conducting a cost-benefit analysis of the Addressing Re-Engineering Project (ARP), intended to develop a database of centralized and accurate address information, key elements in numerous City business systems.
- In September 2007 the Finance Department, in coordination with the Airport successfully developed and implemented a financing plan for the Terminal Area Improvement Project ("TAIP") including issuance of $725,015,000 in Airport revenue bonds.
- To date, the organization has managed to maintain very favorable bond ratings (the highest for a large California city with a population over 250,000) in spite of the economic downturn that impacted the City. The high bond ratings have allowed for the continued financing of capital projects at the lowest possible cost.
- As a result of the Business License Information Program (BLIP), the City was able to collect $850,000 from July 2007 through December 2007. Total collections exceeded the 2007-2008 target of $500,000 by more than 70%. It is anticipated that there will be ongoing revenue realized from the annual renewal process.
- In response to Council direction, Finance will be conducting more customer outreach and analysis as to the cost-effectiveness of the Central Warehouse. Finance has already scheduled meetings with customers and will report back to Council by December 2008.
- The Public Works Department is working towards completing an update to the City's Standard Plans and Specifications. Upon completion, the revised Standard Plans and Specifications will improve clarity resulting in fewer claims and better bids; will be adaptable to changing law, procedures, materials, and project types; will conform to best practices in the construction industry; will include "green" specifications that embrace sustainable construction methods and the use of recycled materials; and will improve efficiency of staff resources due to elimination of "work-arounds."
- The Public Works Department completed its annual update of the Flood Watch Emergency Response Plan, conducted annual Departmental trainings, and inter-departmental/agency coordination to prepare San José to respond to a potential major flood.
- In 2007-2008, Public Works has completed 64 Capital Improvement Projects; primarily using the traditional design-bid-build delivery method. However, in an effort to develop and evaluate alternative delivery methods to achieve even greater efficiency, Public Works has used the low-bid Design-Build method to construct both the Renzel Airfield Improvements and Central Service Yard Phase II projects. Negotiated Design-Build procurement was used to select the designer/contractor for the Terminal Area Improvement Program (TAIP) at Mineta San José International Airport. In addition, Job-Order Contracting was used to construct improvements at Fire Stations 5, 10 and 14, as well as a paving project at the Fire Training Center. Public Works has also employed contractor pre-qualification as a tool for increased success on complex projects.

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

- There is concern in local government about the approaching demographic crisis facing the local government management profession. As 80 million baby boomers retire throughout the United States economy, there are only 50 million Generation Xers available to fill the vacancies left by the waive of retirees. Additionally, workforce studies indicate that far fewer members of the Gen X and Gen Y groups consider local government for an academic pursuit or a profession; rather, they connect the value of "giving back to their communities" with non-profit and volunteer work.
- In an effort to mitigate external market forces with material and construction cost volatility, the Public Works Department has indexed pavement costs; used creative procurement methods; and bundled, phased, dropped, deferred, and consolidated projects.
- For the sixth consecutive year, San José has continued its participation in the California Multi-Agency CIP Benchmarking Study. This study (currently being led on a rotational basis by San José) is a collective effort of the seven largest municipalities in California to share their capital project implementation data and experiences, and to develop and implement Best Management Practices toward increased effectiveness and efficiency in project delivery. Each (calendar) year of the study culminates in an annual report published in the fall of the following year. The Public Works Department continues to successfully apply insights gained from its participation in the study into its project delivery program.
- Cybercrime has cost the American economy billions of dollars, according to a San José Mercury News report on cybercrime released mid-November 2007. Hackers try to attack computers over the internet, on average, every 39 seconds. Universities and government agencies comprised approximately 50% of disclosed data breaches in the U.S. in 2007, and up to 20,000 people contact the Federal Trade Commission weekly regarding identity theft.
- The 2007 Finance and Technology Customer Survey found that 82% of City employees had the technology they needed to meet their service delivery needs; and 65% had the financial information they needed to make informed decisions.
- The 2007 San José Community Survey indicated that 88% of residents that had contact with a City employee were satisfied with the courtesy they were shown, and 81% were satisfied with the competence displayed in handling the issue.

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

- Over the next five years, 33% of the City workforce will be eligible for retirement (age 55) and 25% will be likely to retire (age 55 with at least 15 years of service). The City is developing a multi-faceted workforce planning strategy to develop current employees for career advancement and to attract the next generation of workers to public sector employment.
- As the cost of medical insurance continues to increase faster than both revenues and the cost of living, the CSA continues to explore opportunities to minimize the impact on the City and its employees. As strategies of shifting costs are short-term and evade the root cause of the cost increases, efforts will be focused on finding ways to minimize utilization that could be avoided through education and healthier lifestyles.
- State law mandates all public agencies and utilities to retrofit existing diesel-powered on-road vehicles with devices that reduce diesel emissions. All on-road diesel-powered vehicles must be retrofitted by 2011. Funding for the second phase of this project is included in this budget.

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

- City Hall and other City facilities have played host to a number of large events during the year, along with smaller City department and Council Office community meetings, and private events. It is important to note, however, that staff resources dedicated to City Hall events has been severely strained and resources budgeted primarily for other activities, such as facility maintenance, have been diverted to event support services in order to meet the growing demand.
- The General Services Building Inventory continues to expand each year. While funding to address minor repairs and preventive maintenance for new facilities is added each year, some of this funding has subsequently been reduced due to General Fund shortfalls. This has resulted in a reduction in the rate of completed preventive maintenance activities and the reduction of custodial services at most City facilities to a level that allows the department only to meet health and safety requirements. Similar reductions were required again in 2008-2009. As a result of these reductions, a gap exists between the amount of resources required for proper maintenance and operations and the amount that is funded.
- The City's Green Vision will require changes in the way public infrastructure improvements are made. Construction specifications will be required to guide the incorporation of sustainable building methods and materials. As green construction becomes more commonplace, the City will need to develop specifications that take advantage of emerging sustainable technologies.
- The City's records of its real property assets are out of date and incomplete. An up-to-date repository of real property information and related documents will enable the review of under-used properties as directed in the Mayor's March 2007 Budget Message.
- A significant investment will be needed in the coming years to address Information Technology security concerns, increased reporting requirements, hardware and software obsolescence, asset management, additional facilities, and to keep pace with quickly advancing technological developments.
- The majority of projects in the Library, Public Safety and Parks Bond Programs that have constituted the "Decade of Investment" are scheduled to be completed by mid-2009-2010. In addition, the Terminal Area Improvement Program (TAIP) at Mineta San José International Airport is also expected to be completed in the same timeframe. Staff has begun analysis of the City-wide impacts of this contraction of the Capital Improvement Program.
- Dependence upon information systems and services means San José is more vulnerable to security threats. The interconnection of public and private networks and shared information resources increases the difficulty of access control, and the exponential expansion of computer use for daily performance of duties and responsibilities of most City employees dictates a need for a secure and reliable set of information security practices and processes. Selection of a vendor is in process to perform a third-party information security audit to enhance security.
- The increasing complexity and size of City information systems with increasing amounts of data require fast and reliable storage. The City continues to work towards the implementation of a new storage area network (SAN) for the City's network operations center.
- The Governmental Accounting Standards Board (GASB), Statement No. 45 requires governments to report the amount of unfunded liabilities for post-retirement benefits other than pensions, such as for medical benefits. GASB 45 also encourages governments to fund these liabilities over the long term. An initial estimate of the City's current unfunded liability for post-retirement benefits exceeds $1 billion. Furthering the 2007-2008 initial investment towards closing that gap, pending the development of a longer term strategy, $1.9 million in ongoing funding is included in this budget.

Policy Framework *What policies guide our strategy?*

- City Council Priorities
- Strong Neighborhoods Initiative Priorities
- City Master Plans
- Council Adopted Policies (Investment and Debt Management Policies)
- CSA Partner Business Plans
- Economic Development Strategy
- Information Technology Planning Board Charter

General Plan Alignment

Although Strategic Support services are not directly reflected in the City's General Plan, the CSA plays a vital role in ensuring that all City services and programs have the fiscal, physical, technological, and human resources to achieve the goals set forth in the General Plan.

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

Strategic support functions are critical within any organization. Basic core services must be maintained at an effective level, with the adaptability to grow and improve in a timely manner upon economic recovery.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

- **Develop a Comprehensive Workforce and Diversity Plan** – Over the next five years, 33% of the City workforce will be eligible for retirement, while 25% are likely to retire. Combined with a declining number of workers entering the workforce and even fewer college graduates indicating a preference for careers in government, the organization is faced with a significant challenge. Strategies are being implemented to develop current employees and attract new talent so that the City's workforce can continue to deliver top-quality services while meeting changing customer demands.

- **Attract and Retain Qualified Employees** – Continue to provide services that enhance the organization's ability to hire and retain a high-performing workforce. Objectives in this area include maintaining a streamlined process for conducting executive recruitments, enhancing diversity outreach to broaden candidate pools, and continuing advanced management development programs to develop current employees. As significant hiring challenges are anticipated over the next five years, the CSA will work to ensure recruitment pools have the highest qualified and available candidates for selection by departments.

- **Promote a Safe and Healthy Work Environment** – Continue to work in partnership with other City departments to provide a proactive safety and risk reduction program that is in compliance with all applicable State and federal regulations. The program's success in reducing the number of employee injuries and claims has resulted in significant workers' compensation savings over the past few years. Key objectives are to maintain successes and the trend of cost decreases while mitigating the effects of recent staff and funding reductions.

- **Mitigate Rising Medical Insurance Costs** – Minimize the impact of rising medical insurance costs on the City and its employees. Current strategies focus on annual independent actuarial reviews, regular competitive processes to minimize cost increases, and active participation with local coalitions to explore other risk reduction options. Funding to establish a Wellness Program is included in this budget. The Wellness Program will focus on promoting healthy lifestyles for plan participants in order to prevent chronic health problems and decrease healthcare utilization.

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

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

- **Deliver Facilities and Infrastructure** – This CSA will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and the City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that comply with Council's priorities, the City's Master Plans, and the standards established in the engineering guidelines.

- **Maintain and Update City's Standard Plans and Specifications for Construction Projects** – The Public Works Department maintains standard plans and specifications for use by City staff, construction companies, consultants, utility companies and private developers. These documents provide consistency in the construction materials and methods that are used on public infrastructure projects throughout the City. The current documents were developed in 1992. The CSA is completely updating these documents that will set the standard for public works construction for many years to come. A significant effort is underway to develop "green" specifications that will embrace sustainable construction methods and the use of recycled materials.

- **Support Vital Municipal Functions** – The Department of Public Works supports city-wide services to continually improve the quality of life for the San José community through:

  - *Equality Assurance*: Ensures that proper compensation and benefits are paid to workers performing work on City and San José Redevelopment Agency funded construction contracts and City-funded service and maintenance contracts.

  - *Americans with Disabilities Act*: Serve as the City's Americans with Disabilities Act (ADA) coordinator to ensure city-wide compliance with ADA laws that apply to City policies, facilities, and grant programs.

  - *GIS*: Maintains county-wide aerial photography, base map, and contours, which are useful for computer-aided dispatch system and crime analysis, airport neighborhood noise prevention, and property tax assessment. GIS enables ongoing and future enhancements including improvements to the management of capital projects, land use planning private development, infrastructure and asset management, various public safety needs, transportation, remote sensing and mapping tools, and inter-agency partnerships.

  - *Real Estate Services*: Administers acquisition of property rights and real property asset management, which includes leasing property as landlord and tenant, managing City-owned property inventory, property maintenance, sale and lease of surplus properties, and granting of rights over City-owned properties.

- **Greening City Facilities and the City Fleet** – In alignment with the City's Green Vision, the CSA will continue its efforts to establish the City as a leader in environmental sustainability. The CSA is planning to expand the number of "green" City buildings while also reducing inefficiencies in its current stock of buildings. "Greening" new and existing City facilities is intended to result in long-term improvements in the comfort and productivity of building occupants, as well as increased efficiency and cost savings in building operations. Similarly, the CSA is making a concerted effort to grow the portion of the fleet (currently 34%) that uses some form of alternative fuel. This will produce lower emissions of air polluting materials and greenhouse gases. The City's efforts in both areas are likely to require a substantial monetary investment, so a part of the CSA's effort will be to analyze the cost and benefits associated with them on a full life cycle basis.

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

Outcome 3: Effective Use of State-Of-The-Art Technology

- **Enable Technology Users** – Continue to work towards effective deployment and use of state-of–the-art technology by identifying and addressing critical City-wide technology needs. These vital areas include procurement of resources for the stabilization of day-to-day operations; identification and quantification of areas of exposure through an independent information security audit; an audit of the City's website to evaluate its needs and effectiveness, and recommendations for improvement and implementation of plans that leverage City investments, such as development of a shared content management system and establishment of an ongoing investment strategy to fund Geographic Information System (GIS) technology Expansion of the converged network to the Police Department campus is underway, with a planned completion date of June 2009.

- **Standardize and Consolidate Technology** – Identify opportunities to merge databases, consolidate resources, encourage the use of City technology standards, and leverage existing City resources. In February 2007, an RFP was released for a shared content management system to establish common tools and data management responses in support of shared and common applications such as web services, GIS, and Enterprise Content Management Systems (ECMS). The City decided to reject all proposals, and the re-issued RFP closed in December 2007. Due to budgetary conditions and the departure of the project leader, ITD is evaluating budget priorities and alternatives before moving forward with this project. The City's GIS strategy, as adopted by the Information Technology Planning Board (ITPB), is to establish a core GIS infrastructure managed by the Information Technology Department with data management responsibilities held by user departments. An overstrength GIS Manager position was approved in 2007-2008 and was made permanent in this budget in order to coordinate GIS projects on a City-wide basis. Once requirements are determined, implementation of a technology inventory management system will enable ITD to maintain adequate inventory quantities, store and track software licensing information, and enable asset tracking for standardization and replacement purposes.

- **Network Availability** – Maintain availability and support for network/telecommunication operations to ensure availability of systems to employees and customers by streamlining operations wherever possible. The City will endeavor to leverage the converged network infrastructure established at City Hall by upgrading off-site phone systems to VoIP whenever practical.

- **IT Master Planning** – Master Planning for technology is critical to implementing consistent and timely solutions. The ITPB sponsored the 2007-2008 CSA technology Master Planning effort. With the assistance and guidance of the Architecture Committee, along with the CSA Technology representatives, the project was completed and approved by the ITPB in November 2007. These plans have helped to provide departments with an understanding of technology issues City-wide. Results from the upcoming information security audit will be incorporated into the 2008-2009 master planning process.

- **Customer Contact Center** – In support of the mission to enable service delivery to all customers, the City's Customer Contact Center was incorporated into the Information Technology Department during 2007-2008. Eleven of 19 temporary customer service representative positions were funded permanently, with the remaining 8 positions retained only through 2007-2008. In this budget, two of the temporary positions were approved to be funded an additional year to help the Customer Contact Center staff develop a greater customer service experience and to further stabilize operations. The Contact Center continues to explore areas of improvement including the development of call diversion strategies to mitigate the increase in calls and possible extended hold times, an on-line bill paying feature, outreach meetings with Environmental Services Department and the haulers, and specialized training for customer service representatives.

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

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

- **Maintain Strength of the City's Financial Position** – This CSA must continue to ensure that the City's financial resources are protected and available to address short- and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, facilitating timely and accurate disbursements, investing City funds in accordance with the Investment Policy, providing accurate and timely financial reports, effectively and efficiently procuring goods and services, and maximizing the revenue of surplus property.
- **Enable City Management to Make Informed Decisions Regarding the Financial Affairs of the City** – Provide financial management system reports and tools to City staff, prepare the City's annual financial report, process payroll and accounts payable transactions in an accurate and timely manner, and maintain and reconcile the general ledger.
- **Manage and Protect the City's Resources to Enhance the City's Financial Condition** – Develop and streamline business systems and processes that support the delivery of City services, process cash collection in a timely manner, invest the City's cash prudently, and maintain excellent bond ratings to facilitate financing capital projects at the lowest possible cost. Enhance the City's financial condition through strategic alignment of collection efforts and revenue enhancement resources.
- **Purchase Goods and Services to Support City Operations** – Provide goods and services to departments in support of their operational goals and the City's Green Vision at the best possible price through competitive procurement processes, administering the City's procurement card program, and disposing of surplus and obsolete equipment and supplies in a cost-effective and environmentally responsible manner.

Overview

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery. The extended budget challenges created by the current economic environment have resulted in a significant reduction for this CSA since 2002-2003. Such reductions challenge the delivery of core services that this CSA is charged with providing to the organization. The Strategic Support CSA is committed to continue to deliver basic services that support the organization. To accomplish this, the CSA will:

1) ***assign priority to key strategic support core services;***
2) ***collaborate with line CSAs to safeguard strategic support core services;***
3) ***utilize alternative funding sources where practical; and,***
4) ***strategically implement service reduction cuts that account for and assess the impact to customers and employees.***

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

Investment strategies are briefly outlined below and linked to CSA outcomes and performance goals.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Year 1: 2008-2009 – *Planned Service Strategies*

- **Employment Services** – While a city-wide hiring freeze enters into its seventh full year, hiring activity has increased by approximately 75% since 2003-2004 when hiring activities were at their lowest levels. Staff has engaged departments in partnering in a "Matrix" relationship to expedite hiring processes as well as a review of the advantages of additional automation to improve hiring.

- **Employee Recognition** – In 2006-2007 a city-wide team of volunteer employees developed a revitalized recognition program called "RECOGNIZE!" During the first year, the team's accomplishments included production of two major recognition events for City employees, implementation of the on-line Employee News Network, and formalization of the newly established Employee Values.

- **Succession Planning** – With projections indicating that up to one-quarter of the current workforce is likely to retire within the next five years, a small group of staff will begin its first year as part of a newly reconfigured team called "Workforce R&D: Resources & Diversity for Building the Leadership Bench." Workforce R&D will focus on its four-pronged mission: attracting new talent to the City, developing the current City workforce, building sustainable programs with local partners to encourage young people to consider local government professions, and leveraging diversity as an organizational asset to facilitate inclusive work environments that spawn creativity and innovation. A new limit-dated position is included in this budget to conduct a comprehensive succession plan that addresses the significant staffing needs at the Water Pollution Control Plant.

Year 2: 2009-2010 – *Projected Service Strategies*

- **Employment Services** – Staff will continue to address hiring, classification, and compensation needs.

- **Workforce Planning** – Staff will continue to develop and implement strategies to address the challenges created by the anticipated retirement of approximately one-quarter of the workforce over the next five years.

- **Health and Safety** – Efforts will continue to focus on overall cost savings through risk reduction.

- **Employee Benefits** – In an effort to minimize the impact of increasing medical insurance costs, staff will continue to focus on long-term cost-containment solutions that reduce utilization through education and healthier lifestyles.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Year 1: 2008-2009 – *Planned Service Strategies*

- **Facilities Maintenance/Management** – The General Services Department will maintain its leadership role in influencing the development stages of new facilities to ensure that design, material selection, and construction is approached from a life cycle perpective. The department has continued to analyze the cost competitiveness of City staff and customer service staff. The addition of a Network Engineer was approved in this budget to provide programming and trouble-shooting services for building HVAC controls at a lower cost than has been incurred using a contractor. The addition of this position would provide greater flexibility and availability to respond to urgent and emergency issues. Facility Management will also continue refining deferred maintenance and capital renewal plans for building infrastructure.

- **Replacing the City Fleet** – Replacement funding for non-public safety vehicles will continue at the current level. With an annual budget of $1,600,000 for general fleet replacement, a substantial portion of the current equipment that meets replacement guidelines will be replaced. A one-time investment of $3.2 million to address deferred fleet replacements, along with an additional $400,000 annually, would be required to fully fund general fleet replacement. Funding for Public Safety vehicles are budgeted separately and will continue to be replaced according to the established replacement criteria.

- **Capital Project Delivery –** Lead the effort to coordinate, manage and account for the delivery of capital projects. Develop plan to align resources with priorities set by the community after full delivery of the Decade of Investment projects. One of the Three-Year Goals identified by the Neighborhood Associations' Priority Setting Session is to reduce deferred maintenance and the infrastructure backlog and develop a strategy to improve the infrastructure. This outcome will also continue to explore opportunities to streamline and improve the project delivery process.

- **Capital Project Management** – The Public Works Department, in conjunction with the Information Technology Department, will increase the use of technology in project management by enhancing the Capital Project Management System by continuing to refine and expand the use of the Resource Planning and Project Cost Estimating modules, which will provide staff with additional applications and resources for effective and timely project delivery. The Department has embarked on a major effort to update the City's standard plans and specifications to provide up-to-date guidelines on contract procurement methods, building materials, and construction methods for use by City staff, construction and private development communities. This investment is expected to improve efficiency in delivering construction projects, ensure consistent and clear project documents and provide guidance for incorporating sustainable construction of the City's infrastructure.

- **Equality Assurance –** Continue to monitor and enforce wage requirements to ensure proper compensation and benefits are paid to workers performing services on City and RDA contracts. Continue to adapt and remain innovative about overcoming impediments interfering with monitoring and enforcing wage requirements while still maximizing staff resources to ensure labor compliance.

- **Real Estate** – Continue to develop City-Owned Property Database, and seek opportunities to improve efficiency and consistency in lease agreement negotiation and land acquisition. Public Works anticipates bringing a progress report to the City Council on the development of the City-Owned Property Database and identifying policy issues relating to the generation of income from City-owned property toward reducing the General Fund structural deficit.

- **Americans with Disabilities Act (ADA) Program Coordination** – Continue to ensure ADA compliance in both City facilities and facilities occupied by community-based organizations, and city-wide compliance with ADA laws, which apply to City policies, facilities, and grant programs.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

Year 2: 2009-2010 – *Projected Service Strategies*

- **Fleet Management** – Maintain the City's leadership role in evaluating, promoting, and validating alternative fuel opportunities and reap the potential benefits of advanced emission reduction options by expanding the City's alternative fueled vehicle complement and ensuring that proper fueling infrastructure is in place. Fleet Management will also continue to align fleet utilization standards and strategic replacement program efforts to right size the City fleet.
- **Capital Project Delivery** – Seek continuous improvements to the project delivery process and explore opportunities to reduce the barriers that may interfere with the effective and timely delivery of capital projects. Continue to maximize the use of staff resources to ensure the delivery of projects within agreed upon time and cost commitments. Train staff, consultants and contractors on the use of newly updated City standard plans and specifications and encourage use of sustainable construction materials and methods.
- **Labor Compliance** – Despite not monitoring service and maintenance contracts below $75,000, staff currently proactively informs all contractors of their prevailing wage and living wage responsibilities in order to maximize compliance with the Council's wage policies. In 2008-2009, staff will explore alternate service delivery model options for continuing the service and maintenance contract wage compliance program with a reduced staffing level.

Outcome 3: Effective Use of State-Of-The-Art Technology

Year 1: 2008-2009 – *Planned Service Strategies*

- **Infrastructure** – Continue to focus efforts upon expansion of voice and data networks with an emphasis upon information security enhancement. Finalization of vendor selection to perform an independent information security audit is currently underway and expansion of the converged network to the Police campus is estimated to be complete by June 2009.
- **Network Availability** – Continue to maintain availability and support for network/telecommunication operations to ensure availability of system to employees and customers by streamlining operations. The City will continue to leverage its investment in Voice over Internet Protocol technology by expanding services at remote locations (outside of City Hall) whenever practical.
- **IT Governance** – Administer City-wide IT oversight through restructuring and resource realignment to better address the needs of individual City Service Areas and provide a more integrated approach to customers in conjunction with the Information Technology Planning Board approval process.
- **Business Continuity** – A coordinated strategy involving plans, procedures and technical measures enabling the recovery of business systems, operations and data following a disruption needs to be documented in order to meet business continuity objectives. During 2007-2008, one-time funding was provided to perform an independent information security audit focused on development of a sustainable governance model that will act as a roadmap for developing and maintaining information security. The audit identified a number of areas that could represent risk to the organization, and as a result the City is taking steps to address potential vulnerabilities. The City continues to work towards the implementation of a new storage area network (SAN) for the City's network operations center to address the increasing complexity and size of the City's information systems. This SAN will provide storage and the infrastructure necessary for business continuity and disaster management essential to providing services and recovering data through all types of events.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

Year 1: 2008-2009 – *Planned Service Strategies (Cont'd.)*

- **Technology Customer Support** – Continue to assess service delivery to determine where improvements are needed. Procure the resources necessary to meet implementation deadlines, secure completion of critical tasks, and provide skills transfer for maintenance of new technologies.
- **Enterprise Applications** – Strengthen City-wide technology in the areas of Geographic Information Systems, Web, financial and content management. For the next generation Financial Management System, the City must examine its needs for fuller functionality and integration capabilities.

Year 2: 2009-2010 – *Projected Service Strategies*

- **Further Consolidation** – Investigate the possibilities of consolidating application programming resources to offer pooled support for department specific computer applications. Audit the City website and its navigation, and use the results to develop an enterprise support, development, and management strategy.
- **Technology Master Plans** – Strategically plan and implement City-wide IT technology resources to better leverage investments for the benefit of the entire organization via an effective master planning process. Use the results from network security and business requirement studies to strengthen the City Communications Plan and deploy and support the information technology infrastructure.
- **Business Continuity** – Expand the City's data backup and recovery plan to include additional security, such as designing a duplicate (redundant) Network Operations Center to reside at a separate location.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Year 1: 2008-2009 – *Planned Service Strategies*

- **Revenue Management** – Proactively and aggressively protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. Strategies include conducting revenue compliance reviews and continuing to integrate the Integrated Billing System with other legacy billing applications that are outdated and currently at risk for obsolescence and lack of maintenance.
- **Revenue Collection Strategic Plan** – In an effort to maximize collections, Revenue Management implemented the Revenue Collection Strategic Plan (RCSP). The RCSP realigns current revenue collection staff so that collectors could focus on proactive collection efforts, while the temporary support staff assumes other administrative and non-collection related duties. Collection staff will be evaluating the outstanding accounts receivable and develop a collections strategy to significantly decrease outstanding receivables.
- **Business Tax Collection** – In order to increase the business tax revenue, the City implemented the Business License Information Program (BLIP), which will allow the Finance Department to utilize the Franchise Tax Board database to identify non-compliant businesses in San José. By the end of June 2008, BLIP generated $1.2 million, exceeding the projected revenue of $500,000. In addition, the Finance Department, in conjunction with the Planning, Building and Code Enforcement Department is developing a Business Outreach Program as part of the development permitting process.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

Year 1: 2008-2009 – *Planned Service Strategies (Cont'd.)*

- **Business Field Enforcement Pilot Program** – In 2008-2009, the Business Field Enforcement Pilot Program will be implemented where staff Investigator Collectors will be actively out on City streets enforcing and collecting the City's Business Tax from non-compliant businesses such as construction businesses, contractors/subcontractors, delivery services, landscapers, etc.
- **Debt Management** – Continue the goal of maintaining the City's excellent bond ratings of Aa1/AAA/AA+ (Moody's/Standard & Poor's/Fitch), in order to continue financing capital projects at the lowest possible cost. Continued monitoring of exposure in municipal market and make recommendations for change as necessary to ensure lowest cost of funds available to the City.
- **Investment & Cash Management** – As a result of the recommendations made by Macias Consulting Group in their "Evaluation of the Investment Unit", commence implementation of efficiency measures, program enhancements and technology improvements within the Investment Program. This will provide opportunities to diversify the City's portfolio within both the parameters of the Investment Policy and the California Government Code and within the policy objectives of safety, liquidity and yield. Complete the RFP evaluation for general Banking services along with implementation and transition to a new bank/service provider if necessary.
- **Procurement and Materials Management** – Continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts and the utilization of cooperative procurement contracts by expanding the existing vendor base through the use of technology. Additionally, the CSA will review the implementation of a support structure for contracting of professional services and issuance of Request for Proposals. In alignment with the City's Economic Development Strategy, the CSA will continue outreach efforts to local and small businesses. Additionally, the CSA continues to analyze the cost-effectiveness of the City's Central Warehouse.

Year 2: 2009-2010 – *Projected Service Strategies*

- **Revenue Management** – Continue to proactively and aggressively pursue protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. In order to be more effective and efficient, new skip tracing techniques and enhancements to the Revenue Plus System will be implemented.
- **Treasury Management** – Maintain the City's excellent bond ratings in order to continue financing capital projects at the lowest possible cost. Investment of City funds within the policy objectives of safety, liquidity and yield to ensure the financial assets of the City are protected.
- **Procurement and Materials Management** – Continue to implement cost reduction strategies including maximizing the use of the competitive processes, consolidating service delivery contracts, and utilizing cooperative procurement contracts. After evaluation of the current model for decentralized contracting of professional services, Finance may propose to expand city-wide support for contracting of professional services and issuance of Request for Proposals.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Wellness Program

In order to mitigate the rising costs of health care, Human Resources has developed a 24-month Pilot Wellness Program. Funding for this program, which is included in this budget, will come jointly from the health plan providers, the Retirement Funds, and the General Fund. The Wellness Program's primary goals are to reduce health risks and optimize health and productivity while lowering total health-related costs. These objectives will be obtained through the following programs and activities:

- ***Disease Management Program*** – A disease management program will improve patient outcomes, reduce the usage of inappropriate, costly care and provide employees with access to expert, unbiased medical assistance in exploring treatment options and their relative benefits, risks and costs. The program will enable employees to seek care based on best-practice medical and pharmaceutical decisions.
- ***Health Risk Assessments (HRA)*** – An HRA will help to raise employee awareness about the association between health practices/measures and future health problems. An HRA permits the employee and employer (on a group basis only) to track employee health status.
- ***Wellness Events*** – Encourage employees to participate in City sponsored wellness events such as attending a health fair, joining a City walking club, taking a stair climbing challenge or participating in a lunch time exercise class.
- ***Health and Wellness Classes*** – Seminars will provide employee education on wellness topics, such as nutrition, daily exercise, and managing stress.

"Matrix" Hiring Model

Increasing recruitment activity, paired with funding reductions, has impacted Human Resource's ability to provide employment services to departments. In response, the City Manager's Office engaged Management Partners in September 2006 to study the City's recruitment processes and make recommendations for improvement. The firm conducted a number of workshops both with Human Resources and its client departments and identified areas in which improvement could be made. However, the firm also stressed, that without additional staffing for the department, no meaningful change could occur. Also identified by the firm was the need for improved systems to reduce redundancy and enable additional efficiencies.

Because employment staffing could not be increased to its pre-freeze staffing level, Human Resources has continued a 12-month Pilot Matrix Program, for target departments with significant hiring needs, to improve the City's recruitment and hiring practices.

The Pilot Matrix Program focuses first on recruitment. Analysts and Senior Analysts serving in the pilot program as Human Resources Matrix Analysts are housed with client departments. This means the Matrix Analyst is a resident in the client department - they maintain an office and a presence in the client department as well as attend the client departmental staff meetings to ensure they have knowledge of jobs, operations and current and future needs.

The Pilot Matrix was implemented in the Airport Department in October 2006 and has had great success in reducing the time to hire and increasing the hiring volume. Environmental Services, Planning, Building and Code Enforcement (PBCE), Parks, Recreation and Neighborhood Services (PRNS), and Public Works also implemented the Matrix in 2007-2008. On average, time to hire decreased by 24% and head counts increased by 7% in participating departments. Airport, Environmental Services, PBCE, Public Works, PRNS have committed to continuing the program in 2008-2009.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization	1. Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	<6%	<7.0%	5.9%	<7.0%	<7.0%
	2. % of hiring managers rating probationary employees as meets standard or above	95%	95%	98%	95%	95%
B. Align systems that develop and maintain a high-performing workforce	1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job	85%	81%	81%	81%	83%
	2. % of employees who are satisfied or very satisfied with the recognition received for doing a good job	55%	48%	48%	48%	50%
C. Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	50% / 80%	46% / 76%	46% / 76%	46% / 76%	48% / 78%
	2. % of employee performance appraisals completed on schedule	60%	40%	49%	40%	40%
D. Foster a shared vision with employee representatives about the characteristics of a high-performing workforce	1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	95%	94%	94%	94%	95%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence	85%	82%	80%	82%	82%
	3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	85% / 85%	76% / 81%	76% / 81%	76% / 81%	80% / 82%
	4. % of employees who are satisfied or very satisfied with their job	85%	80%	80%	80%	82%
	5. % of employees who agree or strongly agree the City is a good employer	86%	85%	85%	85%	85%
	6. % of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied	55%	41%	41%	41%	45%
E. Provide the necessary and required safety and health services that ensure employees health, safety and well-being	1. Number of Workers' Compensation claims per 100 FTEs	18.0	17.0	17.6	17.0	18.0

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Safety First

A common theme in several of the core services of this outcome is the focus on safety first. Health- and safety-related building issues and public safety fleet availability will continue to be the first priority of this outcome and the core services will strive to ensure that performance measures related to safety will be maintained at 100%.

Maintaining the Building Inventory

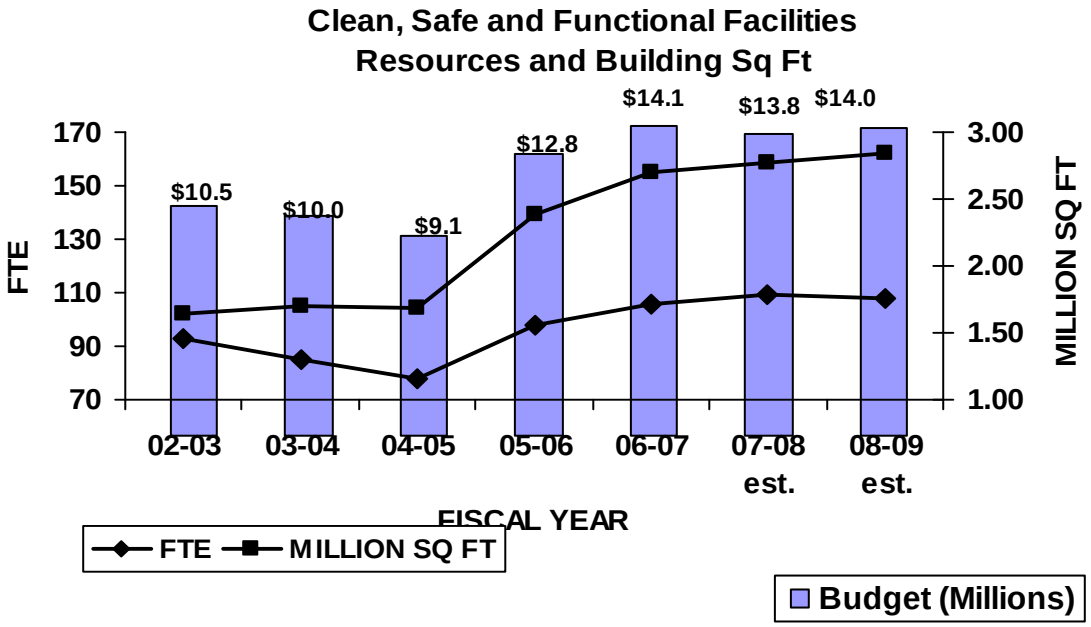
The addition of new or rehabilitated building facilities through the City's aggressive capital program continues to add new building space to the existing building facility inventory. However, operating budget reductions over the past few years have required a shift in focus in order to maintain and support these key infrastructure investments.

General Services has increased its involvement in facility design review in order to proactively identify and address maintenance concerns before new construction and major facility improvements are constructed. In addition, the development and implementation of General Services' computerized maintenance management system (CMMS) has been key in managing and tracking the performance of facility assets. The data captured is instrumental in the efficient allocation of maintenance resources.

City Hall

City Hall was added to the facility inventory in 2005-2006, increasing the square footage for which this outcome is responsible by 30%. Resources were added to maintain this high profile investment; however, City Hall is unlike any other City facility and its remarkable popularity for events and meeting usage has stretched those resources significantly.

Along with the multitude of meetings and other business activities held there, City Hall has become a preferred location for community and privately-sponsored events and functions. General Services continues to work to balance between the demand for meeting and event support and the need to provide daily maintenance services with existing staffing levels. In 2008-2009, General Services expects the number of events requiring staff support to remain high. This, in combination with a reduction in contractual services and overtime, will result in a shift of staff resources from maintenance responsibilities to event support. This will cause a decrease in responsiveness to maintenance service requests and an increase in deferred maintenance in several areas.



Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

Fleet Availability

Fleet availability is a primary focus as the organization adjusts to recent changes in fleet size and replacement standards.

As the City continues to focus on public health and safety as a first priority, over 80% of fleet services will be assigned to support public health and safety to continue to meet the goal of 100% fleet availability. This allocation of resources to public health and public safety has the potential of impacting service delivery to general fleet maintenance activities and availability that supports these programs.

Furthering this resource allocation strategy, public safety-related vehicle replacement needs will be fully funded while general fleet replacement funding will still be limited. However, general fleet replacement will continue to be funded at $1.6 million. This is the same figure that was budgeted in 2007-2008, which was the highest amount budgeted for replacements in over 5 years. This figure will allow for a substantial number of older, unreliable pieces of equipment to be replaced, thereby improving fleet availability in some areas where it has been less than desirable.

"Decade of Investment"

As the City approaches the latter part of the *Decade of Investment,* the majority of projects funded by the three voter approved bond programs have been delivered to the community. During this time, virtually every neighborhood in the City has seen improvements to its community facilities in the form of parks, libraries, community centers, as well as transportation and infrastructure improvement projects. While the City's CIP remains strong and active and continues to deliver a remarkable number of projects to the residents of San José, the coming years will likely see a reduction in the overall number of capital projects as the number of bond projects continues to decline and as the City continues to address the current and projected structural deficit challenges.

City project teams continue to make significant progress in delivering completed projects to the community. From July 2000 to June 2007, the City completed 1,086 projects. An estimated 106 projects are scheduled to be completed during 2007-2008, which will result in nearly 1,200 completed projects in the City of San José during this decade, and billions of capital program dollars being put into the local economy.

The city-wide capital program performance measurement results are reported in this section of the operating budget. For 2007-2008, an estimated 75% of the 106 projects scheduled for completion will be delivered on time. Project teams place a high priority on the timely delivery of capital projects. However, despite this focus on timely project delivery, there are a number of reasons that project schedules do become extended. Two of the most significant reasons include coordination with other utility agencies (PG&E-related utility connections and resolution of utility conflicts) and a shortage of City staff resources.

Staff has gone to extraordinary lengths to ensure timely coordination on many of these projects, such as verbal and written communications, repeated phone calls and e-mails and coordination meetings with PG&E. However, due to PG&E's internal staffing model and resource limitations, this has still not precluded delayed coordination and schedule extensions. Staff is making every effort to factor these utility-related challenges into future schedule commitments which may cause schedules for new projects to be longer than normally anticipated. In addition, staff will continue to be proactive in coordinating City projects with PG&E with the goal of minimizing the schedule impacts from PG&E-related delays.

There continues to be a significant lack of staffing resources in some project delivery areas due to a high rate of attrition. As discussed above, the CIP is anticipated to shrink significantly in the upcoming years and this is an important consideration in the decision making process of adding more resources. Balancing the staffing needs for the current CIP while taking into consideration the impending changes provides certain challenges and this has resulted in schedule extensions on some projects.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

"Decade of Investment" (Cont'd.)

The estimated on-budget performance for projects accepted in 2007-2008 is 83%, compared to a performance target of 90%. It is important to note that all projects are delivered within the Council approved budget. However, to streamline the tracking and reporting process, staff is proposing that the methodology be changed to where the baseline budget shall be aligned with the appropriated project budget whenever Council approves a change to the project budget, either through the annual budget process or through specific appropriation actions. Currently, any change to the project's original baseline budget requires that an appropriation action be approved by the Council. Staff is proposing that the methodology be changed to where the baseline budget will be aligned with the appropriated project budget whenever Council approves such a change to the project budget, either through the annual budget process or through specific appropriation actions. Separate baseline budget reset recommendations shall be brought forward to Council through the semi-annual Capital Improvement Program/Strong Neighborhoods Status Report when project budgets are changed due to reasons other than the ones mentioned above.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. City-Wide delivery of quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	75%* 79/106	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	90%	90%	83% ** 34/41	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	TBD***	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	85%****	85%	85%
B. Strategic Support CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	50% 1/2	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	80%	90%	100% 2/2	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	TBD	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	TBD	85%	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

NOTES:
- * Projects are considered to be "delivered" when they are available for their intended use.
- ** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.
- *** 2007-2008 O&M survey results based on projects that reached beneficial use in 2006-2007.
- **** 2007-2008 Customer Satisfaction survey results based on projects that reached beneficial use in 2007-2008.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
C. Provide well-maintained facilities that meet customer needs	1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale)	70%	60%	60%	60%	60%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	90%	90%	85%	85%	85%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	91%	100%	100%
D. Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	96%	93%	91%	93%	93%
	2. % of fleet in compliance with replacement cycle:					
	• Emergency Vehicles	100%	100%	99%	100%	100%
	• General Fleet	100%	88%	88%	89%	89%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Outcome 3: Effective Use of State-Of-The-Art Technology

Customer Contact Center

In July, 2007, the Customer Contact Center transferred to the Information Technology Department after operating under the direction of the Chief Information Officer since August 2006. This transfer was approved by the City Council in order to address unacceptable caller wait times (as high as 45 minutes) and high call abandonment rates (as high as 75%) following "go-live" (July 2006) of the Integrated Billing System (IBS).

Since the "go-live" date in 2006 many improvements have been implemented, and call abandonment rates have improved. A call is considered abandoned when the caller elects to hang up before his or her call can be answered by a customer service representative. In February 2007, the average call abandonment rate ranged from 11 to 15%.

Proactive steps were taken prior to the July 1, 2007 hauler transition and rate change in order to avoid many of the issues experienced at system "go-live," including hiring temporary staff to handle increased call volume. Other preemptive actions included active participation in transition and outreach meetings with the Environmental Services Department (ESD) and the haulers, intensive training sessions for customer service representatives to prepare for the transition and appointment of a training lead to coordinate transition-related activities with City departments.

Call diversion tactics included web updates, hold time messages, the ability for customers to be routed directly to their haulers for service-related issues and participation in community meetings, to mitigate the increase in calls and possible extended hold times. During the transition period, extended hours were put in place to smooth out the peaks in call volume.

Other improvements during 2007-2008 included augmentation of after-hour services. In addition to 24/7 call tree (IVR) availability resulting from recent upgrades, the City's after-hours call service now has access to the City directory to better serve after-hours callers. Recent upgrades to the call tree allow callers to "self-serve" with options including obtaining account balance information, ability to make payments, and the ability to contact recycling or garbage contractors.

Impact of the Integrated Billing System and Improved Processes

Overall, Customer Contact Center performance continues to improve. A proactive approach to improvements and anticipated challenges has resulted in call wait times currently averaging 2-3 minutes, a significant improvement from the 45-minute wait times experienced at "go-live". In February 2007 the average call abandonment rate ranged between 11% and 15%, compared to July 2006 levels of up to 75%. Since early January 2008, this rate has averaged 3%.

Customer Contact Center Standards and Future Vision

The City's Customer Contact Center is part of a nationwide network in which ideas and advice are shared upon practical experience as other cities face the same challenges. This is a valuable resource of practical tools, techniques and lessons learned. The City's Customer Contact Center employs techniques that are essentially a hybrid of best practices, as the goal of providing the highest level of customer service remains unchanged.

The vision for a world class Customer Contact Center serving as the primary point of contact for the residents and City employees continues. As the Customer Contact Center continues to expand its knowledge base, it will enable departments to improve productivity by fielding routine inquiries, responding to urgent issues, properly directing complex inquiries, and following established escalation procedures.

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network	99.95%	NEW	NEW	99.95%	99.95%
	-Telephones	99.95%	NEW	NEW	99.95%	99.95%
	-Enterprise Servers	99.95%	NEW	NEW	99.95%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	100%	99.5%	100%	100%	100%
	-Financial Management System	99.5%	99.00%	99.9%	99.5%	99.5%
	- Human Resources/Payroll System	99.5%	99.00%	99.6%	99.5%	99.5%
	-Call Center System	99.5%	100%	99.6%	99.5%	99.5%
	-Combined Availability	99.63%	99.38%	99.78%	99.63%	99.63%
	3. % of managers who say employees have the technology tools they need to support their service delivery functions	75%	75%	75%	75%	75%
	4. % of employees who say they have the technology tools they need to support their service delivery functions	85%	85%	85%	85%	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from the 2007-2008 Adopted Budget:

+ "% of network services available 24/7" was revised to include the Converged City Network, telephones, and enterprise servers. This revised measure encompasses the core infrastructure of the network and it is monitored 24/7, not just business hours.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Bond Rating & Debt Issuance

By maintaining the City's excellent credit ratings, the City continues to provide essential public facilities to the community with low financing costs, saving the City millions of dollars. The City has been making significant capital investments in public facilities such as parks, libraries, public safety, the Airport, and City Hall. These projects are consistent with implementation of the City's "Decade of Investment," through a $2.4 billion 2009-2013 Adopted Capital Improvement Program, of which approximately 11.9% is to be financed with bonds.

It is critical for the City to maintain its excellent bond ratings, which is a key factor in determining the City's borrowing rate. Because the City has exercised sound fiscal management, even during these recent times of economic uncertainty, San José's bond ratings are the highest for a large California city with a population over 250,000. The City's excellent credit ratings (Aa1 [Moody's] and AAA [Standard & Poor's] and AA+ [Fitch]) have already saved the taxpayers over $6.5 million over the life of the general obligation bonds issued to date, and are estimated to save the taxpayers an additional $0.5 million over the life of the City's general obligation bonds authorized but not yet issued.

