BUDGET DOCUMENT # 3

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

# Memorandum

**TO:** MAYOR REED

**FROM:** Councilmember Nora Campos
Councilmember Kansen Chu

**SUBJECT: BUDGET DOCUMENT**

**DATE:** May 19, 2009

Approved Nora Campos Date 5/19/09
Kansen Chu

## RECOMMENDATION

That the following recommendation be enacted.

## BACKGROUND

**New Expenditure/Reinstatement**

Program/Project Title: Create a New Revenue Generating Fund to Support Core City Services, including Police, Fire, Park Rangers, Libraries, Parks, and Community Centers

Amount of City Funding Required: N/A

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

The safety of our residents must always be our first budgetary priority. Public safety is best served by protecting and enhancing services provided by both our Police and Fire Departments, as well as by our Park Rangers, who are often the first to respond to emergencies and calls for service in our regional parks. Public safety, however, can be enhanced through many of the core services provided by the City of San José. Parks, libraries and community centers offer our youth safe places to go after school and on weekends. By reducing or eliminating these services, the City risks increased juvenile

crime and gang involvement and places a greater strain on working families that rely on these services to provide safe havens for their children when they are unable to provide direct child supervision or cannot afford child care. Every effort must be made to maintain these vital services, especially in years when the City is facing budget deficits.

**Funding Source**

Program/Project Title: Citywide Advertising Program

Amount of City Funding Change: To be determined

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

Faced with unprecedented proposals to drastically reduce our public safety capabilities and many other core services, the City of San José must act quickly and decisively to generate immediate revenue for our General Fund. Many large cities across the United States have turned to advertising revenue as a means of boosting their General Funds. While billboards often act as eyesores in our community and hold the potential to reduce surrounding property values, cities such as New York, San Francisco, and Boston have turned towards more attractive and subtle alternative mediums for generating advertising revenue.

This effort must begin with our existing infrastructure. Currently, the City of San José maintains hundreds of trash and recycling receptacles in our Downtown, our Neighborhood Business Districts and in our parks. In addition, the City owns and operates 6 public toilets in the Downtown area. By utilizing these existing resources, the City can partner with one of many firms that specialize in leasing out this space as potential revenue generators.

In addition to existing infrastructure, the City should immediately explore entering into an agreement to add freestanding advertising kiosks throughout the Downtown Core and

Neighborhood Business Districts. While billboards tend to detract from the character of the neighborhood, kiosks can be designed to blend in with the surrounding cityscape and to activate pedestrian corridors in retail areas. The City should also examine potential opportunities to develop advertising kiosks on various City-owned properties, including but not limited to the Convention Center and the Mexican Heritage Plaza.

Throughout the design and implementation of this program, the City Council would maintain the ability to tailor the design of the kiosks to suit the unique character of the surrounding community in which they are placed. In addition, advertisements should include 24/7 backlighting to attractively activate public rights of way, as done in many other cities where this program has been successfully implemented. In order to ensure that advertisements are appropriate and attractive, the City should try to prohibit those marketing alcohol or tobacco products. In addition, the Arts Commission should approve advertisements prior to review by the full City Council to ensure that they are of an appropriate quality. Advertising space should also include opportunities to place directories and maps of surrounding businesses and amenities, as well as space for public service announcements.

This proposal should be immediately and thoroughly analyzed by City staff and brought back to the full City Council in as narrow a time frame possible. Staff should include in its analysis any necessary changes to the City's Sign Ordinance, an accounting of the City's existing infrastructure that may be used to support this proposed program, and feedback on the proposed program from both residents and the business community. At that time, the full City Council may select an appropriate program that suits the City's current fiscal needs and minimizes negative impacts on the surrounding communities.

If the City Council chooses to proceed, a Request for Proposals (RFP) should be formulated to seek the highest immediate return to the City's General Fund. To the extent possible, funding for the advertising infrastructure should come from the Redevelopment Agency in order to maximize the City's minimum annual guaranteed revenue. The City Council should be given authority over the appropriate period of years this program will

be maintained for inclusion in the RFP, with the understanding that a longer period of time will generate proposals offering a greater upfront infusion of revenue and greater minimum annual payments, as well.

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This proposal would generate a significant amount of one-time and ongoing General Fund revenue to support core City services. The proposal also holds the potential to activate the public right-of-way in retail districts.

This change is:

__X__ One-time __X__ Ongoing

The City Service Area to which the change best relates:

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