



2023-2024 MID-YEAR BUDGET REVIEW



Rosicrucian Egyptian Museum, San José

Prepared by the Office of the City Manager
January 2024

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Memorandum

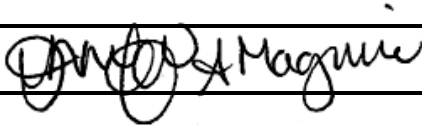
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Shannon

**SUBJECT: 2023-2024 MID-YEAR
BUDGET REVIEW REPORT**

DATE: January 31, 2024

Approved



Date 1/31/24

RECOMMENDATIONS

- (a) Approve the 2023-2024 Mid-Year Budget Review Report.
- (b) Approve an ordinance amending Chapter 4.80 of Title 4 of the San José Municipal Code to add a new Part 84 to establish the San José Opioid Response Fund.
- (c) Extend 3.0 Fire Captain positions in the Fire Department to June 30, 2024.
- (d) Adopt related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2023-2024 Mid-Year Budget Review Report.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2023-2024 Modified Budget based on actual performance during the first six months of 2023-2024. Based on this analysis, budget revisions are recommended to: address one urgent fiscal/program need to restore funding previously redeployed for temporary emergency sheltering and support of new arrival migrant families seeking asylum; implement required technical/rebalancing actions to align existing revenue estimates and expenditure budgets with the most current tracking information; reallocate funding among appropriations based on updated needs; implement a number of technical and net-zero adjustments between revenue categories and expenditure appropriations; account for new or adjusted grants, reimbursements, or fees; and fund a limited number of new and urgent projects in Special and Capital funds.

EXECUTIVE SUMMARY

The 2023-2024 Adopted Operating and Capital Budgets for the City of San José totaled \$6.1 billion. With this funding, the City continues delivering a wide range of services to San José's residents and businesses. Based on a General Fund forecast that included a modest surplus in 2023-2024 followed by a small shortfall in 2024-2025, the Adopted Budget followed City Council direction to focus targeted spending on critical community services while also taking a multi-year approach that set aside enough ongoing funding to fully address the then-projected shortfall in 2024-2025. The Adopted Budget maintained existing services levels, enhanced service delivery in limited areas, and invested in the City's infrastructure and technology.

The Administration is closely monitoring the City's budget across over 140 funds to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first six months of 2023-2024, economic conditions and many revenue categories are performing generally at or slightly above expectations, and overall expenditures are tracking at or below authorized levels.

Mid-Year Budget Review Highlights

General Fund

- Based on current collection trends and information, General Fund revenues are anticipated to end the year approximately \$30 million, or 2%, above budgeted levels. Overall, General Fund expenditures are tracking slightly below authorized levels and are expected to generate savings of at least \$15 million (1%). The City's budget development process always assumes that a combination of excess revenues and expenditure savings in the current year, and the liquidation of prior year carryover encumbrances, will serve as an ongoing funding source for the following year. Actions included in this report establish the 2023-2024 Ending Fund Balance Reserve at \$13.45 million, approximately 38% of the preliminarily projected \$35 million, that will be used as a funding source in the 2025-2029 Five-Year General Fund Forecast and 2024-2025 Proposed Operating Budget. The remaining balance to meet the \$35 million estimate is anticipated to be placed in the reserve by year-end. Any additional projected fund balance will be brought forward as part of the 2024-2025 Proposed Budget process.
- At this time, a number of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - **Urgent Fiscal/Program Needs:** An increase to the Office of the City Manager's Non-Personal/Equipment appropriation (\$100,000) to replenish funds originally intended to support the Rapid Response Network that were urgently redeployed by the City Council at their meeting on January 23, 2024 for temporary emergency sheltering and support of new arrival migrant families seeking asylum.

- **Required Technical/Rebalancing Actions:** Upward net revenue adjustments of \$19.3 million and offsetting net expenditure adjustments of \$19.2 million are recommended to align with the most current tracking information, implement prior City Council direction, or reallocate funding among appropriations based on updated needs. Notable revenue-related actions include recognizing projected additional receipts from: Property Tax (\$13.5 million), Revenue from Use of Money/Property (\$3.5 million), Fees, Rates and Charges (\$2.0 million), and Transfers and Reimbursements (net increase of \$279,000). The balance of remaining actions are primarily allocated toward: increases to the Public Works Department Non-Personal/Equipment appropriation to support janitorial contract services City-wide (\$2.7 million) to pay for prior year invoices and to account for contract increases effective October 2023, security contract services (\$350,000) to primarily reflect contract increases effective April 2024, and various Animal Care and Services urgent needs, including medical services (\$250,000), food supplies (\$200,000), and veterinarian staffing (\$160,000) to address continued high levels of animals staying at the shelter; increase in Transportation Department’s Non-Personal/Equipment appropriation for higher than anticipated electricity costs due to rate increases (\$890,000); increase in Fire Department’s Personal Services appropriation to extend 3.0 Fire Captain positions to the end of the fiscal year to support Emergency Medical Services Field Coordinator functions (\$600,000); increase to the Workers’ Compensation State License appropriation for higher than anticipated fees (\$260,000); additional funding for the Human Resources Department’s Non-Personal/Equipment appropriation to support higher utilization levels of employee health services from a third-party administrator (\$113,000); and various miscellaneous adjustments totaling \$230,000 in expenditures and \$27,000 in revenues. The remaining available funding establishes the 2023-2024 Ending Fund Balance Reserve of \$13.45 million, which is required as part of the City’s ongoing budget balancing strategy and is expected to grow to at least \$35 million by the end of the fiscal year to be used as a funding source for the 2024-2025 budget development process.

- **Grants/Reimbursements/Fees:** Several net-zero actions are recommended to recognize new or supplemental grant funding, reimbursements for activities undertaken by the City, and adjustments to estimated revenues from fee-supported activities. Recommended actions provide for \$3.3 million of revenue-supported spending and include adjustments for: Revenue from the State for the Neighbor to Neighbor grant (\$1.0 million); revenue from the State for the California Library Connect grant (\$500,000); grant funding from the San José Public Library Foundation (\$405,520); grant funding for the Blue Zones Project (\$350,000); and revenue from the State for the Strike Team reimbursement (\$226,790).

- **Clean-Up Actions:** A variety of net-zero adjustments are recommended to reallocate funds among existing appropriations, adjust previously rebudgeted funding for final 2022-2023 activity, and to shift funding among departments to reflect service delivery responsibility. These actions primarily include: the allocation of \$8.9 million of salary and benefits program adjustments to respective departmental appropriations from the Salaries and Benefits Reserve; and the reallocation of \$215,000 in funding between departmental Non-Personal/Equipment and Personal Services appropriations to address temporary staffing costs for a net-zero impact to the General Fund.

Special/Capital Funds

- Overall, the City’s Special and Capital funds are generally performing within expected levels through December, with some notable exceptions. Budget adjustments are recommended in several funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the highlights and major recommended adjustments are described below.
 - Through December, the Airport has enplaned and deplaned 6.2 million passengers, which is very similar to the passenger levels for the same period last fiscal year (6.3 million passengers). Passenger airline operations (takeoffs and landings) are down 0.5% from last year. Total passengers in calendar year 2023 of 12.1 million were up 6.7% from passengers served in calendar year 2022, but still 22.7% below the peak of 15.7 million passengers in calendar year 2019.
 - The financial outlook of the San José Clean Energy (SJCE) Fund continues to strengthen. As of November 2023, the fund fully paid back its total Commercial Paper debt of \$60.0 million borrowed in 2021 and continues to build up its reserve levels. City Council Policy 1-24 sets a goal to build and maintain a combination of reserves and unrestricted fund balance that total at least 180 days of operating expenses, which is equivalent to approximately \$252 million factoring in today’s operating costs. The 2023-2024 Adopted Operating Budget estimates a combined operating reserve and unrestricted ending fund balance at \$224 million. Based on year-to-date activity and year-end projections, available fund balance is expected to moderately increase.
 - The Building and Structure Construction Tax and the Construction Excise Tax revenues, the two largest construction-related revenues that support the Traffic Capital Program, are tracking to end the year below and at, respectively, their Adopted Budget estimates, reflecting higher than anticipated development permit activity for residential permits, and lower activity levels for commercial and industrial land use categories. Based on collections through December, tax receipts from the Building and Structure Construction Tax are expected to end the year approximately \$2.0 million below the budgeted estimate of \$19.0 million (-11%; \$19.0 million to \$17.0 million) and Construction Excise Tax receipts are expected to end the year at the budgeted estimate of \$15.0 million.

- Construction and Conveyance (C&C) Tax receipts are the largest source of revenue for the C&C Tax Funds. Through December 2023, C&C Tax collections totaled \$14.8 million, which represents approximately 36.9% of the 2023-2024 Adopted Budget estimate of \$40.0 million, and C&C Tax revenue is now anticipated to fall short of the budgeted revenue estimate by \$5.0 million. Therefore, a recommendation to decrease the 2023-2024 C&C Tax estimate from \$40.0 million to \$35.0 million is included in this report.

Looking forward, the Administration is scheduled to release the 2025-2029 General Fund Five-Year Forecast on February 28, 2024, and the 2024-2025 Proposed Capital and Operating Budgets on April 26, 2024 and May 1, 2024 respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2023-2024 Operating and Capital Budgets as modified through December 2023.

The Mid-Year Budget Review Report includes the following sections:

- **Transmittal Memorandum** – An overall summary of the contents of the Mid-Year Budget Review Report.
- **Section I: General Fund Status Report** – A review of the General Fund revenues and expenditures through Mid-Year.
- **Section II: Selected Special/Capital Funds Status Report** – A review of selected special and capital funds that have revenue and/or expenditure variances from the Modified Budget or other issues of interest.
- **Section III: Recommended Budget Adjustments and Clean-up/Rebudget Actions** – The Recommended Budget Adjustments detail the proposed budget augmentations/reductions in the General Fund and Special/Capital funds. The Clean-up Actions detail the technical appropriation and revenue estimate adjustments for the General Fund and Special/Capital funds.
- **Section IV: Appendix** – This section includes the financial results, prepared by the Finance Department, for all budgeted fund groups for the first six months of the year.

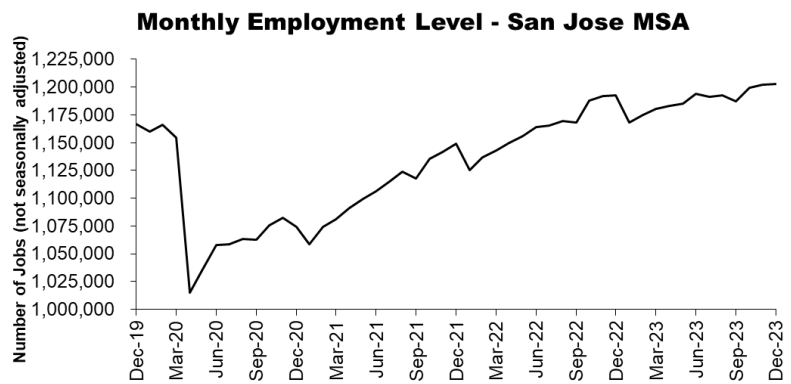
ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; a status report on selected Special and Capital funds; and an update on two City Council referrals, including information regarding the potential implementation of an income waiver for the Dog and Cat License fee.

ECONOMIC ENVIRONMENT

While Silicon Valley continues to show overall positive economic performance, there are several areas of economic weakness, including the local real estate market and unemployment rates. While employment figures continue to be relatively strong, growth is modest and unemployment rates have been steadily rising.

The December 2023 employment level of 1.20 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) grew by 10,500 jobs, or 0.9%, from the December 2022 level of 1.19 million. This increase includes private education and health services adding 10,900 jobs; leisure and hospitality growing by 8,500 jobs; manufacturing decreasing by 3,600 jobs; the information sector eliminating 3,500 jobs; construction dropping 2,600 jobs, and financial activities decreasing by 2,400 jobs.¹



| Unemployment Rate (Unadjusted) | | | |
|---|------------------|------------------|--------------------|
| | Dec. 2022 | Nov. 2023 | Dec. 2023** |
| San José Metropolitan Statistical Area* | 2.4% | 3.9% | 4.0% |
| State of California | 3.9% | 4.9% | 5.1% |
| United States | 3.3% | 3.5% | 3.5% |
| * San Benito and Santa Clara Counties Source: California Employment Development Department. ** December 2023 estimates are preliminary and may be updated. | | | |

The local unemployment rate for December 2023 was 4.0%, which is slightly higher than the November 2023 rate of 3.9% and is significantly higher than the prior year unemployment rate of 2.4%. While the December 2023 San José Metropolitan Statistical Area unemployment rate continues to be lower than the unadjusted unemployment rate for the State (5.1%), it is higher than the national rate (3.5%).

¹ State of California Employment Development: Labor Market Information Division Press Release, January 19, 2024.

Overall construction activity through December 2023 decreased 8.7% from prior-year levels primarily due to activity for the commercial and industrial land use categories experiencing significant year-over-year decreases. The year-over-year decrease would be more prominent if it were not for the significant increase in residential construction, which is showing a 90.8% increase when compared to the prior year. The 2023-2024 Adopted Budget was developed with the expectation that development activity would increase slightly from the levels experienced in 2022-2023. If current trends continue, construction activity would slightly underperform the \$1.43 billion projected by the Planning, Building and Code Enforcement Department in the 2024-2028 Five-Year Forecast, which was released in February 2023.

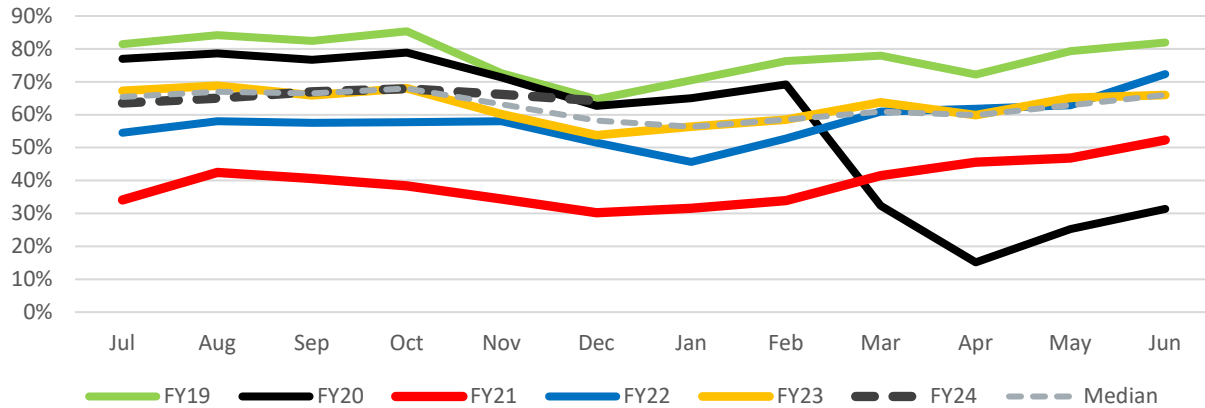
Through December, residential permit valuation has increased 90.8% from prior-year levels, primarily driven by a 137% increase in new construction (\$156.2 million in 2023-2024 from \$65.9 million in 2022-2023). Residential activity through December included 739 multi-family units and 241 units of single-family construction for a total of 980 units (45% increase). Notable projects for November and December include permits for a 64-unit affordable residential project located on North Bascom Avenue, near the intersection with Heatherdale Avenue, a 90-unit 100% affordable residential project located on Race Street, between West San Carlos Street and Park Avenue, and an 81-unit 100% affordable project including 17,000 square feet of social services (Parkmoor Hub Youth Center) located at the corner of Parkmoor Avenue and Meridian Avenue.

Commercial valuation through December 2023 was 39.2% lower than the 2022-2023 level, led by a 62% drop in new construction (\$50.4 million in 2023-2024 from \$131.1 million in 2022-2023). Alterations accounted for 77% (\$170.6 million) of the commercial activity through December. A notable project for November and December includes a permit issued for a new service station located on Evergreen Loop, west of East Capital Expressway.

| Private Sector Construction Activity (Valuation in \$ Millions) | | | |
|--|----------------------------------|----------------------------------|---------------------|
| | YTD December 2022 | YTD December 2023 | % Change |
| Residential | \$ 121.4 | \$ 231.7 | 90.8% |
| Commercial | \$ 363.6 | \$ 221.0 | (39.2%) |
| Industrial | \$ 184.7 | \$ 159.0 | (13.9%) |
| | \$ 669.8 | \$ 611.8 | (8.7%) |

Industrial construction valuation through December was 13.9% lower than prior-year levels. Alterations accounted for 80% of activity through December (\$127.8 million).

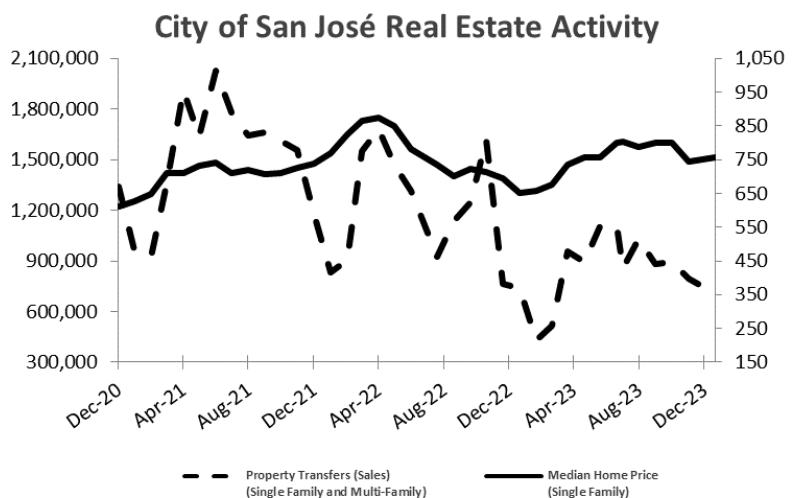
Monthly Occupancy Rate



Short-term lodging activity, which drives Transient Occupancy Tax (TOT) and Convention Center Facility District Special Tax revenues, continues to exhibit incremental gains relative to prior years and the historic lows experienced in 2020-2021 due to the pandemic’s impacts on the events and hospitality sector. TOT revenue performance to date is outpacing the forecast used for development of the 2023-2024 Adopted Budget and is approximately 4.9% higher than collections over the same period in 2022-2023.

Overall room demand and revenue are slightly higher throughout 2023-2024, with typical seasonal contraction over the holidays and winter months. Cumulative average hotel occupancy rate reported for the San José market was 64.21%, a slight increase from the average of 64.01% through the same period in 2022-2023. The average daily room rate increased slightly (0.6%), from \$158.67 as of December 2022 to \$159.58 as of December 2023; and the year-to-date average revenue-per-available room (RevPAR) increased by 0.89%, from \$101.57 to \$102.47, relative to the same period in 2022-2023.

According to data from the Santa Clara County Association of Realtors, in December 2023, the median single-family home price totaled \$1.5 million, which is 16.5% above the December 2022 price of \$1.3 million. In addition, these more expensive homes are selling at a quicker rate. The average days-on-market through December 2023 totaled 19 days, while the average days through December 2022 totaled 25 days.



Conversely, through the first half of the fiscal year, property transfers have fallen almost 20% from the prior year’s level. On a positive note, the pace of decline has lessened, with November and

December transactions showing only single digit percentage declines, as opposed to double digit year-over-year drops over the prior year.

On a national level, consumer confidence increased in December after experiencing a decline in November. According to Dana Peterson, Chief Economist at The Conference Board, “December’s increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months.”²

Economic conditions will continue to be closely monitored and factored into the 2025-2029 General Fund Five-Year Forecast, scheduled to be released on February 28, 2024, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 26, 2024 and May 1, 2024, respectively.

GENERAL FUND PERFORMANCE

General Fund revenues through December totaled \$505.3 million, or 35.2% of the budgeted estimate. A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues have slightly outperformed expectations and are anticipated to end the year approximately \$30 million (variance of approximately 2% when excluding the Beginning Fund Balance) above budgeted levels due to stronger than anticipated growth in several revenue categories. Revenues that are performing above anticipated levels include Property Tax, Revenue from the Use of Money/Property, and Fees, Rates and Charges. Partially offsetting these revenue growths is lower than anticipated Real Property Transfer Tax collections.

In this document, an overall net increase of \$22.6 million to General Fund Sources is recommended. This reflects additional funding for an urgent fiscal/program need action (\$0.1 million), required technical and rebalancing actions (\$19.2 million), and the recognition of grants, reimbursements, and/or fee related funds (\$3.3 million). Budget adjustments are recommended in this report for several revenue categories to align the budgeted estimate with anticipated receipts. These adjustments include increasing the revenue estimates for Property Tax (\$13.5 million), Revenue from Use of Money/Property (\$3.5 million), and Fees, Rates and Charges (\$2.0 million).

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. Expenditure

² The Conference Board, Consumer Confidence Survey, December 2023.

adjustments totaling \$22.6 million are recommended in this report to accomplish the following: (1) implement one urgent fiscal/program need action; (2) implement required technical/rebalancing adjustments; (3) account for new grants, reimbursements, and fees; and (4) complete clean-up actions. These recommended revenue and expenditure adjustments are described in further detail on the following pages.

The revenue and expenditure adjustments are summarized below and described in more detail in Section III, *Recommended Budget Adjustments and Clean-Up Actions* of this report. A more detailed discussion of both the General Fund revenue and expenditure performance is also provided in Section I, *General Fund Status Report*.

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$22.6 million to General Fund revenues and expenditures as summarized below.

**2023-2024 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

| Budget Category | Source of Funds (\$ in Millions) | Use of Funds (\$ in Millions) |
|--|-------------------------------------|----------------------------------|
| Urgent Fiscal/Program Needs | | |
| Rapid Response Network | - | 0.10 |
| Total Urgent Fiscal/Program Needs | \$ - | \$ 0.10 |
| Required Technical/Rebalancing Actions | | |
| Property Tax | 13.50 | - |
| Revenue from the Use of Money/Property (Interest Income) | 3.50 | - |
| Fees, Rates, and Charges (PRNS Fee Revenue) | 2.00 | - |
| Transfers and Reimbursements (Interest from Special and Capital Funds, American Rescue Plan Fund, and C&C Transfers) | 0.28 | - |
| Janitorial Contract Services | - | 2.70 |
| Electricity | - | 0.89 |
| Animal Care and Services (Medical Services, Food Supplies, and Veterinarian Staffing) | - | 0.61 |
| Emergency Medical Services Field Coordinator Staffing (Med30) | - | 0.60 |
| Security Contract Services | - | 0.35 |
| Workers' Compensation State License | - | 0.26 |
| Employee Health Services Third-Party Administration | - | 0.11 |
| Other Miscellaneous Adjustments | 0.03 | 0.24 |
| Other Net-Zero Adjustments | - | 0.00 |
| 2023-2024 Ending Fund Balance Reserve | - | 13.45 |
| Total Required Technical/Rebalancing Actions | \$ 19.31 | \$ 19.21 |
| Grants/Reimbursements/Fees | | |
| Various Grants/Reimbursements/Fee Adjustments | 3.30 | \$ 3.30 |
| Total Grants/Reimbursements/Fee | \$ 3.30 | \$ 3.30 |
| Clean-Up Actions | | |
| Various Clean-Up Adjustments | - | 0.00 |
| Total Clean-Up Actions | - | 0.00 |
| Total Recommended Adjustments | \$ 22.61 | \$ 22.61 |

Following is a brief description of the General Fund revenue and expenditure adjustments recommended in this report. Additional information on these adjustments is provided in Section III. *Recommended Budget Adjustments and Clean-Up Actions*, of this report.

| |
|---|
| URGENT FISCAL/PROGRAM NEEDS ACTION |
|---|

- ***Rapid Response Network (\$100,000)***: Increases the Office of City Manager’s Non-Personal/Equipment appropriation by \$100,000 to replenish funds originally intended to support the Rapid Response Network (RRN). At its meeting on January 23, 2024, the City Council approved an allocation of \$150,000, matching an equal amount of funding provided by the County of Santa Clara, to Amigos de Guadalupe: Center for Justice and Empowerment for temporary emergency sheltering and support of new arrival migrant families seeking asylum who entered the United States after the end of Title 42. Of the \$150,000 allocated on January 23rd, \$100,000 consisted of \$50,000 unspent funds from 2022-2023 and \$50,000 of funding in 2023-2024 that was originally intended to support the RRN – a collaborative of non-profits led by Amigos de Guadalupe to protect immigrant families from deportation threats and to provide accompaniment support during and after an arrest or detention. However, because a contract was not executed, these funds were available for immediate redeployment for the action on January 23rd. The Administration recommends restoring funding for the RRN in 2023-2024, and looks forward to working with Amigos de Guadalupe, in partnership with the County, to develop a contract that aligns with the intent of RRN while responding to urgent and emerging needs to best support our most vulnerable immigrants.

| |
|---|
| REQUIRED TECHNICAL/REBALANCING ACTIONS |
|---|

- ***Property Tax (\$13.5 million)***: Increases the Property Tax budgeted estimate by \$13.5 million, from \$460.4 million to \$473.9 million, to reflect updated information provided by Santa Clara County. Recommendations consist of increasing various Property Tax categories, including Educational Revenue Augmentation Funds (\$5.0 million), general Secured Property Tax (\$4.0 million), Unsecured Property Tax (\$2.0 million), Aircraft Property Tax (\$1.5 million), and SB813 Property Tax (\$1.0 million).
- ***Revenue from the Use of Money/Property (\$3.5 million)***: Increases the Use of Money/Property budgeted estimate by \$3.5 million, from \$10.5 million to \$14.0 million, to reflect higher than anticipated interest earnings on the General Fund. The 2023-2024 Adopted Budget estimate totaled \$10.5 million for interest earnings on the General Fund. However, based on receipts through December (\$5.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$3.5 million and end the year at \$14.0 million. The significant 2023-2024 collection level is attributable to high interest rates and a larger cash balance in the General Fund.

- ***Fees, Rates and Charges (PRNS Fee Revenue) (\$2.0 million)***: Increases the Fees, Rates and Charges budgeted estimate by \$2.0 million, from \$22.4 million to \$24.4 million, to reflect higher than anticipated Parks, Recreation and Neighborhood Services (PRNS) Fee revenue. PRNS program delivery and revenue generation fee categories include: Happy Hollow Park and Zoo; Fee Activity (classes, camps, and after-school activities); Facility Rentals; Sports Facilities Reservations; Lake Cunningham Action Sports Park; Gym and Fitness; Parking; Park Permits; Arcadia Ball Park; Family Camp; and Aquatics Program. The 2023-2024 Adopted Budget estimate for PRNS Fees, Rates and Charges totaled \$16.6 million. However, based on receipts through December (\$7.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$2.0 million and end the year at \$18.6 million. Though higher levels of activity are occurring across most categories, the categories experiencing the largest increases include Facility Rentals, Happy Hollow Park and Zoo, Fee Activity, and Sports Facilities Reservations. While this increase is higher than 2022-2023 receipts of \$17.7 million, activity levels are still below the pre-pandemic level of \$22 million.
- ***Transfers and Reimbursements (\$279,000)***: Increases the estimate for Transfers and Reimbursements by a combined amount of \$279,000, from \$128.1 million to \$128.4 million, to: reflect higher transfers of interest earned on cash balances from eligible Special and Capital Funds that are then transferred to the General Fund (\$1.31 million); a reduction to the transfer from the American Rescue Plan Fund to reflect a final reconciliation and closeout (-\$542,000); and a reduction of the transfers from the Parks Capital Construction and Conveyance (C&C) Tax Funds that are used for park operating and maintenance costs, in accordance with the Municipal Code, due to an overall reduction of the C&C Tax revenue estimate from \$40.0 million to \$35.0 million as described later in this memorandum (-\$489,000).
- ***Janitorial Contract Services (\$2.7 million)***: Increases the Public Works Department's Non-Personal/Equipment appropriation by \$2.7 million for additional costs related to janitorial services. This amount includes \$1.4 million due to the payment in 2023-2024 of invoices for work performed in April and May 2023 and \$1.3 million due to contract increases effective October 2023. The April and May invoices required follow-up inquiries and clarification requests by the Department, which resulted in the payment of invoices in 2023-2024 instead of in 2022-2023. The remaining \$1.3 million is attributed contract increases, including wage and administrative cost increases. 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. Costs and services will continue to be actively monitored to determine if further adjustments will be needed later in the fiscal year, and to determine the extent to which costs increases will be incorporated into the 2024-2025 Base Budget.
- ***Electricity (\$890,000)***: Increases the Transportation Department's Non-Personal/Equipment appropriation by \$890,000 due to higher electricity rates for streetlights and traffic signals.

- ***Animal Care and Services (\$610,000)***: Increases the Public Works Department's Non-Personal/Equipment appropriation by \$450,000 to provide additional funding for contracted veterinarian services (\$250,000) and animal food supplies (\$200,000) due to the extremely high occupancy of the Animal Care Center, and a temporary Animal Services Veterinarian position (\$160,000) to assist the in-house medical services team to support the Trap, Neuter, and Release Program, and to make more spay and neuter surgeries available to the public. Continuation of this temporary position will be evaluated as part of the 2024-2025 Proposed Budget Development process.
- ***Emergency Medical Services Field Coordinator Staffing (\$600,000)***: Increases the Fire Department's Personal Services appropriation by \$600,000 to extend three Fire Captain positions from January 1, 2024 through June 30, 2024 to support the Emergency Medical Services Field Coordinator functions (Med 30). On December 17, 2023, the Administration released an Information Memorandum describing the continued rise of Fire Department Rescue Medic Transports due to the County's ambulance shortage. As a result of this impact to daily operations, Med 30 positions have been utilized to monitor EMS system status, engage the County coordination of resources, monitor the receiving hospital emergency room status to determine patient destinations, facilitate the return of personnel and equipment from hospital emergency rooms back to their home fire stations, and facilitate the supply restock and completion of patient care reports involving ambulance transport. Based on this workload, the Information Memorandum stated that the temporary Fire Captain positions would be extended to March 2, 2024. While the number of Fire Department Rescue Medic Transports is slightly down from earlier peaks in November and December, conditions have not substantially changed, and the three temporary Fire Captain positions are recommended to be extended through June 30, 2024. The Fire Department will continue to monitor the impacts of ambulance shortages and continue engagement with County EMS to identify opportunities for improved system performance and sustainability.
- ***Security Contract Services (\$350,000)***: Increases the Public Works Department's Non-Personal/Equipment appropriation by \$350,000 to address the 17% contract cost increase, primarily associated with higher wages, effective April 1, 2024, and to account for services provided at the Central Service Yard and new Fire Training Center and Emergency Operations Center that were inadvertently omitted from the 2023-2024 Adopted Operating Budget.
- ***Workers' Compensation State License (\$262,000)***: Increases the Workers' Compensation State License Fee appropriation by \$262,000, from \$1.0 million to \$1.26 million, to align funding with the invoice received from the State Department of Industrial Relations, as assessed fees were higher than anticipated.
- ***Employee Health Services Third-Party Administration (\$113,000)***: Increases the Human Resources Department's Non-Personal/Equipment appropriation by \$113,000 to align funding with higher utilization levels of employee health services in 2023-2024, and to cover pending Agreement modifications that are subject to City Council approval at its February 6, 2024 meeting.

