

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Debra Figone

**SUBJECT: RESTORATION OF SELECTED
GENERAL FUND SERVICES TO
JANUARY 1, 2011 LEVELS**

DATE: July 25, 2012

RECOMMENDATION

Accept this report on the Administration's initial prioritization of selected General Fund service restorations by department to baseline January 1, 2011 service levels.

BACKGROUND

As part of the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2012-2013, the Administration was directed to use the list of baseline services as of January 1, 2011 to guide selected General Fund City service restorations (Attachment A) as savings and/or revenues from the Fiscal Reform Plan are realized over the next few years. Staff was further directed to return to the City Council in August 2012 with a service restoration prioritization list for City Council to consider as an initial starting point for the 2013-2014 budget process.

ANALYSIS

As a starting point in the discussion of service restorations, the Administration has prioritized the service restorations to meet the baseline January 1, 2011 service levels as directed by the City Council. In addition, strategic support resource areas that may require augmentations to deliver those direct services have been identified as well as other potential General Fund service restorations and investments.

As additional resources become available, it is important that the City take a holistic approach regarding the restoration of services. Important policy questions revolve around which services the City should restore based on City Council priorities and other factors. The attached Service Restoration Decision Making Framework (Attachment B) and the Guiding Principles for Restoring City Service Levels (Attachment C) provide the broader context that should be considered when analyzing potential service restorations. The Service Restoration Decision Making Framework provides a multi-pronged approach to restoring direct services to the community that takes into consideration various factors, including adequate strategic support resources, adequate infrastructure, service delivery method to ensure efficient and effective operations, service delivery goals and current performance status, service sustainability, and

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staffing resources. As previously discussed and modified by the City Council, the Guiding Principles for Restoring City Service Levels fall into three general categories: ensure the fiscal soundness of the City, choose investments that achieve significant outcomes, and improve the efficiency and effectiveness of service delivery. These principles provide a solid guide to help the City determine not only the appropriate service levels and most cost-effective method for service delivery, but also the critical areas for investment.

Prioritization of Direct Service Restorations (January 1, 2011 Service Levels)

The City Council identified desired General Fund service restorations in the following departments: Fire; Police; Library; Parks, Recreation and Neighborhood Services; and Transportation. The service restoration goals in these areas were set at the January 2011 service levels, consistent with the Fiscal Reform Plan. It is important to note that, in many cases, these service delivery goals still fall well below the ideal service levels for the community and there are many service areas that are not represented.

To prioritize the service restorations in the targeted areas, each department was asked to:

- 1) Describe the current service delivery status associated with the service delivery goals on the restoration list. This information was to be used to provide a starting point in analyzing service delivery needs and context to the prioritization of services.
- 2) Identify and prioritize the service restorations needed to meet the service delivery goals.

Attached are the recommended service restoration priorities for the selected departments generated from this process as well as a summary of the results (Attachment D). As an initial step, this prioritization was designed to identify the services needed to be restored to accomplish the service delivery goal; however, the specifics (number of staff, dollars) are not yet identified. This was to allow staff time over the upcoming budget process to develop the most efficient and effective service delivery model to provide these services to the community.

The service restoration priorities have been established at the department level rather than organization-wide. As funding is available, the Administration will bring forward a blended plan of service restorations for City Council consideration that would align City Council priorities with the service needs across the organization.

Strategic Support Services

As direct services are restored, the strategic support functions will also likely require additional resources to support the delivery of those direct services. As you are aware, many strategic support functions have been severely reduced over the past decade and their impacts have been felt across the organization. Strategic support departments and Council Appointees provided a list of the support service areas that would potentially require augmentations to address the increased workload associated with direct service restorations (Attachment E). At this early

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stage, the strategic support service areas that would potentially require additional resources were identified at a high level without defining the specifics. As direct services are brought forward for restoration, the particular strategic support resources required to ensure the effective delivery of those services will also be identified.

