

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$669.0 million, or 31.0% of the total 2023-2024 Modified Budget. This expenditure level represents an increase of \$41.6 million, or 6.6%, from the December 2022 level, which is primarily due to higher expenditures in the City-Wide Expenses category. General Fund encumbrances through December totaled \$139.6 million, which are \$56.3 million above the December 2022 level. In total, expenditures and encumbrances through December totaled \$808.5 million, which constitutes 37.4% of the total Modified Budget (including reserves) of \$2.2 billion. When excluding reserves of \$384.7 million, expenditures and encumbrances through December constituted 45.6% of the total Modified Budget. The following table displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

**2023-2024
General Fund Expenditures through December
(\$ in Thousands)**

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
Departmental Expenditures				
Personal Services	\$ 1,019,506	\$ 499,992	49.0%	49.2%
Non-Personal/Equipment	211,797	63,171	29.8%	30.8%
Other Departmental	30,904	12,325	39.9%	31.8%
<i>Subtotal Departmental Expenditures</i>	<u>1,262,207</u>	<u>575,488</u>	<u>45.6%</u>	<u>47.2%</u>
Non-Departmental Expenditures				
City-Wide Expenses	\$ 407,415	\$ 56,749	13.9%	6.4%
Capital Contributions	74,872	6,595	8.8%	18.5%
Transfers	30,472	30,156	99.0%	100.0%
Reserves	384,683	0	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>897,442</u>	<u>93,500</u>	<u>10.4%</u>	<u>10.6%</u>
Total	\$ 2,159,649	\$ 668,988	31.0%	31.4%

Overall, General Fund expenditures are within budgeted levels and savings of at least \$15 million are anticipated by year-end; however, this savings is likely to grow as vacancy estimates and other expenditure tracking estimates are refined. General Fund expenditure savings will assist in meeting the projected 2023-2024 Ending Fund Balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2024-2025 Proposed Budget. Expenditures savings will continue to be closely monitored over the coming months.

Expenditure adjustments totaling \$22.6 million are recommended in this report to accomplish the following: (1) implement one urgent fiscal/program need to support the Rapid Response Network, a collaborative of non-profits led by Amigos de Guadalupe to protect immigrant families from deportation threats and support during and after an arrest or detention; (2) implement required technical/rebalancing adjustments; (3) account for new grants, reimbursements, and fees; and (4) complete clean-up actions. Additional information on these adjustments can be found in Section III. *Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

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DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for 75% of the total General Fund expenditures (excluding encumbrances) to date.

Through December, personal services expenditures for all City departments of \$500.0 million, or 49.0% of the current Modified Budget, is slightly above the estimated levels of 48.1% at this point of the year. However, this expenditure level is slightly lower than the 49.2% expended through the same time period in the prior year. The higher than estimated expenditures in 2023-2024 are largely due to salary and benefit program increases that are not currently reflected in various department's Personal Services appropriations. This document includes recommendations to increase various departments' appropriations to fund previously-negotiated swing shift differential pay with the Police Officers' Association (POA); for retirement costs and position costs to account for leap day that were inadvertently omitted in the development of the 2023-2024 Adopted Budget; for Management Pay for Performance Program implementation; and for health benefit increases. If these actions are approved, personal services expenditures are preliminarily anticipated to fall below estimated levels, resulting in year-end savings of approximately \$15 million. As of December 31, 2023, the City had 871 vacancies city-wide (all funds), compared to 925 (as of 12/31/2022) vacancies in the prior year, representing a vacancy rate of approximately 13.2%. The decrease in vacancies is inclusive of the addition of 156 positions added in the 2023-2024 Adopted Operating Budget.

Non-Personal/Equipment expenditures of \$63.2 million are below anticipated levels with 29.8% expended through December. This expenditure level is slightly lower than the 30.8% expended through December 2022. Encumbrances through December totaled \$43.5 million, which when combined with the non-personal/equipment expenditures, brings the total amount of funding committed to \$106.7 million, or 50.4% of the \$211.8 million budget. Overall, these expenditures are expected to remain within budget for all departments, with the exception of the Public Works Department as discussed below, with a moderate amount of savings generated by year-end.

