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## Overview

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San José's 2009-2010 Proposed Operating and Capital Budgets total \$2.6 billion and represent the City Manager's proposed financial plan for the upcoming year. The General Fund portion of the budget totals \$881 million.

The budget was developed during a period of extraordinary economic turmoil. Because of the profoundly declining economy, the Proposed Budget reflects a significant reduction in projected revenues, and in turn a much higher budget shortfall for 2009-2010. Substantial General Fund deficits are projected over the next five years, even with a modest economic recovery. These projected shortfalls do not take into account any potential actions from the State that could negatively impact the City's finances, or the City's almost \$500 million in unmet/deferred maintenance and infrastructure needs. As a result, the Administration focused on ongoing solutions and did not rely on short-term fixes in hopes that the economic recovery would eliminate the need for further cuts.

In the General Fund, a budget gap of \$84.2 million would be addressed through additional funding sources of \$35.4 million and expenditure reductions of \$48.8 million. Ongoing solutions would close almost 97% of the budget gap. A combination of strategies was used, including: 1) service reductions and eliminations; 2) cost savings and new service delivery models; 3) revenue increases, funding shifts, and the use of reserves; and 4) management restructuring to flatten the organization. The difficulties facing the City in balancing this budget are being felt throughout the public and private sectors as organizations calibrate their operations based on the current fiscal reality. While these recommendations are difficult, placed against the larger context of an enduring structural deficit and seven years of significant budget reductions, this Proposed Budget represents the Administration's best professional judgment.

The Mayor and City Council, who are responsible for adopting the final budget for the City of San José, will hold a series of City Council Budget Study Sessions in May to analyze the many difficult proposals set forth in this budget and to solicit input from the community. In June, the Mayor and City Council will adopt the final budget, incorporating any changes resulting from that review.

This document contains a brief and high-level overview of the 2009-2010 Proposed Operating Budget and is organized in the following sections:

- Proposed General Fund Budget Actions by City Service Area
- Use of Reserves and Fund Balance/Funding Shifts/Increased Revenues
- Delay Capital Facility Openings
- Key Actions in Other Funds
- Position Impacts – All Funds
- Proposed Budget Timeline
- Tier 2 General Fund Budget Proposals

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## Proposed General Fund Budget Actions by City Service Area

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Although every effort was made to preserve critical and priority services, the current budget deficit and economic climate required difficult decisions, resulting in reductions in staff, services and programs. The following section highlights some of the more significant General Fund proposals, including reduced and eliminated programs, service-delivery model changes, cost efficiencies, and expenditure savings.

### NEIGHBORHOOD SERVICES CSA

#### Libraries, Parks and Community Centers

- Reduce hours at most branch libraries by an average of 13 hours per week, from 47 to 34 hours per week. This would eliminate 26.66 positions. Tully Branch which would change from 51 to 38 hours per week until August 2010, when the Seven Trees Library opens and Tully would return to standard branch hours. (\$2.0 million)
- Implement a “Revolving Library Collection” concept that allows the most popular reading materials (fiction books, picture books, and easy reader books) to be shelved at whichever branch they are returned to rather than processing them to send back to their original location. This would eliminate 4.1 positions. (\$273,000)
- Decrease system-wide Library support service levels for material sorting, computer repair, and other administrative support, eliminating 3 positions. (\$192,000)
- Reduce services and hours provided in Dr. Martin Luther King Jr. Library General Collections, Borrower Services, Teen Services and Children’s Room, including the elimination of 2.5 positions. (\$186,000)
- Eliminate the Park Ranger Program for the City’s nine regional parks beginning in October 2009. This would include the elimination of 22.18 positions. One-time funding proposed in the Capital Improvement Program (\$150,000) would provide for signage and phones in parks to address safety issues. (savings of \$1.4 million in 2009-2010; \$1.8 million in 2010-2011)
- Close six community centers beginning in January 2010, eliminating 23.04 positions. The centers are: St. James Senior Center, Hank Lopez Community Center, Northside Community Center, Alma Community Center, Los Paseos Youth Center, and Capitol Park/Goss Neighborhood Center. (\$671,000 in 2009-2010; \$1.3 million in 2010-2011)
- Close Alum Rock, Almaden Lake, Emma Prusch and Overfelt regional parks on Mondays, the slowest day of the week, and reduce maintenance at Guadalupe River Park & Gardens, and Municipal Rose Garden. This action would eliminate 3.96 positions. (\$264,000)
- Eliminate dedicated maintenance staff for PAL Stadium (1 position) and add to maintenance cycle of other City sports fields. (\$72,000)
- Eliminate maintenance of decorative fountains (1 position) excluding interactive water features such as Plaza de Cesar Chavez. (\$65,000)
- Add 32.72 net new positions for Happy Hollow Park and Zoo. Also included is a deferral of the opening date from September 2009 to March 2010, and a proposal to outsource food, beverage, and retail services at the park.