- ***Other Miscellaneous Adjustments (\$230,000):*** Includes miscellaneous actions to adjust budgets in accordance with various requirements, the largest of which are: reimbursements for past expenditures under the Capital Facilities Master Plan for SAP Center (\$75,000); Cost Sharing Agreement with San José State University (\$53,000), Pension Obligation Bond Consulting Services (\$50,000), Emergency Operations Center Utilities and Phone (\$50,000), and Bulletproof Vest Partnership 2023 (\$27,000).
- ***Other Net-Zero Adjustments (\$38.1 million revenue; \$38.1 million expense):*** Includes net-zero adjustments to reallocate funding among appropriations based on current need and to accurately categorize planned expenditures. These actions include:
 - Net-zero shifts of \$31.9 million to realign existing funding for previously-approved interim housing projects – Berryessa Supportive Parking (\$19.4 million) and Rue Ferrari Expansion (\$12.5 million) – from City-Wide Expenses appropriations and Earmarked Reserves to Capital Project appropriations within the Municipal Improvements Capital Program. It is important to note that the Rue Ferrari Expansion project is also supported by previously allocated resources in the Homeless Housing, Assistance, and Prevention Fund (\$15.9 million) and the Multi-Source Housing Fund (\$2.5 million) for a total available project budget of \$30.9 million.
 - Liquidation of the Police Department Sworn Backfill Reserve (-\$5.0 million) to support increase in Police Department Personal Services (\$5.0 million) due to increased levels of overtime expenditures.
 - Reduction to Workers’ Compensation Claims – Police appropriation (-\$750,000) and Workers’ Compensation Claims – Parks, Recreation, and Neighborhood Services appropriation (-\$250,000) to offset an increase in Workers’ Compensation Claims – Fire (\$1.0 million) appropriation to reflect anticipated and regular claim activity in 2023-2024.
 - Reduction of Transportation Department’s Non-Personal/Equipment (-\$250,000) to support an increase in the Department’s Personal Services appropriation (\$250,000) due to overtime needed to respond to emergency repairs for traffic signals and streetlights.
- ***2023-2024 Ending Fund Balance Reserve (\$13.45 million):*** Allocates the remaining available funding to establish the 2023-2024 Ending Fund Balance Reserve in the amount of \$13.45 million, reflecting additional Property Tax, Revenue from Use of Money/Property, Fees, Rates, and Charges, and Transfers and Reimbursements revenues, as well as the balance of the other General Fund adjustments recommended in this report. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming fiscal year. Preliminary projections assume that \$35 million of fund balance will be generated by the end of the fiscal year, which will be used as a funding source in the 2025-2029 Five-Year Forecast that will be issued at the end of February and the 2024-2025 Proposed Operating Budget that will be issued on May 1, 2024. This action sets aside a portion of the ending fund balance that

is expected to be generated in 2023-2024. Subsequent action will be brought forward as part of the year-end clean-up process in June 2024 to set-aside the remaining balance to meet the \$35 million estimate that is expected to be generated from additional revenues, expenditure savings, and the liquidation of carryover encumbrances that are anticipated to be realized by year-end. Any additional projected fund balance will be brought forward as part of the 2024-2025 Proposed Budget process.

GRANTS/REIMBURSEMENTS/FEES

- Several net-zero actions are recommended to recognize new or supplemental grant funding, reimbursements for activities undertaken by the City, and adjustments to estimated revenues from fee-supported activities. Recommended actions provide for \$3.3 million of revenue-supported spending and include adjustments for: Revenue from the State for the Neighbor to Neighbor grant (\$1.0 million); revenue from the State for the California Library Connect grant (\$500,000); grant funding from the San José Public Library Foundation (\$405,520); grant funding for the Blue Zones Project (\$350,000); and revenue from the State for the Strike Team reimbursement (\$226,790).

CLEAN-UP ACTIONS

- ***Salary and Benefits Program (Net-Zero):*** Several actions are recommended to increase various department Personal Services 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. Adjustments were included for those departments that are not able to absorb these additional costs (\$9.5 million all funds; \$9.0 million General Fund). To fully offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund, and to reduce the Ending Fund Balances in the Special Funds as appropriate.
- ***Miscellaneous Adjustments (Net-Zero):*** A variety of net-zero adjustments are recommended to reallocate funds among existing appropriations and adjust funding to reflect final 2022-2023 activity and policy changes. These actions include the: reallocation of funding between the Personal Services and Non-Personal/Equipment appropriations for the Human Resources Department, Finance Department, and Office of the City Manager for temporary staffing costs.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the Special and Capital funds as well as the capital projects is conducted as part of the 2023-2024 Mid-Year Budget Review. Overall, the Special and Capital funds are generally tracking within estimated levels through December, with some exceptions as described below. Section II of this report contains the status of selected Special and Capital funds with issues of interest or variances.

Special Funds

Airport Funds

Through December, the Airport has enplaned and deplaned 6.2 million passengers, which is similar to the passenger levels for the same period last fiscal year (6.3 million passengers). Passenger airline operations (takeoffs and landings) are down 5% from last year. Passenger totals in calendar year 2023 of 12.1 million were up 6.7% from passengers served in calendar year 2022, but remain 22.7% below the peak of 15.7 million passengers in calendar year 2019.

Overall operating revenues through December 2023 total \$111.0 million and are tracking slightly above (2.2%) year-to-date estimated levels. Terminal Concessions, General and Non-Aviation, and Airfield revenues are exceeding budgeted estimates, while Parking and Roadway, Terminal Rentals, and Landing Fees are tracking slightly below estimates. The total 2023-2024 budgeted revenue estimate of \$238.8 million includes \$20.0 million of federal American Rescue Plan Act funding to partially offset reduced revenue resulting from lower passenger levels and associated closure of food and beverage locations. Through December, \$10.0 million was received.

San José Clean Energy Fund

The City Council-approved rate package for 2023 included a shift to new cost-of-service rates in place of setting rates at a fixed discount or premium to PG&E's standard generation rates, inclusive of PG&E added fees. SJCE's rates were set at 1-3% below PG&E rates, inclusive of the Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge, depending on customer class and usage. PG&E launched in 2023 a new residential Electric Home rate as an option for customers with electric vehicles, energy storage, or an electric heat pump for water heating or climate control, and SJCE added a corresponding set of rates. Energy content for GreenSource remains at 60% renewable energy/up to 95% carbon-free and Total Green continues at 100% carbon-free.

The volatility of PG&E's PCIA fees have been a significant factor when setting SJCE rates each year. In 2021, SJCE's financials projected a cash flow shortage for which City Council approved a total Commercial Paper Notes authorization of up to \$95.0 million. SJCE drew a total of \$60.0 million Commercial Paper Notes in 2020-2021 and 2021-2022 combined; as of November 2023, the entire \$60.0 million has been repaid.

Through December, Energy Sales collected \$271.6 million, or 52.5%, of the Modified Budget estimate of \$517.5 million; Energy Department estimates Sales will end the year at \$529.0 million. Similarly, Cost of Energy expenditures totaled \$198.5 million through December and are estimated to end the year below the Modified Budget of \$421.5 million at \$394.0 million. In keeping with SJCE's City Council-approved Financial Reserves Policy, the Energy Department continues to build toward its operating reserve goal of 180 days of operating expenses. The 2023-2024 Adopted Operating Budget estimates a combined operating reserve and unrestricted ending fund balance at \$224 million. Based on year-to-date activity and year-end projections, available fund balance is expected to moderately increase. Currently the 180-day reserve goal is estimated at \$252 million; though, due to increasing energy costs, this threshold is expected to rise in 2024-2025.

Capital Funds

Following is a discussion of the major revenues that support the capital program and the major capital program expenditure revisions recommended in this report.

Construction-Related Revenues

Private sector construction activity continues to be a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, overall construction activity through December 2023 decreased 8.7% from prior-year levels primarily due to activity for the commercial and industrial land use categories experiencing significant year-over-year decreases, especially for commercial activity, which is 39.2% lower compared to a year ago. Residential construction, which is showing a 90.8% increase when compared to the prior year, is significantly offsetting the lower commercial and industrial activities. The following is a discussion of the performance for the Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources that also provide the majority of the City's local contributions to the Traffic Capital Program. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Building and Structure Construction Tax receipts totaled \$7.6 million through December, which is 40.1% of the 2023-2024 Adopted Budget estimate of \$19.0 million, reflecting lower than anticipated development permit activity in the commercial and industrial land use categories, and higher activity levels for residential permits. This collection level is \$1.9 million below the prior year collections of \$9.5 million for the same period. Based on collections through December, tax receipts are expected to end the year approximately \$2.0 million below the budgeted estimate of \$19.0 million. The Administration will continue to monitor the tax receipts closely and will recommend adjustments as needed.
- ***Construction Excise Tax*** – Construction Excise Tax receipts totaled \$7.2 million through December, 48.2% of the 2023-2024 Adopted Budget estimate of \$15.0 million, reflecting lower than anticipated commercial development permit activity that is offset by higher residential activity. This collection level is 46.5% above prior year collections of \$4.9 million for the same period. Based on collections through December and a look at projects in the

pipeline for the remainder of the fiscal year, tax receipts are expected to end the year at the budgeted estimate of \$15.0 million.

Construction and Conveyance Taxes

A total of 17 C&C Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Through December 2023, C&C Tax receipts totaled \$14.8 million, which represents 36.9% of the 2023-2024 Adopted Budget estimate (\$40.0 million) and is 21.9% below the prior year's collection level. In addition, January Conveyance receipts have been received from Santa Clara County, which totals \$2.4 million and is 14.1% below the January 2023 Conveyance collection level. When taking into account total receipts through December and the estimated January collections, C&C Tax receipts in 2023-2024 total \$17.2 million, 42.9% of the 2023-2024 budgeted estimate, and 20.8% below the prior year's collection level. When the 2023-2024 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$40.0 million, which would require growth of almost 6% from the actual 2022-2023 collection level.

Due to sharper declines than anticipated through the first half of the fiscal year, C&C Tax receipts are now anticipated to end the year at \$35.0 million. Therefore, a recommendation is included in this report to decrease the C&C Tax estimate by \$5.0 million, from \$40.0 million to \$35.0 million. The \$5.0 million decrease reduces the revenue estimate in each C&C Tax Fund as follows: Parks Central C&C Tax allocation (\$3.2 million), Library C&C Tax allocation (\$711,000), Service Yards C&C Tax allocation (\$439,000), Fire C&C Tax allocation (\$420,000), Communications C&C Tax allocation (\$170,000), and Park Yards C&C Tax allocation (\$60,000). To offset these actions, this report includes recommendations to decrease the Ending Fund Balances in the C&C Tax Funds.

Major Capital Program Expenditure Revisions

A series of recommended Appropriation Ordinance and Funding Sources Resolution amendments to the Adopted Capital Budget are included in *Section III, Recommended Budget Adjustments and Clean-up Action of this report*. Following is a summary of the most significant adjustments:

- ***Airport Capital Program*** – Recommendations are included to decrease the Program Management appropriation in the amount of \$2.0 million to align the budget with the anticipated expenditures and timeline of the new terminal project, which has been shifted further out into future years; decrease the Terminal Roofing appropriation in the amount of \$800,000 to align the budget with the anticipated grant funding award; and to decrease the Zero Emissions Buses appropriation in the amount of \$600,000 to align the budget with the actual grant award. These actions are offset by a corresponding increase to the Ending Fund Balance.

- **Traffic Capital Program** – A recommendation is included to establish the 2023 Flood – Sierra Road appropriation in the amount of \$866,803 to fund repairs for damages from the 2023 winter floods. A recommendation is included to recognize additional revenue from the Santa Clara Transportation Authority (VTA) based on an amendment to the cooperative agreement between the City and VTA for the BART Design and Construction Phase 2 project in the amount of \$1.2 million to fund the BART extension project. Other actions include increases for revenues received from the Town of Los Gatos (\$734,099) and the City of Saratoga (\$44,113) as part of cost sharing agreements for the 2023 Major Street Sealing project.
- **Public Safety Capital Program** – Recommendations are included to increase the Emergency Medical Services Equipment appropriation in the amount of \$1.4 million, which will ensure the procurement of 37 LifePack-15 Emergency Medical Services defibrillators as part of the replacement program. Offsetting this adjustment is the liquidation of the Emergency Equipment Reserve of \$1.1 million and a decrease of \$305,000 from the Ending Fund Balance in the Fire Construction and Conveyance Tax Fund.
- **Parks Capital Programs** – Two actions within the Subdivision Park Trust Fund are highlighted here. Recommendations are included to provide funding for the TRAIL: Los Gatos Creek Reach II Development in the amount of \$300,000 to complete the project design and award the construction contract. Winter storms last year caused damage and erosion to the trail. The design phase, including securing necessary permits, is almost complete and the project construction bid is anticipated to be awarded before the end of the fiscal year. A recommendation to allocate additional funding of \$250,000 for the Plaza de César Chávez Interim Improvements project will allow the project scope to be expanded to include relocating the transformer and will ensure sufficient funding is available for PG&E to service the relocated transformer.

Status on City Council Referrals

The discussion below provides a response to direction from the City Council resulting from their approval of the Mayor's June Budget Message for Fiscal Year 2023-2024 and other City Council meeting items.

Funding for African American Community Center (Mayor's June Budget Message for Fiscal Year 2023-2024, Item 3.4, 6/13/2023, Councilmembers Davis, Torres, Ortiz, Batra, Doan)

Staff was directed to determine funding opportunities for the African American Community Center using Community Development Block Grant (CDBG) funding. Staff initially responded in the 2022-2023 Annual Report transmittal memorandum that CDBG funding was not eligible to replace the windows and repair the roof because it was classified as a maintenance activity. Since then, the Public Works Department submitted a CDBG application for the window replacement to Housing Department, and after further review, replacement of windows is, in fact, eligible for CDBG funding. Housing Department will include this funding in the FY24-25 Annual Action Plan for it be funded in 2024-2025. The CDBG funding, coupled with funding allocated in the Mayor's

June Budget Message for Fiscal Year 2023-2024, will allow for completing the full scope of repairs to the roof and replacement of windows.

Income Waiver for Dog and Cat License Fee (Approval of the 2023-2024 Proposed Operating and Capital Budgets for the City of San José and Schedule of Fees and Charges, Item 3.6, 6/13/2023, Councilmembers Ortiz, Torres, Doan, and Batra)

On June 13, 2023, along with their approval of the 2023-2024 Operating and Capital Budget and Schedule of Fees and Charges last June, the City Council also approved a memorandum from Councilmembers Ortiz, Torres, Doan, and Batra directing the Administration to return with an income-eligible waiver for the Animal Care and Services Dog and Cat License Fee and update the Schedule of Fees and Charges to reflect this exemption in the 2023-2024 Mid-Year Budget Review and conduct a review of other City programs with income eligibility criteria. A Study Session originally scheduled for January 23, 2023 was to include the requested discussion. As that Study Session was postponed by the City Council and ultimately dropped by the Rules and Open Government Committee, the Administration is including this discussion in the Mid-Year Budget Review for City Council's consideration.

Staff surveyed a range of programs for income eligible waivers and is highlighting the following programs as examples: the Sidewalk Repair program in the Transportation Department, the Business Tax Hardship Exemption in the Finance Department, and the Citywide Scholarship program in PRNS. Both the Sidewalk Repair Program and the Business Tax Hardship Exemption are based on the verification of income levels, with applicants submitting their tax returns to the City.

The Sidewalk Repair waiver is a sliding scale program based on the Area Median Income. There are around 120 applicants each year with the average cost waived per person being almost \$3,800. To qualify for the Business Tax Hardship Exemption, the applicant's gross business income or adjusted household income must be less than four times the United States Department of Health and Human Services poverty level. There is an average of 17,000 annual exemptions for \$210 waived for each applicant. Finally, the PRNS Citywide Scholarship program is offered for San José residents made available for all Citywide parks programs, including ROCK and Afterschool Programs, Camps, Preschool, and Aquatics. To qualify for a scholarship, the participant must show proof of already being enrolled in a federal or state program that supports low-income individuals and families, such as Medi-Cal, WIC, Subsidized Housing, or Food Stamps. Additionally, participants or their children of active military personnel or veterans may also receive a scholarship. There are approximately 1,000 scholarships awarded annually³. Should the City Council wish to pursue an income waiver for Dog and Cat License Fees as discussed below, replicating the method of the Citywide Scholarship program would be the recommended approach.

The Dog and Cat License Fees – administered by the Public Works Department, Animal Care and Services Division – are calculated annually by estimating the time it takes staff to process the

³ For the benefit of the applying customer and to minimize confusion, to the extent feasible, in the future the Administration will attempt to streamline the methods to apply for income-eligibility waivers for City services.

license registration or renewal, plus associated non/personal equipment costs such as licensing tags, mailing costs, printing costs, and indirect overhead costs. In 2023-2024 cat and dog license fees are as follows:

- Cat license fees:
 - \$40 for 3 years; cat must be spayed or neutered;
 - \$35 for one year; cat not spayed or neutered; and
 - \$20 for one year; cat spayed or neutered
- Dog license fees:
 - \$55 for 3 years; dog must be spayed or neutered;
 - \$65 for one year; dog not spayed or neutered; and
 - \$25 for one year; dog spayed or neutered

The City estimates there are currently 60,000 valid cat and dog licenses. In 2023-2024 licensing fees are anticipated to generate revenue of \$1.85 million for a cost recovery rate of 79%; this revenue amount is slightly higher than the prior two years, which generated approximately \$1.6 million. Currently, there are no income eligibility waivers for pet licensing fees.

Based on a high-level review conducted by the Public Works and Information Technology Departments, approximately 10,000 residents that have a cat or dog license may be eligible for an income waiver. While this figure may be high, given the potentially large volume of applicants, coupled with the relatively modest fee amount that would be waived per person, staff sought to identify an income eligibility waiver program that is relatively easy to administer and simplistic for the customer to apply for. Therefore, the approach that is currently used by the PRNS program for the scholarship program would be recommended if the City Council directed the implementation of a licensing income-eligibility waiver.

Using this methodology, a participant would need to show proof of enrollment in a state or federal assistance program, including Temporary Assistance for Needy Families, Subsidized Housing HUD Section 8 rent subsidy, Food Stamps, Medi-Cal, California's Life Line, WIC, or Supplemental Security Income. Further, for consistency with the scholarship program, the participant would receive a waiver if they are a foster youth, or a veteran or active member in the military. In addition, the applicant must show proof of residency in San José.

There is a potential General Fund impact of roughly \$300,000 if an income eligibility waiver is implemented, which would include an estimated annual revenue loss of \$150,000 and approximately \$150,000 would be required for temporary staffing to assist with additional processing time and volume while the Public Works Department assesses the actual workload and identifies potential future automation improvements. Given the ongoing budgetary impacts, implementing an income eligibility waiver program for Dog and Cat License should be considered as part of the City Council's review and approval of the Mayor's March Budget Message for Fiscal Year 2024-2025 for a potential effective date of July 1, 2024. This would allow for the ongoing fiscal impact to be addressed as part of the 2024-2025 Proposed Budget, in accordance with City Council policy, and would allow sufficient ramp up time to adjust current systems and processes, and to communicate the new program to the public.

PUBLIC OUTREACH/INTEREST

This report is posted on the City's website for the February 13, 2024 City Council meeting.

COORDINATION

This report was coordinated with the various City Departments and City Council Appointees.

COMMISSION RECOMMENDATION/INPUT


This report was not coordinated with any board or commission.

CONCLUSION

Through December, the City's over 140 operating and capital funds are generally performing within expected levels. As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and Special and Capital funds to bring projected revenues and expenditures into closer alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, to recognize various grants, reimbursements, and fees, and to add funding for a limited number of new projects.

The adjustments brought forward in this report reflect the Administration's best estimate of the financial performance of the City's funds based on activity through the first half of the fiscal year. However, as economic conditions are unsettled, the City will need to remain prepared to adjust further if necessary.

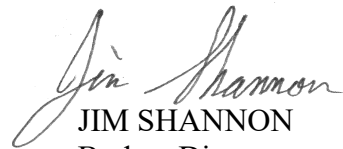
The Administration will continue to closely monitor performance and provide status reports on the City's budget through the Bi-Monthly Financial Reports. These reports will highlight any significant developments as well as identify any potential budget actions necessary to ensure the City's funds remain in balance by year-end. Diligent monitoring, continued budgetary discipline, and timely actions are critical components to maintaining the City's fiscal health.


JIM SHANNON
Budget Director

Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2023-2024 monies in excess of those heretofore appropriated therefrom:

| | |
|--|------------|
| General Fund | 22,605,743 |
| Airport Capital Improvement Fund | 85,000 |
| Benefit Funds – Benefit Fund | 840,000 |
| Benefit Funds – Life Insurance Fund | 75,000 |
| Building and Structure Construction Tax Fund | 79,000 |
| Construction Excise Tax Fund | 4,663,083 |
| Convention Center Facilities District Capital Fund | 1,329,046 |
| Emergency Reserve Fund | 4,220,793 |
| Gift Trust Fund | 29,251 |
| Homeless Housing, Assistance, and Prevention Fund | 7,000,000 |
| Multi-Source Housing Fund | 1,947,206 |
| Park Yards Construction and Conveyance Tax Fund | 58,000 |
| Public Works Program Support Fund | 2,106,000 |
| Residential Construction Tax Contribution Fund | 35,000 |
| San José Clean Energy Operating Fund | 57,700 |
| San José Opioid Response Fund | 769,000 |


JIM SHANNON
Budget Director

GENERAL FUND STATUS REPORT

At mid-year, the City Manager’s Budget Office conducts a comprehensive review of expenditure and revenue performance in the General Fund through the first six months of the fiscal year. This section of the report is intended to summarize the results of that review. The section is organized as follows:

- A. **Status of General Fund Revenues** – The mid-year status of significant General Fund revenue collections is discussed at the revenue category level in this section. Included is a discussion of proposed revenue revisions for each revenue category.

- B. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of the Police Department, Fire Department, Public Works Department, and non-departmental expenditures.

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2023-2024 Mid-Year Budget Review

STATUS OF GENERAL FUND REVENUES

OVERVIEW

General Fund revenues through December totaled \$505.3 million, or 35.2% of the budgeted estimate. A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues have outperformed expectations and are anticipated to end the year approximately \$30 million (variance of approximately 2% when excluding the Beginning Fund Balance) above budgeted levels due to strong growth in several revenue categories. Revenues that are performing significantly above anticipated levels include Property Tax, Fees, Rates, and Charges, and Revenue from the Use of Money/Property. Partially offsetting these revenue growths is lower than anticipated Real Property Transfer Tax revenue. Revenue adjustments are included in the Mid-Year Budget Review to align several of the budgeted estimates with anticipated receipts, which are further described on the following pages. The following table details actual 2023-2024 General Fund revenue collections through December as compared with budgeted revenue estimates and 2022-2023 actual collections for the same time period in the previous year. Also included are changes to each category that are recommended as part of this report.

2023-2024 General Fund Revenue Status through December (\$ in Thousands)

| Category | Budget Estimate | YTD Actual | % of Estimate | 2022-2023 % of Actual | Proposed Changes |
|--|---------------------|-------------------|------------------|--------------------------|---------------------|
| General Revenue | | | | | |
| Property Tax | \$ 460,400 | \$ 109,752 | 23.8% | 23.1% | \$ 13,500 |
| Sales Tax | 336,400 | 113,489 | 33.7% | 33.8% | - |
| Telephone Line Tax | 22,000 | 7,846 | 35.7% | 34.4% | - |
| Transient Occupancy Tax | 16,000 | 6,127 | 38.3% | 39.1% | - |
| Real Property Transfer Tax | 50,000 | 18,368 | 36.7% | 57.1% | - |
| Franchise Fees | 51,825 | 6,633 | 12.8% | 43.1% | - |
| Utility Tax | 126,550 | 48,092 | 38.0% | 41.7% | - |
| Business Taxes | 87,500 | 41,777 | 47.7% | 47.9% | - |
| Licenses and Permits | 21,804 | 16,750 | 76.8% | 79.1% | - |
| Fines, Forfeitures, and Penalties | 15,080 | 5,936 | 39.4% | 43.8% | - |
| Revenue from Use of Money and Property | 14,864 | 9,547 | 64.2% | 34.3% | 3,500 |
| Revenue from Local Agencies | 21,964 | 5,973 | 27.2% | 16.1% | 51 |
| Revenue from the State of California | 38,234 | 1,447 | 3.8% | 10.1% | 1,960 |
| Revenue from Federal Government | 11,822 | 910 | 7.7% | 17.0% | 301 |
| Fees, Rates, and Charges | 22,369 | 10,870 | 48.6% | 40.0% | 2,000 |
| Other Revenue | 10,885 | 13,994 | 128.6% | 97.2% | 1,015 |
| Sub-Total General Revenue | 1,307,697 | 417,511 | 31.9% | 45.2% | 22,327 |
| Transfers and Reimbursements | | | | | |
| Overhead Reimbursements | 78,155 | 60,514 | 77.4% | 75.3% | - |
| Transfers | 32,132 | 20,797 | 64.7% | 42.2% | 279 |
| Reimbursements for Services | 17,831 | 6,439 | 36.1% | 26.0% | - |
| Sub-Total Transfers and Reimbursements | 128,118 | 87,750 | 68.5% | 58.0% | 279 |
| TOTALS | \$ 1,435,815 | \$ 505,261 | 35.2% | 46.3% | \$ 22,606 |

STATUS OF GENERAL FUND REVENUES

OVERVIEW

As discussed in previous Bi-Monthly Financial Status Reports, although economic conditions remain positive on an overall basis, there are several areas of economic weakness, including the local real estate market and unemployment rates. While employment figures continue to be relatively strong, unemployment rates have been steadily rising. Through the first half of the fiscal year, General Fund revenues are performing strong, with several categories anticipated to exceed budgeted levels. Revenue categories experiencing higher than anticipated collections include Property Tax, Use of Money/Property, and Fees, Rates, and Charges. Partially offsetting these strong revenue collections is lower than anticipated Real Property Transfer Tax revenue. Budget adjustments to several of these revenue categories are included in this document, and are further discussed below.

Recommended Adjustments

As described below, a net upward adjustment to General Fund revenue of \$22.6 million is recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; and (2) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures.

- Implement required technical and rebalancing actions to revise revenue estimates in limited areas to bring estimates in line with revised projections (net increase of \$19.3 million). Significant actions include:
 - Increases the Property Tax estimate by \$13.5 million, from \$460.4 million to \$473.9 million, to reflect updated information provided by Santa Clara County. Recommendations include increasing various Property Tax categories, including Educational Revenue Augmentation Funds (\$5.0 million), general Secured Property Tax (\$4.0 million), Unsecured Property Tax (\$2.0 million), Aircraft Property Tax (\$1.5 million), and SB813 Property Tax (\$1.0 million).
 - Increases the Use of Money/Property budgeted estimate by \$3.5 million, from \$10.5 million to \$14.0 million, to reflect higher than anticipated interest earnings on the General Fund. The 2023-2024 Adopted Budget estimate totaled \$10.5 million for interest earnings on the General Fund. However, based on receipts through December (\$5.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$3.5 million and end the year at \$14.0 million. The significant 2023-2024 collection level is attributable to high interest rates and a large cash balance in the General Fund.
 - Increases the Fees, Rates and Charges budgeted estimate by \$2.0 million, from \$22.4 million to \$24.4 million, to reflect higher than anticipated Parks, Recreation and Neighborhood Services (PRNS) Fee revenue. The 2023-2024 Adopted Budget estimate for PRNS Fees, Rates and Charges totaled \$16.6 million. However, based on receipts through December (\$7.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$2.0 million and end the year at \$18.6 million. While the 2023-2024 receipts are trending to be higher than 2022-2023, activity levels remain below the pre-pandemic level of approximately \$22.0 million annual receipts.

STATUS OF GENERAL FUND REVENUES

OVERVIEW

- Increases the estimate for Transfers and Reimbursements by a net of \$279,005, from \$128.1 million to \$128.4 million, to recognize higher transfers related to interest earnings (\$1.3 million), partially offset by lower transfers from the American Rescue Plan Fund (\$541,995) and Parks Capital Construction and Conveyance (C&C) Tax Funds (\$489,000).
 - Interest earnings on various Capital and Special Funds are transferred to the General Fund. Based on activity through December, interest earnings are anticipated to exceed budgeted levels by \$1.3 million, totaling \$3.9 million by year-end.
 - A negative adjustment to the transfer from the American Rescue Plan Fund to the General Fund totaling \$541,995 is recommended to reflect the final reconciliation of the American Rescue Plan for 2022-2023.
 - A negative adjustment to the transfer from the Parks Capital Construction and Conveyance (C&C) Tax Funds for operating and maintenance costs is recommended. Per the Municipal Code, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with PRNS. As described later in this memorandum, the C&C revenue estimate is recommended to decrease by \$5.0 million, from \$40.0 million to \$35.0 million. As a result of the lower C&C Tax, Parks C&C Tax revenue will drop by \$3.3 million, and the transfer to the General Fund for operating and maintenance costs will decrease by \$489,000.
- Recognize grant, reimbursement, and/or fee related funds (\$3.3 million). Significant actions include:
 - Recognize revenue from the State for the Neighbor to Neighbor grant (\$1.0 million); recognize revenue from the State for the California Library Connect grant (\$500,000); recognize grant funding from the San Jose Public Library Foundation (\$405,520); recognize grant funding for the Blue Zones Project (\$350,000); and recognize revenue from the State for the Strike Team reimbursement (\$226,790).