The Other Departmental category includes the budget for the Mayor and City Council and Parks, Recreation and Neighborhood Services Fee Activities. Through December, Other Departmental expenditures totaled \$12.3 million, which represents 39.9% expended of the \$30.9 million budget through December. This expenditure level is higher than the 31.8% expended through December 2021. Expenditures in this category are expected to end the year within budgeted levels.

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Following is a discussion of the Police Department, Fire Department, Public Works Department, and non-departmental expenditures.

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in Thousands)			
<u>Department</u>	<u>2023-2024 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Police	\$513,868	\$248,975	\$238,039

Overall, Police Department expenditures are above estimated levels through December 2023, primarily driven by overtime in personal services expenditures. Personal services expenditures of \$231.4 million are above the anticipated level for this point of the year (49.8% expended, compared to the par level of 48.1%), with overtime expenditures of \$29.5 million (115.8% of the total \$25.4 million 2023-2024 Adopted Budget). Year-to-date overtime expenditures are 15.4% above 2022-2023 levels and overtime hours through December (302,047) increased by approximately 6.6% over the same period in the prior fiscal year (283,267). All of the year-over-year increase is attributable to the Bureau of Field Operations for two main reasons: given the high number of sworn vacancies, increasing levels of overtime are required to maintain minimum staffing levels to effectively respond to calls for service; and because of vacancies within the Bureau of Investigations, patrol officers are required to perform preliminary investigative activities while closing out certain calls for service. Further overtime discussion follows below. After accounting for allocations from the Salaries and Benefits Reserve for funds previously set aside for future Police Department costs (\$6.2 million) and the liquidation of the \$5.0 million Police Department Sworn Staffing Reserve previously set aside to address increased levels of overtime, the Department is currently on pace to exceed its personal services budget by approximately \$6 million or 1% of the personal services modified budget.

A total of \$17.5 million (35.6%) of the Department’s non-personal/equipment budget (\$49.3 million, including carry-over encumbrances) has been expended through December 2023. Excluding the remaining balances for centrally-determined details (\$19.1 million), which include electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Department has approximately \$12.6 million, or 25.6% of its non-personal/equipment budget available for the remainder of the fiscal year. Non-personal/equipment expenditures are slightly below estimated levels (35.58% expended, compared to the par level of 48.09%) and are anticipated to end the year within budgeted levels.

The Police Department is committed to maintain both its personal services and non-personal/equipment expenditures within the current overall budgeted levels. The Police Department and Budget Office are continuing to monitor the impacts of overtime. The following is a discussion on the Department’s steps to reduce overtime expenditures while also maintaining minimum staffing and service levels.

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

The Police Department continues to diligently work to fill vacancies in both sworn and civilian positions. Through the use of available vacancy savings and the \$5.0 million in one-time funding from the Police Department Sworn Backfill Reserve, funding is made available to pay for Police Academy Recruits as well as to backfill vacant patrol and investigative positions on overtime. While the goal is to fill vacancies and eliminate the need to backfill positions, the normal duration for the academy and field training is approximately 10-12 months, requiring overtime to backfill vacancies in patrol until the new recruits are ready to serve as solo beat officers. Effective vacancy levels, which include vacancies of field training officers, academy recruits, and sworn personnel on disability, modified, or other leaves, reduce the amount of street-ready sworn officers available and are the most significant contributing factor to overtime usage. The effective vacancy rate was 23.8% as of December 29, 2023. Historically, the effective vacancy rate has averaged 18.9% (based on the 5-year period between 2018-2019 and 2022-2023), resulting in the build-up of compensatory time balances for sworn personnel, for which there is a limit of 480 hours after which sworn personnel are paid in overtime for any additional hours worked. Overtime consists of both overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time.

In accordance with the POA MOA, the Police Department is enforcing compensatory time controls by requiring all sworn staff, outside of the Bureau of Field Operations (BFO), to reduce compensatory time balances by the end of each calendar year, or to submit a request for an extension and to prioritize compensatory time as requested time off (outside of sick leave purposes). As ordered by the Chief, sworn staff are required to submit a plan to their immediate supervisor each year, consistent with MOA section 13.6.5.1, by December 1, excluding sworn staff assigned to Patrol. Each plan must outline how a sworn staff member will reduce their compensatory time by March 31, with the intent to reduce the number of officers reaching the 480-hour limit. While the plans have been implemented, due to the needs of the Department (staffing, workload, and specific assignments), there has been limited flexibility in allowing staff to take time off; however, the Department has seen a large majority of individuals taking at least a portion of their excess time off, which has contributed to a reduction in compensatory time hours across the Department (see the table below).