#### Other Community Services and Programs

- Eliminate funding for Level 1 Homework Centers starting in 2010-2011, eliminating 1 position, and shift resulting savings in the Healthy Neighborhoods Venture Fund to the General Fund. (\$1.5 million)
- Restructure management and administrative staff to achieve a flattening of the organization in the Parks, Recreation and Neighborhood Services Department. This action eliminates 10 positions. (\$1.0 million)

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### NEIGHBORHOOD SERVICES CSA (CONT'D.)

- Reduce civic grounds maintenance – branch libraries, old City Hall, Police and Fire buildings, service yards, Animal Care Center, eliminating 2 positions. (\$149,000)
- Eliminate a Senior Therapeutic Treatment Specialist position at Grace Community Center. (\$104,000)
- Reduce Office on Aging staffing (1 position) and telephone helpline. (\$75,000)
- Eliminate proactive code enforcement in non-SNI areas, eliminating 2 of 6 Code Enforcement positions and 1 Code Enforcement Supervisor, partially funded by Code Enforcement fees. (\$315,000)
- Reduce Animal Care & Services staff (2.75 positions), impacting timeliness of response to lower priority calls. (\$232,000)
- Restructure Administrative support for the Homework Center and San José After School Programs due to efficiency gains that reduce the need for centralized administrative duties for these programs, including the elimination of 4.5 positions. (\$370,000 All Funds; \$176,000 General Fund)
- Reduce Municipal Golf Course Subsidy from \$1.3 million to \$1.0 million. (\$300,000)
- Add funding for Mariachi Festival outreach and marketing. (\$50,000)

### PUBLIC SAFETY CSA

#### Fire Services

- Eliminate a Fire engine company at Station 30 (Auzerais), including elimination of 13 positions (3 Fire Captains, 3 Fire Engineers, and 7 Fire Fighters) and associated overtime, and non-personal/equipment as of August 2009. (\$2.2 million)
- Temporarily deactivate a Fire engine company at Station 33 (Communications Hill). (\$1.7 million)
- Reduce the Fire Department support paramedics from 147 to 50 in 2009-2010, and to 10 in 2010-2011. (\$476,000)
- Eliminate 3 Fire Administrative and IT support staff, and manage civilian overtime. (\$318,000)
- Reduce from three to two front-line apparatus at Fire Station 20 (Airport), eliminate 6 positions (3 Fire Engineers and 3 Fire Fighters) effective January 2010, and reduce Airport reimbursement to the General Fund for these positions. (General Fund loss: \$236,000)
- Eliminate 1 of 7 administrative Battalion Chiefs and consolidate management of Fire Communications and Company Stores. (\$230,000)
- Eliminate one Arson Investigator, maintaining one Captain and three Investigators. (\$170,000)
- Eliminate 1 of 4 Fire Deputy Chiefs and realign management of the Bureau of Field Operations. (\$155,000)
- Eliminate the Fire Citizen CPR Training Program. (\$55,000)
- Consolidate the Office of Emergency Services into the Fire Department and eliminate one Administrative Officer position. (\$125,000)
- Convert a Fire Urban Search and Rescue (USAR) Company to a truck company. (\$97,000)
- Create efficiencies in Wildland Fire Patrol deployment. (\$50,000)

#### Police Services

- Eliminate the Police Sworn Hire Ahead Program, offset by a lower vacancy rate. (\$3.0 million) To help mitigate the impact, the use of 2008-2009 expenditure savings of \$500,000 is proposed.

## City of San José 2009-2010 Proposed Operating Budget Summary

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### **PUBLIC SAFETY CSA (CONT'D.)**

