

# A COMMUNITY ALTERNATIVE BUDGET FOR THE CITY OF SAN JOSE

## GOALS

The objectives of the Community Alternative Budget are:

- 1) to prevent massive cuts in public services,
- 2) to prevent budget decisions that pit one part of the city against other parts (such as one neighborhood against others, seniors against youth, libraries against community centers, non-profit services against city provided services), and
- 3) to ask city workers to make a fair and reasonable contribution to resolving the budget shortfall.

## TARGET=\$68,200,000

To accomplish these goals, the Community Alternative Budget seeks to identify sufficient resources to restore all important services and avoid any layoffs from the city General Fund.

In the proposed budget, the City Manager has reduced the scale of the city shortfall to \$62 million. The Community Alternative Budget also wishes to restore the services funded during FY09/10 from one-time sources with the exception of the horse mounted unit at a cost of \$6,200,000. **The total target is \$68,200,000.**

In addition, the Community Alternative Budget recommends that the new Seven Trees and Bascom Libraries be opened on January 1, 2011 for 3 days per week at a cost of \$1,170,000. These funds should be allocated from the Excess Fund Balance which is reported in the Comprehensive Annual Financial Report in late October.

REVENUES = \$55,350,000 as of 5/25/10

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The Community Alternative Budget proposes a set of options for the City Council to consider in order to reach the budget target. These strategies are revised as additional information becomes available (see “Response to the City Manager’s Analysis” on this website). Also, the Community Alternative Budget team is evaluating new ideas to add to the list of options (see section titled “New Issues Under Consideration” below).

Revenue Options:

**1) Union Concessions** **\$14,600,000**

Concessions equal to 7.5% from wages have been offered by AEA, IBEW, CAMP, ABMEI, and AMSP. Concessions equal to 5% from wages have been offered by SJFF 230 and SJPOA.

Other unions have not completed discussions with the city and more Savings may be generated.

**2) Reduced Contribution to Pension Funds** **\$ 7,000,000**

Actuaries assumed salaries of city employees would increase by 4% next year. In fact, most city employees salaries will not increase and will probably decline. Recalculating the actual salary levels allows reductions in the city's contribution to pension funds. This can be done at any time by contacting the pension plan boards.

**3) Reduction of Unemployment Insurance Reserve** **\$ 9,000,000**

The City Manager has established a large Unemployment Insurance Reserve based on the assumption that hundreds of employees will be laid off. If a 1 is adopted, most of this reserve can be eliminated. \$500,000 will be left in the reserve. UI costs that can't be avoided.

**4) Elimination of 55 vacant positions** **\$ 6,000,000**

A city government as large as San Jose's always has vacant positions, and this number is likely to increase as city workers retire or seek employment elsewhere. Because the City Manager has already deleted a number of vacant positions, this number has been reduced to 55, which creates savings of \$6,000,000.

<p><b>5) Reduce Spending for Non-Personal Expenditures and Low Priority Items</b>      <b>\$ 7,000,000</b></p> <p>When critical services are at risk, lower priority spending needs to be reduced. The following list includes a sample of some of the expenditures that should be evaluated for reduction:</p>																													
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<p><b>6) Transfers from Capital Funds to the Operating Budget</b>      <b>\$2,750,000</b></p> <p>Some capital funds can be moved to help the hard-pressed General Fund. \$2,750,000 can be allocated from the Construction and Conveyance Park Fund to pay for that part of the Autumn Street Project that involves Guadalupe River Park. This Fund shift will enable the Redevelopment Agency to repay a loan to the Parking Fund which can, in turn, transfer revenue to the General Fund.</p>																													
<p><b>7) Use part of the Excess Fund Balance and Economic Uncertainty Reserve</b>      <b>\$9,000,000</b></p> <p>The city's reserves include:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Contingency Reserve</td> <td style="text-align: right;">\$29.3 million</td> </tr> <tr> <td>Economic Uncertainty Reserve</td> <td style="text-align: right;">\$ 9.0 million</td> </tr> <tr> <td>Excess Fund Balance estimate</td> <td style="text-align: right;">\$15.0 million</td> </tr> </table> <p>The Community Alternative Budget allocates \$9,000,000 from this amount to save city services.</p>	Contingency Reserve	\$29.3 million	Economic Uncertainty Reserve	\$ 9.0 million	Excess Fund Balance estimate	\$15.0 million																							
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**CURRENT TOTAL**

**\$55,350,000**

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