Other Potential Service Restorations/Investments

In addition to the January 1, 2011 service restorations, there are many other service needs and other potential investment areas for the City Council to consider. Although not considered comprehensive, an initial list of other potential service restorations and investments is included as Attachment F. This list focuses on other high priority General Fund services as well as other investments to ensure the City's effective operation and the long-term health of the organization.

One of the most critical areas for investment consideration is to ensure the City remains a competitive employer to retain, attract, and recognize quality employees. As a service organization, the City primarily relies on its employees to deliver excellent programs and services to our community. Over the last few years, City employees have experienced pay freezes, compensation reductions, increased employee contributions to the retirement plans, and modifications to the medical benefit plans and increased cost sharing. Moving forward, there may be further increases in retirement costs, including costs to retiree healthcare. In addition, there are no salary increases assumed in the General Fund Five-Year Forecast. In certain classifications, the City has been impacted by employee attrition, and in some classifications, it is difficult to find qualified candidates to fill vacancies. In the near term, the ability to offer pay for performance increases will become increasingly important to ensure the City is able to maintain the high caliber workforce that exists today.

CONCLUSION

After many years of budget shortfalls and deep service reductions, there may now be an opportunity to start rebuilding the organization as savings and/or revenues from the Fiscal Reform Plan are realized. This memorandum serves as an initial planning tool for that process. The Administration looks forward to the City Council's discussion on the prioritization of selected General Fund services as well as the list of other service restorations and investments. Senior Staff will be available at the August 7, 2012 City Council meeting to discuss their service areas and priorities as needed.

PUBLIC OUTREACH/INTEREST



Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

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- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This memorandum will be posted on the City's web site and discussed at the August 7, 2012 City Council meeting.

COORDINATION

Selected City Departments and City Council appointees provided input into the development of service restoration priorities and the identification of strategic support resources needed to support those direct service restorations.

FISCAL/POLICY ALIGNMENT

The initial prioritization of direct service restorations, the identification of strategic support resources needed to support the service restorations, and the discussion of the other services and considerations are consistent with the Guiding Principles for Restoring City Services that were incorporated into the 2012-2013 City Manager's Budget Request and 2013-2017 Five-Year Forecast and Revenue Projections.

COST SUMMARY/IMPLICATIONS

No budget actions are recommended at this time. This memorandum serves as a starting point in the discussion of restoring City services that is expected to be a component of the 2013-2014 budget development process.



