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# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** OPERATING RESERVES

**DATE:** November 24, 2008

Approved

Date

11/24/08

## INFORMATION

On October 21, 2008, as part of the review and discussion of the 2007-2008 Annual Report, Vice Mayor Cortese asked staff to provide reserve amounts for all budgeted operating funds. This memorandum has been prepared in response to that request.

Attached is a chart which shows reserve levels contained in the 2008-2009 Adopted Operating Budget as modified by Council action through the Annual Report for all budgeted operating funds. Information provided in the chart includes the description and amount of each reserve within a City operating fund. It should be noted that in general, there are two types of reserves: Earmarked Reserves and Contingency Reserves. Earmarked Reserves are funds that have been set aside for a special purpose that can not be accessed without City Council approval. Contingency Reserves are funds that are set aside to meet unexpected circumstances, such as a revenue shortfall. Most funds have, in addition to these reserves, and not included in the attachment, unrestricted fund balances that are set at a level appropriate to that fund and could be utilized to cover a revenue shortage or for unexpected expenditures, in addition to, or instead of, the use of a contingency reserve. Reserves for encumbrances are also excluded from this report because these are funds carried over from a prior fiscal year which have already been committed for immediate financial obligations (e.g., purchase orders, contracts).

If you have any questions regarding the information contained in this memorandum, please contact me.

JENNIFER A. MAGUIRE  
Budget Director

Attachment

## Operating Reserves Attachment

		2008-2009 Modified Budget (as of 10/21/2008)	
Fund Number	Fund Name	Fund Type	Detailed Description
001	General Fund	General Fund	Contingency Reserve Earmarked Reserve: 2009-2010 Future Deficit Earmarked Reserve: Airport Police and Fire Services Earmarked Reserve: Airport West Proceeds Earmarked Reserve: Annexations Earmarked Reserve: Economic Uncertainty Earmarked Reserve: Enhanced Parks Maintenance Earmarked Reserve: Environmental Mitigation (Burrowing Owl) Earmarked Reserve: Fee Supported - Building Earmarked Reserve: Fee Supported - Fire Earmarked Reserve: Fee Supported - Planning (Works-in-Progress) Earmarked Reserve: Fee Supported - Public Works Earmarked Reserve: Fuel Usage Earmarked Reserve: Future Capital Projects (FF&E) Earmarked Reserve: GASB 43/45 Liability (Retiree Healthcare) Earmarked Reserve: Neighborhood Capital Improvements Earmarked Reserve: Neighborhood Investment Fund Earmarked Reserve: Retirement Pre-Payment Reserve Earmarked Reserve: Salary and Benefit Earmarked Reserve: State Budget Actions Earmarked Reserve: Street Maintenance and Repair Reserve Earmarked Reserve: Tully Branch Library 2009-2010 Sunday Hours Earmarked Reserve: Wellness Earmarked Reserve: Workers' Compensation/General Liability
			\$ 30,828,642
			4,000,000
			353,129
			2,302,740
			56,720
			15,311,000
			3,726,690
			174,273
			3,775,749
			4,260,435
			1,419,097
			131,012
			1,421,000
			4,307,080
			3,869,725
			1,609,871
			4,341,659
			1,800,000
			18,821,672
			600,000
			5,802,000
			60,000
			357,424
			10,000,000
			<b>119,329,918</b>
150	Public Works Program Support Fund	Internal Service Funds	Reserve for Retirement Pre-Payment Restricted: Earned Absences
			26,020
			5,510,568
			<b>5,536,588</b>
155	Benefit Funds - Dental Insurance Fund	Special Revenue Funds	Contingency Reserve Reserve for Claims Reserve for Retirement Pre-Payment
			4,518
			1,770,359
			1,602
			<b>1,776,479</b>
<b>Total</b>			

## Operating Reserves Attachment

				2008-2009 Modified Budget (as of 10/21/2008)
Fund Number	Fund Name	Fund Type	Detailed Description	
156	Benefit Funds - Life Insurance Fund	Special Revenue Funds	Contingency Reserve	6,000
			Reserve for Retirement Pre-Payment	303
<b>Total</b>				<b>6,303</b>
157	Benefit Funds - Unemployment Insurance Fund	Special Revenue Funds	Contingency Reserve	6,000
			Reserve for Claims	600,000
			Reserve for Retirement Pre-Payment	635
<b>Total</b>				<b>606,635</b>
160	Benefit Fund	Special Revenue Funds	Reserve for Retirement Pre-Payment	2,891
<b>Total</b>				<b>2,891</b>
290	Workforce Investment Act Fund	Special Revenue Funds	Contingency Reserve	1,606,067
<b>Total</b>				<b>1,606,067</b>
352	Maintenance District No. 1 Fund	Special Revenue Funds	Reserve for Retirement Pre-Payment	547
<b>Total</b>				<b>547</b>
368	Maintenance District No. 15 Fund	Special Revenue Funds	Reserve for Retirement Pre-Payment	1,462
<b>Total</b>				<b>1,462</b>
369	Community Facilities Dist. 2 and 3	Special Revenue Funds	Reserve for Retirement Pre-Payment	1,164
<b>Total</b>				<b>1,164</b>
417	State Drug Forfeiture Fund	Special Revenue Funds	Reserve for Police Substation Furniture, Fixtures, and Equipment	500,000
<b>Total</b>				<b>500,000</b>
418	Library Parcel Tax Fund	Special Revenue Funds	Contingency Reserve	100,000
			Millennium Circulation System Replacement Reserve	550,000
			Reserve for Retirement Pre-Payment	13,507
<b>Total</b>				<b>663,507</b>
423	Integrated Waste Management Fund	Special Revenue Funds	Contingency Reserve	1,600,000
			Reserve for Integrated Billing System	247,893
			Reserves for Construction & Demolition Diversion Deposit	5,928,694
			Retirement Pre-Payment Reserve	65,699
<b>Total</b>				<b>7,842,286</b>
426	Anti-Tobacco Master Settlement Agreement Revenue Fund	Special Revenue Funds	Interest Earnings Reserve	1,103,789
<b>Total</b>				<b>1,103,789</b>