Additional details on all General Fund revenue adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

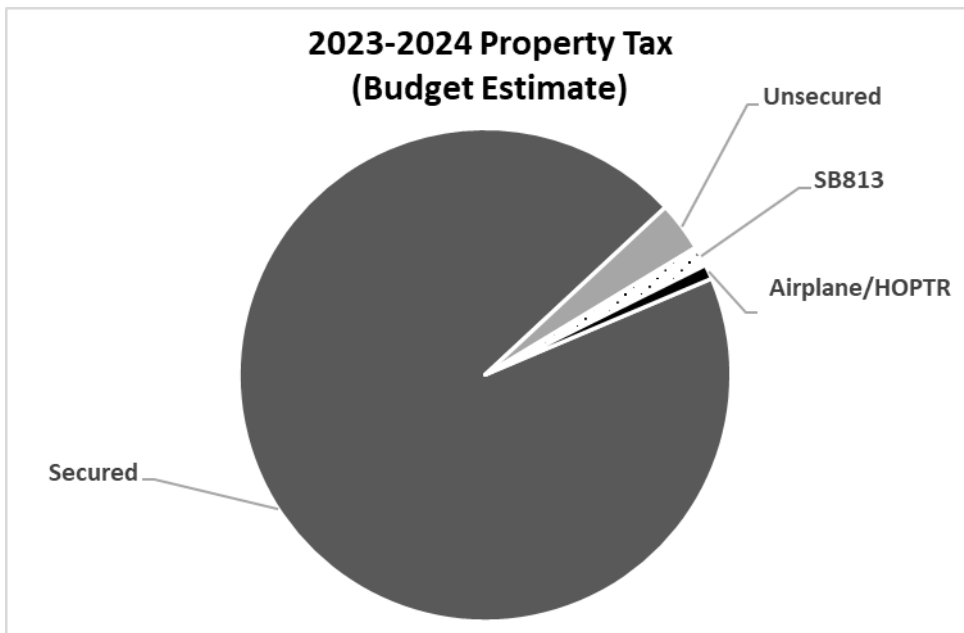
STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

Revenue Status (\$ in Thousands)

| | 2023-2024 | | 2022-2023 | | 2023-2024 |
|--|-----------------|------------|---------------|-------------|------------------|
| | Budget Estimate | YTD Actual | % of Estimate | % of Actual | Proposed Changes |
| | \$460,400 | \$109,752 | 23.8% | 23.1% | \$13,500 |

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Overall, Property Tax revenues are projected to exceed the budgeted estimate by \$13.5 million based on the most recent information received from Santa Clara County.



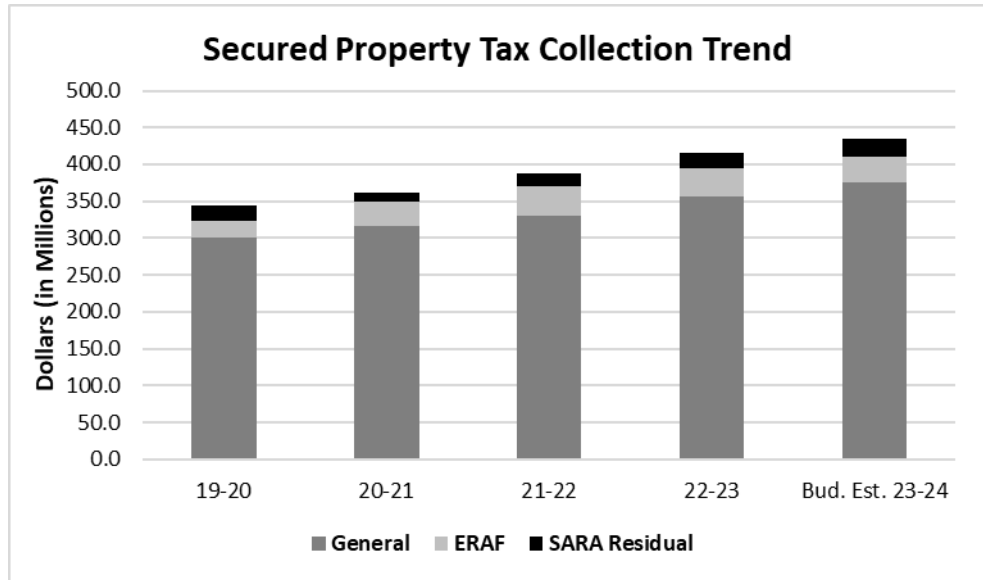
As a result, a recommendation is included in this report to increase the Property Tax revenue estimate by \$13.5 million (from \$460.4 million to \$473.9 million) to more closely align the Property Tax budget with estimated receipts. Each of the Property Tax sub-categories are further described below.

Secured Property Taxes represent over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax, and Educational Revenue Augmentation Fund (ERAF) revenue. The 2023-2024 Secured Property Tax budgeted estimate of \$435.0 million was built on assumed growth of 5.5% for general Secured Property Tax receipts (\$375.0 million), \$24.0 million for SARA revenue, and estimated revenue of \$36.0 million for ERAF receipts. However, based on the most recent information provided by Santa Clara County, overall Secured Property Tax revenue is anticipated to exceed budgeted levels by approximately \$9.0 million. This increase is due to higher general Secured Property Tax (\$4.0 million) and ERAF revenue (\$5.0 million). To more closely align the budgeted estimate with the anticipated collection level, a recommendation is included in this report to increase the Secured Property Tax estimate by \$9.0 million, which is further described in Section III. *Recommended Budget Adjustments and Clean-up Actions.*

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

The general Secured Property Tax Adopted Budget estimate totaled \$375.0 million in 2023-2024, which assumed growth of approximately 5.5% from the 2022-2023 collection level. This growth primarily reflected an increase in assessed value due to the California Consumer Price Index (CCPI) increase of 2% and an estimated



increased valuation due to changes in ownership or new construction of 3.5%. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. However, the most recent general Secured Property Tax estimate provided by Santa Clara County totals \$379 million, which is approximately \$4 million above the Adopted Budget estimate. Therefore, as described in Section III. *Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the general Secured Property Tax revenue by \$4.0 million (from \$375.0 million to \$379.0 million) to more closely align the revenue with the anticipated collection level.

Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State’s General Fund contributions to school districts under Proposition 98. Once there are sufficient funds in ERAF to fulfill obligations, the remainder of the funding is returned to the taxing entities that contributed to it, which generally occurs in March of each fiscal year. The most recent ERAF estimate provided by Santa Clara County totals approximately \$41 million in 2023-2024. This estimate is \$5 million above the Adopted Budget estimate of \$36.0 million. Therefore, as described in Section III. *Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the ERAF revenue by \$5.0 million (from \$36.0 million to \$41.0 million) to more closely align the revenue with the anticipated collection level.

As a result of the SARA bond refunding that occurred in December 2017, the City began receiving a residual property tax distribution. Based on the most recent information provided by Santa Clara County, 2023-2024 receipts are estimated at \$24.0 million, which is consistent with the 2023-2024 Adopted Budget estimate.

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

The **Unsecured Property Tax** category refers to property that can be relocated and is not real estate. The most common forms of unsecured property include boats, business personal property, and undeveloped land. The 2023-2024 Unsecured Property Tax Adopted Budget estimate totals \$15.0 million. However, based on the most recent information provided by Santa Clara County, Unsecured Property Tax revenue is anticipated to exceed the budgeted estimate by approximately \$2 million and total \$17 million in 2023-2024. Therefore, as described in Section III. *Recommended Budget Adjustments and Clean-up Actions*, a recommendation is included in this report to increase the Unsecured Property Tax revenue by \$2.0 (from \$15.0 million to \$17.0 million) to more closely align the revenue with the anticipated collection level.

The **SB 813 Property Tax** category represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Santa Clara County Assessor formally revalues the property. Receipts reflect retroactive collections back to the point of sale for reassessments of value due to property resales. When the 2023-2024 Adopted Budget was developed, it was anticipated SB 813 Property Tax revenue would total \$6.0 million, which is significantly below the high 2022-2023 collection level of \$11.9 million. However, based on the most recent information provided by Santa Clara County, SB 813 Property Tax revenue is estimated at \$7.0 million in 2023-2024. Therefore, as described in Section III. *Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the SB 813 Property Tax revenue by \$1.0 million (from \$6.0 million to \$7.0 million) to more closely align the revenue with the anticipated collection level.

In the **Aircraft Property Tax** category, the largest payment is typically received in October of each year. Based on collections received through the first half of the year (\$4.2 million) and information provided by Santa Clara County, 2023-2024 receipts are anticipated to end the year at \$5.0 million, which is \$1.5 million above the budgeted estimate of \$3.5 million. Therefore, as described in Section III. *Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the Aircraft Property Tax revenue by \$1.5 million (from \$3.5 million to \$5.0 million) to more closely align the revenue with the anticipated collection level.

In the **Homeowners Property Tax Relief** category, revenues in 2023-2024 are expected to be at the budgeted estimate of \$900,000, which is consistent with the 2022-2023 collection level.

STATUS OF GENERAL FUND REVENUES

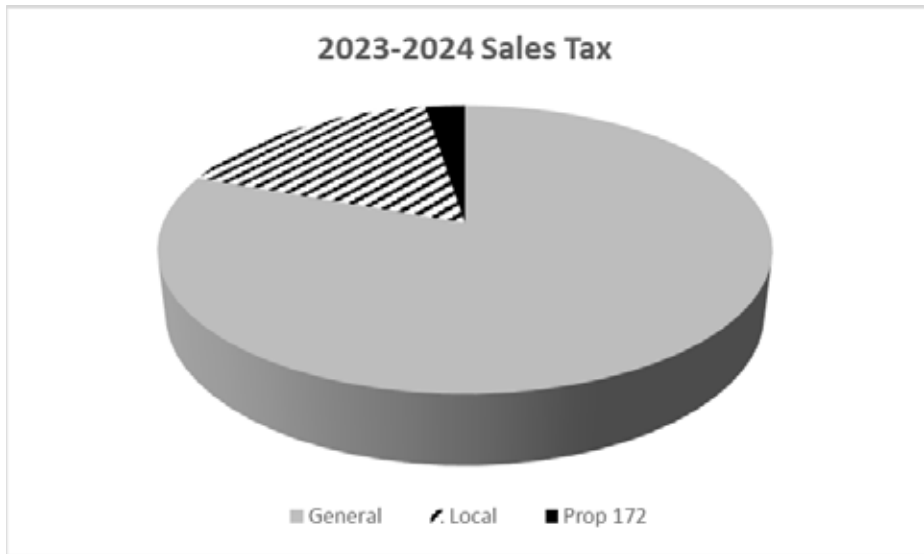
SALES TAX

Revenue Status (\$ in Thousands)

| 2023-2024 | | 2022-2023 | | 2023-2024 |
|------------------------|-------------------|----------------------|--------------------|-------------------------|
| <u>Budget Estimate</u> | <u>YTD Actual</u> | <u>% of Estimate</u> | <u>% of Actual</u> | <u>Proposed Changes</u> |
| \$336,400 | \$113,489 | 33.7% | 33.8% | \$0 |

The Sales Tax category includes General Sales Taxes, Local Sales Taxes, and Proposition 172 Sales Taxes. The 2023-2024 Adopted Budget estimate totals \$336.4 million, which is 2.1% below the 2022-2023 receipts of \$343.5 million. This drop is due to the anticipated slowdown in the economy, which may impact Sales Tax receipts.

Information related to Sales Tax payments is distributed from the California Department of Tax and Fee Administration (CDTFA) four times throughout the year: November (representing July-September activity), February (representing October-December activity), May (representing January-March activity), and August (representing April-June activity). The first



Sales Tax payment for 2023-2024 was received in November 2023 and reflects a 1% decline from the prior year. As mentioned above, 2023-2024 revenue can decline by over 2% and meet the budgeted estimate. Therefore, based on the limited information currently known, Sales Tax revenue is anticipated to meet or slightly exceed the budgeted estimate by year-end. However, as only one payment has been received, Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA. Additional information about each of the Sales Tax sub-categories is provided below.

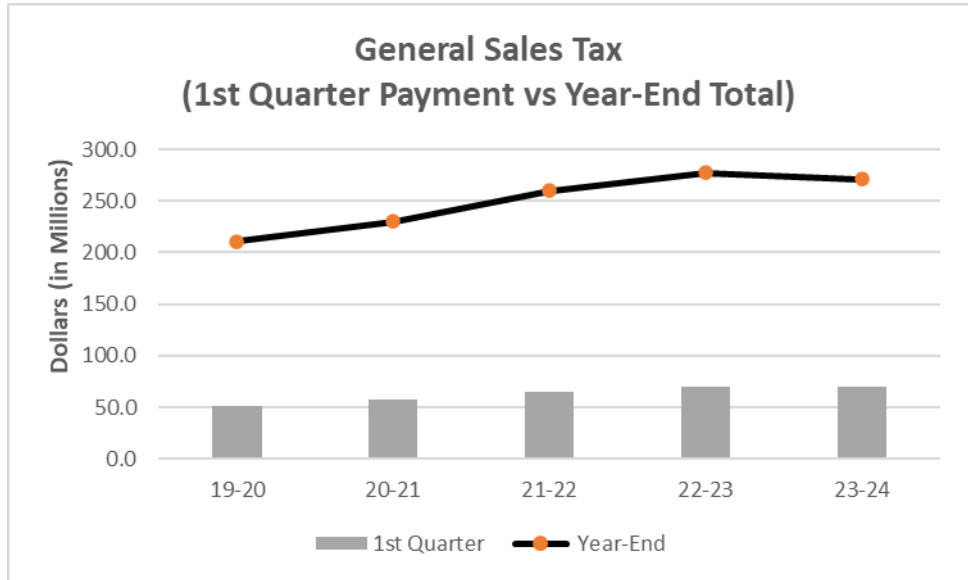
General Sales Tax is the largest driver of the Sales Tax category and accounts for over 80% of all Sales Tax receipts. The 2023-2024 General Sales Tax Adopted Budget estimate was built on the assumption that would total \$279.0 million in 2022-2023, then drop by 3% in 2023-2024. However, since the final quarter payment was lower than anticipated, General Sales Tax ended 2022-2023 at \$277.6 million. Therefore, 2023-2024 General Sales Tax can only drop by 2% to meet the budgeted estimate of \$271.0 million. As mentioned above, the first Sales Tax payment was received from the CDTFA in November 2023 and reflects a 0.7% decline from the prior year. Based on the limited information currently known, General Sales Tax revenue is anticipated to meet or slightly exceed the budgeted estimate of

STATUS OF GENERAL FUND REVENUES

SALES TAX

\$271.0 million. However, as only one payment has been received, General Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA.

The City’s Sales Tax consultant, Avenu Insights & Analytics, has provided performance data for General Sales Tax revenue, as displayed on the chart below. This analysis measures the first quarter General Sales Tax receipts for 2022-2023 and 2023-2024, excluding Sales Tax associated with the Revenue Capture Agreement.



**General Sales Tax Revenue Economic Performance
First Quarter Payment**

| Category | 2023-2024 % of Total Revenue | 2022-2023 % of Total Revenue | % Change of Revenue Received by Category |
|----------------------|---------------------------------|---------------------------------|--|
| Business-to-Business | 21.7% | 18.5% | 13.4% |
| General Retail | 17.7% | 17.7% | (3.1%) |
| Transportation | 17.5% | 18.4% | (7.9%) |
| Food Products | 13.9% | 13.0% | 3.4% |
| Construction | 9.6% | 9.9% | (5.6%) |
| Miscellaneous | 1.6% | 0.6% | 132.9% |
| County Pool | 17.9% | 21.9% | (20.7%) |
| Total | 100.0% | 100.0% | |

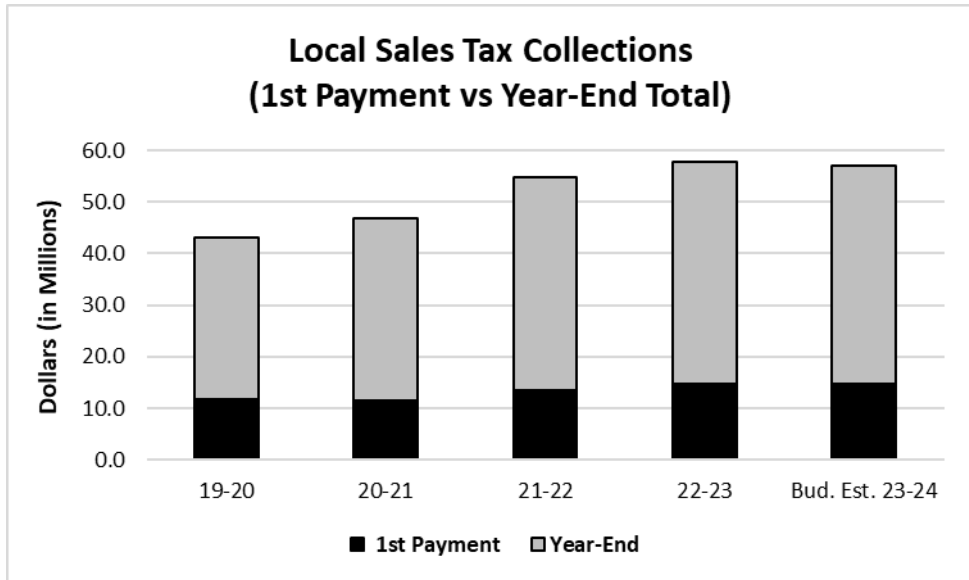
As can be seen in the table above, Business-to-Business, Food Products and Miscellaneous categories experienced year-over-year growth. However, General Retail (apparel stores, department stores, furniture/appliance stores, drug stores, recreation products, and florists/nurseries), Transportation, and Construction declined between the first quarter of 2023-2024 compared to the prior year, which is consistent with the lower Sales Tax collections.

In addition, the County Pool, which is where the majority of online transactions are captured, experienced year-over-year declines. The County Pool revenue is distributed to all cities within Santa Clara County based on a distribution formula administered by the CDTFA. This formula is based each quarter on each jurisdiction’s total General Sales Tax receipts divided by the Total General Sales Tax receipts for the entire County. The City typically receives between 45% - 50% of the total County Pool.

STATUS OF GENERAL FUND REVENUES

SALES TAX

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which was implemented in October 2016. Local Sales Tax is generated based on the destination of the purchased product; therefore, all out-of-state online retailers (including marketplace facilitators) sales tax collections are directly distributed to the City of San José, versus the General Sales Tax



revenue that is deposited in the County Pool, where the City only receives approximately 45% - 50% of the proceeds. Due to this distinction, Local Sales Tax revenue may not always experience the same growth and decline rates as General Sales Tax receipts.

The 2023-2024 Local Sales Tax estimate was built on the assumption that 2022-2023 receipts would total \$59.0 million and decline by 3.5% to \$57.0 million in 2023-2024. However, due to a lower than anticipated final quarter payment, Local Sales Tax ended 2022-2023 at \$57.7 million. Therefore, receipts may only drop by 1% in 2023-2024 to meet the budgeted estimate of \$57.0 million. As mentioned above, the first Local Sales Tax payment was received from CDTFA in November 2023 and reflects a decline of 1% from the first quarter payment in the prior year. Based on the limited information currently known, Local Sales Tax revenue is anticipated to end the year close to the budgeted estimate of \$57.0 million. However, as only one payment has been received, Local Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA.

Proposition 172 Sales Tax collections represent the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. The 2023-2024 budgeted estimate of \$8.4 million requires growth of 2.7% from the 2022-2023 collection level of \$8.2 million. Based on collections through the first half of the fiscal year, it is anticipated that collections will end the year slightly below the budgeted estimate.

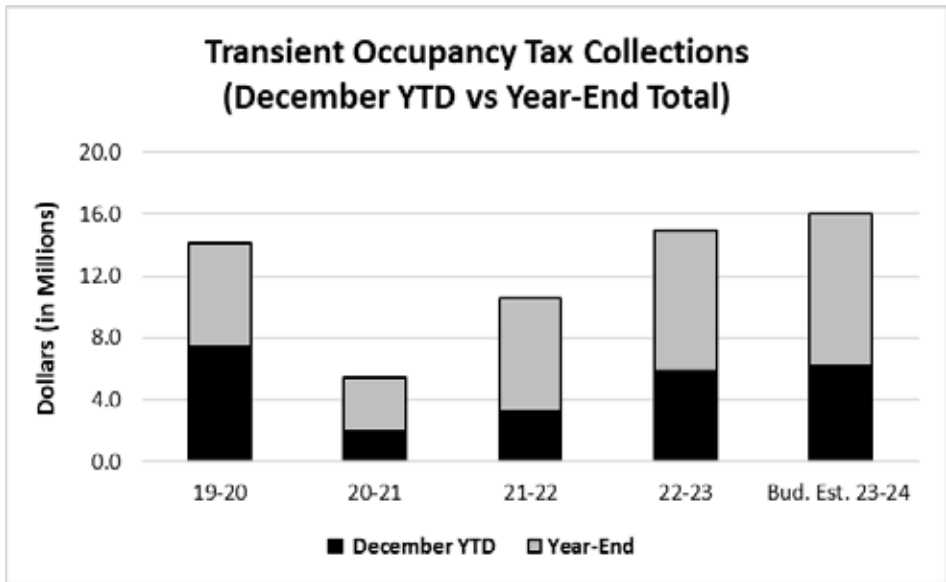
STATUS OF GENERAL FUND REVENUES

TRANSIENT OCCUPANCY TAX

Revenue Status (\$ in Thousands)

| 2023-2024 | | 2022-2023 | | 2023-2024 |
|-----------------|------------|---------------|-------------|------------------|
| Budget Estimate | YTD Actual | % of Estimate | % of Actual | Proposed Changes |
| \$16,000 | \$6,127 | 38.3% | 39.1% | \$0 |

The 2023-2024 budget estimate for the General Fund Transient Occupancy Tax (TOT) allocation (40% of the total tax) is \$16.0 million. When the 2023-2024 Adopted Budget was developed, it was anticipated that 2022-2023 collections would total \$16.0 million and remain flat in 2023-2024. However, 2022-2023



ended the year at \$14.9 million; therefore, 2023-2024 collections require growth of 7.1% to meet the budgeted estimate. Through December 2023, TOT receipts total \$6.1 million, which is 4.9% above the prior year collection level of \$5.8 million. While receipts have experienced year-over-year growth, they are lower than anticipated, which is likely due to the timing of remittances. Based on the activity through December and historical collection trends, receipts are anticipated to meet the budgeted estimate by year-end.

Based on December 2023 data, the cumulative average hotel occupancy rate reported for the San José market was 64.21%, a slight increase from the average of 64.01% through the same period in 2022-2023. The average daily room rate increased slightly (0.6%), from \$158.67 as of December 2022 to \$159.58 as of December 2023; and the year-to-date average revenue-per-available room (RevPAR) increased by 0.89%, from \$101.57 to \$102.47, relative to the same period in 2022-2023.

Reported gross hotel revenue performance through the first half of 2023-2024 continues to track above estimated levels; however, not all revenue related to this higher reported hotel performance is reflected in receipts through December 2023 due to the timing of remittances. In partnership with Team San Jose (the City’s operator of convention and cultural facilities, as well as the Convention and Visitors Bureau), the Administration will continue to actively monitor hotel and revenue performance and provide updates in future Bi-Monthly Financial Reports.

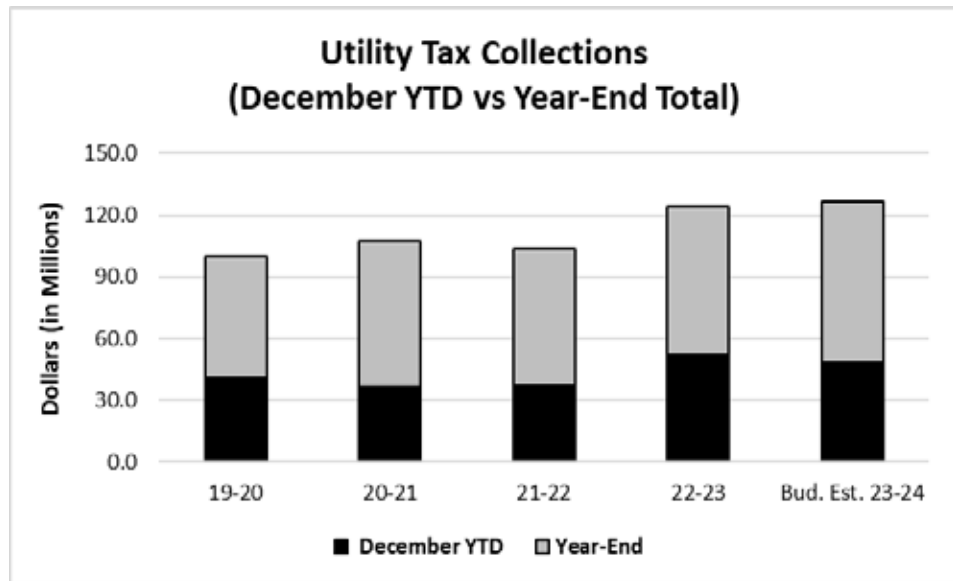
STATUS OF GENERAL FUND REVENUES

UTILITY TAX

| Revenue Status (\$ in Thousands) | | | | |
|----------------------------------|------------|---------------|-------------|------------------|
| 2023-2024 | | 2022-2023 | | 2023-2024 |
| Budget Estimate | YTD Actual | % of Estimate | % of Actual | Proposed Changes |
| \$126,550 | \$48,092 | 38.0% | 41.7% | \$0 |

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through December, Utility Tax receipts of \$48.1 million are 7.1% below the prior year collection level of \$51.8 million. However, this decline may be attributable to the timing of remittances. The 2023-2024 Adopted Budget was built on the assumption that 2022-2023 Utility Tax revenue would end the year at \$121.0 million and increase by almost 5% to \$127.6 million in 2023-2024. However, 2022-2023 ended the year at \$124.3 million, due to stronger year-end collections. As a result, 2023-2024 collections require growth of only 2% to meet the budgeted estimate. Based on collections through December, historical collection patterns, timing of payments, and future planned rate increase, receipts are anticipated to meet the budgeted estimate by year-end. Each of the Utility Tax sub-categories is further described below.

In the **Electricity Utility Tax** category, collections through December totaled \$30.1 million, which is fairly consistent with the prior year level of \$30.4 million. However, as mentioned above, the Administration is currently reviewing collections to determine if there are issues with the timing of payments. The



The 2023-2024 Adopted Budget estimate totals \$70.0 million, which requires growth of 4.7% from the 2022-2023 collection level of \$66.9 million. Based on collections through December, historical collection patterns, and the timing of payments, receipts are anticipated to meet the budgeted estimate by year-end.

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

In the **Gas Utility Tax** category, collections through December of \$2.9 million are significantly below the prior year receipts of \$4.6 million, which is potentially due to the timing of remittances. The 2023-2024 Adopted Budget estimate totals \$19.0 million, which is 5.4% below the 2022-2023 collection level of \$20.1 million. Based on collections through December, historical collection patterns, and the timing of payments, receipts are anticipated to meet the budgeted estimate by year-end.

Water Utility Tax collections of \$8.5 million through December are 8.8% below the prior year level of \$9.3 million, which is potentially due to the timing of remittances. The 2023-2024 Adopted Budget estimate totals \$19.0 million, which is consistent with prior year receipts. Based on collections through December, historical collection patterns, and the timing of payments, receipts are anticipated to meet the budgeted estimate by year-end.

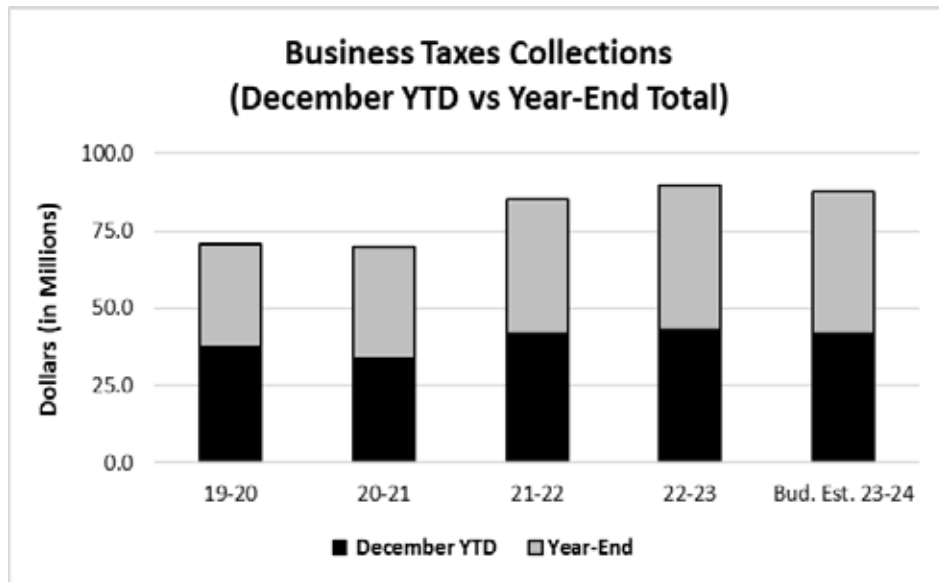
In the **Telephone Utility Tax** category, revenues are collected on landlines, wireless, VoIP, and prepaid wireless services sold at retail locations. Through December, collections of \$6.5 million are 12.4% below the prior year level of \$7.5 million, which is potentially due to the timing of remittances. The 2023-2024 Adopted Budget estimate totals \$18.6 million, which is consistent with prior year receipts. Based on collections through December, historical collection patterns, and the timing of payments, receipts are anticipated to meet the budgeted estimate by year-end.

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

| Revenue Status (\$ in Thousands) | | | | |
|----------------------------------|------------|---------------|-------------|------------------|
| 2023-2024 | | 2022-2023 | | 2023-2024 |
| Budget Estimate | YTD Actual | % of Estimate | % of Actual | Proposed Changes |
| \$87,500 | \$41,777 | 47.7% | 47.9% | \$0 |

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Business Tax, Disposal Facility Tax, and General Business Tax. Through December, overall collections of \$41.8 million are 2.6% below the prior year collection levels of \$42.9 million, which reflects lower General Business Tax receipts and Disposal Facility Tax receipts, partially offset by higher Cardroom Business Tax collections and Cannabis Business Tax receipts. The 2023-2024 Modified Budget of \$87.5 million allows for a 2.4% drop from the 2022-2023 Business Taxes collection level of \$89.6 million. Based on overall Business Taxes performance through December, it is anticipated that receipts will meet the overall budgeted level by year-end. Each of the Business Taxes sub-categories are further described below.



