


2014-2015

OPERATING BUDGET



**ATTACHMENT B -
STATUS OF MAYOR
AND
CITY COUNCIL
REFERRALS**

**Status of Mayor and City Council Referrals
2014-2015 Proposed Operating Budget**

Referral	Resolution
<p>Submit a proposed budget for fiscal year 2014-2015 that is balanced and guided by the policy direction and framework of priorities contained in the Mayor's March Budget Message.</p>	<p>The 2014-2015 Proposed Budget incorporates this direction.</p>
<p>The budget should include funding priorities that are contingent upon approval by the voters of a ¼ cent or ½ cent sales tax increase. The priorities should be consistent with those identified in the community survey as detailed on page three of the March Budget Message.</p>	<p>A sales tax ballot measure spending priorities list can be found in Exhibit 2 of the City Manager's 2014-2015 Budget Message.</p>
<p>Police Staffing Restoration Strategy – Present the City Council with a Manager's Budget Addendum that provides a four-year strategy to reach a level of 1,250 officers. This strategy should include filling current vacancies and adding 141 new sworn positions, as well as consideration of funding sources necessary and identification of any shortfall that would require a voter-approved measure to address.</p>	<p>A Manager's Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will respond to this direction.</p>
<p>Burglary Unit – As part of the Police Staffing Restoration Strategy discussed above, prioritize the reestablishment of a Burglary Unit within the Police Department, drawing staff from positions that could be done by civilians, retiree rehires, and Community Service Officers.</p>	<p>A Manager's Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will respond to this direction.</p>

Status of Mayor and City Council Referrals 2014-2015 Proposed Operating Budget

Referral	Resolution
Police Department Community Service Officers (CSOs) – Explore adding funding for a minimum of seven additional CSO positions and to identify additional opportunities to improve service by adding more CSO positions in the future.	The 2014-2015 Proposed Budget adds 7.0 CSO positions and associated academy funding and vehicles. This will bring the current CSO staffing level to 28.0 positions, which will be deployed on a Monday through Friday, eight-hour day schedule. Under this model, each of the four Police Divisions will be assigned 7.0 CSOs, which are anticipated to start their training in July 2014 and be street-ready in September 2014. This action will enhance the Department's ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work.
Use of Police Reserves – Present to the Public Safety, Finance, and Strategic Support Committee at its April 17, 2014 meeting, a report on the current use of Police Reserves.	A report on the use of Police Reserves was presented to the Public Safety, Finance and Strategic Support Committee at its April 17, 2014 meeting as directed.
Police Department Overtime Reserve – Allocate this Reserve to the Police Department as part of the 2014-2015 Proposed Budget.	The 2014-2015 Proposed Budget increases the Police overtime budget by \$4.0 million from \$12.0 million to \$16.0 million, funded by the \$4.0 million Police Overtime Earmarked Reserve established as part of the 2013-2014 Mid-Year Budget Review. It is anticipated that additional overtime will be needed to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars.
Eliminating Uncertainty About Disability Retirements – Provide estimates of the costs to fund jobs for employees injured in the line of duty and pay supplement/insurance. Also, fund on an ongoing basis a Human Resources (HR) position assigned to the Police Department to manage its HR needs, including assisting employees with disability retirement issues, and create a single point of contact to serve as a resource for employees with HR-related questions.	A Manager's Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will respond to the direction related to the cost estimates. The 2014-2015 Proposed Budget adds 1.0 Analyst I/II in the Human Resources Department to address Police Department (PD) human resources needs as directed.

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Referral

Resolution

Fire Department Response Times – Explore implementing changes to staffing models and deployment, and bring that analysis before the City Council for its consideration, before the City Council considers any budget increases for more sworn staffing. Explore the necessity of additional staffing to undertake data analysis.

Before any increases to Fire Department sworn staffing are recommended to the City Council, the Administration will provide the City Council with analysis regarding potential staffing model and deployment changes. The 2014-2015 Proposed Budget adds 1.0 Senior Geographic Systems Specialist to assist with the data analytic needs within the Fire Department. Major duties include: incident data analysis, including call volume, call types, and late responses; work with the County of Santa Clara to develop and update mapping and platforms; and develop staff redeployment analysis. Currently, the Fire Department has six personnel to develop and maintain data systems. This additional position will improve the Department's data analysis capacity and provide information to assist senior staff to more effectively monitor operations and allocate resources.