The Police Chief's Office and City Manager's Budget Office met in November and December to discuss alternative approaches around workload and overtime that account for the need to ensure appropriate levels of public safety response while also managing within existing budgetary levels, especially given the growing number of vacant sworn positions and smaller than desired recruit academies. From those meetings, the Police Department has been able create a data visualization tool to review and audit overtime usage. This tool is currently being rolled out and used by the Police Department to better understand overtime use at a granular level. The tool will allow a more detailed review of how overtime is being recorded to ensure consistency in reporting, how supervisors are approving overtime to ensure it is appropriate and authorized, and ultimately to inform management of the main drivers of the overtime utilization to further inform operational decisions.

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

The City Auditor’s March 2021 Police Staffing, Expenditures, and Workload Audit Report included several recommendations to increase the number of compensatory time-related data that should be included in the Mid-Year Budget Review, Bi-Monthly Financial Reports, and Annual Report. The table below summarizes this data.

	December 2022	December 2023	% Change from 2022 to 2023	% Change from 2021 to 2022
# of Sworn Personnel at 480-hour limit	450	393	(12.67%)	10.29%
# of Sworn Personnel between 240 and 480 hours	273	312	14.29%	(15.74%)
Sworn Compensatory Time Balance Liability (hours)	351,007	341,045	(2.84%)	(1.29%)
Sworn Compensatory Time Balance Liability (\$)	\$28.2 M	\$28.6 M	1.53%	3.88%
YTD Overtime Expenses for Staff at 480-hour Limit (\$)	\$10.9 M	\$12.4 M	13.95%	18.84%

The table below provides a summary of sworn staffing vacancies and street-ready officers. The June 2023 and October 2023 academies started with 27 and 29 recruits, respectively. The Department is anticipating that the February 2024 and June 2024 academies will each draw 40 recruits. As of December 29, 2023, of the 1,173 authorized sworn staff, 60 or 5.1% of the positions were in training, while 105 or 9.0% of the positions were on disability/modified duty/other leaves.

	2022-2023 (as of 12/30/2022)	2023-2024 (as of 12/29/2023)
Authorized Sworn Positions	1,173	1,173
(Vacancies)/Overstaff	(88)	(114)
Filled Sworn Positions¹	1,085	1,059
Field Training Officer/Recruits	(65)	(60)
Street-Ready Sworn Officers Available	1,020	999
Disability/Modified Duty/Other Leaves	(82)	(105)
Street-Ready Sworn Officers Working	938	894

¹ Filled sworn positions and authorized sworn positions may vary due to vacancies or the approval of overstrength (temporary) positions. The Police Department has special authority under the City’s Sworn Hire Ahead Program to overstaff sworn positions to get a head start on training recruits due to retirement and other separation.

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2023-2024 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$284,110	\$140,204	\$137,553

The Fire Department’s budget totals \$284.1 million, which is comprised of \$268.2 million in personal services and \$15.8 million in non-personal/equipment expenditures. Overall, Fire Department expenditures are performing slightly above estimated levels through December 2023. Personal services expenditures of \$132.0 million, or 49.2% of the budgeted levels, are trending slightly higher than the expected level of 48.1% at this point in the year but are expected to end the year within budgeted levels after accounting for the Salary and Benefits Program adjustments recommended in this report, and the reimbursements related to wildfire deployments that are recommended to be recognized as part of this report.

The Department responded to approximately 52,615 incidents (Priority 1 and Priority 2 type calls) through December 2023, slightly lower than the 52,926 incidents during the same period in 2022-2023. The Fire Department’s non-personal/equipment budget of \$15.8 million was 51.56% expended or encumbered through December 2023, and above the par level of 48.09% primarily due to encumbrances (\$2.5 million) that will largely be expended prior to fiscal year close. At this point in the year, it is expected the Fire Department will remain within budgeted levels.