- Defer the addition of 25 Police Officers that was assumed in 2010-2014 Forecast. (\$1.8 million). Alternatively, in an effort to achieve the City Council goal to add sworn officers, the Police Department applied for 25 grant-funded Police Officer positions through the Federal COPS Hiring Recovery Program.
- Eliminate 9 vacant Police Officer positions supporting swing shift patrol functions Citywide, effective July 2009. Redeployment of 3 Officer positions from lower priority functions to patrol functions (2 from the Crime Prevention Unit and 1 from the Reserve Unit) would slightly mitigate the impacts of this proposal. (\$1.1 million)
- Eliminate the Police Horse Mounted Unit. This action eliminates a total of 10 positions including 1 filled Sergeant, 6 filled and 2 vacant Police Officers, and 1.0 filled Maintenance Worker II, and related non-personal costs. Vacant positions would be eliminated in July 2009 and filled positions in January 2010. (\$1.1 million).
- Eliminate the Police Performance Analysis Detail, including eliminating 1 Lieutenant and 2 Sergeants in August 2009 and 2 additional Sergeants in September 2009, based on attrition. (\$830,000) Proposed one-time funding of \$300,000, as a City-Wide expenses appropriation, for Police audits/optimization efforts would partially mitigate this reduction.
- Eliminate 1 of 7 Traffic Enforcement Teams, including 1 Sergeant and 4 Police Officers, based on attrition. (\$791,000)
- Reduce hours of operations at the Police Administration Building, from 6 a.m. to midnight daily to 8 a.m. to 7 p.m. daily. This would include eliminating 1 Sergeant and 4 Police Officers, based on attrition. (\$726,000)
- Eliminate 6 Crime Prevention Specialists and redeploy a Sergeant back to patrol functions in 2010-2011. This would phase out the Crime Prevention programs (Neighborhood Watch, Business Watch, parent workshops, child safety classes, Child Car Seat, Crime Stoppers, Drug Awareness, Junior Crime Busters, SAVE) by 2010-2011. (\$646,000 in 2010-2011)
- Defer opening of the Police Substation from fall 2010 to March 2011. This deferral would achieve savings in facility operating and maintenance costs, projected at \$2.4 million annually. (\$627,000 in 2009-2010)
- Eliminate 4.5 Police Data Specialists that have been vacant on average nine months. (\$361,000)
- Eliminate 3 Police Officer positions assigned to the Airport, effective July 2009, and reduce Airport reimbursement to the General Fund for these positions. These employees would be reassigned to vacant positions within the Department. (General Fund loss: \$272,000)
- Eliminate 2 Police Officer positions in the Canine Unit vacant since 2004-2005. (\$243,000)
- Eliminate vacant crossing guard positions while maintaining current level of service. (\$109,000)
- Implement Police management efficiencies in 2010-2011. (\$250,000)
- Eliminate Police Field Training Officers premium pay for pay periods between recruit classes when training is inactive and no trainees are assigned. (\$137,000)
- Create Public Safety Radio Dispatcher and Communications Specialist Recruit classifications, which would be applicable during the Police Communications Academy. (\$118,000)
- Add funding to continue ongoing efforts for Public Safety recruiting as directed in the 2009-2010 Mayor's March Budget Message. (\$75,000)

## **TRANSPORTATION AND AVIATION SERVICES CSA**

### **Airport**

Additional significant impacts to the Transportation and Aviation CSA related to the Airport are listed in the “Other Funds” section at the end of this document.

### **Transportation**

- Reduce street landscape maintenance and focus remaining resources on weed abatement and litter pick-up, includes elimination of 9 of 15 positions. (\$1.0 million)
- Reduce non-mandated traffic calming, including reducing staff from 4.5 to 1.5 positions. (\$352,000)
- Reduce Non-Personal/Equipment funding, negatively impacting the number of roadway markings refreshed, response times to streetlight repairs, and departmental training and supplies purchases. (\$230,000)
- Reduce Transportation Downtown Events Management Team from 4 to 2 positions. (\$206,000)
- Eliminate funding set aside for the maintenance of new transportation assets. (\$204,000)
- Reduce City Hall parking garage operations. This action would close the City Hall garage three hours earlier at 8 p.m., and reduce contractual services at the employee parking garage. (\$120,000)
- Achieve cost savings through streetlight electricity efficiencies, including converting LED lights in North San José, converting streetlights to LED with stimulus funds, and replacing streetlights that have burned out with lower wattage bulbs. (\$110,000)
- Add funding for maintenance of transportation infrastructure from County pocket annexations (\$116,000). This figure is well below the \$298,000 set aside in the 2010-2014 Forecast.
- Continue funding for 1.0 Maintenance Worker (reimbursed by the RDA) for blight abatement. (\$87,000)
- Continue Our City Forest Grant match, for final year of 3-year grant. (\$120,000)

## **COMMUNITY AND ECONOMIC DEVELOPMENT CSA**

### **Development Fee Programs and Long-Range Planning**

- Building Fee Program -- Eliminate 30.35 positions, implement a mandatory 10% furlough for members of ABMEI (inspectors and supervisory inspectors) that would preserve sufficient funding to retain 5.0 inspector positions. No general fee increases are proposed.
- Public Works Fee Program – Eliminate 9.63 positions, implement 12.6% increase in development fees, and no increase in utilities fees.
- Fire Fee Program – Eliminate 1.08 filled and 1.15 vacant positions, add 0.02 position, add funding for 1.26 existing positions, and use \$729,000 from the Fee Reserve. No fee increases are proposed.
- Planning Fee Program – Eliminate and reallocate positions, for a net add of 0.30 positions, with no fee increases.
- Eliminate the Planning Official and realign management of long-range planning efforts. (\$147,000)

### **Cultural, Arts and Other Programs**

- Reduce Office of Cultural Affairs management staffing, eliminating 2 positions (one position effective January 2010). (\$237,000)
- Reduce City-Wide Sports Opportunity Fund from \$250,000 to \$150,000. (\$100,000)

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### COMMUNITY AND ECONOMIC DEVELOPMENT CSA (CONT'D.)