In 2008-2009, the Finance Department will start and complete the process for closing out inactive improvement district funds. This initial analysis will facilitate the Finance and Public Works Departments' ability to identify and dispose of inactive improvement district fund balances. The City is legally responsible for disbursing these funds, which currently total approximately $6.8 million. Resources are approved in this budget to facilitate this project, with the addition of a temporary limit-dated Analyst position and contractual resources, which will include the establishment of procedures to prevent future fund balance accumulation, as well as to implement a disbursement process.

Revenue Generation Projects

As a means to assuring a high performing government which optimizes the level of basic core services provided to the residents and business owners of the City and reduce the structural deficit, the Finance Department's Revenue Collection Team has been reorganized to efficiently proceed with several revenue-generating projects. The Collections Team has worked closely with City departments, the San José community, and its business partners to assure the timely and correct payment of monies used to support critical City services.

An example of the improvements being made in the area of revenue generation is the implementation of the Business Field Enforcement Pilot Program. This program, which is funded on a one-time basis in 2008-2009, will add temporary limit-dated staff to perform field work to enforce the City's Business Tax code. This pilot program, which will establish a physical presence in the community to enforce business tax compliance, is anticipated to realize a return of better than $2 to every dollar expended. Currently, the Department does not have the necessary resources to pursue non-compliant businesses or ensure that businesses' self reported tax accurately reflects the true amounts owed to the City. It is anticipated that the addition of these positions will be more than offset by the additional Business Tax revenues that will be received. Upon demonstrating the success of the program, this program may be proposed for extension in future years.

Citywide Procurement Processes

To ensure city-wide consistency of implemented procurement reforms, Finance trained staff members in each department in the on-line RFP Manual. Finance also implemented the City's e-procurement system allowing suppliers to register as City suppliers and to receive e-mail notifications of bidding opportunities and award notifications. For solicitations up to $100,000, suppliers can respond to solicitations on-line.

To further the City's Green Vision, Finance embarked on a three-year strategic plan to review all commodities purchased and to identify opportunities for greening the City's purchases of goods and services. In September 2007, the Environmental Protection Agency recognized the City as a pioneer for adapting green specifications for the purchase of PCs and monitors. In April 2008, Finance received a Green Leadership Award for its Environmentally Preferable Procurement Program at the Green Summit California.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AA+	AA+	AAA	AAA	AAA
	• Fitch	AA+	AA+	AA+	AA+	AA+
B. Improve and protect the financial management system and have it available to address short- and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	90%	83%	83%	83%	85%
C. Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions	85%	82%	81%	82%	82%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS**			
Administer Retirement Plans (Retirement)			
• Retirement Services Analytical and Technology Support	1.12	117,542	0
Employee Benefits (Human Resources)			
• Employee Wellness Program*	2.00	398,986	379,576
• Deferred Compensation Program		25,619	25,619
Employment Services (Human Resources)			
• Employment Services Administrative Support Staffing and Non-Personal/Equipment Funding Efficiencies		(29,338)	(29,338)
• Rebudget: City-Wide Employment Testing		20,000	20,000
Health and Safety (Human Resources)			
• Employee Health Services Administrative Staffing	0.50	35,964	0
Workforce Resources and Diversity (Human Resources)			
• Environmental Services Department Succession Planning Analytical Staffing*	1.00	91,671	0
• Rebudget: Workforce Planning		73,207	73,207
Strategic Support (Human Resources)			
• Telephone Communications Cost Efficiencies		(4,076)	(4,076)
Subtotal	**4.62**	**729,575**	**464,988**
Outcome: **SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT**			
Facilities Management (General Services)			
• Facilities Maintenance Staffing and Contractual Services	(2.00)	(183,761)	(183,761)
• In-Source Heating, Ventilation, and Air Conditioning (HVAC) Services	1.00	(21,988)	(21,988)
Fleet & Equipment Services (General Services)			
• Central Service Yard Consolidation	(3.00)	(422,745)	(5,000)
• Fleet Expansion Maintenance and Operations		112,700	0
Plan, Design and Construct Public Facilities and Infrastructure (Public Works)			
• Public Works Capital Position Reduction to Support GIS Management Staffing	(1.00)	(88,895)	0
• Public Works Department Non-Personal/Equipment Funding Efficiencies		(33,000)	(33,000)
• Public Works Capital Improvement Program Staffing Reallocation from the Public Works Fee Program	1.20	174,589	0

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT (CONT'D.)**			
Strategic Support (Public Works)			
• Public Works Department Non-Personal/Equipment Funding Efficiencies		(17,000)	(17,000)
• Public Works Accountant Funding Alignment	(0.05)	(7,303)	0
• Central Service Yard Consolidation		(5,000)	(5,000)
• Rebudget: Sanitary Sewer/Geographic Information System Database		115,000	0
Subtotal	**(3.85)**	**(377,403)**	**(265,749)**
Outcome: **EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY**			
Manage and Support the Information Technology Infrastructure (Information Technology)			
• Storage Area Network (SAN) Maintenance		(445,000)	(445,000)
• Information Technology Department Non-Personal/Equipment Funding Efficiencies		(135,000)	(135,000)
• Development Services Technology Staffing	(1.00)	(107,484)	(107,484)
• Rebudget: Sunshine Reforms Retention and Renewal		325,000	325,000
• Rebudget: Storage Area Network Maintenance		221,283	221,283
Provide Enterprise Technology Systems and Solutions (Information Technology)			
• Capital Project Management System Technology Staffing	(1.00)	(134,441)	(134,441)
• Information Technology Department Non-Personal/Equipment Funding Efficiencies		(13,613)	(13,613)
• Geographic Information Systems Management Staffing	1.00	164,702	79,237
• Business Tax Application Migration Temporary Staffing		79,511	79,511
• Customer Contact Center Temporary Staffing and Non-Personal/Equipment Funding Efficiencies	2.00	61,485	(59,739)
• Information Technology Staffing for New Parks Facilities	0.50	3,929	3,929
• Rebudget: Sunshine Reforms Technology Requirements Web Audit		250,000	250,000
• Rebudget: Electronic Content Management		42,500	42,500
Support Departmental Technology Solutions (Information Technology)			
• Information Technology Analytical Staffing	(1.00)	(149,177)	(149,177)
Strategic Support (Information Technology)			
• Integrated Billing System Analytical Staffing	(1.00)	(129,444)	0
• Information Technology Technical Training		100,000	100,000
Subtotal	**(0.50)**	**134,251**	**57,006**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY**			
Disbursements			
• Finance Department Non-Personal/Equipment Funding Efficiencies		(10,000)	(10,000)
Financial Reporting			
• Temporary Encumbrance Liquidation Project Staffing	1.00	134,629	72,107
• Inactive Improvement Districts Close-Out Staffing*		94,500	94,500
Purchasing and Materials Management (Finance)			
• Materials Management Staffing and Funding Reallocation	(1.00)	(122,734)	(134,266)
• Telephone Communications Cost Efficiencies		(1,000)	(1,000)
Revenue Management (Finance)			
• Revenue Collection Strategic Plan Continuation	3.00	212,157	212,157
• Business Field Enforcement Pilot Program*	2.00	189,600	189,600
Treasury Management (Finance)			
• Rebudget: Debt Management Program Staffing		234,000	234,000
• Rebudget: Active Portfolio Management Program - Phase I Implementation		168,000	168,000
Strategic Support (Finance)			
• Accounting Staffing Efficiencies	(1.00)	(71,766)	(71,766)
• Finance Department Non-Personal/Equipment Funding Efficiencies		(15,000)	(15,000)
• Telephone Communications Cost Efficiencies		(4,563)	(4,563)
• Rebudget: Audit Statement Manuals		100,000	100,000
Subtotal	**4.00**	**907,823**	**833,769**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Other Changes			
City-Wide Expenses (City-Wide)			
• Alliance for Innovation Transforming Local Government*		7,500	7,500
• City Outreach and Education Efforts		(53,125)	(53,125)
• City-Owned Property Database		100,000	100,000
• Community Translation/Interpretation and Meeting Spaces		50,000	50,000
• ICMA Performance Measurement		(5,000)	(5,000)
• Management Training		50,000	50,000
• Optimization and Service Delivery Model Reviews*		350,000	350,000
• Public Works Standard Plans and Specifications		200,000	200,000
• Retiree Healthcare (GASB) Team		150,000	150,000
• Sunshine Reform		235,000	235,000
• Technology Maintenance Backlog: Desktop Computer and Server Replacement		653,000	653,000
• Three-Year General Fund Structural Deficit Elimination Plan/Outreach		175,000	175,000
• Miscellaneous Rebudgets		25,568,964	25,568,964
General Fund Capital, Transfers, and Reserves			
• Capital Contributions: Central Service Yard Phase I Debt Service Payment Funding Shift		(877,000)	(877,000)
• Capital Contributions: Building Facilities Maintenance Backlog: UPS System, PAB Chiller, Police Special Operations Unit Motors		2,717,000	2,717,000
• Capital Contributions: Rebudget of 2007-2008 Projects		3,343,749	3,343,749
• Transfers to Other Funds: Diesel-Powered Vehicles-Retrofit (Vehicle Fund)		319,000	319,000
• Earmarked Reserve: Salary and Benefit Reserve- Pension Obligation Bonds/Prepayment of Annual Employer Retirement Contributions		0	0
• Earmarked Reserves: Future Capital Projects (FF&E) - Fire Station 37 - Willow Glen		(800,000)	(800,000)
• Earmarked Reserves: Salary and Benefit Reserve - Revised Police/Fire Retirement Employer Contribution Rates		(435,240)	(435,240)
• Earmarked Reserves: Computer and Equipment Reserves Elimination		(350,000)	(350,000)
• Earmarked Reserves: Diesel-Powered Vehicles Retrofit Reserve Elimination		(319,000)	(319,000)
• Earmarked Reserves: Salary and Benefit Reserve- Voluntary Furlough and Special Reduced Workweek		(300,000)	(300,000)
• Earmarked Reserves: GASB 43/45 Liability (Retiree Healthcare) Reserve		1,869,725	1,869,725
• Earmarked Reserves: Rebudgets		33,078,133	33,078,133
• Contingency Reserve: Rebudget		1,800,000	1,800,000
Subtotal	**0.00**	**67,527,706**	**67,527,706**
Total Core Service Changes	**4.27**	**68,921,952**	**68,617,720**

** Approved investment change is a new initiative/spending item since the 2007-2008 Adopted Budget.*

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

Strategic Support CSA

Mission:

To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Disbursements

Finance Department

Core Services:

- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management
- Treasury Management

General Services Department

Core Services:

- Facilities Management
- Fleet and Equipment Services

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization

Human Resources Department

Core Services:

- Employee Benefits
- Employment Services
- Health and Safety
- Workforce Resources and Diversity

Information Technology Department

Core Services:

- Manage and Support the Information Technology Infrastructure
- Provide Enterprise Technology Systems and Solutions
- Support Departmental Technology Services

Public Works Department

Core Services:

- Plan, Design and Construct Public Facilities and Infrastructure

Retirement Department

Core Services:

- Administer Retirement Plans

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: Administer Retirement Plans

Retirement Services Department

Core Service Purpose

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans.

Key Operational Services:

- Supervise Investment of Plan Assets
- Provide Retirement Planning & Counseling
- Administer Retirement Benefits
- Analyze, Develop & Recommend Retirement Policy

Performance and Resource Overview

The purpose of the "Administer Retirement Plans" Core Service is twofold. One purpose is to deliver retirement benefits to the retired employees of the City of San José and educate and market the retirement plan to active and future employees. The other purpose is to maintain fiscally sound retirement plans. The Administer Retirement Plans Core Service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations*. The Retirement Services Department is organized into the following operational services, which are key to meeting the mission of the core service:

Supervise Investment of Plan Assets

To maintain a fiscally sound plan, Retirement Services staff supervises the investment of assets in the retirement plans. There are two separate funds, one for the Police and Fire Department Retirement Plan (P&F) and the other for the Federated City Employee Retirement System (FCERS). The investment team monitors the external investment managers and ensures that they comply with the Retirement Boards' investment policies and guidelines as of November 30, 2007. Currently, the investment team oversees $4.6 billion in assets, including eight real estate properties in six states. This is a change from 2006-2007 assets of $3.9 billion. Strong relationships are established and maintained between staff and the various investment managers, custodian banks, and financial consulting firms in order for staff to effectively administer the retirement plans and report on their performance to the Retirement Boards.

As of June 30, 2007, the investment program produced a rate of return of 19.3% for P&F and 16.2% for FCERS, which exceeded the actuarial assumed rate of return of 8% for P&F and 8.25% for FCERS. The median return for public pension plans was 16.2%. Results were achieved within the policy risk levels for the plans. The priority during the year was to move closer to real estate allocation by investing in new funds with two existing Real Estate fund managers for FCERS, while the P&F Plan continued to monitor manager performance and discussed new strategies to move closer to real estate allocation target.

Supervise Investment of Plan Assets (Cont'd.)

Current targets are as follows:

	P&F	FCERS
Domestic Equities	34%	35%
International Equities	20%	15%
International Emerging Equities	5%	0%
Domestic Fixed income	20%	34%
Long Bonds	4%	0%
Global Fixed	0%	7%
Real Estate	12%	6%
Private Market Equities	5%	3%

In 2007-2008, staff monitored 100% of the portfolios for compliance with the Retirement Boards' Investment Policy Statement. For 2008-2009, the target for compliance will continue to be 100%.

Provide Retirement Planning and Counseling

The Department continues to provide individual retirement planning and counseling to active employees. Staff meets with prospective retirees and their spouses or domestic partners to facilitate a smooth transition into retirement. In 2007-2008, staff counseled 230 persons through the retirement process. In addition, the Department provides educational services such as a seven-week comprehensive course on retirement planning (CHOICES), lunchtime seminars, and counseling to retired employees and their beneficiaries.

Retirement Services continues to offer noon "brown bag" seminars that are designed to include topics of value for active employees and retirees. There are currently 20 different titles offered, and the information disseminated in the brown bags can be readily adapted to the attendees' current life phase. Interest in the seminars continues to be strong, with 1,425 active employees and retirees attending classes. It is estimated that in 2008-2009 there will be over 1,500 attendees at the brown bag sessions.

During the past year, a new brown bag was offered to managers. It was a retirement mentor program that was designed to provide managers with the minimal knowledge and awareness to help improve their staff's retirement future. The Department anticipates offering 57 brown bag seminars the next fiscal year and will strive to maintain success in accommodating everyone who has signed up on the wait list.

Administer Retirement Benefits

The Department administers the retirement benefits, including providing retirement checks and direct deposits for retirees, enrolling retirees in the health and dental plans, and accounting for revenue and expenses for the retirement plans.

The cost measure of administrative costs per $1 million of assets compares City administration costs to the average cost of other, similar plans. For 2006-2007, the administration costs of City Plans were 25% below the average cost of other similar plans, outperforming the target of plus or minus 10%. For 2007-2008, the target is plus or minus 10% of the average to other similar retirement plans and remains at that level in 2008-2009.

Retirement Services' website, www.sjretirement.com, continues to be a useful tool and source of current and historical information to members. In 2007-2008, the Department again offered "online enrollment" for open enrollment. All members under the age of 65 were encouraged to enroll online. The Department increased the usefulness of the website to members and the investment communities by keeping them informed about issues related to managing the Plans' investment portfolios. In 2008-2009, the Department plans on offering interactive forms through the Web Member Services portion of the website to simplify both the completion and submission of department forms for retirees.

For 2008-2009, an Analyst was added to support the administration of plan benefits such as military service and disability retirements, as well as assist with special projects. In addition, an existing part-time Information Systems Analyst was converted to full-time, permanent status in order to meet increasing needs for document imaging, department website maintenance, and pension administration system maintenance.

Analyze, Develop and Recommend Retirement Policy

The Retirement Services Department also analyzes, develops and recommends retirement policy for the Boards. Recommendations are made on specific issues, policies and procedures. Each year the Retirement Boards' investment committees prepare a work plan with projects for the year. Projects may include reviewing the asset allocation of the plan, updating the investment policy and determining the added value and risk of a specific investment. For 2007-2008, the Department completed projects in the agreed upon time frame 95% of the time, below the target of 96%. In 2008-2009, the target for completing projects within the time frame will remain at 96%.

Core Service: Administer Retirement Plans

Retirement Services Department

Performance and Resource Overview (Cont'd.)

Administer Retirement Plans Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of employees that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	98%	97%	95%	97%
% of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
Admin. cost of City plans compared to similar plans	(25%)	+(10%)	+(10%)	+(10%)
Information needed by the Boards and members is delivered in the agreed upon time frame	97%	96%	95%	96%
% of Boards and members that rate department services as very good or excellent based on accuracy and usefulness of work	100%	85%	95%	95%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of active & retired members surveyed	49	150	100	150
Number of employees reporting a positive impact	48	145	95	145
Number of portfolios	47	46	47	47
Number of portfolios analyzed annually	47	46	47	47
Admin. Cost per $1 million of assets:				
-Combined City Plans	$4,750	$5,448	$5,370	$5,448
-Average of similar plans	$5,709	N/A	N/A	N/A
Assignments by Board members completed on time	98	89	78	89
Boards' assignments to be completed	6	4	4	4
Investment committee workplan projects	33	30	31	30

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Core Service: Administer Retirement Plans

Retirement Services Department

Performance and Resource Overview (Cont'd.)

Administer Retirement Plans Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,661,696	$ 2,953,537	$ 3,014,833	$ 3,132,375	6.1%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 2,661,696**	**2,953,537**	**3,014,833**	**3,132,375**	**6.1%**
Authorized Positions	**25.73**	**25.73**	**25.73**	**26.85**	**4.4%**

* 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 ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Retirement Services Administrative Support	**1.12**	**117,542**	**0**
2008-2009 Adopted Core Service Changes Total	**1.12**	**117,542**	**0**

1. This action adds 1.0 Analyst and converts a .88 Information Systems Analyst to a 1.0 Information Systems Analyst. The new Analyst position will support the administration of plan benefits such as military service and disability retirements, as well as assist with special projects. The conversion of the Information Systems Analyst is approved due to a number of factors, including increased usage of document imaging and increased usage of the department website. In addition, this position maintains the pension administration system. Funding for both of these positions will be provided by the Retirement funds and have been approved by both the Federated and Police/Fire Retirement Boards. (Ongoing costs: $125,359)

Performance Results:
Cycle Time, Customer Service Cycle time and customer service for plan benefits, document imaging requests and updates to the department website will be improved with additional staffing support.

Strategic Support CSA

Core Service: Debt Management

Finance Department

Core Service Purpose

Provide cost effective financing and insurance coverage for the City's capital assets.

Key Operational Service:

- Debt Management

Performance and Resource Overview

Debt Management Resource Summary**	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,019,113	$ 957,390	N/A	N/A	(100.0%)
Non-Personal/Equipment	75,677	112,150	N/A	N/A	(100.0%)
Total	**$ 1,094,790**	**$ 1,069,540**	N/A	N/A	**(100.0%)**
Authorized Positions	**7.25**	**7.25**	**N/A**	**N/A**	**(100.0%)**

* 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.

** For 2008-2009, the Debt Managment Core Service was integrated into a new Core Service, Treasury Management.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support CSA

Core Service: Disbursements

Finance Department

Core Service Purpose

Facilitate timely and accurate payment of the City's financial obligations.

Key Operational Services:

- ❑ Accounts Payable
- ❑ Payroll

Performance and Resource Overview

This core service is responsible for coordinating various disbursements for all City departments. Customers for this service include City employees, governmental agencies, non-profit corporations, consultants, contractors, and vendors who provided goods and services to the City. The objectives of this core service include accurate and timely payments to City employees and vendors as well as timely responses to requests for information. This core service supports the CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Accounts Payable

In 2007-2008, the Accounts Payable unit experienced staffing fluctuations due to vacancies. Despite these fluctuations, Accounts Payable maintained or improved service levels in most areas, such as the percentage of payments made accurately and on-time. 2007-2008 estimated performance in this category is estimated to be 94%, above the target of 90%. As the newly hired staff gains experience, Accounts Payable will focus its efforts on increasing the accurateness and timeliness of payments and decreasing the average number of days from invoice date to check issuance.

Payroll

In 2007-2008, the Payroll unit focused its efforts on improving and streamlining processes, which included increasing the usage of employee "self-service" features in the payroll system. This payroll system, which was upgraded to Oracle PeopleSoft version 8.9 in 2007-2008, allows the unit to take full advantage of the enhanced processes inherent in the payroll system. In addition, the technology hardware for Human Resources and payroll processing was upgraded late in the year. This upgrade greatly reduced processing time for major processes. With this improved functionality, the Payroll unit is currently exploring the feasibility of extending deadlines for users and payroll staff to allow for more time for review and correction of transactions. This will aid in increasing accuracy of payments.

Performance and Resource Overview (Cont'd.)

Payroll (Cont'd.)

In 2007-2008, the Payroll unit assumed responsibility for processing non-payroll related reimbursement to employees. These additional reimbursements include food and beverage, travel, and uniform replacement previously handled through petty cash. This change reduced workload for both Accounts Payable and the departments by eliminating additional accounts payable checks.

Staff collects and analyzes performance data by identifying activities and outputs involved in issuing vendor payments, employee paychecks, and other types of pay. The estimated cost per payment for 2007-2008 is $6.63. This cost increase, from a target of $6.10, reflects a decrease in the number of payments. The number of payments is expected to increase by approximately 3% from 286,000 in 2007-2008 to 295,000 in 2008-2009 based on historical increases in payment activity.

Disbursements Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of payments made accurately and on-time	81%	90%	94%	90%
% of employee payments paid timely and accurately	NEW	90%	96%	93%
% of payroll checks processed accurately and on-time	NEW	90%	93%	90%
Cost per payment	$6.57	$6.10	$6.63	$6.42
Average number of days from invoice date to check issuance	32	31	32	31
% of customers who rate disbursement services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	89%	90%	90%	90%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
+ "% of payroll checks processed accurately and on-time" was added to measure payroll check data only. The "% of employee payments paid timely and accurately" includes payroll check data, as well as payments made to employees for food and beverage employees, travel, education, and other payments.

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
% of vendor invoices accurately paid within 30 days	69%	63%	64%	63%

Changes to Operational Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
↺ "% of vendor invoices paid within 30 days" was revised to "% of vendor invoices accurately paid within 30 days" to ensure consistency with performance measure wording that is reported to the Public Safety, Finance & Strategic Support Committee.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total cost for Disbursement services	$1,784,610	$1,801,738	$1,894,827	$1,893,422
Total number of payments made	271,553	295,000	285,949	295,000
Vendor invoices paid	71,497	90,000	88,326	90,000

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Disbursements Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,697,421	$ 1,706,049	$ 1,807,733	$ 1,807,733	6.0%
Non-Personal/Equipment	87,189	95,689	95,689	85,689	(10.5%)
Total	**$ 1,784,610**	**$ 1,801,738**	**$ 1,903,422**	**$ 1,893,422**	**5.1%**
Authorized Positions	**18.55**	**17.55**	**17.75**	**17.75**	**1.1%**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Finance Department Non-Personal/Equipment Funding Efficiencies		**(10,000)**	**(10,000)**
This action reduces Non-Personal/Equipment funding in the Disbursements Core Service. This reduction represents 10.5% of the core service's total Non-Personal/Equipment allocation. As a result of this reduction, the Department will need to prioritize expenditures for supplies and materials. (Ongoing savings: $10,000)			
Performance Results: No impacts to performance levels are anticipated due to this reduction.			
2008-2009 Adopted Core Service Changes Total		**(10,000)**	**(10,000)**

Strategic Support CSA

Core Service: Employee Benefits

Human Resources Department

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively.

Key Operational Services:

- Competitive Processes for Benefit Plans
- Staff Support for Benefits Review Forum and Deferred Compensation Advisory Committee
- Benefits Classes
- Insurance Premium Payments
- Claims Processing
- Eligibility and Contribution Transfers
- Customer Services, Counseling and Mediation
- Human Resources Information System (HRIS) - Benefits Module Administration and Maintenance

Performance and Resource Overview

The Employee Benefits Core Service supports the Strategic Support CSA Outcome: *A High-Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations*. This core service strives to provide employees with a wide array of high-quality, affordable and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. High-quality employee benefits are essential to being an "employer of choice" and to attracting and retaining a high-performing workforce.

The investment of City funds for non-retirement employee benefits is $73.3 million for 2008-2009, details of which are included in the Statement of Source and Use of Funds for the Benefit Funds found in the Source and Use of Funds Statements Section of this document. Employees, the Retirement Funds, and retirees contribute another $43.6 million for these non-retirement benefits. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as deferred compensation, long-term disability, long-term care, medical reimbursement accounts, dependent care accounts, supplemental life insurance, personal accident insurance, and other insurance products.

In 2007-2008, a number of key accomplishments were achieved. A request for proposal (RFP) for the City's Employee Assistance Program (EAP) was completed. This RFP resulted in the retention of Managed Health Network (MHN). Through the competitive process, the City was able to secure a 8.5% rate decrease for Public Safety employees and a 35% rate decrease for Non-Public Safety employees. This provides the City with an annual cost savings of $130,000.

Performance and Resource Overview (Cont'd.)

A request for quote (RFQ) for personal accident insurance was completed in March 2008. Personal accident insurance is a voluntary benefit paid for by employees and retirees. Criteria for this vendor selection included long-term rate stability and preservation of plan design. The results of the RFQ were a 40% rate decrease for employee/retiree only coverage and a 29% rate decrease for family coverage. These rate decreases will save employees and retirees approximately $44,000 in 2008-2009. The new rates are guaranteed for three years and will generate a total savings of $132,000. In addition to the rate decreases, plan coverage will include enhanced age reduction benefits, and the addition of new coverage for carjacking, car air bag release, rehabilitation and psychological therapy benefits.

An RFQ for vision plan coverage was completed in March of 2008. Criteria for this vendor selection included long-term rate stability, preservation of plan design and adequate network coverage. The result of this RFQ was retention of the City's current vision plan vendors VSP and Eye-Med, which preserves network coverage. The rates for VSP will decrease by 6.7% in 2008-2009 and by 2% for Eye-Med. The rate reduction will save the City $8,000 and the employees $33,000 annually. The rates are guaranteed for four years, providing an overall total savings of $164,000.

An RFQ for Unemployment Insurance claims administrator services was released in the spring of 2008. This RFQ resulted in annual administrative costs reduced from $11,000 per year to $6,000 per year, a savings of $5,000 per year. The contract guarantees rates for four years, resulting in a total savings of $20,000.

Employee Benefits successfully completed a pilot test for an online internet self-service application, which will permit employees to make online elections from their home. This new capability complements the current intranet self-service application which permits employees to make online elections at work. The new online internet self-service application will be offered to all City employees during the annual enrollment period in 2008.

The City of San José's Deferred Compensation 457 Plan was amended to include loan provisions effective September 1, 2007. This new benefit permits a participant to request a loan from their Deferred Compensation account. A series of meetings throughout the City and payroll flyers introduced this new benefit. In addition, adjustments to the Deferred Compensation Program's budget have been approved in order to align personal services costs with the program's staffing needs and to increase the Non-personal/Equipment budget. This increase provides for a new Retirement Planning & Savings Fair to be held in late October 2008 and to implement computer software that will record the Deferred Compensation Advisory Committee Meeting enabling staff to post these audio files to the City's website. This project is projected to be completed in 2008-2009.

A city-wide health risk mitigation program, or Wellness Program, was approved for implementation in 2008-2009. Employee Benefits secured $200,000 per year for calendar years 2007, 2008 and 2009 (a total of $600,000) from Kaiser Permanente and Blue Shield to implement a work place wellness program. The Wellness Program's primary goals are to reduce health risks and optimize health and

productivity while lowering total health-related costs. Implementation of this program will begin in the summer of 2008. The following programs and activities are planned:

- *Individualized Care Management* – An individualized care management program will improve patient outcomes, reduce the usage of inappropriate, costly care and provide employees with access to expert, unbiased medical assistance in exploring treatment options and their relative benefits, risks and costs. The program will enable employees to seek care based on best-practice medical and pharmaceutical decisions. An RFP for these services is planned for summer of 2008.

- *Health Risk Assessments (HRA)* – An HRA will help to raise employee/retiree awareness about the association between health practices/measures and future health problems. Additionally, an HRA will provide an employee with specific interventions to improve an individual's health status. A Health Fair was held in June 2008 which provided health screenings to employees and retirees. The health screenings are required to complete an online Health Risk Assessment. An estimated 700 employees and retirees attended the Health Fair and obtained health information. Over 260 cholesterol and glucose screenings and over 200 blood pressure screenings were provided.

- *Health and Wellness Classes* – Seminars are scheduled monthly and will provide employee education on wellness topics, such as nutrition, daily exercise, and managing stress. These seminars are currently being held at several City locations. Topics vary each month. Employees are notified of the topic, date and locations via payroll flyers.

In March 2008, Employee Benefits began work to research and analyze the current billing processes for employees on a leave of absence. The purpose of this project is to automate and track premiums due from employees on a leave of absence who do not receive a pay check. This project will continue in 2008-2009.

Performance and Resource Overview (Cont'd.)

Employee Benefits Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of providers in compliance with negotiated benefits	92%	92%	92%	92%
Cost of benefits administration per FTE	$259	$181*	$227	$285
% of requests for services responded to in one day	85%	90%	85%	90%
% of HRIS transactions completed within the target pay period	100%	100%	100%	100%
% of participants rating benefit program products and services as good to excellent	N/A**	N/A**	N/A**	N/A**

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* The 2007-2008 Target was understated in the calculation process. The 2007-2008 target should have been $282. The difference in the 2007-2008 Estimated is due to the division's turnover. The 2008-2009 target reflects the projected cost for full staffing.

** The question regarding benefits satisfaction was not included in the 2004, 2006 or 2008 Employee Survey.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Annual contributions to Deferred Compensation	$38M	$36M	$39M	$39M
% of employees contributing to Deferred Comp	67%	70%	69%	70%
% of employees/retirees enrolled in dental HMO	8%	9%	9%	9%

Changes to Activity and Workload Highlights from 2007-2008 Adopted Budget: No

Employee Benefits Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,008,709	$ 1,240,003	$ 1,221,707	$ 1,376,861	11.0%
Non-Personal/Equipment	730,392	732,640	757,627	1,027,078	40.2%
Total	**$ 1,739,101**	**$ 1,972,643**	**$ 1,979,334**	**$ 2,403,939**	**21.9%**
Authorized Positions	**11.62**	**11.62**	**11.62**	**13.62**	**17.2%**

* 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 ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Deferred Compensation Program		**25,619**	**25,619**

This action represents a net adjustment of $25,619 to the Deferred Compensation budget. Personal services funding has been reduced by $12,000 to align contractual and overtime funding with workload. In addition, Non-Personal/Equipment funding has been increased by $38,000 for additional costs related to the planning and execution of a new Retirement Planning & Savings Fair in late October 2008, as well as for the purchase and implementation of recording and broadcast software which will make Deferred Compensation Board meetings available to the public over the Internet. The costs of these adjustments are offset by reimbursements from the Deferred Compensation Fund. (Ongoing costs: $18,119)

Performance Results: ***Customer Service*** This addition of Non-Personal/Equipment funding increases outreach and education of deferred compensation benefits to employees and increases transparency of Board meetings to the general public.

2. Employee Wellness Program	**2.00**	**398,986**	**379,576**

This action creates a 2-year employee wellness pilot program and adds limit-dated Analyst and Senior Medical Assistant positions (through 2009-2010), as well as Non-Personal/Equipment funding. The Analyst is responsible for developing the wellness program and communication strategies, and the Senior Medical Assistant is responsible for providing direct healthcare screenings to employees and assisting the physician and nurse at Employee Health Services to deliver employee wellness programs, which may include individualized care management (such as disease management, data management and patient advocacy), online resources with wellness, lifestyle, and disease risk assessment through the Health Trust Fund; health risk assessment testing and equipment, wellness marketing materials; and other programs to be identified. These positions are funded through the General Fund and Retirement Funds. Blue Shield and Kaiser will contribute $200,000 per year through 2009-2010 to the City's wellness program. In future health plan contract negotiations, the Human Resources Department will strive to secure these contribution levels on an ongoing basis. Additional one-time funds from the General Fund has been added in the amount of $95,000 in 2008-2009. One quarter of the Senior Medical Assistant is funded by the Retirement Funds. Upon securing ongoing funding, this program may be extended in future years. (Ongoing costs: $395,162)

Performance Results: ***Cost*** The implementation of a City-wide Wellness Program will promote healthy employee and retiree lifestyles and will mitigate increasing health coverage costs.

2008-2009 Adopted Core Service Changes Total	**2.00**	**424,605**	**405,195**

Strategic Support CSA

Core Service: Employment Services

Human Resources Department

Core Service Purpose

Facilitate the timely hiring of excellent employees, and administer the City's classification and compensation systems.

Key Operational Services:

- Recruitment, Assessment and Hiring
- Executive Recruitment
- Employee Placements
- Temporary Employment Program
- Job Classification/Compensation
- Liaison Support/Training
- Employee Reallocations
- Civil Service and Hiring Rules, Policies and Procedures
- Matrix Program

Performance and Resource Overview

The Human Resources Employment Services team supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations*. This core service partners with client CSA representatives to assist departments in conducting tailored job recruitments, administering candidate assessments for selected job classes, and managing effective, efficient, and defensible hiring processes. Additionally, working in a decentralized hiring environment, this team supports, advises, and trains liaisons and has embarked upon a Matrix Program to expedite hiring for departments in need of assistance because of a large number of vacant positions.

Despite the continued hiring freeze, the core service processed 1,632 transactions by the end of 2007-2008, which is slightly less than the 1,857 hiring transactions processed in 2006-2007. In 2008-2009, transaction levels are expected to continue at the same level, driven primarily by high retirement levels, approvals for departments to fill vacancies, and new positions added through the 2008–2009 budget process.

Executive recruitments continue to increase as more individuals reach retirement eligibility. Employment Services initiated or completed 22 recruitments in 2007 and has 10 recruitments currently in progress in conjunction with executive search firms.

In 2006-2007, Human Resources initiated two key projects to enable improvements to the City's hiring process, following recommendations from a study conducted by Management Partners. The first major project was the establishment of the Matrix Program, where departments support hiring activities by dedicating one or more positions to focus exclusively on recruitment and hiring efforts. The dedicated position maintains an office and a presence in the client department. They are

responsible for implementing improved hiring models, reducing the time to hire, and increasing the volume of quality hires. As a direct result of the Matrix Program, even with the increased volume of postings and high volume of retirements and internal promotions, first and second quarter performance results have exceeded expectations in the length of recruitments. Due to the program success, the Matrix program has expanded in 2007-2008 to include the following departments: Airport, Environmental Services, Parks, Recreation and Neighborhood Services, Public Works, and Planning, Building and Code Enforcement. On average, time to hire decreased by 24% and head counts increased by 7% in participating departments as a result of these partnerships. By increasing the overall number of positions dedicated to recruitment activities, the Matrix program also allows Employment Services to provide more services to non-Matrix departments.

The second major project was the implementation of an upgrade to the online employment application system. The new system is a module of PeopleSoft, fully integrating and automating Human Resources data collection from initial application through retirement. As part of the implementation process, Employment Services developed standardized competencies and a database of related screening questions. Change management efforts to prepare liaisons, employees and external applicants for the transition included a series of 4 twenty-hour training sessions, online tutorials, a monthly newsletter and other communication efforts.

In 2007-2008, Employment Services increased its focus on classification and compensation services. These services ensure that jobs are properly designed, described, and aligned to support business needs and sound organizational principles. In addition, compensation work includes analyses and actions to promote market-based compensation while ensuring internal pay equity among City jobs. The restriction on classification actions, in place since 2003-2004, was concluded with a revised reallocation process implemented in March 2007. Of the 393 requests that were received, 344 needed to be reviewed and 150 were approved, for an approval rate of 43.6%. 49 requests were not reviewed because the incumbent left the position and was no longer eligible for reclassification. The review of all reallocation requests was completed in April 2008. Three temporary positions (Senior Analyst, Staff Technician, and a Principal Office Specialist) were added in 2006-2007 and extended in 2007-2008 to enable reallocation work and assist with the high transaction volume. The Senior Analyst and Staff Technician positions will expire in 2008-2009, while the Principal Office Specialist position was approved to be converted to a permanent position in this budget. The continued support provided by the Principal Office Specialist will allow staff to focus on recruitment activities to fill vacancies faster and retain some of the efficiencies gained in 2007-2008.

The Employment Services Division conducts city-wide testing to create eligibility lists for classifications that are utilized by most departments. Due to budgetary constraints and the hiring freeze, established lists had become out of date. In 2006-2007, the Employment Services Division received one-time funding to conduct city-wide testing. Additional one-time funding was awarded in 2007-2008; and qualified candidate groups for nine city-wide classifications have been refreshed. In 2008-2009, a Staff Technician position coordinating administration and scoring of city-wide and public safety examinations has been eliminated. In addition, a one-time rebudget of $20,000 in

personal services savings has been approved for City-wide testing for 5 classifications (Staff Specialist/Technician, Account Clerk II, Custodian, Electrician, and Office Specialist II). Employment Services is also responsible for facilitating organizational downsizing by administering placements, bumping, redeployment and layoff of employees. In 2007-2008, staff successfully placed 20 employees who were affected by position cuts into other City jobs. In 2008-2009, Employment Services will continue to generate and use seniority lists, as well as work closely with departments and displaced employees to find acceptable placements.

Another function of the Employment Services Division is to provide temporary employment resources for other CSAs by maintaining pools of employees available for temporary assignments. During a hiring freeze, the ability to use temporary pool employees provides a valuable alternative for staffing critical work. Demand for temporary services has increased 60% since 2002-2003. Temporary services have been used to backfill vacant positions throughout the organization while recruitments are underway. In 2008-2009, Employment Services anticipates that it will continue to support the City's temporary staffing needs with the use of temporary pool employees at a high level.

Employment Services Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Turnover Rates:				
- Total, All Employees	6.3%	7.0%	5.9%	7.0%
- Public Safety Employees	5.1%	8.0%	5.2%	8.0%
- Non-Public Safety Employees	6.9%	7.0%	6.2%	7.0%
- Information Technology Employees	3.1%	5.0%	2.1%	5.0%
- Non-Information Technology Employees	7.1%	7.0%	6.4%	7.0%
% of employee performance reviews completed on schedule	33%	40%	49%	40%
% of hiring managers rating probationary employees as meets standard or above	98%	95%	98%	95%
Days for Recruitments				
-Internal	85	90	85	90
-External	117	120	115	120
Working days to reclassify an occupied position	N/A*	N/A*	TBD*	N/A*

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
- ✕ "Ratio of actual working days for external/internal recruitment versus target" measure has been deleted. These measures were replaced by the "Days for Internal Recruitments and External Recruitments" measures in 2007-2008.

* No data available for 2006-2007 due to temporary freeze on reclassification actions. Baseline data needed before target can be determined.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
New job postings:				
- Total	527	500	550	500
- Internal	315	300	330	300
- External	212	200	220	200

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Employment Services Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,174,609	$ 1,471,751	$ 1,201,081	$ 1,201,743	(18.3%)
Non-Personal/Equipment	127,024	118,532	74,568	64,568	(45.5%)
Total	**$ 1,301,633**	**$ 1,590,283**	**$ 1,275,649**	**$ 1,266,311**	**(20.4%)**
Authorized Positions	**11.00**	**14.00**	**11.00**	**11.00**	**(21.4%)**

* 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 (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Employment Services Administrative Support Staffing and Non-Personal/Equipment Funding Efficiencies		**(29,338)**	**(29,338)**

This action eliminates a vacant Staff Technician position and converts a limit-dated Principal Office Specialist to a permanent position. The Staff Technician position is one of two Staff Technicians in the Employment Services area and oversees four clerical positions that support recruitment, candidate customer service, candidate examinations, and ordering of supplies. The duties of this position will need to be absorbed by existing staff within the Employment Services Unit. The Principal Office Specialist position, in addition to a Senior Analyst and Staff Technician, were extended on a one-time basis in the 2007-2008 Budget to assist existing permanent staff to focus more of their time on recruitment efforts, as opposed to administrative duties, as well as to assist with classification and compensation activities. The Principal Office Specialist position will continue to provide ongoing administrative support for recruitment and classification efforts. This action also reduces Non-Personal/Equipment funding in this core service as a cost-savings measure by $10,000, or 2% of the Department's total Non-Personal/Equipment funding. This reduces this core service's supplies and materials budget by $2,000 and reverses an $8,000 Non-Personal/Equipment CPI adjustment included in the 2008-2009 Base Budget process. (Ongoing savings: $27,795)

Performance Results:
Cycle Time, Customer Service Reductions in timeliness and customer service will be mitigated by the permanent conversion of this position to provide administrative support to recruitment specialists who will be able to continue to focus on hiring and filling vacancies.

2. Rebudget: City-Wide Employment Testing		**20,000**	**20,000**

This action rebudgets $20,000 in personal services funding for City-wide employment testing. This rebudget will allow for testing for the following job classifications: Staff Specialist/Technician, Account Clerk II, Custodian, Electrician, and Office Specialist II. (Ongoing costs: $0)

Performance Results: N/A: Final Budget Modification

2008-2009 Adopted Core Service Changes Total		**(9,338)**	**(9,338)**

Strategic Support CSA

Core Service: Facilities Management

General Services Department

Core Service Purpose

Provide safe, efficient, comfortable, attractive, and functional buildings and facilities.

Key Operational Services:

- ❑ Facilities Maintenance Services
- ❑ Facilities Improvement Services
- ❑ Special Event Support Services
- ❑ Technical Services
- ❑ Graffiti Abatement

Performance and Resource Overview

Facilities Management is responsible for maintaining the City's building infrastructure assets through preventive and corrective maintenance and the implementation of facility improvements to enhance service delivery and the user's experience. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, and Equipment*. Facilities Management supports the CSA outcome by striving to ensure that all of the City's facilities meet the following criteria:

- Safe to occupy, operate, and use
- Functional to the operations supported and to the needs of the customers served
- Efficient building components and systems
- Attractive to the public and the surrounding neighborhoods
- Comfortable for the occupants and users

The economic environment once again presents significant challenges in sustaining the existing maintenance service levels and maintaining the overall condition of City facilities. Facilities Management continues to look for opportunities to 1) achieve operational savings; 2) address health, safety, and mission-critical maintenance services; 3) enable the development of maintenance programs based on available resources; and 4) develop mid- and long-term capital strategies for operators to manage their City facility assets.

Facilities Management will continue to provide a complement of facility services by managing resources to meet facility maintenance needs in order to minimize facility downtime and decrease unplanned facility closures. For 2008-2009, Facilities Management budget strategies attempt to achieve operational savings while minimizing the impacts to customers in City facilities. One such strategy is contracting-in services where City employees can be competitive and meet customer demands.

Performance and Resource Overview (Cont'd.)

In 2007-2008, the General Services Department continued to examine the cost competitiveness of contracting-in services such as Heating, Ventilation, and Air Conditioning (HVAC) building management controls and corrective repair activities. The Department has determined that these services could be provided internally at a lower cost than that of a contractor. For this reason, the addition of a Network Engineer position was approved in this budget. The addition of this position will provide greater flexibility to respond to urgent or emergency HVAC conditions.

In order to meet budget savings targets, the elimination of two vacant Facilities Management positions, as well as a reduction of $125,000 in contractual maintenance and $35,000 in overtime at City Hall are included in this budget. The collective result of these reductions may lead to an increase in work order cycle time and deferral of some preventative maintenance services. To help minimize the impact of these reductions, the Department will look for ways to reallocate existing resources. For the customer, this could mean more repair work will need to be done during regular work hours, potentially causing some disruption to customers. In terms of facilities maintenance, this could mean that there may be times when certain elements of the facility may not function to the intended design level or where the facility may appear less maintained (i.e. walls that need painting, restrooms that require service, doors that need repair, etc.).

Along with the multitude of meetings and other business activities held there, City Hall has become a preferred location for community and privately-sponsored events and functions. General Services continues to balance between the demand for meeting and event support, and the need to provide daily maintenance services with existing staffing levels. In 2008-2009, the Department expects the number of events requiring staff support to remain high. This demand, in combination with a reduction in contractual services and overtime, will result in a shift of staff resources from maintenance responsibilities to event support, which may cause a decrease in responsiveness to maintenance service requests and maintenance deferral.

At the direction of City Council, the Department assumed the full operation and maintenance of the Mexican Heritage Plaza for a 15-month period beginning April 1, 2008. During this period, the Department is coordinating the programming of events at the facility, as well as ensuring that maintenance and repair activities are performed. To ensure continuity at the facility, existing staff members were converted to temporary City employees and will remain on-site. In January 2009, City staff and the independent Steering Committee will make recommendations to City Council regarding permanent options for the operation and maintenance of this popular community facility. Funding for this facility has been programmed in the City-Wide Expenses section of this document.

Achieving the 100% target for the performance measure "% of health and safety concerns mitigated within 24 hours" continues to be a priority of Facilities Management. However, increased reliance on contractual services and vendor availability to address some of these concerns has resulted in response time delays over the last two years. Although the approved staffing reduction may lead to further response time delays, the addition of a Network Engineer position for HVAC services, as discussed above, should help mitigate this impact.

Core Service: Facilities Management

General Services Department

Performance and Resource Overview (Cont'd.)