The average sworn vacancy rate of 12.03% through December 2023 (87 sworn positions are currently vacant) is higher than the vacancy rate of 6.81% experienced at this time last year. The table below provides a summary of sworn staffing vacancies compared to the Department’s authorized budgeted positions by rank:

	2022-2023 (as of December 2022)	2023-2024 (as of December 2023)
Total Authorized Budgeted Positions	720	723
(Vacancies)	(58)	(87)
Deputy Fire Chief		(1)
Arson Investigator	(1)	-
Fire Prevention Inspector	(3)	-
Battalion Chief	(1)	(1)
Fire Captain	(6)	(17)
Fire Engineer	(24)	(19)
Firefighter	(23)	(49)

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

The Department continues to vigilantly work to increase the pool of qualified Firefighters/Paramedics to mitigate the impacts of the continued shortage of paramedics experienced nationwide. To extend its reach for recruitment and to pull from a larger, diverse audience, the Department is advancing outreach efforts through partnerships with local, regional, and nationwide public safety agencies. The Department is continuing efforts to address paramedic recruitment challenges and will recruit, hire, and train personnel to keep pace with staffing attrition and address key vacancies. An upcoming Firefighter Recruit Academy (24-01) is scheduled to commence in January 2024.

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of December, of the 33 current authorized staffing level, the Fire Department had 33 sworn personnel on administrative assignments.

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2023-2024 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Public Works	\$52,565	\$28,862	\$24,575

The Public Works Department expenditures are above estimated levels through December, which is due to both higher personal services and non-personal/equipment costs. Personal services expenditures of \$14.7 million are above the anticipated level for this point of the year (51.2% expended, compared to the par level of 48.09%). Non-personal/equipment expenditures of \$14.2 million (includes \$4.6 million in encumbrances) are also above anticipated levels with 59.4% of the 2023-2024 Modified Budget expended through December. In total, departmental expenditures are currently on pace to exceed budgeted levels by approximately \$4.0 million to \$6.0 million. Adjustments are included in this report to significantly address this projected overage; however, expenditure control measures have also been implemented and future expenditures will continue to be actively monitored. It is expected that lower levels of spending activity will be anticipated in the second half of the fiscal year thus leading to a reduction in the final estimated overage amount.

Through December, personal services expenditures are above expected levels primarily due to higher than anticipated expenditures for Animal Care Services (ACS) operations, building maintenance, and city hall facility management. Overall, Public Works Department overtime expenditures totaled \$846,000 compared to the budgeted amount of \$874,000 (96.8%, compared to the par level of 48.09%) and temporary staffing expenditures totaled \$1.5 million compared to the budgeted amount of \$1.1 million (138.7%, compared to the par level of 48.09%) through December.

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

The current high costs of the ACS operations are mostly attributed to elevated temporary staffing expenditures amongst Animal Care Attendants and the part-time Recreation Leaders that were temporarily redeployed to Animal Care Center. The other attributable factors are building maintenance and City Hall facility management for elevated staff costs due to the focus on maintenance work in the summer and fall months that is not expected to continue at the same pace in winter and spring; and capital project costs there were temporarily charged to the Personal Services appropriation and have not yet been reallocated to the specific capital project budget, but will be reallocated later this fiscal year. After accounting for allocations from the Salaries and Benefits Reserve (\$415,000) and temporary veterinary staffing support (\$160,000), personal services expenditures are on pace to exceed budgeted estimates by approximately \$600,000. As maintenance work moderates in the second half of the year and charges are reallocated to individual capital project budgets, the projected overage amount is expected to decrease. The Department will continue to actively monitor expenditures to remain within budgeted levels, though budget adjustment actions may be brought forward as part of a future budget action.

Non-personal/equipment expenditures, including encumbrances, are also well above budgeted levels at 59.4% expended through December. This is primarily due to higher than anticipated costs for janitorial services due to the payment in 2023-2024 of invoices for work performed in April and May 2023 (\$1.4 million) and contract increases effective October 2023 (\$1.3 million)²; increases within ACS to provide additional funding for contracted veterinarian services (\$250,000) and animal food supplies (\$200,000). The Public Works Department will continue to actively monitor and control expenditures and is working with the City Manager’s Budget Office to develop new methodologies to better track and forecast the wide range of contractual services provided across multiple City facilities. If necessary, additional budget adjustments may be brought forward for City Council consideration in a future budget process.