Cannabis Business Tax collections reflect cannabis business tax as well as cannabis business tax compliance revenues. Cannabis Business Tax collections began after San José voters approved Ballot Measure U on November 2, 2010, which allowed the City to tax marijuana businesses. Further, in November 2016, the California Marijuana Legalization Initiative (Proposition 64) was approved by voters, which legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 registered businesses in San José began in January 2018. Through December, receipts of \$6.4 million are 3.7% above the prior-year collection level of \$6.2 million. The 2023-2024 Adopted Budget estimate of \$15.0 million is \$1.6 million below the 2022-2023 collection level of \$16.6 million. Based on the performance through December, receipts in this category are anticipated to exceed the budgeted estimate by \$1 - \$2 million.

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

Through December, **Cardroom Business Tax** receipts totaling \$12.1 million have been received, which are 1.9% higher than the prior year level of \$11.9 million. These collections are inclusive of the ballot measure approved by voters in November 2020 that increased taxes on cardroom operators beginning in January 2021. The 2023-2024 Modified Budget estimate for Cardroom Tax totals \$30.0 million, which is consistent with the 2022-2023 actual collection level. Based on the performance through December, receipts in this category are anticipated to end the year slightly above the budgeted estimate.

Disposal Facility Tax (DFT) are business taxes received based on the tons of solid waste disposed of at landfills within the City. DFT revenue through December totaled \$5.1 million, which is 9.6% below the prior-year collection level of \$5.6 million. The 2023-2024 Adopted Budget estimate of \$13.0 million is slightly below the 2022-2023 collection level of \$13.3 million. Based on performance through December and historical collection patterns, receipts in this category are anticipated to end the year slightly below the budgeted estimate.

Through December, **General Business Tax** receipts of \$18.1 million are 5.4% below the prior-year collection level of \$19.2 million. The 2023-2024 Modified Budget estimate for General Business Tax totals \$29.5 million, which is 1% below the 2022-2023 actual collection level. Based on the performance through December, receipts in this category are anticipated to end the year \$1 - \$2 million below the budgeted estimate.

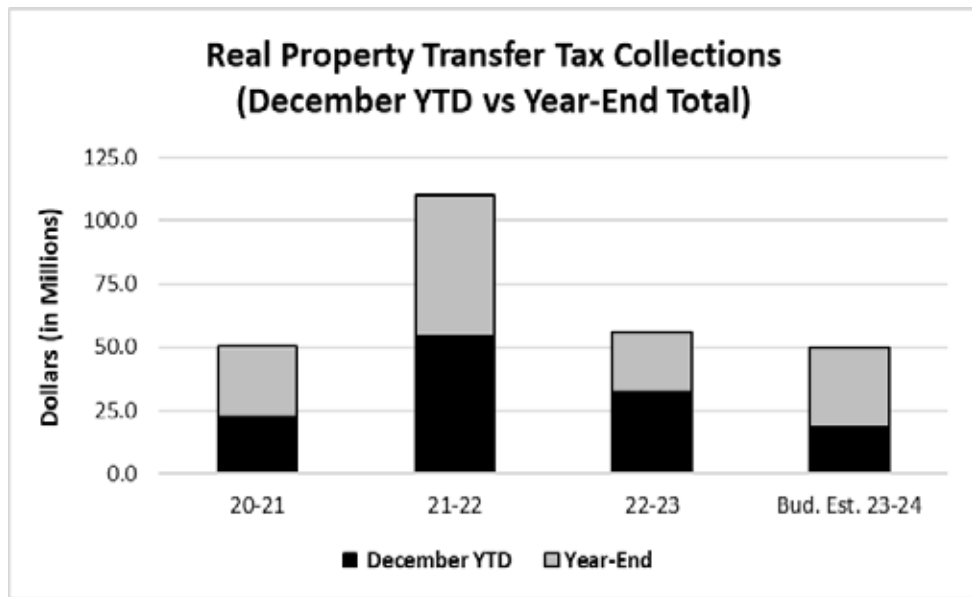
STATUS OF GENERAL FUND REVENUES

REAL PROPERTY TRANSFER TAX

| Revenue Status (\$ in Thousands) | | | | |
|----------------------------------|------------|---------------|-------------|------------------|
| 2023-2024 | | 2022-2023 | | 2023-2024 |
| Budget Estimate | YTD Actual | % of Estimate | % of Actual | Proposed Changes |
| \$50,000 | \$18,368 | 36.7% | 57.1% | \$0 |

On March 3, 2020, San José voters approved Measure E, the Real Property Transfer Tax. This new tax, which became effective on July 1, 2020, is imposed at a tiered level for property transfers (sales) over \$2.0 million. In accordance with City Policy 1-18, Section 22, this tax revenue is allocated for the development of new affordable housing, homeless prevention, and homelessness support programs.

Through December 2023, Real Property Transfer Tax collections totaled \$18.4 million, which is significantly below the prior-year level of \$32.1 million. In addition, the City has received the January tax receipts from Santa Clara County, which totaled \$2.9 million. When taking into



account total receipts through December and the January remittance, total Real Property Transfer Tax receipts in 2023-2024 totaled \$21.3 million, compared to the prior year level of \$36.8 million. While the number of transactions through January 2024 is 17.3% higher than the prior year, fewer high-value property transfers have occurred, resulting in the significant year-over-year decline in collections. The 2023-2024 Adopted Budget estimate totals \$50.0 million, which allows for a 11.2% drop from the 2022-2023 collection level of \$56.3 million. It is currently anticipated Real Property Transfer Tax receipts will end the year at \$45 million, or approximately \$5 million below the budgeted estimate of \$50.0 million. However, as limited historical data is known for this tax, and given its volatile nature, receipts will continue to be closely monitored and updated information will be provided in future Bi-Monthly Financial Reports.

STATUS OF GENERAL FUND REVENUES

SUMMARY

A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues are anticipated to end the year approximately \$30 million above budgeted levels due to strong growth in several revenue categories. Revenue categories experiencing higher than anticipated collections include Property Tax, Use of Money/Property, and Fees, Rates, and Charges. Partially offsetting these strong revenue collections is lower than anticipated Real Property Transfer Tax revenue.

In total, a net increase of \$22.6 million to the General Fund Sources is recommended in this document. This increase reflects a net upward adjustment of \$19.3 million related to technical and rebalancing items to more closely align the budgeted estimates with the current anticipated collection levels: Property Tax, \$13.5 million; Revenue from the Use of Money/Property, \$3.5 million; Fees, Rates, and Charges, \$2.0 million; and Transfers and Reimbursements, \$279,005. In addition, recommendations are included in this report to recognize an additional \$3.3 million for grants reimbursements and fees adjustments. Further information regarding these adjustments can be found in Section III. *Recommended Budget Adjustments and Clean-up Actions*.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2025-2029 General Fund Forecast, due to be released on February 28, 2024, as well as the 2024-2025 Proposed Budget, due to be released on May 1, 2024. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April 2024.

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND 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> |
|-------------------|-----------------------------|-----------------------|-----------------------------|
| 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) |

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

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.

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- 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:

STATUS OF GENERAL FUND EXPENDITURES

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.

II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT

At mid-year, the City Manager’s Budget Office conducts a comprehensive review of expenditure and revenue performance of all operating and capital funds and capital programs through the first six months of the fiscal year. Revenues and expenditures are generally tracking within estimated levels. This section of the report is intended to summarize the results of that review and only discusses selected funds with issues of interest or variances.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION FUND & AIRPORT REVENUE FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|---|-------------------------------------|--------------------------------------|
| <i>Revenues – Airport Revenue Fund</i> | 238,755,404 | 111,037,391 | 46.5% |
| <i>Expenditures – Airport Maintenance and Operation Fund</i> | 134,319,845 | 54,522,423 | 40.6% |
| <i>Ending Fund Balance – Airport Revenue Fund</i> | 134,756,689 | N/A | N/A |
| <i>Ending Fund Balance – Airport Maintenance and Operation Fund</i> | 26,368,090 | N/A | N/A |

This section discusses the status of the Airport Revenue Fund and the Airport Maintenance and Operation Fund. The Airport Revenue Fund accounts for all general Airport revenues. The Airport Maintenance and Operation Fund, funded by a transfer from the Airport Revenue Fund, accounts for expenditures incurred for the maintenance and operation of San José Mineta International Airport.

FUND STATUS

Revenues – General Airport operating revenue categories include Landing Fees, Terminal Rentals, Airfield, Terminal Concessions, Parking and Roadway, and General and Non-Aviation.

Overall revenue performance at the Airport of \$111.0 million is tracking at 46.5% of the estimated budget and is 2.2% above the benchmark through December. The 2023-2024 budget was built assuming passenger levels of approximately 13.2 million, or an approximate 9.0% increase from the 2022-2023 level of 12.1 million passengers. As passenger activity has been leveling out in recent months, this projection has been updated to an estimated 12.3 million passengers for 2023-2024. Although passenger numbers have stabilized after the pandemic, the level still remains below the 2017-2018 passenger levels of 13.49 million. Through December 2023, year-to-date passenger levels of 6.2 million are down 0.5% (31,000) from the same period last year. Passenger airline operations (takeoffs and landings) are 5.0% below last year. Landing Fees, which are associated with the number of flights, are tracking below budgeted levels at 93.5%. Terminal Rental revenues are also tracking slightly below budgeted levels at 96.1%, the result of lower than anticipated use of common gates and ticket counters. Finally, Parking and Roadway revenues are tracking just below estimates at 98.0%, largely due to lower public parking revenues partially offset by higher Transportation Network Companies trip fees. Conversely, Terminal Concessions (144.4%), General and Non-Aviation (109.6%), and Airfield (100.8%) revenues are tracking above budgeted levels. Terminal Concessions revenue continues to be strong as the Airport opens new restaurants in addition to growing advertising revenue.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION
FUND & AIRPORT REVENUE FUND**

FUND STATUS

Total General and Non-Aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, interest earnings, and other non-aviation (miscellaneous) revenues, are also tracking above budgeted levels, primarily the result of higher interest revenue.

The total budgeted revenue of \$238.8 million includes \$20.0 million in federal funding from the American Rescue Plan Act to partially offset the reduced revenue resulting from the pandemic. Federal relief funding is received based on expenditure reimbursement requests; through December, \$10.0 million has been received. Current plans are to collect the remaining \$10.0 million in federal funding to partially offset expenditures in 2024-2025.

Expenditures – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Airport Department’s Personal Services and Non-Personal/Equipment appropriations, Police and Aircraft Rescue and Fire Fighting Services, interdepartmental direct support, and overhead reimbursements. Overall expenditures through December of \$54.5 million are tracking at 40.6% of budget. Through December, Airport’s personal services and non-personal/equipment expenditures of \$38.7 million are tracking at 36.5% of the combined budgeted levels.

Personal services expenditures of \$19.5 million are tracking below benchmark levels of 48.1% at 46.0% of budget. The savings are primarily due to a 10.5% vacancy rate (24 vacancies) as of December 2023. Overtime expenditures of \$246,972, or 54.3% of budget, are tracking slightly above estimates and will be closely monitored for the remainder of the fiscal year. Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 30.1% of budget; with encumbrances, non-personal/equipment expenditures of \$41.9 million are at 65.7% of the total modified budget. It is anticipated that through close monitoring of spending levels, the Non-Personal/Equipment appropriation will end the year within budgeted levels.

Through December 2023, interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$10.4 million, which represents approximately 49.1% of the interdepartmental budget. Expenditures are on track to end the year within budgeted levels.

Ending Fund Balance – The actions detailed in this report have no effect on the Ending Fund Balance of the Airport Revenue Fund and Airport Maintenance and Operation Fund. Further details on the adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 94,680,000 | 13,273,521 | 14.0% |
| <i>Expenditures</i> | 142,414,111 | 22,206,261 | 15.6% |
| <i>Unrestricted Ending Fund Balance</i> | 14,734,734 | N/A | N/A |

FUND STATUS

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking below anticipated levels. Through the first half of 2023-2024, Building and Structure Construction Tax receipts totaled \$7.6 million through December, 40.1% of the 2023-2024 Adopted Budget estimate of \$19.0 million, reflecting lower than anticipated building permit activity in the commercial and industrial land use categories, but higher activity levels for residential permits. This collection level is 19.7% below prior year collections of \$9.5 million for the same period. Based on collections through December, tax receipts are expected to end the year approximately \$2.0 million below the budget estimate of \$19.0 million.

Other major revenue sources in the Building and Structure Construction Tax Fund include grants from federal, state, and local agencies. To date, the City has received \$3.9 million from the federal government for the McKee Road Safety Corridor Improvements project. This reimbursement represents a majority of the grant revenue received in the Building and Structure Construction Tax Fund through December. Overall, grant revenues from federal, state and local agencies are tracking below estimated levels. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. As a result, the lower grant reimbursement collections are offset by corresponding lower project expenditures. While substantially more grant revenues are anticipated by year-end, staff will continue to closely monitor these revenue sources as the fiscal year progresses. Included in this report is a revenue adjustment recommendation to increase the estimate for revenue from the State of California (\$79,000) for an amendment to a Caltrans grant to fund higher than anticipated costs for the I-280 & Moorpark Signal Modification project.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

Expenditures – Overall expenditures of \$22.2 million are tracking at 15.6% of the Modified Budget. In addition, \$15.4 million has been encumbered to date, bringing total commitments (\$37.6 million) through December to 26.4% of the modified budget, excluding reserved funds. Though expenditures are tracking below expected levels through December, a significant number of contractual obligations are anticipated later in the fiscal year. Any remaining project balances at year-end are anticipated to be rebudgeted and will be included in the 2024-2025 Adopted Capital Budget for project completion. This report also includes an expenditure adjustment to increase the I-280 & Moorpark Signal Modification project to fund higher than anticipated costs for traffic signal poles to include mast arms (\$79,000). Further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

Ending Fund Balance – There is no change to Ending Fund Balance as a result of the actions recommended in this report. The Ending Fund Balance will remain \$14.7 million. Further details on all adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|--|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 62,692,000 | 22,847,037 | 36.4% |
| <i>Expenditures</i> | 149,567,157 | 35,421,975 | 23.7% |
| <i>Unrestricted Ending Fund Balances</i> | 23,384,829 | N/A | N/A |

FUND STATUS

Revenues – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety, Library, Service Yards, and Communications Capital Programs. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, transfer revenue, grant funding, and other miscellaneous revenue. The Parks C&C Tax Funds also include revenues related to the 2017 Flood recovery projects, including commercial paper proceeds of \$6.4 million. Through December, revenue in the C&C Tax Funds totaled \$22.8 million, which is 36.4% of the 2023-2024 Modified Budget of \$62.7 million.

C&C Tax receipts are the largest source of revenue for the C&C Tax Funds. Through December 2023, C&C Tax receipts totaled \$14.8 million, which represents 36.9% of the 2023-2024 Adopted Budget estimate (\$40.0 million) and is 21.9% below the prior year’s collection level. In addition, January Conveyance receipts have been received from Santa Clara County, which totals \$2.4 million and is 14.1% below the January 2023 Conveyance collection level. When taking into account total receipts through December and the estimated January collections, C&C Tax receipts in 2023-2024 total \$17.2 million, 42.9% of the 2023-2024 budgeted estimate, and 20.8% below the prior year’s collection level. When the 2023-2024 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$40.0 million, which would require growth of almost 6% from the actual 2022-2023 collection level. However, due to sharper declines than anticipated through the first half of the fiscal year, C&C Tax receipts are now anticipated to end the year at \$35.0 million. Therefore, a recommendation is included in this report to decrease the C&C Tax estimate by \$5.0 million, from \$40.0 million to \$35.0 million. The \$5.0 million decrease reduces the revenue estimate in each C&C Tax Fund as follows: Parks Central C&C Tax allocation (\$3.2 million), Library C&C Tax allocation (\$711,000), Service Yards C&C Tax allocation (\$439,000), Fire C&C Tax allocation (\$420,000), Communications C&C Tax allocation (\$170,000), and Park Yards C&C Tax allocation (\$60,000). As further described in Section III, *Recommended Budget Adjustments and Clean-up Actions*, the loss of revenue is recommended to be offset by a reduction to the Ending Fund Balance of each respective fund.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). According to data from the Santa Clara County Association of Realtors, the local real estate market is experiencing declining activity levels, but at higher home prices. Through the first half of the fiscal year, property transfers totaled 2,584, which is almost 20% below the prior year's level of 3,212. However, the pace of decline has lessened, with November and December transactions showing only single digit percentage declines, as opposed to double digit year-over-year drops over the prior year. On the positive side, the December 2023 median home price was \$1.5 million, which is 16.5% above the December 2022 price of \$1.3 million. Also, homes are on the market for a shorter period of time before selling; the average days-on-market through December 2023 totaled 24 days, which is slightly lower than the average of 29 days experienced year-to-date through December 2022.

Expenditures – Overall, expenditures in the various C&C Tax Funds are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$35.4 million, or 23.7% of the 2023-2024 Modified Budget of \$149.6 million. An additional \$14.6 million has been encumbered through December, bringing the total amount committed to \$50.0 million, or 33.4% of the 2023-2024 Modified Budget. This report recommends expenditure adjustments to the following projects:

- Emergency Medical Services Equipment (\$1.4 million Fire C&C Tax Fund);
- Almaden Community Center Roof Replacement (\$406,000 Library C&C Tax Fund);
- Central Service Yard – Fire Alarm Panels (\$300,000 Service Yards C&C Tax Fund);
- Weed Abatement (\$161,000 Parks Central C&C Tax Fund);
- Groesbeck Hill Park Sport Court Renovation (\$130,000 Parks Council District 8 C&C Tax Fund);
- Communications Equipment Replacement and Upgrade (\$79,350 Communications C&C Tax Fund); and
- 2013 RIM Fire Claims Reimbursement (\$62,000 Parks City-Wide C&C Tax Fund).

Further detail regarding all the recommended adjustments in the various C&C Tax Funds can be found in Section III, *Recommended Budget Adjustments and Clean-Up Actions*.

Ending Fund Balance – This report includes recommendations to adjust the various C&C Tax Funds Ending Fund Balances to offset various actions recommended in the report. In total, the C&C Tax Funds Ending Fund Balances are recommended to decrease by \$5.1 million (from \$23.4 million to \$18.3 million) as a net result of the actions cited above and other clean-up actions as detailed in Section III of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 133,872,000 | 45,288,393 | 33.8% |
| <i>Expenditures</i> | 189,611,068 | 56,346,991 | 29.7% |
| <i>Unrestricted Ending Fund Balance</i> | 4,306,444 | N/A | N/A |

FUND STATUS

Revenues – Construction Excise Tax receipts totaled \$7.2 million through December, 48.2% of the 2023-2024 Adopted Budget estimate of \$15.0 million, reflecting higher than anticipated residential development permit activity partially offset by lower than anticipated commercial activity. This collection level is 46.5% above prior year collections of \$4.9 million for the same period. Based on collections through December and a look at projects in the pipeline for the remainder of the fiscal year, tax receipts are expected to end the year at the budgeted estimate of \$15.0 million.

Other major revenue sources in the Construction Excise Tax Fund, including grants from federal, state, and local agencies, are tracking below estimated levels. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. As a result, the lower grant reimbursement collections are offset by corresponding lower project expenditures. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

Included in this report are other net revenue adjustment recommendations that increase revenue in the Construction Excise Tax Fund by a total amount of \$4.7 million. The adjustments include an increase to the estimate for Revenue from Local Agencies based on actual revenue received from the Valley Transportation Agency Measure B VRF funds for pavement maintenance (\$1.5 million) and an increase for the BART Design and Construction Phase 2 project as the result of a second cooperative agreement between Santa Clara Valley Transportation Authority and the City of San José (\$1.2 million), increases to the estimate for Revenue from the Federal Government (\$692,089) and State of California (\$174,714) for reimbursements for repairs to Sierra Road from damage resulting from the 2017 floods, and an increase to the estimate for Other Revenue for reimbursements from the Town of Los Gatos (\$734,099) and City of Saratoga (\$44,113) as part of cost sharing agreements for the 2023 Major Streets Sealing project.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

Expenditures – Overall expenditures of \$56.3 million are tracking at 29.7% of the Modified Budget. An additional \$36.6 million has been encumbered to date, bringing total commitments (\$92.9 million) through December to 49.0% of the Modified Budget, excluding reserved funds. Any remaining project balances at year-end are anticipated to be rebudgeted and included in the 2024-2025 Adopted Capital Budget for project completion. This report also includes a limited number of expenditure adjustments. The notable ones are listed below:

- Increase the Pavement Maintenance – VTA Measure B VRF project (\$1.3 million);
- Increase the BART Design and Construction Phase 2 project (\$1.2 million);
- Establish the 2023 Flood – Sierra Road project (\$866,803);
- Increase the Capital Program and Public Works Department Support Service Cost project (\$805,000); and
- Increase the Pavement Maintenance – SB1 Road Repair & Accountability Act 2017 (\$734,099).

Further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

Ending Fund Balance – A net decrease of \$86,000 to the Ending Fund Balance is included as a result of the actions recommended in this report, which partially offsets an increase to the Capital Program and Public Works Department Support Service Cost appropriation. After accounting for all these actions, the revised Ending Fund Balance will decrease to \$4.2 million. Further details on the adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|---------------------------------------|---------------------------------|----------------------------------|
| Revenues | | | |
| <i>Building:</i> | \$39,028,697 | \$18,216,805 | 46.7% |
| <i>Fire:</i> | \$8,975,600 | \$4,328,903 | 48.2% |
| <i>Planning:</i> | \$7,770,152 | \$3,470,907 | 44.7% |
| <i>Public Works:</i> | \$15,425,000 | \$7,567,196 | 49.2% |
| Expenditures | | | |
| <i>Building:</i> | \$45,245,267 | \$19,288,888 | 42.5% |
| <i>Fire:</i> | \$10,756,298 | \$4,830,251 | 44.9% |
| <i>Planning:</i> | \$9,206,049 | \$3,956,112 | 43.0% |
| <i>Public Works:</i> | \$17,345,566 | \$9,780,951 | 56.4% |
| Unrestricted Ending Fund Balance | | | |
| <i>Building:</i> | \$30,804,607 | N/A | N/A |
| <i>Fire:</i> | \$601,305 | N/A | N/A |
| <i>Planning:</i> | \$2,635,313 | N/A | N/A |
| <i>Public Works:</i> | \$5,663,047 | N/A | N/A |

This section discusses the status of the Development Fee Program Funds, which include the Building Development Fee Program Fund, Fire Development Fee Program Fund, Planning Development Fee Program Fund, and Public Works Development Fee Program Fund. The Development Fee Programs were previously budgeted in the General Fund as full cost recovery programs; however, starting in 2020-2021, these fee programs have been reallocated into individual special funds to improve transparency and financial and budgetary administration.

FUND STATUS

Revenues – Overall revenues for all Development Fee Program Funds total \$33.6 million through December 2023, which is 47.2% of the 2023-2024 Modified Budget of \$71.2 million. These revenue collections are primarily from licenses and permits, and fees, rates, and charges resulting from development activity. Total revenues represent an increase of 1.0% compared to the prior year level for the same period (\$33.4 million).

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

FUND STATUS

The Building Development Fee Program revenues through December of \$18.2 million are tracking below anticipated levels at 46.7% of the budget estimate due to a lower than anticipated level of development permit activity and are projected to end the year below the estimated budget by \$878,000.

The Fire Development Fee Program revenues of \$4.3 million through December are tracking at anticipated levels. The 2023-2024 budgeted estimate of \$9.0 million represents a 9.1% increase from the 2022-2023 actual collection level of \$8.2 million, inclusive of a 10% fee increase for all Development Fee Program inspections approved as part of 2023-2024 Adopted Budget. Given the current year-to-date performance – and the implementation of an automatic billing process at the beginning of Fall 2023 that improves billing accuracy, as well as enhanced efforts of collecting payment from projects that have closed – revenues are now projected to end the year at budgeted levels of \$9.0 million.

The Planning Development Fee Program revenues through December of \$3.5 million are tracking slightly below anticipated levels at 44.7% of the estimated budget due to lower than anticipated permit activity and are projected to end the year below the estimated budget by \$1.0 million. This decrease in Planning activity likely signals slowing of future slowdowns within other development fee program categories, as fewer projects will be moving forward to receive building permits.

Through December, the Public Works Development Fee Program revenues of \$7.6 million is 16.4% above the prior year collection level of \$6.5 million. Revenue collections are comprised of \$3.6 million from the Development Services Fee Program, \$3.9 million from the Utility Fee Program, and approximately \$74,000 of interest. The Public Works Development Fee Program Fund is tracking slightly above anticipated levels for this fiscal year, primarily due to increased activity in the Utility Fee Program. The Public Works Development Fee Program Fund is projected to exceed the budgeted estimate of \$15.4 million by \$352,000.

Expenditures – Overall expenditures for all Development Fee Program Funds total \$37.8 million through December, which is 45.8% of the 2023-2024 Modified Budget of \$82.6 million. In addition, \$1.4 million has been encumbered to date, bringing total commitments (\$39.2 million) through December to 46.8% of the Modified Budget.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

FUND STATUS

Appropriations in these funds are tracking within budgeted levels with the exception of the personal services for the Public Works Department, Office of Economic Development and Cultural Affairs, City Attorney’s Office, Human Resources, and Development Fee Program Shared Resources, which are tracking to exceed by a total of \$2.5 million. Much of this overage is due to increased work within the Public Works Utility Program Fees for inspections related to Bay Area Rapid Transit and Santa Clara Valley Transportation Authority projects; these costs will ultimately be offset by an increase in revenue within the Public Works Utility Program that will be recognized at the end of the fiscal year. A recommended adjustment to increase the Public Works Development Fee Program Personal Services appropriation by \$136,000 for the Salary and Benefits Program will address a portion of the higher costs now. Staff will continue to monitor the expenses in these funds and if additional adjustments are necessary to align budgeted amounts to actual expenses, recommendations will be brought forward as part of the 2023-2024 year-end budget process.

The Building Development Fee Program Personal Services appropriation is tracking to end the year with estimated savings of \$4.2 million due to vacancies. The Building Division had eight engineering and eleven building inspector positions vacant as of December 2023, and an overall vacancy rate of 23% for the division.

Ending Fund Balance – A net decrease to the Ending Fund Balance of \$366,000 is recommended in this report to offset actions related to the Salary and Benefits Program and other recommended adjustments in this report. With these actions, the revised Ending Fund Balance totals \$39.3 million, which will primarily be spent down in future years as projects proceed through the development process. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up Actions*, of this report.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 202,899,459 | 174,076,072 | 85.8% |
| <i>Expenditures</i> | 214,789,571 | 61,287,884 | 28.5% |
| <i>Unrestricted Ending Fund Balance</i> | 3,767,543 | N/A | N/A |

FUND STATUS

Revenues – Budgeted revenues in the Integrated Waste Management (IWM) Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges, \$194.0 million); AB 939 fees (\$4.8 million); Recycle Plus Late Fees (\$1.2 million); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$857,000); revenue from land rentals (\$552,000); revenue received from Santa Clara County for Household Hazardous Waste programs (\$400,000); and tags for extra garbage (\$359,000); interest earnings (\$343,000); and SB 332 Beverage Container Recycling payments (\$250,000).

Through December, revenues totaled \$174.1 million, or 85.8% of budget, and were generated primarily from Recycle Plus Collection Charges (\$170.6 million); AB 939 fees (\$1.2 million); Recycle Plus Late Fees (\$742,000); interest earnings (\$620,000); revenue from land rentals (\$268,000); SB 332 Beverage Container Recycling payments (\$243,000); revenues from tags for extra garbage (\$135,000); and CDDD revenues (\$86,000). The high percentage of revenue received year-to-date is due to payments from the Recycle Plus – Single Family Dwellings, the majority of which is paid upfront towards the beginning of the fiscal year. Overall, revenues are expected to end the year slightly above budget.

For 2023-2024, the Recycle Plus rates increased by 4% for single-family dwellings and 2% for multi-family dwellings. Similar levels of rate increases are preliminarily anticipated for residential customers in 2024-2025 to meet the requirements of the City’s hauler agreements. The level of rate increase and potential trade-offs will be evaluated by the Administration and presented for City Council discussion during the 2024-2025 budget development and rate-setting process.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

FUND STATUS

Expenditures – Through December, \$61.3 million (28.5%) was expended, with an additional \$132.1 million (61.5% of budget) encumbered, bringing the total commitments to \$193.4 million (90.0% of budget). The year-to-date expenditures and encumbrances of \$193.4 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwellings (\$90.1 million), Yard Trimmings/Street Sweeping (\$34.1 million), and Multi-Family Dwellings (\$30.1 million). Additional expenditures include Single-Family Dwellings Processing (\$21.1 million), IDC Disposal Agreement (\$5.4 million), Environmental Services Department (ESD) Personal Services (\$4.4 million), and ESD Non-Personal/Equipment (\$3.5 million) appropriations.

Overall, expenditures are expected to meet budgeted levels with some potential savings. At this time, there is anticipated savings in the ESD Personal Services appropriation (\$933,000) due to vacancies in the department. Savings are also projected in Non-Personal/Equipment appropriations for other City departments (\$316,000). Staff will continue to closely monitor expenditures as the fiscal year progresses. This report also includes adjustments to increase the Personal Services appropriation to the City Attorney’s Office (\$160,000) to align funding levels with anticipated staff workload and increase the Banking Services appropriation (\$115,000) due to higher than anticipated number of transactions.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$281,000 is recommended in this report to offset actions related to the budget adjustments described above and Salary and Benefits Program adjustments. With these actions, the revised Ending Fund Balance totals \$3.5 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE CLEAN ENERGY FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 524,086,388 | 275,434,978 | 52.6% |
| <i>Expenditures</i> | 502,688,281 | 212,991,345 | 42.4% |
| <i>Unrestricted Ending Fund Balance</i> | 81,901,447 | N/A | N/A |

FUND STATUS

Revenues – Revenues through December totaled \$275.4 million, or 52.6% of the Modified Budget estimate of \$524.1 million. Budgeted revenues in the San José Clean Energy (SJCE) Fund consist of Energy Sales (\$517.5 million), energy program grants (\$4.6 million), and interest earnings (\$2.0 million). The largest source of revenue in this fund, Energy Sales, collected \$271.6 million through December, 3.1% above prior year levels of \$267.3 million and 52.5% of the 2023-2024 Modified Budget estimate of \$517.5 million.