Facilities Management Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Average condition assessment rating for City building facilities (based on a rating scale of 1 to 5)	NEW	3.5	3.6	3.6
% of facilities with a condition assessment rating of good or better (3 or better on a 5-pt scale)	NEW	60%	60%	60%
Cost of maintenance/total square feet to be maintained	$4.43	$5.90*	$4.87	$5.90*
% of health and safety concerns mitigated within 24 hours	94%	100%	91%	100%
% of non-health and safety work completed within time standards	68%	70%	81%	75%
% of customers who rate service as good or excellent based on timeliness of response and quality of work	91%	90%	87%	85%
% of public who rate publicly accessed buildings as good or excellent	67%	70%	69%	69%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* The target for this measure demonstrates the estimated cost of providing maintenance at a more optimum level, including the ability to more proactively address preventative needs and maximize the useful life of facilities.

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Core Service: Facilities Management

General Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total number of corrective work orders completed	8,568	11,000	7,800	8,000
Total number of preventive work orders completed	2,725	3,200	2,700	4,000
New square footage added during the period	189,441	125,589	67,000	135,500
Total square footage maintained	2.70M	2.53M	2.77M	2.9M

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Facilities Management Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 8,924,295	$ 10,406,647	$ 10,910,356	$ 10,809,107	3.9%
Non-Personal/Equipment	9,243,625	8,578,571	7,622,271	7,517,771	(12.4%)
Total	**$ 18,167,920**	**$ 18,985,218**	**$ 18,532,627**	**$ 18,326,878**	**(3.5%)**
Authorized Positions	**105.50**	**109.00**	**109.00**	**108.00**	**(0.9%)**

* 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 ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT			
1. Facilities Maintenance Staffing and Contractual Services	**(2.00)**	**(183,761)**	**(183,761)**

Several actions in General Services Facilities Management were approved as part of the Core Service cost containment strategy. This action will increase the General Services Department's contractual services allocation by $41,000 (a 0.5% increase). This increase represents the net impact of a reduction in contractual services ($125,000) offset by an increase in contractual services ($166,000) for new or expanded facilities coming online in 2008-2009. These facilities include Roosevelt Community Center, Mayfair Community Center, Joyce Ellington Library, Pearl Avenue Library, and Willow Glen Library. This action also includes a reduction of $35,000 to the Facilities Management Division's overtime allocation (a 9% reduction). As a result of the contractual services reduction, some less critical maintenance repairs will need to be deferred. The overtime reduction will necessitate that more repair work be done during regular work hours, potentially causing some disruption to customers. In addition, this action eliminates 1.0 Carpenter position, which has been vacant since 2006, and 1.0 Maintenance Worker position, which has been vacant since January 2008. Because the Carpenter position has been vacant for over a year and a half, existing staff has had to absorb these duties, therefore causing less critical maintenance and repair activities to have to be deferred. The elimination of a Maintenance Worker position will cause more journey-level trade personnel to perform less technical aspects of their trade work. As a result of the decreased time available for trades positions to perform technical work, services will need to be prioritized and addressed as resources allow. This action also provides funding for preventative maintenance and minor repairs for new or expanded facilities coming online in 2008-2009. (Ongoing savings: $115,761)

Performance Results:
Cost, Cycle Time, Customer Satisfaction This reduction will be spread across several services including custodial services, equipment maintenance, painting services, and other contracted services at City Hall. The result of these reductions will be an increase in work order cycle time and the deferral of some work that would normally be completed on a regular basis. Customer satisfaction with the timeliness of work order completion and with the appearance of the building may decrease.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT (CONT'D.)			
2. In-Source Heating, Ventilation, and Air Conditioning (HVAC) Services	**1.00**	**(21,988)**	**(21,988)**
This action adds 1.0 Network Engineer and reduces the contractual services budget by $120,000, generating $21,988 in General Fund savings. This position will perform Heating, Ventilation, and Air Conditioning (HVAC) building management controls and corrective repair activities that are currently being provided through contractual services at a higher cost. (Ongoing savings: $10,066)			
Performance Results: ***Cycle Time, Customer Satisfaction*** The addition of this position will provide greater flexibility and availability to respond to urgent or emergency HVAC conditions, which should result in improved timeliness and responsiveness.			
2008-2009 Adopted Core Service Changes Total	**(1.00)**	**(205,749)**	**(205,749)**

Strategic Support CSA

Core Service: Financial Reporting

Finance Department

Core Service Purpose

Provide accurate and meaningful reporting on the City's financial condition.

Key Operational Services:

- ❑ General Accounting and Analysis
- ❑ Special Accounting

Performance and Resource Overview

Financial Reporting services provided by the Finance Department address customer requirements for financial information and analysis. City departments use the information to improve quality and reduce costs of services provided, identify efficiencies, and enhance effective decision making. Outside agencies seek reports for their unique purposes. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*.

General Accounting and Analysis

General Accounting and Analysis is primarily responsible for accounting of the General Fund and city-wide financial activity, overhead rate calculations, the City's annual financial audit, and preparation of the Comprehensive Annual Financial Report (CAFR). General Accounting continues its partnership with the Information Technology Department for implementation of annual upgrades of the City's Financial Management System (FMS). In addition, General Accounting seeks to utilize FMS more efficiently and effectively and strives to deliver excellent customer service. Consistent with prior years, General Accounting continued a team-based approach in the preparation of overhead rate calculations and production of the CAFR.

Special Accounting

Special Accounting manages accounting responsibilities related to the City's improvement and assessment districts, grant programs, housing loans, fixed assets, debt programs, investments, bank reconciliations, state mandated cost reimbursements, deferred compensation, and special projects. Part of the responsibilities associated with the grant programs includes the planning, coordination, and completion of the annual Single Audit.

Special Accounting also performs comprehensive financial monitoring and oversight of unique financial relationships of the City. For example, Finance staff continues to be involved with the ongoing operation and financial monitoring of the Hayes Mansion (managed by Dolce International/San José, Inc.) and the Convention Center (managed by Team San José). In addition,

Special Accounting (Cont'd.)

staff provides financial oversight for a $2 million revolving line of credit for the San José Repertory Theatre and a $1 million revolving line of credit for the American Musical Theatre of San José.

In 2008-2009, a limit-dated Senior Accountant position was approved to be continued to review the list of outstanding unexpended encumbrance balances and to identify those that are no longer necessary to achieve the purpose for which they were created. Continuation of this limit-dated position will increase the release of appropriation capacity tied up for outdated purposes that can be reprogrammed towards current, more critical service needs. In addition, continuation of the Senior Accountant position will facilitate the creation of a policy which will allow the Finance Department to liquidate encumbrances after a predetermined date and set parameters for ongoing liquidations.

As a method of financing capital improvement projects within localized portions of the City, the City has formed improvement district funds. These capital improvements are funded by property owners through an annual assessment placed on the parcels within the districts. In most cases, these capital improvements have been completed and the assessment terminated; however, residual balances remain in many of these improvement district funds. The current cumulative total of undisbursed improvement district funds is $6.8 million, which represents balances in approximately 72 funds. For this reason, a temporary Analyst position as well as contractual funding was approved in this budget to provide the necessary resources to properly identify and dispose of inactive improvement district fund balances to the appropriate owners.

Financial Reporting staff continues to explore and encourage use of new methodologies in obtaining financial information. The Finance Department conducted its annual customer satisfaction survey during the fourth quarter of 2007-2008. The Department plans to use the information received from its customers to improve service levels, as appropriate.

Performance and Resource Overview (Cont'd.)

Financial Reporting Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of financial reports that are accurate and on-time	99%	98%	99%	98%
Cost per report	$712	$873	$950	$966
% of customers who rate financial reports as good or excellent on a 5-point scale based on accuracy, clarity, timeliness, usefulness and availability in desired format	85%	83%	86%	86%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
↺ "% of reports that are accurate and on-time" was revised to read, "% of financial reports that are accurate and on-time" to provide language clarification.
↺ "% of customers who rate reports as good or excellent on a 5-point scale based on clarity, timeliness, usefulness, and availability in desired format," was revised to read, "% of customers who rate financial reports as good or excellent on a 5-point scale based on accuracy, clarity, timeliness, usefulness and availability in desired format" to provide language clarification.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total cost for Financial Reporting services	$1.39M	$1.72M	$1.87M	$1.90M
Total number of financial reports provided	1,951	1,975	1,967	1,975

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:
↺ "Total number of reports provided" was revised to read, "Total number of financial reports provided" to provide language clarification.

Core Service: Financial Reporting

Finance Department

Performance and Resource Overview (Cont'd.)

Financial Reporting Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,354,314	$ 1,697,702	$ 1,650,806	$ 1,816,655	7.0%
Non-Personal/Equipment	34,616	27,170	27,170	90,450	232.9%
Total	**$ 1,388,930**	**$ 1,724,872**	**$ 1,677,976**	**$ 1,907,105**	**10.6%**
Authorized Positions	**13.70**	**14.70**	**13.86**	**14.86**	**1.1%**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Temporary Encumbrance Liquidation Project Staffing	**1.00**	**134,629**	**72,107**

This action extends a limit-dated Senior Accountant position through June 30, 2009 to continue to review the list of outstanding unexpended encumbrance balances and identify and liquidate those that are no longer necessary to achieve the purpose for which they were originally created. In addition, the Senior Accountant will create a policy that allows the Finance Department to liquidate encumbrances after a predetermined date. It is anticipated that this position will liquidate sufficient encumbrances in those funds to cover the cost of the position. (Ongoing costs: $0)

Performance Results:
Cost The continuation of this position will continue the release of funding to be used for more current, critical service needs.

Budget Changes by Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)			
2. Inactive Improvement Districts Close Out Staffing		**94,500**	**94,500**
This action adds funding equivalent to 0.5 of a temporary Analyst position, as well as contractual funding ($53,280) to identify and dispose of inactive improvement district fund balances to the appropriate owners. This City is legally responsible for disbursing these funds, and this funding would provide the necessary resources to carry-out this mandate. The Analyst will work to establish procedures to prevent future fund balance accumulation as well as implement a disbursement process. Contractual resources will be used to determine the source of funds, identify the legal requirements relevant to each account, and ensure proper disbursement of funds. (Ongoing costs: $0)			
Performance Results: ***Cost*** The addition of resources will ensure proper release of funding and fulfillment of legal obligations to return unexpended improvement district funds.			
2008-2009 Adopted Core Service Changes Total	**1.00**	**229,129**	**166,607**

Core Service: Fleet and Equipment Services

General Services Department

Core Service Purpose

Manage safe and effective fleet and radio communications assets.

Key Operational Services:

- Provide Repair and Maintenance of City Fleet and Equipment
- Manage the Acquisition and Equipping of the Entire City Fleet
- Manage Fuel Availability and Distribution
- Manage Radio Communications and Equipment

Performance and Resource Overview

The goal of this core service is to provide safe and reliable vehicles and equipment that are readily available for City employees. This core service contributes to the Strategic Support CSA Outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment*.

The economic environment once again presents significant challenges in sustaining existing maintenance service levels and maintaining the overall condition of City fleet assets. Fleet and Equipment Services continues to focus on looking for opportunities to 1) achieve operational savings; 2) address public health, public safety, and mission-critical fleet services; 3) enable the development of fleet and radio communications programs based on available resources; and 4) develop mid- and long-term capital strategies for management of the City's communication infrastructure.

For 2008-2009, Fleet and Equipment Services budget strategies are designed to achieve operational savings while minimizing the impact to City programs. These strategies include replacing vehicles meeting replacement criteria that are most critical to City programs first and prioritizing the remaining need based on established criteria, including age, mileage, cost considerations, and City service delivery impact.

Fleet and Equipment Services will continue to work to achieve an optimum fleet size that provides cost savings, maximizes vehicle availability, and supports the delivery of City services. In meeting this challenge, Fleet and Equipment Services will continue to identify and provide alternatives to ownership and optimize City resources in the provision of vehicles and equipment to user departments. These alternatives include sharing vehicles and equipment across departmental lines, expanding the utilization of a vehicle and equipment pool, as well as utilizing short-term rentals, longer-term leases and mileage reimbursement. Achieving the optimal fleet size is an ongoing effort being led by the General Services Department in cooperation with all client departments. General Services is closely coordinating with departments on the development and implementation of these fleet optimizing strategies, so as not to impact critical department resources essential in supporting City services.

Performance and Resource Overview (Cont'd.)

Following five years in which general fleet replacements were frozen, $750,000 was allocated towards General Fund general fleet replacement in 2006-2007 and $1.6 million was allocated in 2007-2008. The Department continues to remove older, less reliable vehicles that have mechanically failed as part of the ongoing right-sizing effort. This has positively impacted the percentage of the fleet in compliance with the replacement cycle by eliminating some of the older and out of compliance vehicles. However, this effect has been offset by the lack of full replacement funding and the increased costs associated with the acquisition of "Green Fleet" vehicles and equipment. The Department has identified an unfunded backlog for vehicle replacements of approximately $3.2 million. Strategies to address the deferred maintenance backlog, of which the vehicle maintenance backlog is included, were discussed in a study session with City Council on October 25, 2007. Efforts to reduce the City's overall deferred maintenance backlog of $500 million in the General Fund and $900 million in all funds, are currently being addressed as part of the Three-Year General Fund Structural Deficit Plan. The addition of one-time General Fund resources to address deferred maintenance issues is discussed elsewhere in this document.

The backlog of vehicle replacements, combined with staff vacancies, increased replacement parts cost, and ongoing contractual service reductions in the past few years have all contributed to the upward trend in cost per mile/hour, as well as the downward trend in general fleet availability. However, with the level of replacement funding expected to continue at $1.6 million annually, the number of general fleet vehicles in compliance with their replacement cycle is expected to increase slightly. In future years, as the fleet continues to move toward greater compliance with the replacement schedule, cost per mile/hour will decrease (discounting inflation) and availability may increase.

In response to the need to generate General Fund savings and maximize staff efficiency, General Services consolidated vehicle maintenance operations by relocating fire fleet services once performed at the Fire Training Center and on-site fleet maintenance and repair activities once performed at the West Yard to the Central Service Yard. As part of this consolidation plan, four vacant Fleet Management positions will be eliminated. In order to maximize services and ensure that the consolidation does not deteriorate service levels, the Department will reallocate remaining resources, as well as institute a swing shift. The consolidation of fleet maintenance activities to the Central Service Yard will allow the Department to take full advantage of the operational benefits available at the recently constructed fleet maintenance facility at the Central Service Yard.

In 2007-2008, Fleet Management began the process to comply with California legislation that requires all public agencies and utilities to retrofit existing diesel powered equipment with advanced emission control technology by 2011. As the City has a large number of diesel powered pieces of equipment, Fleet Management staff are working aggressively to minimize the impact this legislation could have on operations. Grant funding was used to retrofit 18 vehicles with approved emission control equipment in 2006-2007. In 2007-2008, nine more vehicles were retrofitted, which represented 20% of the total on-road diesel vehicles in the City's fleet. To meet compliance with the

phased-in implementation schedule, which requires 60% of the total on-road diesel fleet to be retrofitted by 2009, funding to retrofit another 28 diesel was approved for 2008-2009.

In 2007-2008, fuel costs have proven yet again to be extremely volatile and difficult to predict, primarily due to international demand, political issues, and refinery shortages. Although the 2007-2008 fuel inventory budget assumed significant increases in both diesel and unleaded fuel prices, fuel prices consistently exceeded the Department's budgeted fuel price assumptions. For this reason, $400,000 of the 2007-2008 fuel usage reserve ($750,000) is expected to be expended in 2007-2008. The 2008-2009 inventory budget assumes a 15% increase from the 2007-2008 Adopted Budget level based on the combined impact of changes in consumption levels and diesel and unleaded fuel costs. In addition, a fuel usage reserve ($1,100,000) in the General Fund was approved to be re-established in this budget. This allocation will need to be carefully monitored and may require augmentation if prices continue to spike.

In an effort to implement more environmentally responsible measures, the Department transitioned their entire diesel fleet from B5-biodiesel to B20-biodiesel in 2007-2008. B20 is a blend of 20% biological material (vegetable oils) and 80% ultra-low sulfur diesel fuel, a clean burning alternative fuel made from renewable resources. The Department expects to utilize biodiesel with even higher ratios of renewable resources in the future; however, more time is needed to determine what additional maintenance measures may be necessary to support the transition.

Fleet and Equipment Services Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of equipment that is available for use when needed:				
Emergency Vehicles	100%	100%	100%	100%
General Fleet	92%	93%	91%	90%
% of fleet that is alternate fuel vehicles	35%	36%	36%	37%
% of fleet in compliance with replacement cycle:				
Emergency Vehicles	100%	100%	99%	100%
General Fleet	87%	88%	88%	89%

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Performance Summary (Cont'd.)	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Cost per mile or hours, by class (of equipment)				
Police	$0.32	$0.29	$0.33	$0.33
Fire	$2.97	$2.95	$3.24	$3.29
General Fleet Light	$0.32	$0.29	$0.29	$0.28
General Fleet Heavy	$1.18	$1.13	$1.77	$1.86
Off Road Light	$8.55	$6.84	$8.81	$7.60
Off Road Heavy	$36.45	$33.94	$39.71	$37.84
% of customers who rate service good or better based on:				
Timeliness	73%	70%	84%	82%
Convenience	93%	90%	97%	95%
Courtesy	97%	95%	95%	95%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights*	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total number of repair work orders	18,337	17,216	21,922	20,500
Total number of prescribed preventative maintenance work orders	5,757	5,566	6,184	6,200
Total number of vehicles and equipment	2,680	2,675	2,691	2,718

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

* The Activity & Workload Highlights do not reflect the Radio Communications Program.

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 8,181,146	$ 8,598,355	$ 8,938,662	$ 8,592,147	(0.1%)
Non-Personal/Equipment	2,675,067	2,637,865	2,665,400	2,663,770	1.0%
Inventory	6,649,904	6,954,940	7,961,440	7,999,540	15.0%
Total	**$ 17,506,117**	**$ 18,191,160**	**$ 19,565,502**	**$ 19,255,457**	**5.9%**
Authorized Positions	**89.50**	**88.50**	**88.50**	**85.50**	**(3.4%)**

* 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 ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT			
1. Central Service Yard Consolidation	**(3.00)**	**(422,745)**	**(5,000)**

This action relocates and consolidates both Fire and West Yard fleet maintenance operations to the Central Service Yard. This action includes the elimination of 4.0 vacant fleet positions (1.0 Assistant Fire Mechanic, 2.0 Mechanics, and 1.0 Equipment Mechanic Assistant) in the General Services Department. To ensure that service levels are maintained, the Department will reallocate remaining resources and institute a swing shift. To accommodate the supervisory needs of the swing shift, this action will add 1.0 Senior Mechanic to the Department's fleet division. The consolidation of fleet maintenance activities to the Central Service Yard will allow the Department to take full advantage of the operational benefits available at the recently constructed fleet maintenance facility at the Central Service Yard. (Ongoing savings: $422,745)

Performance Results:
No impacts to current service levels are anticipated as a result of this action.

Budget Changes by Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT (CONT'D.)			
2. Fleet Expansion Maintenance and Operations		**112,700**	**0**
This action adds contractual services funding in the amount of $74,600, as well as inventory (fuel and parts) funding in the amount of $38,100 to the Vehicle Maintenance and Operations Fund to accommodate fleet additions approved within this budget. This funding will ensure that fleet maintenance service levels are maintained as the City's public safety and non-public safety fleet expands to meet the needs of the City. (Ongoing costs: $105,200)			
Performance Results: No impacts to current service levels are anticipated as a result of this action.			
2008-2009 Adopted Core Service Changes Total	**(3.00)**	**(310,045)**	**(5,000)**

Strategic Support CSA

Core Service: Health and Safety

Human Resources Department

Core Service Purpose

Manage the City's human and capital assets in a way that minimizes liability and loss and maximizes opportunities.

Key Operational Services:

- Workers' Compensation Program
- Return-to-Work Program
- Risk Financing
- Safety and Loss Control
- Employee Health Services

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Health and Safety Core Service is charged with ensuring a safe workplace and healthy employees in compliance with all applicable state and federal regulations related to employee health and safety in the workplace and with ensuring a well-managed liability program to minimize liability and loss to the City. This Core Service supports the Strategic Support CSA Outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

In 2007-2008, the City developed an enterprise-wide risk management program to provide a more strategic, effective, and accountable approach to risk identification, reduction, and control. A Risk Management Planning Board was created to oversee the development of a city-wide Risk Management Policy to provide a framework for managing risks and for assigning appropriate responsibilities and accountabilities. The Board consists of the Finance Director, the Human Resources Director, a City Attorney's representative, a Deputy City Manager, and other appropriate staff as required.

Workers' Compensation Program

The Workers' Compensation Program's main objective is to ensure injured employees receive adequate and appropriate treatment through an effective claim management process. The treatment plan may include medical treatment as well as rehabilitation. Workers' compensation costs are reflected in the City-Wide Expenses section of this document.

In 2007-2008, new workers' compensation claim levels and costs were at the same level as the previous year. In 2008-2009, the major focus in the Workers' Compensation Program will be to continue the efforts with the Workers' Compensation Cost Containment Program and Return-to-Work Program to again realize cost containment savings and safer working environments.

Return-to-Work Program

A Program Manager position was approved through the reallocation process to administer the Return-to-Work Program. This program provides services mandated by the Americans with Disabilities Act (ADA) and Fair Employment and Housing Act (FEHA) requirements, and was established to assist employees with work-related injuries and to find temporary or permanent work assignments for those who fall under legal disability. This Program Manager position also manages the administrative staff whose responsibilities include the administration of Risk Management budget, projects, reporting, and analysis.

Risk Financing

For 2007-2008, Human Resources absorbed the Risk Management insurance function and corresponding staffing (Administrative Manager, Office Specialist, and a Senior Account Clerk), as well as corresponding non-personal/equipment funding, previously managed by the Finance Department. This consolidated risk management and workers' compensation responsibilities under a single department. The percentage of contracts processed for insurance clearance within five days of receipt was 80% in 2007-2008. This is above its target of 67% and is primarily due to more experienced staff with no turnover in 2007-2008.

Safety and Loss Control

The Safety program continues to promote safety and loss control through the gain sharing program, an initiative to encourage departments to create a culture of safety and to reduce injuries and costs to the city by providing incentives. Participants include the Human Resources, Transportation, Fire, Police, and General Services Departments.

In 2007-2008, a Senior Analyst was added to aid in this effort, as well as a reallocation of $500,000 from the Workers Compensation budget. However, departments have been delayed in implementation of their gain sharing programs. A rebudget of $236,000 in City-Wide funding was approved to complete the gain sharing programs in 2008-2009. For 2008-2009, Human Resources will continue to assist departments with the assessment of their safety programs, using the Eight-Point Safety guidelines as a tool, and to evaluate the effectiveness of the gain sharing program.

Employee Health Services

Employee Health Services (EHS) provides employee medical exams and testing which are mandated by the Occupational Safety and Health Administration (OSHA), as well as those that are contractually mandated. The services include hearing tests, lung function tests, physical examinations, laboratory blood testing, vision testing, and other testing as indicated. EHS also ensures compliance with post-offer medical legislation, such as performing Commercial Drivers Medical Examinations (CDME) and mandatory drug testing as mandated by the Federal Motor

Employee Health Services (Cont'd.)

Carriers Safety Administration (FMCSA). EHS also performs post-offer medical evaluations to ensure that the City complies with FEHA and ADA in addition to providing medical guidance when FEHA issues arise.

In 2008-2009, EHS will continue to maintain compliance with governmental and contractual requirements. A part-time Staff Technician, funded by Retirement Services, was added to manage the processing of the medical component for service and non-service disability retirement applications for the Federated, Police and Fire Retirement systems.

Health and Safety Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Risk Management training hours per FTE: by Risk Management staff and total	0.01	0.01	0.01	0.01
Number of Workers' Compensation claims per 100 FTEs	18.1	17.0	17.0	17.0
Number of worker days lost per Workers' Compensation claim	20.8	17.0	18.8	17.0
Number of worker days lost to injury per FTE	4.4	4.0	3.7	4.0
Expenditures for Workers' Compensation per $100 of total jurisdiction salaries and benefits	$4.30	$4.20	$4.30	$4.20

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Selected Operational Measures	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Percentage of contracts processed for Insurance clearance within five days of receipt	64%	67%	80%	67%

Changes to Operational Measures from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of open workers' compensation claims	4,205	4,200	4,300	4,300
Number of new workers' compensation claims	1,206	1,200	1,200	1,200
Number of employees trained in safety	299	200	300	300
Number of ergonomic evaluations	11	30	30	30
Total workers' compensation costs	$16.8M	$16.2M	$15.0M	$15.0M
Total insurable value of the City's assets	$1.89B	$1.9B	$2.0B	$2.0B
Total number of contracts processed for insurance clearance	3,414	3,000	3,500	3,500

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Health and Safety Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,859,438	$ 4,059,314	$ 4,192,333	$ 4,228,297	4.2%
Non-Personal/Equipment	400,961	395,888	395,888	395,888	0.0%
Total	**$ 3,260,399**	**$ 4,455,202**	**$ 4,588,221**	**$ 4,624,185**	**3.8%**
Authorized Positions	**31.50**	**38.50**	**38.50**	**39.00**	**1.3%**

* 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 ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Employment Health Services Administrative Staffing	**0.50**	**35,964**	**0**
2008-2009 Adopted Core Service Changes Total	**0.50**	**35,964**	**0**

This action adds a 0.5 Staff Technician to provide administrative support for the processing of disability retirement applications. The Police and Fire Department Retirement System, as well as the Federated City Employees' Retirement System receive numerous applications for service and non-service connected disability retirements, which require administrative support in order to process the applications. In 2007-2008, the addition of a temporary Staff Technician position was approved to provide support to the Retirement Board Physician in coordinating medical appointments, medical report processing, record keeping and report preparation, and coordination with applicants and other stakeholders. Due to the ongoing need for administrative support for disability retirement applications, a 0.5 Staff Technician was added to provide ongoing support and ensure continuity of services. Funding for this position is provided by the Retirement Funds. (Ongoing costs: $35,964)

Performance Results:
Cycle Time, Customer Service The timeliness and high level of customer service of administration of disability retirement applications will be maintained.

Strategic Support CSA

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Core Service Purpose

Enable the availability and relevancy of data and voice communications, and provide direct customer support and training for technology equipment and applications.

Key Operational Services:

- Core Infrastructure
- Telecommunications
- Servers
- Desktop Support
- Technical HelpDesk

Performance and Resource Overview

The purpose of the Manage and Support the Information Technology Infrastructure Core Service is to provide and manage voice and data communication services that enable internal and external customers to connect to City employees, services and systems. In support of the communication network, this core service assists customers in determining the equipment and software necessary for their requirements, and coordinates the installation of, training for, and support of the equipment and software. This core service contributes to the Strategic Support CSA's Outcome: *Effective Use of State-Of-The-Art Technology*.

During 2007-2008, there were five key focus areas related to information technology infrastructure that include: 1) developing a single Citywide network; 2) retiring of the Old City Hall Network Operations Center; 3) "greening" IT Operations; 4) improving customer service; and 5) improving security and availability of critical services.

Developing a Single Citywide Network

Developing and deploying a single City IT network is currently in progress. Such a network allows users to access city-wide services regardless of location or department. Major advantages of this network will be a single authentication model (Active Directory) and converged (voice and data) network or Voice over Internet Protocol (VoIP) functionality. These core components will provide users with a consistent, predictable and productive computing environment that also enhances the organization's information security. By creating departmental consistency in authentication, the exchange of data between departments will be streamlined. It is anticipated that in 2008-2009 the City will have completely migrated to Active Directory, and approximately 50% of the network will have been migrated to VoIP. The upgrade to Active Directory is required due to the cessation of support from the manufacturer for older server operating systems. Without manufacturer support, critical updates like those for the change to Daylight Savings Time or security vulnerabilities will be unavailable. The expansion of VoIP is heavily dependant on the completion of a Wide Area Network (WAN) Assessment and the availability of funds; however, VoIP expansion remains an ongoing technology goal as a means to reduce the City's operating expenses. For 2008-2009, reductions in eleven City departmental Communications budgets totaling $332,000 ($152,000 in

Developing a Single Citywide Network (Cont'd.)

the General Fund) have been approved due to efficiencies from VoIP technologies and lower phone usage.

Several key facilities were migrated to VoIP in 2007-2008 including the Animal Shelter, Central Service Yard and several smaller community centers. The performance measure for network and telephone services remains at 99.95% based on the contract with the vendor for support.

Retirement of the Old City Hall Network Operations Center

The retirement of old City Hall (OCH) continues with progress in several key areas. The fiber connecting the police campus to City Hall is anticipated to be completed in the 1st quarter of 2008–2009. Remote facilities connected by T1's have been migrated from OCH to City Hall. At present, systems remaining at OCH include the VAX and redundant voice components. The voice components are scheduled to move out of OCH with the completion of the Police Department Campus cabling project. Migration of applications on the VAX to new platforms continues and is expected to be completed in 2008-2009.

"Greening" IT Operations

In response to the Mayor's Green Vision, opportunities to leverage technology advancements in an effort to "green" the City's IT operations are being actively pursued. A comprehensive review from desktop to data center has begun in search of opportunities to reduce environmental impact. The following areas have already been identified: 1) Integrate Green Points in the technology RFP process; 2) Optimize data centers; 3) Consolidate physical to virtual servers; 4) Leverage rebates/incentives for efficiency; 5) Desktop power management; and 6) Release an RFP for more energy efficient desktops and servers.

Improving Customer Service

The department has undertaken several customer service improvement processes to assist end users in enhancing productivity. Efforts are being made to push customer support closer to the end user by enabling more self-service type applications and cross-training the HelpDesk staff to solve a greater range of issues.

Establishing itself as the single point of contact for technology-related issues, HelpDesk procedures were developed for event notifications, such as scheduled maintenance, escalations or unplanned outages. One point of contact allows information to be conveyed in a consistent manner. It also allows incoming questions or comments to be received and routed efficiently for follow-up. Notifications are sent via multiple channels, such as email, posting on the website, and phone tree messages, depending on the severity or urgency of the message.

Improving Customer Service (Cont'd.)

The work order system used to track service requests was upgraded, and additional features were added. Improvements to the system enable first tier support staff to resolve more calls, both in volume and type of call. The work order system changes will allow for better tracking of operational, maintenance, and project type activities in 2008–2009. Finally, the department completed the rollout of the work order system to all technical teams within the Information Technology Department. The use of the same work order system by all teams will provide a consistent customer service experience from all teams. These enhancements are designed to improve internal accountability and provide for more accurate reporting of the demands placed on technical resources.

As an improvement to the way customer satisfaction is measured, a per work order electronic survey was developed. 2008-2009 will represent a transition year when the annual and per work order surveys will operate in parallel. It is anticipated that in 2009–2010 the new survey format will yield more accurate results. Even with all of these improvement efforts, customer satisfaction with timeliness and quality of service continued to be 70% in 2007-2008, as both staff and customers were becoming familiar with the new processes. It is anticipated that customer service will improve as these processes mature, leading to a greater degree of customer satisfaction in the future. However, with the reduction in staff approved for 2008-2009, the target of 70% remains.

Improved Security and Availability of Critical Services

A third party audit of the City's information security practices was recently completed. The audit will: 1) develop a comprehensive list of existing exposures and recommend remediation strategies; 2) assess business continuity and disaster recovery requirements for critical applications and services versus operational activities; 3) review and identify weak, inconsistent or lacking policies, procedures and/or practices; 4) benchmark San José's security posture with those of private industry, best practices and other public sector agencies; and 5) review and recommend a security governance model that identifies areas of common concern between departments and those that are unique to each department.

The increasing complexity and size of City information systems requires fast and reliable storage. The City continues to work towards the implementation of a new storage area network (SAN) for the City's network operations center. This SAN will provide storage and the infrastructure necessary for business continuity and disaster management essential to providing services and recovering data through all types of events.

Performance and Resource Overview (Cont'd.)

Manage and Support the Information Technology Infrastructure Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of network services available 24x7				
- Converged City Network	NEW	NEW	NEW	99.95%
- Telephones	NEW	NEW	NEW	99.95%
- Enterprise Servers	NEW	NEW	NEW	99.95%
% of service requests resolved within established guidelines:				
- 1 hour for urgent requests	96%	90%	88%	90%
- 4 hours for all other requests	100%	95%	99%	95%
% of total customer response with good or excellent rating on availability of network services	67%	80%	70%	80%
% of customers rating customer support as good or excellent				
- based on timeliness	80%	70%	70%	70%
- based on quality of service	68%	70%	70%	70%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
↺ "% of network services available during normal business hours" was revised to "% of network services available 24x7" to reflect that the City's core infrastructure is available 24x7, not just during business hours. In 2007-2008, it was estimated that the % of City Hall network services available during business hours was 99.95% and 100% for Telephones.
✕ "% of telecommunication work orders resolved within 3 days of receipt of repair order" was deleted due to a helpdesk service model change.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of network outages	7	2	3	2
Number of network outages during normal business hours	7	2	3	2
Average time of network outages during normal business hours	120 minutes	1 hour	90 minutes	1 hour
Number of telephones (Centrex)	5,471	3,500	4,500	3,000
Number of managed services IP phones	2,518	4,000	3,500	5,000
Number of telecommunication repair orders	1,526	1,500	1,200	1,500
Number of desktop support service requests	11,450	11,000	10,300	11,000

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

Manage and Support the IT Infrastructure Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2007-2008 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,789,831	$ 5,428,554	$ 5,669,760	$ 5,562,276	2.5%
Non-Personal/Equipment	2,692,754	4,890,907	2,851,922	2,818,205	(42.4%)
Total	**$ 7,482,585**	**$ 10,319,461**	**$ 8,521,682**	**$ 8,380,481**	**(18.8%)**
Authorized Positions	**45.45**	**45.45**	**46.00**	**45.00**	**(1.0%)**

* 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 ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Storage Area Network (SAN) Maintenance		**(445,000)**	**(445,000)**

This action provides one-time savings for maintenance costs related to the Storage Area Network (SAN). A SAN is a specialized, high-speed network attaching servers and storage devices that allows "any-to-any" connection across the network, using routers, gateways, hubs, switches and directors. It eliminates the traditional dedicated connection between a server and storage, and the concept that the server effectively "owns and manages" the storage devices. It also eliminates any restriction to the amount of data that a server can access, currently limited by the number of storage devices attached to the individual server. Ultimately, the SAN will allow for greater storage, flexibility, speed, security, and ease of administration for all of the City's data needs. The purchase of SAN equipment is expected by the beginning of 2008-2009. The Department plans to pay the 2008-2009 maintenance costs associated with this purchase with existing 2007-2008 funds that have been rebudgeted to 2008-2009, thereby providing one-time savings in 2008-2009. (Ongoing savings: $0)

Performance Results:
No impacts to performance levels are anticipated since 2008-2009 maintenance costs will be paid with 2007-2008 funding.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
2. Information Technology Department Non-Personal/ Equipment Funding Efficiencies		**(135,000)**	**(135,000)**

This action decreases Non-Personal/Equipment funding by $135,000. Savings in the amount of $60,000 are realized by using free versions of software tools and eliminating minor maintenance contracts and software tools such as SunServer maintenance, Open Systems network intelligence, and IBM R50 technical support. Savings of $50,000 are realized by decreasing the budget for VoIP phone spares, resulting in less on-hand inventory and potentially higher maintenance costs. Savings of $25,000 are realized by reducing an automatic CPI adjustment of $29,565 made to the SAN maintenance budget as part of the 2008-2009 Base Budget process. Since SAN maintenance is being paid in 2008-2009 with 2007-2008 funding, this reduction will have no impact. (Ongoing savings: $135,000)

Performance Results:
Cost, Cycle Time Timeliness of phone repairs and replacements may increase due to lesser inventory of phone spares and potentially higher maintenance costs.

3. Development Services Technology Staffing	**(1.00)**	**(107,484)**	**(107,484)**

This action eliminates a filled Network Technician position that supports the Building Development Fee Program in Planning, Building and Code Enforcement (PBCE) Department. Due to a funding shortfall in this program, this position can no longer be supported. This will reduce dedicated PBCE support in City Hall from 1.75 positions to 0.75 positions and may impact customer service of the Quematic system, or self-service computers used by contractors to look up permit information and other desktop applications. In addition, the staffing reallocations that will result from the bumping of the staff person in the Network Technician position may impact customer support for applications like FMS and HR/Payroll. The remaining Network Engineer that is supported by building fees, as well as staff in PBCE, will be absorbing this workload. (Ongoing savings: $107,484)

Performance Results:
Customer Service, Cycle Time Customer service for self-service computers used by contractors for permit information and other desktop applications may be reduced.

4. Rebudget: Sunshine Reforms Retention and Retrieval		**325,000**	**325,000**

This action rebudgets $325,000 in non-personal/equipment funding for additional storage for Sunshine Reforms. Usage is contingent upon final recommendations from the Sunshine Reform Task Force, which are still being refined. (Ongoing costs: $0)

Performance Results: N/A: Final Budget Modification

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
5. Rebudget: Storage Area Network Maintenance		**221,283**	**221,283**
This action rebudgets unexpended 2007-2008 funds ($221,283) in the General Fund for maintenance costs related to the Storage Area Network (SAN). (Ongoing costs: $0)			
Performance Results: N/A: Final Budget Modification			
2008-2009 Adopted Core Service Changes Total	**(1.00)**	**(141,201)**	**(141,201)**

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

- Airport Infrastructure
- Parks and Recreation Facilities
- Public Buildings
- Public Safety
- Streets and Transportation Facilities
- Storm Sewers and Sanitary Sewers

Performance and Resource Overview

Public Works Department responsibilities in this core service focus on the plan, design and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Transportation and Aviation Services, Public Safety, Neighborhood Services, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities, and Equipment.*

The City's Capital Improvement Program continues to bring significant improvements that meet the needs and expectations of San José residents. A growing City population requires the expansion of air travel capacity, improvements in traffic and parking, replacements of aged storm and sanitary sewer systems, new and renovated recreational facilities and libraries, and improvements in public buildings that house staff that provide City services. The Public Works Department is able to provide a variety of services depending upon the needs of the client department. These services include design, engineering, inspection, construction management; and technical services; including materials testing, surveying, and real estate acquisition.

In 2008-2009, it is anticipated that the Public Works Department will deliver approximately 65 capital improvement projects with a total estimated construction cost of approximately $349 million. These projects include the ongoing construction of library, parks and public safety bond and Airport Master Plan projects. This core service will continue to focus on the effective delivery of capital improvement projects and achieving project delivery design and construction goals. For 2007-2008, a capital-funded workforce of 269.9 staff members provided the services listed above for the City's Capital Improvement Program (CIP). The Department will manage resources as necessary to ensure all work programmed for 2008-2009 is completed.

The **Airport Infrastructure** operational service supports Transportation and Aviation CSA outomes: *Travelers have a Positive, Reliable, and Efficient Experience*; and *Preserve and Improve Transportation Assets and Facilities.* The Public Works Department contributes to the implementation of the Airport Master Plan (amended by the City Council in June 2006) by providing engineering and

construction management services for the Airport CIP. The Airport is currently undergoing a significant improvement program - phase one of the Terminal Area Improvement (TAIP) development. The TAIP contains several projects, including phase one of Terminal B, the phased tear-down of Terminal C, improvements to Terminal A, and various landscaping, signage and roadway improvement projects, that are anticipated to be completed in 2015. Phase two of the TAIP continues these development projects, which are contingent upon a growth in passenger demand and are estimated for completion in 2017.

The **Streets and Transportation Facilities** operational service supports the Transportation and Aviation Services CSA outcome: *Preserve Transportation Assets and Facilities.* The overall size of the Traffic CIP increased from $285.4 million in the 2008-2012 CIP to $308.5 million in the 2009-2013 Adopted CIP. This is the result of higher grant revenues largely due to State and federal pavement maintenance grants and receipt of one-time funding from the General Fund to address the maintenance backlog. The 2008-2009 streetlight program will be limited to San Jose Redevelopment Agency/Strong Neighborhoods Initiative-funded pedestrian lighting projects, Community Development Block Grant-funded streetlight projects, and monitoring new technology trends for street application that will reduce maintenance and operating impacts. The Intelligent Transportation System program will provide greater traffic surveillance infrastructure funded by federal and State grants with the support of staff to design new projects in partnership with the Department of Transportation staff, while continuing to provide construction support for ongoing projects.

The **Parks and Recreation Facilities** and **Public Buildings** operational services support three Neighborhood Services CSA outcomes: *Safe and Clean Parks, Facilities and Attractions; Vibrant Cultural Learning and Leisure Opportunities*; and *Healthy Neighborhoods and Capable Communities.* The Public Works Department is collaborating with the Parks, Recreation and Neighborhood Services Department on the implementation of several major projects, including the Happy Hollow Park and Zoo Improvements project. Project elements include the complete renovation of the attractions area and the demolishing and rebuilding of the zoo, and the construction of a pedestrian bridge. In summer 2008 it is anticipated that three new branch libraries will be completed (Joyce Ellington, Pearl Avenue, and Willow Glen), in addition, it is anticipated that Santa Teresa will be completed at the end of 2008-2009. Two new community centers are also scheduled for completion in 2008-2009 (Roosevelt Community Center and Mayfair Community Center).

The **Public Safety** operational service supports the Public Safety CSA outcome: *The Public Feels Safe Anywhere, Anytime in San José.* Public Works provides design and construction services for the improvements to public safety buildings and sites which are part of the $159 million Public Safety Program, funded by the Neighborhood Security Act Bond Measure. In addition to providing technical services, Public Works collaborates with the Police and Fire Departments to provide program management services, including financial monitoring, and coordination of the Public Safety Citizen's Oversight Committee. In the past year, construction was completed on three fire stations and construction commenced on the approximately 120,000 square foot Police Substation.

The **Storm Sewers and Sanitary Sewers** operational service supports the Environmental and Utility Services CSA outcome: *Reliable Utility Infrastructure.* Public Works is responsible for providing master planning, design and construction management services, and financial management of the Storm Sewer and Sanitary Sewer CIP.

The 900-mile Storm Sewer System collects and conveys storm water runoff to nearby creeks and rivers. Major projects budgeted in the 2008-2009 Adopted Storm Sewer System CIP include capital improvement projects and urgent or emergency storm drainage projects. Because funding is limited, priority has been given to rehabilitation of pump stations and outfalls, storm drain improvements in focused basins and along special corridors, and other minor improvements.

The Sanitary Sewer System consists of approximately 2,200 miles of sewer mains ranging from six to 90 inches in diameter. The system serves the City, as well as three other jurisdiction, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant (WPCP).

Funding in the Sanitary Sewer capital program totals $146.5 million over the 2009-2013 CIP, of which $77.2 million is allocated in 2008-2009. Over the next five years, the majority of program funding ($74.5 million) will be focused on high priority capacity enhancement projects in Central and North San José, which are identified by the Sanitary Sewer Capacity Assessment Master Plan Phase I. In recognition of Council's attention to neighborhood services, additional emphasis is also being given to the study, design, and implementation of neighborhood service sanitary sewer rehabilitation projects over the next five years to support the improvement of local neighborhood sewer systems.

Performance Overview

Public Works performance for 2007-2008 has shown some progress in key project delivery areas. While delivered projects attaining their design and construction goals held steady at 93% (vs. 92% in 2006-2007), projects delivered within the approved baseline budget substantially increased from 69% in 2006-2007 to 85% in 2007-2008. This can be attributed to increased awareness of project budgets, effective cost estimating practices, and concerted efforts made by staff to ensure that adequate funding is in place to support scope changes.

Delivery cost percentage (which generally represents the ratio of soft to hard costs for a project) performance increased nominally from 64% in 2006-2007 to 67% in 2007-2008. It should be noted that this is the first year of comparative data since the performance measure was changed for 2007-2008 to reflect San José's participation in the California Multi-Agency CIP Benchmarking Study. As San José continues its participation in the Study, it is expected that delivery cost percentage performance trends will continuously improve as Best Management Practices from the Study are developed and implemented.

Performance and Resource Overview (Cont'd.)

Performance Overview (Cont'd.)

Delivery of projects within the approved baseline schedule experienced a nominal decline from 77% in 2006-2007 to 73% in 2007-2008. In general, a number of factors including utility company delays, volatile bidding climates, and resource and technical challenges adversely impacted project schedules. Steps are being taken between Public Works and its delivery partners to more effectively mitigate these issues in 2008-2009.

Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of delivered projects that attain established design and construction goals	92%	85%	93%	85%
% of projects completed within the approved baseline budget*	69%	90%	85%	90%
% of projects delivered at or below the 75 percentile of delivery costs for similar projects by large California cities*	64%	85%	67%	85%
% of projects designed and constructed by Public Works within approved baseline schedule	77%	85%	73%	85%
% of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product	99%	80%	92%	80%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* While performance measures are unchanged for 2008-2009, from this point forward, project baseline budgets will automatically be reset when additional project funding has been allocated or appropriated for reasons of meeting scope requirements or fluctuations in marked conditions.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Operational Service: Airport Infrastructure % of projects designed and constructed by Public Works within approved baseline schedule	100% (4 of 4)	85%	100% (1 of 1)	85%
Operational Service: Parks & Recreation Facilities % of projects designed and constructed by Public Works within approved baseline schedule	67% (12 of 18)	85%	68% (17 of 25)	85%
Operational Service: Public Buildings % of projects designed and constructed by Public Works within approved baseline schedule	20% (1 of 5)	85%	50% (5 of 10)	85%
Operational Service: Streets & Transportation % of projects designed and constructed by Public Works within approved baseline schedule	86% (24 of 28)	85%	84% (16 of 19)	85%
Operational Service: Storm Sewers & Sanitary Sewers % of projects designed and constructed by Public Works within approved baseline schedule	92% (12 of 13)	85%	82% (9 of 11)	85%

Changes to Operational Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast**	2007-2008 Estimated	2008-2009 Forecast**
Number of construction projects delivered	69	80	57	65
Total construction cost of projects*	$135,000,000	$114,000,000	$169,000,000	$349,000,000**

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

* For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

** The 2008-2009 Forecast represent projects anticipated to be completed in the next fiscal year, which includes the Airport North Concourse project with a construction cost of $233.5 million.