Debra Figone
City Manager

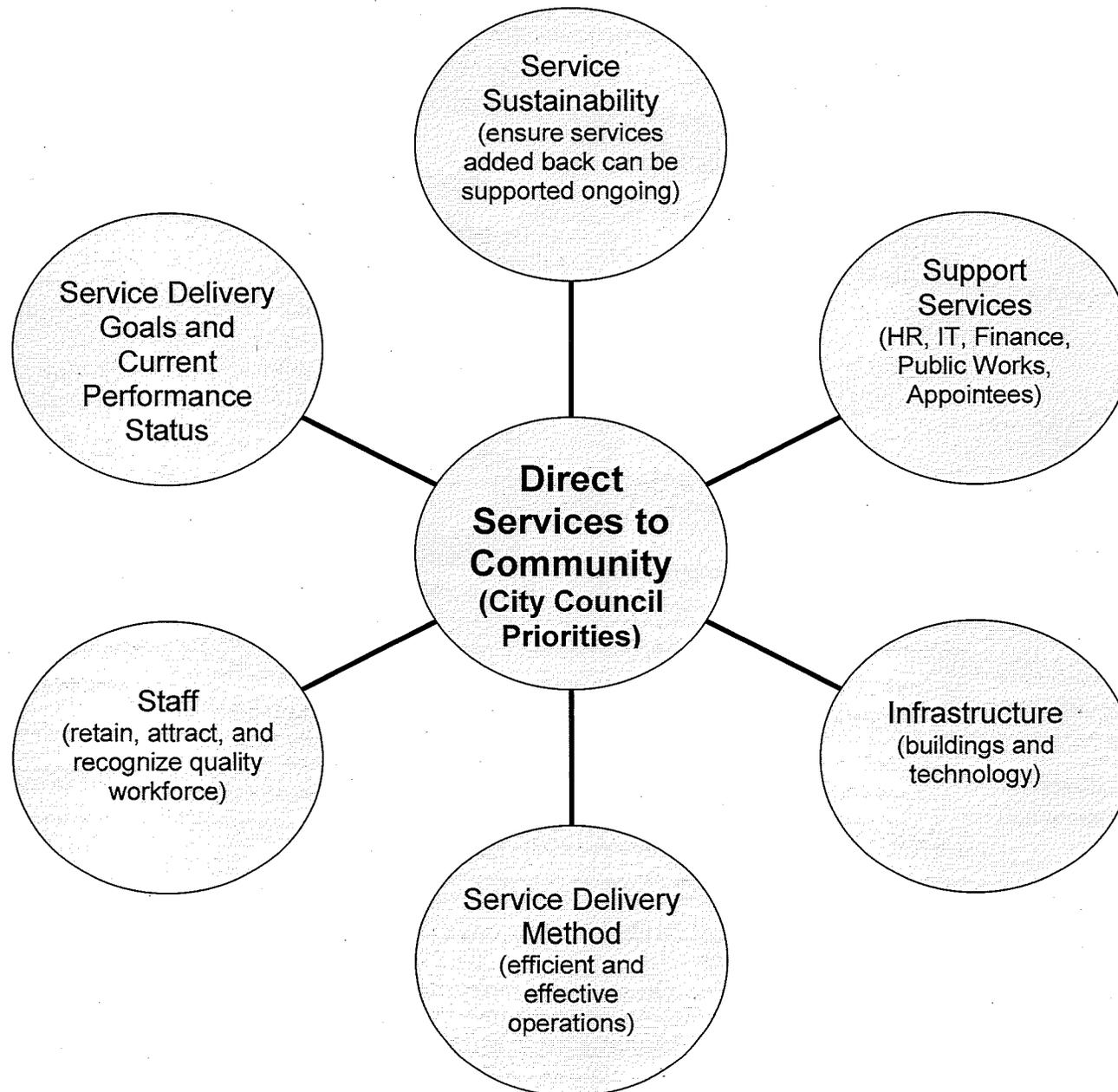
- Attachment A: Service Restorations Previously Identified by City Council (January 1, 2011 Service Levels)
- Attachment B: Service Restoration Decision Making Framework
- Attachment C: Guiding Principles for Restoring City Service Levels
- Attachment D: General Fund Selected Service Restoration Priorities by Department
- Attachment E: General Fund Strategic Support Resources for Service Restorations
- Attachment F: General Fund Other Potential Service Restorations/Investments