The City Council-approved rate package for 2023 included a shift to a new cost-of-service rate in place of setting rates at a fixed discount or premium to PG&E’s standard generation rates, inclusive of PG&E added fees. SJCE’s rates were set at 1-3% below PG&E rates, inclusive of the Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge, depending on customer class and usage. PG&E launched in 2023 a new residential Electric Home rate as an option for customers with electric vehicles, energy storage, or an electric heat pump for water heating or climate control, and SJCE added a corresponding set of rates. SJCE’s new rate package for 2024 will go to City Council for approval on February 6, 2024.

PG&E’s PCIA fees are highly volatile and are a significant factor when setting SJCE rates each year. Lower PCIA fees combined with high market energy prices created a favorable environment for SJCE in 2022 and 2023, which is a marked improvement from 2021 when SJCE’s financials projected a cash flow shortage for which the City Council approved a total Commercial Paper Notes authorization of up to \$95.0 million. SJCE drew a total of \$60.0 million of Commercial Paper notes in 2020-2021 and 2021-2022 combined and, as of November 2023, has paid back the entire \$60.0 million commercial paper debt.

Energy Department monitors energy procurement activities closely and estimates that Energy Sales will end the year at approximately \$529.0 million, or 2.2% above the budgeted estimate of \$517.5 million. No budget actions to Sale of Energy or Cost of Energy are recommended as part of this report; however staff will continue to closely monitor activity and may bring budget actions forward, if needed, at year-end.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE CLEAN ENERGY FUND

FUND STATUS

Expenditures – Expenditures budgeted in this fund enable the Energy Department to supply San José residents and businesses with cleaner energy options and access to energy efficiency community programs. The largest allocation is Cost of Energy (\$441.2 million) at 87.8% of the total budget. The next largest budgeted expenditures are for Energy Department’s Non-Personal/Equipment appropriation (\$13.9 million), which provides funding for data management, power supply management, and outside legal/regulatory, technical, and financial consulting services; Personal Services appropriation for Energy Department staff (\$11.3 million); energy programming including Disadvantaged Communities – Green Tariff and Energy Efficiency Programs (\$4.6 million); financial and debt service fees (\$4.1 million); and personal services funding for the City Attorney’s Office (\$1.1 million), Finance Department (\$394,000), City Manager’s Office (\$195,000), Public Works Department (\$184,000), and Information Technology Department (\$159,000).

Through December, expenditures totaled \$213.0 million, or 42.4% of the Modified Budget of \$502.7 million. Of that, Cost of Energy expenditures totaled \$198.5 million, less than 1.0% below prior year levels of \$200.0 million and 64.3% of the Modified Budget. Cost of Energy is estimated to end the year below the Modified Budget at \$394.0 million, or 6.5% below the current budget. Additionally, the Energy Department maintains a restricted operating reserve that City Council approved as part of SJCE’s Financial Reserves Policy. The policy sets a goal to build and maintain at least 180 days of operating reserves to achieve financial resiliency and rate stability. This reserve level is equivalent to approximately \$252.0 million factoring today’s operating costs. The Energy Department is continuing to build toward this reserve level; the current Operating and Maintenance Reserve budget (\$136.0 million) and the Unrestricted Ending Fund Balance (\$81.9 million) total \$217.9 million.

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$24,000 is included as a net result of a financial statements year-end reconciling item from 2022-2023 and personal services adjustments for Management Pay for Performance Program and health benefit increases as detailed in Section III, *Recommended Budget Adjustments and Clean-up Actions* of this report. After accounting for these actions, the revised unrestricted Ending Fund Balance will be \$81.9 million.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|---|-------------------------------------|--------------------------------------|
| <i>Revenues</i> | 146,811,237 | 121,794,730 | 83.0% |
| <i>Expenditures</i> | 162,443,385 | 81,137,950 | 49.9% |
| <i>Unrestricted Ending Fund Balance</i> | 7,619,912 | N/A | N/A |

FUND STATUS

Revenues – Budgeted revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund (\$94.9 million), contributions from the City of Santa Clara (\$21.5 million) and participating tributary agencies (\$29.7 million), and interest earnings (\$340,000).

Through December, revenues totaled \$121.8 million, or 83.0% of the budgeted estimate. The largest source of revenue, a transfer from the Sewer Service and Use Charge Fund (\$94.9 million), has been received in full, as well as \$25.4 million from the City of Santa Clara and participating tributary agencies. Contributions from City of Santa Clara and participating tributary agencies are made in four installments throughout the year based on the amounts provided in 2023-2024 Adopted Operating Budget; the reimbursement revenue for 2023-2024 activity is anticipated to be the same amount as budgeted and no adjustment is needed. Based on current earnings through December, interest revenue for this fund may end the year at approximately \$2.0 million, significantly higher than the budgeted estimate of \$340,000. Overall, revenues are estimated to end the year higher than budgeted levels, primarily because of interest earnings.

Expenditures – Expenditures in this fund represent the costs required for the operations and maintenance of the San José-Santa Clara Water Pollution Control Plant and associated regulatory activities. Through December, \$81.1 million (49.9%) has been expended, and an additional \$17.2 million (10.6%) has been encumbered, bringing the total commitments to \$98.4 million (60.6%). Across various departments’ Personal Services appropriations within the fund, expenditure levels are tracking slightly below expectations with \$30.4 million (45.1%) expended and are projected to end the year below budgeted levels. The ESD Non-Personal/Equipment appropriation is tracking in line with budget assumptions, with \$33.0 million (73.2%) expended and encumbered.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

An adjustment to increase the Personal Services appropriation to the City Attorney’s Office is included in this report with the purpose of fully allocating the funding needed to support City Attorney’s Office staff assigned to the San José-Santa Clara Treatment Plant. Overall, expenditures are projected to end the year at or slightly below budgeted levels.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$138,000 is recommended in this report to offset the increase to the Personal Services appropriation to the City Attorney’s Office. With this action, the revised Ending Fund Balance totals \$7.5 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|--|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 38,420,000 | 36,315,221 | 94.5% |
| <i>Expenditures</i> | 78,402,510 | 6,638,260 | 8.5% |
| <i>Unrestricted Ending Fund Balances</i> | 38,441,890 | N/A | N/A |

FUND STATUS

Revenues – Budgeted revenue for the Sewer Service and Use Charge Capital Improvement Fund consists of transfers from the Sewer Service and Use Charge Fund (\$35.0 million), reimbursements from the West Valley Sanitation District (WVSD) and City of Cupertino for joint projects (\$2.0 million), and interest earnings (\$1.4 million).

Revenue through the end of December totals \$36.3 million (94.5%), consisting mainly of the transfer from the Sewer Service and Use Charge Fund (\$35.0 million). Interest revenue totaling \$1.4 million has also been received through December. As funds are expended on projects within Cupertino and the WVSD, invoices are processed and issued to those agencies, for which reimbursements are received. Through December, the City has not yet received joint participation revenue from partner agencies. Overall, revenues are expected to meet budgeted estimates by the end of the year with higher-than-expected interest revenues substantially offsetting lower-than-expected reimbursement revenues.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. The major budgeted expenditures in this fund are Sanitary Sewer Interceptor Management Program (\$9.0 million), Infrastructure – Sanitary Sewer Condition Assessment (\$9.0 million), Urgent Rehabilitation and Repair Projects allocation (\$7.0 million), North 1st Street Sanitary Improvement (\$6.0 million), Condition Assessment Sewer Repair (\$5.9 million), Fourth Major Interceptor Project VIIA (\$5.5 million), Blossom Hill-Leigh Sanitary Improvements (\$4.4 million), Immediate Replacement and Diversion Projects (\$4.2 million), Cast Iron Pipe – Remove and Replace (\$4.2 million), McLaughlin Ave-Idlewood Drive Sanitary Sewer Improvement (\$3.1 million), and Almaden Sewer Rehabilitation (\$3.1 million).

Through December, \$6.6 million (8.5%) of the budget was expended and an additional \$12.0 million (15.3%) was encumbered, bringing the total amount committed to \$18.6 million (23.8%). There are 25 sanitary sewer capital projects anticipated to be awarded between now and June 30, 2023. Anticipated expenditures for these projects are estimated to be over \$35 million. Overall, expenditures and encumbrances are expected to meet budgeted levels by the end of the year.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

FUND STATUS

Ending Fund Balance – A decrease to the Ending Fund Balance of \$50,000 is recommended in this report to offset an action related to Capital Program and Public Works Development Support Service Costs. With this action, the revised Ending Fund Balance remains \$38.4 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

| | 2023-2024 Current Modified | 2023-2024 YTD Actual | 2023-2024 % of Budget |
|---|----------------------------------|----------------------------|-----------------------------|
| <i>Revenues</i> | 71,463,694 | 35,430,600 | 49.6% |
| <i>Expenditures</i> | 68,955,672 | 37,656,518 | 54.6% |
| <i>Unrestricted Ending Fund Balance</i> | 6,523,565 | N/A | N/A |

FUND STATUS

Revenues – Budgeted revenues for the Water Utility Fund consist primarily of Metered Sales of potable water to residents of jurisdictions served by the San José Municipal Water System (\$61.4 million). Additional sources of revenue include Metered Sales of recycled water (\$9.6 million), Late Fees associated with Metered Sales of recycled and non-recycled water (\$300,000), interest revenue (\$133,000), and miscellaneous revenue associated with the sale of water (\$100,000).

The largest source of revenue in this fund, Metered Sales for potable water, is tracking in line with budgeted estimates, with \$29.6 million (48.2%) received through December. Metered Sales of recycled water are tracking slightly below expected levels, with \$4.6 million (47.9%) received through the end of December. Late Fee revenue is tracking above expectations with \$1.1 million received through December, while interest revenue is tracking below budgeted levels with \$34,000 received through December. Additionally, through the end of December, miscellaneous revenue associated with the sale of water in the amount of \$157,000 has been received, exceeding the budgeted estimate.

Expenditures – Expenditures in this fund represent the costs required for the operations and maintenance of the San José Municipal Water System. Most of the expenditures in this fund are budgeted in the Non-Personal/Equipment appropriation to the Environmental Services Department (ESD) (\$47.3 million) for the purchase of water and related operational needs. Beyond that, Personal Services appropriations to ESD (\$8.9 million) and other City departments (\$1.5 million) account for the next largest segment of operational expenditures. Non-operational expenses include transfers to other funds, including the Water Utility Capital Fund (\$8.8 million).

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

FUND STATUS

Through December, \$37.7 million (54.6%) has been expended, and an additional \$3.0 million (4.4%) has been encumbered, bringing the total commitments to \$40.7 million (59.0%). Across Personal Services appropriations, expenditure levels of \$5.2 million through December are tracking slightly above expectations, with 51.8% expended due primarily to lower-than-expected vacancy rates in positions budgeted in ESD. Even after the Salary and Benefits Program adjustments of approximately \$89,000, the Personal Services appropriation in ESD is tracking higher than par of 48.1%; therefore, these expenditures will continue to be closely monitored and recommended adjustments may be brought forward as needed in a future budget process to ensure that expenditures remain within budgeted levels.

Non-Personal/Equipment commitments are above the previous year's levels with \$24.4 million (51.7% of budget) expended through December, compared to \$20.9 million through December 2022. Overall, expenditures are expected to meet budgeted levels with some potential savings in Non-Personal/Equipment appropriations due to the projected reduction of expenses related to the purchase of wholesale water attributable to water conservation goals.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$189,000 is recommended in this report to offset an action related to Banking Services as well as Salary and Benefits Program adjustments within ESD and the Information Technology Department. With this action, the revised Ending Fund Balance totals \$6.3 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

III. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Mid-Year Budget Review describes recommended budget adjustments and is broken down by General Fund, Special Funds, and Capital Funds.

General Fund

Urgent Fiscal/Program Needs – These actions recommend additional funding to address urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, because the Administration has deemed the need can or should not wait until later in the year.

Required Technical/Rebalancing Actions – These actions recommend adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs. These actions also implement City Council direction.

Grants/Reimbursements/Fees – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate.

Special Funds

Special Fund Adjustments – These actions adjust revenue estimates based on current year collection information; recognize and appropriate revenues from new or adjusted grants, reimbursements, and fees; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

Capital Funds

Capital Fund Adjustments – These actions reflect changes in project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; recognize and appropriate revenues from new or adjusted grants, reimbursements, and fees; and/or establish a limited number of new projects.

III. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

This section consists of clean-up actions for the General Fund & Special/Capital Funds. The following types of adjustments are included:

Construction and Conveyance Tax Adjustment -

These actions decrease the Construction and Conveyance (C&C) Tax Funds revenue allocation to align the 2023-2024 budgeted estimate with the anticipated collection level. A total of 17 C&C Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety, Library, Service Yards, and Communications Capital Programs. C&C collections are driven by activity in the local real estate market. Based on collections through December, C&C Tax revenue is anticipated to fall short of the budgeted estimate. Therefore, a recommendation to decrease the revenue by \$5.0 million (from \$40.0 million to \$35.0 million) is included in this report to align the budgeted estimate with the anticipated collection level. As a result, the following C&C Tax revenue reductions are recommended to the individual C&C Tax Funds: Parks Central C&C Tax Fund (\$3.2 million), Library C&C Tax Fund (\$711,000), Service Yards C&C Tax Fund (\$439,000), Fire C&C Tax Fund (\$420,000), Communications C&C Tax Fund (\$170,000), and Park Yards C&C Tax Fund (\$60,000). To offset these actions, this report includes recommendations to decrease the Ending Fund Balances in the C&C Tax Funds.

Fund Balance Reconciliations – Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Annual Comprehensive Financial Report (ACFR) statements. For some funds, however, additional actions are included in the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2022-2023 ACFR.

Rebudgets – These actions revise revenue and expenditure rebudgets of prior year funding based on 2022-2023 final year-end accounting adjustments.

Salary and Benefits to Overtime Reallocation – This action reallocates savings in the salary and benefit line item in the Police Department (\$17.0 million) due primarily to vacancies, to the overtime line item in the Personal Services appropriation.

Salary and Benefits Program – Several actions are recommended to increase various department Personal Services 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. Adjustments were included for those departments that are not able to absorb these additional costs (\$9.5 million all funds; \$9.0 million General Fund). To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund, and to reduce the Ending Fund Balances in the Special Funds as appropriate.

**III. RECOMMENDED BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS**

General Fund & Special/Capital Funds

Transfer to the General Fund – Interest Earnings – These actions increase the Transfer to the General Fund – Interest Earnings allocations to reflect the increase of interest earned in 2023-2024 on cash balances across multiple City funds, which is required to properly allocate interest proceeds from higher than anticipated estimated earned income yield trends. As indicated in the Finance Department 2023-2024 First Quarter Investment Report (ending September 30, 2023), the earned interest yield for the City’s total investment portfolio for the first quarter ended as 3.000%, which was 0.142% higher than the previous quarter and 1.381% higher than a year ago. The 2023-2024 Adopted Budget estimated interest earning levels were set lower than what is currently being reflected in the Finance Department 2023-2024 First Quarter Public Safety Investment Report. As part of this report, actions are recommended to increase the General Fund from the impacted Special and Capital Funds to realign estimated interest earnings to current levels.

Technical Adjustments – A variety of net-zero adjustments are recommended to reallocate funds for the same purpose that was previously approved by City Council to another appropriation or revenue category to better track the funding or to align funding with an appropriation best suited for the intended use (e.g., Non-Personal/Equipment to Personal Services).

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General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

Urgent Fiscal-Program Needs

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|----------------------------|---------------------------|-----------------------|
| <p>Non-Personal/Equipment (Rapid Response Network)</p> <p>This action increases the Office of the City Manager's Non-Personal/Equipment appropriation by \$100,000 to replenish funds originally intended to support the Rapid Response Network (RRN). At its meeting on January 23, 2024, the City Council approved the allocation of \$150,000, matching an equal amount of funding provided by the County of Santa Clara, to Amigos de Guadalupe: Center for Justice and Empowerment for temporary emergency sheltering and support of new arrival migrant families seeking asylum who entered the United States after the end of Title 42. Of the \$150,000 allocated on January 23, \$100,000 consisted of \$50,000 of unspent funds from 2022-2023 and \$50,000 of funds of new funding in 2023-2024 that were originally intended to support the RRN – a collaborative of non-profits led by Amigos de Guadalupe to protect immigrant families from deportation threats and to provide accompaniment support during and after an arrest or detention. However, because a contract was not executed, these funds were available for immediate redeployment for the action on January 23. The Administration recommends restoring funding for the RRN in 2023-2024, and looks forward to working with Amigos de Guadalupe, in partnership with the County, to develop a contract that aligns with the intent of RRN while responding to urgent and emerging needs to best support our most vulnerable immigrants.</p> | Office of the City Manager | \$100,000 | - |
| Urgent Fiscal-Program Needs | | \$100,000 | - |

Required Technical-Rebalancing Actions

| | | | |
|--|--|----------|---|
| <p>Non-Personal/Equipment (Capital Facilities Master Plan for SAP Center)</p> <p>This action increases the Office of Economic Development and Cultural Affairs Non-Personal/Equipment appropriation by \$75,000 for consultant services that were used by the City of San José and San José Arena Management in developing a capital facilities master plan for the SAP Center at San José. The services were performed in 2014-2015, and the plan was completed. San José Arena Management paid for the consultant services but, at the time, did not invoice the City for reimbursement of its share of the costs. The City was subsequently invoiced in June 2023, and the invoice was not included as part of the development of the 2023-2024 Adopted Budget.</p> | City Manager - Office of Economic Development and Cultural Affairs | \$75,000 | - |
|--|--|----------|---|

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|--------------------|-------------------------------|-----------------------|
| Non-Personal/Equipment (Pension Obligation Bonds Consulting Services) | Finance Department | \$50,000 | - |

This action increases the Finance Department's Non-Personal/Equipment appropriation by \$50,000 to continue work related to appeal the judicial validation judgment in 2023-2024. On December 1, 2020, City Council directed staff to conduct a study session on pension obligation bonds to include research on the prevalence and performance of Pension Obligation Bonds (POBs), impact on credit ratings, sensitivity analyses on varying sizes of POBs, risk tolerance levels, cost-benefit analysis, and strategies for recognizing and applying savings. The study session was held on April 23, 2021 and a subsequent joint meeting with the two City retirement boards was held on September 30, 2021. On October 5, 2021, the City Council adopted a resolution authorizing the issuance of bonds to refund and repay certain pension obligations, approving the form and authorizing the execution of a Trust Agreement and Bond Purchase Agreement, authorizing judicial validation proceedings relating to the issuance of such bonds, and approving additional actions related thereto. The validation complaint was filed on November 18, 2021 challenging the City's authority to issue bonds without voter approval. The trial court held a bench trial on August 22, 2022, and issued a decision on December 9, 2022 validating the City's authority to issue pension obligation bonds. The validation judgment was entered on February 6, 2023; the complainant filed their Notice of Appeal on March 8, 2023. The recommended funding facilitates the continuation of work previously directed by the City Council through the California Court of Appeal. Requests for funding will be brought forward as part of a future budget process should court decisions in the course of subsequent appeals warrant. This action is partially offset by the liquidation of the Pension Obligation Bonds Consulting Services Reserve (\$25,000) recommended elsewhere in this report.

| | | | |
|--|--------------------|------------|---|
| Pension Obligation Bonds Consulting Services Reserve | Finance Department | (\$25,000) | - |
|--|--------------------|------------|---|

This action liquidates the Pension Obligation Bonds Consulting Services Reserve to partially offset an increase to an agreement with outside counsel to continue work related to judicial validation proceedings. A separate action to increase funding for the agreement is recommended elsewhere in this report.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|-------------------|---------------------------|-----------------------|
| Personal Services (Emergency Medical Services Field Coordinator Staffing) | Fire Department | \$600,000 | - |

This action increases the Fire Department's Personal Services appropriation by \$600,000 to extend three Fire Captain positions from January 1, 2024 through June 30, 2024 to support the Emergency Medical Services Field Coordinator functions (Med30). On December 17, 2023, the Administration released an Information Memorandum describing the continued rise of Fire Department Rescue Medic Transports due to the County's ambulance shortage. As a result of this impact to daily operations, Med 30 positions have been utilized to monitor EMS system status, engage the County of coordination of resources, monitor the receiving hospital emergency room status to determine patient destinations, facilitate the return of personnel and equipment from hospital emergency rooms back to their home fire stations, and facilitate the supply restock and completion of patient care reports involving ambulance transport. Based on this workload, the Information Memorandum stated that the temporary Fire Captain positions would be extended to March 2, 2024. While the number of Fire Department Rescue Medic Transports is slightly down from earlier peaks in November and December, conditions have not substantially changed and the three temporary Fire Captain positions are recommended to be extended through June 30, 2024. The Fire Department will continue to monitor the impacts of ambulance shortages and continue engagement with County EMS to identify opportunities for improved system performance and sustainability.

| | | | |
|-------------------------------------|-----------------|-------------|---|
| Workers' Compensation Claims - Fire | Fire Department | \$1,000,000 | - |
|-------------------------------------|-----------------|-------------|---|

This action increases the Worker's Compensation Claims – Fire appropriation by \$1.0 million, from \$9.5 million to \$10.5 million, to reflect higher than anticipated settlement and regular claim activity for 2023-2024. This action is part of a series of adjustments to realign citywide workers' compensation allocations – for an overall net-zero impact to the General Fund – with year-to-date and projected activity for the remainder of the fiscal year.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|----------------------|---------------------------|-----------------------|
| <p>Fees, Rates and Charges (PRNS Fee Revenue)</p> <p>This action increases the Fees, Rates and Charges budgeted estimate by \$2.0 million, from \$22.4 million to \$24.4 million, to reflect higher than anticipated Parks, Recreation and Neighborhood Services (PRNS) Fee revenue. PRNS program delivery and revenue generation fee categories include: Happy Hollow Park and Zoo; Fee Activity (classes, camps, and after-school activities); Facility Rentals; Sports Facilities Reservations; Lake Cunningham Action Sports Park; Gym and Fitness; Parking; Park Permits; Arcadia Ball Park; Family Camp; and Aquatics Program. The 2023-2024 Adopted Budget estimate for PRNS Fees, Rates and Charges totaled \$16.6 million. However, based on receipts through December (\$7.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$2.0 million and end the year at \$18.6 million. While higher levels of activity are occurring across most categories, the categories experiencing the largest increases include Facility Rentals, Happy Hollow Park and Zoo, Fee Activity, and Sports Facilities Reservations. While the 2023-2024 receipts are trending to be higher than 2022-2023, activity levels remain below the pre-pandemic level of approximately \$22.0 million annual receipts.</p> | General Fund Revenue | - | \$2,000,000 |
| <p>Property Tax</p> <p>This action increases the Property Tax estimate by \$13.5 million, from \$460.4 million to \$473.9 million, to reflect updated information provided by Santa Clara County. Recommendations included in this report include increasing various Property Tax categories, including Educational Revenue Augmentation Funds (\$5.0 million), general Secured Property Tax (\$4.0 million), Unsecured Property Tax (\$2.0 million), Aircraft Property Tax (\$1.5 million), and SB813 Property Tax (\$1.0 million).</p> | General Fund Revenue | - | \$13,500,000 |
| <p>Revenue from Use of Money/Property (Interest Income)</p> <p>This action increases the estimate for Revenue from Use of Money/Property by \$3.5 million, from \$10.5 million to \$14.0 million, to reflect higher than anticipated interest earnings on the General Fund. The 2023-2024 Adopted Budget estimate totaled \$10.5 million for interest earnings in the General Fund. However, based on receipts through December (\$5.6 million), it is anticipated 2023-2024 collections will exceed the Adopted Budget estimate by approximately \$3.5 million and end the year at \$14.0 million. The significant 2023-2024 collection level is attributable to higher interest rates and a larger cash balance in the General Fund.</p> | General Fund Revenue | - | \$3,500,000 |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------|---------------------------|-----------------------|
| Transfer and Reimbursements (C&C Transfer) | General Fund Revenue | - | (\$489,000) |
| <p>This action decreases the revenue estimate for Transfers and Reimbursements by \$489,000, to reflect lower transfers from the Parks Capital Construction and Conveyance (C&C) Tax Funds. In accordance with the Municipal Code, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department. As described later in this memorandum, the C&C revenue estimate is recommended to decrease by \$5.0 million, from \$40.0 million to \$35.0 million. As a result of the lower C&C Tax, Parks C&C Tax revenue will drop by \$3.3 million, and the transfer to the General Fund for operating and maintenance costs will decrease by \$489,000.</p> | | | |
| Transfers and Reimbursements (Interest Income) | General Fund Revenue | - | \$1,310,000 |
| <p>This action increases the estimate for Transfers and Reimbursements by \$1.3 million to recognize higher transfers related to interest earnings. Interest earnings on various Capital and Special Funds are transferred to the General Fund. Based on activity through December, interest earnings are anticipated to exceed budgeted levels by \$1.3 million, totaling \$3.9 million by year-end.</p> | | | |
| Transfers and Reimbursements (Transfer from the American Rescue Plan Fund) | General Fund Revenue | - | (\$541,995) |
| <p>This action decreases the revenue estimate for Transfers and Reimbursements by \$541,995, to reflect the final reconciliation of the American Rescue Plan Fund for 2022-2023. The 2022-2023 Annual Report included a transfer of \$2.2 million from the American Rescue Plan Fund, reflecting the remaining balance in the fund due to accumulated interest earnings and liquidated encumbrances, to support workstreams previously funded by the American Rescue Plan Fund and shifted to the General Fund in 2022-2023. After a final reconciliation, the original transfer amount to the General Fund is reduced by \$541,995 to allow the close out of the American Rescue Plan Fund. The action to reduce the transfer out of the American Rescue Plan Fund to the General Fund is included elsewhere in this report.</p> | | | |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|---------------------------|-----------------------|
| Emergency Housing - Emergency Housing Construction and Operation | Housing Department | (\$3,000,000) | - |

This action decreases the Emergency Housing - Emergency Housing Construction and Operation City-Wide Expenses appropriation by \$3.0 million, from \$6.5 million to \$3.5 million, to establish the Interim Housing - Rue Ferrari Expansion capital improvements appropriation in the Municipal Improvements Capital Program. On December 12, 2023, City Council approved the expansion of the Rue Ferrari emergency interim housing site. The expansion is a capital project that will increase the capacity of the current site, adding approximately 134 beds, though the final bed count will be dependent on the completed design. The scope includes the construction of roughly 29 new single-story modular housing buildings, each containing up to four units. Project bid award is anticipated in February 2024, with a construction window through fall 2024, though the final delivery schedule will be negotiated with the contractor. This adjustment is part of a series of adjustments included in this report to reallocate funding from various operating appropriations to establish the Interim Housing - Rue Ferrari Expansion capital project.

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| Emergency Interim Housing Construction and Operation | Housing Department | (\$25,850,000) | - |
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This action decreases the Emergency Interim Housing Construction and Operation City-Wide Expenses appropriation by \$25.85 million, from \$29.9 million to \$4.0 million, to reallocate \$6.5 million to establish the Interim Housing - Rue Ferrari Expansion capital improvements appropriation and \$19.35 million to establish the Berryessa Supportive Parking capital improvements appropriation. On December 12, 2023, City Council approved the expansion of the Rue Ferrari emergency interim housing site and development of the Berryessa Supportive Parking site. This adjustment is a part of a series of adjustments included in this report to reallocate funding to establish the Interim Housing - Rue Ferrari Expansion capital project and the Berryessa Supportive Parking capital project.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|---------------------------|-----------------------|
| Measure E - Interim Housing Constructions and Operations Reserve (15% HSP) | Housing Department | (\$3,000,000) | - |

This action decreases the Measure E - Interim Housing Constructions and Operations Reserve (15% HSP) by \$3.0 million, from \$7.1 million to \$4.1 million, to establish the Interim Housing - Rue Ferrari Expansion capital improvements appropriation in the Municipal Improvements Capital Program. On December 12, 2023, City Council approved the expansion of the Rue Ferrari emergency interim housing site. The expansion is a capital project that will increase the capacity of the current site, adding approximately 134 beds, though the final bed count will be dependent on the completed design. The scope includes the construction of roughly 29 new single-story modular housing buildings, each containing up to four units. Project bid award is anticipated in February 2024, with a construction window through fall 2024, though the final delivery schedule will be negotiated with the contractor. This adjustment is part of a series of adjustments included in this report to reallocate funding from various operating appropriations to establish the Interim Housing - Rue Ferrari Expansion capital project. Additionally, City Council had approved use of \$6.0 million from the Emergency Housing - Emergency Housing Construction and Operation City-Wide Expenses appropriation in the December 12, 2023 City Council meeting, but staff has since determined that insufficient budget exist in that appropriation. Therefore, staff recommends the use of \$3.0 million from the Measure E - Interim Housing Constructions and Operations Reserve (15% HSP), with the remaining \$3.0 million from the Emergency Housing - Emergency Housing Construction and Operation City-Wide Expenses appropriation to fund the project.