Performance and Resource Overview (Cont'd.)

Public Works Project Delivery Cost Targets

PROJECT TYPE	Total Construction Cost	Delivery Cost Target*
MUNICIPAL FACILITIES PROJECTS		
Libraries	$2M - $3.5M	50%
	$3.5M - $4M	44%
	> $4M	41%
Police/Fire Stations	$0.1M - $0.6M	58%
	$0.6M - $3M	52%
	> $3M	45%
Community Bldg /Rec Ctr/Child Care/Gym	$0.1M - $0.4M	64%
	$0.4M - $1.5M	60%
	> $1.5M	55%
Airport Improvements	TBD[1]	TBD[1]
Miscellaneous Municipal Improvements	TBD[1]	TBD[1]
STREETS PROJECTS		
Widening/New/Grade Separation	$0.1M - $0.6M	65%
	$0.6M - $5M	59%
	> $5M	44%
Bridge[2]	$0.1M - $0.3M	104%
	$0.3M - $2M	93%
	> $2M	68%
Reconstruction	$0.1M - $0.6M	53%
	$0.6M - <$1M	50%
	> $1M	48%
Bike / Pedestrian / Streetscape	$0.1M - $0.3M	78%
	$0.3M - $0.6M	65%
	> $0.6M	57%

PROJECT TYPE	Total Construction Cost	Delivery Cost Target*
STREETS PROJECTS (Cont'd.)		
Signals	$0.1M - $0.2M	59%
	$0.2M - $0.5M	55%
	> $0.5M	49%
PIPE SYSTEMS		
Gravity Systems	$0.1M - $0.5M	51%
	$0.5M - $1.1M	45%
	> $1.1M	42%
Pressure Systems	$0.1M - $0.5M	35%
	$0.5M - $0.9M	35%
	> $0.9M	34%
Pump Station	$0.1M - $0.7M	53%
	$0.7M - $3M	50%
	> $3M	44%
PARKS PROJECTS		
Playgrounds	$0.1M - $0.3M	58%
	$0.3M - $0.5M	52%
	> $0.5M	45%
Sportfields	$0.1M - $0.3M	39%
	$0.3M - $0.7M	39%
	> $0.7M	39%
Trails	TBD[1]	TBD[1]
Restrooms[3]	$0.1M - $0.2M	68%
	$0.2M - $0.3M	74%
	> $0.3M	102%

*The Project Delivery Cost Target is derived from the 2006 California Multi-Agency CIP Benchmarking Study. The numbers here reflect the 75th percentile of delivery costs. It represents the upper value of the 50% confidence interval for the Project Delivery Cost range established for each specific project type.

The Project Delivery Cost % is calculated as follows:
[All project staff/consultant costs (including overhead costs; excluding real estate costs)]÷[Total Construction Costs] x 100%

[1] This range/target is to be determined because the project type is not yet categorically addressed in the Benchmarking Study.

[2] Project Delivery Cost for this project type is high due to higher design/engineering costs relative to lower construction costs.

[3] Project Delivery Cost for this project type is high due to inherent project-related costs relative to lower construction costs.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 30,989,106	$ 31,152,202	$ 32,743,341	$ 32,829,035	5.4%
Non-Personal/Equipment	397,918	422,077	419,077	386,077	(8.5%)
Total	**$ 31,387,024**	**$ 31,574,279**	**$ 33,162,418**	**$ 33,215,112**	**5.2%**
Authorized Positions	**275.83**	**272.83**	**271.01**	**271.21**	**(0.6%)**

* 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 ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. Geographic Information Systems (GIS) Management Staffing	**(1.00)**	**(88,895)**	**0**

This action eliminates a vacant Instrument Person position that was funded through various CIP funds. This position, which was vacant since November 2006 has been eliminated in order to offset the approved addition of a Program Manager position in the Information Technology Department. The Program Manager, which is currently a temporary position, was made permanent in order to serve as the liaison between the City's Geographic Information Systems (GIS) community and business stakeholders, and will oversee planning and management of the GIS program. Funding for this position will be shared by the departments and funds that will benefit from GIS services. The Fire and Police Departments will each contribute $36,743 to be paid for from reductions to discretionary overtime and reductions to non-personal/equipment funding, respectively. Capital and other special funds will contribute the remaining costs. (Ongoing savings: $88,895)

Performance Results:
No changes to service levels are anticipated as a result of this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
2. Public Works Department Non-Personal/Equipment Funding Efficiencies		**(33,000)**	**(33,000)**
This action reduces the General Fund non-personal/equipment allocation in the Public Works Department by $33,000 on an ongoing basis. This reduction requires the department to re-prioritize all non-personal/equipment supplies and closely monitor the non-personal expenses. (Ongoing savings: $33,000)			
Performance Results: No impacts to current performance levels are anticipated as a result of this action.			
3. Public Works Capital Improvement Program Staffing Reallocation from the Public Works Fee Program	**1.20**	**174,589**	**0**
This action shifts 3.2 positions (2.0 Associate Engineering Technician, 0.5 Geographic Systems Specialist, 0.5 Survey Field Supervisor, and 0.2 Accountant) from the Regulate, Facilitate Private Development core service in the Community and Economic Development CSA into the Plan, Design and Construct Public Facilities and Infrastructure core service. These positions, which previously supported the General Fund Development Fee Program, will also be shifted to support various Capital Improvement Program (CIP) projects. These additions are partially offset by the elimination of a vacant Office Specialist and a vacant Engineering Technician supporting capital projects. Public Works staff has completed a department-wide staffing analysis for the 2008-2009 Capital Budget and determined that the program will be able to support the net additional positions. It is anticipated that beginning in 2009-2010, as the "Decade of Investment" draws to a close, that the volume of CIP funded staff in the department will begin to be reduced. (Ongoing costs: $117,583)			
Performance Results: ***Quality, Cycle Time*** This action should have minimal effect on the quality or timeliness of project delivery as the staffing augmentations are offset by other staffing reductions to CIP funded staff.			
2008-2009 Adopted Core Service Changes Total	**0.20**	**52,694**	**(33,000)**

Strategic Support CSA

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Core Service Purpose

Manage the City's data so that critical business processes remain operational; determine, develop, implement and support technology solutions that maximize the delivery of enterprise City services.

Key Operational Services:

- Database Administration
- Business Systems
- E-mail
- Financial Management System
- HR/Payroll System
- Integrated Billing System
- Customer Contact Center
- Geographic Information Systems
- Sunshine Reform/Web Design
- Content Management

The purpose of the Provide Enterprise Technology Systems and Solutions Core Service is to determine, develop, support, and administer critical data systems to ensure the quality and availability of data in a manner that meets the organizational needs of the City. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

Database Administration

City-wide data administration for enterprise databases includes a number of functions, such as the installation, configuration and upgrade of database server software and related products; the development and performance of maintenance, backup and recovery procedures; database tuning and performance monitoring; and monitoring and planning for growth and changes (capacity planning). The database team also provides technical assistance to application development teams and vendors for the implementation of new systems. The City's enterprise databases include Peoplesoft HR/Payroll, Financial Management System (FMS), SJ Online Permits (AMANDA), the Budgeting systems, Capital Project Management System (CPMS), Geographic Information System (GIS), and the FileNet Imaging system. Ongoing efforts continue to provide improved data integration from various systems into the Data Warehouse to enable City staff to access current and historical data for analysis and forecasting purposes without direct IT assistance.

Performance is measured based on the percent of time data is available to approved data users during normal business hours for all of the above enterprise systems. The estimated percentage of time data will be available during 2007-2008 is 98.9%. The target for 2008-2009 is 100%.

Business Systems

With limited funding and minimal staffing levels, technology support staff strives to ensure that enterprise applications remain available, accessible, and current. The Financial Management System

Business Systems (Cont'd.)

(FMS) underwent an upgrade that provides critically needed operational enhancements and fixes. The City's PeopleSoft HR/Payroll application was enhanced to provide integrated recruitment functionality, as well as hardware upgrades to meet increasing space and processing requirements.

Oversight continued for a redirection of resources from central support of the existing VAX mainframe to support a network of integrated applications. A total of 124 applications ran on the VAX in 2004. Several projects, including the Business Tax Licensing application, are currently underway to migrate these applications off the VAX platform. By the end of 2008, only a small handful of applications are anticipated to still remain on the VAX. Focus will be maintained to complete the migration in the 2008-2009 timeframe.

E-mail

The completion of the citywide e-mail upgrade to Exchange 2003 is anticipated by the end August 2008. This upgrade will provide increased availability of e-mail services through the use of a clustered e-mail system, improved comprehensive backup and disaster recovery strategy, and enhanced functionality using new versions of Outlook Web Access. In 2007-2008, the Department began supporting SmartPhone synchronization and anticipates expanding the types of devices it will support in 2008-2009. Finally, the Department has purchased a new backup solution that will expedite the response to eDiscovery or Public Records Act requests. The significant increase in the number of Public Records Act requests and the resulting impact on City resources has caused delays for other technology projects.

Financial Management System

The Financial Management System (FMS) used in the City of San José is based on the Cayenta Financial Management Application Suite. Initially installed in 1989, FMS has been in use for numerous years in the City, supported by staff to maintain the viability of this system. In June 2007, the latest upgrade of FMS was installed to provide key operational enhancements and fixes, including user access to some web-based reports. Unfortunately, many critical financial reports still can only be accessed through the old terminal emulation method. As time and resources allow, staff continues to translate these reports into a format that is supported by a browser-based client.

While FMS has served its purpose well, it lacks the functionality and robustness currently available in the marketplace. The lack of functionality and integration has resulted in inefficient City processes and "workarounds." In order to identify the next generation Financial Management System, a City needs assessment should be conducted to determine functionality and integration requirements.

In 2006-2007, FMS requests comprised all of the application repair requests (316) located in the Activity and Workload Highlights section, as well as requests for the "% of service requests resolved within 1 hour (57%) and 4 hours (95%) in the Performance and Resource Overview. Tracking for

Financial Management System (Cont'd.)

other applications, like HR/Payroll System, was not completed due to competing needs of other projects, like the focus on technology upgrades. In early 2008, the Department implemented a new tracking system for technology-related service requests, and staff has begun to adjust support processes around the new tracking system. Moving forward, staff will continue to fine-tune support processes and the measurement methodology in order to ensure a high level of customer service.

HR/Payroll System

The Human Resources and Payroll application is central to the City's operations. The HR/Payroll system provides staff with the management tools to oversee a workforce of over 7,000 employees and an annual employee payroll of approximately $600 million. As a complement to its previously existing human resources and payroll functions, integrated recruitment functionality (CityJobs) was recently implemented to replace the stand-alone QuickHire application. This upgrade provides enhanced recruitment capabilities that are integrated with the City's human resource planning applications. Additionally, staff now has capability to assemble a complete employment history beginning with the submission of the first employment application.

Recently, the HR/Payroll System upgraded the servers and storage equipment that have been in use since the initial implementation of the system. This hardware upgrade has provided the additional processing power and space needed to meet the City's increased business requirements. Additional projects are currently underway to develop an overall equipment plan that will support anticipated future growth in the HR/Payroll areas over the next few years.

Integrated Billing System (IBS)

The Integrated Billing System (IBS) provides City staff with the management tools to oversee annual revenues approaching $250 million. In addition, it is estimated that the City responds to over 350,000 citizen and customer calls per year with the aid of this application. The system provides revenue management capabilities for the Recycle Plus, Municipal Water, Storm Water and Sanitary programs, as well as customer relationship management for these programs and the City's Customer Contact Center. Work is currently underway to integrate another important revenue stream, Business Tax Licensing, into this application.

In July 2007, the Integrated Billing System was upgraded to support the transition to the new Recycle Plus contracts. This included significant changes for City staff and haulers. The system work was completed on time without major service impacts to residents and other customers.

The Business Tax License program represents an important City program with a revenue stream in excess of $16 million annually. The project will provide City staff with the tools to manage this revenue stream and eliminate the City's reliance on the antiquated VAX platform now housing the

Integrated Billing System (IBS) (Cont'd.)

City's current Business Tax system. In 2007-2008, an overstrength Information Systems Analyst was approved to support the integration of the Business Tax application. For 2008-2009, this position has been extended through January 30, 2009 in order to provide continued support for "go-live" of the project, scheduled for December 2008.

Customer Contact Center

In August 2006, oversight of the Customer Contact Center was assigned to the Chief Information Officer to address unacceptable caller wait times and high abandonment rates. Quality control process improvements, software enhancements and the addition of staffing, including the conversion of 19 Senior Office Specialist positions to permanent status (eight with a limit date of one year) was approved in the 2007-2008 budget to address these challenges. In 2007-2008, performance improved significantly with call hold times decreasing from an average of 9 minutes to an average of 2-3 minutes. For 2008-2009, two of the eight limit-dated Senior Office Specialists have been extended one more year in order to ensure stabilization of the Customer Contact Center operations and to maintain high levels of customer service.

In 2007-2008, two new measures were introduced: "% of Customer Service Contact Center calls answered within eight minutes" and "% of Customer Service Contact Center calls resolved within the first call." The Contact Center met its target of 75% for "% of Customer Service Contact Center calls answered within eight minutes" and exceeded a target of 75% for "calls resolved within the first call." Both actual metrics for 2006-2007 were 64% and 79% respectively. The improvement is due to changes in call routing, staff hiring and scheduling, and improved business processes. In addition, current staff is past the learning curve and has a more comprehensive understanding of IBS operation.

The 2008-2009 target for "% of Customer Contact calls resolved within the first call" will increase in 2008-2009 to 80% from the 07-08 target of 75%, reflecting improved performance expectations. In addition, the measure, "Number of Customer Contact Calls received," was added to the Activity and Workload Highlight section to provide a reference for call center performance.

Geographic Information Systems

On May 16, 2006, the City Council adopted the recommendation to release funds from the Geographic Information Systems (GIS) Reserve to establish a central repository where GIS information can be shared by departments. The strategy of this effort is to provide a common location and format for GIS data storage and to facilitate data-sharing between departments and outside jurisdictions. This central repository provides a vehicle where information is updated easily and accurately to achieve the integration objective of the reserve. The data in this repository is available to all authorized users. Currently, nine City departments and the San José Redevelopment Agency use GIS technology to make decisions, share information, or deliver customer service, and

Geographic Information Systems (GIS) (Cont'd.)

the City of San José participates in a regional data-sharing agreement with the County of Santa Clara and the San José Water District.

Multiple efforts and projects continue to expand the use of the GIS within the enterprise. In 2007-2008, an overstrength GIS Program Manager was created to provide a central GIS point of contact and oversight of assembling a work plan that supports and integrates enterprise needs with individual needs of the departments. In addition, the implementation of an Addressing Re-Engineering Project (ARP) is being conducted to streamline, enhance and coordinate the City's property maintenance processes and data.

For 2008-2009, the GIS Program Manager has been made permanent in this budget to provide ongoing management of all GIS efforts.

Sunshine Reform/Web Design

In response to preliminary recommendations from the Sunshine Reform Task Force (SRTF), a citywide master calendar has been developed to notify employees and the public of events.

In early 2008, the SRTF adopted a series of recommendations that provide the technology foundation necessary to meet its goals. The SRTF Technology sub-committee's recommendations call for continued commitment to content and document management, improvements to the City's websites, increased use of records management systems and additional recommendations focused on providing greater visibility of City information.

Content Management

In 2006-2007, efforts continued in defining requirements for a citywide electronic content management system. In February 2007, an RFP was released for a shared content management system to establish common tools and data management responses in support of shared and common applications such as web services, GIS, and Enterprise Content Management Systems (ECMS). The City decided to reject all proposals and re-issue the RFP, which closed in December 2007. Due to budgetary conditions and the departure of the project leader, the Department is evaluating budget priorities and alternatives before moving forward on this project.

In parallel efforts, work continues to examine interim document and content management solutions that allow the City to improve its ability to manage unstructured data. Based upon City needs and Sunshine Reform measures, the time is right to adopt an overall content management strategy.

Performance and Resource Overview (Cont'd.)

Provide Enterprise Technology Systems and Solutions Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of time data is available to approved data users during normal business hours	99.8%	100%	98.9%	100%
% of time system is available during normal business hours				
- E-mail	100%	99.5%	100%	100%
- Financial Management System	99.2%	99.0%	99.9%	99.5%
- PeopleSoft (HR/Payroll)	99.2%	99.0%	99.6%	99.5%
% of Customer Contact Center calls resolved within 8 minutes	64%	75%	75%	75%
% of Customer Contact Center calls resolved within the first call	79%	75%	80%	80%
% of service requests resolved within established guidelines:				
- 1 hour for urgent requests	57%	70%	62%	70%
- 4 hours for all other requests	95%	70%	60%	70%
% of customers rating data availability and quality of data as good or excellent				
- availability	75%	80%	80%	80%
- quality	80%	80%	80%	80%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of centralized E-mail users	7,798	9,300	9,000	9,250
Number of FMS users	737	900	676	700
Number of PeopleSoft users (HR/Payroll)	8,251	8,350	8,285	8,350
Number of application repair requests	316*	1,500	1,300	1,500
Number of Customer Contact Center calls received	321,294	320,000	320,000	320,000

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
+ Number of Customer Contact Center calls received was added to provide more information to better assess performance.

*This measure only reflects FMS-related requests for 2006-2007 due to competing needs which make collection of data difficult. Tracking of all requests has resumed in 2007-2008.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Performance and Resource Overview (Cont'd.)

Provide Enterprise Technology Systems and Solutions Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,191,369	$ 9,083,716	$ 9,224,220	$ 9,479,793	4.4%
Non-Personal/Equipment	2,123,654	760,733	2,651,230	2,849,730	274.6%
Total	**$ 6,315,023**	**$ 9,844,449**	**$ 11,875,450**	**$ 12,329,523**	**25.2%**
Authorized Positions	**62.05**	**86.55**	**81.00**	**83.50**	**(3.5%)**

* 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 ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Capital Project Management System (CPMS) Technology Staffing	**(1.00)**	**(134,441)**	**(134,441)**

This action eliminates a vacant Information Systems Analyst position. This position supports maintenance and development of the Capital Project Management System (CPMS) and is the sole resource for the Public Works Department's Report Manager application. To mitigate the impacts of losing this position, Public Works has requested temporary staffing resources to provide short-term support for these functions. Remaining staff are able to meet the demands for system maintenance and support, but have little capacity for addressing the system upgrades in the CPMS work plan. In addition, support for "Report Manager" and specialized data queries from multiple information systems are reduced. (Ongoing savings: $134,441)

Performance Results:
Cycle Time, Customer Service Temporary staffing and existing staff are providing near-term support for CMPS. Longer term impacts may include reductions in the CPMS staff's ability to work on system enhancements and support for Report Manager.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
2. Information Technology Department Non-Personal/ Equipment Funding Efficiencies		**(13,613)**	**(13,613)**

This action reduces Non-Personal/Equipment funding for building rent that was previously needed due to office space constraints at old City Hall. These constraints no longer exist at New City Hall, and additional building space is no longer needed. (Ongoing savings: $13,613)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

3. Geographic Information Systems Management Staffing	**1.00**	**164,702**	**79,237**

This action converts an overstrength GIS Manager to a permanent Program Manager II. The overstrength was created in 2007-2008 in order to provide centralized management of GIS projects and resources that are utilized by eight City departments, as well as regional partners. This position has been made permanent in order to provide ongoing management leadership. The GIS Program Manager serves as the liaison between the City's GIS community and business stakeholders and oversees planning and management of the GIS program. Responsibilities include strategy development, plan coordination, and budgeting of projects and resources that will continue to benefit departmental operations, such as the Addressing Re-engineering Project, which will provide high quality addressing data management required for accurate and effective billing, noticing, inspections or public safety responses. In addition, intergovernmental GIS services offer further opportunity for improved regional coordination, data control processes and data sharing opportunities with partners like the County of Santa Clara, Santa Clara Valley Water District, and other municipalities. Funding for this position is shared by the departments and funds that will benefit from GIS services. An Instrument Person in the Public Works Department has been eliminated in this budget to ensure that this addition would not increase the total headcount to the City. In order to ensure that this addition will not increase costs in the General Fund, the Fire and Police Departments each have contributed $36,743 to be paid for from reductions to discretionary overtime and reductions to Non-Personal/Equipment funding respectively, as these Departments are the primary General Fund benefactors of GIS services. Capital and other special funds contribute the remaining costs. (Ongoing costs: $164,713)

Performance Results:
Customer Service, Quality This position provides management oversight and administration of a centralized GIS service not only for City departments, but also regional partners.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
4. Customer Contact Center Temporary Staffing and Non-Personal/Equipment Funding Efficiencies	**2.00**	**61,485**	**(59,739)**

This action extends 2.0 limit-dated Senior Office Specialists through June 30, 2009 and reduces Non-Personal/Equipment funding ($80,387) from the Customer Contact Center. The Senior Office Specialists are the "first line" customer service representatives who answer calls at the City's consolidated Customer Contact Center. 8.0 limit-dated Senior Office Specialists were approved for one year in the 2007-2008 Adopted Budget to provide temporary customer service support for the launch of the new utility billing system in July 2006. The Customer Contact Center, which has operated with 4-5 vacancies since the beginning of the year, have achieved improved customer service levels with average call wait times in the 2-3 minute range. The extension of 2.0 Senior Office Specialists for one year was approved to ensure stabilization of the Customer Contact Center. In addition, Non-Personal/Equipment funding has been reduced by $80,387 in order to generate General Fund savings. This action reduces the training and contractual services budget for the Customer Contact Center. As a result, the Department is prioritizing all expenditures to ensure that remaining resources are expended in the most efficient manner possible. (Ongoing savings: $80,387)

Performance Results:
Customer Service Extending the 2.0 limit-dated Senior Office Specialists ensures high quality customer service levels at the Customer Contact Center and assists in furthering the stabilization of this unit.

5. Business Tax Application Migration Temporary Staffing		**79,511**	**79,511**

This action extends an overstrength Information System Analyst through January 30, 2009 to support the Business Tax License Application implementation. On August 14, 2007, the City Council approved an agreement with BearingPoint, which included the temporary Information System Analyst and an Analyst, to design and implement migration of the Business Tax License Application from the VAX platform to the Integrated Billing System. The Information System Analyst is responsible for development of the application in the PeopleSoft ERM environment and for report programming. Extension of this position allows for continued technical support of this project through the "go-live" period, which is scheduled for December 2008. (Ongoing costs: $0)

Performance Results:
Customer Service, Cycle Time This position ensures the completion of the integration of the Business Tax License Application into IBS by December 2008, as well as its stabilization.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
6. Information Technology Staffing for New Parks Facilities	**0.50**	**3,929**	**3,929**
This action adds a 0.5 Senior Systems Application Programmer PT at Happy Hollow Park and Zoo to develop and support an automated system to track admissions and ticketing, food and merchandise sales and inventory. The position will be filled beginning in June 2009. It was included as a committed addition in the 2009-2013 General Fund Forecast, so there is no additional impact to the General Fund. (Ongoing costs: $47,284)			
Performance Results: The additional resources allows maintenance levels to continue at current service levels for the new facilities added or renovated in 2008-2009.			
7. Rebudget: Sunshine Reforms Technology Requirements Web Audit		**250,000**	**250,000**
This action rebudgets $250,000 in non-personal/equipment funding to conduct a web audit to achieve Sunshine Reform technology requirements. This project will be completed in 2008-2009. (Ongoing costs: $0)			
Performance Results: N/A: Final Budget Modification			
8. Rebudget: Electronic Content Management		**42,500**	**42,500**
This action rebudgets $42,500 in non-personal/equipment funding for contractual services for the implementation of an electronic content management system that that will be completed after the business process definition in 2008-2009. (Ongoing costs: $0)			
Performance Results: N/A: Final Budget Modification			
2008-2009 Adopted Strategic Support Changes Total	**2.50**	**454,073**	**247,384**

Strategic Support CSA

Core Service: Purchasing and Materials Management

Finance Department

Core Service Purpose

To purchase and provide quality products and services in a cost-effective manner.

Key Operational Services:

- Procurement
- Central Services
- Warehouse Services

Performance and Resource Overview

Purchasing and Materials Management supports the operations of all City departments on a daily basis. This core service contributes to the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* The goal of this core service is to provide timely and reliable services to all CSAs to assist departments in achieving their service delivery goals to residents, as well as to spend public funds wisely through competitive processes and cooperative purchasing with other government agencies while reaching out to the local vendor community.

Procurement

In February 2007, City Council adopted a revamped legal framework for procurement of goods and services. In 2007-2008, staff completed the implementation of the legal framework through the City-wide training of the online Request for Proposal (RFP) manual. This online RFP manual is designed to assist City staff in developing and managing successful procurements for professional and other services. In addition, the Finance Department implemented the City's e-procurement system, which allows for online supplier registration and email notifications for bidding opportunities and contract awards. For solicitations valued up to $100,000, suppliers are directed to submit responses online.

As a result of the Council adopted procurement reforms, the Department developed a new set of performance measures to track the processing time of Purchase Orders for various dollar ranges. Based on the first year's experience of tracking these measures, the Department is adjusting the target for 2008-2009 accordingly.

To further the City's Green Vision, the Department embarked upon a three-year strategic plan to review all commodities purchased and to identify opportunities for "greening" the City's purchases of goods and services. In September 2007, the Environmental Protection Agency recognized the City as a pioneer for adapting the Electronic Product Environmental Assessment Tool (EPEAT) specifications for the purchase of personal computers and monitors. EPEAT provides clear and consistent environmental and other performance criteria for the design of products which reduces

Procurement (Cont'd.)

the environmental impact of computers and monitors. In April 2008, the Department received a Green Leadership Award for its Environmentally Preferable Procurement Program at the Green Summit California.

Parallel to these reforms, Procurement led numerous Information Technology contracts in support of the expansion of the Norman Y. Mineta San José International Airport, consolidated the contracting of security services, and streamlined the purchase of police motorcycles.

Central Services

Central Services is comprised of the Mail Room, Copy Center, Surplus Goods Management, Moving Services, Recycling Services, and Records Management. In fall 2007, Central Services replaced the vendor for the City's copy center and anticipates replacing the office supplies vendor by summer 2008. In addition, Central Services implemented a City-wide contract for Multi-Function Devices (MFD). MFDs integrate copying, printing, finishing, and scanning all in one device. This new equipment will allow the City to use one supplier, instead of four, resulting in approximately $250,000 in annual savings.

Warehouse Services

Warehouse Services includes Stores and Central Receiving at the Central Service Yard and at City Hall, and delivery for both scheduled, interdepartmental routing and ad hoc drayage of large items. In 2007-2008, the Warehouse continued "greening" its stock in accordance with the City's Environmentally Preferable Purchasing Policy by working cooperatively with departments to identify Green Seal janitorial products, switching to 100% post-consumer recycled office paper and compostable cutlery. In addition, the Warehouse was a supporting unit for grant purchases related to the Urban Area Security Initiative, as well as storing and distributing several million dollars worth of goods to other agencies and City departments.

Performance and Resource Overview (Cont'd.)

Purchasing and Materials Management Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of cost savings achieved through the centralized purchasing process	4%	5%	5%	6%
Cost of purchasing services as a percentage of the total dollars procured	1.11%	1.1%	1.41%	1.50%
% of purchase orders (PO's) processed within established timeframes				
- 8 business days for PO's ≤ $10K	NEW	70%	66%	70%
- 26 business days for PO's > $10K and ≤ $100K	NEW	65%	79%	80%
- 38 business days for PO's > $100K and ≤ $250K	NEW	90%	72%	75%
- 83 business days for PO's > $250K and ≤ $1.0M	NEW	90%	100%	90%
- 108 business days for PO's > $1.0M	NEW	90%	73%	73%
% of time a request for record retention item is delivered within one day	98%	98%	95%	98%
% of time a request for a warehouse item is furnished within one day				
- Picked-up	100%	100%	100%	100%
- Delivered	97%	96%	95%	96%
% of customers who rate services as good or better, based on a 5-point scale based on courteous and timely responses to requests for information				
- Purchasing	70%	70%	70%	70%
- Materials Management	79%	79%	79%	79%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:

- "% of purchase orders (PO's) processed within established timeframes" was revised to ensure consistency with the performance measure that is reported to the Public Safety, Finance and Strategic Support Committee.
- "% of cost savings achieved through the purchasing process" was revised to include the word, "centralized" to provide language clarification.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total cost for services				
- Purchasing Services	$1.22M	$1.56M	$1.63M	$1.55M
- Materials Management Services	$1.39M	$1.91M	$1.24M	$1.32M
Total dollars procured	$110.5M	$110.8M	$115.9M	$103.2M
Total cost savings	$3.9M	$5.0M	$5.6M	$5.8M
Total dollars recovered from surplus sales	$221,557	$175,000	$176,295	$175,000
Number of purchase orders (PO's) processed within:				
- 8 business days for PO's ≤ $10K	632	690	480	508
- 26 business days for PO's > $10K and ≤ $100K	736	605	433	438
- 38 business days for PO's > $100K and ≤ $250K	56	55	57	59
- 83 business days for PO's > $250K and ≤ $1.0M	30	25	18	16
- 108 business days for PO's > $1.0M	4	7	8	8
Number of record retention requests delivered within one day	8,341	8,083	8,489	8,083
Number of warehouse line items:				
- Picked-up within one day	23,348	24,597	28,158	24,597
- Delivered within one day	9,665	9,716	10,237	9,716

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Purchasing and Materials Management Resource Summary	2006-2007 Actual 1	2006-2007 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,424,281	$ 3,144,261	$ 2,662,668	$ 2,539,981	(19.2%)
Non-Personal/Equipment	215,396	322,921	328,358	327,311	1.4%
Total	**$ 2,639,677**	**$ 3,467,182**	**$ 2,991,026**	**$ 2,867,292**	(17.3%)
Authorized Positions	**33.40**	**32.40**	**27.00**	**26.00**	**(19.8%)**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Materials Management Staffing and Funding Reallocation	**(1.00)**	**(122,734)**	**(134,266)**

This action eliminates a filled Program Manager position in the Purchasing Division. The Program Manager position supervises accounting functions for the Purchasing Division and for City-wide open purchase orders. In addition, this position manages City-wide records including the development of retention schedules, record retention policy and procedures, and tracking and destruction. The daily managerial oversight duties will need to be absorbed by a Senior Warehouse Worker and Division Manager. (Ongoing savings: $133,840)

Performance Results:
Cycle Time The elimination of this position will reduce the Department's capacity to manage City-wide contracts, implement cost-saving measures, as well as slow the implementation of the online records transfer database.

2. Telephone Communications Cost Efficiencies		**(1,000)**	**(1,000)**

This action generates ongoing City-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the Finance Department in the Purchasing and Materials Management Core Service is $1,000. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: $1,000)

Performance Results:
No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

Adopted Core Service Changes Total	**(1.00)**	**(123,734)**	**(135,266)**

Strategic Support CSA

Core Service: Revenue Management

Finance Department

Core Service Purpose

Collect and invest the City's resources to enhance the City's financial condition.

Key Operational Services:

- ❑ Accounts Receivable Collections
- ❑ Revenue Compliance and Monitoring
- ❑ Integrated Billing System
- ❑ Business Tax Compliance

Performance and Resource Overview

Revenue Management refers to the general oversight of the City's financial resources. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*. This outcome is supported by developing and streamlining business systems and processes that support the delivery of City services through timely cash collection.

Accounts Receivable Collections

In an effort to maximize collections, Revenue Management implemented the Revenue Collection Strategic Plan (RCSP) in 2006-2007. The RCSP realigned revenue collection staff to allow collectors to focus on proactive collection efforts, while support staff assumed other administrative and non-collection related duties. The RCSP has allowed collection staff to dedicate a considerable amount of their time to revenue collection activities. Previously, collectors spent a significant amount of time performing administrative duties, which limited the amount of revenue the City could collect. As a result of the proven effectiveness and increased collections, two limit-dated Office Specialist positions were made permanent and an additional Senior Account Clerk position was included in this budget.

Revenues are generated by collecting accounts that were previously considered "uncollectible" and ongoing revenues are generated from new accounts (non-compliant businesses) found through database searches and field audits. Staff continues to aggressively collect on delinquent accounts to increase base revenues and also reduce the average number of days the active accounts remain past due. Revenue Management will also be contracting with two collection agencies to augment collection efforts and maximize recovery of revenues. The Finance Department is proactively collaborating with other City Departments and other Agencies to collect revenues due to the City. More specifically, in 2008-2009, staff will continue to work with the Office of Economic Development to collect on approximately $770,000 in delinquent small business loans.

To measure the cost of revenue collection services, the labor cost for staff providing these services is compared to the value of the City's total miscellaneous accounts receivable. The cost percentage

Accounts Receivable Collections (Cont'd.)

estimate in 2007-2008 is 34.65%, and the 2008-2009 target has been set at 37.38%, due primarily to costs associated with the Revenue Collection Strategic Plan. The plan increases resources in the Revenue Collection division while making a focused effort to reduce receivable accounts significantly.

The establishment of a Sidewalk Lien Administration fee in 2008-2009 was approved in an effort to fully recover the administrative costs of administering the program. The Department collects on approximately 435 new sidewalk lien accounts annually, and the cost of processing these sidewalk lien account applications is currently being absorbed by the General Fund. The implementation of a $45 fee per sidewalk lien account is expected to generate approximately $20,000 to fully recover the cost of administration.

Business Tax Collections

Revenue Management will be implementing a new in-house business license lead and enforcement program called the Business License Information Program (BLIP). BLIP compares various business lead source data files (e.g. State of California Franchise Tax Board, State Resale Permits, Fictitious Business Filings, etc.) to the City's Business Tax Billing System to identify businesses not in compliance with the business tax ordinance. In addition, this enhanced system will focus on new lead sources including multi-residential property owners and commercial landlords.

In 2008-2009, Revenue Management plans to implement the Business Field Enforcement Pilot Program. To maximize these efforts, two limit-dated Investigator-Collector (IC) positions were approved to be added in this budget to perform field work to enforce the City's Business Tax code. The IC's will focus on non-compliant itinerant businesses such as contractors and subcontractors, landscapers, delivery services, and delinquent accounts. By establishing a physical presence in the community to enforce business tax compliance, the City estimates an additional $500,000 in Business Tax revenue recovery will be collected for the City.

The Business Tax unit currently processes approximately 64,000 business tax certificates annually. Currently, the cost burden of processing these applications is being absorbed by the General Fund. In an effort to fully recover these administrative costs, the Department will be implementing a Business Tax Administrative Fee in 2008-2009. The $22 fee per business tax certificate application is expected to generate approximately $1.4 million to fully recover the administrative costs; therefore, relieving the General Fund of this obligation.

Revenue Compliance and Monitoring

Revenue Management staff has been engaged in conducting compliance reviews for the third largest revenue source to the City's General Fund – the Utility User's Tax (UUT) and related Franchise Fees. During the course of conducting these reviews, Revenue Management staff has found multiple instances of non-compliance requiring a high level of follow-up to assure the outstanding tax owed the City is ultimately collected.

In addition, staff annually monitors the Emergency Communication System Support (ECSS) Fee revenue of approximately $23.4 million for compliance and the new Hotel Business Improvement District of approximately $2.0 million. Furthermore, staff will be conducting the Sewer Service and Use Charges Audit by reviewing previously classified miscellaneous properties for proper classification and rate application.

Integrated Billing System

In July 2006, the City implemented the Integrated Billing System (IBS). The new system consolidated multiple City programs and customer service centers and replaced three outdated systems that were ineffective and inefficient. In 2007-2008, monetary benefits were realized from increased late payment revenues and increased lien cycle frequency. Beyond the tangible benefits, IBS has facilitated improved customer service through faster access to account information, improved account maintenance, and greater billing accuracy.

Efforts are currently underway to migrate the Business Tax certificate program from the current legacy Virtual Address Extension (VAX) system to the IBS. The integration will enable customers to conveniently renew their business taxes on-line. This is an important feature as it will greatly reduce administrative processing time, allowing for greater focus on the collection of delinquent accounts. In addition, the integration allows enhanced technical support for the business tax program as support for the legacy VAX system has been eliminated.

Performance and Resource Overview (Cont'd.)

Revenue Management Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
Cost of revenue collection services as a percentage of the City's total miscellaneous accounts receivable	23.54%	33.31%	34.65%	37.38%
Average number of days active accounts receivable are past due	75	65	65	65
% of customers who rate Revenue Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	86%	86%	85%	86%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total cost for Revenue Management services	$4.96M	$4.00M	$4.76M	$4.86M
Total balance of the City's miscellaneous accounts receivable	$21.06M	$12M	$14.98M	$13M

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:
↺ "Total cost for Revenue Management Services" was revised to reflect the movement of the Investments key operational service to the Treasury Management Core Service."

Core Service: Revenue Management

Finance Department

Performance and Resource Overview (Cont'd.)

Revenue Management Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,909,634	$ 5,057,653	$ 3,921,963	$ 4,266,220	(15.6%)
Non-Personal/Equipment	697,456	795,953	535,293	592,793	(25.5%)
Total	**$ 5,607,090**	**$ 5,853,606**	**$ 4,457,256**	**$ 4,859,013**	**(17.0%)**
Authorized Positions	**49.87**	**57.87**	**40.00**	**45.00**	**(22.2%)**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Revenue Collection Strategic Plan Continuation	**3.00**	**212,157**	**212,157**

This action converts 2.0 limit-dated Office Specialist positions to permanent status, adds a Senior Account Clerk, and adds non-personal/equipment funding for supplies, data processing services, and training. The Office Specialist positions, which were added as limit-dated positions during the 2006-2007 Mid-Year Budget Review, and extended during the 2007-2008 Operating Budget process, perform administrative duties to enable Investigator Collectors in the Business Tax Division to focus on collection efforts. The Senior Account Clerk position will process collection transactions which have increased as a result of increased collection activity. Costs associated with adding these positions are expected to be offset by revenue received as a result of enhanced revenue collection efforts. (Ongoing costs: $222,315)

Performance Results:
Cost, Quality The addition of permanent staffing will assist collection specialists with administrative duties and allow them to focus their efforts on revenue collection and improve the overall revenue performance of the City.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)			
2. Business Field Enforcement Pilot Program	**2.00**	**189,600**	**189,600**

This action adds 2.0 limit-dated Investigator Collector positions (June 30, 2009) to perform field work to enforce the City's Business Tax code. It is estimated that through the creation of this pilot program, which establishes a physical presence in the community to enforce business tax compliance, the City will realize a return of better than $2 to every dollar expended. This action will add the necessary resources to pursue non-compliant businesses or ensure that businesses' self-reported tax accurately reflects the true amounts owed to the City. It is anticipated that the addition of these positions will be more than offset by the additional Business Tax revenues that will be received. (Ongoing costs: $0)

Performance Results:
Quality The addition of limit-dated staffing will establish a physical presence in the community to enforce business tax compliance and improve the overall revenue performance of the City.

2008-2009 Adopted Core Service Changes Total	**5.00**	**401,757**	**401,757**

Strategic Support CSA

Core Service: Support Departmental Technology Services

Information Technology Department

Core Service Purpose

Determine, develop, implement and support technology solutions that maximize the delivery of Technology Services for City Service Areas and ensure optimal resource utilization of technology investments across the city-wide organization.

Key Operational Services:

- Public Safety Support
- Transportation and Aviation Services Support
- Community and Economic Development Support
- Environmental and Utility Services Support
- Neighborhood Services Support
- Mayor, Council and Appointees Support

Performance and Resource Overview

The purpose of the Support Departmental Technology Services Core Service is to enable the service delivery of specific departments through the use of technology. This core service contributes to the Strategic Support CSA's Outcome: *Effective Use of State-Of-The-Art Technology* and provides support to all of the CSAs through strategic planning efforts within the framework of the Information Technology Planning Board (ITPB).

Information Technology Planning Board

The Information Technology Planning Board (ITPB) continues to focus on its role in positioning the City to meet business strategies through the use of technology. Key changes include examining the need for a broader base of input to the board from across the organization. The ITPB is interested in addressing the demand of departments to focus on specific needs, in addition to the enterprise focus taken by the city service area (CSA) model.

Master planning for technology is critical to implementing consistent and timely solutions. A major effort of the ITPB, Architecture Committee and CSA Technology representatives is compiling annual technology master plans. The first set of master plans was completed in January 2006. The annual update to those master plans for 2007-2008 was completed and approved by the ITPB in November 2007. The 2007-2008 Master Plan included an "Enterprise" plan that identified a series of initiatives and objectives necessary to support a broad base of technology throughout the organization. These plans help provide departments with greater understanding of technology issues citywide and are used by the Information Technology Department to identify and implement enterprise technology objectives. Results from the network security audit will be incorporated into the 2008-2009 master planning process.

Information Technology Planning Board (Cont'd.)

For 2006-2007, overall performance remained lower than expected. Improvements in customer satisfaction ratings that were expected for this year did not materialize. 2007-2008 performance measures increased over 2006-2007, but remained below target levels. It was anticipated that customer satisfaction would increase significantly due to these new organizational and planning efforts. However, satisfaction levels remained largely the same. Even though the ITPB has engaged in several efforts that have been focused on improving technology, it has not resulted in an immediate recognition of the effectiveness of the ITPB. It is anticipated the measure of "Impact upon planning and preparation of IT-related budget requests" will increase only at a modest rate until new significant enterprise-wide technology projects are implemented.

City Service Area Support

While staff within this core service supports all of the CSAs, the Mayor, City Council, and Appointees, there has been a heightened level of technology-related activity within the Public Safety CSA in recent years, requiring an increased level of support. For 2007-2008, support to Public Safety continued to be the primary focus, and $2,000,000 from the Technology Reserve was allocated to cover the costs associated with replacement of existing network equipment for the Police Department campus. This project replaces the computer network cabling for the Police Administration and Police Communications buildings, meeting current and future communication needs of the Emergency Operations Center, Emergency Public Information Officer, Office of Emergency Services, Fire and Police communications. The cabling portion of this network enhancement is anticipated to be completed in Spring 2009.

Work in 2007-2008 included installation of conduit to allow fiber between City Hall and the Police Communications Building. The recommendation of contract award went to Council on March 25, 2008. This upgrade will provide for converged voice and data communications and support faster communications speeds. Following the cabling upgrades, expansion of the network services at City Hall to the Police campus will improve services, allow more efficient use of network support, and reduce ongoing operating expenses for leased Centrex services.

Improvements to the Computer Aided Dispatch (CAD) system continued in 2007-2008 with upgrades to the system hardware and software. New servers and storage were purchased as part of the effort to install a new version of the CAD software.

Other Police Department automation efforts include the Automated Reporting System (ARS), also known as In-Field Reporting, and an upgrade to the Records Management System (RMS). The ARS component is the cornerstone of the data entry flow into RMS, a component of the Automated Information System. This effort will reduce the gap between data collection and data entry, thus improving data quality. For example, an officer in the field will have the capability to enter data soon after an event has occurred, rather than at a later time or by someone who was not present at

City Service Area Support (Cont'd.)

the scene. The Police Department contracted with a consultant to provide a needs assessment and business process review. A portion of this work was to prepare requirements for a request for proposal for a new system that is expected to be bid in the future.

The Fire Department is implementing its Records Management System to provide the information necessary to analyze demand for Fire Department services and Fire Department performance against General Plan service levels. Additionally, the system will provide a means for analyzing pilot alternative deployment models.

Support Departmental Technology Services Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of managers who say employees have the technology tools they need to support their service delivery functions	71%	75%	75%	75%
% of employees who say they have the technology tools they need to meet their service delivery functions	82%	85%	85%	85%
% of responses from IT Planning Board members and departments that are good or excellent in the following areas:				
- Timeliness of decisions made	43%	60%	50%	60%
- Perception of benefit/value added by strategic planning	41%	60%	50%	60%
- Impact upon planning and preparation of IT related budget requests	37%	85%	60%	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of CSA master plans updated	7	8	8	8
Number of ongoing ITPB approved projects	6	8	8	8
Number of ITPB meetings annually	10	12	12	12

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Support Departmental Technology Services Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,012,542	$ 2,113,390	$ 1,826,783	$ 1,677,606	(20.6%)
Non-Personal/Equipment	79,726	0	0	0	N/A
Total	**$ 2,092,268**	**$ 2,113,390**	**$ 1,826,783**	**$ 1,677,606**	**(20.6%)**
Authorized Positions	**15.00**	**15.00**	**13.00**	**12.00**	**(20.0%)**

* 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 ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Information Technology Analytical Staffing	**(1.00)**	**(149,177)**	**(149,177)**

This action eliminates a vacant Supervising Applications Analyst position. This position provides departmental support to the Department of Parks, Recreation and Neighborhood Services and the Department of Transportation for projects like Happy Hollow Park, Ant-Graffiti Mobile Pilot, and the Parking Revenue System upgrade. In addition, the position provides technical direction to the automation of the City-wide grants management program. Responsibilities of this position will be assumed by remaining staff, which includes a Program Manager who oversees two Information Systems Analysts and an additional Supervising Applications Analyst. (Ongoing savings: 149,177)

Performance Results:
Cycle Time, Customer Service The elimination of this position may reduce customer service to client departments and increase delivery timelines for projects like the automation of grants management.