## Operating Reserves Attachment

				2008-2009 Modified Budget (as of 10/21/2008)
Fund Number	Fund Name	Fund Type	Detailed Description	
439	Economic Development Enhancement Fund	Special Revenue Funds	Reserve for Loan Guarantees	491,470
<b>Total</b>				<b>491,470</b>
441	Community Development Block Grant	Special Revenue Funds	Reserve for Retirement Pre-Payment	27,483
<b>Total</b>				<b>27,483</b>
443	Low and Moderate Income Housing Fund	Special Revenue Funds	Contingency Reserve	150,000
			Reserve for Retirement Pre-Payment	58,220
<b>Total</b>				<b>208,220</b>
445	Home Investment Partnership Program	Special Revenue Funds	Reserve for Retirement Pre-Payment	1,220
			Reserve for Teacher Housing Program Revolving Loan Fund	140,000
<b>Total</b>				<b>141,220</b>
446	Storm Sewer Operating Fund	Special Revenue Funds	Reserve for Permit Implementation	2,900,000
			Retirement Pre-Payment Reserve	58,292
<b>Total</b>				<b>2,958,292</b>
448	Multi-Source Housing Fund	Special Revenue Funds	Reserve for Rental Rights and Referrals	120,000
			Reserve for Retirement Pre-Payment	2,208
			Restricted for Special Projects	337,883
<b>Total</b>				<b>460,091</b>
461	Transient Occupancy Tax Fund	Special Revenue Funds	Reserve for Loans Outstanding	90,000
<b>Total</b>				<b>90,000</b>
513	San Jose/Santa Clara Treatment Plant Operating Fund	Enterprise Funds	Contingency Reserve	1,700,000
			Reserve for Retirement Pre-Payment	253,224
			Reserve for Workers' Compensation Claims	2,352,000
<b>Total</b>				<b>4,305,224</b>
515	Water Utility Fund	Enterprise Funds	Contingency Reserve	75,000
			Rate Stabilization Reserve	1,292,000
			Reserve for Retirement Pre-Payment	24,017
			Reserve for Workers' Compensation Claims	50,000
<b>Total</b>				<b>1,441,017</b>

## Operating Reserves Attachment

			2008-2009
			Modified Budget
			(as of 10/21/2008)
Fund Number	Fund Name	Fund Type	Detailed Description
519	Airport Customer Facility and Transportation Fee Fund	Enterprise Funds	Contingency Reserve Reserve for Bus Acquisition Reserve for Retirement Pre-Payment
<b>Total</b>			243,368 744,708 2,041 <b>990,117</b>
521	Airport Revenue Fund	Enterprise Funds	Curfew Reserve Reserve Per Master Trust Agreement
<b>Total</b>			90,388 9,066,153 <b>9,156,541</b>
523	Airport Maintenance and Operating Fund	Enterprise Funds	Contingency Reserve Reserve for Retirement Pre-Payment Reserve for Workers' Compensation Claims Reserve Per Master Trust Agreement
<b>Total</b>			1,714,458 246,262 5,123,660 4,759,646 <b>11,844,026</b>
524	Airport Surplus Revenue Fund	Enterprise Funds	Reserve for Discretionary Expense Reserve Per Master Trust Agreement
<b>Total</b>			1,000,000 10,088,476 <b>11,088,476</b>
525	Airport Fiscal Agent Fund	Enterprise Funds	Reserve for Debt Service
<b>Total</b>			101,536,962 <b>101,536,962</b>
533	General Purpose Parking Fund	Enterprise Funds	Reserve for 4th/San Fernando Reserve for Emergency Repairs Reserve for Retirement Pre-Payment
<b>Total</b>			2,334,869 700,000 10,702 <b>3,045,571</b>
536	Convention & Cultural Affairs Fund	Special Revenue Funds	Reserve for Retirement Pre-Payment
<b>Total</b>			45,818 <b>45,818</b>
539	Sewage Treatment Plant Connection Fee Fund	Enterprise Funds	Reserve for Plant Expansion
<b>Total</b>			15,466,032 <b>15,466,032</b>
541	Sewer Service & Use Charge Fund	Enterprise Funds	Rate Stabilization Reserve Reserve for Debt Service Reserve for Workers' Compensation Claims Reserve for Retirement Pre-Payment
<b>Total</b>			2,000,000 6,000,000 760,000 77,885 <b>8,837,885</b>
551	Stores Fund	Special Revenue Funds	Contingency Reserve Reserve for Retirement Pre-Payment
<b>Total</b>			33,770 4,474 <b>38,244</b>

## Operating Reserves Attachment

Fund Number	Fund Name	Fund Type	Detailed Description	2008-2009 Modified Budget (as of 10/21/2008)
552	Vehicle Maintenance and Operations Fund	Special Revenue Funds	Contingency Reserve	100,250
			Reserve for Retirement Pre-Payment	46,653
<b>Total</b>				<b>146,903</b>
<b>Total Reserves</b>				<b>\$ 311,297,228</b>