- Reduce special events coordination staffing, eliminating one position in January 2010. (\$70,000)
- Continue Downtown Coordinator staffing of 1 position. (\$135,000)
- Continue Non-Profit oversight management and contractual services, as well as provide non-personal/equipment funding for a non-profit assessment tool, including funding for 2 positions, one of which is in PRNS. (General Fund \$173,000; All Funds \$456,000)
- Reduce Sports Authority and Arena Authority funding by the same average percentage as the non-Public Safety CSAs. (\$109,000)

### STRATEGIC SUPPORT CSA

#### City Facilities and Equipment

- Eliminate non-public safety vehicle replacement funding in 2009-2010, and reduce ongoing funding level. (\$1.6 million in 2009-2010; \$600,000 ongoing)
- Reduce custodial staffing, including eliminating 7 positions, and custodial contractual services (\$186,000) for City Hall, service yards, training centers, and warehouses. (\$677,000)
- Reduce facilities management staffing, eliminating 3 positions. (\$537,000)
- Reduce fleet management services and staffing, eliminating 4 positions. Priority will be given to public safety vehicles. (\$420,000)
- Reduce contractual services for maintenance, including reduced window washing, general preventative maintenance, City Hall plants, and the falcon contract. (\$215,000)
- Implement General Services energy-efficiency efforts, including HVAC system optimization and replacing lighting in parks with CFL technology. (\$136,000)
- Eliminate inter-office mail delivery and shift metering outgoing mail to the City's pre-sorting company, and encourage departments to electronically transmit inter-office correspondence in line with the Green Vision goals. (\$112,000)
- Reduce fleet maintenance contractual services, resulting from the Police Department's reduction in the number of police take-home vehicles from 161 to 120. (\$100,000)

#### Technology Services

- Reduce and decentralize inter-departmental technology support services, including the elimination of 3.5 positions. (\$504,000 All Funds, \$403,000 General Fund)
- Reduce Information Technology HelpDesk staffing from 5 positions to 2 positions. (\$347,000)
- Reduce Information Technology contractual services/technology memberships. (\$304,000)
- Reduce Web site management and e-mail administration staffing. (\$241,000)
- Eliminate Electronic Content Management and infrastructure management. (\$141,000)
- Eliminate UNIX to Windows migration support. (\$133,000)

#### Human Resources, Finance, and Other Administrative Services

- Employment Services Consolidation: Centralize employment services within Human Resources and eliminate a net total of 10 positions Citywide to achieve approximately \$1.2 million in savings in All Funds, including \$903,000 in the General Fund.

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### STRATEGIC SUPPORT CSA (CONT'D.)

- Reduce Risk Management staffing, including elimination of 2 Workers' Compensation claims positions, 2 analytical/administrative support positions, and non-personal equipment funding. (\$442,000)
- Finance Department Management Consolidation: Merge divisions in Finance, reducing from four to two divisions, Purchasing and Accounting Divisions and the Treasury and Revenue Management Divisions, and reduce financial accounting and reporting, for a net reduction of 2 positions. (\$249,000 All Funds; \$248,000 General Fund)
- Streamline Citywide disbursement processes and payment compliance review, including using paperless pay checks, limiting off-cycle checks, and reducing the number of customer service windows. This would include elimination of 3 positions. (\$238,000)
- Eliminate Equality Assurance services and maintenance contract compliance oversight, including 2.0 positions. (\$230,000)
- Decentralize procurement of goods and services below \$10,000 to departments, eliminating 2 positions. (\$169,000 All Funds, \$110,000 General Fund)
- Reduce Citywide Risk insurance management, eliminating 1 position. (\$156,000)
- Reduce Human Resources administrative staff consolidation, including 1 position. (\$83,000)
- Reduce Hayes Mansion subsidy for one year due to lower debt service payments. (\$1.4 million)
- Implement Business Tax System web service enhancements for customers. A cost of \$100,000 would be fully covered by revenues from the Business tax Administrative Fee (proposed to be \$25 in 2009-2010).

