



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Johnny Khamis
District 10

**SUBJECT: GREENPRINT AND FINANCIAL
FEASIBILITY STUDY**

DATE: November 28, 2017

Approved

Date

11/28/17

RECOMMENDATION

1. Accept items one (1) and two (2) from the Memorandum dated November 22, 2017 from Mayor Liccardo and Councilmembers Jimenez and Rocha.
2. Postpone item three (3) from the Memorandum dated November 22, 2017 from Mayor Liccardo and Councilmembers Jimenez and Rocha until after the outcome of Congressional action on federal tax reforms and the impact of the reforms on the deductibility of ad valorem property taxes, state income taxes, and sales taxes is known.
3. Direct City Manager to pursue and implement the automation of processes such as reserving sports fields and park amenities (picnic areas, pavilions, and the like) to create efficiencies and drive additional revenues.
4. Direct City Manager to provide a report to Council on policies that the City Council imposes that artificially raise costs or create barriers to volunteer activities that would make General Fund dollars go further. Further, have staff identify options for streamlining City operations or reducing costs – especially on non-core activities – to generate savings that can be used to improve park maintenance.

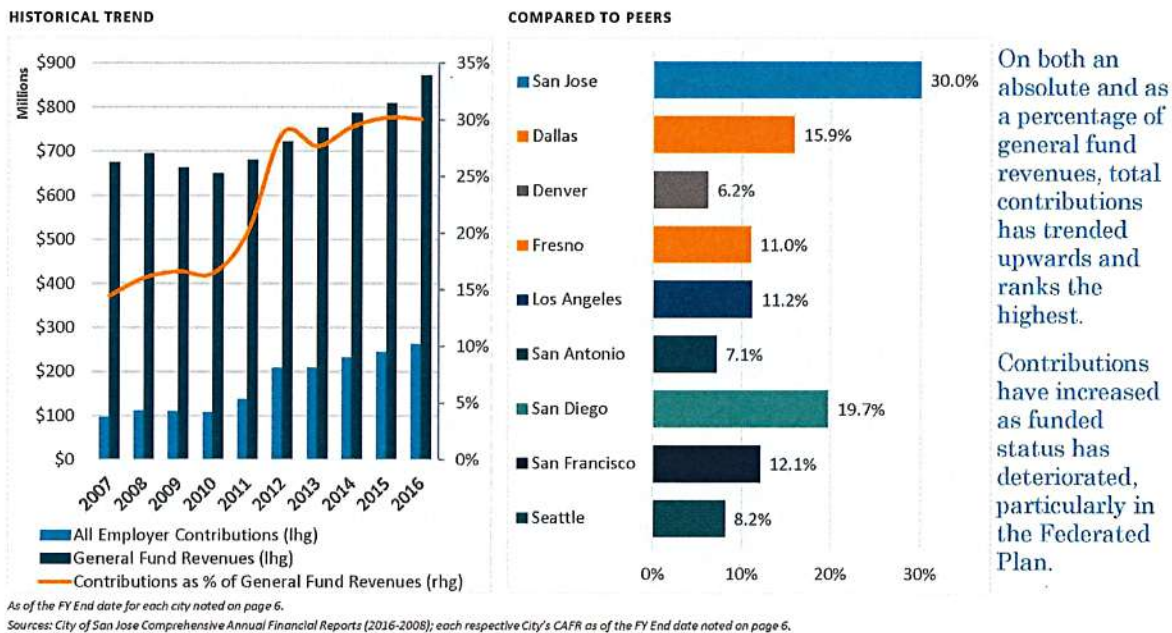
BACKGROUND

Parks are a core service of the City of San José. They are one of the reason people chose to live in our community and to rent or purchase a home in a particular neighborhood. While revenues are generated on a yearly basis for the construction of new parks and trails, we have struggled to maintain these new and our existing parks and trails given competing budgetary priorities and policies that artificially increase maintenance cost beyond what the market would require.

While we have struggled to maintain our parks and trails, over the past four years, the City of San José has increased the sales tax, approved a library parcel tax, and increased and expanded the business tax. On top of these tax increases, our residents have paid outrageous increases in water rates and seen steady increases in their garbage, sewer, and electricity charges. Further, voters have approved several new sales, parcel, and ad valorem taxes for housing, schools, and transportation, which is on top of the customary increase in property taxes due to the rise in property values.

The high cost of living in our area is a topic often discussed in the press and in our daily conversations, and yet by approving new taxes and increasing service charges, we become part of the problem. Additional taxes on residents cannot be our go-to plan for all of the City’s budgetary shortfalls – especially when we have not adequately addressed the largest cost increases in the City budget and have spent money on non-core services that, while arguably important, fall outside of what the City Charter mandates or are the responsibility of other units of government. Rising retirement costs, for example, consumes a full one-third of the entire General Fund and will continue to increase over the next several years:

Contributions vs. general fund revenues



Regardless of whether one is supportive of some sort of revenue measure to fund park capital or park maintenance, any polling would be premature without first knowing the impact of federal tax reform on our residents. The decision on whether to spend scarce resources on polling should be made only after this information is available and can be incorporated into the assessment of any possible revenue measure. In the meantime, we should undertake to be creative in our approach to increase revenues, build volunteer capacity, find savings, and create efficiencies in our operations.

One of the ways that I have suggested in the past for generating revenue for parks needs from potentially underutilized sports fields has yet to be pursued – the Fair Play Program outlined in my memo of November 2016. This program could be adapted for use with the reservation of park amenities, such as pavilions and barbeque grill sites, as well. The City must seize the

opportunity to leverage technology to better serve our parks users while maximizing efficiencies and revenues by ensuring the optimization of reserved areas in our parks. For example, if a sports team cancels a field reservation, they could use the Fair Play app to open up the availability of the field and another team could use the app to reserve and pay for the field's use. If the original user is successful in finding another team to utilize the field, they could receive a partial refund of their field reservation charge, thus incentivizing them to give up the field instead of holding the reservation and having the field remain unused for the reserved time.

Another creative way that the City should look at to make park maintenance dollars go further or to generate additional park maintenance dollars is to review City operations and policies that effect General Fund expenses. For example, City staff should provide a report on policies that the City Council imposes that create barriers to volunteer activities that would make General Fund dollars go further, or that artificially raise costs, such as the prevailing wage policy that we impose on ourselves at our City-owned sports facilities, driving up losses that must be covered by the General Fund. City staff must also review past reports from the City Auditor, from IBM, and others that recommended cost-savings opportunities that can either be implemented or negotiated with our bargaining units in order to avoid cuts to City staff and reductions in services to San José residents. For each recommendation or policy that creates barriers to volunteerism or raises costs, staff should identify what prevents the implementation of the recommendations or changes to policy.

Ultimately, it would be unfair to our residents to move ahead with the pursuit of new taxes unless we've first done everything we can to ensure we are maximizing our efficiencies, looking at ways to improve revenue, fully leverage volunteerism, and reduce costs where, through past policy decisions, we've needlessly increased them. Were we to move ahead with polling and a revenue measure of some kind, we should also be cognizant of the fact that we have no assurances that these funds would actually be spent on Parks. As Mayor Liccardo has accurately pointed out during past tax discussions on the San José Measure B sales tax and Measure G business tax, tax monies are "fungible". The new revenues from a Parks measure could very well simply replace existing General Fund dollars spent on parks which could be redirected elsewhere. It could result that no additional resources are generated for our parks from a new tax. We have seen General Fund support for streets, for example, fall when the voters approved the VTA Measure B transportation tax.