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| Non-Personal/Equipment (Employee Health Services Third-Party Administration) | Human Resources Department | \$113,000 | - |
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This action increases the Human Resources Department's Non-Personal/Equipment appropriation by \$113,000 to align funding with higher utilization levels of employee health services in 2023-2024, and to cover pending Agreement modifications that are subject to City Council approval at its February 6, 2024 meeting. In addition to the increased utilization of current services and associated costs, an amendment to the current Agreement is recommended to provide additional occupational medical services to City Firefighters in compliance with Section 1582 of the National Fire Protection Association (NFPA) regulations. Section 1582 specifies pre-employment requirements, ongoing medical and physical examinations, and preventative medical screening to identify medical conditions that may affect a Firefighter's ability to safely perform essential job tasks.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|-------------------------------|-------------------------------|-----------------------|
| Workers' Compensation State License This action increases the Workers' Compensation State License Fee appropriation by \$262,000, from \$1.0 million to \$1.26 million, to align funding with the invoice received from the Department of Industrial Relations, as assessed fees were higher than anticipated. | Human Resources Department | \$262,000 | - |
| Non-Personal/Equipment (Cost Sharing Agreement with SJSU) This action increases the Library Department's Non-Personal/Equipment appropriation by \$53,426 to fund an increase to the City/San José State University (SJSU) Dr. Martin Luther King, Jr. Library Ownership and Operating Agreement. On December 14, 2023, the Library Department received an updated Five-Year Budget Forecast from SJSU reflecting an increase to the City's share of the Dr. Martin Luther King, Jr. Library costs in 2023-2024 by \$53,426, from \$3,494,945 to \$3,548,371. | Library Department | \$53,426 | - |
| 2023-2024 Ending Fund Balance Reserve This action establishes the 2023-2024 Ending Fund Balance Reserve in the amount of \$13.45 million, reflecting additional Property Tax, Revenue from Use of Money/Property (Interest), Fees, Rates, and Charges (PRNS Fees), and Transfers and Reimbursements revenues, as well as the balance of the other General Fund adjustments recommended in this report. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming fiscal year. The 2024-2028 Five-Year Forecast issued in February 2023 assumed that approximately \$30 million in fund balance would be available at the end of 2023-2024 for use in 2024-2025. The 2025-2029 Five-Year Forecast that will be issued at the end of February and the 2024-2025 Proposed Operating Budget that will be issued on May 1, 2024 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2023-2024. Subsequent action will be brought forward as part of the year-end clean-up process in June 2024 to set-aside additional revenues, expenditure savings, and the liquidation of carryover encumbrances that are anticipated to be realized by year-end. | Office of the City Manager | \$13,450,000 | - |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--|---------------------------|-----------------------|
| <p>Workers' Compensation Claims - PRNS</p> <p>This action decreases the Worker's Compensation Claims - PRNS appropriation by \$250,000, from \$1.5 million to \$1.25 million, to reflect lower than anticipated settlement and regular claim activity in 2023-2024. This action is part of a series of adjustments to realign City-wide workers' compensation allocations – for an overall net-zero impact to the General Fund – with year-to-date and projected activity for the remainder of the fiscal year.</p> | Parks, Recreation and Neighborhood Services Department | (\$250,000) | - |
| <p>Bulletproof Vest Partnership 2023/Revenue from Federal Government</p> <p>This action establishes the Bulletproof Vest Partnership 2023 City-Wide Expenses appropriation to the Police Department in the amount of \$53,922 and increases the estimate for Revenue from the Federal Government by \$26,961 to maximize available Bulletproof Vest Partnership Grant funding for equipment acquisition. Grant awards will be used to procure National Institute of Justice (NIJ) compliant armored vests for police officers. The grant term is from April 1, 2023 to August 31, 2025. A corresponding reallocation of funding from the Police Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report as a local match to leverage this grant funding.</p> | Police Department | \$53,922 | \$26,961 |
| <p>Non-Personal/Equipment (Bulletproof Vest Partnership 2023)</p> <p>This action decreases the Police Department's Non-Personal/Equipment appropriation by \$26,961 to reallocate funds to the Bulletproof Vest Partnership 2023 City-Wide Expenses appropriation. This will serve as the City's match requirement to leverage grant funding for equipment acquisition, up to a combined value of \$53,922. Grant funds will be used to procure National Institute of Justice (NIJ) compliant armored vests for police officers prior to the term expiration on August 31, 2025. A corresponding increase to the Bulletproof Vest Partnership 2023 appropriation is recommended elsewhere in this report.</p> | Police Department | (\$26,961) | - |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--------------------------------------|-------------------|---------------------------|-----------------------|
| Personal Services (Overtime Overage) | Police Department | \$5,000,000 | - |

This action increases the Police Department's Personal Services appropriation by \$5.0 million to address a projected overage for 2023-2024, due to increased levels of overtime spending, and is offset by the liquidation of the Police Department Sworn Backfill Reserve that was established in the 2023-2024 Adopted Operating Budget. Consistent with the updates provided to the Public Safety, Finance, and Strategic Support Committee as part of the Bi-Monthly Financial Reports, overall, personal services expenditures are on pace to exceed budgeted levels. After accounting for this action and for distributions from the Salaries and Benefits Reserve related to the Management Pay for Performance Program, health insurance increases, and other technical adjustments, personal services spending is on pace to exceed budgeted levels by approximately \$6 million, or 1% of the Police Department's Personal Services budget. Higher levels of overtime usage is attributed to the Bureau of Field Operations (BFO), as the Department prioritizes the backfilling of street-ready vacancies in Patrol, and due to the requirement of patrol officers performing initial investigative activities prior to handing cases off to the Bureau of Investigations, which has experienced lower staffing levels and overtime use while resources are prioritized for frontline services in BFO. Beginning with the 2024-2025 budget development process, the Police Department's Base Budget will need to undergo a multi-year shift to better align its overtime budget to minimum staffing requirements and policy and state law changes that impact Police operations. These changes, however, will not impact the expectations of the Police Department to continue to manage and reduce overtime expenditures while not impacting public safety.

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| Police Department Sworn Backfill Reserve | Police Department | (\$5,000,000) | - |
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This action liquidates the Police Department Sworn Backfill Reserve in the amount of \$5,000,000 to offset the increase to the Police Department's Personal Services appropriation to provide overtime funding to ensure patrol services experience minimal disruption while sworn position vacancies are being filled. The Police Department Sworn Backfill Reserve was established as part of the 2023-2024 Adopted Operating Budget. Actions to increase the Police Department's Personal Services appropriation is recommended elsewhere in this report.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---------------------------------------|-------------------|---------------------------|-----------------------|
| Workers' Compensation Claims - Police | Police Department | (\$750,000) | - |

This action decreases the Worker's Compensation Claims - Police appropriation by \$750,000, from \$9.0 million to \$8.25 million, to reflect lower than anticipated settlement and regular claim activity in 2023-2024. This action is part of a series of adjustments to realign City-wide workers' compensation allocations – for an overall net-zero impact to the General Fund – with year-to-date and projected activity for the remainder of the fiscal year.

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| Berryessa Supportive Parking | Public Works Department | \$19,350,000 | - |
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This action establishes the Berryessa Supportive Parking capital improvements appropriation in the amount of \$19.35 million. On December 12, 2023, City Council approved the development of the Berryessa Supportive Parking site. This adjustment is part of a series of adjustments included in this report to reallocate funding from various operating appropriations to establish the Berryessa Supportive Parking capital improvements appropriation. The project will develop a parking lot for up to 85 occupied RVs and 46 standard vehicles, plus additional space for storage or parking. The project also includes installation of four prefabricated support buildings (kitchen, laundry, restrooms and office space), storage units, designated outdoor spaces including a dog run and community garden, site security lighting, landscaping, new sanitary sewer piping and connections, drainage enhancements, utilities, and other site improvements. Staff estimates the project to be completed as early as fall 2024.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|-------------------------|---------------------------|-----------------------|
| Interim Housing - Rue Ferrari Expansion | Public Works Department | \$12,500,000 | - |

This action establishes the Interim Housing - Rue Ferrari Expansion capital improvements appropriation in the amount of \$12.5 million. On December 12, 2023, City Council approved the expansion of the Rue Ferrari emergency interim housing site for \$30.9 million supported by a mix of funding sources from the General Fund (\$12.5 million), Homeless Housing, Assistance, and Prevention Fund (\$15.9 million), and Multi-Source Housing Fund (\$2.5 million). This adjustment is a series of adjustments included in this report to reallocate funding from various operating appropriations to establish the Interim Housing – Rue Ferrari Expansion capital improvements appropriation. This action is offset by a decrease of \$3.0 million from the Measure E – Interim Housing Constructions and Operations Reserve (15% HSP), \$3.0 million from Emergency Housing - Emergency Housing Construction and Operation City-Wide Expenses appropriation, and \$6.5 million from Emergency Interim Housing Construction and Operation City-Wide Expenses appropriation. The project aims to increase the capacity of the current site, adding approximately 134 beds, though the final bed count will be dependent on the completed design. The scope includes the construction of roughly 29 new single-story modular housing buildings, each containing up to four units. Project bid award is anticipated in February 2024, with a construction window through fall 2024, though the final delivery schedule will be negotiated with the contractor.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | Expenditure Change | Revenue Change |
|---|-------------------------|-------------------------------|-----------------------|
| Non-Personal/Equipment (Animal Care and Services - Food Supplies) | Public Works Department | \$200,000 | - |

This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$200,000 to provide additional funding for animal food supplies. The Animal Care Center has reached 95% of maximum capacity and is averaging 450-500 animals in the shelter daily (down from peak levels of 708 earlier in the fiscal year) compared to December 2022 when operations were at 90% of capacity and averaging between 400-450 animals. The length of stay for dogs and other animals has increased from 20 days (2022-2023) to 26 days (2023-2024) for dogs, 9 days (2022-2023) to 22 days (2023-2024) for all other animals, and no change for cats at 20 days. In addition, the Animal Care Center implemented new feeding procedures in 2022-2023 to align with The Guidelines for Standards of Care in Animal Shelter recommended by the Association of Shelter Veterinarians. These changes have resulted in an increased need of wet and dry food for all the animals at the shelter. This funding will ensure food supplies will continue through the current fiscal year; the ongoing costs will be incorporated into the development of the 2024-2025 Base Budget.

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| Non-Personal/Equipment (Animal Care and Services - Medical Services) | Public Works Department | \$250,000 | - |
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This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$250,000 to provide additional funding for contracted veterinarian services. The City of San José uses contracted veterinarian services to support the in-house medical service team for surgeries, emergencies, and the care of animals outside of normal business hours. The Animal Care Center has reached 95% of maximum capacity and is averaging between 450-500 animals in the shelter daily (down from peak levels of 708 earlier in the fiscal year) compared to December 2022 when operations were at 90% of capacity and averaging between 400-450 animals. The increase of animals at the Animal Care Center has resulted in an increased reliance on the contracted veterinarian services. This funding will ensure critical medical services will continue through the current fiscal year; the ongoing costs will be incorporated into the development of the 2024-2025 Base Budget.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|-------------------------|---------------------------|-----------------------|
| Non-Personal/Equipment (Emergency Operation Center -Utilities and Phones) | Public Works Department | \$50,000 | - |
| <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$50,000 to fund utilities and phone expenses associated with the new Emergency Operations Center. The Emergency Operations Center is set to gain Certificate of Occupancy and open its doors in January 2024. The utilities (\$44,000) and phone (\$6,000) expenses were inadvertently excluded from the 2023-2024 Adopted Budget. This funding will ensure critical expenses are funded and continue through the current fiscal year, and the ongoing costs will be incorporated into the development of the 2024-2025 Base Budget.</p> | | | |
| Non-Personal/Equipment (Janitorial Contract Services) | Public Works Department | \$2,700,000 | - |
| <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$2.7 million for additional costs related to janitorial services. This amount includes \$1.4 million due to the payment in 2023-2024 of invoices for work performed in April and May 2023 and \$1.3 million due to contract increases effective October 2023. The April and May invoices required follow-up inquiries and clarification requests by the Department, which resulted in the payment of invoices in 2023-2024 instead of in 2022-2023. The remaining \$1.3 million is attributed contract increases, including wage and administrative cost increases. 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. Costs and services will continue to be actively monitored to determine if further adjustments will be needed later in the fiscal year, and to determine the extent to which costs increases will be incorporated into the 2024-2025 Base Budget.</p> | | | |
| Non-Personal/Equipment (Security Contract Services) | Public Works Department | \$350,000 | - |
| <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$350,000 to address the 17% contract cost increase, primarily associated with higher wages, effective April 1, 2024, and to account for services provided at the Central Service Yard and new Fire Training Center and Emergency Operations Center that were inadvertently omitted from the 2023-2024 Adopted Operating Budget. This funding will ensure critical security measures are enforced and continued through the current fiscal year, and the ongoing costs will be incorporated into the 2024-2025 Base Budget.</p> | | | |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|-------------------------|---------------------------|-----------------------|
| Personal Services (Animal Care and Services - Veterinarian Staffing) | Public Works Department | \$160,000 | - |

This action increases the Public Works Department's Personal Services appropriation by \$160,000 to continue funding for a temporary Animal Services Veterinarian position. In August 2022, changes to the veterinarian compensation structure were implemented and the Department has since engaged in an ongoing recruitment effort that has received interest from a small number of part-time candidates, and several full-time candidates. In September 2023, the Animal Care and Services division filled its second regular full-time veterinarian position. However, the Animal Care Center continues to experience limited ability for the Veterinary Clinic to examine, treat, and prepare cats and dogs for adoption, leading to an increased shelter population and extended stays for animals at the shelter. This temporary position will assist in the in-house medical services team to support the Trap, Neuter, and Release Program and to make more spay and neuter surgeries available to the public. Continuation of this temporary position will be evaluated as part of the 2024-2025 Proposed Budget Development process.

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| Non-Personal/Equipment (Electricity) | Transportation Department | \$887,932 | - |
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This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$887,932 due to increased electricity costs for streetlights and traffic signals. The department has experienced consistent year-over-year increases in electricity costs. Overall, PG&E utility bills increased by approximately 15% in 2022-2023 and are tracking to be at least 12% higher in 2023-2024.

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| Non-Personal/Equipment (Supplies and Materials Savings) | Transportation Department | (\$250,000) | - |
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This action decreases the Transportation Department's Non-Personal/Equipment appropriation by \$250,000 to reflect savings from supplies and materials. The savings are recommended to be reallocated to the Department's Personal Services appropriation for overtime needed to respond to emergency repairs to traffic signals and streetlights. A corresponding increase to the Transportation Department's Personal Services appropriation is recommended in this report.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--------------------------------------|---------------------------|---------------------------|-----------------------|
| Personal Services (Overtime Overage) | Transportation Department | \$250,000 | - |

This action increases the Transportation Department's Personal Services appropriation by \$250,000 due to overtime needed to respond to emergency repairs for traffic signals and streetlights. Difficulty in hiring swing shift electricians has resulted in existing day shift electricians working additional overtime hours to perform emergency repairs to traffic signals and streetlights in the event of signal or light failure or accident. This action is offset by a corresponding decrease to the Transportation Department's Non-Personal/Equipment appropriation as recommended in this report.

Required Technical-Rebalancing Actions

Grants-Reimbursements-Fees

Creative Licenses Ambassador Program/Revenue from Federal Government

City Manager - Office of Economic Development and Cultural Affairs

\$19,203,319

\$19,305,966

\$30,000

\$30,000

This action establishes the Creative Licenses Ambassador Program City-Wide Expenses appropriation to the Office of Economic Development and Cultural Affairs in the amount of \$30,000 and a corresponding increase to the estimate for Revenue from Federal Government. A two-year grant was received from the National Endowment for the Arts (NEA) that will be used to continue to support the Creative License Ambassadors Program by partially funding the 2024 Creative Ambassadors. The role of the Creative Ambassadors is to champion the power of creative expression and engage residents in finding their own creative voice. Ambassadors serve a one-year term (January 1 - December 31) during which they produce a creative project that invites active participation from residents and celebrates the diversity of San Jose's cultural communities.

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--|---------------------------|-----------------------|
| <p>Neighborhood Business Districts/Other Revenue</p> <p>This action increases the Neighborhood Business Districts City-Wide Expenses appropriation to the Office of Economic Development and Cultural Affairs by \$25,000, from \$250,000 to \$275,000, and a corresponding increase to the estimate for Other Revenue. In 2022-2023, the \$25,000 was provided to the Alum Rock-Santa Clara Street Business Association which was in transition at the time and did not spend the funds prior to the end of the fiscal year. Per an agreement with the City, when the funds are not spent, the association must return the funds to the City. The association is currently working with a consultant in terms of board development, training, and strategic planning effort; once a new agreement with the City is approved, the association will be provided the \$25,000 and will be able to spend the funds accordingly.</p> | City Manager - Office of Economic Development and Cultural Affairs | \$25,000 | \$25,000 |
| <p>San José Creates and Connects/Other Revenue</p> <p>This action increases the San José Creates and Connects City-Wide Expenses appropriation to the Office of Economic Development and Cultural Affairs by \$140,000, from \$11,000 to \$151,000, and increases the corresponding estimate for Other Revenue by the same amount. A two-year grant was received from the David and Lucille Packard Foundation that will continue to support the San José Creates and Connects initiative. The San José Creates and Connects initiative provides funding for the Make Music San José, WeCreate408, and some of San Jose Creative Ambassadors programs.</p> | City Manager - Office of Economic Development and Cultural Affairs | \$140,000 | \$140,000 |
| <p>County of Santa Clara EMS Trust Fund - 2023/Revenue from Local Agencies</p> <p>This action establishes the County of Santa Clara EMS Trust Fund - 2023 City-Wide Expenses appropriation to the Fire Department and increases the corresponding estimate for Revenue from Local Agencies by \$50,791 to recognize the grant funding from the County of Santa Clara. These funds are to be used for the procurement and implementation of a data review software service (CODE-STAT) to help improve performance and the procurement of specialized terrorism response supplies.</p> | Fire Department | \$50,761 | \$50,761 |
| <p>Non-Personal/Equipment/Revenue from State of California (Strike Team Reimbursement)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from the State of California by \$13,604 to recognize reimbursements for costs incurred for Strike Team deployments to assist with wildland fire mitigation in 2023-2024, in accordance with the California Fire Assistance Agreement.</p> | Fire Department | \$13,604 | \$13,604 |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|----------------------------------|------------------------------|
| Personal Services/Revenue from State of California (Strike Team Reimbursement) | Fire Department | \$213,186 | \$213,186 |
| <p>This action increases the Fire Department's Personal Services appropriation and corresponding estimate for Revenue from the State of California by \$213,186 to recognize reimbursements for costs incurred for Strike Team deployments to assist with wildland fire mitigation in 2023-2024, in accordance with the California Fire Assistance Agreement.</p> | | | |
| CPUC Local Agency Technical Assistance Grant/Revenue from State of California | Library Department | \$500,000 | \$500,000 |
| <p>This action establishes the California Public Utilities Commission (CPUC) Local Agency Technical Assistance (LATA) Grant City-Wide Expenses appropriation to the Library Department in the amount of \$500,000 and increases the corresponding estimate for Revenue from the State of California. The CPUC LATA grant will be used to assess the technical and financial feasibility of upgrading the City's existing East Side Union High School District Wi-Fi network to provide reliable indoor broadband service at 100 megabit-per-second download and upload speeds.</p> | | | |
| Library Grants/Other Revenue (Bananas Family, Friend, and Neighbor Learning Community Mini Grant) | Library Department | \$5,000 | \$5,000 |
| <p>This action increases the Library Grants City-Wide Expenses appropriation to the Library Department and the corresponding estimate for Other Revenue in the amount of \$5,000 to recognize the Bananas Family, Friend, and Neighbor (FFN) Learning grant. The Bananas Grant supports FFN caregivers in the area by creating a network for home-based childcare providers with development classes and other resources.</p> | | | |
| SJPL Foundation Grants/Other Revenue (San José Evening News Digital Archive) | Library Department | \$337,456 | \$337,456 |
| <p>This action increases the SJPL Foundation Grants City-Wide Expenses appropriation to the Library Department and the corresponding estimate for Other Revenue by \$337,456 to recognize a grant from the San José Public Library (SJPL) Foundation. This funding will be used to purchase the digital rights to the San José Evening News digital archive for years 1950-1985 and the digital rights to the San José Mercury News for years 1900-1922, which will be maintained as part of the California Room collection. The California Room is located at the Dr. Martin Luther King, Jr. Library and contains materials on California history with an emphasis on San José and the greater Santa Clara Valley.</p> | | | |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------|-------------------------------|-----------------------|
| SJPL Foundation Grants/Other Revenue (Youth Programming) | Library Department | \$68,064 | \$68,064 |
| <p>This action increases the SJPL Foundation Grants City-Wide Expenses appropriation to the Library Department and the corresponding estimate for Other Revenue by \$68,064 to recognize grant funds supporting programs, services, and initiatives at library branches. This funding backs the Teen Artrepreneurs, Coding 5K, and Wee Grow Development Screening programs.</p> | | | |
| Council District #01/Other Revenue (Sponsorship) | Mayor & City Council | \$2,000 | \$2,000 |
| <p>This action increases the Council District #01 appropriation and the corresponding estimate for Other Revenue by \$2,000 to allocate revenue received from District Sponsorship from Disability Awareness Day. The funding will support Council District efforts in providing review of public policy and programs that best meet the needs of residents.</p> | | | |
| Council District #03/Other Revenue (Sponsorship) | Mayor & City Council | \$6,000 | \$6,000 |
| <p>This action increases the Council District #03 appropriation and the corresponding estimate for Other Revenue by \$6,000 to allocate revenue received from District Sponsorship from Christmas Tree event donations. The funding will support Council District efforts in providing review of public policy and programs which best meet the needs of residents.</p> | | | |
| Council District #08/Other Revenue (Sponsorship) | Mayor & City Council | \$5,000 | \$5,000 |
| <p>This action increases the Council District #08 appropriation and the corresponding estimate for Other Revenue by \$5,000 to allocate revenue received from District Sponsorship from Fall Festival. The funding will support Council District efforts in providing review of public policy and programs which best fit the needs of the residents.</p> | | | |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | Expenditure Change | Revenue Change |
|---|--|---------------------------|-----------------------|
| <p>Connecting Neighbors to Neighbors Grant/Revenue from State of California</p> <p>This action establishes the Connecting Neighbors to Neighbors City-Wide Expenses appropriation to the Office of the City Clerk and increases the estimate for Revenue from the State of California by \$1,000,000. California Volunteers awarded the City a Connecting Neighbors to Neighbors grant that, when combined with the current Beautify Your Block initiative, expands beautification efforts by inspiring residents, local businesses, and community organizations to play a more active role in their community to find solutions for neighborhood beautification, blight reduction, climate resilience, and disaster preparedness. Implemented by the Mayor's Office in coordination with the Beautify San José Team, the grant term is June 30, 2023 through June 30, 2024 and will fund staff costs, community meetings, vendors, and other supporting expenses necessary to complete the tasks for this program.</p> | Office of the City Clerk | \$1,000,000 | \$1,000,000 |
| <p>Non-Personal/Equipment/Other Revenue (Community Engagement Framework)</p> <p>This action increases the Office of the City Manager's Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$40,000 to recognize a grant from the Silicon Valley Community Foundation to advance efforts led by the Office of the Administration, Policy, and Intergovernmental Relations, with the participation of a Community Engagement Working Group made up of City staff from various departments, to develop and execute a community engagement strategy and improve communication between the City and its citizens.</p> | Office of the City Manager | \$40,000 | \$40,000 |
| <p>Blue Zones Project San José Readiness Assessment/Other Revenue</p> <p>This action increases the Blue Zones Project San José Readiness Assessment City-Wide Expense appropriation to the Parks, Recreation, and Neighborhood Services Department (PRNS) and the corresponding estimate for Other Revenue by \$350,000. PRNS has grant agreements in place with the County of Santa Clara, the Adobe Foundation, Santa Clara Family Health Plan, and The Health Trust, for the total collective grant award of \$350,000. Along with the previously budgeted \$150,000 in seed funding from the City, as directed in the Mayor's June Budget Message for 2023-2024, as approved by City Council, this funding will study and assess the possibility and potential impact of introducing the Blue Zones Project to San José, a program aimed at transforming quality of life in a community through policies that optimize the use of city streets, public spaces, and community involvement.</p> | Parks, Recreation and Neighborhood Services Department | \$350,000 | \$350,000 |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | <u>Expenditure</u> Change | <u>Revenue Change</u> |
|--|--|--------------------------------------|------------------------------|
| <p>Non-Personal/Equipment/Other Revenue (River Glen Park Little League Repair)</p> <p>This action increases the Parks, Recreation, and Neighborhood Services Department's (PRNS) Non-Personal/Equipment appropriation and the corresponding estimate for Other Revenue by \$37,000. Lincoln Glen Little League conducted modifications of the River Glen Park Little League baseball field without permission from PRNS, resulting in damages and unsafe field conditions. The repairs totaled \$37,000, with PRNS receiving reimbursement of that amount from the league.</p> | Parks, Recreation and Neighborhood Services Department | \$37,000 | \$37,000 |
| <p>Local Early Action Planning - Housing and Community Development Grant/Revenue from State of California</p> <p>This action increases the Local Early Action Planning - Housing and Community Development Grant City-Wide Expenses appropriation to the Planning, Building and Code Enforcement Department and corresponding estimate for Revenue from State of California by \$110,000 for staff and consultant costs to advance Senate Bill 9 (SB 9) Opportunity Housing and Five Wounds Urban Village Plans Updates, which addresses SB 9 standards and consolidation of urban villages. The funds will facilitate future housing production in the Five Wounds Urban Village, aligning with Bay Area Rapid Transit (BART) Station plans, and progressing development standards and policy changes for "missing middle" infill housing per City Council directives. Missing middle refers to small-scale multifamily housing such as duplexes, townhomes, and apartments which seek to increase housing density and promoting walkable neighborhoods. This grant is specifically targeted to prepare and adopt planning documents and process improvements that accelerate housing production and implement the sixth cycle of the regional housing needs assessment. The total grant award is \$1,499,000 and the award period is through December 31, 2024. The remainder of grant funds will be recognized and appropriated as needed as part of future budget processes.</p> | Planning, Building and Code Enforcement Department | \$110,000 | \$110,000 |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | Expenditure Change | Revenue Change |
|--|--|-------------------------------|-----------------------|
| <p>Non-Personal/Equipment/Revenue from State of California (Caltrans - Eastside Alum Rock Urban Village)</p> <p>This action increases the Planning, Building, and Code Enforcement Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from the State of California by \$83,000 to recognize additional funds related to the Caltrans Eastside Alum Rock planning grant that will fund consultant costs to complete the last part of Task 2 - Data Collection & Analysis, Task 3 - Public Engagement Strategy, and Task 4 - Develop and Prepare Character Areas and Conceptual Plans, Maps, and Diagrams, and Anti-Displacement Strategies for the Eastside Alum Rock Urban Village planning process. The work to prepare the Eastside Alum Rock Urban Village consists of project startup, data collection and analysis, public engagement, preparation of draft documents, coordination and meetings with City staff, revisions based on staff feedback and input from focus groups, finalizing, and publishing the documents. The total grant award is \$400,000 and the award period is through December 31, 2025. The remainder of grant funds will be recognized and appropriated as needed as part of future budget processes.</p> | Planning, Building and Code Enforcement Department | \$83,000 | \$83,000 |
| <p>Department of Alcohol Beverage Control (ABC) Grant 2024/Revenue from State of California</p> <p>This action establishes the Department of Alcohol Beverage Control (ABC) Grant 2024 City-Wide Expenses appropriation to the Police Department and increases the estimate for Revenue from State of California by \$40,000. This award will be used to fund staff overtime to conduct approximately 16 operations aimed at the enforcement and disruption of illicit alcohol sales. The grant term is from October 1, 2023 to August 31, 2024.</p> | Police Department | \$40,000 | \$40,000 |
| <p>Northern California Regional Intelligence Center – Police 2022/Revenue from Federal Government</p> <p>This action increases the Northern California Regional Intelligence Center – Police 2022 City-Wide Expenses appropriation to the Police Department and increases the estimate for Revenue from the Federal Government by \$11,013. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. The NCRIC program allows for the reimbursement of overtime costs for the City's assigned Lieutenant position. After reconciliation of costs, for the period from July 2023 to December 2023, it was determined that additional expenditures for overtime will be reimbursed.</p> | Police Department | \$11,013 | \$11,013 |

General Fund Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| Action | Department | Expenditure Change | Revenue Change |
|--|-------------------|-------------------------------|-----------------------|
| Northern California Regional Intelligence Center – Police 2023/Revenue from Federal Government | Police Department | \$152,065 | \$152,065 |

This action establishes the Northern California Regional Intelligence Center – Police 2023 City-Wide Expenses appropriation to the Police Department and increases the estimate for Revenue from the Federal Government by \$152,065. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. This allocation of the grant funding, which spans two fiscal years, will partially fund the salary, benefits, and overtime for one San José Police Department Lieutenant position for the period from January 2024 to June 2024. After 2022-2023 Annual Report actions, the 2023-2024 Modified Budget includes \$158,195 from the Northern California Regional Intelligence Center Staffing City-Wide Expenses appropriation and \$131,073 from the Northern California Regional Intelligence Center – Police 2022 City-Wide Expenses appropriation to partially fund the cost of the Lieutenant position. With this action, the position will be fully funded in 2023-2024. The grant term is from November 1, 2023 to December 31, 2024.

| | | | |
|---|-------------------|----------|----------|
| State Homeland Security Grant Program - Police 2023/Revenue from Federal Government | Police Department | \$19,648 | \$19,648 |
|---|-------------------|----------|----------|

This action increases the State Homeland Security Grant Program - Police 2023 City-Wide Expenses appropriation to the Police Department and increases the estimate for Revenue from Federal Government by \$19,648 to recognize grant funding from the Department of Homeland Security. These funds are to be used for the implementation of State Homeland Security strategies to address the identified planning, organization, equipment, training, and exercise needs to prepare for acts of terrorism and other catastrophic events. The funds will be used for training requests submitted to and approved by the County of Santa Clara's Anti-Terrorism Approval Board. The grant term is from September 1, 2023 to May 31, 2025.

| | | | |
|---|-------------------|----------|----------|
| Urban Areas Security Initiative Grant - Police 2022/Revenue from Federal Government | Police Department | \$60,980 | \$60,980 |
|---|-------------------|----------|----------|

This action increases the Urban Areas Security Initiative Grant - Police 2022 City-Wide Expenses appropriation to the Police Department and increases the estimate for Revenue from the Federal Government by \$60,980. The department will utilize the additional funds to cover tactical medic training for the Police Department's Mobile Emergency Response Group and Equipment (MERGE) unit. The grant term is from November 1, 2022 to December 31, 2024.