2008-2009 Adopted Core Service Changes Total	**(1.00)**	**(149,177)**	**(149,177)**

Core Service: Treasury Management

Finance Department

Core Service Purpose

Provide cost effective financing, investment and cash collection of the City's resources to maintain and enhance the City's financial condition.

Key Operational Service:

- ❑ Debt Management
- ❑ Cash Management
- ❑ Investments

Performance and Resource Overview

Treasury Management refers to the financing and protection of the City's capital assets. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*. This outcome is supported by financing capital projects at the lowest possible cost. Prior to 2008-2009, the Treasury Management Core Service did not exist. Debt management, as a key operational service, appeared in its own core service, and has been eliminated. Both Cash Management and Investments previously appeared as key operational services in the Revenue Management Core Service. These operational services, along with their corresponding performance measures and activity and workload highlights, now appear in this new core service.

Debt Management

The Debt Management operational service enhances the City's financial condition so it will continue to be strong and considered among the best managed cities of similar size. One measure of fiscal strength is the City's bond rating. San José continues to be the highest rated city in California with a population over 250,000. These ratings enable the City to borrow money at the lowest possible interest rate, thus reducing costs to finance capital projects.

More specifically, through the passage of the Neighborhood Libraries and Parks and Recreational Facilities General Obligation Bond Measures in 2000, and the Neighborhood Security Act Bond Measure in 2002, the City issued general obligation bonds to finance the construction of new facilities and to improve existing facilities for San José residents.

In addition to general obligation bonds, the City issues lease revenue, airport revenue, and sewer revenue bonds to finance projects such as City Hall, the Terminal Area Improvement Program (TAIP) at the Norman Y. Mineta San José International Airport, and improvements to the Water Pollution Control Plant. The City also facilitates construction of public infrastructure and affordable housing through issuance of special tax and special assessment bonds, multi-family housing revenue bonds, and housing set-aside tax allocation bonds.

Performance and Resource Overview (Cont'd.)

Debt Management (Cont'd.)

The size of the City's outstanding debt portfolio increased significantly in 2007-2008 with the issuance of $725,015,000 in Airport Revenue Bonds for the Airport Terminal Area Improvement Project. As of December 31, 2007 the City's outstanding Debt Portfolio was $5.6 billion.

Investments

In May 2007, the results of an evaluation of the City's Investment Unit conducted by Macias Consulting Group were presented to the City Council's Public Safety, Finance and Strategic Support Committee. The report provided an analysis of the City's "buy and hold" strategy for the investment portfolio, as well as organizational structure and staffing. It also provided recommendations to improve investments by refocusing efforts from transaction processing and accounting, to investment strategy and analysis.

In 2007-2008, three vacant management positions in the Investment Program (Principal Investment Officer, Investment Officer and Financial Analyst) were filled; maximizing the City's investment capabilities. In 2008-2009, work will continue to expand the investment portfolio's diversification, while continuing the focus on the primary objectives of safety, liquidity and yield. In addition, technology improvements will be researched and evaluated to assist in various facets of advanced portfolio management and cash flow modeling.

Cash Management

The Cash Management function continues to manage the City's centralized cashiering for the City, including collaboration with other City departments. The Request for Proposal (RFP) for banking services was released in the spring of 2008 and responses were received in April. It is anticipated that recommendations for banking services and other related services will be presented to the City Council in December 2008 with transition, if necessary, to a new general bank and/or custodial bank during the second half of 2008-2009.

Funding for an Integrated Cashiering Solution (ICS) was provided during the 2005-2006 Annual Report to allow seamless integration of various billing/collection services to FMS and to streamline the payment processing function for cashiers. The acquisition for the ICS was approved by City Council in April 2007. Implementation commenced; however, issues with the vendor surrounding integration with various billing systems have resulted in a delay of completion. These issues are expected to be resolved in the coming months, and implementation completion will likely occur by December 2008.

Performance and Resource Overview (Cont'd.)

Treasury Management Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AA+	AA+	AA+	AA+
- Fitch	AA+	AA+	AA+	AA+
Average return on investments	4.702%	NEW	4.481%	3.910%
Cost of Debt Management services as a percentage of the City's outstanding debt portfolio	0.023%	0.020%	0.016%	0.026%
Cost of investment services as a percentage of the City's total investment portfolio	0.101%	0.110%	0.108%	0.170%
% of customers who rate Treasury Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	82%	82%	82%	82%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
↺ "% of customers who rate Debt Management services as good or excellent…" was revised to read, "% of customers who rate Treasury management services as good or excellent…" to reflect the move from the Debt Management Core Service to Treasury Management Core Service.
+ "Average return on investments" was added. This measure currently appears in the Public Safety, Finance and Strategic Support Committee report.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Forecast
Total cost for Treasury Management services				
- Debt Management Services	$1,094,790	$1,055,418	$880,736	$1,470,586
- Investment Services	$1,292,523	$1,850,000	$1,346,955	$1,871,655
Total debt portfolio managed	$4.690B	$5.400B	$5.648B	$5.700B
Total of the City's investment portfolio	$1.275B	$1.021B	$1.250B	$1.100B

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:
↺ "Total cost for Debt Management services" was revised to read, "Total cost for Treasury Management services" to reflect the move from the Debt Management Core Service to Treasury Management Core Service.

Performance and Resource Overview (Cont'd.)

Treasury Management Resource Summary**	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	$ 3,228,091	$ 3,412,091	0.0%
Non-Personal/Equipment	N/A	N/A	114,150	332,150	0.0%
Total	**N/A**	**N/A**	**$ 3,342,241**	**$ 3,744,241**	**0.0%**
Authorized Positions	**N/A**	**N/A**	**30.39**	**30.39**	**0.0%**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Rebudget: Debt Management Program Staffing		**234,000**	**234,000**

This action rebudgets unexpended 2007-2008 funds to add 1.0 temporary Analyst position and 1.0 temporary Staff Specialist position (June 30, 2009) to assist with the administration and management of the City's Debt Management Program. Additional support in the Treasury Division will enable the Department to successfully prepare and implement two financing strategies: Pension Obligation Bonds and Prepayment of Annual Retirement Contributions. The Analyst position will assist with the issuance of bonds, manage the debt management records retention program to ensure compliance with IRS requirements, and review and process bond fund disbursement requests. The Staff Specialist position will assist with the issuance of bonds, assist with debt administration activities, and prepare business correspondence and periodic reports to bond market participants. This action also adds contractual services funding in the amount of $50,000 for financial advisory services related to the processing and issuance of Pension Obligation Bonds. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)			
2. Rebudget: City's Investment Program		**168,000**	**168,000**
This action rebudgets unexpended 2007-2008 funds for implementation of Phase I of the City's Investment Program. This funding, which covers staffing, supplies and materials, and contractual services, will enable the Department to implement the first phase of a more active, analytical portfolio management program for the City's Investment Program which will, in turn, enhance the City's investment yield. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2008-2009 Adopted Core Service Changes Total		**402,000**	**402,000**

Core Service: Workforce Resources and Diversity

Human Resources

Core Service Purpose

Provide organizational and workforce development programs that build the performance capacity of employees and enable service delivery results that meet customer expectations.

Key Operational Services:

- Succession Planning Strategy
- Citywide Mentoring Program
- Citywide Employee Recognition
- Citywide Training
- Management Development
- Public Sector Career Initiative
- Specialized Networking Events
- Citywide Diversity Strategy

Performance and Resource Overview

Workforce statistics show that one-third of the City's 7,000+ employees will be eligible to retire within the next five years. The Human Resources Department seeks to equip colleagues at all levels to successfully address staffing and service delivery changes and reconfigured a team to address emerging citywide needs around workforce planning. The Workforce Resources and Diversity (Workforce R&D) core services contribute to the Strategic Support CSA's Outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Succession Planning Strategy

In 2007-2008, succession planning efforts focused on a pilot program with the Environmental Services Department. Workforce R&D and an interdepartmental team selected a consultant who will create a comprehensive succession plan for the Water Pollution Control Plant, where retirement rates are high and positions are difficult to fill. The methodologies and tools developed for this initiative will be transferable citywide. A limit-dated Senior Analyst position was added in 2008-2009 and is dedicated to this effort. The position, funded by the San José-Santa Clara Treatment Plant Operating Fund, resides at the Plant but reports to Workforce R&D who will offer a supervisory and administrative structure to make this program successful and transferable to the rest of the City.

Citywide Mentoring Program

The Mentoring Program is a core component of the City's Succession Planning and Diversity Strategy and matches employees to provide career mentoring. The program also includes workshops on communication, interviewing, and public speaking skills. Over 90% of the 136 participants rated the effectiveness of the program as "good" or "excellent" in meeting program objectives, and over 98% would recommend it to other City employees.

Citywide Employee Recognition

The interdepartmental Recognize! Team revitalized the City's recognition program in 2007-2008. Administered by Workforce R&D, volunteer ambassadors developed individualized recognition plans for their respective departments. In 2007-2008, one-time City funding of $50,000 was allocated to restore the disbursement of service pins, recognition awards and events. To date, nearly 600 pins have been distributed and a Citywide recognition event to celebrate workforce achievements will occur in September 2008.

Citywide Training

In 2007-2008, approximately 100 training courses were offered through the City's university/college partners, professional consultants and City staff trainers with topics including: computer programs, customer service, communication, project management, conflict resolution, safety, stress management, leadership, and personal growth. Staff desire for development remains strong; the customer service class, offered just twice, attracted over 500 employees to the Council Chambers. In addition, Workforce R&D organized two executive level public speaking courses for Senior Staff. In order to streamline the procurement process for management consulting and training services, Workforce R&D issued two RFQs and established a list of 52 pre-qualified firms available to train in City departments. For 2008-2009, citywide training curriculum will include a Collaborative Resolution Program to equip City employees with conflict solving skills.

Management Development

The Leadership and Supervision Academy (LSA) is open to new and emerging managers across the City. The LSA was offered three times in 2007-2008 to approximately 85 supervisors. Of those who attended the most recent academies, over 90% rated the curriculum as "good" to "excellent" for relevance to job and career development.

The 2007 Art and Practice of Leadership (APL) program graduated a class of 25 managers from 11 departments. The purpose of this program is to train and develop a diverse and highly talented employee group to take on the highest levels of responsibility and leadership within the City organization. Again, over 90% of participants rated the curriculum as good to excellent for relevance to job/career development and quality of instruction. Since its inception, approximately 95 staff members have graduated from APL, and close to 20% of the alumni have been promoted within the City.

Open to mid-senior level staff from all disciplines, the Management Talent Exchange Program provides opportunity for staff to spend three months in another jurisdiction to grow their skills and diversify their career portfolios. In 2007-2008, five departments successfully participated by sending 3 staff to neighboring jurisdictions and hosting 5 exchange participants in San José.

Management Development (Cont'd.)

In 2007-2008, Workforce R&D began administering the City Manager's Office Management Fellowship Program. As a signature succession planning program for more than twenty years, the Fellowship is designed to attract highly credentialed talent to the organization to begin their careers in local government. Admission to the program is very competitive; the City hosts just 3-4 candidates per year (generally those with Masters Degrees) who rotate through several departments working on high-profile special projects. The program boasts a strong retention rate as Fellows compete successfully for permanent positions at the City.

The Management Performance Appraisal Pilot focuses around the implementation of a software package designed to address the administrative burden of annual, paper-based performance reviews and encourage more real-time professional development dialogues. This software encourages the utilization of technology and the facilitation of leadership and work style needs through regular feedback to employees. This program is currently under review for a staffing/resource strategy.

Public Sector Career Initiative

This initiative links San José State University students, professors and City staff through internships, continuing education, guest lectures, special events, and promotion of public sector career opportunities. Key projects include the review of over 300 intern applications for approximately 50 successful new placements, designing a City website for students, hosting the First Annual "Are You In?" Networking event for over 90 interns and staff, and piloting a successful Summer Intern Mentoring Program. The City is "building the bench" by facilitating intern-City staff relationships that re-image local government work and better retain talent to our organization. Additionally, Workforce R&D hosted University classes at City Hall; coordinated and served as campus guest speakers; and hosted a "Gateway to Higher Learning Event," to equip City staff with accredited professional development opportunities.

Specialized Networking Events

Special professional networking opportunities have been annualized to provide career and leadership development to City staff. Events in 2007-2008 included the Second Annual MMANC (Municipal Management Association of Northern California)-City of San José Women's Leadership Summit for over 250 California local government leaders and the Third Annual Aspiring Local Government Leaders Speed Coaching and Networking Luncheon with Cal-ICMA, partnering with 100 local government professionals for an afternoon of mentoring.

Human Resources also organized the Third Annual Citywide Job Shadow Day at City Hall and hosted 100 students in partnership with Junior Achievement Silicon Valley. Students from James Lick High School and Pala and Fisher Middle Schools visited City Hall for a day of learning activities and off-site visits with 75 colleagues from 16 different City departments.

Performance and Resource Overview (Cont'd.)

Citywide Diversity Strategy

Workforce R&D strives to cultivate a diverse workforce and an inclusive workplace where all forms of diversity are maximized, including work style, leadership, generational, cultural, sexual orientation and gender-related diversity. In 2007-2008, a Senior Analyst in this core service area was upgraded to a Program Manager position however, due to competing workload projects and ongoing staffing transitions, the Diversity Strategy was delayed. In 2008, the existing Senior Analyst position will be focused on diversity efforts.

Workforce Resources and Diversity Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of employees rating the effectiveness of training classes as "good" or "excellent" in meeting their principal training objective:				
- Current Job	96%	95%	N/A*	95%
- Career Development	93%	95%	N/A*	95%
- Personal Growth	N/A	95%	N/A*	95%
% increase in content knowledge as a result of training:				
- Art and Practice of Leadership	24%	25%	N/A*	25%
- Leadership & Supervision Academy	23%	25%	N/A*	25%
% of Supervisors rating improvement in Participants' job performance as "good" or "excellent" :				
- Art and Practice of Leadership	95%	85%	N/A*	85%
- Leadership & Supervision Academy	N/A	85%	N/A*	85%

* Staff has not conducted post-classroom participant surveys in 2007-2008 due to staff transitions. For 2008-2009, staff will resume post-classroom surveys and provide estimates for future budgets.

Core Service: Workforce Resources and Diversity

Human Resources

Performance and Resource Overview (Cont'd.)

Workforce Resources and Diversity Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of City-wide skill training requests filled within time objectives	91%	90%	91%	90%
% of customers satisfied or very satisfied with City-wide skill training services (4 or better on a 1-5 scale)	90%	90%	90%	90%
% of employees who are satisfied or very satisfied with the recognition received for doing a good job	48%	48%	48%	48%
% of hiring managers who believe that candidates (or candidate pools) are "prepared" or "well prepared" to perform successfully in the positions they are seeking	NEW	NEW	N/A*	N/A*
% of hiring managers rating themselves as "prepared" or "well prepared" to meet workforce/ succession planning challenges	NEW	NEW	N/A*	N/A*

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* Staff did not set baseline measures in 2007-2008 due to staff transitions. Baseline measures will be determined in 2008-2009 so that target measures can be set in the future years.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimate	2008-2009 Forecast
Number of city-wide mentoring pairs Entering/Completing Program	90/90	140/112	68/68	140/112
Cumulative % of Supervisory Positions that are graduates of the Leadership and Supervision Academy	N/A	75%	80%	75%
Catalog Skill Training Courses:				
Number of training classes offered	160	100	95	100
Number of training hours provided	710	460	440	460
Number of training registrations processed	2,226	1,400	1,400	1,400
Number of training attendees	1,222	1,100	2,410	1,100

Changes to Highlights from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Workforce Resources and Diversity Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 548,396	$ 419,565	$ 438,323	$ 526,994	25.6%
Non-Personal/Equipment	1,003	116,000	1,000	77,207	(33.4%)
Total	**$ 549,399**	**$ 535,565**	**$ 439,323**	**$ 604,201**	**12.8%**
Authorized Positions	**5.00**	**4.00**	**4.00**	**5.00**	**25.0%**

* 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 ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Environmental Services Department Succession Planning Analytical Staffing	**1.00**	**91,671**	**0**

This action adds a limit-dated Senior Analyst position for a two-year period to assist with succession planning at the Water Pollution Control Plant. Of the 195 trade and professional staff at the Plant, 50% will be eligible to retire in the next five years. Given the historical difficulty in recruitment and retention of trade staff, a comprehensive succession strategy is needed to address this future problem. It is anticipated that this effort will take two years to complete. This position will be funded by the San José-Santa Clara Treatment Plant Operating Fund. (Ongoing costs: $125,359)

Performance Results:
Cycle Time, Customer Service Dedicated succession planning and recruitment at the Water Pollution Control Plant will ensure that appropriate levels of skilled staff will continue uninterrupted operations at the Plant.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS (CONT'D.)			
2. Rebudget: Workforce Planning		**73,207**	**73,207**
This action rebudgets $73,207 in non-personal/equipment funding designated to seed the efforts toward a comprehensive diversity and succession planning effort citywide, including but not limited to a workforce diversity strategy, special talent management projects, as well as supplies, materials and consultant services. (Ongoing costs: $0)			
Performance Results: N/A: Final Budget Modification			
2008-2009 Adopted Core Service Changes Total	**1.00**	**164,878**	**73,207**

Strategic Support CSA

Strategic Support
Finance Department

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

Key Operational Services:

- Analytical Support
- Budget/Fiscal Management
- Contract Administration
- Website Services
- Human Resources Management
- Administrative Support

Performance and Resource Overview

Within the scope of Strategic Support, departmental core services are guided through planning, organizing, directing, and evaluating service delivery to achieve departmental objectives. These support services ensure that programs and services are developed, implemented and enhanced in a manner consistent with City policies and procedures. In addition, Strategic Support is instrumental in supporting the delivery of direct services to the public and in providing coordinated responses to requests for information by other departments, the City Administration, and the City Council.

In 2006-2007, timekeeping and accounts payable data entry functions for both the Human Resources and Finance Departments were consolidated into the Finance Department in order to eliminate redundancies and increase efficiencies. Due to challenges, such as workload and the distance between the departments, efficiencies have not been realized, and delays in processing of accounts payable and timekeeping entries have occurred. Staff continues to work with the Human Resources Department to implement process changes to improve service in this area.

In 2007-2008, it is estimated that none of the Finance Department's 139 employees will receive 40 hours of relevant training annually. A factor impacting performance in this area was the high vacancy rate experienced in the Department. As a result of these vacancies, existing staff has had to absorb these duties, decreasing the time available to meet the 40-hour training goal. With recruitment efforts remaining the Department's top priority, it is expected that performance in this area will increase as staffing levels stabilize.

Performance and Resource Overview (Cont'd.)

Strategic Support Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of employees receiving 40 hours of relevant training annually*	0%	3%	0%	3%
Ratio of strategic support services cost to total department budget	9%	9%	7%	6%
% of customers rating strategic support services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	N/A*	70%	N/A*	70%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* Currently, this performance measure data only includes training hours that Department employees receive through City-wide training courses. In 2008-2009, the Administrative Division anticipates creating a tracking mechanism to monitor hours that employees attend conferences, seminars and college courses.

** This measure was not included in the 2006 biennial employee survey. It will be included in the 2008 employee survey.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Total number of employees receiving 40 hours of relevant training	0	4	0	4
Total number of training hours provided	441	600	109	400

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Strategic Support
Finance Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,120,742	$ 1,271,104	$ 924,223	$ 852,457	(32.9%)
Non-Personal/Equipment	188,261	184,171	196,658	277,095	50.5%
Total	**$ 1,309,003**	**$ 1,455,275**	**$ 1,120,881**	**$ 1,129,552**	**(22.4%)**
Authorized Positions	**9.23**	**9.23**	**7.00**	**6.00**	**(35.0%)**

* 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 ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Administrative Staffing Efficiencies	**(1.00)**	**(71,766)**	**(71,766)**

This action eliminates a vacant Account Clerk position in the Administration division. This position performed timekeeping, accounts receivable and accounts payable transactions. As a result of this reduction, current staff will need to absorb these duties. After this reduction, a Financial Analyst, an Analyst, and a Senior Account Clerk will remain in the division. (Ongoing savings: $71,766)

Performance Results:
Quality, Customer Service Quality and Customer Service levels will be maintained due to the reallocation of staffing and duties.

2. Finance Department Non-Personal/Equipment Funding Efficiencies		**(15,000)**	**(15,000)**

This action reduces non-personal/equipment funding in Strategic Support. This reduction represents 5.4% of the Strategic Support total non-personal/equipment allocation. As a result of this reduction, the Department will need to prioritize expenditures for training, supplies, and materials. (Ongoing savings: $15,000)

Performance Results:
No impacts to performance levels are anticipated due to this reduction.

Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)			
3. Telephone Communications Cost Efficiencies		**(4,563)**	**(4,563)**

This action generates ongoing City-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the Finance Department Strategic Support area is $4,563. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: $4,563)

Performance Results:
No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

4. Rebudget: Audit Statement Manuals		**100,000**	**100,000**

This action rebudgets unexpended 2007-2008 non-personal/equipment funding for consultant services to create a procedure manual and document internal controls. This manual will allow the Department to comply with recommendations recently set forth by the Government Finance Officers Association. (Ongoing savings: $0)

Performance Results: N/A (Final Budget Modification)

Adopted Strategic Support Changes Total	**(1.00)**	**8,671**	**8,671**

Strategic Support CSA

Strategic Support
General Services Department

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

Key Operational Services:

- Network/Computer Systems Management
- Budget/Fiscal Management
- Programmatic/Administrative Support
- Strategic Planning/Leadership

Performance and Resource Overview

Strategic Support provides administrative support for the General Services Department. Strategic Support includes network and computer systems management, fiscal management, personnel management, and organizational development.

Changes in the City's Purchase Order management process have impacted the Strategic Support unit. New accounting practices have required more staff time to effectively manage and monitor purchase orders to ensure that funds are available for materials purchases and contractual work. General Services' staff is working with the Finance Department to streamline processes while still remaining within the new accounting guidelines.

Network and computer systems management has been a focus in 2007-2008, and this focus will continue in 2008-2009. The expansion of the Central Service Yard and the associated relocation of employees and services required a great deal of planning, coordinating, and technical support. Updating communication links from the Central Service Yard to City Hall and other City facilities has been a priority. In addition, systems and hardware expansions and upgrades, such as the expansion of the use of handheld devices in 2006-2007 for capturing facility condition data, have required a high level of support.

The General Services Department, in recognition of the need to ensure the most effective support system for the expanding importance of data management, recently created a Data Management Team to support, manage, and lead the organization's collection and analysis of asset and activity data. Because data management needs will continue to expand and shift, this team is integral in the Department's effort to effectively support these growing needs.

Strategic Support
General Services Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 922,638	$ 901,319	$ 953,635	$ 953,635	5.8%
Non-Personal/Equipment	374,173	186,297	186,297	186,297	0.0%
Total	**$ 1,296,811**	**$ 1,087,616**	**$ 1,139,932**	**$ 1,139,932**	**4.8%**
Authorized Positions	**6.75**	**6.75**	**6.75**	**6.75**	**0.0%**

* 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 ($)	General Fund ($)
NONE			

Strategic Support CSA

Strategic Support
Human Resources Department

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

Key Operational Services:

- Administration
- Financial Management
- Personnel Management
- Human Resources Systems Management
- Records Management
- Customer Service

Performance and Resource Overview

Strategic Support in the Human Resources Department includes the underlying operational systems for the Department such as personnel, budget, information systems management, records management, and customer service.

A key project for Strategic Support in 2007 was the implementation of the Recruiting Solutions module of the HR/Payroll System. The previous system had received numerous complaints from customers and departmental staff and was not integrated with the organization's HR/Payroll System. Strategic Support staff anticipates that the Recruiting Solutions module, also known as "CityJobs," has significantly improved efficiency of the hiring process and improved the application process for all applicants, as it is now integrated with the City's HR/Payroll system.

Operationally, Strategic Support continues to provide support services to City departments, employees, and the public. Timekeeping, accounts receivable/payable, and general ledger workload continue to be handled by the Finance Department, as the result of the elimination of a Principal Account Clerk position in Human Resources in 2005-2006. This realignment of work has not improved cycle time and efficiencies to the level originally anticipated. Staff continues to work with the Finance Department to implement process changes to improve services in this area.

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 805,693	$ 819,864	$ 837,360	$ 837,360	2.1%
Non-Personal/Equipment	230,230	127,263	132,263	128,187	0.7%
Total	**$ 1,035,923**	**$ 947,127**	**$ 969,623**	**$ 965,547**	**1.9%**
Authorized Positions	**6.00**	**6.00**	**6.00**	**6.00**	**0.0%**

* 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 ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Telephone Communications Cost Efficiencies		**(4,076)**	**(4,076)**
2008-2009 Adopted Strategic Support Changes Total		**(4,076)**	**(4,076)**

This action generates ongoing city-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the Human Resources Department in the Strategic Support core service is $4,076. These reductions were made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that are more cost efficient than traditional phone systems that route calls over existing phone lines. Savings were also achieved through lower departmental call levels. (Ongoing savings: $4,076)

Performance Results:
No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

Strategic Support CSA

Strategic Support
Information Technology Department

Strategic Support represents services provided within the Department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within Information Technology includes:

Key Operational Services:

- Clerical Support
- Employee Services
- Financial Management
- Training Management
- Special Projects

Performance and Resource Overview

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 847,688	$ 1,318,067	$ 1,084,604	$ 955,160	(27.5%)
Non-Personal/Equipment	304,946	193,226	204,776	304,776	57.7%
Total	**$ 1,152,634**	**$ 1,511,293**	**$ 1,289,380**	**$ 1,259,936**	**(16.6%)**
Authorized Positions	**8.00**	**10.00**	**9.00**	**8.00**	**(20.0%)**

* 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 ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Integrated Billing System Analytical Staffing	**(1.00)**	**(129,444)**	**0**

This action eliminates a filled Senior Analyst position that was transferred from the Department of Environmental Services in the 2007-2008 Adopted Budget as part of the Integrated Billing System (IBS) program. The position was funded by Utility funds and was transferred to support recruitment and administration activities for the Customer Contact Center and support the IBS integration of utility billing. As staffing and operations at the Customer Contact Center stabilized through the year, the demands upon the Senior Analyst diminished, and the incumbent worked increasingly on department-wide personnel and budgeting projects. As a result, this action eliminates the position as it will no longer provide the services for which it was originally created. (Ongoing savings: 129,444)

Performance Results:
Cost The elimination of this position reduces costs to the Utility funds. There will be no impact on customer service levels as Customer Contact Center staffing and operations have stabilized.

2. Information Technology Technical Training		**100,000**	**100,000**

This action provides one-time non-personal/equipment funding in the amount of $100,000 for technical training. Training prepares staff to support existing technologies and to keep staff up-to-date on the most current technologies. It is critical to provide ongoing training to technical staff in order to keep them up-to-speed on continuously changing technology. For example, the City has made technology improvements like migrating applications off of the VAX to more stable platforms, and the storage area network (SAN) will be implemented early in 2008-2009. Training allows staff to provide the most knowledgeable and current support as the City continues to upgrade its technologies. (Ongoing costs: $0)

Performance Results:
Customer Service, Quality Technical training allows Information Technology staff to remain current with new technologies in order to provide City departments with highest quality customer service.

2008-2009 Adopted Strategic Support Changes Total	**(1.00)**	**(29,444)**	**100,000**

Strategic Support CSA

Strategic Support
Public Works Department

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

Key Operational Services:

- Equality Assurance
- Real Estate
- Public Outreach/Information
- Strategic Planning/Leadership
- Geographic Information Systems/Infrastructure Management
- Human Resources
- Capital Project Management System
- Budget Development/Staffing Plan Financial and Contractual Administration

Performance and Resource Overview

Strategic Support for the Public Works Department within the Strategic Support CSA provides the following services:

Equality Assurance

Provides labor compliance and Americans with Disabilities Act (ADA) oversight to City departments, the San José Redevelopment Agency (SJRA), and the contracting community. Services are performed while ensuring the City's compliance with all applicable laws and regulations. Services include certified payroll review, on-site employee interviews, investigating and resolving wage claims and violations, providing labor compliance training to the contracting community, evaluating City's compliance with ADA requirements to provide accessible services and programs to individuals with disabilities, and responding to disability access issues.

With the permanent addition of the City's Americans with Disabilities Act (ADA) Coordinator in 2007-2008, the following occurred: City-wide ADA re-evaluation efforts were initiated; the network of department ADA Liaisons was re-established; posted ADA information on the City's website; provided technical assistance and analysis to the US Department of Housing and Urban Development's Community Development Block Grant audit; provided staff response and support to the Disability Advisory Commission on substantive ADA issues; and responded to individual issues related to disability access.

The recent filling of two Contract Compliance Specialist positions that were vacant for most of the fiscal year will allow staff to initiate efforts to implement a web-based software program/service for labor compliance documents, and certified payroll reporting. This program will minimize staff hours needed to manually review thousands of certified payroll reports for any given project, thus allowing staff to spend more time in the field observing work being performed and interviewing workers.

Real Estate

Provides quality and cost effective real estate services in a timely manner to City departments and the SJRA. Services are performed while assuring the City's compliance with the applicable local, State, and federal government laws and regulations. Services include appraisal, acquisition, relocation and site feasibility analysis. In addition, Real Estate supports the City-wide telecommunication program and lease property activities. As the City explores developing an Asset Management Program in 2008-2009, the creation of an up-to-date inventory of City-owned property will be critical to the success of that endeavor. Funding in the amount of $100,000 was approved in the City-Wide Expenses section of this document to continue assembling and updating the City's real property records.

Public Outreach/Information

Conducts outreach activities to small and local businesses and promotes department contract and consultant opportunities to the business community. Outreach activities include quarterly and annual educational presentations targeted at small and local businesses, inter-departmental development of a small business tracking system and electronic newsletter, and improvements to the Capital Project Management System (CPMS) database to allow for online registration to deliver email notifications of construction contract and consultant opportunities.

Strategic Planning/Leadership

Provides strategic planning and policy development for the Public Works Department and the Capital Improvement Program, impacting multiple CSAs. The Public Works Director's Office provides process and policy guidance in areas such as Green Building; cost estimation; service delivery options (including design/build); and property acquisition and disposition to promote the timely delivery of quality projects and services.

Geographic Information Systems/Infrastructure Management

Updates the City's Geographic Information System (GIS) base maps, the CIP database and web page, and coordinates the Infrastructure Management System. The GIS maps include data layers on parcels, streets, storm sewers, sanitary sewers, water lines, and streetlights.

Human Resources

Provides human resource-related services to support all Public Works functions, including recruitment, performance appraisals, training, safety and ergonomic programs, and the Employee Recognition Program.

Performance and Resource Overview (Cont'd.)

Capital Project Management System (CPMS)

The CPMS database is a software application that provides tools for project management including project cost estimating, resource planning, financial data tracking, contract management, performance measurement, and public outreach. The database is a web-based application with process automation and wireless access capability.

Budget Development/Staffing Plan

Coordinates with operational divisions inside and outside of Public Works to develop and monitor the department's capital and operating budgets and determine necessary staffing for project delivery responsibilities.

Financial and Contractual Administration

Provides fiscal management, accounting services, budget analysis, and centralized contract administration for the department. Assists the public with construction issues and invites construction project bids through a bid hotline and the Internet.

Selected Operational Measures	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of reviewed projects that attain established labor compliance goals by project completion	N/A	85%	85%	85%
Cost of labor compliance services as a percentage of total $ amount of contracts with wage requirements	<0.1%-	<0.1%	<0.1%	<0.1%

Changes to Operational Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of contracts with wage requirements	1237	800	800	800
Number of contracts with labor compliance violations Identified	69	60	60	60
Number of contractors' employees owed restitution	540	350	350	350
Total $ amount of restitution owed to employees	$134,000	$150,000	$175,000	$150,000

Changes to Activity & Workload Highlight from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 5,875,814	$ 7,072,666	$ 6,845,939	$ 6,840,574	(3.3%)
Non-Personal/Equipment	2,935,561	4,582,090	4,364,880	$ 4,455,942	(2.8%)
Total	**$ 8,811,375**	**$ 11,654,756**	**$ 11,210,819**	**$ 11,296,516**	**(3.1%)**
Authorized Positions	**52.90**	**56.90**	**54.06**	**54.01**	**(5.1%)**

* 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 ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT			
1. Public Works Department Non-Personal/Equipment Funding Efficiencies		**(17,000)**	**(17,000)**

This action reduces the General Fund non-personal/equipment allocation in the Public Works Department by $17,000 on an ongoing basis. This reduction will require the department to re-prioritize all non-personal/equipment supplies and closely monitor the non-personal/equipment expenses. (Ongoing savings: $17,000)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

2. Public Works Accountant Funding Alignment	**(0.05)**	**(7,303)**	**0**

This action shifts a portion of a filled Accountant position (0.05) to the Plan, Design and Construct Public Facilities and Infrastructure Core Service in the Community and Economic Development CSA, as well as shifts the funding for this portion of the position from the Public Works Program Support Fund to capital funds to support Assessment District related work more accurately reflect the services being provided. (Ongoing savings: $7,303)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT (CONT'D.)			
3. Central Service Yard Consolidation		**(5,000)**	**(5,000)**

This action generates City-wide vehicle maintenance and operations cost savings totaling $291,925 ($237,914 in the General Fund), resulting from the approved relocation and consolidation of both the Fire and West Yard fleet maintenance operations to the Central Service Yard. As result of these consolidations, efficiencies will be realized, which will enable the Department to reduce costs without impacting service levels. Three vacant positions in the General Services Department (1.0 Equipment Mechanic Assistant II, 1.0 Mechanic, 1.0 Assistant Fire Mechanic) were approved to be eliminated. In order to maximize remaining resources and ensure that the consolidation does not deteriorate service levels, the General Services Department will institute a swing shift. In order to meet supervision needs on the swing shift, the addition of a Senior Mechanic Position was also approved. The cost savings in the Public Works Department Strategic Support Core Service is $5,000. (Ongoing savings: $5,000)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

4. Rebudget: Sanitary Sewer/Geographic Information System Database		**115,000**	**0**

This action rebudgets unexpended 2007-2008 funds which were allocated to link the Public Works Sanitary Sewer Geographic Information Systems database with the Department of Transportation's Infrastructure Management System. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2008-2009 Adopted Strategic Support Changes Total	**(0.05)**	**85,697**	**(22,000)**

Strategic Support CSA

Core Service: Strategic Support

Retirement Services Department

Performance and Resource Overview

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

- ❑ Retirement Boards' Support
- ❑ Contract Administration
- ❑ Training

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2007-2008 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 150,940	$ 233,004	$ 247,368	$ 247,368	6.2%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 150,940**	**233,004**	**$ 247,368**	**$ 247,368**	**6.2%**
Authorized Positions	**2.40**	**2.40**	**2.40**	**2.40**	**0.0%**

* 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.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Mayor, City Council and Appointees

Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

Mayor and City Council

- Office of the Mayor
- City Council
- Council General

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

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

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Redevelopment Agency

- Core Services aligned to the Community and Economic Development CSA

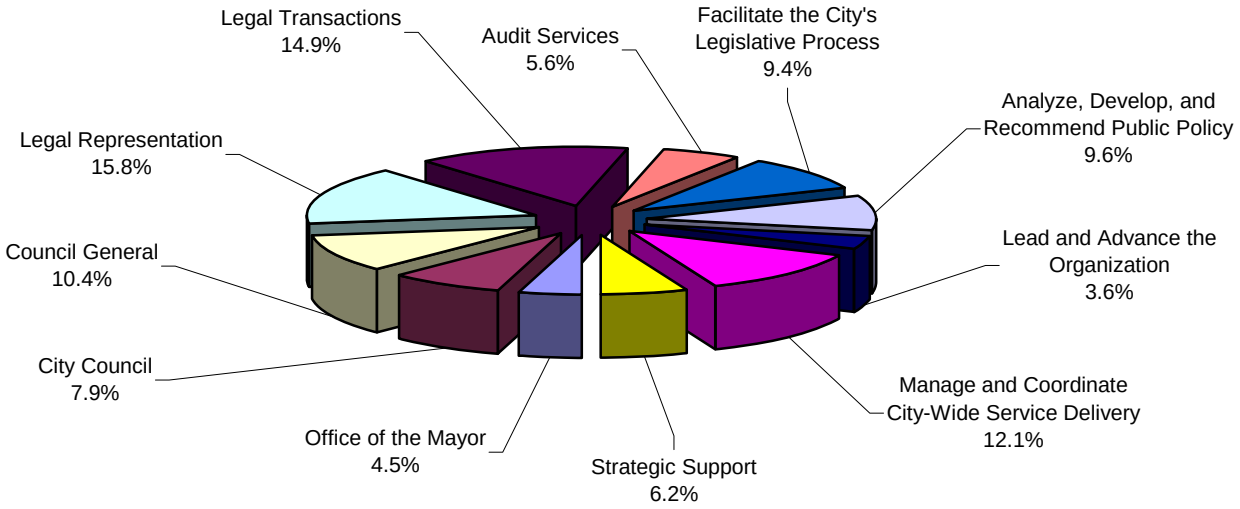
Budget at a Glance

	2007-2008 Adopted	2008-2009 Adopted	% Change
Total Budget (All Funds)	$41,111,287	$45,426,004	10.5%
Total Authorized Positions	220.12	217.62	(1.1%)

Budget & Performance Highlights

- The Mayor and City Council will continue to review public policy and programs, adopting those policies that best meet the needs of the residents, visitors, and businesses in San José.
- The Office of the City Attorney will continue to provide legal counsel and advice, prepare legal documents, and provide legal representation to advocate, defend, and prosecute matters on behalf of the interests of the City of San José and the San Jose Redevelopment Agency. Included in this budget is the elimination of a vacant Chief Deputy City Attorney position, a vacant Legal Administrative Assistant II position, and miscellaneous non-personal/equipment reductions. Also, a vacant Senior Deputy City Attorney position and a vacant part-time Research Attorney position will be held vacant through 2008-2009.
- The Office of the City Auditor will continue to conduct performance audits, special audits, and reviews and provide efficient and effective services with plans to improve the Auditor's website, provide training to City employees on how to incorporate the Office's audit approach into their management philosophy, and explore ways to increase cooperation with, and provide assistance to, other City Council Appointee offices. To facilitate these efforts, the Office reallocated a Senior Supervising Auditor position to a Program Performance Auditor I position and a Senior Program Performance Auditor position to a Program Performance Auditor I position. Also included is funding from the San Jose Redevelopment Agency (SJRA) for audit services performed for the SJRA.
- The Office of the City Clerk will continue to ensure that vital and mandated services are provided and look to enhance customer service by providing more transparent legislative services and easier access to public information. Included in this budget is the elimination of a vacant part-time Analyst position and miscellaneous non-personal/equipment reductions. A full-time Analyst position was approved to be added to the Office to meet the increased lobbyist registration requirements.
- The City Manager's Office will continue to provide the day-to-day leadership of the organization, direction on important community-based policies, and work to increase the public's involvement in its public policy making. Important efforts in 2008-2009 include support for the Sunshine Reform Task Force and continued development of the Three-Year General Fund Structural Deficit Elimination Plan with full stakeholder input. For 2008-2009, the City Manager's Office eliminated a vacant Senior Executive Analyst position, used the Neighborhood Investment Reserve to shift funding for staff from the General Fund, and reduced various city-wide appropriations.

2008-2009 Total Operations by Core Service



Mayor, City Council and Appointees Budget Summary

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	$ 1,102,709	$ 1,949,117	$ 1,565,015	$ 2,062,135	5.8%
City Council	2,282,972	3,426,252	2,790,230	3,570,575	4.2%
Council General	3,281,874	4,289,850	4,590,345	4,706,281	9.7%
Office of the City Attorney					
Legal Representation	6,857,717	7,328,130	7,224,443	7,180,877	(2.0%)
Legal Transactions	5,745,144	6,618,577	7,211,968	6,783,215	2.5%
Office of the City Auditor					
Audit Services	2,361,531	2,733,283	2,586,663	2,535,394	(7.2%)
Office of the City Clerk					
Facilitate the City's Legislative Process	3,347,649	2,832,039	3,037,911	4,259,105	50.4%
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	4,009,472	4,241,296	4,380,369	4,380,369	3.3%
Lead and Advance the Organization	1,431,540	1,436,158	1,508,725	1,658,725	15.5%
Manage and Coordinate City-Wide Service Delivery	3,535,934	3,763,335	5,632,782	5,487,159	45.8%
Office of the Independent Police Auditor*					
Independent Police Oversight	N/A	N/A	N/A	N/A	N/A
Strategic Support	2,003,335	2,493,250	2,805,704	2,802,169	12.4%
Total	**$ 35,959,877**	**$ 41,111,287**	**$ 43,334,155**	**$ 45,426,004**	**10.5%**
Authorized Positions	**219.12**	**220.12**	**216.12**	**217.62**	**(1.1%)**

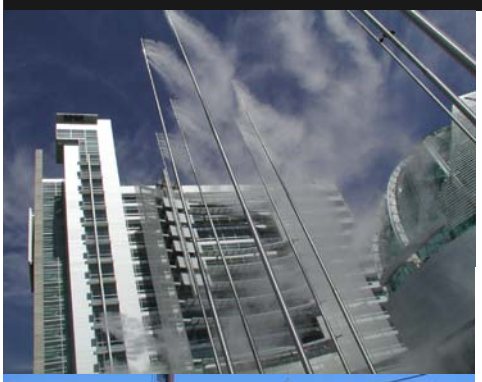
* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

ADOPTED INVESTMENT CHANGES

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
MAYOR AND CITY COUNCIL			
Office of the Mayor			
• Office of the Mayor Budget Reduction		(92,401)	(92,401)
• Rebudget: 2007-2008 Expenditure Savings		589,521	589,521
City Council			
• City Council Budget Reduction		(161,410)	(161,410)
• Rebudget: 2007-2008 Expenditure Savings		941,755	941,755
Council General			
• Council General Budget Reduction		(273,958)	(273,958)
• Rebudget: 2007-2008 Expenditure Savings		389,894	389,894
Subtotal	**0.00**	**1,393,401**	**1,393,401**
Outcome: **CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED**			
Legal Representation (City Attorney)			
• Attorney's Office Non-Personal/Equipment Funding Efficiencies		(43,566)	(43,566)
Strategic Support (City Attorney)			
• Attorney's Office Telephone Communications Cost Efficiencies		(3,535)	(3,535)
Subtotal	**0.00**	**(47,101)**	**(47,101)**
Outcome: **CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY**			
Legal Transactional Services (City Attorney)			
• Attorney's Office Chief Deputy City Attorney Staffing	(1.00)	(249,794)	(249,794)
• Attorney's Office Temporary Senior Deputy City Attorney Staffing		(233,092)	(216,227)
• Attorney's Office Legal Administrative Support Staffing	(1.00)	(86,665)	(86,980)
• Attorney's Office Temporary Legal Research Staffing		(59,202)	(59,202)
• Rebudget: Pension Obligation Bonds Legal Services		200,000	200,000
Subtotal	**(2.00)**	**(428,753)**	**(412,203)**
Outcome: **IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT**			
Audit Services (City Auditor)			
• Supervising Audit Staffing Reallocation		(81,977)	(81,977)
• Performance Audit Staffing Reallocation		(28,578)	(28,578)
• Auditor's Office Telephone Communications Cost Efficiencies		(5,914)	(5,914)
• Rebudget: Financial Audits		65,200	65,200
Subtotal	**0.00**	**(51,269)**	**(51,269)**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY**			
Facilitate the City's Legislative Process (City Clerk)			
• Clerk's Office Non-Personal/Equipment Funding Efficiencies		(34,978)	(34,978)
• Clerk's Office Telephone Communications Cost Efficiencies		(2,447)	(2,447)
• Clerk's Office Analytical Staffing	0.50	48,619	48,619
• Clerk's Office Management Staffing		0	0
• Rebudget: Election Costs		1,155,000	1,155,000
• Rebudget: Clerk's Office Automation Technology		55,000	55,000
Subtotal	**0.50**	**1,221,194**	**1,221,194**
Outcome: **THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS**			
Manage and Coordinate City-Wide Service Delivery (City Manager)			
• City Manager Analytical Staffing	(1.00)	(145,623)	(145,623)
• Strong Neighborhoods Initiative Community Coordinator Staffing		0	0
• Strong Neighborhoods Initiative (Expanded)	4.00	0	0
Subtotal	**3.00**	**(145,623)**	**(145,623)**
Outcome: **EMPLOYEES UNDERSTAND, ARE COMMITTED TO, AND ACCOUNTABLE FOR, THE CITY'S VISION, AND HAVE THE CAPACITY TO ACHIEVE IT**			
Lead and Advance the Organization (City Manager)			
• Rebudget: Employee Relations Projects		150,000	150,000
Subtotal	**0.00**	**150,000**	**150,000**
Total Core Service Changes	**1.50**	**2,091,849**	**2,108,399**

Mayor and City Council



Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services*

The municipal government established by the City Charter is a "Council-Manager" form of government. The City Council serves as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of services to the residents and businesses of San José.

The mission of the Office of the Mayor is further spelled out in the City Charter. The Charter states that the Mayor shall be the political leader within the community by providing guidance and leadership to the Council, by expressing and explaining to the community the City's policies and programs and by assisting the Council in the informed, vigorous and effective exercise of its powers. Political leadership shall be concerned with the general development of the community and the general level of City services and activity programs.