Fire Station 37 (Willow Glen) – Bring forward a Manager's Budget Addendum with a recommendation regarding: 1) Build Fire Station 37 and close Fire Station 6; 2) Build Fire Station 37 and keep Fire Station 6 open; and 3) Do not build Fire Station 37 and remodel Fire Station 6, including any operating and/or capital budget impacts, as part of the 2014-2015 budget process.

A Manager's Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will respond to this direction.

La Raza Roundtable Consensus Process – Continue to support these efforts.

The 2014-2015 Proposed Budget includes one-time funding of \$50,000 to match funding from Santa Clara County for the facilitation of the La Raza Roundtable/Harvard Study Consensus Building Project, which aims to eliminate the disproportional Latino representation in the criminal justice, juvenile justice and child welfare systems serving San José.

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Gang Prevention and Intervention Efforts – Allocate an additional \$1.5 million in one-time funding for Fiscal Year 2015-2016 to support the Mayor’s Gang Prevention Task Force, Safe School Campus Initiative, and the Safe Summer Initiative to keep the available funding at the same level for another year.	The 2014-2015 Proposed Budget establishes a 2015-2016 San José BEST and Safe Summer Initiative Program Earmarked Reserve of \$1.5 million to maintain the current level of funding for this program (\$4.6 million) through 2015-2016.
Truancy Abatement/Burglary Suppression (TABS) Programs – Review and continue funding the TABS programs.	In response to this direction, a discussion of the TABS program will be included in the Manager’s Budget Addendum describing burglary reduction efforts.
Crossing Guards – Maintain funding to the elementary and middle school crossing guard program.	The 2014-2015 Proposed Budget adds 1.0 School Safety Supervisor to reduce the span of control by decreasing the School Safety Supervisor to Crossing Guards ratio from 1:94 to 1:63, thereby allowing the unit to provide additional supervision as well as school safety patrol and community presentations.
United States Patent and Trademark Office (USPTO) – Evaluate and identify the one-time funding necessary in 2014-2015 for the construction of this project. In undertaking this evaluation, consolidate operations and otherwise maximize operational efficiencies to ensure the relocation of displaced City services to the Tower is completed in the most cost effective manner as possible.	<p>The 2014-2015 Proposed Budget provides one-time funding of \$4.5 million for the construction costs associated with the remodeling of the space within the City Hall Tower to house relocated City staff from the City Hall Wing. This action includes programming, procurement of design-build vendor, design management, and construction management services (\$4.1 million) and the associated furniture, fixtures, and equipment (\$362,000).</p> <p>It is anticipated that an operational plan will be brought forward in the fall of 2014.</p>

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Referral	Resolution
<p>Downtown and North San José Transportation Improvements/Street Maintenance, Repair and Safety – Maximize the use of the additional revenues received in the Building and Structure Construction Tax Fund and Construction Tax Excise Fund in the current year to address the unfunded transportation infrastructure commitments in Downtown and North San José, street maintenance for local/residential and priority street network of main roads, and repair and invest in road safety improvements.</p>	<p>The 2014-2015 Proposed Capital Budget and Capital Improvement Program directs the combined \$47 million in new construction-related revenue anticipated in 2103-2014, as well as over the next five years, toward pavement maintenance (\$16 million), transportation improvements for North San José and Downtown (\$15 million), and safety (\$9 million). The remaining funding (\$7 million) is programmed for a variety of uses such as local grant matches, policy and planning, and staff support needed to manage the increased complexity of the Traffic Capital Program.</p>
<p>Ending Homelessness – Allocate \$3.5 million in one-time funding for these purposes in Fiscal Year 2015-2016 to continue the strategy for another year.</p>	<p>The 2014-2015 Proposed Operating Budget establishes a 2015-2016 Homeless Rapid Rehousing Earmarked Reserve of \$2.0 million and a 2015-2016 Homeless Response Team Earmarked Reserve of \$1.5 million to maintain the current level of funding through 2015-2016.</p>
<p>Cultural and Arts Facilities Capital Replacement and Maintenance Funding Plan – Allocate the growth in Transit Occupancy Tax (TOT) revenues (over the 2013-2014 base level) to support City-owned cultural and art facilities capital needs, including developing a project approval process through the Department of Public Works. Explore the viability of expanding the TOT taxable base and report back to the City Council when the analysis is complete.</p>	<p>The 2014-2015 Proposed Budget allocates Transient Occupancy Tax (TOT) revenue growth from 2013-2014 year-end projections, totaling \$450,000, to support City-owned cultural and arts facilities, including San José Museum of Art, Tech Museum of Innovation, San José Repertory Theatre, History San José, School of Arts and Culture at Mexican Heritage Plaza, and Children's Discovery Museum. In 2014-2015, this funding is recommended to be allocated to replace two chillers and reroof the portico for the Children's Discovery Museum. This allocation would fund \$450,000 of the \$950,000 cost, with the General Fund providing the remaining \$500,000.</p> <p>A Manager's Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will report on the project approval process that will be implemented by the Department of Public Works, and a status report on the expansion of the TOT taxable base.</p>