ATTACHMENT A

Service Restorations Previously Identified by City Council (January 1, 2011 Levels)	
Fire	<ul style="list-style-type: none"> • 33 Fire Stations open; • On average, Citywide, 82.6% of time, the initial responding fire unit arrives within 8 minutes after an emergency 9-1-1 call is received; • On average, Citywide, 85.2% of time, the second response fire unit arrives within 10 minutes after an emergency 9-1-1 call is received.
Police	<ul style="list-style-type: none"> • On average, Citywide, average response time for Priority One police calls for service (present or imminent danger to life or major damage/loss of property) is 6.04 minutes; • On average, Citywide, average response time for Priority Two police calls for service (injury or property damage or potential for either to occur) is 12.74 minutes; • On average, overall, the clearance rate (number cleared / total cases) for Part 1 crimes is as follows: Homicide (65.00%), Rape (19.37%), Robbery (26.54%), Aggravated Assault (39.93%), Burglary (5.58%), Larceny (18.90%), and Vehicle Theft (8.85%).
Library	<ul style="list-style-type: none"> • On average, 18 library branches are open 39 hours per week; • On average, King Library (subject to future contractual arrangements with San José State University): <ul style="list-style-type: none"> • Hours open: 72 hours per week per academic semester; 58 hours per week otherwise; • Children's Room: 50 hours per week; • Third Floor General Collection and Reference Desks: 64 hours per week; • California Room: 20 hours per week; • Access Services: 72 hours per week; • Periodicals: 72 hours per week; • Second Floor Reference Desk: 72 hours per week.
Parks, Recreation and Neighborhood Services	<ul style="list-style-type: none"> • On average, 10 Hub Community Centers are open 63 hours per week; • On average, 9 Satellite Community Centers are open 40 hours per week; • On average, 8 Neighborhood Centers are open for 15 hours of programming per week.
Street Maintenance	<ul style="list-style-type: none"> • 72 miles of residential and arterial streets resealed and 6 miles of residential and arterial streets resurfaced with various Capital and Grant funds (no General Fund allocation). Maintaining this street maintenance level will be contingent upon receiving commensurate levels of regional, state, and federal funds annually.
Facilities Built or Under Construction/ Opening Deferred	<ul style="list-style-type: none"> • South San José Police Substation.

Service Restoration Decision Making Framework

ATTACHMENT B



Guiding Principles for Restoring City Service Levels

Ensure the Fiscal Soundness of the City

1. Develop the General Fund budget to support the City's mission and use the City Council-approved Budget Principles to ensure the long term fiscal health of the City (*City of San Jose Budget Principles*)
2. Ensure services that are restored can be sustained over the long-run to avoid future service disruption (Use Five-Year General Fund Forecast as one tool)
3. If possible, defer adding new permanent positions until new retirement system is in place

Choose Investments that Achieve Significant Outcomes

4. Ensure restored services represent City Council priorities and the highest current need in the community
5. Balance investments among three categories:
 - Restoration of services (public safety and non-public safety services, including critical strategic support services)
 - Opening of new facilities
 - Maintenance of City infrastructure and assets
6. Prioritize baseline service level restorations using performance goals (*Fiscal and Service Level Emergency Report – Appendix C*, included as Attachment A to this document)
7. Focus funding on areas where there is a high probability of success and/or high cost of failure
 - Focus funding on infrastructure needs where there is a significant increase in cost if maintenance is delayed (such as street maintenance)
 - Focus investments in technology that have the greater return on investment in terms of services to the public and employee productivity

Improve the Efficiency and Effectiveness of Service Delivery

8. Before restoring prior service methods, evaluate options to determine if alternative service delivery models would be more cost effective.
9. Ensure strategic support and technology resources are capable of supporting direct service delivery and effective management of the organization
10. Prioritize organizational investments that maximize workforce productivity, efficiency, and effectiveness.
11. Pursue opportunities and methods, including performance, to retain, attract, and recognize employees within resource constraints.

**General Fund Selected
Service Restoration Priorities
by Department**

**GENERAL FUND
SELECTED SERVICE RESTORATION PRIORITIES BY DEPARTMENT**

FIRE DEPARTMENT**SERVICE DELIVERY GOALS (as of January 1, 2011)**

Service Delivery Goal	Current Service Delivery (as of June 2012)
A. 33 Fire Stations Open	33 Fire Stations Open
B. On average, City-wide, 82.6% of time, the initial responding fire unit arrives within 8 minutes after an emergency 9-1-1 call is received	On average, City-wide, 78.3% of time, the initial responding fire unit arrives within 8 minutes after an emergency 9-1-1 call is received *
C. On average City-wide, 85.2% of time, the second response fire unit arrives within 10 minutes after an emergency 9-1-1 call is received	On average City-wide, 90.4% of time, the second response fire unit arrives within 10 minutes after an emergency 9-1-1 call is received
	* Response time performance was from July 2011 through January 2012 due to the changes in data collection the Department is implementing. A full year of data will be reported in the 2013-2014 Proposed Budget.