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council
- Council General

Budget Program: Office of the Mayor

Mayor and City Council

The Office of the Mayor is responsible for developing and proposing the fiscal priorities of the City; appointing Councilmembers to the City's standing committees, boards, and commissions; providing guidance and leadership to the City Council; explaining to the community the City's policies and programs; assisting the Council in effective exercise of its powers; and providing political leadership. The Mayor's Office also supervises the Charter-established Public Information Office responsible for the dissemination of public information and the coordination of the City's marketing efforts.

Program Budget Summary

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 1,102,790	$ 1,949,117	$ 1,565,015	$ 2,062,135	5.8%
Total	**$ 1,102,790**	**$ 1,949,117**	**$ 1,565,015**	**$ 2,062,135**	**5.8%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the Mayor Budget Reduction		**(92,401)**	**(92,401)**
This action implements a general reduction of $92,401 to the Office of the Mayor's operating expenditures, equal to the average reduction approved for non-public safety departments, as directed in the 2008-2009 Mayor's March Budget Message approved by the City Council. (Ongoing savings: $76,693)			
2. Rebudget: 2007-2008 Expenditure Savings		**589,521**	**589,521**
This action rebudgets 2007-2008 expenditure savings of $589,521 for use in 2008-2009. (Ongoing costs: $0)			
2008-2009 Adopted Changes Total	**0.00**	**497,120**	**497,120**

Budget Program: City Council

Mayor and City Council

As established by Section 400 of the City Charter, the City Council exercises its power and determines policy through adoption of ordinances, resolutions, and motions subject to the provisions of the City Charter and the State Constitution. The Council ensures the right of all persons to present grievances or offer suggestions for the betterment of municipal affairs.

Program Budget Summary

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 2,282,972	$ 3,426,252	$ 2,790,230	$ 3,570,575	4.2%
Total	**$ 2,282,972**	**$ 3,426,252**	**$ 2,790,230**	**$ 3,570,575**	**4.2%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. City Council Budget Reduction		**(161,410)**	**(161,140)**
This action implements a general reduction of $161,410 to the City Council's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the 2008-2009 Mayor's March Budget Message approved by the City Council. (Ongoing savings: $133,970)			
2. Rebudget: 2007-2008 Expenditure Savings		**941,755**	**941,755**
This action rebudgets 2007-2008 expenditure savings of $941,775 for use in 2008-2009. (Ongoing costs: $0)			
2008-2009 Adopted Changes Total	**0.00**	**780,345**	**780,345**

Budget Program: Council General

Mayor and City Council

Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Council Members' salary and benefits, Council Assistant benefits, clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures such as travel.

Program Budget Summary

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 3,281,874	$ 4,289,850	$ 4,590,345	$ 4,706,281	9.7%
Total	**$ 3,281,874**	**$ 4,289,850**	**$ 4,590,345**	**$ 4,706,281**	**9.7%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Council General Budget Reduction		**(273,958)**	**(273,958)**
This action implements a general reduction of $273,958 to the Council General's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the 2008-2009 Mayor's March Budget Message approved by the City Council. (Ongoing savings: $227,385)			
2. Rebudget: 2007-2008 Expenditure Savings		**389,894**	**389,894**
This action rebudgets 2007-2008 expenditure savings of $389,894 for use in 2008-2009. (Ongoing costs: $0)			
2008-2009 Adopted Changes Total	**0.00**	**115,936**	**115,936**

Office of the City Attorney

Mission: *The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City and Redevelopment Agency, with the goal of protecting and advancing their interests in serving the people of San José*

The Office of the City Attorney serves as legal counsel to the City of San José government, including the Mayor, City Council, Council Appointees, and the City's various departments, boards, committees, and commissions. The Office also serves as General Counsel to the San José Redevelopment Agency (SJRA).

The Office has a diverse staff of highly talented professionals with the expertise to provide comprehensive legal services for a wide range of issues. Key services provided by the Office include:

- Legal counsel at meetings of the City Council and SJRA Board, and meetings of all major boards, commissions, and committees
- Oral and written legal counsel, advice, and opinions
- Preparation and review of legal documents to implement official City and SJRA actions
- Legal research and legislative analyses
- Facilitate internal and city-wide training sessions to keep staff informed of current laws
- Initiate and defend lawsuits and other legal actions to protect and advance City and SJRA interests
- Prosecute criminal proceedings involving violations of the Municipal Code
- Seek injunctions for general nuisance; and gang and drug abatements to promote public safety
- Representation at administrative hearings
- Claims management
- Pursuit of monetary damages
- Workers' compensation legal advice, investigation, and litigation services

CSA OUTCOMES

- City and San José Redevelopment Agency Business is Conducted Lawfully
- City and San José Redevelopment Agency Interests are Protected and Advanced

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Current Position *How are we doing now?*

- General Fund budget reduction actions implemented over the past six years have cumulatively decreased Office resources to minimum levels at a time when the demand for legal services has increased. The staffing level is currently at 92.62 authorized positions, as compared to 104.62 authorized positions in 2001-2002. In 2007-2008, the Office's Non-Personal/Equipment appropriation was reduced by $126,493 ongoing to $1.1 million, down from $1.3 million in 2001-2002.
- In comparing staffing levels to city attorney offices for other large cities in California, the attorney per capita ratio for the San José City Attorney's Office is lower than Los Angeles, San Diego, San Francisco, and Oakland.
- Legal services are primarily provided by in-house staff. Outside counsel has been hired to provide support for specialized transactional matters; however, all of the City's litigation is currently handled in-house. Limiting the use of costly outside legal counsel results in significant budgetary savings. The Office spent $1.1 million for outside counsel services in 2006-2007, with over 50% expended on the Airport facility expansion construction project. The majority of the remaining expenditures were for labor relations support, elections commission evaluator services, and bankruptcy expertise. In comparison, the cities of Los Angeles, San Francisco, Long Beach, and Oakland spent $7.2 million, $5.1 million, $1.7 million, and $1.5 million respectively, for outside counsel services over the same period.
- An unpaid internship program for law students and attorneys newly admitted to the California State Bar has benefited both the volunteers and the Office. The interns and new attorneys are given an opportunity to gain practical experience, and the support provided to the Office has assisted in managing the high volume of work.
- 2008 survey results indicate that 91% of the respondents were satisfied with the overall legal services provided by the Office.
- In 2006-2007, the Office generated over $15.8 million in revenue from plantiff cases, an amount that exceeded the Office's 2006-2007 Adopted Budget by $1.1 million. The Office continues to aggressively seek monetary damages, when appropriate, on behalf of the City and the SJRA.
- The ethics legal team is managing an increasing workload related to the Sunshine Reform Task Force and the Elections Commission. The team facilitates city-wide ethics training and provides legal support for the proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances. In addition, the team produces a monthly bulletin for City employees with ethics-related information.
- Disruption in the municipal bond market is requiring extensive legal services to resolve financial issues that impact the City, including the restructuring of City bonds and commercial paper.
- Several attorneys will be providing support to prepare the Three-Year General Fund Structural Deficit Elimination Plan for City Council in their review of various strategies to eliminate the structural deficit.
- The Office is increasing the number of training sessions facilitated for City staff, and strengthening its internal employee training program.
- Responding to discovery and public records requests has at times been very time consuming. Most recently, requests that involve electronic data have been more costly and extremely labor intensive. Since the federal court rules on electronic discovery were enacted in December 2006, the Office has dedicated considerable resources to the identification and review of electronically stored information, including e-mails, individual hard drives, servers, and other media where various forms of communication may be stored. The enormous volume of data and the fragmented manner in which it is stored city-wide have presented substantial challenges. Consultants have been hired to assist with the identification, collection, processing, review, analysis, and production of electronic data, as well as to provide information on best practices within the industry. Courts can impose severe sanctions for failure to comply with electronic discovery rules, thus it is important for the Office to continue working with the City's new Records Manager and Information Technology staff to update and implement city-wide electronic record retention policies and procedures. It may be necessary to purchase specialized software to assist with advanced electronic document review and analyses.

Current Position *How are we doing now? (Cont'd.)*

- Legal Representation workload highlights are listed below:
  - 687 open litigation files including civil, criminal, and administrative proceedings, of which 226 are Police cases
  - 483 active civil lawsuits pending in State, federal, and appellate courts with 18 trials scheduled in 2008-2009
  - 997 workers' compensation litigated claims
  - 491 general liability claims filed in 2006-2007
- Transactional Division workload highlights for 2006-2007 are listed below:
  - 319 Ordinances prepared
  - 583 Resolutions prepared
  - 2,365 Agreements approved to final form
  - 2,621 City Council/SJRA/Manager memoranda prepared
  - 1,375 City Council/SJRA Board memoranda reviewed

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

- The City continues to confront a structural fiscal imbalance where expenditures exceed revenues. 2008-2009 will be the seventh consecutive year that budget reduction actions are required to address a General Fund shortfall. As approved by the City Council as part of the 2008-2009 March and June Budget Messages, the City Attorney's Office budget reduction plan represents a 6% decrease, the recommended average percentage reduction for non-public safety city service areas, and eliminates two vacant positions, defers the hiring of a full-time and a part-time position until 2009-2010, and temporarily reduces the Non-Personal/Equipment appropriation by $43,566.
- The City Attorney's Office reduction plan minimizes the service delivery impact to the City and will enable the Office to continue to provide comprehensive legal services city-wide. The Office staffing level continues to decrease at a time when the legal services demand is increasing. The Office will continue to seek opportunities to streamline processes and will work with other Council Appointees to identify areas where legal services can be modified so the Office can control the workload within budgeted staffing levels.
- Significant legal resources have been allocated to support the adoption and implementation of open government reforms initiated by the Mayor and Sunshine Reform Task Force.
- Implementation of Small Wonders initiatives will require extensive legal services for a variety of matters including the new Retail Banner policy, Downtown Public Arts Focus Plan, South First Street Art (SoFa) District Demonstration Project, expansion of Downtown Signage, and revisions to ordinances related to sidewalk café and retail businesses, peddlers, and news-racks.
- The City Attorney's Office together with the Santa Clara County Counsel's Office will begin an Affirmative Litigation program to further community interest goals of the City and County.
- Electronic discovery demands will continue to expand as the State courts are expected to soon adopt rules similar to the federal courts. Staff augmentation may be necessary in the upcoming year to address this increasing workload.
- Achieving San José's Green Vision goals for clean technology and economic development will be a collaborative city-wide effort. This comprehensive 15-year plan will require significant legal services in several areas including General Plan amendments, building code revisions, and other work as necessary to support this program.
- The Airport Master Plan, including related facility expansion, is the largest set of capital projects ever undertaken by the City. Project implementation requires extensive legal services.
- Implementation of Strong Neighborhoods Initiative projects throughout the City requires extensive legal services in drafting and reviewing documents.

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

- Gang abatement actions will also be a high priority for the Office in 2008-2009.
- There is a concern that salary ranges for attorney classifications in the Office have fallen below the local market for comparable employers. The Office will initiate a process to review salary ranges in an effort to retain skilled employees and to competitively recruit highly qualified candidates.

Policy Framework *What policies guide our strategies?*

The City Attorney's Office is a strategic support department and the development of the Business Plan is based on the following factors:

- Legal mandates
- Direction from the City Council and SJRA Board
- CSA Five-Year Business Plans that provide the foundation to forecast the legal needs of the City and the SJRA
- SNI neighborhood plans
- Economic Development Strategy including the Green Vision Strategy
- City of San José 2020 General Plan

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

The City Attorney's Office Five-Year Business Plan is pertinent to the following two outcomes.

Outcome 1: City and San José Redevelopment Agency Business is Conducted Lawfully

Outcome 2: City and San José Redevelopment Agency Interests are Protected and Advanced

- Work together with City and SJRA staff to legally implement official City and SJRA actions
- Advocate, defend, and prosecute matters on behalf of the City and the SJRA
- Provide excellent legal services in an ethical, cost effective, and timely manner
- Efficiently manage resources to support daily operational needs
- Build internal capacity to flexibly respond to changing legal needs
- Employ state-of-the-art technology to increase efficiencies

Overview

The City Attorney's Office Investment Strategy focuses on balancing the need to reduce General Fund expenditures while continuing to deliver excellent legal services in a timely manner. As legal counsel for the tenth largest city in the United States, the Office manages an extremely high volume of transactional and litigation work.

With few exceptions, the Office has been successful managing workload demand with in-house personnel, even though staffing shortages and increased demand for legal services has made it difficult. The Office is fortunate to have a diverse staff of professionals with experience in a wide variety of practice areas. This broad expertise enables the Office to handle matters that otherwise would need to be sent to specialized outside counsel. Compared with most other large cities in California, San José spends considerably less on specialized outside counsel, resulting in significant budget savings. The demand for legal services has not diminished, and in fact, has increased in many areas, particularly work related to the Small Wonders and Green Vision initiatives, Public Records Act requests, responding to electronic discovery, and Mayor and Sunshine Reforms, including proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances.

Reduction opportunities are very limited as over 93% of the Office's 2008-2009 Base Budget is appropriated to Personal Services, while the Non-Personal/Equipment appropriation contains only 7% of the budgeted total. A substantial amount of the non-personal/equipment budget is earmarked for experts, consultants, court reporters, subpoena services, and other resources essential to the effective operation of a law practice. If the funding for these expenditures is not adequate, it will be more difficult to effectively advocate the City's position, and may ultimately be more costly to the City in terms of settlements, awards, and negotiated contracts.

As approved by the City Council, the City Attorney's Office 2008-2009 budget reduction plan eliminates two vacant positions, defers the hiring of two positions until 2009-2010, and temporarily reduces the Non-Personal/Equipment budget by $43,556. Absorbing the Non-Personal/Equipment reduction may be a challenge; however, the Office will make the required expenditure adjustments to stay within budget by reducing operational expenses related to legal contractual services. The Personal Services reductions will leave the Office with 92.62 positions, a 2% decrease from the 2007-2008 staffing level of 94.62 authorized positions.

Responding to discovery and Public Records Act requests that involve electronic data has dramatically increased the workload. The enormous volume of data and the fragmented manner in which it is stored city-wide have been difficult to manage. Consultants have been hired to assist the Office with a few major cases and to provide guidance on establishing best practices. At the same time, a team of representatives from the City Attorney's Office, City Manager's Office and Information Technology are working together to standardize city-wide policies and procedures for electronic record retention. Once this work is completed and fully implemented, the City will increase its ability to efficiently and thoroughly respond to these types of requests. Purchasing software may be necessary to assist with advanced electronic document review and analyses.

The Office continues to sponsor an unpaid internship program for law students and attorneys newly admitted to the California State Bar. This successful program has been valuable for both parties as the interns and new attorneys gain practical experience and the Office receives much needed legal support. The Office would like to convert this program to a paid internship program this year to expand the candidate pool, and will evaluate the feasibility of doing so without requesting a budget augmentation.

Training remains an important component of staff's professional development and is vital to the overall quality and efficiency of legal services provided to clients. The Office has preserved training funds for staff to attend outside legal educational seminars and will continue to strengthen the in-house training program to keep staff informed of changes

Overview *(Cont'd.)*

in the law that may affect legal advice or the handling of litigation matters. The attorneys are also required by law to obtain a minimum amount of continuing legal education to maintain their State Bar membership.

The City Attorney's Office recognizes that these lean budget times have challenged the entire City organization to maintain service levels with fewer resources. The Office remains committed to providing excellent legal services and will continue to work together with the City and the SJRA staff to achieve organizational goals.

The investment strategy for the Office focused on three primary goals:

- Reduce General Fund expenditures.
- Manage resources efficiently and cost effectively.
- Build internal capacity to respond to changing legal needs, and prepare for legal services associated with the projects set forth in the CSA Five-Year Business Plans.

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

Outcome 1: City and San José Redevelopment Agency Business is Conducted Lawfully

Year 1: 2008-2009 – *Planned Service Strategies*

- Provide legal counsel at meetings of the City Council and Redevelopment Agency Board, and meetings of all major boards, committees, and commissions.
- Provide oral and written legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents to implement official City and SJRA actions.
- Perform legal research and legislative analyses.
- Recover costs for legal services provided to the Police Department's Division of Gaming Control.

Year 2: 2009-2010 – *Projected Service Strategies*

- Provide legal counsel at meetings of the City Council and Redevelopment Agency Board, and meetings of all major boards, committees, and commissions.
- Provide oral and written legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents to implement official City and SJRA actions.
- Perform legal research and legislative analyses.
- Recover costs for legal services provided to the Police Department's Division of Gaming Control.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: City and San José Redevelopment Agency Interests are Protected and Advanced

Year 1: 2008-2009 – *Planned Service Strategies*

- Initiate and defend legal actions involving the City and the SJRA.
- Aggressively seek monetary damages on behalf of the City and the SJRA.
- Prosecute municipal code violations.
- Investigate and respond to claims filed against the City and the SJRA.
- Conduct and coordinate confidential internal City investigations.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Coordinate complex Public Records Act requests.
- Recover costs for legal services provided to the Police Department's Division of Gaming Control.

Year 2: 2009-2010 – *Projected Service Strategies*

- Initiate and defend legal actions involving the City and the SJRA.
- Aggressively seek monetary damages on behalf of the City and the SJRA.
- Prosecute municipal code violations.
- Investigate and respond to claims filed against the City and the SJRA.
- Conduct and coordinate confidential internal City investigations.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Coordinate complex Public Records Act requests.
- Recover Costs for legal services provided to the Police Department's Division of Gaming Control.

Core Service: Legal Representation

Office of the City Attorney

Core Service Purpose

Advocate, defend, and prosecute on behalf of the City's and Redevelopment Agency's interests.

Key Operational Services:

- Provide Legal Representation in Virtually all Matters, Cases, and Controversies Arising from Claims by or Against the City and the Redevelopment Agency
- Retain, Coordinate, and Supervise Outside Legal Counsel that Represent the City or the Redevelopment Agency in Matters Involving Litigation
- Prosecute Criminal Proceedings Involving Violations of the San José Municipal Code
- Provide Legal Representation Before the State, Federal, and Appellate Courts, Agencies and Boards, Including the Workers' Compensation Board, and at Adversarial Hearings before City Boards and Commissions
- Provide Pre-Litigation Advice and Counsel to Avoid Litigation and to Protect the City's Interests Should Litigation Occur

Performance and Resource Overview

Legal representation is provided by the City Attorney's Office on behalf of the Mayor, City Council, Council Appointees, City Departments, City and San Jose Redevelopment Agency (SJRA) employees, and City boards and commissions.

The purpose of legal representation is to advocate, defend, and prosecute on behalf of the City and the SJRA. This includes a wide variety of activities and objectives that collectively attempt to protect the City and the SJRA's rights, minimize civil and financial liability, and advance community welfare.

Legal representation services include: defense of lawsuits; general liability claims management; pursuit of contractual indemnities and appropriate insurance tenders; coordination of outside legal counsel; alternative dispute resolution; workers' compensation investigations and litigation; initiation of litigation; prosecution of municipal code violations; seeking injunctions for general nuisance; and gang and drug abatements to promote safer communities. The litigation and transactional attorneys work collaboratively to provide advice and counsel to the City and the SJRA in a proactive effort to reduce litigation risks.

Performance and Resource Overview (Cont'd.)

The Litigation Division with 17 attorneys and 2 supervising attorneys is responsible for managing a current caseload of 687 open litigation files, including criminal, civil, and administrative proceedings. Of these matters, 483 are civil lawsuits pending in the State, federal, and appellate courts. The average caseload per attorney is approximately 40 cases, including 28 civil court cases and 12 other matters, such as civil service cases, administrative code enforcement appeals, criminal prosecutions, and Pitchess motions. At this time, 18 cases are set for trial in 2008 with 12 trial dates scheduled prior to June 30.

Police-related cases account for 226 of the open files. One police sergeant and two officers assigned to the Office provide claims and litigation support, including Strong Neighborhoods Initiative enforcement actions. This staffing level may not be adequate to handle the current workload as cycle times are increasing. The Office will closely monitor this situation and may initiate discussions with the Police Department to explore the feasibility of restoring a second sergeant position that was eliminated in 2003-2004. The Office continues to work closely with Police Administration to communicate the status of cases and to review operational issues that may arise during the course of litigation.

There were 491 liability claims filed against the City and Agency in 2006-2007. These claims are handled by two civilian litigation legal analysts and the police personnel. Claims management begins with an investigation that may involve interviewing witnesses, collecting evidence, taking photographs or videos, and conducting surveillance. Upon completion of an investigation, the facts are reviewed in light of applicable law to determine the appropriate legal action. If liability is at issue, damages are evaluated prior to settlement negotiation. Staff also provides litigation support to the attorneys and appears at small claims court to defend the City and the SJRA when necessary.

A consultant hired by the City to perform an assessment of the risk management program issued a report in 2007 that compared the City's tort liability cost per claim with other California local governments of varying size. The City's average cost per claim is lower than all but one of the twelve entities included in the report, and significantly below the two other large cities surveyed. For fiscal years 2002 to 2005, the City's average cost per claim was $5,241, as compared to $27,223 and $16,022 for the other large cities. The consultant's report further states that the average liability loss per $100 of payroll for the years 2002 to 2005 is $0.76, the lowest of all the entities surveyed. This data confirms that the Office is running a cost-effective operation, and the Office's tough settlement stance reduces the City's costs.

The Office has created legal groups to fortify the practice in a variety of areas including appellate, construction, eminent domain, employment, police civil rights, unfair business practices, and writs/land use. These groups, comprised of both litigation and transactional attorneys with subject matter expertise, review case law, discuss strategies for handling cases, develop standardized pleadings and discovery requests/responses, identify legal educational opportunities, and work collaboratively with departments to review City policies.

Performance and Resource Overview (Cont'd.)

As discussed in the Business Plan, the Office has devoted significant resources to responding to discovery and public records requests that involve electronic data. The enormous volume of data and the fragmented manner in which it is stored city-wide have presented substantial challenges. Consultants have been hired to assist with the identification and review of electronically stored data, as well as to provide information on best practices within the industry. Staff is working diligently to develop procedures and to identify software that will increase efficiencies in handling these matters. The Office will continue to work with City staff to review and implement city-wide policies and procedures for electronic record retention.

Considerable litigation resources are also dedicated to a number of major City and SJRA projects, and this need is anticipated to continue into 2008-2009. Some of these cases are related to the following matters:

- Strong Neighborhoods Initiative – Code Enforcement and Abatement Actions
- Gaming Control Regulation
- Airport Noise Program
- San José Muni Water – Great Oaks Water
- Police Cases
- Employment Cases
- Labor Negotiations – Arbitrations
- Capital Projects – Construction Litigation
- Environmental – Watson Park

The Office aggressively pursues cases to recover damages on behalf of the City and the SJRA. For 2006-2007, the Office generated $15.8 million from plaintiff cases, an amount that exceeded the Office's 2006-2007 Adopted Budget by $1.1 million. The tobacco settlement accounted for $9.3 million of this amount. Payment amounts from the tobacco settlement vary annually depending on a number of factors. The term of this settlement is in perpetuity, thus the City of San José can expect to receive annual payments until further notice from the State of California.

The workers' compensation attorneys provide advisory counsel and litigation services including trial and appellate review. With one attorney on extended leave of absence, three attorneys are managing the current workload of 997 litigated claims, 51 subrogation cases, and 52 investigations. The attorneys review and approve all claim settlements from the Human Resources Workers' Compensation Unit, and present settlements over $100,000 to the City Council for approval. The attorneys coordinate all claim investigations, including anti-fraud matters. The Office continues to facilitate training sessions for City staff to review changes in the law that impact claims processing. The attorneys are also responsible for the supervision of litigation arising from the Airport facility expansion construction project that began in 2005. There have been a few minor claims; however, a recent industrial accident with major injuries will likely exceed the policy deductible.

The workers' compensation attorneys also perform third party subrogation litigation. These cases resulted in a total recovery of $42,439 in 2006-2007. In addition to the revenue generating benefits and cost savings resulting from performing this legal work in-house, the program provides better coordination of cases with multiple issues related to workers' compensation, retirement, safety, and employment law matters.

Performance and Resource Overview (Cont'd.)

The City Attorney's Office conducts surveys every other year to assess client satisfaction levels and to identify opportunities to better align services with client expectations. Surveys have been helpful to understand the clients' perspective, and to provide a framework for strengthening work relationships. Results from the last five surveys have consistently shown a high satisfaction level with the overall legal services provided by the Office. There were a few categories in the earlier surveys where satisfaction ratings hovered in the 30% - 40% range; however, the satisfaction levels for these categories over the last two surveys have shown marked improvement to between 80% - 90%. This progress is a direct result of operational changes implemented by the Office in response to the feedback from the surveys.

The 2008 client survey showed an 81% satisfaction rating from respondents who reported that the Office kept them informed, in a timely manner, of significant developments of a litigated case. This is the second highest rating received since the surveys began in 2000. The Office recognizes the importance of maintaining timely and open communication with clients, and will continue to provide regular case status reports to clients.

Fully 88% of respondents reported that they were satisfied with the overall legal representation services received from the Office. This favorable rating is consistent with three of the last four survey results, with the high point being the 2006 survey when the Office received a 100% satisfaction rating. The Office is highly encouraged by this positive rating, and will strive to sustain this level of excellent service.

A performance measure for quality tracks the percentage of time that the final result of a case is consistent with the Office's analyses and recommendations. Final resolution of cases is by way of settlement, trial, or dismissal, depending upon the facts presented and the legal issues involved. It is the Office's responsibility to perform a thorough analysis of a case and to provide the client with a realistic forecast of potential outcomes. During 2006-2007, 91% of the litigation cases resulted in final resolution that was within the Office's case assessment.

All of the City's litigation matters are presently being handled by in-house attorneys. Limiting the use of outside legal counsel results in significant budgetary savings, as costs to hire outside local attorneys for litigation services currently range from $175 - $717 per hour, for an average hourly rate of $446. Rates vary depending on the type of law practice and level of experience. In comparison, the in-house rate, based on a 40-hour week, averages $127 per hour including salary, retirement, fringe, and 43% overhead for city-wide central service costs. A large percentage of the Office's attorneys average much more than 40 hours per week, thus it is clearly more cost-effective to retain this work in-house. In addition, it is more difficult to control outside counsel costs, and future budgets would be impacted, as once a litigation case is assigned out, it ordinarily needs to stay with the outside firm until final resolution, and the life of a case could extend over several years.

Core Service: Legal Representation

Office of the City Attorney

Performance and Resource Overview (Cont'd.)

Legal Representation Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of time final case results are within staff analyses and/or recommendations	92%	90%	91%	90%
Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices				
● City Attorney's Office average hourly rate	$120	$124	$127	$133
● Outside Legal Counsel average hourly rate	$375	$375	$446	$446
% of time client is timely informed of significant developments in a case	89%	80%	81%	80%
% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	100%	90%	88%	90%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of claims filed against the City	737	931	822	769
Number of lawsuits filed against the City	231	259	230	237
Number of lawsuits and administrative actions filed or initiated by the City	231	310	306	245

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Legal Representation Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,221,341	$ 6,651,576	$ 6,541,889	$ 6,541,889	(1.6%)
Non-Personal/Equipment	636,376	676,554	682,554	638,988	(5.6%)
Total	**$ 6,857,717**	**$ 7,328,130**	**$ 7,224,443**	**$ 7,180,877**	**(2.0%)**
Authorized Positions	**46.50**	**44.80**	**41.70**	**41.70**	**(6.9%)**

* 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 ($)	General Fund ($)
CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED			
1. Attorney's Office Non-Personal/Equipment Funding Efficiencies		**(43,566)**	**(43,566)**
2008-2009 Adopted Core Service Changes Total	**0.00**	**(43,566)**	**(43,566)**

This action reduces the Office's non-personal/equipment budget on a one-time basis by $43,566. This funding is primarily earmarked for outside experts and consultants utilized for complex and specialized litigation matters. Reducing the budget for these services may make it more difficult to advocate the City's position in certain complex cases in 2008-2009. (Ongoing savings: $0).

Performance Results:
Cycle Time, Customer Satisfaction It may be more difficult to effectively advocate the City's position if adequate funding is not available for outside experts and consultants.

Core Service: Legal Transactions

Office of the City Attorney

Core Service Purpose

Provide oral and written advice on legal issues and prepare documents to implement official City and Redevelopment Agency actions.

Key Operational Services:

- Preparation of Ordinances, Resolutions, Permits, Contracts, and Other Legal Documents
- Provide Oral and Written Legal Counsel and Advice
- Performance of Legal Research

Performance and Resource Overview

The Office of the City Attorney provides legal transactional services to the Mayor, City Council, Council Appointees, City departments, and City boards, commissions, and committees. Also, in the City Attorney's role as General Counsel to the San Jose Redevelopment Agency (SJRA), the Office provides the same services to the Redevelopment Agency Board and staff.

The Transactional Division works together with City and SJRA staff to achieve organizational goals in a legal, cost-effective, and efficient manner. The City Attorney attends meetings of the City Council and Redevelopment Agency Board, and staff attorneys attend meetings of all major boards, commissions, and committees to provide legal counsel on issues before these bodies. Attorneys devote a considerable portion of the day providing legal advice via telephone, e-mail, or personal consultation. Providing legal advice often involves performing legal research to identify and analyze legal issues and risks. The part-time research attorney position was approved to be kept vacant in 2008-2009 as a cost savings measure, thus it may take longer to complete assignments as attorneys will need to perform their own research. It is the goal of the Office to provide comprehensive legal advice to City and SJRA staff, so that they can make informed and effective business and policy decisions.

In addition, staff dedicates significant time to preparing and reviewing City Council and SJRA Board memoranda and reports. This requires ongoing coordination with City and SJRA staff to review the transaction and to identify and resolve legal issues. In 2006-2007, the Office prepared or reviewed over 3,900 City Council and SJRA Board memoranda, nearly 4,800 agreements, 319 ordinances, and 583 resolutions. All of these represent increases over the prior year.

Legal support for the Sunshine Reform Task Force and the Elections Commission has increased the Office workload. An ethics legal team is responsible for handling the assignments related to proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances. The team

facilitates ethics training sessions throughout the City, and also writes a monthly bulletin to provide City employees with information on ethics-related issues.

Attorneys in the Transactional Division have been extremely busy working on high priority financial matters involving the City's unfunded retirement liability, Redevelopment Plan Amendment, and the disruption in the municipal bond market that requires the restructure of City bonds and commercial paper. Many other major projects will require extensive legal services during 2008-2009. A partial list of ongoing and new projects is as follows:

- Three-Year General Fund Structural Deficit Elimination Plan
- Green Vision
- Small Wonders
- Reed and Sunshine Reforms
- Strong Neighborhoods Initiative Project Implementation
- Citywide Inclusionary Housing
- Secondary Housing Unit Ordinance
- Housing Element Update
- North San José Plan
- Evergreen Specific Plan Update
- Diridon Station Area Plan
- Santa Clara Transit Center Area Plan – Collaboration with VTA and City of Santa Clara
- San José State University South Campus Area Plan
- General Plan Update
- Revision of City Sign Ordinance
- Issuance of Bonds – Housing, SJRA, and various City capital projects and refinancings
- Downtown Retail Development
- Hotel Financing District – Convention Center Expansion
- Redevelopment of North San Pedro and Japantown Corporation Yard Areas
- Downtown Revitalization Proposals including Vendor and Artist Activities
- Negotiation of Team San José / Convention and Visitors' Bureau Contracts
- FMC Properties – Negotiation of Sale of Property and Development of Commercial and Stadium Proposal
- Public Records / Electronic Retention Policy Revisions
- Gaming Control Regulation
- Commercial Solid Waste Program Redesign including Municipal Code Amendments
- Energy Program – Development, Review, and Implementation
- Airport Construction Projects including North Concourse Building and Design Build Agreements for Terminal Area Improvements
- Airport Food and Beverage, Advertising, and Retail – Request for Proposals

- Capital Improvement Program – Library, Parks, and Public Safety Improvements
- Cable Franchise Renewal and Potential New Video Programming with AT&T
- City Grants Management Reform
- Watson Park Clean-Up

The Office is often called on a moment's notice to provide urgent intensive legal services for high priority rush projects. This requires an immediate adjustment of resources and workloads, which in turn affects the legal services provided on lower priority matters. The Office annually reviews the City Service Areas' (CSA) five-year business plans to forecast the legal needs of the City. Long range planning is essential to strategically allocate resources and to provide advance staff training to meet the anticipated legal services demand.

As previously mentioned, the City Attorney's Office conducts surveys every other year to assess customer satisfaction levels and to identify opportunities to better align services with customer expectations. The 2008 survey showed that 93% of the respondents were satisfied with the overall legal transactional services received from this Office. This high rating is consistent with results from all of the prior surveys and once again confirms that the legal services provided by the Office are largely meeting City and Agency staff expectations.

One of the performance measures seeks client input on the quality of legal advice. The purpose of this measure is to determine how well the attorneys identify the legal issues and risks, and if alternative solutions are provided where appropriate. The quality of the legal analysis is often dependent on City and SJRA staff providing the Office with complete information regarding the business terms or policy under consideration. In the 2008 survey, 93% of respondents were satisfied that the legal advice properly analyzed the legal issues and risks, while 76% of respondents were satisfied with the creative alternatives suggested for difficult problems. Providing creative alternatives is an area where the Office is sometimes criticized for being too conservative with legal advice. However, as a matter of practice, the attorneys make a strong effort to support staff in accomplishing the business objectives of the City and the SJRA within applicable legal limitations.

The Office strives to ensure that legal documents accurately and completely reflect the material business terms approved by the City Council or SJRA Board. The ability of the Office to accomplish this task is directly related to the quality of the information communicated by the City and the SJRA staff. The Office is doing a very good job in this area as the 2008 client survey indicates that 100% of the respondents were satisfied that the documents prepared by the Office accurately reflected the approved City or SJRA action. The Office is pleased to once again achieve this highest rating and will continue its efforts to maintain this level of excellence.

The Office is committed to preparing legal documents and providing legal advice in a manner that will not cause unnecessary delays to clients. The 2008 survey reflects that 82% of the respondents were satisfied that assignments were completed within mutually acceptable timeframes. The Office also maintains a matter management system that tracks assignment completion timeframes, and

based on this data, the system indicates that 88% of the assignments received in 2006-2007 were completed within a mutually acceptable timeframe. Managing the transactional workload in a timely manner is occasionally a challenge as the volume of assignments sometimes exceeds the available resources. Cycle times may increase in 2008-2009 as approved cost saving actions defer the hiring of a senior deputy city attorney and a part-time research attorney position until 2009-2010, and eliminate a vacant chief deputy city attorney and legal administrative assistant. The workload for the recently retired Chief Deputy City Attorney has been distributed to other attorneys in the Office.

Costs to hire outside private counsel for transactional services vary from $175 - $717 per hour, for a current average hourly rate of $446. The hourly rates for outside private counsel are based on rates negotiated by the City for legal service contracts. Rates vary depending on the type of law practice and level of experience and may include a government discount. The in-house Office rate, based on a 40-hour week, averages $127 per hour including salary, retirement, fringe, and overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is clearly more cost-effective for the City to have in-house legal counsel.

Legal Transactions Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of time final documents accurately reflect the approval of City and Redevelopment Agency action	100%	100%	100%	100%
% of time that advice identifies and analyzes legal issues and risks	93%	85%	93%	85%
% of time that advice provides alternatives where appropriate	79%	70%	76%	70%
Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
• City Attorney's Office average hourly rate	$107	$124	$127	$133
• Outside Legal Counsel average hourly rate	$335	$384	$446	$446
% of time client receives advice/ document within mutually accepted time frames	87%	85%	88%	85%
% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	96%	85%	93%	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of Council/Board Manager memoranda:				
Prepared	2,621	2,070	2,834	2,387
Reviewed	1,375	1,520	1,568	1,348
Number of formal Opinions issued	36	34	32	35
Number of Resolutions	583	525	564	511
Number of Ordinances	319	311	286	316
Number of Agreements	4,789	4,798	4,634	4,839

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Legal Transactions Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,236,749	$ 6,236,513	$ 6,927,106	$ 6,298,353	1.0%
Non-Personal/Equipment	508,395	382,064	284,862	484,862	26.9%
Total	**$ 5,745,144**	**$ 6,618,577**	**$ 7,211,968**	**$ 6,783,215**	**2.5%**
Authorized Positions	**41.42**	**39.12**	**42.32**	**40.32**	**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.

Performance and Resource Overview (Cont'd.)

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY			
1. Attorney's Office Chief Deputy City Attorney Staffing	**(1.00)**	**(249,794)**	**(249,794)**

This action eliminates a 1.0 Chief Deputy City Attorney position, which became vacant in June 2008 due to a retirement. The workload will be absorbed by existing staff, and there should not be a decrease in the quality of the work product. The workload for the recently retired position has been distributed to other attorneys in the Office. (Ongoing savings: $249,794)

Performance Results:
Quality, Cycle Time Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates.

2. Attorney's Office Temporary Senior Deputy City Attorney Staffing		**(233,092)**	**(216,227)**

This action suspends, for 2008-2009, the hiring of a 1.0 Senior Deputy City Attorney position, vacant since April 2008. This action also shifts 0.2 of the funding for this position from the Sewer Service and Use Charge Fund to a Deputy City Attorney position, in order to align staff levels to the appropriate funding source. The workload will continue to be absorbed by existing staff, and there should not be a decrease in the quality of the work product. Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates. (Ongoing savings: $0)

Performance Results:
Quality, Cycle Time Current reduced service levels, experienced as a result of this vacancy, will continue until the position can be filled.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY (CONT'D.)			
3. Attorney's Office Legal Administrative Support Staffing	**(1.00)**	**(86,665)**	**(86,980)**

This action eliminates a 1.0 Legal Administrative Assistant II position, vacant since January 2007. This action also shifts 0.1 of the funding for this position from the Airport Maintenance and Operations Fund to another Legal Administrative Assistant II position, in order to make this reduction fully in the General Fund. The workload will continue to be absorbed by existing staff, and there should not be a decrease in the quality of the work product. Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates. (Ongoing savings: $86,665)

Performance Results:
Quality, Cycle Time Current reduced service levels, experienced as a result of this vacancy, will continue on a permanent basis.

4. Attorney's Office Temporary Legal Research Staffing		**(59,202)**	**(59,202)**

This action suspends for 2008-2009 the hiring of a 0.62 Research Attorney position, vacant since January 2008. The workload will be absorbed by existing staff, and this may delay turnaround times on lower priority assignments. There should not be a decrease in the quality of the work product. (Ongoing savings: $0)

Performance Results:
Quality, Cycle Time Recent reduced service levels, experienced as a result of this vacancy, will continue until the position can be filled.

5. Rebudget: Pension Obligation Bonds Legal Services		**200,000**	**200,000**

This action rebudgets unexpended 2007-2008 funds to hire bond counsel to assist with the issuance of Pension Obligation Bonds. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2008-2009 Adopted Core Service Changes Total	**(2.00)**	**(428,753)**	**(412,203)**

Strategic Support CSA

Strategic Support
Office of the City Attorney

Strategic Support represents the services provided within the Office that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support, those are not presented separately in this document. Performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Key Operational Services:

- Office Management and Analysis
- Fiscal Control/Budget Preparation
- Personnel Administration/Human Resources
- Records and File Maintenance
- Computer Network Management
- Facility Management
- Law Library Maintenance
- Overall Contract Administration

Performance and Resource Overview

The San José City Attorney's Office, as legal counsel for the tenth largest city in the United States, produces a high volume of transactional and litigation work. Meeting this demand in a timely manner is accomplished through a team effort from the entire Office. Strategic support staff, the foundation that enables the efficient delivery of services, performs virtually every function necessary for the operation of a law office. Reliance on outside vendors is minimal and generally limited to situations when it is more cost-effective to outsource.

The Office continues to be proactive in seeking technology advancements to improve operational efficiencies. New multi-function devices installed this year have enhanced copy and print functionalities, and increased scanning capabilities that improved efficiency with maintaining electronic files. The Office has committed significant resources to responding to discovery and complex Public Records Act requests that involve searches of electronic data. This has been labor intensive and costly as outside consultants have been hired to assist with the identification, collection, processing, review, analysis and production of electronic data, as well as to provide information on best practices within the industry. The enormous volume of data and the fragmented manner in which it is stored city-wide have presented substantial challenges. The Office will continue to work with the City Manager's Office and Information Technology staff to standardize city-wide electronic data retention policies and procedures. Staff is also evaluating specialized software that might assist the Office with electronic data management.

Administrative processes and procedures will require modification to respond to open government reforms, including changes to the City Council agenda process. The website for the City Attorney's Office has been updated, and the Intranet site is also undergoing revision. The Office is making progress with indexing and moving its records from the old civic center complex to the City's records storage center. This project will be completed by December 2008.

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,495,004	$ 1,508,031	$ 1,553,211	$ 1,553,211	3.0%
Non-Personal/Equipment	38,314	42,066	42,066	38,531	(8.4%)
Total	**$ 1,533,318**	**$ 1,550,097**	**$ 1,595,277**	**$ 1,591,742**	**2.7%**
Authorized Positions	**10.70**	**10.70**	**10.60**	**10.60**	**(0.9%)**

* 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.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED			
1. Attorney's Office Telephone Communications Cost Efficiencies		**(3,535)**	**(3,535)**
2008-2009 Adopted Core Service Changes Total	**0.00**	**(3,535)**	**(3,535)**

This action will generate ongoing city-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the City Attorney's Office in the Strategic Support Core Service is $3,535. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: $3,535)

Performance Results:
No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

Office of the City Auditor

Mission: *To independently assess and report on City operations and services*

The Office of the City Auditor works closely with other customers and stakeholders including:

- City Council
- City Departments
- Council Appointees
- City Employees
- Vendors, contractors, and consultants
- Residents
- Businesses

The City Auditor's Office has two primary outcomes:

Audit services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government. In addition, audit services provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

Audit services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective and timely information to the City Council, City Administration, and the general public.

The function of the Office of the City Auditor rests on three important principles:

- Be independent, not only from the Administration, but also from any undue City Council member influence that could impair the professional integrity of any audit or other services the Office provides
- Maintain an objective attitude about all assignments
- Be factually and technically correct

These three qualities of independence, objectivity, and technical accuracy are the cornerstones of the one indispensable attribute of the City Auditor's Office – credibility. Without credibility the City Auditor's Office cannot and should not exist.

CSA OUTCOMES

- Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

Current Position *How are we doing now?*

- A new City Auditor was appointed by the City Council and began work in March 2008.
- Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified $218 million in revenue enhancements or cost savings compared to $31.7 million in Office costs.
- From May 1985 through June 2007, the Office exceeded its performance target of $3 to $1 ratio of cost savings or revenue enhancements to Office cost with an actual achieved ratio of nearly $8 to $1. In 2000, given its historical success, the City Council increased the Office's performance target to $4 to $1. In 2006-2007, the City Auditor's Office identified $19.1 million in cost savings and revenue enhancements, achieving a ratio of about $9 to $1.
- A few of the reports issued by the City Auditor's Office during 2007-2008 are An Audit of the Emergency Communication System Support Fee, An Audit of the Management of the City's Tax-Exempt Bond Program and Use of Interfund Loans to Provide Financing for Capital Bond Projects, and The 2005-2006 and 2006-2007 Annual Performance Audit of Team San José, Inc., along with others. In addition, the Office reviewed two San Jose Redevelopment Agency Disposition and Development Agreements, provided oversight of external auditors on a) the City's Annual Financial Audit and Single Audit, b) Bay 101 Finding reports, and c) the Santa Clara County Cities Association. The Office also issued two follow-up reports on outstanding audit recommendations.
- In October 2007, the City Auditor's Office received an unqualified opinion regarding its compliance with Government Auditing Standards for the period July 1, 2005 through June 30, 2007. The Association of Local Government Auditors conducted the performance review of the City Auditor's Office. The next biennial review will be performed in fall 2009.

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

- Audit expenditures compared to the City of San José total expenditures: $1 to $1,320.
- Audit staff compared to City staff: 1 to 388.

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

- In light of the budget difficulties facing the City, the City Auditor's Office will increase its emphasis in searching for revenues and cost savings opportunities.
- The City's major investments in infrastructure also warrant increased scrutiny of capital projects.
- The City's reliance on computer systems for its key business systems necessitates the Office's continued improvement in its capacity in this area.

Policy Framework *What policies guide our strategies?*

- The City Council appoints the City Auditor.
- The Rules and Open Government Committee approves the City Auditor's Annual Workplan.
- The duties of the City Auditor are outlined in City Charter Section 805.
- The City Auditor's Office conducts audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) and receives a biennial performance review for compliance with GAGAS.
- The City Auditor prepares an Annual Citywide Risk Assessment to determine potential audit areas and recommends that the Rules and Open Government Committee include those areas in its Annual Workplan.

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

Outcome 1: Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government

- Identify ways to reduce costs or enhance revenues.
- Conduct performance audits that identify ways to increase the economy, efficiency, and effectiveness of City government. In June 2008, the Office proposed to the City Council Rules Committee a 2008-2009 Audit Workplan, which will specifically identify the audits that will be performed in 2008-2009. The emphasis will be on ways to reduce costs or increase revenues city-wide.

Outcome 2: Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

- Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. In June 2008, the Office proposed a 2008-2009 Audit Workplan which will specifically identify the reports and memoranda that will be issued in 2008-2009.

TWO-YEAR INVESTMENT STRATEGY

Overview

The Office of the City Auditor provides audit services that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

The City Auditor's Office investment strategy is focused on providing reliable and effective audit services through efficient use of existing resources. The Office will operate with 18 positions, composed of one City Auditor, two supervising auditors, 13 auditors, and two administrative staff.