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<p>Convention Center Facilities District (CCFD) Revenue Fund – Transfer, on an annual basis and after it is actually realized, any additional funds in the CCFD Fund to the Convention and Cultural Affairs Fund (Fund 536) and use that funding for Convention Center debt expenses in that fund which will, in turn, free up funding for capital repairs and improvements to the facilities managed by Team San Jose, as appropriate. Before any transfer is made, the City Manager is directed to ensure that all bond covenants for the CCFD have been met, including full funding of the Debt Service Reserve and the Revenue Stabilization Reserve, to protect against any economic downturn.</p>	<p>The 2014-2015 Proposed Operating Budget includes the transfer of \$1.8 million from the CCFD Fund to Fund 536 to provide for a \$1.8 million commercial paper debt service payment from Fund 536. The \$1.8 million is in excess of the required reserve amounts that are already satisfied, which include \$10.5 million for the Debt Service Reserve and \$10.3 million for the Revenue Stabilization Reserve. With these additional resources, the Proposed Budget includes a recommendation in Fund 536 to fund \$1.8 million for a variety of capital improvement projects in 2014-2015, primarily at the Convention Center, including escalator upgrades, bathroom renovations, a variety of protective guards and kick plates, and other urgent rehabilitation projects.</p>
<p>SJ2020 – Continue to support the efforts of SJ2020, an effort led by the City, the Santa Clara Office of Education, educators, business leaders, and community organizations with the goal to eliminate the student achievement gap in San José by the year 2020.</p>	<p>While the SJ2020 organization is currently in transition, the City will continue to seek ways to engage and collaborate with local schools to improve educational outcomes in San José.</p>
<p>Move Your Jobs to San José Communications – Provide a cost proposal for the City Council’s consideration of a communications campaign directed at large and small Silicon Valley driving industry companies seeking location and/or expansion space.</p>	<p>The Proposed 2014-2015 Operating Budget adds one-time funding of \$100,000 for a communications campaign targeted at Silicon Valley driving industry companies seeking location and expansion space with a target launch date of July 1, 2014.</p>

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Referral	Resolution
<p>Keeping Downtown Safe and Clean – Make ongoing the one-time funding which was provided to the San Jose Downtown Association (SJDA) the previous two years and review the cuts in City and Redevelopment Agency funding over the last decade to determine if funding for some of the work being done by the SJDA should be included in the base budget to offset some of the expenses SJDA incurs.</p>	<p>The 2014-2015 Proposed Operating Budget makes the previous one-time funding of \$250,000 for SJDA ongoing, funded by the General Purpose Parking Fund (\$210,000) and the Transient Occupancy Fund (\$40,000). Combined with the ongoing \$70,000 paid to SJDA from the General Purpose Parking Fund that is included in the Department of Transportation’s Non-Personal/Equipment budget, the total ongoing annual support provided by the City to SJDA will be \$320,000. In addition, \$100,000 from the General Fund is recommended to contribute toward capital improvements to Downtown Ice, the holiday ice rink at the Circle of Palms. In partnership with SJDA, who will contribute approximately one-half of the total \$200,000 project cost, the improvements include dasher board rehabilitation, lighting upgrades, and other miscellaneous equipment replacement and enhancement.</p>
<p>SAP Center Renegotiation – Allocate the necessary one-time funding to ensure that the City is positioned for the renegotiation process and - as accepted into the record during the adoption of the Mayor’s Message on March 18, 2014 - work with the Sharks to develop a ten-year capital improvement plan that would be funded through revenues generated by the Center.</p>	<p>The 2014-2015 Proposed Budget allocates one-time funding of \$100,000 for outside expertise to ensure that the City is well-positioned for the lease negotiations and to assess the SAP Center’s capital needs over the coming months. The Administration will work with the Sharks as directed on a ten-year capital improvement plan.</p>
<p>Diridon Area Community Parking District – Explore the use of a Community Parking District supported by revenues from new parking meters in the Diridon Area to support a new parking facility as part of the work on Community Parking Districts as previously directed by the City Council.</p>	<p>A Manager’s Budget Addendum will be issued after the release of the 2014-2015 Proposed Budget that will respond to this direction.</p>

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Preventative Maintenance Program – Explore the continuation of the Program as part of the 2014-2015 budget process.