SERVICE RESTORATION PRIORITIES

Priority	Service Restoration	Service Delivery Goal Alignment
1	Restore 2 Fire Engine Companies **	B,C
2	Eliminate Fire Engine Company/Squad Car Brown Outs	B,C
3	Training Overtime (Special Operations: HIT, USAR)	B,C
4	Courier Service	B,C

** Restoration of 2 Fire Engine Companies will be primarily provided by the 2011 SAFER Grant.

**GENERAL FUND
SELECTED SERVICE RESTORATION PRIORITIES BY DEPARTMENT**

POLICE DEPARTMENT**SERVICE DELIVERY GOALS (as of January 1, 2011)**

Service Delivery Goal	Current Service Delivery (as of July 2012)
A. On average, City-wide, average response time for Priority One police calls for service (present or imminent danger to life or major damage/loss of property) is 6.04 minutes	6.50 minutes, as of March 2012
B. On average, City-wide, average response time for Priority Two police calls for service (injury or property damage or potential for either to occur) is 12.74 minutes	17.12 minutes, as of March 2012
C. On average, overall, the clearance rate (number cleared / total cases) for Part 1 crimes is as follows: Homicide (65.00%), Rape (19.37%), Robbery (26.54%), Aggravated Assault (39.93%), Burglary (5.58%), Larceny (18.90%), and Vehicle Theft (8.85%)	Through December 2012: Homicide (61.50%), Rape (16.10%), Robbery (23.90%), Aggravated Assault (41.2%), Burglary (5.0%), Larceny (15.3%), and Vehicle Theft (11.40%).
D. Opening of South San Jose Police Substation	Current budget allocation allows for the use of the substation in September 2013.

SERVICE RESTORATION PRIORITIES

Priority	Service Restoration	Service Delivery Goal Alignment
1	Crime Prevention Specialists	A, B
2	Patrol Staffing/Community Service Officers	A, B
3	Court Liaison Unit	C
4	Homicide Unit/Night Detectives	A, B, C
5	Special Investigations Unit	C
6	Police Non-personal/Equipment (Recruit Academy Contract)	A, B, C
7	School Liaison Unit	A, B, C
8	Metro Unit (One Team)	A, B, C
9	Sexual Assaults Investigations Unit	C
10	Police Administrative Building Main Lobby Staffing (Extended Hours)	A, B
11	Bureau of Investigations Sworn Oversight and Civilian Support Staffing	C, D
12	Training Unit (Sworn Range Staffing)	A, B, C
13	Pre-Processing Center Staffing	A, B, D
14	Bureau of Administration Support Staffing	A, B, C, D

**GENERAL FUND
SELECTED SERVICE RESTORATION PRIORITIES BY DEPARTMENT**

LIBRARY DEPARTMENT

SERVICE DELIVERY GOALS (as of January 1, 2011)

Service Delivery Goal	Current Service Delivery (as of July 2012)
A. On average, 18 library branches are open 39 hours per week (4.0 days of service per week)	9 branch libraries are open 33 hours per week 9 branch libraries are open 34 hours per week
B. King Library Services: Hours open: 72 hours per week per academic semester 58 hours per week otherwise Children's Room: 50 hours per week Third Floor General Collection and Reference Desks: 64 hours per week California Room: 25 hours per week Access Services: 72 hours per week Periodicals: 72 hours per week Second Floor Reference Desk open 72 hours per week	72 hours per week (5 additional hours funded by SJ State) 58 hours per week (5 additional hours funded by SJ State) 50 hours per week 64 hours per week 25 hours per week 72 hours per week (5 additional hours funded by SJ State) 72 hours per week (5 additional hours funded by SJ State) 49 hours per week (19 additional hours funded by SJ State)