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

The City Auditor's Office Year 1 and Year 2 Key Investments & Objectives are pertinent to the following two outcomes:

Outcome 1: Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government

Outcome 2: Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

The City Auditor's resources will be strategically invested in the following action plan which aligns with City Council priorities, the City Auditor's approved Audit Workplan, and Business Plan strategic goals, objectives, and performance measures.

Year 1: 2008-2009 – *Planned Service Strategies*

- Conduct performance audits, special audits, and reviews. In June 2008, the Office proposed a 2008-2009 Audit Workplan that targets areas of the City Council and other appointees' concerns, as well as areas identified for audit in the Citywide Risk Assessment model. The emphasis will be in seeking ways to reduce costs or increase revenues.
- Facilitate annual financial audit and quarterly cardroom opinions. The City contracts with outside Certified Public Accountant firms to conduct the annual financial audits and quarterly cardroom audits. The City Auditor prepares, monitors, and initiates payments for these audits and assists with cardroom audit reviews.
- Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30th and December 31st each year. In 2000-2001, the City Auditor began tracking the percentage of audit recommendations implemented within one year. Through June 2007, approximately 97% of the 1,446 recommendations made since May 1985 have been implemented.
- Improve the website. The Office's website includes many of the audit procedures and technical innovations the Office has pioneered. The Office's website receives more than 6,500 visits per month from persons or organizations from nearly every state in the United States and more than 20 foreign countries. The Office will continue to ensure that information on the site is current and relevant.
- Build and efficiently manage internal capacity to provide effective audit services.
- Explore ways to increase cooperation with and provide assistance to City and San Jose Redevelopment Agency staff.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Year 1: 2008-2009 – *Planned Service Strategies (Cont'd.)*

- Provide training to City employees on how to incorporate the Office's audit approach into their management philosophy. For the past 14 years, the City Auditor has taught a half-day course on risk assessment and internal controls for City employees. Each session draws 30 to 40 City employees and, based on attendees' written evaluations, is very well received. The City Auditor will present the course again in 2008-2009.

Year 2: 2009-2010 – *Projected Service Strategies*

- The City Auditor's Office will continue to conduct performance audits, special audits, and reviews as assigned, facilitate the annual financial audit and quarterly cardroom opinions, continue to improve its website, and continue to explore ways to increase cooperation with and provide assistance to other City Council Appointee offices.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Core Service Purpose

Audit Services identify ways to increase the economy, efficiency, effectiveness and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders.

Key Operational Services:

- Conduct Performance Audits
- Conduct Special Audits and Reviews
- Facilitate Annual Financial Audit and Quarterly Card Room Audits
- Recommendation Follow-up

Performance and Resource Overview

Audit Services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective, timely information to the City Council, City Administration, and the general public.

The Office tracks the implementation status of approved audit recommendations. Since May 1985 through June 2007, the Administration implemented approximately 97% of 1,446 recommendations made by the City Auditor.

The Audit Workplan for 2007-2008 included 29 assignments. For a majority of 2007-2008, the City Auditor's Office has had five vacant positions, which represents 28% of the Office's staff. As a result, the Office's Audit Services Performance Summary target to complete or substantially complete the Audit Workplan was affected, with only 80% of the workplan estimated to be completed in 2007-2008. Audit reports issued during 2006-2007 included 51 recommendations and identified approximately $19.1 million in actual benefits. The City departments are responsible for implementing the City Auditor's recommendations. The Office's goals for 2007-2008 included 20 audit reports and $9.5 million in estimated benefits. At this time it is estimated that the Office will meet these goals. During 2008-2009, the Office will focus on providing reliable and effective audit services through the efficient use of existing resources.

For 2008-2009, consistent with the direction from the Mayor's March Budget Message, as approved by City Council, a 6% budget reduction, the recommended average percentage reduction for non-public safety city service areas, has been approved for the Office of the City Auditor. This budget includes staffing reallocations of two currently vacant positions, 1.0 Supervising Auditor and 1.0 Senior Program Performance Auditor, to 2.0 Program Performance Auditor I positions. Additionally, to meet the Office's reduction target, the Auditor is allocating existing staff to provide

Performance and Resource Overview (Cont'd.)

San José Redevelopment Agency (SJRA) services, which will generate an estimated reimbursement of $51,346, as described in the General Fund Revenue Estimates section of this document.

Audit Services Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of audit recommendations adopted by the City Council	100%	100%	100%	100%
% of audit recommendations implemented within one year of adoption	57%	80%	80%	80%
Ratio estimated audit benefit to audit cost	$9 to 1	$4 to 1	$4 to 1	$4 to 1
Ratio actual to estimated audit benefit	$1 to 1	$1 to 1	$1 to 1	$1 to 1
% of approved workplan completed or substantially completed during the fiscal year	63%	100%	80%	100%
% of audits completed within 30 days of the projected completion date	92%	90%	90%	90%
% of City Council members rating the reliability, timeliness and value of audit services good or excellent	N/A	95%	95%	95%
% of auditees rating the reliability, timeliness, and value of audit services good or excellent	N/A	95%	95%	95%
% of sales tax customers rating professionalism of audit services good to excellent*	N/A	N/A	N/A	N/A

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* As of December 2006, Audit Services no longer include sales tax audits.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of audit reports issued	24	20	20	24
Number of audit recommendations adopted	51	50	50	50
Number of audit reports per auditor	1.7 to 1	1.5 to 1	1.5 to 1	1.5 to 1
Estimated audit benefits (i.e., cost savings and revenue enhancements)	$19,184,872	$9,500,000	$9,500,000	$9,500,000
Actual audit benefits (i.e. cost savings and revenues received)	$19,132,211	$9,500,000	$9,500,000	$9,500,000
Number of businesses or other entities brought into compliance or assisted*	135	N/A	N/A	N/A

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

* As of December 2006, Audit Services no longer include sales tax audits.

Audit Services Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,259,295	$ 2,630,320	$ 2,481,943	$ 2,371,388	(9.8%)
Non-Personal/Equipment	102,236	102,963	104,720	164,006	59.3%
Total	**$ 2,361,531**	**$ 2,733,283**	**$ 2,586,663**	**$ 2,535,394**	**(7.2%)**
Authorized Positions	**16.00**	**17.00**	**17.00**	**17.00**	**0.0%**

***** 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.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT			
1. Supervising Audit Staffing Reallocation		**(81,977)**	**(81,977)**
This action reallocates a 1.0 Supervising Auditor position, vacant since November 2007, to a 1.0 Program Performance Auditor I position, for a savings of $81,977. This action attains savings for the Office of the City Auditor, and allows the Office to continue to accomplish its objectives and achieve performance targets. (Ongoing savings: $81,977)			
Performance Results: ***Cost*** This action achieves cost savings with minimal effect on service delivery.			
2. Performance Audit Staffing Reallocation		**(28,578)**	**(28,578)**
This action reallocates a 1.0 Senior Program Performance Auditor position, vacant since October 2007, to a 1.0 Program Performance Auditor I position, for a savings of $28,578. This action attains savings for the Office of the City Auditor, and allows the Office to continue to accomplish its objectives and achieve performance targets. (Ongoing savings: $28,578)			
Performance Results: ***Cost*** This action achieves cost savings with minimal effect on service delivery.			
3. Auditor's Office Telephone Communications Cost Efficiencies		**(5,914)**	**(5,914)**
This action will generate ongoing city-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the City Auditor's Office in the Audit Services Core Service is $5,914. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: $5,914)			
Performance Results: No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.			
4. Rebudget: Financial Audits		**65,200**	**65,200**
This action rebudgets unexpended 2007-2008 funds for audits performed by the City's external auditor relating to the use of Libraries and Parks bond funds, the use of Library Parcel Tax funds, and the City's investment pooled portfolio. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2008-2009 Adopted Core Service Changes Total	**0.00**	**(51,269)**	**(51,269)**

Strategic Support CSA

Strategic Support
Office of the City Auditor

Strategic Support represents services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

- ❑ Administrative Support
- ❑ Network Support

Performance and Resource Overview

Strategic support in the Office of the City Auditor includes the underlying systems that allow the Office to function and provide its core service. For 2007-2008, there are no resource changes.

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 8,291	$ 98,106	$ 103,198	$ 103,198	5.2%
Non-Personal/Equipment	0	3,497	3,497	3,497	0.0%
Total	**$ 8,291**	**$ 101,603**	**$ 106,695**	**$ 106,695**	**5.0%**
Authorized Positions	**1.00**	**1.00**	**1.00**	**1.00**	**0.0%**

* 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 ($)	General Fund ($)
NONE			

Office of the City Clerk

Mission: *Provide strategic support services and leadership to maximize public access to municipal government*

The City Clerk is one of five City Council Appointees. The Office of the City Clerk provides strategic support services to the legislative body, facilitating interaction between the legislative process and the community. The Office also conducts elections for Mayor, City Council, and various ballot measures. The duties of the Clerk are outlined in the City Charter, the California Government and Elections Codes, the San José Municipal Code, and the Council Policy Manual. All City departments contribute to the City Clerk's delivery of services to the community. The City Clerk's role in legislative and elective processes requires neutrality and independence as key qualities in conducting the business of the Office. In the political arena of the City government, the Office of the City Clerk is a non-political and objective entity.

Internal Partners — Mayor and City Council; City departments; designated City employees; and Commission members

External Partners — Public; media representatives; other governmental agencies; Mayor and Council candidates; Commission applicants; registered lobbyists; community groups; bidders; and contractors

Key Services —

- Integrity of the City's legislative process is preserved and the process is readily accessible to the public.
- The City Council is effectively supported in making public policy decisions by the delivery of high quality legislative services.
- Elections are conducted in accordance with the City Charter and State law for Mayor, Council Members, and ballot measures.
- Recruitment and appointment processes for boards and commissions are administered.
- Campaign finance reports, Statements of Economic Interests, outside income, fundraising solicitation disclosure, and registered lobbyist activity reports are reviewed and made available to the public.

CSA OUTCOME

- The Municipal Legislative Process is Accessible and Open to the Community.

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

Current Position *How are we doing now?*

The Office of the City Clerk continues to ensure that mandated services are provided. An increase in staffing provided in 2007-2008 has assisted the Office in enhancing legislative information available via the City's website in addition to implementing numerous Sunshine Reforms. Enhancing customer service by providing "more transparent" legislative services and easier access to information remains a challenge for the Office, due to the labor- and paper-intensive processes involved. However, City Council agendas and staff reports are now available on the City's website 10 days prior to meetings, and Public Records Requests are more frequently responded to electronically. To continue maximizing high productivity levels and efficiency, the Office continues to pursue cost-effective technology solutions to streamline Office operations. This is an ongoing collaborative process with the Information Technology Department to research, evaluate, and implement available improvements.

While coping with the City's challenging fiscal environment, the Office of the City Clerk has ensured:

- Elections for the Mayor, City Council Members, Charter amendments, bonds, and ballot measures are conducted in accordance with the City Charter and the State Elections Code.
- Coordination and support is provided for the transition of departing City Council Members and their staff to newly elected City Council Members and staff.
- Agenda packets, synopses, and action minutes of City Council meetings are prepared, distributed, and posted on the web. City Council Committee meeting agenda packets and minutes are posted on the City's website. Both City Council and City Council Committee meetings are web-cast live, then indexed and archived for on-demand replay.
- Requests for the City's legislative records and related public documents are received and fulfilled under provisions of the California Public Records Act.
- Recruitment and appointment processes for boards and commissions are administered both through the Project Diversity Screening Committee and through direct City Council interview and appointment processes as required.
- Administrative support is provided to the Council's Rules and Open Government Committee, Elections Commission, Civil Service Commission, Project Diversity Screening Committee, and the City Council Salary Setting Commission. Technical support is provided to the Sunshine Reform Task Force.
- The Municipal Code, City Charter, and Council Policy Manual are updated and posted on the City's website, and all documents presented to the City Council are indexed for storage and retrieval and made available to the public.
- Campaign finance disclosure statements, statements of economic interests, and Council Member outside income and fundraising solicitation disclosures are readily accessible for public review.
- Lobbyists are registered and lobbying activity statements are audited, filed, and made accessible for public review.
- All City contracts are reviewed for administrative compliance, executed, and are available in the Office for review.
- Bids for construction projects are publicly opened and notices to contractors for upcoming projects are published in an appropriate newspaper as required by law.
- Legal Notices of Public Hearing for the Planning Commission and the City Council are published in adjudicated newspapers.
- Fiscal management and oversight of the Mayor and City Council Offices' budgets is provided. Human resource and payroll processing services are also provided for approximately 95 employees.
- Administrative support is provided to City Council Offices for the Arena Community Fund and other grants which support local cultural, civic, and recreational entities and events.

Current Position *How are we doing now? (Cont'd.)*

- Assistance is provided in the development and implementation of the City's Master Calendar and Room Reservation system to enhance the availability of public information regarding governmental events and meetings.

In 2007-2008, the Office of the City Clerk used funding to improve electronic access to the City's legislative history, workflow efficiencies, and governmental transparency. The Office has moved to electronic filing of lobbyist reports, campaign statements, and statements of economic interests by mandated staff. "Granicus" is the system that indexes and video archives City Council and City Council Committee meetings for on-demand playback. A new server has been purchased to provide the infrastructure for maintaining an increased volume of electronic history. The Office of the City Clerk continues to see an increasing volume of workload activity in all areas of Office operations, in particular in the number of Public Records Act requests, internal requests for information, lobbyist filings, and managing the scheduling of all public meeting and event spaces throughout City Hall.

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

Examples of key community indicators that the Office tracks to identify trends and assess performance are:

- An Open Legislative Process: The number of requests for information, timely packet/report distribution, ability to post memos/reports on the City's website in a timely manner, availability of archived Council meetings on the City's website.
- Boards and Commissions: The number of applicants to boards and commissions and the number of commission vacancies.
- Lobbying Activities and Campaign Disclosure: The number of lobbyists registered and submitting statements of activities and the number of candidate, officeholder, and Political Action Committees campaign financial disclosure statements filed.
- Conducting Municipal Elections: The number of elections to fill elected positions of Mayor and City Council and the number of ballot measures.
- The demand for financial support from schools, neighborhood groups, and other community based organizations from City Council offices through the Arena Community Fund and other resources.

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

As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite service. Specific examples of trends, issues, and opportunities include:

- The development and adoption of new Open Government policies and procedures based on initiatives such as the "Reed Reforms" and recommendations from the Sunshine Reform Task Force, including new disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Council Members.
- The Office's need for an improved, less labor intensive process for creating and disseminating the City Council meeting agendas and memos, as well as the need for improved technology to enhance the public's access to the City's legislative process and records.
- The community's rising expectation of online access to candidate and committee campaign disclosure statements and activity reports by lobbyists.
- The need to streamline the appointment process for boards and commissions and provide enhanced orientation and training of Commissioners.

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

The most important internal trends, issues, and opportunities are ensuring that the Office remains flexible in light of pending changes so that it can respond to customer demand quickly and effectively. Responding to Public Records Act requests, as well as internal requests for information, has become more challenging as the legacy indexing and tracking systems become older and the Office faces increased requests for service. Since 2006-2007 the Office, in collaboration with the Information Technology Department, has been developing a searchable Council History and Documents (CHAD) database to provide electronic access to the City's legislative history and other City documents on the City's Intranet. It is anticipated that with additional testing, CHAD will be available for public access, via the City's website, for research purposes and is expected to save City staff time throughout the organization.

The Office of the City Clerk's services are for the most part mandated, and tasks cannot be eliminated. Ongoing efforts are required to automate, streamline, and re-engineer processes to increase employee productivity and improve customer access and service delivery.

Policy Framework *What policies guide our strategies?*

The Office of the City Clerk operates within the framework of State and local law and City Council policy:

- California Government Code including the California Elections Code
- City Charter
- San José Municipal Code
- City Council Policy Manual

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

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

The Office of the City Clerk has three strategic goals and objectives:

- Deploy technology resources effectively
- Increase efficiency of service delivery
- Maintain high levels of customer service

Overview

The Office of the City Clerk continues to maximize public access to the legislative process and preserve mandated services, providing services directly related to the Office's single outcome, which is: The municipal legislative process is accessible and open to the community.

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

The approved investment strategy and budget changes for 2008-2009 presented in the core service section of the narrative will result in the Office's ability to maintain legally mandated functions and provide access to the legislative process.

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

Year 1: 2008-2009 – *Planned Service Strategies*

In this Adopted Budget, the Office will transition to distributing Council Agenda packets electronically, reduce the Office's non-personal/equipment allocation, and reallocate a vacant part-time Analyst to a full-time Analyst to monitor increasing lobbyist disclosure compliance.

The Office of the City Clerk will provide services directly related to its outcome:

- Creating and distributing agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings;
- Successfully conducting municipal elections for Mayor, City Council Members, and ballot measures;
- Publishing all legally required Notices in adjudicated newspapers;
- Creating and maintaining a legislative history of City Council actions and indexing and filing all public records, such that the records can be retrieved in a timely manner and the history is readily available. CHAD is improving access to public information and service to all customers;
- Posting all changes to the San José Municipal Code and the City Council Policy Manual on the web;
- Accepting, reviewing, and making available all Statements of Economic Interests campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council Members (calendars, fundraising solicitations, and outside income disclosure);
- Conducting the recruitment, application, and selection processes for boards and commissions through the Project Diversity Screening Committee and direct City Council interview and appointment;
- Conducting employee and retiree elections for both Retirement Boards and the Civil Service Commission, which include members representing City employees;
- Providing administrative support services to the Elections Commission, Civil Service Commission, and Council Salary Setting Commission; and
- Providing strategic support for fiscal management, human resources administration, budgeting, grant administration, and procurements for the Mayor and City Council Offices and the Office of the City Clerk.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community (Cont'd.)

Year 2: 2009-2010 – *Projected Service Strategies*

The Office of the City Clerk will continue to provide services directly related to the Office's outcome; however, budget reductions in 2008-2009, or workload increases, may impact service delivery in the following areas in 2009-2010:

- Conducting the recruitment, application, selection, and orientation process for boards and commissions;
- Conducting employee and retiree elections for the Retirement Boards and the Civil Service Commission;
- Providing administrative support services to the Elections Commission, Civil Service Commission, Project Diversity Screening Committee and when required, Council Salary Setting Commission, Redistricting Advisory Panel, and the Charter Review Committee;
- Researching Council actions and records from the adoption of the City Charter to the present; and
- Providing fiscal and human resources management and administrative support to the Mayor and City Council offices and the Office of the City Clerk.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Core Service Purpose

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws.

Key Operational Services:

- Provide Legislative, Technical, and Administrative Support to the Mayor, City Council, Boards, Commissions, and Committees
- Improve and Preserve Public Access to the City's Legislative Records and Documents
- Ensure Compliance with Open Government, Campaign Finance, Lobbyist Registration, and Other Public Disclosure Requirements
- Conduct Elections

Performance and Resource Overview

The Office of the City Clerk assists the City Council in accomplishing the legislative process and making that process readily accessible to the public. Personnel, fiscal, and budgetary support services are provided to the Mayor's Office and the individual City Council Offices. The Office also provides administrative and technical support to the: City Council's Rules and Open Government Committee; the Sunshine Reform Task Force; and the Civil Service, San José Elections, and City Council Salary Setting Commissions (in odd-numbered years). Staff support for city-wide Board and Commission recruitments and appointments through the Project Diversity Screening Committee is another key service performed by the Office. In addition, the Office ensures elections are conducted in accordance with the City Charter, the Municipal Code, and the Election Code of the State of California for the purpose of electing the Mayor, City Council Members, and submitting ballot measures to the electorate.

Ongoing issues include maximizing the community's accessibility to the legislative process, while meeting weekly mandated deadlines and maintaining the City's legislative history through the efficient filing and retrieval of records associated with City Council actions and supporting material dating from the 1850s to the present. In recent years, the Office has initiated efforts to effectively utilize technology solutions to increase workflow efficiencies and governmental transparency. The Office continues to work closely with the City Manager's Office and the Information Technology Department to streamline the City Council and Committee agenda/packet process, and to place more information on the City Clerk's web page, including codification of the City Council Policy Manual. While the immediate result of this action is an increase in access to the documents that make up current agenda packets, in the future this will improve access to the City Council's legislative history. The administration of highly complex election laws, and other Open Government reforms and regulations remain important issues facing the Office of the City Clerk.

Performance and Resource Overview (Cont'd.)

The process by which City Council actions are tracked, contracts are indexed and retrieved, and memorandums and reports are presented to the City Council remains complex and labor-intensive. In 2005-2006, the City Council appropriated funds to improve technology in the Office. This funding was rebudgeted and used in 2007-2008 for several projects that have greatly enhanced access to information, including updating and codifying the Municipal Code and City Council Policy Manual; improving web access to campaign financial disclosure reports and lobbyist activity reports; the purchase of a new server for enhanced capacity as more electronic and internet-based services are added; and providing the ability for mandated Statement of Economic Interests (Form 700) filers to file electronically. Mandated filers include the Mayor and City Council, Planning Commissioners, and City Council Appointees. In 2007-2008, approximately 50% of the mandated filers electronically submitted their Form 700 Statements. In spring 2007, a joint effort between the Office of the City Clerk and the Information Technology Department resulted in the implementation of a new web-based searchable Council History and Documents (CHAD) database that provides City Council legislative actions from 1987 to present. As a result of the CHAD implementation, resolutions and ordinances adopted by the City Council from approximately January 2007 to present are being uploaded and are available for full retrieval through the City Clerk's Intranet page and is a research tool available to staff city-wide. The Records Division receives approximately 100 requests per month from City staff for ordinances, resolutions, and other documents and the implementation of CHAD is expected to save City staff time throughout the organization. After additional testing, CHAD may be available for public retrieval of documents via the City's website.

In 2007-2008, the Office of the City Clerk received funding for an Analyst to implement Sunshine Reforms and expand the public's access to City information in a more timely manner. This Web Content Analyst position was filled in October 2007 and has managed and enhanced the City Clerk's website by posting staff reports for the City Council, Council Committees, Sunshine Reform Task Force, Elections Commission, and Civil Service Commission. Additionally, information about boards and committees, lobbyists, and elections has been updated for improved access by the public. Finally, City forms are becoming interactive on the City's website for efficiency and greater convenience to the public.

In 2007-2008, substantial changes to the City's lobbyist regulations were adopted by ordinance and, as a result, have increased the workload for managing and monitoring the lobbyist program. Approximately 575 lobbyist reports have been processed, and increased activity is expected in 2008-2009. The Office of the City Clerk is also responsible for implementation of the City's Master Calendar and managing the scheduling of all public meeting and event spaces throughout City Hall.

In this Adopted Budget, the Office of the City Clerk will achieve some cost savings by transitioning from paper to electronic agenda packet distribution, further reduce the Office's non-personal/equipment budget, and eliminate a vacant part-time Analyst position. In 2009-2010, the elimination of a vacant Administrative Manager position that supports the Mayor and Council Offices, will achieve ongoing cost savings while allowing the Office to mitigate service delivery

impacts by transitioning the position's workload in 2008-2009. The Office will also add a full-time Analyst position to manage the expanded compliance requirements under the City's lobbyist program.

Facilitate the City's Legislative Process Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of Council reports available online 10 days prior to the meeting	NEW	NEW	NEW	95%
Estimated cost to document & track legislative actions per Council meeting	$8,508	$8,819	$8,819	$9,000
% of Public Records Act Requests received and fulfilled by the Clerk's Office within 10 days of request	NEW	NEW	NEW	100%
% of Council synopses completed and posted online within three business days after the Council meeting	NEW	NEW	NEW	95%
% of Resolutions/Ordinances processed/ posted online within 30 days of final Council action	NEW	NEW	NEW	65%
% of customers rating the timely provision of information requested or referral to appropriate alternate source as good or excellent	NEW	NEW	NEW	85%
% of customers rating customer service experience with the Clerk's Office as good or excellent	NEW	NEW	NEW	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2007-2008 Adopted Budget:
- ↺ "% of Council and Committee reports available on the web 7 days before the meeting" was revised to "% of Council reports available online 10 days prior to the meeting" to more accurately reflect Sunshine/Reed Reform changes.
- ↺ "% of information retrieval requests fulfilled within the time specified: Available in the office - 24 hours/Retrieval from Storage -72 hours" was revised to "% of Public Records Act Requests received and fulfilled by the Clerk's Office within 10 days of request" to more accurately reflect the specific activity performed by the Office.
- ↺ "% of customers rating the accessibility of information services provided as good or excellent" was revised to "% of customers rating the timely provision of information requested or referral to appropriate alternate source as good or excellent" to more accurately reflect this important activity performed by the Office.
- ↺ "% of customers rating the Clerk's service delivery as efficient" was revised to "% of customers rating customer service experience with the Clerk's Office as good or excellent" to more accurately reflect the Office's customer service standard.
- + "% of Council synopses completed and posted online within three business days after the Council meeting" was added to reflect a performance goal of the Office to provide public access to municipal government legislative actions.
- + "% of Resolutions/Ordinances processed/posted online within 30 days of final Council action" was added to reflect a performance goal of the Office to provide public access to municipal government legislative actions.
- × "% of Council reports available at least 72 hours prior to a Council Meeting" was deleted as the measure is no longer valid due to Sunshine/Reed Reforms.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of meetings staffed*	200	200	200	200
Number of board/commission applications processed	65	120	93	95
Number of contracts processed**	2,990	3,000	3,000	2,900
Number of grants processed (Council Office and Hewlett-Packard)***	NEW	NEW	NEW	350
Number of Statements of Economic Interests processed	1,343	1,400	1,400	1,400
Number of campaign filings processed	409	400	400	400
Number of ads placed in legal publications	NEW	NEW	NEW	500
Number of Lobbyist Reports processed	NEW	NEW	NEW	600
Number of Ordinances and Resolutions processed	NEW	NEW	NEW	850
Number of Council Actions recorded, processed, and tracked	NEW	NEW	NEW	1,300
Number of Public Records Act requests processed	NEW	NEW	NEW	1,500
Number of internal requests for information/ documents processed	NEW	NEW	NEW	950

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2007-2008 Adopted Budget:
- ↺ "Number of contracts processed" was split into "Number of contracts processed" and "Number of grants processed." The old workload highlight combined contracts and grants processed into one category, but the new workload highlight reflects work performed by the Office for each item, because both involve significant staff time.
- ↺ "Cost of legal publications" was revised to "Number of ads placed in legal publications" to more appropriately represent the activity level performed by the Office regarding legal publications.
- + "Number of Lobbyist Reports processed" was added based on new mandated lobbyist registration requirements in the City.
- + "Number of Ordinances and Resolutions processed" was added to reflect work carried out by the Office.
- + "Number of Council Actions recorded, processed, and tracked" was added to reflect work carried out by the Office.
- + "Number of Public Records Act requests processed" was added to reflect work carried out by the Office that involves significant staff time.
- + "Number of internal requests for information/documents processed" was added to reflect work carried out by the Office that involves significant staff time.

* Meetings defined as City Council meetings and study sessions, and meetings of the Rules and Open Government Committee; Civil Service, Elections, and Council Salary Setting Commissions; Sunshine Reform Task Force and Project Diversity Screening Committee.

** Through 2007-2008, data includes contracts and grants processed.

*** These are grants from Council District funds and Arena Naming Rights Agreement revenue.

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,188,657	$ 1,657,749	$ 1,712,689	$ 1,761,308	6.2%
Non-Personal/Equipment	2,158,992	1,174,290	1,325,222	2,497,797	112.7%
Total	**$ 3,347,649**	**$ 2,832,039**	**$ 3,037,911**	**$ 4,259,105**	**50.4%**
Authorized Positions	**14.50**	**15.50**	**15.50**	**16.00**	**3.2%**

* 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 Services

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY			
1. Clerk's Office Non-Personal/Equipment Funding Efficiencies		**(34,978)**	**(34,978)**

This action reduces the Office's Non-Personal/Equipment appropriation by $34,978. The reduction will be applied to contractual services ($18,000), printing ($15,978), and postage ($1,000) after a Base Budget cost of living adjustment of $3,950 was applied. A majority of the reduction in printing ($14,000) will be savings generated from distribution of the City Council agenda packets electronically in lieu of hardcopy. (Ongoing savings: $34,978)

Performance Results:
Cost This action reduces budgeted costs with minimal effect on service delivery.

Budget Changes By Core Services (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY (CONT'D.)			
2. Clerk's Office Telephone Communications Cost Efficiencies		**(2,447)**	**(2,447)**

This action will generate ongoing city-wide telephone communications cost savings totaling $332,000 ($152,000 in the General Fund). The cost savings in the City Clerk's Office in the Facilitate the City's Legislative Process Core Service is $2,447. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: $2,447)

Performance Results:
No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

3. Clerk's Office Analytical Staffing	**0.50**	**48,619**	**48,619**

This action eliminates a 0.5 Analyst position that has been vacant since January 2008 and adds a 1.0 Analyst position. The new full-time Analyst position will have more capacity to manage lobbyist registration and annual Statements of Economic Interests (Form 700). (Ongoing costs: $59,456)

Performance Results:
Quality, Cycle Time This action will allow the Office to reallocate staff resources to meet the increased lobbyist disclosure requirements and ensure compliance with State and local disclosure regulations by designated employees and consultants.

4. Clerk's Office Management Staffing		**0**	**0**

This action eliminates a vacant Administrative Manager position in 2009-2010. This position is responsible for supervising a three person team in the Office's fiscal unit, which provides administrative support to the Mayor and City Council Offices in the form of human resources, grant processing, fiscal transactions, and budget monitoring. This action will achieve ongoing cost savings while allowing the Office to mitigate service delivery impacts by transitioning the position's workload in 2008-2009. (Ongoing savings: $147,879) (Final Budget Modification)

Performance Results:
Cycle Time, Quality Day-to-day management of the fiscal unit's workload may be affected, and requests from the Mayor and City Council Offices to the Clerk's Office may take longer to process in 2009-2010.

Budget Changes By Core Services (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY (CONT'D.)			
5. Rebudget: Election Costs		**1,155,000**	**1,155,000**
This action rebudgets 2007-2008 non-personal/equipment savings from the June 2008 election. Rebudgeted funds will be used to pay for run-off election costs in Districts 2 and 8 as well as city-wide ballot measures that were expected to be on the June 2008 election, but were instead moved to the November 2008 election. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
6. Rebudget: Clerk's Office Automation Technology		**55,000**	**55,000**
This action rebudgets unexpended 2007-2008 non-personal/equipment savings for consultant costs in the development of the city-wide Electronic Content Management System (ECMS), and other technological enhancements related to Sunshine/Open Government Reform implementation. The ECMS funds were not expended in 2007-2008 as the City is currently completing a Request For Proposal process for the selection of a consultant. Enhancements related to Sunshine/Open Government implementation were deferred pending adoption of Phase I recommendations and will be implemented in 2008-2009. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2008-2009 Adopted Core Service Changes Total	**0.50**	**1,221,194**	**1,221,194**

Strategic Support CSA

Strategic Support
Office of the City Clerk

Strategic Support represents the services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

- Long Range Policy Development
- Financial Management
- Human Resources

Performance and Resource Overview

Strategic support in the Office of the City Clerk includes the underlying systems that allow the Office to function and provide its core service. For 2008-2009, there are no resource changes.

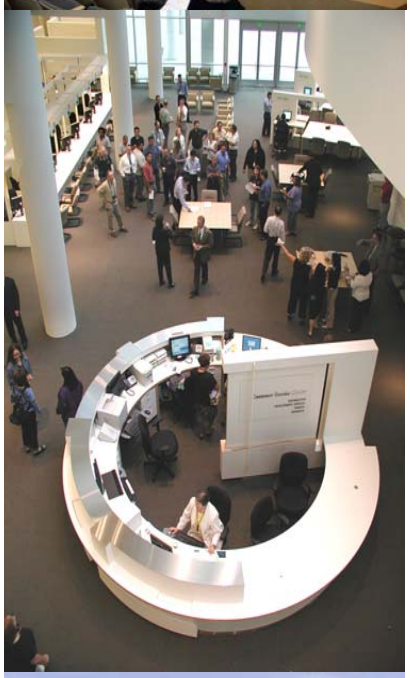
Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 312,462	$ 195,405	$ 193,084	$ 193,084	(1.2%)
Non-Personal/Equipment	19,037	18,133	18,133	18,133	0.0%
Total	**$ 331,499**	**$ 213,538**	**$ 211,217**	**$ 211,217**	**(1.1%)**
Authorized Positions	**2.00**	**2.00**	**2.00**	**2.00**	**0.0%**

* 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 ($)	General Fund ($)
NONE			

Office of the City Manager



Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Mission: *Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs*

The Office of the City Manager brings its best professional judgement and experience forward to support the City Council's development of public policy that enhances the quality of life in San José. The Office also manages the day-to-day operation of the City organization to execute the City Council's policy direction and provide excellent services to our residents. In 2007-2008, the City Council appointed a new City Manager, Debra Figone. In 2008-2009, she begins her second fiscal year leading the nation's tenth largest City. The City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services. Among the major programs for 2008-2009 are: development of a Three-Year General Fund Structural Deficit Elimination Plan with full stakeholder outreach; continuing the 2040 General Plan Update; implementation of the Airport Masterplan; negotiating new labor agreements; developing strategies to address the unfunded liability of retiree healthcare; development of the Water Pollution Control Plant Masterplan; administrative support and workplan development for the new Neighborhood Commission; identification and development of a Sports Complex site as called for under Measure P; and Council's recently approved Green Vision Strategy, all while continuing a strong customer service focus.

As mentioned above, one of the continuing new major initiatives for the City is the significant challenge of eliminating the General Fund Structural Deficit. The 2008-2009 Adopted Budget closes a General Fund shortfall (without fee programs) of approximately $23 million. Under the more inclusive definition of the City's structural deficit, it is estimated that the City faces a shortfall of approximately $137 million over the next four years. As this is the seventh consecutive year of deficits, the organization continues to be confronted with bringing General Fund expenditures in line with available revenue, as well as how to fund other unmet needs with even fewer viable options. To that end, the Administration has undertaken an aggressive effort to develop strategies for Council consideration in November 2008 to eliminate the structural budget deficit within a three year timeframe. This effort is being informed by significant community and stakeholder input, as well as including recommendations presented by the Mayor's Budget Shortfall Advisory Group, community budget survey results, the Neighborhood Association Meeting held in January 2008, and the City Council/Senior Staff Priority Setting Session to name a few.

With the City Council's recent adoption of the Green Vision Strategy, the City is embarking on an ambitious 15 year plan. Implementation of the Green Vision's ten goals will transform San José into one of the most environmentally sustainable communities in the nation, while creating substantial job growth and economic opportunity for residents. With the adoption of the Urban Environmental Accords and expansion of the Green Building Policy, the Green Vision will ensure that San José expands its role as a world leader in sustainability and clean technology innovation.

CSA OUTCOMES

- The Community Receives Customer-Focused, Results-Driven Services
- The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve It

Current Position *How are we doing now?*

- In the City's December 2007 Community Survey, 80% of residents rated San José's quality of life as good or excellent, up from 79% in 2005. Fully 78% of residents reported being satisfied with the overall quality of the City service, up from 76% in 2005. The next Community Survey will be conducted in December 2009.
- In the City's December 2006 Employee Survey, 85% of employees agreed that the City is a good employer, up from 82% in 2004, and 80% are satisfied with their jobs, up from 78% in 2004. The next Employee Survey will take place in December 2008.
- This budget closes a shortfall of approximately $23 million in 2008-2009, but continuing shortfalls are forecast for each of the next three years given current revenue and expenditure projections. The City has already addressed General Fund shortfalls of $333.0 million and eliminated a net 461 positions since 2002-2003 as balancing actions. For 2007-2008, the City Manager's General Fund Structural Deficit Task Force began to lay a foundation for future efforts to address the General Fund structural deficit by developing a set of strategies for City Council consideration to eliminate the Structural Deficit within three years. Also the City Council approved an initial allocation of funding toward implementation of Governmental Accounting Standards Board (GASB) 43 and 45, the requirement for governmental employers to report liability and funding progress for retiree health benefits. The work on both of these efforts will continue into 2008-2009.

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

- The nationwide housing market has seen a fall in housing prices and an increase in foreclosures, with 4,197 foreclosure filings between June 2006 and June 2007 in Santa Clara County, a 105% increase from the prior year.
- December 2007 marked 39 months of continuous job growth in San José. Also in 2007, the local manufacturing sector tallied a net 2,300-job gain – its largest year-over increase since April 2001. However, January 2008 started off with a seasonal job loss of 13,300 jobs in San José and concerns about continued weakness in the U.S. economy. (EDD) In February and March 2008, employment growth slowed to less than 1%, which is below the prior year level of over 2%.
- Downtown Office Vacancy Rates decreased from 27% in 2006 to 13% in 2007. (Colliersparrish)
- Warehouse Vacancy Rates decreased from 8% in 2006 to 5% in 2007. (Colliersparrish)
- Office Vacancy Rates (city-wide) decreased from 15.61% in 2006 to 14.70% in 2007. (Colliersparrish)
- In 2006, per capita income in the San José area rose 6.1%. San José ranks as the third highest per capita income in the nation $53,533. (Bureau of Economic Analysis)

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

- The continuing economic slowdown reaffirms that finding solutions to eliminate the General Fund Structural Deficit remains a key goal.
- The City Council recently adopted the Green Vision Strategy, with the following three goals: Clean Technology, Sustainability, and Green Mobility.
- Critical capital infrastructure improvements and/or maintenance have been deferred for many years and, as the City Council has directed, the City has begun to develop an infrastructure backlog strategy in conjunction with the Three-Year General Fund Structural Deficit Elimination Plan.
- The Administration will apply efforts towards labor relations and negotiations with the five bargaining units that have contracts expiring in 2008-2009, and the one bargaining unit that expired and began negotiations in 2007-2008, but could not reach an agreement before the end of the fiscal year.

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

- Residents from all over San José continue to partner with the City to work on improving their communities through the Strong Neighborhoods Initiative.
- The City contracts with a broad range of non-profits to provide a variety of core services. These institutions vary in terms of their geographic and sector coverage, clientele, institutional capacity, and revenue model. Budgetary pressures and organizational capacity issues have recently required the City Council and the Administration to create intervention strategies for non-profits in difficulty.

Policy Framework *What policies guide our strategies?*

- City Charter
- City Council Policy Manual
- San José Municipal Code
- Economic Development Strategy
- North San José Development Policy
- Adopted Operating and Capital Budgets
- 2020 General Plan
- Green Vision Strategy
- City-Wide Strong Neighborhoods Initiative
- Airport Master Plan
- Council Priority Setting Process/Strategic Plan
- San José 2002-2010 Consolidated Plan
- Sunshine and Open Government Initiatives
- Wastewater and Storm Water Permits
- Sustainable City Strategy
- Fire Five-Year Strategic Master Plan
- Neighborhood Policing Operations Plan
- Greenprint for Parks and Community Facilities Programs
- San José Public Library Master Plan
- City of San José Traffic Level of Service Policy

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

This section organizes the key goals and objectives of the City Manager's Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

- **Performance Based Budgeting** – This 2008-2009 Adopted Budget reflects the continuing evolution of the City's performance-based budgeting and service delivery framework. In 2005-2006, the transition to a performance-based budget was completed and the budget document is now formally organized around the six CSAs. Staff continues to improve this document and provide information that guides the City Council with resource decisions on levels of service and results that residents can expect from such investment, with a specific focus on eliminating the General Fund structural deficit. Additionally, as directed by the City Council, upon completion of a consultant's evaluation of the City's performance measures, CSAs prepared quarterly reports to City Council Committees on selected performance measures in 2007-2008.

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

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services (Cont'd.)

- **Neighborhoods Commission** – In 2008-2009, the workplan development and implementation of the Neighborhoods Commission will commence on a two year pilot basis. The commission will provide an opportunity for neighborhoods to have a voice on city-wide neighborhood spending priorities and quality of life issues.
- **Neighborhood Priority Setting Session** – January 2008 marked the second year of the Priority Setting Process established by the Mayor. With two sessions completed in 2007, the process began anew in 2008 with the Neighborhood Association Meeting prioritizing the options presented by the Mayor's Budget Shortfall Advisory Committee.
- **The Greenprint Strategy** – This strategy will be updated with a significant community outreach process in 2008-2009, and a final report is scheduled for City Council consideration in fall 2008. This updated strategy will cover parks and community facilities and programs.
- **General Plan 2040 Update** – On June 26, 2007, the City Council approved the initiation of the Envision San José 2040 General Plan Update and established a framework for the creation of a citizen Task Force to guide the preparation of the General Plan Update. Staff will be working on the outreach plan with the Task Force during 2008-2009.
- **Downtown Economic Development Efforts** – San José's Downtown is rapidly evolving into Silicon Valley's City Center with a diverse array of residential, professional, cultural, and recreational opportunities. Downtown housing options continue to grow rapidly with more than 1,200 housing units scheduled to open between 2007 and 2009 and an additional 4,500 units in the planning process. San José is also facilitating expansion of more shops, restaurants, and cafés Downtown, with dozens of amenities opening within the past two years. In addition, the City and San Jose Redevelopment Agency will continue to work with 1st ACT Silicon Valley to advance "Big Deals" and "Small Wonders" that will create attractive gathering spaces, lively street life, and keep people returning to Downtown.
- **Gang Prevention Activity and Services** – In an effort to counter the recent spike in gang-related incidents, the City has taken several actions including increasing funding for the annual Gang Prevention and Intervention Services allocation, stepping up efforts to monitor and provide outreach to probation and parole violators, and opening community centers during non-traditional times (late evenings/weekends). These efforts provide positive alternatives for gang involved youth. At the same time, the City continues to pursue grant funding to lessen the cost of these activities to the General Fund. The Administration will implement a proactive, comprehensive approach to monitor the health of key non-profits and help prevent organizational crises.

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

- **Three-Year General Fund Structural Deficit Elimination Plan** – The City Manager developed a Core Team of staff members to work with a consultant, Management Partners, to analyze top priority strategies identified in the January 2008 Management Partners report "Development of Strategies to Address the City's General Fund Structural Deficit," and other strategies that may emerge from the work of the Stakeholder Group that was appointed by the City Council on April 8, 2008. Members of the Core Team will provide support to the Stakeholder Group as needed. The Stakeholder Group will review potential strategies to eliminate the structural deficit and develop advantages and concerns to be considered in the development of the Three-Year General Fund Structural Deficit Elimination Plan that will be reviewed by City Council in November 2008.

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

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions (Cont'd.)

- **Green Vision Strategy** – The City Council recently adopted the Green Vision Strategy. In 2008-2009, staff will focus on implementing workplan items as approved by the City Council on February 1, 2008. The goal will be to position the City for substantial job growth and economic opportunity for residents as well as make San José a leader in sustainability and conservation.
- **City Council Priority Setting Session** – February 2008 marked the second year of the Priority Setting Session for the Council, with emphasis being placed on eliminating the General Fund structural deficit. The information obtained has been integrated into the 2008-2009 Adopted Operating and Capital Budgets via the Mayor's March Budget Message. The City Council, Council Appointees, and Senior Staff participated in this Session, which continued to provide a unique opportunity to informally discuss issues, trends, and policy priorities prior to budget development.
- **Retiree Healthcare Outreach and Plan Developing** – The implications of the Government Accounting Standards Board (GASB) statements 43 and 45 are a growing concern for the City, as they are for municipalities nationwide. The work completed to date has identified a total liability of approximately $1.4 billion for the City's two retirement plans. Work has begun on this effort by the Retiree Healthcare Task Force and will continue to be a main focus in 2008-2009. The Police and Fire Retirement Plan liability is approximately $813 million and the Federated Retirement System liability is approximately $622 million. In accordance with City Council direction, strategies and concepts will be explored to mitigate the fiscal impact to the City.
- **Public-Private Partnerships** – In 2007-2008, the City Council supported actions to move towards the development of a public-private partnership program. In 2008-2009, staff will provide ongoing support for the development, administration, and evaluation of public/private partnership opportunities.
- **Improve the City's Legislative Objectives** – In 2008-2009, the City will initiate a Request for Proposals process for the services of a federal lobbyist to represent its interests in Washington D.C. and to continue to effectively inform and support the City Council on information occurring at the federal level. Meanwhile, the City will continue to aggressively work with its current federal lobbyists, Patton Boggs, Sacramento representative, and regional partners to focus on advocacy for the City's legislative priorities at a regional, State, and national level.
- **Improve the City's Economic Position** – The City will continue to aggressively implement the strategic initiatives of the Economic Development Strategy (EDS) and various economic development directives. Staff will continue to focus efforts on two initiatives in particular. The first initiative is 1st ACT Silicon Valley a regional web of cross-sector leadership that is creating a movement to strengthen our economic, social, and cultural vitality; fuel an environment where creativity thrives; propel the next wave of innovation; and call leaders into action. The second initiative is BusinessOwnerSpace.com, an initiative that seeks to increase the awareness of small businesses and entrepreneurs of no cost and low cost services available in San José-Silicon Valley.
- **Implement Open Government Initiatives** – The City Council continues to provide direction on how to increase the public's involvement in its public policy or decision making processes, including expanded public access to legislative meetings and public information. During 2007-2008, the City approved the Phase I recommendations of the Sunshine Reforms. These initiatives create new opportunities for public access to information such as development of a stronger Public Records Act Request tracking system, lobbyist reform, campaign finance reform, disclosure of conflicts of interests, revision of the gift ordinance, and other conduct policies. In 2008-2009, the Council, via the Rules and Open Government Committee, will continue to review and make recommendations on implementation of open government initiatives, including consideration of the Sunshine Reform Task Force Phase II recommendations.