### Mayor, City Council, and Appointees

- Reduce Mayor and City Council budget by 15.4%, spread among Council, Council General, and Mayor. (\$850,000)
- Achieve personal services savings from holding the Assistant City Manager and Legislative Public Policy Director positions vacant in the City Manager's Office. (\$518,000 All Funds; \$430,000 General Fund)
- Eliminate 3.62 vacant positions that support the Legal Transactions and Legal Representation Core Services in the City Attorney's Office. (\$395,000)
- Reduce the City Manager's Office CIP Action Team by 2 positions. (\$281,000)
- Eliminate 2 filled positions in the City Clerk's Office that provide City-wide support for City Hall room reservations, events and tours, and staff directory changes. (\$221,000)
- Eliminate 1 Senior Auditor position in the City Auditor's Office, effective January 2010, and shift the costs of 1 Senior Auditor to the proposed \$300,000 allocation for Police audits/optimization efforts. (\$219,000)
- Eliminate the 2-person contracts unit in the City Clerk's Office, resulting in the decentralized processing of contracts, grants and other agreements. (\$200,000)
- Implement a mandatory 6-day furlough for all Unit 99 positions in the City Attorney's Office. (\$194,000)
- Reduce Community-Based Organization contract oversight (1 position) in the City Manager's Office and shift functions to non-profit platform. (\$175,000)
- Reduce City Manager's Budget Office overtime and duplicating expenditures. (\$60,000)
- Add 1 Senior Analyst to the City Clerk's Office to provide budget, human resources, and administrative support. This position would replace a temporary Administrative Manager that will be eliminated in June 2009. (\$139,000)

## City of San José 2009-2010 Proposed Operating Budget Summary

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### CITY-WIDE EXPENSES

- Reduce salaries by 3.75% for City Council Appointees, including City Manager, City Attorney, City Clerk, and City Auditor.
- Implement salary freeze for senior/executive management and professional employees (Unit 99) and remove general wage increase planning assumption. (\$3.6 million in 2009-2010; \$14.2 million ongoing)
- No merit increases for all eligible employees in the Management Performance Program. (\$844,000)
- Reduce expenditures in the Professional Development Program. (\$350,000)
- Reduce Community-Based Organizations by the average percentage as non-Public Safety CSAs (15.9%), offset by a base increase of 1.5% to realize a net reduction of 14.4%.
- Consolidate Management classifications of Division Manager, Program Manager II, and Program Manager I.
- Reduce non-personal/equipment cost-of-living adjustments. (\$507,000)
- Add one-time funding for City Council initiated Neighborhood Improvement Reserve Fund. (\$1.0 million)
- Add funding for filled position elimination impacts, including vacation and compensatory time payouts. (\$600,000)
- Add funding for Essential Services Preservation Allocation. (\$500,000)
- Add one-time funding for General Fund Structural Deficit Elimination Plan implementation and “Beyond Budget Cuts” organizational improvement efforts. (\$450,000)

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### Use of Reserves and Fund Balance/Funding Shifts/Increased Revenues

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A significant component of the 2009-2010 General Fund budget balancing strategy is the identification of new funding sources along with funding shifts that align costs with the appropriated funding source.

#### Use of Reserves/Fund Balance

Following is a list of the major reserves and fund balance that is expected to be available at the end of 2008-2009 for use in 2009-2010:

- **Use of Reserves:** Economic Uncertainty Reserve (\$5.0 million); 2009-2010 Future Deficit Reserve (\$4.0 million); Airport West Proceeds Reserve (\$1.6 million); Neighborhood Investment Reserve (\$1.0 million) to continue funding for one-time/ongoing SNI positions; Enhanced Parks Maintenance Reserve (\$604,000); Reserve for Airport Police Services (\$353,000); and Computer and Equipment Reserves (\$350,000).
- **Additional Fund Balance from 2008-2009 for use in 2009-2010:** Watson Park savings (\$1.3 million); Electronic Content Management City-Wide allocation (\$1.0 million); City-Wide savings (\$1.0 million); Liquidate prior year encumbrances in the City Attorney’s Office (\$807,000); Police Department Personal Services savings (\$500,000); Domestic Violence City-wide savings (\$275,000); and Community Action and Pride Grant Program savings (\$200,000).

## City of San José 2009-2010 Proposed Operating Budget Summary

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### Funding Shifts/Transfers

- Transfer fund balance from the Emergency Communication System Support Fee Fund. (\$2.6 million)
- Increase Redevelopment Agency reimbursement by a net \$2.0 million for existing expenditures, including transferring 50% of the Safe School Campus Initiative to the San José BEST Program, support for Economic Development (4.0 positions), City Manager's Office Strong Neighborhoods Initiative staffing (2.75 positions), Small Business Chambers, Watson Park renovation, and City Auditor's Office staffing. (\$2.0 million)
- Transfer from the Construction Excise Tax Fund (\$1.5 million for two years; \$500,000 ongoing)
- Realign costs for one-half of the Convention and Visitors Bureau staff to the Convention and Cultural Affairs Fund. (\$660,000)
- Transfer incremental additional funding and administrative cost savings from the Healthy Neighborhoods Venture Fund. (\$325,000)
- Shift 25% of STAND Program into San José BEST Program and eliminate approximately 25% of STAND funding to potentially be funded from economic stimulus funding. (\$254,000)
- Shift public litter can maintenance and creek clean-up costs to the Integrated Waste Management Fund; shift funding for 5.7 positions from the General Fund and Maintenance Assessment District Funds to the Storm Sewer Operating Fund to support arborist services, street sweeping; and median island maintenance.
- Shift costs for Auditorium and Center for Performing Arts rental payments to the Convention and Cultural Affairs Fund. (\$217,000)
- Transfer of fund balance from the Stores Fund. (\$200,000)