SERVICE RESTORATION PRIORITIES

Priority	Service Restoration	Service Delivery Goal Alignment
1	Increase Branch Library Hours from 4.0 to 4.5 days per week All 22 branches open Tuesday - Saturday (39 hours per week) Unpair branches Includes 4 new branch libraries	A
2	Restoration of King Library Education and Information Services (e.g., literacy/career/reference services)	B

**GENERAL FUND
SELECTED SERVICE RESTORATION PRIORITIES BY DEPARTMENT**

PARKS, RECREATION AND NEIGHBORHOOD SERVICES DEPARTMENT

SERVICE DELIVERY GOALS (as of January 1, 2011)

Service Delivery Goal	Current Service Delivery (as of July 2012)
A. On average, 10 Hub Community Centers are open 63 hours per week	On average, 10 Hub Community Centers are open 59 hours per week
B. On average, 9 Satellite Community Centers are open 40 hours per week	Given Reuse partners on average, 11 Satellite Community Centers are open 23 hours per week
C. On average, 8 Neighborhood Centers are open for 15 hours of programming per week	Given Reuse partners on average, 19 Neighborhood Centers are open for 11 hours per week

SERVICE RESTORATION PRIORITIES

Priority	Service Restoration	Service Delivery Goal Alignment
1	Hub Community Center Hours from 59 to 63 per week	A
2	Senior Services at Hub Community Centers (including Nutrition/Transportation) (ongoing)	A
3	Satellite Community Centers Hours from 23 to 40 per week	B
4	Senior Services at Satellite Community Centers (including Nutrition/Transportation) (ongoing)	B

**GENERAL FUND
SELECTED SERVICE RESTORATION PRIORITIES BY DEPARTMENT**

TRANSPORTATION DEPARTMENT

SERVICE DELIVERY GOALS (as of January 1, 2011)

	Service Delivery Goal	Current Service Delivery (as of July 2012)
A.	72 miles of residential and arterial streets resealed and 6 miles of residential and arterial streets resurfaced with various Capital and Grant Funds (no General Fund allocation). Maintaining this street maintenance level will be contingent upon receiving commensurate levels of regional, state, and federal funds annually.	0 miles of residential and 31 miles of arterial streets resealed and 0 miles of residential and 23 miles of arterial streets resurfaced with various Capital and Grant Funds (no General Fund allocation). Per City Council adoption of the 400+ mile Priority Street Network on March 27, 2012, the resealing and resurfacing of other non-priority arterial streets and all residential streets are deferred. The long-term goal of 70 PCI (pavement condition index) currently stands at 63 PCI.

SERVICE RESTORATION PRIORITIES

Priority	Service Restoration	Service Delivery Goal Alignment
1	Major Street Pavement Maintenance - (Other Major Streets) - 400 miles	A
2	Priority Local/Neighborhood Streets Maintenance - (miles TBD)	A
3	Remaining Local/Neighborhood Streets Maintenance - (miles TBD)	A