Grants-Reimbursements-Fees

| | |
|--------------------|--------------------|
| \$3,299,777 | \$3,299,777 |
|--------------------|--------------------|

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Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

American Rescue Plan Fund (402)

| | | | |
|------------------------------|--------------------|-------------|--|
| Transfer to the General Fund | Finance Department | (\$541,995) | |
|------------------------------|--------------------|-------------|--|

This action decreases the transfer to the General Fund from the American Rescue Plan Fund by \$541,995, from \$2.2 million to \$1.7 million, to reflect the final reconciliation of activity within the fund for 2022-2023. The 2022-2023 Annual Report included a transfer of \$2.2 million from the American Rescue Plan Fund, reflecting the remaining balance in the fund due to accumulated interest earnings and liquidated encumbrances, to support workstreams previously funded by the American Rescue Plan Fund and shifted to the General Fund in 2022-2023. After a final reconciliation, the original transfer amount to the General Fund is reduced by \$541,995 to allow the close out the American Rescue Plan Fund. The action to recognize the reduce revenues in the General Fund is included elsewhere in this report.

| | | | |
|--------------------------------|--------------------|-----------|--|
| Ending Fund Balance Adjustment | Finance Department | \$541,995 | |
|--------------------------------|--------------------|-----------|--|

This action increases the Ending Fund Balance to offset the action recommended in this report.

American Rescue Plan Fund (402)

| | | |
|--|------------|------------|
| | \$0 | \$0 |
|--|------------|------------|

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|----------------------------|------------|---------------|
| Benefits Funds - Benefit Fund (160) | | | |
| 401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$100,000 | \$100,000 |
| <p>This action increases the 401(a) Defined Benefit Contribution Retirement Plan appropriation in the Benefit Fund by \$100,000, from \$300,000 to \$400,000, offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements from citywide contributions across all funds supporting active participants in this benefit plan. This action is part of a series of adjustments to align funding levels with actual plan enrollment, salary basis as applicable, and benefit plan use.</p> | | | |
| Employee Assistance Program/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$210,000 | \$210,000 |
| <p>This action increases the Employee Assistance Program appropriation in the Benefit Fund by \$210,000, from \$537,000 to \$747,000, offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements from citywide contributions across all funds supporting active participants in this benefit plan. This action is part of a series of adjustments to align funding levels with actual plan enrollment, salary basis as applicable, and benefit plan use.</p> | | | |
| MEF Legal/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$20,000 | \$20,000 |
| <p>This action increases the MEF Legal appropriation in the Benefit Fund by \$20,000, from \$87,000 to \$107,000, offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements from citywide contributions across all funds supporting active participants in the benefit plan. This is part of a series of adjustments to align funding levels with actual benefit plan enrollment, salary basis, and benefit use.</p> | | | |
| PTC 457/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$110,000 | \$110,000 |
| <p>This action increases the PTC 457 appropriation in the Benefit Fund by \$110,000, from \$1.5 million to \$1.6 million, offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements from citywide contributions across all funds supporting active participants in this benefit plan. This action is part of a series of adjustments to align funding levels with actual plan enrollment, salary basis as applicable, and benefit plan use.</p> | | | |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Benefits Funds - Benefit Fund (160)

| | | | |
|--|-------------------------------|-----------|-----------|
| FICA - Medicare/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$400,000 | \$400,000 |
|--|-------------------------------|-----------|-----------|

This action increases the FICA-Medicare appropriation in the Benefit Fund by \$400,000, from \$12.7 million to \$13.1 million, offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements from citywide contributions across all funds supporting active participants in this benefit plan. This action is part of a series of adjustments to align funding levels with actual plan enrollment, salary basis as applicable, and benefit plan use.

| | | |
|--|------------------|------------------|
| Benefits Funds - Benefit Fund (160) | \$840,000 | \$840,000 |
|--|------------------|------------------|

Benefits Funds - Dental Insurance Fund (155)

| | | | |
|---|-------------------------------|----------|--|
| Non-Personal/Equipment (Plan Administration and Actuarial Services) | Human Resources Department | \$40,000 | |
|---|-------------------------------|----------|--|

This action increases the Human Resources Department's Non-Personal/Equipment appropriation by \$40,000 to reflect higher than anticipated enrollment for 2023-2024 and align funding with rate changes for plan administration that became effective in January 2024. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

| | | | |
|--------------------------------|-------------------------------|------------|--|
| Ending Fund Balance Adjustment | Human Resources Department | (\$40,000) | |
|--------------------------------|-------------------------------|------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

| | | |
|---|------------|------------|
| Benefits Funds - Dental Insurance Fund (155) | \$0 | \$0 |
|---|------------|------------|

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|----------------------------|-----------------|-----------------|
| Benefits Funds - Life Insurance Fund (156) | | | |
| Insurance Premiums/Transfers and Reimbursements (Reimbursements from City Funds) | Human Resources Department | \$75,000 | \$75,000 |
| <p>This action increases the Insurance Premiums appropriation by \$70,000, from \$1.77 million to \$1.84 million, to reflect higher than anticipated hiring and compensation levels relative to the original forecast for 2023-2024. This action is offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements, reflecting reimbursements from various City funds for benefitted positions.</p> | | | |
| | | \$75,000 | \$75,000 |
| Business Improvement District Fund (351) | | | |
| Administration Services (Willow Glen Benefit Improvement District) | Public Works Department | \$10,000 | |
| <p>This action increases the Public Works Department's Administration Services appropriation by \$10,000, from \$15,000 to \$25,000, to fund additional staff time to support the Willow Glen Community Benefit Improvement District. This action will fund staff time needed to assist with gathering information related to a pending litigation. A corresponding decrease to the Willow Glen Community Benefit Improvement District appropriation is recommended in this report to offset this action.</p> | | | |
| Willow Glen Community Benefit Improvement District | Public Works Department | (\$10,000) | |
| <p>This action decreases the Willow Glen Community Benefit Improvement District appropriation by \$10,000, from \$324,092 to \$314,092, to reallocate funding to provide for additional staff time supporting the Willow Glen Community Benefit Improvement District. This action will fund staff time needed to assist with gathering information related to a pending litigation. A corresponding increase to the Public Works Department's Administration Services appropriation is recommended in this report to offset this action.</p> | | | |
| | | \$0 | \$0 |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Community Development Block Grant Fund (441)

| | | | |
|---|--------------------|---------------|--|
| Community Wireless Network Infrastructure | Housing Department | (\$2,784,920) | |
|---|--------------------|---------------|--|

This action eliminates the Community Wireless Network Infrastructure appropriation of \$2.8 million. The project has been completed and the funds are no longer necessary. The project implemented public wireless internet at Mount Pleasant High School and Silver Creek High School for students and members of the public living in low-income neighborhoods. Successful implementation resulted in better access to internet and digital services so that residents and students can obtain the potential personal, educational, community and economic benefits that are available with network connectivity. These funds are being recommended to be reallocated to the Neighborhood Infrastructure Improvements appropriation as described in a separation action in this report.

| | | | |
|--|--------------------|-------------|--|
| Neighborhood Infrastructure Improvements | Housing Department | \$2,784,920 | |
|--|--------------------|-------------|--|

This action increases the Neighborhood Infrastructure Improvements appropriation by \$2.8 million, from \$2.4 million to \$5.2 million, to support already approved community development investment projects per the City's Fiscal Year 2023-2024 CDBG Annual Action Plan. The projects include: Fair Swim Center/Tot lot, Guadalupe Alley lighting and signage, YWCA Child Care Center, and Catholic Charities Senior Center. To offset this action, a corresponding action to eliminate the Community Wireless Network Infrastructure appropriation is recommended in this report.

Community Development Block Grant Fund (441)

| | | |
|--|------------|------------|
| | \$0 | \$0 |
|--|------------|------------|

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369)

| | | | |
|---|---------------------------|----------|--|
| Non-Personal/Equipment (Streetlight Pole Replacement) | Transportation Department | \$83,000 | |
|---|---------------------------|----------|--|

This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$83,000 to fund replacements of corroded streetlight poles that require LED fixtures. The LED fixtures installation project was planned for the Aborn-Murillo and Silverland-Capriana Community Facilities District as part of routine repair and renovation work. During this process, it was discovered that several poles requiring LED fixtures have rusted and corroded from years of exposure to moist and inclement weather. The damage to the poles requires them to be replaced as continued use would further compromise the stability of the poles. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.

| | | | |
|--------------------------------|---------------------------|------------|--|
| Ending Fund Balance Adjustment | Transportation Department | (\$83,000) | |
|--------------------------------|---------------------------|------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369)

| | | |
|--|-----|-----|
| | \$0 | \$0 |
|--|-----|-----|

Community Facilities District No. 8 (Communications Hill) Fund (373)

| | | | |
|--------------------------------|---------------------------|------------|--|
| Ending Fund Balance Adjustment | Transportation Department | (\$30,000) | |
|--------------------------------|---------------------------|------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

| | | | |
|---|-------------------------|----------|--|
| Security Services (Communications Hill) | Public Works Department | \$30,000 | |
|---|-------------------------|----------|--|

This action increases the Security Services appropriation by \$30,000, from \$100,000 to \$130,000, to fund increased costs for security contract services at Communications Hill. Security contract services are needed to patrol the neighborhood due to highly visited exercise attraction. The City of San José and vendor recently negotiated a 17% increase to the next contract that is set to start April 1, 2024. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Community Facilities District No. 8 (Communications Hill) Fund (373)

| | | |
|--|-----|-----|
| | \$0 | \$0 |
|--|-----|-----|

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|---------------|---------------|
| Convention Center Facilities District Revenue Fund (791) | | | |
| Transfer to Convention Center Facilities District Capital Fund | Finance Department | \$1,659,000 | |
| <p>This action increases the transfer to the Convention Center Facilities District Capital Fund by \$1.7 million, from \$350,000 to \$2.0 million, to support emergent capital improvement projects at the San José McEnery Convention Center that address immediate equipment and system deficiencies, as well as client-focused enhancements to support food and beverage operations and other potential revenue generation. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Finance Department | (\$1,659,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| | | \$0 | \$0 |

Downtown Property And Business Improvement District Fund (302)

| | | | |
|--|---------------------------|------------|------------|
| Ending Fund Balance Adjustment | Transportation Department | (\$10,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Personal Services (Downtown Property and Business Improvement District) | Public Works Department | \$10,000 | |
| <p>This action increases the Public Works Department's Personal Services appropriation by \$10,000 to fund additional staff time supporting the increasing active Downtown Business Improvement District. A city staff member attends every Downtown Association meeting where members discuss upcoming events, activities, and issues revolving the downtown area. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| | | \$0 | \$0 |

Special Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|--------------------|--------------------|--------------------|
| Emergency Reserve Fund (406) | | | |
| Revenue from Federal Government (Emergency Rental Assistance) | Finance Department | | \$4,220,793 |
| <p>This action increases the estimate for Revenue from Federal Government by \$4.22 million to reflect the residual balance of funding from the first tranche of Emergency Rental Assistance grant funds awarded to the City in 2020-2021 but not recognized as earned revenue due to the timing of program expenditures. A total of \$30.4 million was awarded to the City to support rental assistance initiatives in response to the impacts of the COVID-19 pandemic, of which \$26.16 million was recognized in 2021-2022 when the corresponding funds were expended. An additional \$1.0 million was expended in 2022-2023 prior to the final expenditure deadline of December 31, 2022; however, corresponding revenues were not recognized as earned in 2022-2023. Recognizing this \$4.22 million from the balance of advanced funding will support these eligible expenditures in 2022-2023, as well as the remaining \$3.22 million balance that was not expended prior to December 2022 and must be refunded to the U.S. Department of the Treasury in 2023-2024. A corresponding action to reestablish the Emergency Rental Assistance appropriation is recommended to effect this refund, with any remaining balance subject to the reconciliation of fund activity for 2023-2024.</p> | | | |
| Emergency Rental Assistance | Housing Department | \$4,220,793 | |
| <p>This action reestablishes the Emergency Rental Assistance appropriation in the amount of \$4.22 million to reflect the residual balance of funding from the first tranche of Emergency Rental Assistance grant funds awarded to the City in 2020-2021 and not expended prior to the final expenditure deadline of December 31, 2022. Of the \$30.4 million awarded to the City to support rental assistance initiatives in response to the impacts of the COVID-19 pandemic, a total of \$27.16 million was expended during 2021-2022 and 2022-2023. However, \$3.22 million was not expended prior to December 2022, which must be refunded to the U.S. Department of the Treasury in 2023-2024. A corresponding action to recognize the remaining balance of advanced grant funding is recommended to support this refund, with any remainder of budgeted funds subject to the reconciliation of fund activity for 2023-2024.</p> | | | |
| | | \$4,220,793 | \$4,220,793 |
| Emergency Reserve Fund (406) | | | |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|-------------|---------------|
| Fire Development Fee Program Fund (240) | | | |
| Fire Development Fee Program – Non-Personal/Equipment (Professional and Consultant Services) | Fire Department | \$28,800 | |
| <p>This action increases the Fire Development Fee Program – Non-Personal/Equipment appropriation by \$28,800 for professional and consultant services related to workplace safety. This allocation was inadvertently assigned to the incorrect appropriation during the development of the 2023-2024 Adopted Budget, with partial corrective action taken as part of the 2022-2023 Annual Report. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p> | | | |
| Ending Fund Balance Adjustment | Fire Department | (\$28,800) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| | | \$0 | \$0 |
| Fire Development Fee Program Fund (240) | | | |
| | | | |
| General Purpose Parking Fund (533) | | | |
| Non-Personal/Equipment (Security Services) | Transportation Department | \$284,500 | |
| <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$284,500 to fund increased security costs. The Good Guard Security contract, executed in April 2023, increased contractual services costs by 39.64% due to higher costs to maintain current services. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p> | | | |
| Ending Fund Balance Adjustment | Transportation Department | (\$284,500) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| | | \$0 | \$0 |
| General Purpose Parking Fund (533) | | | |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|--------------------|--------------------|
| Gift Trust Fund (139) | | | |
| Library-General Gifts/Other Revenue | Library Department | \$29,251 | \$29,251 |
| <p>This action increases the Library-General Gifts appropriation by \$29,251, from \$502,428 to \$531,679, and a corresponding increase to the estimate for Other Revenue to recognize a variety of small value gifts received by the Library Department between July and December 2023. These gifts represent limited-scope funding to provide programming and support at Library facilities.</p> | | | |
| Gift Trust Fund (139) | | \$29,251 | \$29,251 |
| Homeless Housing, Assistance, and Prevention Fund (454) | | | |
| Revenue from State of California (Homeless Housing, Assistance, and Prevention Grants) | Housing Department | | \$7,000,000 |
| <p>This action increases the estimate for Revenue from State of California by \$7.0 million, from \$47.9 million to \$54.9 million, to recognize revenue from Round 4 of the State's Homeless Housing, Assistance and Prevention (HHAP) grant. HHAP Round 4 is a grant that provides local jurisdictions with flexible funding to continue efforts to end and prevent homelessness in their communities. Use of the HHAP funding was requested as part of a City Council action approved on December 12, 2023 to support expansion of the Rue Ferrari emergency interim housing site. However, language that specifically directed amendments to the 2023-2024 Funding Sources Resolution was inadvertently omitted from the official City Council action. This action corrects the oversight and is offset by a corresponding increase to the Ending Fund Balance as recommended in this report.</p> | | | |
| Ending Fund Balance Adjustment | Housing Department | \$7,000,000 | |
| <p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Homeless Housing, Assistance, and Prevention Fund (454) | | \$7,000,000 | \$7,000,000 |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-----------------------------------|-------------|---------------|
| Integrated Waste Management Fund (423) | | | |
| Banking Services | Finance Department | \$115,000 | |
| <p>This action increases the Banking Services appropriation by \$115,000, from \$95,000 to \$210,000, due to higher than anticipated volume of service fees. These fees are based on the number of transactions processed by the City in-person or via online payment system for utility services. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | |
| Personal Services (Overage) | Office of the City Attorney | \$160,000 | |
| <p>This action increases the Office of the City Attorney's Personal Services appropriation by \$160,000 to align funding levels with higher than anticipated staff workload in support of activities funded by the Integrated Waste Management Fund. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | (\$275,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | |
| | | \$0 | \$0 |
| Integrated Waste Management Fund (423) | | | |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|--------------------|--------------------|
| Multi-Source Housing Fund (448) | | | |
| Project HomeKey | Housing Department | (\$444,887) | |
| <p>This action eliminates the Project HomeKey appropriation of \$444,887 as the balance of the Project HomeKey grant was previously spent. These funds were used to purchase the former Sure Stay Best Western hotel located at 1488 North First Street and support the operations of the facility to serve extremely low income individuals and families. This action is offset by a corresponding increase to the Ending Fund Balance as recommended in this report.</p> | | | |
| HOPWA Grants/Revenue from Federal Government | Housing Department | \$1,797,713 | \$1,797,713 |
| <p>This action increases the HOPWA Grants appropriation and corresponding estimate for Revenue from Federal Government by \$1.8 million. Annually, the City of San José receives funds from the U.S. Department of Housing and Urban Development (HUD) to administer the Housing Opportunities for Persons with AIDS (HOPWA) program. The program is exclusively dedicated to the housing needs of people living with HIV / AIDS. This adjustment reflects the latest annual entitlement.</p> | | | |
| HOPWA-PSH 2024/Revenue from Federal Government | Housing Department | \$1,325,991 | \$1,325,991 |
| <p>This action establishes the HOPWA-PSH 2024 appropriation and increases the corresponding estimate for Revenue from Federal Government by \$1.3 million. The Housing Opportunities for Persons with AIDS - Permanent Support Housing (HOPWA-PSH) is a competitive grant for three years. This adjustment reflects award of a new round of grant funding covering the next three years. The HOPWA - PSH program supports specialized models in outreach in service delivery, including efforts that target help to persons who have been homeless or are at extreme risk of becoming homeless.</p> | | | |
| Ending Fund Balance Adjustment | Housing Department | (\$731,611) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | |
| Revenue from Federal Government (HOPWA PSH) | Housing Department | | (\$1,176,498) |
| <p>This action decreases the estimate for Revenue from Federal Government by \$1.2 million, from \$2.8 million to \$1.6 million, to align the revenue budget with the remaining funds available in the last Housing Opportunities for Persons with AIDS (HOPWA) Permanent Supportive Housing three-year competitive grant. This action is offset by other actions in this report, including a decrease to the Ending Fund Balance.</p> | | | |
| Multi-Source Housing Fund (448) | | \$1,947,206 | \$1,947,206 |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Planning Development Fee Program Fund (238)

| | | | |
|-----------------------------|-----------------------------|----------|--|
| Personal Services (Overage) | Office of the City Attorney | \$85,000 | |
|-----------------------------|-----------------------------|----------|--|

This action increases the Office of the City Attorney's Personal Services appropriation by \$85,000 to align funding levels with higher than anticipated staff workload in support of activities funded by the Planning Development Fee Program Fund. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

| | | | |
|--------------------------------|--|------------|--|
| Ending Fund Balance Adjustment | Planning, Building and Code Enforcement Department | (\$85,000) | |
|--------------------------------|--|------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

Planning Development Fee Program Fund (238)

| | | |
|--|------------|------------|
| | \$0 | \$0 |
|--|------------|------------|

Public Works Development Fee Program Fund (241)

| | | | |
|--|-------------------------|-----------|--|
| Public Works Development Fee Program – Non-Personal/Equipment (Vehicles) | Public Works Department | \$100,000 | |
|--|-------------------------|-----------|--|

This action increases the Public Works Development Fee Program – Non-Personal/Equipment appropriation by \$100,000 to fund backordered electric vehicles. The electric vehicles will support inspection and field services activities within Public Works Development Fee Program and Small Cell Permitting Fee. The orders for the electric vehicles were placed in 2021-2022 but were delayed due to supply chain issues. The Department received the vehicles in September 2023. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

| | | | |
|--------------------------------|-------------------------|-------------|--|
| Ending Fund Balance Adjustment | Public Works Department | (\$100,000) | |
|--------------------------------|-------------------------|-------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

Public Works Development Fee Program Fund (241)

| | | |
|--|------------|------------|
| | \$0 | \$0 |
|--|------------|------------|

Special Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------------|--------------------|--------------------|
| Public Works Program Support Fund (150) | | | |
| Transfers and Reimbursements (Capital Program Support and Compensated Absences) | Public Works Department | | \$2,106,000 |
| <p>This action increases the revenue estimate for Transfers and Reimbursements by \$2.1 million, from \$23.4 million to \$25.5 million, to recognize an increase to Compensated Absences (\$780,000) and Capital Program Support (\$1.3 million) to appropriately reimburse work provided by the Public Works Department staff facilitating capital project delivery. Compensated Absences fund employee time off pay, such as sick, holiday, vacation, and jury duty for positions funded in Capital Funds. Positions charge their active time to their respective project budgets and charge their time off pay to Public Works Program Support Fund. Capital Program Support provides personal services and non-personal/equipment expenses that provide support to the City's Capital Funds. A corresponding increase to Capital Program and Public Works Department Support Service Costs appropriations in the respective Capital Funds is recommended elsewhere in this report to fund this action. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Non-Personal/Equipment (Contractual Labor and Capital Project Management System) | Public Works Department | \$150,000 | |
| <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$150,000 to fund contractual staffing services and annual user license fees for the Capital Project Management System (CPMS). CPMS is an intuitive, user-friendly, and comprehensive project management portal which is referred to as "CPMS-NextGen." The upgraded system consists of 3 modules – costs, project life cycle, and file management – each of which includes two to four sub-modules. Features include detailed reports using data from systems such as Financial Management System (FMS) and Oracle PeopleSoft, real-time dashboards, and a cost estimating module known as Resource Planning and Management (RPM) to project staffing needs, manage resource allocation, and to track project performances by comparing updated expenditures to the budget. The system is currently in the last phase of implementation and is expected to go live in June 2024. The funding will be used to cover the software costs and complete the upgrade due to cost escalations and user licenses fees and will ensure that the project stays on schedule. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Public Works Department | \$1,956,000 | |
| <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | |
| Public Works Program Support Fund (150) | | \$2,106,000 | \$2,106,000 |



Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|-----------------|-----------------|
| San José Clean Energy Operating Fund (501) | | | |
| Disadvantaged Communities - Green Tariff Program/Revenue from State of California | Energy Department | \$74,073 | \$74,073 |
| <p>This action increases the Disadvantaged Communities - Green Tariff appropriation and corresponding estimate for Revenue from State of California by \$74,073, from \$798,029 to \$872,102, to reflect an additional grant allocation awarded from the State. The Disadvantaged Communities - Green Tariff program provides residential customers living in disadvantaged communities (DAC) a 20% discount on their electricity bills. Customers receive 100% solar electricity. The program is available to SJCE residential customers who live in DAC and are enrolled in the California Alternate Rates for Energy program (CARE) or the Family Electric Rates Assistance program (FERA).</p> | | | |
| San José Clean Energy Operating Fund (501) | | \$74,073 | \$74,073 |

Special Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

San José Opioid Response Fund (130)

| | | | |
|--|----------------------------|-----------|--|
| Community Awareness and Education on Opioid Addiction Prevention | Office of the City Manager | \$120,000 | |
|--|----------------------------|-----------|--|

This action establishes the Community Awareness and Education on Opioid Addiction Prevention appropriation to the City Manager's Office in the amount of \$120,000. Of this amount, \$100,000 will allow for the purchase of Naloxone (Narcan) and to train City staff and community members on its use. Naloxone is a life-saving medication used to reverse an overdose by blocking the effects of opioids. The funds will support programs educating and training staff and community members on opioid addiction prevention/ drug abuse intervention and the use of Naloxone. The remaining \$20,000 will support the Santa Clara County Opioid Campaign Plan by translating resource materials and providing interpretative services at the trainings. This action is offset by Revenue from the State of California recommended elsewhere in this report.

| | | | |
|---|--|--|-----------|
| Revenue from State of California (Opioid Distributors Payment - Abatement Fund) | Parks, Recreation and Neighborhood Services Department | | \$475,000 |
|---|--|--|-----------|

This action establishes an estimate for Revenue from the State of California of \$475,000 for the City's portion of the settlement funds received from opioid distributors per the National Opioid Settlement. California joined multiple national lawsuits against manufacturers, distributors, and other entities responsible for aiding the opioid epidemic. The Abatement Fund was created to provide funding to local cities and counties for abatement of the opioid crisis in California. Corresponding actions to establish funding for opioid prevention, response, and remediation activities are recommended elsewhere in this report.

| | | | |
|--|--|--|-----------|
| Revenue from State of California (Opioid Janssen Payment - Abatement Fund) | Parks, Recreation and Neighborhood Services Department | | \$294,000 |
|--|--|--|-----------|

This action establishes an estimate for Revenue from the State of California of \$294,000 for the City's portion of the settlement funds received from Janssen Pharmaceuticals per the National Opioid Settlement. California joined multiple national lawsuits against manufacturers, distributors, and other entities responsible for aiding the opioid epidemic. The Abatement Fund was created to provide funding to local cities and counties for abatement of the opioid crisis in California. Corresponding actions to establish funding for opioid prevention, response, and remediation activities are recommended in this report.

Special Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

San José Opioid Response Fund (130)

| | | | |
|-------------------------------------|----------------------------|----------|--|
| Opioid Settlement Program Oversight | Office of the City Manager | \$60,000 | |
|-------------------------------------|----------------------------|----------|--|

This action establishes the Opioid Settlement Program Oversight appropriation to the City Manager's Office in the amount of \$60,000 to provide funding to reallocate a portion of an existing Assistant to the City Manager position to coordinate and oversee the City's use of the opioid settlement funds for the remainder of 2023-2024. This position will work closely with City departments to develop, scope, and implement programs that utilize the funding for opioid remediation activities, as well as organize stakeholder engagement activities and prepare annual expenditure reports regarding the use of opioid settlement funds to California's Department of Health Care Services. This action is offset by Revenue from the State of California recommended elsewhere in this report.

| | | | |
|---------------------------------|--|-----------|--|
| Opioid Prevention Grant Program | Parks, Recreation and Neighborhood Services Department | \$475,000 | |
|---------------------------------|--|-----------|--|

This action establishes the Opioid Prevention Grant Program appropriation to the Parks, Recreation, and Neighborhood Services Department in the amount of \$475,000. The program will award \$350,000 to approximately six non-profit partners to provide services that will discourage or prevent misuse of opioids and reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies. In addition, \$50,000 will fund capacity building or community of learning that promotes new learning toward continuous improvement within BEST providers, including Opioid Overdose Prevention providers. Funding of \$75,000 will provide temporary staffing to oversee the Opioid Overdose Prevention Grant Program, as well as planning and coordinating trainings and workshops. This action is offset by Revenue from the State of California recommended elsewhere in this report.

| | | | |
|------------------------|--------------------|----------|--|
| Library Staff Training | Library Department | \$25,000 | |
|------------------------|--------------------|----------|--|

This action establishes the Library Staff Training appropriation to the Library Department in the amount of \$25,000, which will fund First Aid/AED/CPR training with an option to opt-in for voluntary Naloxone training for Library staff. This action provides training opportunities for employees who frequently work with members of the public around public safety relating to basic First Aid, CPR, and emergency response to overdoses, including Naloxone administration. These training opportunities provide support for community efforts around prevention and reduction of opioid overdose-related deaths. This action is offset by Revenue from the State of California recommended elsewhere in this report.