### Increased Revenues

- Implement a Pricing and Revenue Strategy for the Parks, Recreation and Neighborhood Services Department, which would include instituting a fee for the Level 2 Homework Center Program at school sites (\$567,000) along with other fee increases for sports fields rentals, special use permits, facility rentals and fee classes, summer camps, and aquatics program. (\$1.2 million)
- Real Estate services transition to asset management/sale of surplus property. (net increase of \$1.1 million)
- Increase parking citation fines by an average of 27% (\$2 - \$22 per citation). (\$952,000)
- Restructure the Police False Alarm fine structure from \$50 to \$250/allow 2 without fee every 60 days to \$125 to \$300/allow 1 without fee every year. (\$661,000)
- Double Library Fines from \$0.25 per day/\$10 maximum to \$0.50 per day/\$20 maximum. (\$600,000)
- Increase Police Vehicle Impound Fees from \$120 to \$180. (\$459,000)
- Continue Business Field Enforcement Program, including 2 positions. (net addition of \$427,000)
- Recognize revenue from unclaimed Waste Management balances in the General Fund. (\$400,000)
- Add 5 positions to enhance parking compliance and school area safety, and recognize additional revenue from parking citations, resulting in a net General Fund benefit. (\$247,000)
- Eliminate Commercial Solid Waste Franchise Fee 20,000 cubic yard annual exemption. (\$250,000)
- Increase Animal Licensing fees, compliance efforts and outreach. (\$207,000)
- Increase Solid Waste Enforcement Fee (\$131,000) and the Multiple Housing Fee. (\$133,000)
- Establish a Police Recruit Academy Fee of \$3,100 per recruit to charge other agencies (\$59,000) and bill other agencies for Police reports (\$90,000) and bomb squad calls for service. (\$111,000 after 2009-2010)
- Install HP Pavilion multi-space meters. (\$108,000 in 2009-2010; \$132,000 ongoing)

## Delay Capital Facility Openings

As a budget balancing strategy, the Proposed Capital Improvement Program (CIP) includes recommendations to delay the opening of nine facilities that would otherwise have a significant impact on the General Fund in 2009-2010, due to the cost of operating and maintaining these facilities. The 2009-2010 savings realized from these deferrals, compared to the Five-Year General Fund Forecast released in February 2009, total \$1.9 million and include postponing or eliminating the addition of over 70 positions in the General Fund.

### Proposed Facility Delays and 2009-2010 General Fund Savings Compared to Five-Year Forecast

Facility	Original Construction Completion Date	Proposed Opening Date	2009-2010 Positions Postponed/ Eliminated	2009-2010 Savings Compared to Forecast
Bascom Branch Library	August 2010	October 2010		
Bascom Community Center	August 2010	October 2010	(11.50)	\$ (53,000)
Calabazas Branch Library	June 2011	October 2011		
Educational Park Branch Library	June 2011	October 2011		
Happy Hollow Park and Zoo	September 2009	March 2010	(23.00)	(580,000)
Seven Trees Branch Library	May 2010	August 2010	(14.89)	(394,000)
Seven Trees Community Center	May 2010	August 2010	(7.65)	(291,000)
South San José Police Substation*	March 2010	March 2011	(13.13)	(627,000)*
Southeast Branch Library	2011-2012	2012-2013		
<b>Total General Fund Savings</b>			<b>(70.17)</b>	<b>\$ (1,945,000)*</b>

\* Excludes 9.0 positions identified after the release of the February 2009 Five-Year Forecast required for the operations of the South San José Police Substation. The 2009-2010 partial cost of those positions is \$222,000 and when including these costs, the 2009-2010 General Fund savings from the proposed deferral of Substation is \$849,000, and the total General Fund savings for all proposed deferrals is \$2.2 million.

In addition to the savings noted above, more than \$500,000 in General Fund savings is anticipated from several facilities that would open on schedule, however, with reduced staffing levels (down 10.8 positions) compared to the levels assumed in the Five-Year General Fund Forecast.