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

Outcome 3: Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve it

- **Pacing the Organization** – As the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services and achievements, in an environment of increasing demands and decreasing resources, focusing and pacing the organization has become more and more important in day-to-day operations. During 2008-2009, the City Manager will work with departments to strategically target efforts and resources on City Council and community goals and priorities while challenging the organization to continue to develop new and innovative ways to deliver services, streamline operations, be more efficient, and to reduce redundancies.
- **Increased Communication with the Workforce** – As the Administration continues to focus on complex and challenging topics such as the structural budget deficit and retiree healthcare, it is imperative that communication continues to occur between the City Manager's Office and the employees. This will occur through continued meetings in person with employee groups and increased communication to employees via mail, e-mail, and video.
- **Opportunities for Organizational Transformation** – There is an opportunity and need to start transforming the City organization so that it can thrive in an era of rising service demands and constrained resources. While the City has mechanisms in place to set substantive policy goals, the Administration needs to focus on identifying and addressing issues that affect the ability of the entire City organization to achieve goals in the long-term.
- **Employee Values Project** – Under the sponsorship of the City Manager, the Employee Values Project Team led a process to develop an employee-driven set of values as the Team's 2006 Art and Practice of Leadership class project. These values were discussed and acknowledged by the City Council at the September 2007 Priority Setting Session and have continued to be restated and instilled throughout the City Organization.
- **Workforce Development and Retention** – A key initiative in this area is to develop our own employees to become the City leaders of the future. The City already offers a mentoring program and a leadership and supervision academy for new supervisors, a ten-week class focusing on building leadership and supervisory skills in the areas of corporate priorities, problem solving, communication, and interpersonal skills. Additionally, the City is actively partnering with other local jurisdictions through the Cal-ICMA Two-County Preparing the Next Generation team, local colleges and universities, and related groups such as Work2Future and Junior Achievement Silicon Valley, to cultivate a public sector pipeline of talent. Due to the accelerating number of retirements, San José is currently developing a succession planning strategy to meet the needs of the City's diverse customers and workforce. This strategy will address facilitating the professional development of current staff, the attraction and retention of new staff, and the continuity and creative delivery of top-notch City services.
- **RECOGNIZE!** – In 2008-2009, in collaboration with employees, the City Administration will continue its efforts to make recognition an institutionalized component of the organization. This effort is driven by a multi-departmental team of employees formed in June 2006 to obtain input on what types of recognition employees find meaningful, research current and best practices, review related City policies and regulations, and build a foundation for a sustainable recognition program.
- **Effective Use of Technology** – The City continues to pay particular attention to its use of technology in fostering participatory government, enhancing the efficiency of City staff, and providing helpful, convenient services for the public. One example of this practice is the newly adopted two-year pilot program for the Registration and E-Commerce System (RECS). This system will provide for convenient resident online class registration. Additionally, the ITPB is in the process of revising and re-evaluating its charter, expanding departmental membership, and implementing a city-wide project for information security.

Overview

The City Manager's Office Investment Strategy is designed to contribute to a balanced budget, preserve flexibility to provide support to the Mayor and City Council, lead the organization's service delivery, and position the City Manager's Office to sustain optimum performance with the leadership of the new City Manager. Targeted service reductions were approved to provide expenditure savings, and the City Manager's Office has made every effort to mitigate these to the extent possible.

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

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

Year 1: 2008-2009 – *Planned Service Strategies*

- Implement a reporting structure for the City's Administrative Projects System (CAPS) on a bi-annual basis.
- Update the Greenprint Strategy and implement the Aquatics Pool Repair Project.
- Develop Neighborhood Commission workplan and seek Council consideration.
- Assist and strengthen all communities in San José using the same fundamental principles that guide the Strong Neighborhoods Initiative (SNI).
- Focus resources on Public Outreach and Civic Engagement in the implementation of various Open Government Initiatives.
- Develop a strategic platform to engage non-profit contractors to achieve and sustain a level of performance excellence with respect to their service obligations.

Year 2: 2009-2010 – *Projected Service Strategies*

- Continue Neighborhood Commission implementation.
- Develop a Community Center Re-use Strategy.
- Continue to explore effective methods of applying the SNI model city-wide.

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

Year 1: 2008-2009 – *Planned Service Strategies*

- Continue to implement the City Council three-year goals based on the Priority Setting Process, with special focus on eliminating the structural budget deficit.
- Bring forward a balanced budget for the General Fund and all other funds in the 2008-2009 Adopted Operating and Capital Budgets and 2009-2013 Five-Year Capital Improvement Plan, considering the City Council and community goals for the City.
- Lead the City in the initial implementation of the Green Vision Strategy.
- Continue to issue quarterly Council Referral reports.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions (Cont'd.)

Year 1: 2008-2009 – *Planned Service Strategies (Cont'd.)*

- The base level of investment will continue in intergovernmental relations, with the key focus being advocacy for the City's needs at a regional, State and federal level.
- Continue to support implementation of Open Government Initiatives, including the Sunshine Reform Task Force and approved Reed Reforms.
- Continue to strengthen the City-County Partnership by meeting regularly with the County Executive and supporting meetings between key elected officials.
- Lead the Public-Private Partnership effort by continuing to report on progress to the Rules and Open Government Committee and bringing key partnership actions to the City Council for consideration.
- Assist the City Council to focus on limited resources in highest priority areas by developing a process for evaluating new initiatives in light of existing work commitments.

Year 2: 2009-2010 – *Projected Service Strategies*

- Bring forward a recommended budget balancing strategy for the General Fund and all other funds as part of the 2009-2010 Proposed Operating and Capital Budgets and 2010-2014 Five-Year Capital Improvement Plan, considering the City Council and community goals for the City.
- Continue support and implementation of Open Government Initiatives.
- Continue to strengthen the City-County partnership.
- Continue to provide workplan items on the Green Vision.

Outcome 3: Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve it

Year 1: 2008-2009 – *Planned Service Strategies*

- Continue to strengthen partnerships with the City's employee labor unions.
- Remain closely involved with the Human Resources Department in supporting the existing training programs aimed at succession planning and workforce development.
- Continue to cultivate external partnerships to recruit new employees and focus on leadership development within the existing workforce.

Year 2: 2009-2010 – *Projected Service Strategies*

- Continue to implement succession planning strategies to meet staffing demands.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy

Office of the City Manager

Core Service Purpose

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.

Key Operational Services:

- ❑ Council Relations and Council/ Committee Agenda Support
- ❑ Public Policy Development
- ❑ Intergovernmental Relations
- ❑ Budget

Performance and Resource Overview

The City Manager's Office works to ensure that the City Council can rely on thorough, strategic, and impartial staff work in support of its policy and budget decisions. The Council Relations and Budget staff both focus on those goals to ensure that the City Council has the information it needs to make informed decisions. In addition, Intergovernmental Relations staff assists the City Council in its efforts to influence policy-making and legislation in other government jurisdictions.

The Council Relations staff is charged with various responsibilities that support this Core Service, including:

- Oversight of the policy and administrative agenda support for City Council meetings and standing Council Committees.
- Review of approximately 1,700 City Council reports and 600 Information Memos from departments annually, to ensure that these items are ready for City Council and Committee consideration and review.
- Continued development of the City Manager's weekly reports to inform the Council of current and upcoming activities.
- Direct support for the City Manager's one-on-one Council Member meetings.
- Coordination with the City Council toward the development of Committee workplans on a bi-annual basis.
- Support all Study Sessions held by the City Council.
- Maintenance of City Administrative Project System (CAPS), as well as the Council Referral Database, which track department workplans and referrals.
- Oversight of special projects leading to increased efficiencies to meet this core service, including the Council Priority Setting Session, update of the City Council Policy Manual, and Open Government Reforms.
- Bring forward legislative issues for discussion with City Council and recommend positions and strategies for advocacy at the regional, State, and federal levels.

During 2007-2008, in support of more transparency, the City continued to implement several City Council approved Open Government Reforms addressing specifically the City Council agenda process. These reforms include an early distribution of significant public interest items, uniform structural changes to the report format to include baseline information, and meeting the newly adopted 10-day memorandum distribution rule. These are just a few of the many new initiatives that create new opportunities for public access to information. Staff continues to work with the Sunshine Reform Task Force on other recommendations.

In 2007-2008, the City developed Legislative Guidelines and established Legislative Priorities to better articulate the City's goals. The Legislative Priorities were approved by the City Council and set the actionable priorities of the City of San José, so that legislative performance can be better tracked and reported to the City Council. Developing these priorities will also help the City of San José improve options to access and leverage resources that become available through State and federal funding sources. The City continued to aggressively work with its federal lobbyists, Patton Boggs, Sacramento representative, and regional partners to focus on advocacy for the City's needs on a State and national level.

The Budget Office is responsible for the development and monitoring of the operating and capital budgets for the City of San José. The following major documents are prepared to transmit this information:

- City Manager's Budget Request and Five-Year Forecast and Revenue Projections for the General Fund and Capital Improvement Program
- Proposed Operating and Capital Budgets
- Adopted Operating and Capital Budgets
- Proposed Fees and Charges Report
- Adopted Fees and Charges Report
- Mid-Year Budget Review
- Annual Report
- Monthly Financial Reports
- San José Budgeted Funds Guide

Budget Office staff also analyze the financial implications of items brought forward for City Council consideration, regularly provide analysis for special projects, and review budget-related City Council referrals. Starting in 2005-2006, the Budget Office assumed responsibility for compiling performance measure information for the City that was previously performed by QUEST Partnership staff. This performance information is incorporated into the annual budget process and is used by departmental staff throughout the year to measure progress in meeting performance goals. In 2007-2008, the Budget Office also spearheaded the efforts of various task forces that were convened to help address the structural budget deficit. This effort resulted in a consultant report

by Management Partners that presented options for eliminating the structural budget deficit, a presentation to the Neighborhood Association Meeting in January 2008, as well as the February 2008 City Council/Senior Staff Priority Setting Session. Staff will continue to work on outreach efforts during 2008-2009 with various stakeholders leading up to a Three-Year General Fund Structural Deficit Elimination Plan that will be reviewed by the City Council in November 2008 and subsequently in the 2009-2010 Proposed Budget cycle.

This past year presented complex challenges for the City Council and the Administration. Against the backdrop of another year of declining resources, the City Council demonstrated remarkable leadership in its ability to set policy that preserves the City's core services, respond to residents' needs, and continue to respond to complex and creative issues such as continued labor relations, the Green Vision Strategy, the Citizen Complaint Processes and responding to the media. Recognizing these challenges and continuing to focus on City Council priorities, the Administration will continue to place emphasis on the following:

- Ensure that performance-based budgeting provides meaningful information for making resource decisions;
- Continue to offer the highest level of service with limited resources;
- Improve new technology systems in City Hall and ensure staff is trained on the systems;
- Strengthen public policy analysis and training opportunities for staff and the City Council;
- Improve the quality and timeliness of information and assistance to the City Council; and
- Improve the Public Records Act Request process.

To inform the 2008-2009 Budget development process, the City Council continued to support, as in the previous year, the Neighborhood Priority Setting Session in January 2008, which reconfirmed neighborhood priorities for the budget, as well as a telephone survey that obtained similar information. The information obtained has been integrated into the 2008-2009 Adopted Operating and Capital Budgets via the Mayor's March and June Budget Messages. Additionally, the City Council and management staff held a City Council Priority Setting Session which informed the Mayor's March Budget Message and the budget's development. The result of this session was the reconfirmation of the following three-year goals:

- Regain San José's status as the Safest Big City.
- Eliminate the structural budget deficit.
- Reduce deferred maintenance and the infrastructure backlog and develop a strategy to improve the infrastructure.
- Increase economic vitality.
- Provide full funding for parks, pools, community centers and libraries including maintenance, operation, and development.

Core Service: Analyze, Develop, and Recommend Public Policy

Office of the City Manager

Performance and Resource Overview (Cont'd.)

Analyze, Develop, and Recommend Public Policy Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of variance from budgeted unrestricted ending fund balance for the General Fund	11%	10%	10%	10%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of City Council agenda reports approved	2,000	1,700	2,000	1,700
Number of City Council referrals assigned	129	150	140	150
Number of City-sponsored bills	6	5	5	5
Number of legislative items reviewed	3,300	4,918	4,918	4,500

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Analyze, Develop and Recommend Public Policy Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,690,807	$ 3,775,686	$ 3,913,359	$ 3,913,359	3.6%
Non-Personal/Equipment	318,665	465,610	467,010	467,010	0.3%
Total	**$ 4,009,472**	**$ 4,241,296**	**$ 4,380,369**	**$ 4,380,369**	**3.3%**
Authorized Positions	**29.40**	**27.40**	**27.40**	**27.40**	**0.0%**

* 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 ($)	General Fund ($)
NONE			

Strategic Support CSA

Core Service: Lead and Advance the Organization

Office of the City Manager

Core Service Purpose

Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

Key Operational Services:

- ❑ Leadership Management
- ❑ Employee Relations

Performance and Resource Overview

This core service is a central function of the City Manager's Office that directly guides the organization's ability to effectively implement Council directives. Leadership Management helps establish vision and direction that unites the organization toward a common destination. As significant demands increase in an environment of decreasing resources, it is the responsibility of the City Manager to pace the organization in a way that focuses it on specific goals and priorities while investigating efficiency and streamlining opportunities. Employee Relations supports this important function, as it is responsible for helping to maintain a sound workforce that is focused on encouraging effective employee relations and supporting a positive, productive, and respectful work environment to enhance the City's ability to deliver efficient, quality customer service.

The City Manager's Office is charged with providing comprehensive administrative leadership to the organization in an increasingly challenging and complex environment. This often results in finding unconventional solutions to resolve current day problems such as traffic calming, neighborhood service delivery, library hours, public safety services/planning, and land-use issues. In addition, effective administrative leadership has also helped implement proactive economic development and fiscally sound initiatives. This approach has resulted in remarkable accomplishments and a pattern of performance where the Administration achieves the City Council's goals and priorities. In the past year, effective leadership has resulted in the following outcomes:

- **Successfully Recruited New City Manager and Several Other Key Senior Staff Positions:** In July 2007, the new City Manager began with the City and subsequently filled several key positions within the Administration. This included the Assistant City Manager and a Deputy City Manager position overseeing community and neighborhood development initiatives. Successfully filling these leadership positions has enhanced the City's ability to address challenges and provide effective leadership in policy implementation efforts.
- **Maintained High Credit Ratings:** Each of the three credit rating agencies, Moody's Investor Services, Standard & Poor's, and Fitchratings, confirmed the City's high Aa1/AAA/AA+ bond ratings. These credit ratings, the highest of any large city in California, are a particularly noteworthy achievement given the weak local economy and unpredictable State budget situation over the last several years.

Additionally, the City is committed to remaining an employer of choice by retaining and maintaining a high quality workforce to serve the residents of San José. One important aspect of this goal is to engage employees in the City's vision so that the workforce realizes the significance of its role in helping the City achieve its priorities. The most recent Employee Survey, conducted in December 2006, reported that 76% of employees understand and support the City's vision to be a customer-focused, results-driven organization. The City Administration hopes to increase performance in this area by implementing additional policies and practices, such as the new Integrated Billing System. Also, in keeping with the City's practices to measure our efforts, we continue to use performance measures to track our progress. In the 2006 Employee Survey, 43% of City employees reported that they utilize performance measures to measure results and make improvements. The organization will encourage the increase of this practice by ten percent before the next survey in December 2008.

The City Manager's Office values the contributions of employees and realizes that employees are the greatest resource to attaining the City's vision. The 2006 Employee Survey revealed that 76% of employees agreed that they are provided opportunities to make decisions about how to do their jobs. A key initiative in this core service is to develop employees to become the City's future leaders. The City already offers a leadership and supervision academy for new supervisors, a ten-week class focusing on building leadership and supervisory skills in the areas of corporate priorities, problem solving, communication, and interpersonal skills. During 2008-2009, the City Administration will address key areas that have decreased as reported by the 2006 Employee Survey.

A significant component of maintaining an effective workforce includes encouraging positive working relations with our employees, and the City Manager's Office of Employee Relations helps to facilitate those relations through its workforce partnerships. Working in close partnership with employee representatives from the bargaining units the City successfully concluded another Voluntary Furlough/Voluntary Reduced Workweek program, which contributed to General Fund savings.

Continued interaction on an individual basis with each of the bargaining units has allowed City staff to resolve labor/employment issues at the lowest level possible, while we continue to foster and build positive working relationships. The Office of Employee Relations (OER) demonstrated the effectiveness of the City's working partnerships with the bargaining groups by successfully negotiating multi-year agreements with all but one the City's employee bargaining units that were up for negotiation in 2007-2008, resulting in a vast majority of the City's workforce having current labor agreements. In addition, the Fraud and Audit Whistleblower Hotline, developed to create a safe space for employees to anonymously voice concerns, continues to be a strong tool for employee communication. In an effort to encourage communication and ensure a safe environment for employees, OER holds grievance hearings, operates the Employee Hotline and the Fraud and Audit Whistleblower Hotline, and conducts sexual harassment, discrimination, and other personnel investigations. In addition, OER continued its successful development of employee related policy and enhanced communication of those policies to all City employees.

Performance and Resource Overview (Cont'd.)

The implications of the new Government Accounting Standards Board (GASB) statements 43 and 45 are a growing concern for the City, as they are for municipalities nationwide. The work completed to date has identified a total liability of approximately $1.4 billion for the City's two retirement plans. The Police and Fire Retirement Plan liability is approximately $813 million and the Federated Retirement System liability is approximately $622 million. In accordance with City Council direction, strategies and concepts will be explored to mitigate the fiscal impact to the City.

Lead and Advance the Organization Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization*	76%	76%	76%	76%
% of employees who say they utilize performance measures to track results and make improvements*	45%	53%	43%	53%
% of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs*	76%	76%	76%	76%
% of administrative discrimination, harassment and accessibility complaint investigations resulting in a finding of cause	17%	10%	15%	10%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* Data from 2006 Employee Survey

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of "Step 3" grievances received*	17	15	19	15
Number of training sessions offered by the Office of Employee Relations	70	70	65	70
Number of formal disciplines received	52	50	50	50
Number of external fair employment complaints filed	25	15	20	20

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

* Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Core Service: Lead and Advance the Organization

Office of the City Manager

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,255,323	$ 1,376,888	$ 1,411,673	$ 1,411,673	2.5%
Non-Personal/Equipment	176,217	59,270	97,052	247,052	316.8%
Total	**$ 1,431,540**	**$ 1,436,158**	**$ 1,508,725**	**$ 1,658,725**	**15.5%**
Authorized Positions	**10.15**	**10.15**	**10.15**	**10.15**	**0.0%**

* 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 ($)	General Fund ($)
EMPLOYEES UNDERSTAND, ARE COMMITTED TO, AND ACCOUNTABLE FOR, THE CITY'S VISION, AND HAVE THE CAPACITY TO ACHIEVE IT			
1. Rebudget: Employee Relations Projects		**150,000**	**150,000**
This action rebudgets unexpended 2007-2008 contractual services funds for the Office of Employee Relations to achieve a successful resolution to the negotiations with a collective bargaining unit that began in 2007-2008. The funding will also be used by the Office of Employee Relations to complete special projects. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2008-2009 Adopted Core Service Changes Total	**0.00**	**150,000**	**150,000**

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Core Service Purpose

Provide strategic direction and management for city-wide operations and service delivery.

Key Operational Services:

- ❑ Public Policy Implementation
- ❑ Neighborhood Partnerships/Strong Neighborhoods Initiative
- ❑ Major Capital Project Support
- ❑ Public Education & Community Outreach

Performance and Resource Overview

The City Manager's Office leads and coordinates city-wide service initiatives, provides support to departments and CSAs in their service delivery, and provides outreach and other services directly in support of all of the City's services. The Office must constantly adapt to changing events, service needs, and City Council priorities. The Office's focus is on helping the City organization align to the right priorities, and providing the support it needs to be successful in meeting those priorities.

To that end, the City Manager's Office works closely with departments and CSAs to look at innovative ways to implement public policy and deliver services with limited resources. Below are some of the many noteworthy accomplishments over the past year that resulted from innovative approaches to doing business:

- Approved the Green Vision Strategy
- Developed the Strong Neighborhoods Initiative into a city-wide effort
- Continued to maintain one of the largest Capital Improvement Programs in the City's history
- Continued strong economic development partnerships
- Continued to develop and support the City's Open Government Initiative through the efforts of the Sunshine Reform Task Force
- Expanded the Communications Division to include enhanced city-wide Public Records Management

In accordance with City Council direction, the City implemented the Green Vision Strategy to help ensure a sustainable future for current and future generations through the successful utilization of Clean Technology innovation.

Staff continues to build relationships with residents and develop leaders through support of the Strong Neighborhoods Initiative (SNI). To date, over 120 capital projects have been completed within SNI communities. The City continues to partner with the San Jose Redevelopment Agency to leverage funding to invest toward the advancement of neighborhood projects. Including $23.2 million leveraged in City, grant, and foundational support, San José's SNI areas saw over $75.7

million invested in neighborhood-identified priorities throughout their communities by the end of 2006-2007. These projects, each challenging in their own way, were made possible by the dedication and determination of community members and their City partners.

In addition to the continuing work in SNI, the City continues to manage and implement one of the largest Capital Improvement Programs (CIPs) in the City's history and amongst the largest in the nation. With over 1,000 projects completed over the past five years, the City has enjoyed ground-breakings or ribbon-cuttings virtually every weekend and the track record remains "on-time and on-budget." The City Manager's Office will continue to provide leadership and support through the effective and efficient activities of the CIP Action Team working closely with all City departments. Of particular focus for 2008-2009 is the need to address the escalating costs to deliver capital projects and the need to reevaluate the scope of projects not yet completed. The CIP management effort will include a comprehensive approach toward addressing the City's various infrastructure needs that have been deferred and adjusting the capital improvement projects approved by voters that are no longer feasible in original form, due to escalating construction costs. The CIP is also in the process of identifying alternative funding sources to supplement voter approved projects and minimize reductions.

Staff continues to support the City Council's commitment to improve and promote open, accessible, and inclusive government. Considerable work is underway to address the Open Government measures approved by the City Council and the pending Sunshine Reform Task Force (SRTF) recommendations. The SRTF's remaining Phase I recommendations were approved by the City Council in May 2008. The Task Force also completed its Phase II recommendations and reviewed and approved its final report before the end of 2007-2008. Council will review these in fall 2008. Approved in this budget is the implementation of the Phase I measures to commence at the beginning of 2008-2009, while analysis of the benefits and resource impacts of the Phase II recommendations is prepared for Council consideration. The City Manager's Communications Office will add Planning Commission meetings to the list of public meetings televised on CivicCenterTelevision. The Public Records Manager will lead the City's electronic and paper document retention and management practices. In addition, the Communications Office will continue to coordinate efforts to increase the City's visibility locally, nationally, and internationally.

All of these activities and staff's continuous dedication and support to delivering these services to our residents with high performance and standards can be seen in the last Community Survey, conducted in December 2007, and the results presented to the City Council in April 2008. Overall, the survey results continue to reflect positive perceptions about San José and the services the City provides. Over the seven year period since 2000, while most ratings have either held steady or improved slightly, several areas show a 9% or higher positive increase in perceived satisfaction, including the following:

- Fire Prevention and Protection
- Removing graffiti
- Protecting open space
- Providing Public Library Services
- Providing Services that help seniors live on their own

In this core service, the administration will continue funding for the Building Strong Neighborhoods Pilot Program and Neighborhood Development Center team. As part of the Building Strong Neighborhoods Pilot Program this team is responsible for building and sustaining capable, cohesive, and action-oriented organizations that can effectively partner with City departments to implement neighborhood priorities and improve service delivery. As part of the budget balancing effort, a vacant Senior Executive Analyst position in the Capital Improvement Program has been approved for elimination.

Manage and Coordinate City-Wide Service Delivery Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
% of core services meeting or exceeding levels established by the City Council	68%	70%	68%	70%
% of core services using formal customer feedback mechanisms to make improvements in service delivery	86%	85%	84%	85%
% of core services meeting or exceeding their cycle time targets	49%	60%	62%	60%
% of residents that are satisfied or very satisfied with the quality of City services	75%	76%	78%*	78%
% of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	78%	80%	83%*	83%
% of residents rating the quality of life in San José as good or excellent	73%	79%	80%*	80%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* Results from the 2007 Community Survey

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of contracts/agreements approved	1,207	1,400	1,300	1,300

Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Performance and Resource Overview (Cont'd.)

Manage & Coordinate City-Wide Service Delivery Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,095,815	$ 3,403,273	$ 5,365,198	$ 5,219,575	53.4%
Non-Personal/Equipment	440,119	360,062	267,584	267,584	(25.7%)
Total	**$ 3,535,934**	**$ 3,763,335**	**$ 5,632,782**	**$ 5,487,159**	**45.8%**
Authorized Positions	**44.45**	**49.45**	**45.45**	**48.45**	**(2.0%)**

* 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 ($)	General Fund ($)
THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS			
1. City Manager Analytical Staffing	**(1.00)**	**(145,623)**	**(145,623)**

This action eliminates a vacant Senior Executive Analyst position in the Capital Improvements Program (CIP). The position was responsible for reporting on CIP projects and has been vacant since February 2008. Elimination of this position will continue current lower staffing levels, and remaining staff will continue to absorb the duties of the position as much as possible. (Ongoing savings: $145,629)

Performance Results:
Cycle Time, Quality This action may result in reduced reporting frequency on CIP projects.

2. Strong Neighborhoods Initiative Community Coordinator Staffing		**0**	**0**

This action maintains three Community Coordinator positions by using funding appropriated from the Neighborhood Investment Fund Reserve (the current balance is approximately $4 million) for two years to fund these positions. This will result in a modest amount of funds being reduced from the reserve, but will sustain the staff through 2009-2010. In 2010-2011, a new funding source will need to be identified to continue these positions or they will need to be eliminated. (Ongoing costs: $0)

Performance Results:
Cost This action maintains current service levels without impacting the General Fund.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS (CONT'D.)			
3. Strong Neighborhoods Initiative (Expanded)	**4.00**	**0**	**0**

This action continues temporary positions through June 2009 to support the Building Strong Neighborhoods Pilot Program and Neighborhood Development Center (NDC) team. The team includes a 1.0 Community Services Supervisor position, 2.0 Community Coordinator positions, and a 1.0 Analyst II position. This team is responsible for building and sustaining capable, cohesive, and action-oriented organizations that can effectively partner with City departments to implement neighborhood priorities and improve service delivery. The funding for these positions appears in the City-Wide Expenses section of this document. (Ongoing costs: $0)

Performance Results:
Cycle Time This action furthers the expansion of SNI city-wide without impacting existing workload.

2008-2009 Adopted Core Service Changes Total	**3.00**	**(145,623)**	**(145,623)**

Strategic Support CSA

Strategic Support
Office of the City Manager

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

- ❑ Clerical Support
- ❑ Financial Management

Performance and Resource Overview

The strategic support functions of the Office are essential to the successful provision of the other core services in the City Manager's Office, duties that fall within this core service include support to Administration, city-wide special projects, and fiscal management of accounts payable and receivable. Workloads affiliated with this core service have been impacted over the course of the past few years as the responsibilities assigned to these positions have increased to enable support to various divisions within the City Manager's Office, such as Economic Development and the Strong Neighborhoods Initiative, as overall staffing has declined.

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 111,140	$ 495,828	$ 709,671	$ 709,671	43.1%
Non-Personal/Equipment	19,087	132,184	182,844	182,844	38.3%
Total	**$ 130,227**	**$ 628,012**	**$ 892,515**	**$ 892,515**	**42.1%**
Authorized Positions	**3.00**	**3.00**	**3.00**	**3.00**	**0.0%**

* 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 ($)	General Fund ($)
NONE			

Strategic Support CSA

City-Wide Expenses

Overview

The Strategic Support Program includes funding to design, build, and maintain City facilities, manage the City's financial and technology systems, and ensure the City has qualified, well-trained employees to deliver quality services.

Budget Summary

City-Wide Expenses Resource Summary*	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Strategic Support	$ 44,822,497	$ 76,718,877	$ 42,075,728	$ 69,557,067	(9.3%)
Total	**$ 44,822,497**	**$ 76,718,877**	**$ 42,075,728**	**$ 69,557,067**	**(9.3%)**
Authorized Positions	**0.00**	**0.00**	**0.00**	**0.00**	**0.0%**

* For a complete listing of allocations for the Strategic Support Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
1. Alliance for Innovation Transforming Local Government		**7,500**

This action adds ongoing funding for the Alliance for Innovation Transforming Local Government membership fees. The Alliance is a broad coalition of cities and counties in partnership with the International City/County Management Association and Arizona State University who are committed to promoting excellence in local governments. (Ongoing costs: $7,500)

2. City Outreach and Education Efforts		**(53,125)**

This action reduces the City Manager's Office city-wide appropriation by $53,125 for two years (to $99,875) and restores full funding in 2010-2011. This action uses a rebudget of the current fund balance to sustain ongoing communication efforts, including publication of CityLine, Inside San José, Closed Captioning for CivicCenter Television, and other advertising and promotions, over the next two years. The existing fund balance will be drawn down, reducing the City's ability to respond to unanticipated communication and outreach needs over the next two years. (Ongoing savings: $53,125)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
3. City-Owned Property Database		**100,000**
This action provides one-time funding of $100,000 to further the development of an asset management system which will allow for the review of all aspects of any property, including unique site characteristics and maintenance responsibilities. The details of the system implementation remain uncertain at this time, as the benefits of a city-owned and maintained system will need to be measured against the benefits of contracting this service out. It is anticipated that once this project is complete, the City will be able to more easily identify surplus property that can be sold or leased for one-time or ongoing revenue. (Ongoing costs: $0)		
4. Community Translation/Interpretation and Meeting Spaces		**50,000**
As directed in the Mayor's June Budget Message, one-time funding of $50,000 was approved to ensure there are sufficient resources available to serve the City's diverse community with translation and/or interpretation services and meeting spaces. (Ongoing costs: $0) (Final Budget Modification)		
5. ICMA Performance Measurement		**(5,000)**
This action eliminates the City's membership in the International City/County Management Association (ICMA) Center for Performance Measurement (CPM) on an ongoing basis. The City's membership in ICMA's CPM was valuable as a performance measurement program during the stages of development. Now that the City's performance measurement initiative is integrated throughout the organization, the benefits of CPM membership have diminished. Additionally, this action creates capacity for analytical staff to focus on more core functions, as staff coordinators in key departments previously dedicated their time to calculating and entering data for CPM's annual benchmarking document. (Ongoing savings: $5,000)		
6. Management Training		**50,000**
This action provides one-time funding for materials and contractual services to provide management and leadership training and coaching for Fire Department Deputy Chiefs and Battalion Chiefs. With over 100 sworn personnel eligible to retire in the next year alone, succession planning is key to maintaining effective organizational and operational leadership with anticipated turnover throughout the Department's management ranks. This leadership training program will provide Fire's managers and line supervisors with tools to enhance their leadership and managerial skills. (Ongoing costs: $0)		

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
7. Optimization and Service Delivery Model Reviews		**350,000**

In response to the Mayor's 2008 March Budget Message to develop a plan to eliminate the General Fund structural deficit in three years, this action provides one-time funding to assist the City in reviewing its operations to determine which services can be transformed to new service delivery models. According to the 2008 Community Budget Survey, the great majority of respondents prefer changing modes of service delivery as an approach to eliminating the deficit rather than raising revenue or reducing services. The City Council directed that the structural budget deficit be addressed over three years with three parallel approaches: 1/3 revenue strategies, 1/3 service reductions and 1/3 cost savings (service delivery model changes/expenditure controls and shifts). Some of the areas to be evaluated will include increased use of civilian positions in Police and Fire; delivery of the school crossing guard program; In-Classroom programs such as Challenges and Choices; and a review of the Competition Policy for service delivery. (Ongoing costs: $0)

8. Public Works Standard Plans and Specifications		**200,000**

This action provides one-time funding in the amount of $200,000 to complete an update to the City's Public Works standard plans and specifications. This action will bring the total funding available for the update to $550,000, as $350,000 was added in 2007-2008 for this project. Providing up-to-date plans and specifications is a standard service that cities provide to their staff, construction companies, consultants, and private developers. The last update was completed in 1992, which has caused staff to devote a significant amount of time to develop "workaround" strategies when existing plans and specifications are no longer applicable. The completion of this project will result in fewer contractor claims and better project bids, alignment with the latest statutes, codes, regulations, San José's Green Vision, as well as capital project cost savings through the elimination of staff time spent preparing special provisions, and resolving disputes. It is expected that the cost of this update will be repaid to the General Fund by the Public Works Program Support Fund and the Public Works Development Fee Program ($100,000 per year, plus interest, through 2012-2013, with $50,000 plus interest being repaid in 2013-2014). (Ongoing costs: $0)

9. Retiree Healthcare (GASB) Team		**150,000**

This action provides additional one-time funding to support the Retiree Healthcare (GASB) Team. As directed in the Mayor's 2008 March Budget Message, this funding is necessary to continue stakeholder outreach and to research alternatives to mitigate the unfunded liability to retiree healthcare, plan design, healthcare consultation, and total healthcare management initiatives (e.g., wellness/health promotions, condition management and care coordination). (Ongoing costs: $0)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
10. Sunshine Reform		**235,000**

This action adds one-time funding for continued support of the Sunshine Reform Task Force (SRTF). Additional funding is necessary for the Project Manager, Support Staff, and Administrative Support for Agenda Services in the Clerk's Office; and digital recording systems. While the SRTF will complete its work in 2007-2008, continuing work is required to implement the Phase I proposals, as well as to analyze and cost out Phase II proposals for consideration by the Rules and Open Government Committee and the City Council. The Rules Committee has recommended extending the audio recording of a pool of five digital recording systems for use in audio recording all Commission, Committees, and Advisory Boards. (Ongoing costs: $0)

11. Technology Maintenance Backlog: Desktop Computer and Server Replacement		**653,000**

Total funding of $653,000 ($553,000 for desktop computer replacements and $100,000 for server replacements) was approved in response to the Unmet/Deferred Maintenance and Infrastructure Backlog Reserve Recommendations memorandum presented to City Council in May 2008. This funding will replace desktop computers that are obsolete and no longer supported by its providers. Additionally, these resources will replace older legacy servers with hardware that increases server virtualization. City server management efficiency should increase. This action addresses 5% of the infrastructure backlog in this area. (Ongoing costs: $0) (Final Budget Modification)

12. Three-Year General Fund Structural Deficit Elimination Plan/Outreach		**175,000**

This action provides one-time funding to support the development and implementation of a Three-Year General Fund Structural Deficit Elimination Plan as well as stakeholder outreach efforts as directed in the Mayor's 2008 March Budget Message. The Structural Deficit Elimination Plan will be developed over the next six months, with planning targets to be achieved over three years in the following areas: 1) revenue strategies (including economic development); 2) service reductions; and 3) cost savings (service delivery model changes/expenditures controls and shifts). The stakeholder engagement process will include developing advantages and concerns for items under consideration by the City Council and providing additional ideas for solving the structural deficit. Following conclusion of the stakeholder meetings, stakeholder feedback will be provided to the City Council in November 2008 to consider when they review the Three-Year General Fund Structural Deficit Elimination Plan. (Ongoing costs: $0)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
13. Miscellaneous Rebudgets		**25,568,964**

The rebudget of unexpended 2007-2008 funds will allow for the completion of the projects in 2008-2009 listed below. (Ongoing costs: $0) (Final Budget Modification)

Annual Audit	200,000
Annual City of San José Volunteer Celebration	10,000
Arena Community Fund	202,813
Arts Stabilization Flexible Fund	200,000
Arts Stabilization Loan Fund	1,707,412
Assistant City Clerk Recruitment	8,449
City Manager Special Projects	400,000
City Outreach and Education Efforts	175,600
City-Wide Broadband Network	50,000
Civil Service Commission	4,507
Computer Systems Master Plan	119,144
Council Member Transition Funds	37,877
Elections Commission	15,113
Elections Commission Audit	20,000
Employee Recognition Program	46,000
Employee Suggestion Awards	50,000
Enterprise Content Management System	422,730
General Liability Claims	8,050,000
Government Access – Capital Expenditures	179,000
Information Security/Network Architecture Audits	250,240
Information Technology Business Applications Support	650,000
Information Technology Electronic Content Management System	1,100,000
Information Technology Test Lab and Inventory Management System	501,508
Innovation Program	100,000
Management Training	25,700
Mayor and City Council Travel	8,816
Old City Hall Remaining System Migration Study	53,748
Pandemic Flu Planning	143,000
Payroll/Human Resources Project	170,913
Public, Educational and Government (PEG) Access Facilities – Capital	1,398,000
Public, Educational and Government (PEG) Access Facilities – Operations	1,749,750
Public Works Standard Plans and Specifications	60,000
Retiree Healthcare (GASB) Team	100,000
Senior Staff Home Loan Assistance	2,000,000
Sick Leave Payments Upon Retirement	4,572,000
Sunshine Reform	50,250
Workers' Compensation Gainsharing Program	736,394

2008-2009 Adopted Program Changes Total	**0.00**	**27,481,339**

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves *Strategic Support CSA* Resource Summary*	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Capital Contributions	$ 5,033,095	$ 7,096,718	$ 1,517,000	$ 6,700,749	(5.6%)
Transfers to Other Funds	20,805,562	20,481,800	22,588,000	22,907,000	11.8%
Earmarked Reserves	N/A	69,156,221	22,422,000	55,165,618	(20.2%)
Contingency Reserve	N/A	29,138,799	28,494,000	30,294,000	4.0%
Total	**$ 25,838,657**	**$ 125,873,538**	**$ 75,021,000**	**$ 115,067,367**	**(8.6%)**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

* For a complete listing of allocations for the Capital Contributions, Transfers to Other Funds, and Earmarked Reserves Programs for the Strategic Support CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
1. Capital Contributions: Central Service Yard-Phase I Debt Service Payments Funding Shift		**(877,000)**

This action shifts, for two years, the General Fund payment for debt service payments for the Central Service Yard, Phase I to the Service Yards Construction and Conveyance Tax Fund in the Service Yards Capital Program. In 2008-2009 and 2009-2010, it is projected that there are sufficient resources in the Service Yards Construction and Conveyance Tax Fund to absorb this reallocation with no project impacts. (Ongoing savings: $877,000)

2. Capital Contributions: Building Facilities Maintenance Backlog: UPS System, PAB Chiller, Police Special Operations Unit Motors		**2,717,000**

This action establishes one-time funding in the amount of $2,717,000 to replace the primary backup system for the 9-1-1 Communications Center in the event of a power failure. The current system is past the manufacturer's useful life and was identified as critical to ensuring power is provided to the 9-1-1 bridge during a power failure. A portion of the funds ($920,000) will be reimbursed by the Emergency Communications System Support Fee Fund. (Ongoing costs: $0) (Final Budget Modification)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
3. Capital Contributions: Rebudget of 2007-2008 Projects		**3,343,749**

This action provides for the rebudgeting of funding for completion of capital projects authorized in 2007-2008. Major projects in the Strategic Support CSA include Martin Park Landfill ($1,445,000), Watson Planning, Remediation and Contingency ($586,000), Arena Repairs ($547,000), and Animal Shelter ($284,000). (Ongoing costs: $0) (Final Budget Modification)

4. Transfers to Other Funds: Diesel-Powered Vehicles - Retrofit		**319,000**

This action establishes a Transfer to the Vehicle Maintenance and Operations Fund for the retrofit of diesel powered vehicles. State regulations necessitate the City to replace up to 60% of the City's diesel-powered vehicles by December 31, 2009 with vehicles that comply with Best Available Control Technology in order to remain in compliance with State regulations. The estimated cost for the General Fund vehicles was established as part of the Forecast Base Budget. (Ongoing costs: $319,000)

5. Earmarked Reserves: Salary and Benefit Reserve - Pension Obligation Bonds/Prepayment of Annual Employer Retirement Contributions		**0**

This action will implement financing strategies that generate ongoing city-wide savings. These strategies include the issuance of Pension Obligation Bonds (POBs) for the Federated Retirement Plan and the pre-payment of employer retirement contributions for both the Federated and Police and Fire Retirement Plans.

Currently, the Federated Retirement Plan's assumed annual investment rate of return is higher than the POBs borrowing rate. For this reason, the City is considering an option to finance a portion of the unfunded accrued actuarial liability (UAAL) through issuance of taxable POBs. The current UAAL for pension benefits is 82.7% funded. With the issuance of approximately $150.0 million in POBs, this action could raise the Federated Plan's funding level to 90%. In addition, both retirement plans earn significantly more on their investment assets than the City's investment pool, it was approved that the City consider prepaying its full annual employer retirement contribution at the beginning of the year. In return, the City would expect a reduction in the annual contribution amount, which would in turn, lower the City's retirement cost.

Due to estimated ongoing costs of approximately $215,000, net savings of at least $1.5 million annually are expected as a result of these actions. These costs, which will require further analysis, include staffing, supplies and materials, and contractual services. The Finance Department is actively pursuing these options and these proposals are currently being discussed with the Three-Year General Fund Structural Deficit Plan stakeholder group process. To allow time for implementation of these strategies and approval by the retirement boards of the necessary lower City contribution rates, the estimated savings have been assumed in 2009-2010 rather than 2008-2009. (Ongoing savings: $1,500,000)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
6. Earmarked Reserves: Future Capital Projects (FF&E) - Fire Station 37 – Willow Glen		**(800,000)**
This action will liquidate a portion of the Future Capital Projects (FF&E) Earmarked Reserve to offset the construction of Fire Station 37 – Willow Glen, a capital project in the Public Safety section of this document. (Ongoing savings: $0) (Final Budget Modification)		
7. Earmarked Reserves: Salary and Benefit Reserve - Revised Police/Fire Retirement Employer Contribution Rates		**(435,240)**
This action will liquidate a portion of the Salary and Benefit Earmarked Reserve to offset the increased retirement rates for the Police and Fire Retirement Fund. Subsequent to the release of the 2008-2009 Proposed Budget, the Police/Fire Retirement Board approved retirement rates for the retiree health that were higher than what was included in the Police and Fire Departments personal services base budgets. (Ongoing savings: $435,240) (Final Budget Modification)		
8. Earmarked Reserves: Computer and Equipment Reserves Elimination		**(350,000)**
This action liquidates the Earmarked Reserves for Computer ($250,000) and Equipment ($100,000) purchases as established in the 2008-2009 General Fund Forecast Base Budget. These funds were approved to be liquidated and allocated to equipment and computer purchases in the General Fund in various departments. (Ongoing savings: $0)		
9. Earmarked Reserves: Diesel-Powered Vehicles Retrofit Reserve Elimination		**(319,000)**
This action liquidates the Earmarked Reserve for Diesel-Powered Vehicles Retrofit as established in the 2008-2009 General Fund Forecast Base Budget. These funds were approved to be liquidated and allocated in the Transfers section for the General Services Department to replace up to 60% of the City's diesel-powered vehicles by December 31, 2009 with vehicles that comply with Best Available Control Technology to remain in compliance with State regulations. (Ongoing savings: $0)		
10. Earmarked Reserves: Salary and Benefit Reserve - Voluntary Furlough and Special Reduced Work Week		**(300,000)**
This action reduces the Salary and Benefit Earmarked Reserve on an ongoing basis to reflect the savings expected to result from a voluntary furlough and special reduced work week program for employees in 2008-2009. Implementation of this program for a fifth year in a row is subject to the meet and confer process with the City's bargaining units. In order to minimize impacts to City operations and service levels, the programs will again not result in a city-wide closure, but will be implemented having employees schedule unpaid time off at some point during the fiscal year. (Ongoing savings: $300,000)		

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
11. Earmarked Reserves: GASB 43/45 Liability (Retiree Healthcare) Reserve		**1,869,725**

This action provides ongoing funding to continue an initial investment to begin to address the long-term liability of "Other Post Employment Benefits" that are provided by the City, such as retiree health benefits. The General Fund's share of this contribution is $1.5 million. Two recent Governmental Accounting Standards Board (GASB) accounting statements (number 43 and 45) require these changes in accounting and external reporting. Actuarial studies have been completed on the City's two retirement plans, Federated and Police and Fire, to calculate the liability under these new accounting standards. Based on the most recent analysis, the total liability could be as high as $21.6 million annually for the City's General Fund share of the costs (approximately $28 million all funds) associated with post-employment benefits. Contributions for retiree medicare benefits are made by the City and the employees in a one-to-one ratio (50/50 split) and contributions for dental benefits are made in an eight-to-three ratio. (Ongoing costs: $1,869,725)

12. Earmarked Reserves: Rebudgets		**33,078,133**

This action provides for the rebudgeting of unexpended 2007-2008 funding from various Earmarked Reserves listed below. (Ongoing costs: $0) (Final Budget Modification)

Airport Police and Fire Services	353,129
Economic Uncertainty	10,000,000
Future Capital Projects (FF&E)	5,107,080
Fuel Usage	350,000
GASB 43/45 Liability (Retiree Healthcare)	2,000,000
Salary and Benefit	4,962,500
Wellness	305,424
Workers' Compensation/General Liability	10,000,000

13. Contingency Reserve: Rebudget		**1,800,000**

This action rebudgets unused 2007-2008 funding included in the General Fund Contingency Reserve. (Ongoing costs: $0) (Final Budget Modification)

2008-2009 Adopted Program Changes Total	**0.00**	**40,046,367**