The 2014-2015 Proposed Budget provides funding of \$1.3 million (\$800,000 ongoing) to extend the current Preventative Maintenance Program (funded since 2012-2013 at this level), which includes adding three ongoing positions (1.0 Building Maintenance Superintendent and 2.0 Facility Repair Workers), one-time funding for overtime (\$270,000), and funding for contractual services (\$650,000 in total, \$418,000 ongoing) to manage this program. This action will allow the overall preventive maintenance of City facilities to be maintained at the industry standard of 80% annual preventative maintenance needs for 2014-2015 (60-65% ongoing) by utilizing a combination of staff, overtime, and contractual services for maintaining the HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems.

Review of One-Time Funded Services from 2013-2014 – Review one-time funded services that were included in the 2013-2014 Adopted Budget for continuation again in Fiscal Year 2014-2015, where appropriate. This review should also include any programs funded for two years using one-time funds that were included in the 2013-2014 Adopted Budget.

All services funded one-time in 2013-2014 were re-evaluated as part of the development of the 2014-2015 Proposed Budget. Most services were continued on an ongoing basis or a two-year basis.

Essential Services Reserve – Set aside \$2 million one-time funds that may be used for the purpose of supporting services that are of essential importance to our residents.

The 2014-2015 Proposed Budget includes a \$2.0 million Essential Services Earmarked Reserve to be allocated by the City Council later in the 2014-2015 budget process.

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Referral	Resolution
<p>Civic Innovation Staffing – Fund a Civic Innovation Position in the City Manager’s Office on an ongoing basis to manage projects done with skills-based volunteers.</p>	<p>The 2014-2015 Proposed Budget provides funding for 1.0 Senior Executive Analyst to manage skills-based volunteers for the City of San José through the Silicon Valley Talent Partnership. This position will be responsible for continuing to foster relationships between the City and the community in order to effectively leverage resources and maximize the City's ability to use skilled volunteers in various capacities throughout City operations.</p>
<p>Google Fiber – Explore what resources, including staffing, might be necessary to support the Google Fiber project. In addition, and as a part of this analysis, prepare a plan to streamline permitting while still maintaining full cost recovery for the project.</p>	<p>The 2014-2015 Proposed Budget allocates one-time funding of \$100,000 to support the Google Fiber project. A memorandum on this topic is agendized for City Council consideration on May 6, 2014.</p>
<p>Council General Phase Out – The 2014-2015 Base Budget will reflect the phase out of Council General to increase spending transparency. Going forward, the Council Office budgets should be set equally. Administrative costs should be set at the average cost of projected payroll.</p>	<p>The Council General Phase Out was completed and incorporated as part of the 2014-2015 Proposed Budget and the Council Office budgets have been set according to this direction.</p>
<p>Future Deficit Reserve – Use a two-year approach to ensure that there is sufficient Future Deficit Reserves remaining in order to cover the projected General Fund deficit in 2015-2016 if necessary that year as a stopgap measure.</p>	<p>The 2014-2015 Proposed Budget incorporates this direction and establishes a 2015-2016 Future Deficit Reserve in the amount of \$4.2 million to address the projected shortfall in that year as presented in the 2015-2019 General Fund Forecast released February 2014.</p>
<p>Potential Ballot Measures – Allocate appropriate funding to conduct further polling and continue to work with the Mayor’s Office on the development of the polling.</p>	<p>The Proposed 2014-2015 Proposed Budget provides one-time funding of \$50,000 for potential ballot measure polling and the Administration will work with the Mayor’s Office on poll development.</p>

**Status of Mayor and City Council Referrals
2014-2015 Proposed Operating Budget**

Referral	Resolution
Budget Balancing Strategy Guidelines – Use the 2014-2015 Budget Balancing Strategy Guidelines as detailed on Attachment A to the March Budget Message Memorandum to develop a balanced budget for the next fiscal year.	The 2014-2015 Proposed Budget incorporates this direction.