## Key Actions in Other Funds

### COMMUNITY AND ECONOMIC DEVELOPMENT CSA

- Reduce Convention Facilities staffing, eliminating a net total of 29.75 positions. (\$2.9 million)
- Eliminate 2.75 CDBG-funded long range planning staff that assisted in the development of the Strong Neighborhood Initiative Improvement Plans as these plans are now complete. (\$280,000)

### ENVIRONMENTAL AND UTILITY SERVICES CSA

- Add Storm Water Permit implementation staffing (4 new positions) and non-personal/equipment. (\$1.6 million)
- Establish a Storm Water Permit implementation reserve. (\$1.0 million)

**City of San José 2009-2010 Proposed Operating Budget Summary**

**ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)**

- Make Sewer/Water Pollution Control Plant Investments including: three Vactor trucks to clean sewer lines (\$1.2 million); alternative wastewater disinfection chemicals (\$500,000); video inspection trucks (\$500,000); Plant exterior maintenance (\$500,000); residual solids management GPS equipment (\$260,000); fine bubble diffusers (\$150,000); discharge hoses for emergency pumps (\$110,000); and towable high pressure cleaner (\$75,000).
- Evaluate waste diversion and energy generation options at the Plant. (\$300,000)
- Redesign the Commercial Solid Waste system. (\$250,000)
- Provide Recycled Water salinity management. (\$250,000)
- Expand Recycled Water customer program. (1 new position, \$125,000)

**Summary of Rate Changes**

	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>2009-2010 % Change</b>
Recycle Plus (SFD–32 Gal)	\$26.95/month	\$27.49/month	2%
Recycle Plus (MFD–3 cu yd bin)	\$177.79/month	\$184.90/month	4%
Sewer Service and Use Charge	\$325.08/year	\$372.00/year	15%
Muni Water	\$38.18/month	\$42.57/month	11.5%
Storm Sewer Service	\$70.56/year	\$91.68/year	30%

**TRANSPORTATION AND AVIATION CSA**

The following proposals would eliminate a net total of 43 positions in the Airport Department, 6 positions in the Fire Department starting in January 2010, and 3 positions in the Police Department.

- Reduce Airport Crash and Fire Rescue Unit services support, resulting in the elimination of 6 Fire Department positions in January 2010. (\$774,000)
- Reduce Airport Police services support, resulting in the elimination of 3 Police Department positions. (\$680,000)
- Reduce Airport parking, ground transportation and curbside management services staff, including elimination of 9 positions. (\$765,000)
- Reduce Airport Communication Center and Terminal Management staffing, eliminating 7 positions. (\$692,000)
- Reduce staffing in the Airport Facilities and Engineering Division, eliminating 5 positions. (\$676,000)
- Reduce Airport property management, contract and tenant administration staff, eliminating 4 positions. (\$498,000)
- Reduce general Airport office support and administration staff, eliminating 5 positions. (\$394,000)
- Reduce Airport Information Technology Services support staff, eliminating 3 positions. (\$318,000)
- Reduce Airport Neighborhood Services outreach program staff, eliminating 2 positions. (\$280,000)
- Reduce staffing for the Airport Acoustical Treatment Program effective January 2010 to allow for completion of program requirements, including the elimination of 4 positions. (\$249,000)

**City of San José 2009-2010 Proposed Operating Budget Summary**

**TRANSPORTATION AND AVIATION CSA (CONT'D.)**

- Reduce Airport Environmental Services support staff, eliminating 2 positions. (\$226,000)
- Reduce City Attorney support. (\$201,000)
- Reduce Air Service Development Program staffing, eliminating 1 position. (\$155,000)
- Reduce Airport Grant and Passenger Facility Charge (PFC) Program administration staff, eliminating 1 position. (\$147,000)

**STRATEGIC SUPPORT CSA**

- Warehouse Operations Efficiencies: Restructure warehouse operations, including elimination of 2.5 positions, transitioning the gift shop to orders being placed directly with the supplier and shifting paper purchasing and delivery to a vendor. The remaining functions would be outsourced in 2010-2011 to just-in-time delivery. (\$209,000 in 2009-2010 All Funds; \$571,000 ongoing All Funds)
- Right-Size Public Works capital program staffing and administrative support, resulting in a net reduction of 14.53 positions. (\$2.0 million)
- Reorganize the Retirement Department Investment Division as approved by retirement boards to strengthen investments by establishing a more diversified portfolio. (net addition of 4 positions, \$630,000)

**Position Impacts – All Funds**

The 2009-2010 Proposed Budget reflects a net loss of 513 positions from the 2008-2009 Adopted Budget, a reduction of 7.3%. Of this amount, a net reduction of 347 is incorporated into the 2009-2010 Proposed Budget. The remaining 166 positions were eliminated as part of the 2009-2010 Forecast Base Budget, primarily reflecting the loss of 140.5 position mid-year in 2008-2009. The 2009-2010 proposed staffing level is roughly equivalent to the 1997-1998 staffing level.

