



# Council Policy Prioritization: Early Consideration Response Form

Department City Manager's Office  
 Department Rep. Name/Ext. Jim Shannon and Lee Wilcox  
 Policy/Ord. Subject Government Accountability Measures

Rules Date 8/19/2020 Item G(3)  
 Council Member Sponsorship Councilmember Diep

## Staff Recommendation

- GREEN The Administration can implement this Nominated Idea under its current workplan
- ALREADY UNDERWAY  MINIMAL WORK LESS THAN 40 HOURS  REQUEST FOR INFORMATION
- YELLOW The Administration recommends Council send this Nominated Idea to the Priority Setting Process (See Complexity Level Below)
- RED The Administration recommends Council not adopt this Nominated Idea
- NEEDS CLARIFICATION OR MORE TIME TO EVALUATE

## Criterion to Determine Scale of Project Complexity

Project complexity is determined by scoring the project in each of the 3 criterions below and then summing the score.

- a. Low Complexity is a sum of 6 or less.
- b. Medium Complexity is a sum of 7 - 9
- c. High Complexity is a sum of 10 or greater.

Total Score = 0

Scoring Criterion	Low Complexity		Medium Complexity		High Complexity	
	<b>Estimated Duration</b>	6 - 9 months <input type="checkbox"/> =1	9 - 18 months <input type="checkbox"/> =2	More than 18 months <input type="checkbox"/> =3		
<b>Organizational Complexity (Internal)</b>	Can Easily be Absorbed into Existing Workplan <input type="checkbox"/> =1	Planned Work (Future) Have staff with required skillset/ requires moderate research <input type="checkbox"/> =2	Work Not Currently Proposed Do not have staff with required skillset/ requires significant research <input type="checkbox"/> =3			
	Have staff with required skillset/ knowledge <input type="checkbox"/> =1	Less than or equal 2 Staff required <input type="checkbox"/> =1	3 - 4 Staff required <input type="checkbox"/> =2			
	3 - 4 Staff required <input type="checkbox"/> =2	More than 5 Staff required <input type="checkbox"/> =3				
<b>(External)</b>	1 Additional Departments <input type="checkbox"/> =1	2 Other Department Involved <input type="checkbox"/> =2	3 or more Depts Involved <input type="checkbox"/> =3			

DEPT. Required  Airport  Housing  CMO  OED  PRNS  PD  PBCE  
 CA  ES  DOT  LIB.  PW  FD  EM

## Analysis

Explain the rationale for Staff recommendation, including any mitigating factors that need to be considered (recent legislative action, significant workplan changes, etc). Please address the following as well.

GREEN LIGHT: The Administration can implement this Nominated Idea under its current workplan. Item should be sent to Council to add to Department workplan. Explain how the Idea will be approached.

Recommendation 1. General Purpose Reserve levels and the allocation of fund balance as part of the Annual Report process is governed by City Council Policy 1-18 (<https://www.sanjoseca.gov/Home/ShowDocument?id=50375>).

The current policy identifies three reserves that comprise General Fund General Purpose Reserves - Contingency Reserve (\$40 million), Budget Stabilization Reserve (\$21 million), and Workers' Comp/General Liability Claims Reserve (\$15 million) - with a goal for the sum of these reserves to equal 10% of General Fund Operating Budget Expenditures. For the 2020-2021 Modified Budget, the level is currently 6%. For reference, for the sum to get to 10% for 2020-2021, the Budget Stabilization Reserve would need to be approximately \$75 million; the Budget Stabilization Reserve would need to be approximately \$193 million for it alone to equal 15% of General Fund Expenditures.

The current policy also provides direction for the allocation of any remaining General Fund fund balance - after necessary appropriation adjustment actions to re-budget funds, correct errors, or reflect updated cost information have been accounted for in the fund - first to offset any projected deficit for the following fiscal year, then to: 1) Budget Stabilization Reserve and/or Contingency Reserve; 2) Unmet/deferred infrastructure and maintenance needs; 3) Other one-time urgent funding needs.

Modifying City Council Policy 1-18 to meet the recommendation objective of prioritizing the Budget Stabilization Reserve or the paydown of debt is feasible, though the changes would somewhat limit discretion of the City Council to address unmet/deferred infrastructure and maintenance needs that will continue to exist.

Recommendation 3. Intergovernmental Relations will continue to update Council on a regular basis on state and federal budgets as they impact the City. This includes an informational memo when the Governor releases his January budget proposal and again after the Governor's May Revise. The Administration also provides regular Intergovernmental Relations updates to Council in March and June. On the Federal side, Appropriations are typically done in the fall, which does not align well with the City's budget and priority setting session. However, the Administration will update the Council during the Intergovernmental Relations report in November on Federal budget actions.

YELLOW LIGHT: The Administration recommends Council send this Nominated Idea to the Priority Setting Process due to [describe cost implications, workload impacts, or other factors].

RED LIGHT: The Administration recommends Council not adopt this Nominated Idea due to [describe reason implementation would be difficult if not impossible – conflict with other laws, etc].

Recommendation 2. Each year, aside from ballot measures, a variety of revenue adjustments are recommended for City Council consideration as part of budget development and modification processes (fees for service, impact fees, charges for recreational programs, etc.). Vetting these approaches through a separate commission prior to the City Council's consideration would significantly hinder the Administration's ability to produce timely budget recommendations for City Council approval. Such a commission would also duplicate other citizen oversight efforts, including Measure B - Local Sales Tax, Measure E - Real Property Transfer Tax, and Measure T - Public Safety and Infrastructure Bond, and budget publications that currently provide budget-to-actual data. In addition, the staffing of such a commission would require additional resources not currently budgeted.

For measures endorsed by the City, often the reports on funding expenditures go to the issuing agency. We would need additional City staff resources to track the myriad of revenue measures that the City endorses.

For questions, please contact Gloria Schmanek, City Manager's Office at (408) 535-8104.