² The Department has since worked with the vendor to improve the invoice submittal process and is evaluating facility utilization among all City buildings in order to implement service reductions in low occupancy areas that achieve cost reductions without impacting the health and safety of our workforce and customers.

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NON-DEPARTMENTAL EXPENDITURES

Non-Departmental expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves. Through December, non-departmental expenditures (excluding encumbrances) totaled \$93.5 million, or 10.4% of the \$897.4 million budget (including the Earmarked and Contingency Reserves). When excluding the reserves, the expenditures through December represent 18.2% of the 2023-2024 Modified Budget.

Through December, City-Wide Expenses (excluding encumbrances) totaled \$56.7 million, or 13.9% of the 2023-2024 Modified Budget of \$407.4 million. Encumbrances through December totaled \$73.9 million, which when combined with the expenditures, brings the total amount of funding committed to \$130.7 million, or 32.1% of the \$407.4 million budget. This expenditure level is higher than the 6.4% expended through December 2022. Expenditures in this category are expected to end the year within budgeted levels.

**2023-2024 City-Wide Expenses
Expenditures by City Service Area**

(\$ in Thousands)

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 209,791	\$ 12,678	6.0%	\$ 6,102	3.9%
Environmental & Utility Services	3,512	243	6.9%	380	20.3%
Neighborhood Services	64,527	12,635	19.6%	7,641	22.5%
Public Safety	36,893	13,846	37.5%	12,902	38.5%
Transportation & Aviation Services	6,108	975	16.0%	1,107	18.5%
Strategic Support	86,584	16,372	18.9%	12,983	3.0%
TOTAL	407,415	56,749	13.9%	41,115	6.4%

Several adjustments to the City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections. In total, adjustments recommended in this report result in a net decrease of \$25.6 million to City-Wide Expenses. The significant actions are summarized in the Transmittal Memorandum and details of all actions can be found in Section III. *Recommended Budget Adjustments and Clean-Up Actions* of this 2023-2024 Mid-Year Budget Review.

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The following highlights key appropriations in City-Wide Expenses across the six different CSAs:

- In the Community and Economic Development and Neighborhood Services CSAs combined, there are a number of Measure E appropriations with budgets that total \$131.7 million, of which \$34.3 million, or 26.0%, has been expended and encumbered through December 2023. Measure E was approved by voters in March 2020 and provides funding for affordable housing development, homeless prevention, and homeless support programs.
- Workers' Compensation Claims appropriations totaling \$22.4 million are budgeted in four of the six CSAs, with total expenditures of \$12.8 million through December 2023, or approximately 57.5% of the 2023-2024 Modified Budget. This expenditure level is 13.3% above the \$11.3 million expended through December 2022. Several actions are recommended in this report to adjust Workers' Compensation appropriations including: an action to increase Workers' Compensation Claims – Fire Department appropriation by \$1.0 million, offset by a decrease to Workers' Compensation Claims – Police Department (\$750,000) and Workers' Compensation Claims – PRNS (\$250,000) appropriations. The Administration will continue to closely monitor workers' compensation claims activity and will bring forward any additional adjustments as needed.
- In the Strategic Support CSA, the General Liability Claims appropriation totals \$19.2 million, of which 23.8%, or \$4.6 million, is expended or encumbered through December 2023. This reflects an increase in spending year over year; total commitments through December 2022 were \$2.8 million, or 16.6% of the \$16.6 million budget. The amount and pace of claims-related expenditures can vary significantly from year to year.
- In the Neighborhood Services CSA, the San José BEST and Safe Summer Initiative Programs appropriation has year-to-date expenditures of \$932,000 with an additional \$989,000 encumbered for a total of \$1.9 million committed, reflecting 24.7% of the total budget of \$7.8 million. By comparison, this reflects a decrease from the prior year spending, of which \$3.0 million was expended or encumbered through December 2022 of a total budget of \$8.0 million. This appropriation supports gang prevention and intervention efforts across the City.
- In the Community and Economic Development CSA, the Emergency Interim Housing Construction and Operation appropriation has expended and encumbered \$855,000 or just 2.8% of the total budget of \$30.6 million. This one-time funding source invests in the acquisition, construction, and operation of emergency interim housing facilities to address the City's ongoing efforts related to homelessness. However, an action to decrease funding by \$25.85 million to \$4.0 million and reallocate the funding to establish the Interim Shelter – Rue Ferrari Expansion and Berryessa Supportive Parking capital improvements appropriations is recommended in this report.