<b>Changes in Position Count</b>	
<b>From 2008-2009 Adopted to 2009-2010 Proposed Budget</b>	
<b>2008-2009 Adopted Budget</b>	<b>6,985</b>
<b>Position Changes:</b>	
Forecast Base Budget Position Changes	(166)
Proposed Reductions	(439)
Proposed Additions	92
<b>Net Position Change</b>	<b>(513)</b>
<b>2009-2010 Proposed Budget</b>	<b>6,472</b>

## Proposed Budget Timeline

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April 20, 2009	Proposed Capital Budget Released
May 1, 2009	2009-2010 Proposed Operating Budget and Proposed Fees and Charges Released
April/May, 2009	Council District Community Budget Meetings
May 6-15, 2009	City Council Study Sessions on Proposed Budget
May 12/June 15, 2009	Public Hearings on Proposed Budget
June 5, 2009	2009-2010 Mayor's June Budget Message Released
June 16, 2009	2009-2010 Mayor's June Budget Message Reviewed/Approved by City Council
June 23, 2009	Final Adoption of 2009-2010 Proposed Budget and Fees and Charges

## Tier 2 General Fund Budget Proposals

While not recommended, Tier 2 General Fund budget proposals totaling \$14.1 million in 2009-2010 have been developed as potential alternatives. The proposals in Tier 2 would be available should the City Council wish to implement 100% ongoing actions, or to address changes to the balanced Proposed Budget resulting from: substitutions made to recommended actions; potential State actions; and/or increased employee compensation costs that are beyond the City's control.

<b>Tier 2 General Fund Budget Proposal Summary</b> (Priority order within CSA)				
	<b>PROPOSED CHANGES*</b>	<b>Positions</b>	<b>2009-2010 \$</b>	<b>Ongoing \$</b>
<b>Community &amp; Economic Development CSA</b>				
1.	Convention and Visitors Bureau Marketing Program	0.00	(322,911)	(322,911)
2.	City-Wide Neighborhood Special Events Coordination	(2.00)	(140,669)	(161,945)
<b>Neighborhood Services CSA</b>				
1.	Downtown/City-Wide Neighborhood Special Events Coordination	(2.75)	(241,369)	(261,539)
2.	Camden Swim Center Year-Round Program	(2.75)	(73,183)	(73,183)
3.	Branch Libraries/Community Center Custodial Services (1 day)	0.00	(171,000)	(171,000)
4.	Anti-Graffiti Services Program 25% Reduction	(5.13)	(445,559)	(453,755)
5.	Washington United Youth Center Contract Elimination	0.00	(138,474)	(350,838)
6.	Summer Aquatics Program Elimination	(23.71)	(638,045)	(644,058)
7.	Regional Parks - Second Day Closure	(4.21)	(209,248)	(214,798)
8.	Satellite and Neighborhood Center Closures	(9.94)	(312,579)	(625,158)
9.	Neighborhood Parks Restroom Weekday Closure	(8.26)	(555,430)	(570,970)
10.	Library Branch Hours - Eliminate 8 Additional Hours	(15.50)	(1,351,376)	(1,456,596)
<b>Public Safety CSA</b>				
1.	Accelerate Tier 1 Horse Mounted Unit/ Performance Analysis Detail Unit Eliminations	0.00	(522,691)	0
2.	Metro Unit Graffiti Team Staffing	(2.00)	(298,914)	(324,650)
3.	Fire Truck EMS Contract Alignment	0.00	(110,172)	(264,413)
4.	Middle School Crossing Guard Program Elimination	(8.07)	(341,097)	(341,097)
5.	Elementary School Crossing Guard Program Elimination	(33.58)	(1,554,651)	(1,656,244)
6.	Robbery Division Staffing	(2.00)	(320,196)	(347,783)
7.	Metro Unit Team Staffing	(5.00)	(768,139)	(832,626)
8.	School Liaison Staffing	(5.00)	(808,797)	(850,932)
9.	Patrol Officer Staffing	(10.00)	(1,128,420)	(1,225,260)
10.	Fire Truck Company Elimination	(17.00)	(2,326,394)	(2,626,273)
<b>Transportation &amp; Aviation Services CSA</b>				
1.	Traffic Calming Staffing	(1.50)	(139,281)	(151,392)
2.	Street Light Shut-Off - Industrial/Commercial Areas (10%)	0.00	(350,000)	(450,000)
<b>Strategic Support CSA</b>				
1.	Custodial Services Outsourcing	(17.75)	(462,063)	(504,083)
2.	Workers' Compensation Adjuster Staffing	(2.00)	(191,606)	(208,267)
3.	City Hall Security Staffing	(2.00)	(135,232)	(147,526)
4.	Mayor, City Council, Appointees/ Community-Based Organizations	TBD	TBD	TBD
<b>TOTAL</b>		<b>(180.15)</b>	<b>(14,057,496)</b>	<b>(15,237,297)</b>

\* In lieu of the budget balancing strategies listed in Tier 2, the City Council could also consider transferring up to \$4 million of Healthy Neighborhoods Venture Fund dollars. The funds are currently unallocated, but are being held for distribution to non-profit organizations chosen for funding through the Results-Based Accountability Model competitive process.