**GENERAL FUND
SUMMARY OF SELECTED SERVICE RESTORATION PRIORITIES**

General Fund Service Restoration Priorities	
<p>Fire Department</p> <ol style="list-style-type: none"> 1. Restore 2 Fire Engine Companies* 2. Eliminate Fire Engine Company/Squad Car Brown Outs 3. Training Overtime (Special Operations, HIT, USAR) 4. Courier Service <p>* Restoration of 2 Fire Engine Companies will be primarily provided by the 2011 SAFER Grant</p>	<p>Library Department</p> <ol style="list-style-type: none"> 1. Increase Branch Library Hours from 4.0 to 4.5 days per week <ul style="list-style-type: none"> - All 22 branches open Tuesday – Saturday (39 hours per week) - Unpair branches - Includes 4 new branch libraries 2. Restoration of King Library Education and Information Services (e.g., literacy/career/reference services)
<p>Police Department</p> <ol style="list-style-type: none"> 1. Crime Prevention Specialists 2. Patrol Staffing/Community Service Officers 3. Court Liaison Unit 4. Homicide Unit/Night Detectives 5. Special Investigations Unit 6. Police Non-Personal/Equipment (Recruit Academy Contract) 7. School Liaison Unit 8. Metro Unit (One Team) 9. Sexual Assaults Investigations Unit 10. Police Administrative Building Main Lobby Staffing (Extended Hours) 11. Bureau of Investigations Sworn Oversight and Civilian Support Staffing 12. Training Unit (Sworn Range Staffing) 13. Pre-Processing Center Staffing 14. Bureau of Administration Support Staffing 	<p>Parks, Recreation & Neighborhood Services Department</p> <ol style="list-style-type: none"> 1. Hub Community Center Hours from 59 to 63 per week 2. Senior Services at Hub Community Centers (including Nutrition/Transportation) (ongoing) 3. Satellite Community Centers Hours from 23 to 40 per week 4. Senior Services at Satellite Community Centers (including Nutrition/Transportation) (ongoing)
	<p>Transportation</p> <ol style="list-style-type: none"> 1. Major Street Pavement Maintenance – (Other Major Streets) – 400 miles 2. Priority Local/Neighborhood Streets Maintenance – (miles TBD) 3. Remaining Local/Neighborhood Streets Maintenance – (miles TBD)
<p>Strategic Support Resources for Service Restorations</p> <p><i>Finance:</i> Purchasing/Procurement Services; Accounts Payable/Receivable Services; Payroll Services; and Payment Processing</p> <p><i>Human Resources:</i> Employment Services; Workers' Compensation; and Training/Workforce Planning and Development</p> <p><i>Information Technology:</i> Network Support, Application Programming and Support; and Technical Engineering</p> <p><i>Public Works:</i> Custodial Services; Facilities Preventative Maintenance and Corrective Repairs; Fleet Preventative Maintenance and Corrective Repairs; Vehicle Replacement; and Utilities and Fuel</p> <p><i>City Attorney:</i> Legal Representation</p> <p><i>City Auditor:</i> Audit Services</p> <p><i>City Manager:</i> Workforce Competitiveness; Organizational Leadership and Management</p>	

**GENERAL FUND
STRATEGIC SUPPORT RESOURCES FOR SERVICE RESTORATIONS**

As direct services are restored, additional resources will be necessary in the strategic support areas to ensure effective service delivery. Following are strategic support areas that would potentially require augmentations as the direct services are restored.

Strategic Support Area	Support Service Needs
Finance	Purchasing/Procurement Services Accounts Payable/Receivable Services Payroll Services Payment Processing
Human Resources	Employment Services Workers' Compensation Training/Workforce Planning and Development
Information Technology	Network Support Application Programming and Support Technical Engineering
Public Works	Custodial Services Facilities Preventative Maintenance and Corrective Repairs Fleet Preventative Maintenance and Corrective Repairs Vehicle Replacement Utilities and Fuel
City Attorney	Legal Representation
City Auditor	Audit Services
City Clerk	None
City Manager	Workforce Competitiveness Organizational Leadership and Management

**GENERAL FUND
OTHER POTENTIAL SERVICE RESTORATIONS/INVESTMENTS**

OTHER POTENTIAL SERVICE RESTORATIONS	
Department	Potential Service Restoration
Library	Library Branches: increase days and hours of service
Parks, Recreation and Neighborhood Services	Park Rangers Gang Prevention Services Parks: maintenance and days of operation
Planning, Building and Code Enforcement	Code Enforcement Services Long-Range Planning
Transportation	Traffic Calming

OTHER INVESTMENTS	
Department	Potential Investment
All	Workforce Competitiveness: performance-based employee compensation adjustments
Various	Infrastructure and Technology Needs
Various	Strategic Support Needs
General Fund Reserves	Re-establish Economic Uncertainty Reserve Increase Contingency Reserve