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- Sick Leave Payments Upon Retirement expenditures, allocated in the Strategic Support CSA, of \$283,000 through December reflect only 8.5% of the total 2023-2024 budget estimate of \$3.4 million. Year-to-date expenditures for these payouts reflect a significant decrease from the prior year levels of \$1.1 million through December. Expenditures are anticipated to decline as the number of Tier 1 employees eligible for accrued sick leave payouts continues to decline. Accordingly, this year the budget was reduced by \$650,000 to \$3.4 million. It is also important to note, however, that most expenditures in this appropriation typically occur in the second half of the year. For 2023-2024, year-end expenditures are anticipated be at or below the modified budget of \$3.4 million.

Through December, General Fund **Capital** expenditures (\$6.6 million) and encumbrances (\$22.1 million) total \$28.7 million, which represents 38.3% of the \$74.9 million budget. Overall, minimal General Fund Capital expenditure savings are anticipated, as the rebudget of unspent funds to 2024-2025 will be recommended to complete projects.

Through December, all of the General Fund **Transfers** have been almost fully executed, with expenditures totaling \$30.2 million, or 99% of the budget.

There are no expenditures against the **Earmarked Reserves** budget of \$334.4 million because expenditures cannot be charged directly to a reserve (to use Reserve funding, budget actions are necessary to move funding from a Reserve to an expenditure appropriation). Earmarked Reserves consist of the following:

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NON-DEPARTMENTAL EXPENDITURES

Reserve	2023-2024 Current Budget (\$ in millions)
Revenue Loss Reserve	\$ 90.00
Budget Stabilization Reserve	61.00
Measure E - 30% Low-Income Households Reserve	43.73
Measure E - 40% Extremely Low-Income Households Reserve	40.76
Salaries and Benefits Reserve	18.29
Workers' Compensation / General Liability Catastrophic Reserve	15.00
Community and Economic Recovery Reserve	11.50
Information Technology Sinking Fund Reserve	11.00
Measure E – Interim Housing Constructions and Operations Reserve (15% HSP)	7.07
Measure E - 5% Moderate-Income Households Reserve	6.92
Police Department Sworn Backfill Reserve	5.00
Google Parking Lots Option Payment Reserve	3.80
Artificial Turf Capital Replacement Reserve	3.75
Measure E - Interim Housing Maintenance Reserve (15% HSP)	2.50
Code Enforcement Permit System Reserve	2.44
FEMA Non-Reimbursable Expenses Reserve	2.00
Berryessa Flea Market Vendor Business Transition Fund Reserve	1.88
Measure E - 10% Homeless Prevention and Rental Assistance Reserve	1.52
City Attorney's Office Outside Litigation Reserve	1.00
Police Redistricting Implementation Reserve	1.00
Sick Leave Payments Upon Retirement Reserve	1.00
Other Reserves	3.21
Total	\$ 334.36

Budget actions that impact General Fund Reserves are recommended in this report and include the following: the establishment of the 2023-2024 Ending Fund Balance Reserve (\$13.45 million); reduction of \$9.0 million to the Salaries and Benefits Reserve for reallocation to departmental personal services appropriations to support previously-negotiated pay with POA, position costs that were inadvertently omitted, management pay for performance, and health insurance rate increases; reduction of \$3.0 million to the Measure E – Interim Housing Constructions and Operations Reserve (15% HSP) to establish the Emergency Interim Shelter – Rue Ferrari Expansion capital improvements appropriation in the Municipal Improvements Capital Program; liquidation of the Police Department Sworn Backfill Reserve (\$5.0 million) to mitigate overages in Police personal services; and liquidation of the Pension Obligation Bonds Consulting Services Reserve (\$25,000) to offset an increase in outside counsel services. These actions are summarized in the Transmittal Memorandum and all reserve actions are described in detail in Section III. *Recommended Budget Adjustments and Clean-Up Actions* of this document.

No budget action is recommended for the **Contingency Reserve**, which currently totals \$50.0 million and complies with the City Council policy to set aside 3% of expenditures.