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|------------------|------------------|
| San José Opioid Response Fund (130) | | | |
| Community Awareness and Education on Opioid Addiction Prevention – Fire Department | Fire Department | \$29,000 | |
| <p>This action establishes the Community Awareness and Education on Opioid Addiction Prevention – Fire Department in the amount of \$29,000 to provide temporary staffing in the Fire Department to create and disseminate public education materials related to the mitigation of opioid misuse, drug disposal, Good Samaritan laws, and treatment services. Staff will create an education outreach plan to work with schools and youth-based organizations to be implemented for the school year 2024-2025. This action is offset by Revenue from the State of California recommended elsewhere in this report.</p> | | | |
| Community Awareness and Education on Opioid Addiction Prevention – Police Department | Police Department | \$60,000 | |
| <p>This action establishes the Community Awareness and Education on Opioid Addiction Prevention – Police Department in the amount of \$60,000 to provide overtime funding (\$50,000) and associated non-personal/equipment funding (\$10,000) to the San José Police Department (SJPD) to conduct comprehensive education and training sessions for residents in English, Spanish, and Vietnamese, focusing on the prevention and intervention of opioid-related issues. The training will also include the proper use of Naloxone. Classes will be scheduled based on requests and strategic locations. Outreach efforts will be targeted at high-impact areas, as identified by our Crime Analysis Unit statistics indicating frequent opioid overdoses. Potential sites for these sessions include community centers, schools, libraries, and places of worship. SJPD will provide at least two classes per week, for a total of eight classes per month. This action is offset by Revenue from the State of California recommended elsewhere in this report.</p> | | | |
| San José Opioid Response Fund (130) | | \$769,000 | \$769,000 |

**Special Funds Recommended Budget Adjustments Summary
2023-2024 Mid-Year Budget Review**

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-----------------------------------|-------------|---------------|
| San José-Santa Clara Treatment Plant Operating Fund (513) | | | |
| Personal Services (Overage) | Office of the City Attorney | \$130,000 | |
| <p>This action increases the Office of the City Attorney's Personal Services appropriation by \$130,000 to align funding levels with higher than anticipated staff workload in support of activities funded by the San José-Santa Clara Treatment Plant Operating Fund. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | (\$130,000) | |
| <p>This action decreases the Ending Fund Balance to offset an action recommended in this report.</p> | | | |
| | | | |
| San José-Santa Clara Treatment Plant Operating Fund (513) | | \$0 | \$0 |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-----------------------------------|------------|---------------|
| Sewer Service And Use Charge Fund (541) | | | |
| Workers' Compensation Claims | Environmental Services Department | \$75,000 | |
| <p>This action increases the Workers' Compensation Claims appropriation in the Sewer Service and Use Charge Fund by \$75,000, from \$204,000 to \$279,000, to reflect higher than anticipated settlement and regular claim activity for 2023-2024. A corresponding decrease to the Ending Fund Balance offsets this action.</p> | | | |
| Non-Personal/Equipment (Training) | Transportation Department | \$45,000 | |
| <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$45,000 to fund training costs. The Pipeline Assessment Certification Program (PACP) must be completed by sewer maintenance employees who inspect wastewater pipes once every three to four years, upon expiration. The current cost per person is \$1,075, with 70 employees expected to renew their certification during 2023-2024, bringing the training cost to \$75,000. The department has allocated a budget of \$30,000 for PACP, resulting in a funding gap of \$45,000. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p> | | | |
| Non-Personal/Equipment (Vehicle Replacements) | Transportation Department | \$250,000 | |
| <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$250,000 to fund increased costs to replace vehicles. The cost to replace two combination sewer cleaning trucks, one Ford F450 truck, and a Video Van has increased in price due to continuing supply chain issues and the addition of safety and operational components for the vehicles. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p> | | | |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-----------------------------------|-------------|---------------|
| Sewer Service And Use Charge Fund (541) | | | |
| Non-Personal/Equipment (Equipment Rental) | Transportation Department | \$300,000 | |
| <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$300,000 to fund increased costs for vehicle rentals. Due to inflationary pressures and the need to rent more vehicles, the cost for vehicle rentals has increased, and the department can no longer absorb continually increasing costs in the existing budget. The additional funding will support the rental of two combination sewer cleaning trucks which are needed to maintain service levels in place of vehicles that are inoperable due to maintenance issues. Replacement vehicles have been requested, but, due to supply chain issues and delays in manufacturing, the department has had to rely on vehicle rentals. The ongoing costs will be incorporated into the development of the 2024-2025 Base Budget. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p> | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | (\$670,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | |
| Sewer Service And Use Charge Fund (541) | | \$0 | \$0 |

Special Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-----------------------------------|-------------|---------------|
| Storm Sewer Operating Fund (446) | | | |
| Personal Services (Overage) | Office of the City Attorney | \$170,000 | |
| This action increases the Office of the City Attorney's Personal Services appropriation by \$170,000 to align funding levels with higher than anticipated staff workload in support of activities funded by the Storm Sewer Operating Fund. A corresponding decrease to the Ending Fund Balance is recommended to offset this action. | | | |
| Workers' Compensation Claims | Environmental Services Department | \$25,000 | |
| This action increases the Workers' Compensation Claims appropriation in the Storm Water Operating Fund by \$25,000, from \$100,000 to \$125,000, to reflect higher than anticipated settlement and regular claim activity for 2023-2024. A corresponding decrease to the Ending Fund Balance offsets this action. | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | (\$195,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended in this report. | | | |
| | | \$0 | \$0 |
| Storm Sewer Operating Fund (446) | | | |
| | | \$0 | \$0 |
| Water Utility Fund (515) | | | |
| Banking Services | Finance Department | \$95,000 | |
| This action increases the Banking Services appropriation by \$95,000, from \$247,688 to \$342,688, due to higher than anticipated volume of service fees. These fees are based on the number of transactions processed by the City in-person or via online payment system for utility services. A corresponding decrease to the Ending Fund Balance is recommended to offset this action. | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | (\$95,000) | |
| This action decreases the Ending Fund Balance to offset an action recommended in this report. | | | |
| | | \$0 | \$0 |
| | | \$0 | \$0 |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|-----------------|-----------------|
| Airport Capital Improvement Fund (520) | | | |
| Airfield Electrical Circuit Rehabilitation | Airport | \$85,000 | |
| <p>This action increases the Airfield Electrical Circuit Rehabilitation appropriation by \$85,000, from \$50,000 to \$135,000. The additional funding, approved by the Federal Aviation Administration, will be used to purchase and install new electrical vault racks to replace ones that are deteriorated and unusable. A corresponding increase to the estimate for Revenue from the Federal Government is recommended to offset this action.</p> | | | |
| Revenue from Federal Government (TSA/FAA Grants) (Airfield Electrical Circuit Rehabilitation) | Airport | | \$85,000 |
| <p>This action increases the estimate for Revenue from the Federal Government by \$85,000 to align the budget with the actual grant award, including an approved change order to the Airfield Electrical Circuit Rehabilitation project. A corresponding action to increase the Airfield Electrical Circuit Rehabilitation appropriation is recommended to offset this action.</p> | | | |
| Airport Capital Improvement Fund (520) TOTAL | | \$85,000 | \$85,000 |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|---------------|---------------|
| Airport Renewal and Replacement Fund (527) | | | |
| Ending Fund Balance | Finance | \$3,400,000 | |
| This action increases the Ending Fund Balance to offset the actions recommended in this report. | | | |
| Program Management | Airport | \$(2,000,000) | |
| This action decreases the Program Management appropriation by \$2.0 million, from \$4.0 million to \$2.0 million. Airport Program Management is an allocation that provides funding for the planning and preparation of precursor projects as well as supporting the construction of the new terminal project, originally scoped to accommodate pre-pandemic passenger activity levels. More recent projections show that, although passenger activity levels are stable, they are not increasing at a rate that would support the investment to construct a new terminal at this time. The overall scope of the new terminal project will not change; instead the timeline is being adjusted to accommodate current and projected passenger activity levels. A corresponding increase to the Ending Fund Balance is recommended to offset this action. | | | |
| Terminal Roofing | Airport | \$(800,000) | |
| This action decreases the Terminal Roofing appropriation by \$800,000, from \$2.0 million to \$1.2 million, to reflect anticipated grant funding for this project from the Federal Aviation Administration. The Terminal Roofing project installs energy-efficient roofing to reduce heat gain and energy consumption at the Airport. A corresponding increase to the Ending Fund Balance is recommended to offset this action. | | | |
| Zero Emissions Buses | Airport | \$(600,000) | |
| This action decreases the Zero Emissions Buses appropriation by \$600,000, from \$2.0 million to \$1.4 million, to align the local share match portion of the total project budget with the actual grant award. The initial allocation assumed grant funding by the Federal Aviation Administration for six electric buses; however, Airport received grant funding for four electric buses. The action to decrease the grant portion of funding was approved by City Council as part of the 2022-2023 Annual Report. A corresponding increase to the Ending Fund Balance is recommended to offset this action. | | | |
| Airport Renewal and Replacement Fund (527) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|-----------------|-----------------|
| Building and Structure Construction Tax Fund (429) | | | |
| I-280 & Moorpark Signal Modification | Transportation | \$79,000 | |
| <p>This action increases the I-280 & Moorpark Signal Modification appropriation by \$79,000, from \$1,000 to \$80,000. This increase will fund higher than anticipated costs to upgrade the traffic signal poles to include mast arms. This is a grant funded project, and Caltrans has approved the amended grant agreement for the increased project costs. A corresponding increase to the estimate for Revenue from the State of California is recommended in this report.</p> | | | |
| Revenue from State of California (I-280 & Moorpark Signal Modification) | Transportation | | \$79,000 |
| <p>This action increases the estimate for Revenue from the State of California by \$79,000 for an amendment to a Caltrans grant to fund higher than anticipated costs for traffic signal mast arm poles related to the I-280 and Moorpark project. A corresponding increase to the I-280 & Moorpark Signal Modification appropriation is recommended in this report.</p> | | | |
| Building and Structure Construction Tax Fund (429) TOTAL | | \$79,000 | \$79,000 |
| | | | |
| Communications Construction and Conveyance Tax Fund (397) | | | |
| Communications Equipment Replacement and Upgrade | Public Works | \$79,000 | |
| <p>This action increases the Communications Equipment Replacement and Upgrade appropriation by \$79,000, from \$383,000 to \$462,000, to purchase new key loaders to manage encryption keys for public safety radios, shelving for storage and tracking of new radios, pelican boxes to store spare radios equipment at offsite locations, and replace existing antiquated radios not covered under the normal replacement schedule at the Public Works Radio Shop. A corresponding increase to the estimate for Other Revenue to recognize funding from the sale of surplus equipment is recommended in this report to offset this action.</p> | | | |
| Other Revenue (Sale of Surplus Equipment) | Public Works | | \$79,000 |
| <p>This action increases the estimate for Other Revenue by \$79,000 to recognize revenues received from the sale of surplus equipment at the radio shop. The funding is recommended for the purchase of replacement equipment and upgrade existing equipment for the radio shop. A corresponding increase to the Communications Equipment Replacement and Upgrade appropriation is recommended to offset this action.</p> | | | |
| Communications Construction and Conveyance Tax Fund (397) TOTAL | | \$79,000 | \$79,000 |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Construction Excise Tax Fund (465)

| | | | |
|--------------------------|----------------|-----------|--|
| 2023 Flood - Sierra Road | Transportation | \$866,803 | |
|--------------------------|----------------|-----------|--|

This action establishes the 2023 Flood – Sierra Road appropriation in the amount of \$866,803 to repair damage to Sierra Road as a result of flooding from the winter storms in 2023. This action will allow the department to encumber funds for repairs anticipated in early spring 2024. Notable repairs to be completed include soil displacement from washout, riprap supply and placement, and construction of GeoSynthetically Confined Soil (GCS) walls. While these repairs will be funded by reimbursements recently received from the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES) for previously-completed repairs from the 2017 flood, staff will also seek reimbursement from FEMA and CalOES for this project. A corresponding increase to the estimates for Revenue from Federal Government (\$692,100) and to the estimate for Revenue from the State of California (\$174,700) are recommended elsewhere in this report.

| | | | |
|--------------------------------------|----------------|-------------|--|
| BART Design and Construction Phase 2 | Transportation | \$1,200,000 | |
|--------------------------------------|----------------|-------------|--|

This action increases the BART Design and Construction Phase 2 appropriation by \$1.2 million, from \$103,000 to \$1.3 million, to appropriate funding from the second cooperative agreement between the Santa Clara Valley Transportation Authority (VTA) and the City of San José for the BART Silicon Valley Phase 2 Extension Project. This cost-reimbursement agreement will continue funding for the existing project costs. A corresponding action to increase the estimate for Revenue from Local Agencies is recommended in this report to offset this action.

| | | | |
|--------------------------------------|----------------|------------|--|
| BART Design and Construction Phase 2 | Transportation | \$(75,000) | |
|--------------------------------------|----------------|------------|--|

This action decreases the BART Design and Construction Phase 2 appropriation by \$75,000 and reallocates the funds to the Capital Program and Public Works Department Support Services Costs appropriation. This action will reallocate the budget for Public Works support costs from the project to the Capital Program and Public Works Department Support Services Costs appropriation where the costs will be charged. A corresponding action to increase the Capital Program and Public Works Department Support Services Costs appropriation is recommended in this report to offset the action.

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------|---------------|
|---------------|-------------------|------------|---------------|

Construction Excise Tax Fund (465)

| | | | |
|--|--------------|-----------|--|
| Capital Program and Public Works Department Support Service Costs (Construction Excise Tax Fund) | Public Works | \$161,000 | |
|--|--------------|-----------|--|

This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$161,000 in the Construction Excise Tax Fund to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. Corresponding decreases to the BART Design and Construction Phase 2 appropriation (\$75,000) and to the Ending Fund Balance (\$86,000) are recommended in this report to offset this action.

| | | | |
|--|--------------|-----------|--|
| Capital Program and Public Works Department Support Service Costs (VTA Measure B VRF Fund) | Public Works | \$278,000 | |
|--|--------------|-----------|--|

This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$278,000, from \$125,000 to \$403,000, in the VTA Measure B VRF Fund, a separate sub-fund to the Construction Excise Tax Fund, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Pavement Maintenance – VTA Measure B VRF appropriation is recommended in this report to offset this action.

| | | | |
|---|--------------|-----------|--|
| Capital Program and Public Works Department Support Service Costs (VTA Pavement Maintenance Fund) | Public Works | \$366,000 | |
|---|--------------|-----------|--|

This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$366,000, from \$170,000 to \$536,000, in the VTA Pavement Maintenance Fund, a separate sub-fund to the Construction Excise Tax Fund, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Pavement Maintenance – VTA 2016 Measure B appropriation is recommended in this report to offset this action.

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|------------|---------------|
| Construction Excise Tax Fund (465) | | | |
| Developer Contributions (Fiber Optic Permit Engineering) | Public Works | | \$290,000 |
| <p>This action increases the estimate for Developer Contributions by \$290,000, from \$210,000 to \$500,000, to recognize additional revenues received from the issuance of fiber optic project permits. Revenues from the permits is anticipated to be higher than initially estimated due to an increased number of fiber optic projects undertaken by the utility companies. A corresponding increase to the Fiber Optics Permit Engineering appropriation is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(86,000) | |
| <p>This action decreases the Construction Excise Tax Fund's Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Fiber Optic Permit Engineering | Public Works | \$290,000 | |
| <p>This action increases the Fiber Optics Permit Engineering appropriation by \$290,000, from \$264,000 to \$554,000. The Transportation Department is receiving a large volume of requests for fiber optic project permits from utility companies. The permit revenues are appropriated and will be used to fund future fiber optic projects. A corresponding increase to the revenue estimate for Developer Contributions is recommended in this report to offset this action.</p> | | | |
| Illegal Street Racing and Sideshow Deterrent Street Modifications | Transportation | \$20,000 | |
| <p>This action increases the Illegal Street Racing and Sideshow Deterrent Street Modifications appropriation by \$20,000, from \$26,800 to \$46,800, to appropriate developer contributions received to fund street racing deterrents and pedestrian safety improvements in front of City Hall on 5th Street and East Santa Clara Street. The project scope consists of installing bollards and pavement striping. A corresponding action to increase the estimate for Other Revenue is recommended in this report to offset this action.</p> | | | |
| Other Revenue (Illegal Street Racing and Sideshow Deterrent Street Modifications) | Transportation | | \$20,000 |
| <p>This action increases the estimate for Other Revenue by \$20,000 to recognize developer contributions received to fund street racing deterrent and pedestrian safety improvements in front of City Hall on 5th Street and East Santa Clara Street. A corresponding action to increase the Illegal Street Racing and Sideshow Deterrent Street Modifications appropriation is recommended in this report to offset this action.</p> | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|-------------|---------------|
| Construction Excise Tax Fund (465) | | | |
| Other Revenue (Pavement Maintenance - SB1 Road Repair and Accountability Act of 2017) | Transportation | | \$734,099 |
| <p>This action increases the estimate for Other Revenue by \$734,099 to recognize funds received as part of a cost sharing agreement with the Town of Los Gatos for work to be completed on Blossom Hill Road as part of the 2023 Major Streets Sealing project. A corresponding increase to the Pavement Maintenance – SB1 Road Repair & Accountability Act 2017 appropriation is recommended elsewhere in this report.</p> | | | |
| Other Revenue (Pavement Maintenance - VTA Measure B VRF) | Transportation | | \$44,113 |
| <p>This action increases the estimate for Other Revenue by \$44,113 to recognize funds received as part of a cost sharing agreement with the City of Saratoga for work completed as part of the 2023 Major Streets Sealing project in October 2023. A corresponding action to increase the Pavement Maintenance – VTA Measure B VRF appropriation is recommended in this report to offset this action.</p> | | | |
| Pavement Maintenance - SB1 Road Repair & Accountability Act 2017 | Transportation | \$734,099 | |
| <p>This action increases the Pavement Maintenance – SB1 Road Repair & Accountability Act 2017 appropriation by \$734,099, from \$31.8 million to \$32.6 million, to appropriate funds received as part of a cost sharing agreement with the Town of Los Gatos for work to be completed on Blossom Hill Road as part of the 2023 Major Streets Sealing project. This action will provide funds for the Transportation Department's 2023-2024 pavement maintenance projects. A corresponding increase to the estimate for Other Revenue is recommended in this report to offset this action.</p> | | | |
| Pavement Maintenance - VTA 2016 Measure B | Transportation | \$(366,000) | |
| <p>This action decreases the Pavement Maintenance – VTA 2016 Measure B appropriation by \$366,000, from \$12.2 million to \$11.8 million, and reallocates funding to the Capital Program and Public Works Department Support Service Cost appropriation. This action will reallocate the budget for Public Works support costs from the project to the Capital Program and Public Works Department Support Services Costs appropriation where the costs will be charged. A corresponding increase to the Capital Program and Public Works Department Support Service Costs appropriation is recommended elsewhere in this report.</p> | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|-------------|---------------|
| Construction Excise Tax Fund (465) | | | |
| Pavement Maintenance - VTA Measure B VRF | Transportation | \$1,274,181 | |
| <p>This action increases the Pavement Maintenance – VTA Measure B VRF appropriation by a net \$1.3 million, from \$9.1 million to \$10.4 million, to appropriate funds from the Santa Clara Valley Transportation Authority for pavement maintenance. This action includes an increase of \$1.5 million to recognize Measure B Vehicle Registration Fees above the initial estimate for 2023-2024, an increase of \$44,113 from a cost sharing agreement with the City of Saratoga for work done as part of the 2023 Major Streets Sealing project, and a decrease of \$278,000 to reallocate funding to the Capital Program and Public Works Department Support Services Costs appropriation. The revenues will provide funds for the Transportation Department's 2023-2024 pavement maintenance projects. Corresponding increases to the estimate for Revenue from Local Agencies and Other Revenue and a corresponding increase to the Capital Program and Public Works Department Support Services Costs appropriation are recommended in this report to offset this action.</p> | | | |
| Revenue from Local Agencies (BART Design and Construction Phase 2) | Transportation | | \$1,200,000 |
| <p>This action increases the estimate for Revenue from Local Agencies by \$1,200,000 to recognize funding from the second cooperative agreement between the Santa Clara Valley Transportation Authority (VTA) and the City of San José for the BART Silicon Valley Phase 2 Extension Project. Funds will be provided by the VTA on a cost-reimbursement basis. A corresponding action to increase the BART Design and Construction Phase 2 appropriation is recommended in this report to offset this action.</p> | | | |
| Revenue from Local Agencies (Santa Clara Valley Transit Authority) | Transportation | | \$1,508,068 |
| <p>This action increases the estimate for Revenue from Local Agencies by \$1.5 million to recognize funds to align the budget with the anticipated Measure B Vehicle Registration Fees from the Santa Clara Valley Transit (VTA) for pavement maintenance. The VTA had initially provided an estimate of anticipated revenues, which was included as part of the development of the 2023-2024 Adopted Capital Budget; however, the VTA provided updated revenue estimates and this action aligns with the revised estimates. A corresponding action to increase the Pavement Maintenance – VTA Measure B VRF appropriation is recommended in this report to offset this action.</p> | | | |

Capital Funds Recommended Budget Adjustments Summary 2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|--------------------|--------------------|
| Construction Excise Tax Fund (465) | | | |
| Revenue from State of California (2023 Flood - Sierra Road) | Transportation | | \$174,714 |
| <p>This action increases the estimate for Revenue from State of California by \$174,714 to recognize funds received from CalOES for previously completed repairs of Sierra Road due to flooding from the winter storms in 2017. This revenue will be used to partially address the recent damage from the 2023 storm as described elsewhere in this report.</p> | | | |
| Revenue from the Federal Government (2023 Flood - Sierra Road) | Transportation | | \$692,089 |
| <p>This action increases the estimate for Revenue from Federal Government by \$692,089 to recognize funds received from FEMA for previously completed repairs needed for damage to Sierra Road due to flooding from the winter storms in 2017. This revenue will be used to partially address the recent damage from the 2023 storm as described elsewhere in this report.</p> | | | |
| Construction Excise Tax Fund (465) TOTAL | | \$4,663,083 | \$4,663,083 |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|---|-------------|---------------|
| Convention and Cultural Affairs Capital Fund (560) | | | |
| Ending Fund Balance Adjustment | Finance | \$(383,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended elsewhere in this report. | | | |
| Rehabilitation / Repair - Electrical | Office of Economic Development and Cultural Affairs | \$245,000 | |
| This action increases the Rehabilitation / Repair - Electrical appropriation by \$245,000, from \$40,000 to \$285,000, to replace and upgrade the house lighting at the California Theater which has reached arch failure status. This project allocation is offset by a decrease to the Ending Fund Balance. | | | |
| Rehabilitation / Repair - Mechanical | Office of Economic Development and Cultural Affairs | \$98,000 | |
| This action increases the Rehabilitation / Repair - Mechanical appropriation by \$98,000, from \$186,000 to \$284,000, to overhaul the seismic sensor for the Center for Performing Arts balcony. This funding provides for the complete overhaul of the obsolete sensor and notification system, which detects stress and excess movement on the balcony due to crowd activity, notifying security and activating the house lights and a recorded announcement for crowd control. This project allocation is offset by a decrease to the Ending Fund Balance. | | | |
| Rehabilitation / Repair - Structures | Office of Economic Development and Cultural Affairs | \$(15,000) | |
| This action eliminates the Rehabilitation / Repair - Structures appropriation in the amount of \$15,000, to reallocate project balances that were carried forward from 2022-2023 to supplement funding in the Rehabilitation / Repair - Unanticipated appropriation. This shift enables Team San Jose, in consultation with the City, to more flexibly address urgent projects arising at theater facilities during the second half of 2023-2024. A corresponding increase to the Rehabilitation / Repair - Unanticipated appropriation is recommended elsewhere in this report. | | | |
| Rehabilitation / Repair - Unanticipated | Office of Economic Development and Cultural Affairs | \$55,000 | |
| This action increases the Rehabilitation / Repair - Unanticipated appropriation by \$55,000, from \$211,000 to \$266,000, to provide additional capacity for Team San Jose, in consultation with the City, to flexibly address urgent projects arising at theater facilities during the second half of 2023-2024. This project allocation is offset by decreases to the Ending Fund Balance and the Rehabilitation / Repair - Structures appropriations. | | | |
| Convention and Cultural Affairs Capital Fund (560) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|---|--------------------|--------------------|
| Convention Center Facilities District Capital Fund (798) | | | |
| Convention Center Rehabilitation/Repair - Electrical | Office of Economic Development and Cultural Affairs | \$754,000 | |
| <p>This action increases the Convention Center Rehabilitation/Repair - Electrical appropriation by \$754,000 to allocate funding for emergent, priority projects in 2023-2024. Projects include: marquee replacement/repair; port fiber switch, networking switch, and Paessler Router Traffic Grapher (PRTG) Network Monitor probes; wireless access point upgrades; chiller power module replacement; acquisition of customer relationship management (CRM) and digital asset management (DAM) software platforms; and, various lighting and audio system maintenance and upgrades at the San José McEnery Convention Center.</p> | | | |
| Convention Center Rehabilitation/Repair - Mechanical | Office of Economic Development and Cultural Affairs | \$562,000 | |
| <p>This action increases the Convention Center Rehabilitation/Repair - Mechanical appropriation by \$562,000 to allocate funding for emergent, priority projects in 2023-2024. Projects include: acquiring and installing a new dish machine for the main kitchen to support food and beverage operations; replacing scissor lifts; inspecting the chiller system; acquiring dual lane metal detectors to improve security and streamline patron entry; replacing Taylor Dunn utility carts; and, installing integrated variable frequency drives for exhaust/supply fans at the San José McEnery Convention Center.</p> | | | |
| Convention Center Rehabilitation/Repair - Miscellaneous | Office of Economic Development and Cultural Affairs | \$343,000 | |
| <p>This action increases the Convention Center Rehabilitation/Repair - Miscellaneous appropriation by \$343,000 to allocate funding for emergent, priority projects in 2023-2024. Projects include: kitchen equipment and supplies to support food and beverage operations; miscellaneous facility equipment (carpet sweepers, floor scrubbers, trash receptacles, drapes, cross bars, bases, poles, dollies, etc.); replacing 80 end-of-life digital signage players; and, eyebolt repairs/replacements located at the main entry wall and portal façade at the San José McEnery Convention Center.</p> | | | |
| Transfers and Reimbursements (Transfer from Convention Center Facility District Revenue Fund) | Office of Economic Development and Cultural Affairs | | \$1,659,000 |
| <p>This action increases the revenue estimate for Transfers and Reimbursements from the Convention Center Facility District Revenue Fund by \$1.7 million, from \$350,000 to \$2.0 million, to support emergent capital improvement projects at the San José McEnery Convention Center for 2023-2024, as detailed elsewhere in this report.</p> | | | |
| Convention Center Facilities District Capital Fund (798) TOTAL | | \$1,659,000 | \$1,659,000 |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|---|---------------|---------------|
| Council District 8 Construction and Conveyance Tax Fund (386) | | | |
| Ending Fund Balance Adjustment | Finance | \$(130,000) | |
| This action decreases the Ending Fund Balance to offset an action recommended in this report. | | | |
| Groesbeck Hill Park Sport Courts Renovation | Parks, Recreation and Neighborhood Services | \$130,000 | |
| This action establishes the Groesbeck Hill Park Sport Courts Renovation project by \$130,000. The three sport courts at the park have large surface cracks that make them unsafe and can cause tripping hazards. If the additional funding is approved, the sport courts safety improvements are anticipated to be completed by spring 2024. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action. | | | |
| Council District 8 Construction and Conveyance Tax Fund (386) TOTAL | | | |
| Fire Construction and Conveyance Tax Fund (392) | | | |
| Emergency Equipment Reserve | Fire | \$(1,100,000) | |
| This action liquidates the Emergency Equipment Reserve appropriation by \$1.1 million to offset the corresponding increase to the Emergency Medical Services Equipment appropriation as recommended in this report. | | | |
| Emergency Medical Services Equipment | Fire | \$1,405,000 | |
| This action increases the Emergency Medical Services Equipment appropriation by \$1.4 million, from \$387,000 to \$1.8 million, for the procurement of 37 LifePack-15 Emergency Medical Services defibrillators as part of the replacement program. Corresponding actions to liquidate the Emergency Equipment Reserve (\$1.1 million) and decrease to the Ending Fund Balance (\$305,000) are recommended in this report to offset this action. | | | |
| Ending Fund Balance Adjustment | Finance | \$(305,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended in this report. | | | |
| Fire Construction and Conveyance Tax Fund (392) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|-------------|---------------|
| General Purpose Parking Capital Fund (559) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$100,000 | |
| <p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$100,000, from \$157,000 to \$257,000, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(100,000) | |
| <p>This action decreases the General Purpose Parking Capital Fund's Ending Fund Balance to offset an action recommended in this report.</p> | | | |
| General Purpose Parking Capital Fund (559) TOTAL | | | |
| Library Construction and Conveyance Tax Fund (393) | | | |
| Almaden Library Roof Replacement | Library | \$406,000 | |
| <p>This action establishes the Almaden Community Center Roof Replacement appropriation in the Library's Construction & Conveyance Tax Fund in the amount of \$406,000 to fund Library's portion of the Almaden Community Center and Library roof replacement.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(656,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this section.</p> | | | |
| Facilities Improvements - Library (Improvements and Repairs) | Library | \$250,000 | |
| <p>This action increases the Library's Facilities Improvements appropriation in the Construction & Conveyance Tax Fund in the amount of \$250,000, from \$173,000 to \$423,000 to fund various Library improvements. Improvements funded through this action are including but not limited to HVAC repairs, mold removal, and furniture repair.</p> | | | |
| Library Construction and Conveyance Tax Fund (393) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|---|-------------|---------------|
| Parks Central Construction and Conveyance Tax Fund (390) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$142,000 | |
| <p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$142,000, from \$758,000 to \$900,000, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(303,000) | |
| <p>This action decrease the Ending Fund Balance to offset the actions recommended in this report.</p> | | | |
| Weed Abatement | Parks, Recreation and Neighborhood Services | \$161,000 | |
| <p>This action increases the Weed Abatement appropriation by \$161,000, from \$250,000 to \$411,000. Weed abatement work was completed in 2022-2023; however, the invoices were not paid and the funding was inadvertently not rebudgeted to 2023-2024. This action increases the Weed Abatement allocation in the current year to allow for the 2022-2023 invoice to be fully paid. A corresponding action to decrease the Ending Fund Balance is recommended in this report.</p> | | | |
| Parks Central Construction and Conveyance Tax Fund (390) TOTAL | | | |
| Parks City-Wide Construction and Conveyance Tax Fund (391) | | | |
| 2013 RIM Fire Claims Reimbursement | Parks, Recreation and Neighborhood Services | \$62,000 | |
| <p>This action establishes the 2013 RIM Fire Claims Reimbursement appropriation in the amount of \$62,000. The funding will reimburse Federal Emergency Management Agency (FEMA) and California Governor's Office of Emergency Services (CalOES) a total of \$62,000. San José Family Camp was impacted by the 2013 Rim Fire, requiring the City to repair portions of Family Camp that were damaged in the fire. These repairs were reimbursed by funding received from the City's insurance provider, FEMA, and CalOES. However, the City was recently notified that CalOES and FEMA reimbursed the City for a portion of repairs that were also reimbursed by the City's insurance provider. Therefore, CalOES and FEMA are requiring the City to return \$62,000 back to the agencies. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(62,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Parks City-Wide Construction and Conveyance Tax Fund (391) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|-------------|---------------|
| Service Yards Construction and Conveyance Tax Fund (395) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$20,000 | |
| <p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$20,000, from \$31,000 to \$51,000, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Central Service Yard - Fire Alarm Panels | Public Works | \$300,000 | |
| <p>This action establishes the Central Service Yard - Fire Alarm Panels appropriation in the amount of \$300,000. The funding will go towards the replacement of fire alarm panels that serve buildings A, C, D, and E at the Central Service Yard. The panels are past their end of life, obsolete, experiencing more malfunctions and getting more difficult to repair each time. This action is recommended to be offset by a decrease to the Central Service Yard - Pavement Replacement appropriation.</p> | | | |
| Central Service Yard - Pavement Replacement (Savings) | Public Works | \$(300,000) | |
| <p>This action decreases the Central Service Yard – Pavement Replacement appropriation by \$300,000, from \$1.5 million to \$1.2 million. The Pavement Replacement program was able to patch, repair, and replace both asphalt and concrete as needed in various areas throughout the Central Service Yard and it is estimated to be completed with approximately \$300,000 in savings. A corresponding action to reallocate the project savings to establish the Central Service Yard - Fire Alarm Panels project is recommended in this report.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(20,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Service Yards Construction and Conveyance Tax Fund (395) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|------------|---------------|
| Sewer Service and Use Charge Capital Improvement Fund (545) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$50,000 | |
| <p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$50,000, from \$1.9 million to \$2.0 million, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | |
| Ending Fund Balance Adjustment | Finance | \$(50,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | |
| Sewer Service and Use Charge Capital Improvement Fund (545) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|---|-------------|---------------|
| Subdivision Park Trust Fund (375) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$47,000 | |
| <p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$47,000, from \$722,000 to \$769,000, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Future PDO/PIO Project Reserve appropriation is recommended in this report to offset this action.</p> | | | |
| Future PDO/PIO Project Reserve | Parks, Recreation and Neighborhood Services | \$(597,000) | |
| <p>This action decrease the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p> | | | |
| Plaza de César Chávez Interim Improvements | Parks, Recreation and Neighborhood Services | \$250,000 | |
| <p>This action increases the Plaza de César Chávez Interim Improvements appropriation by \$250,000, from \$268,000 to \$518,000. The electrical transformer, which provides power to Plaza de César Chávez Park is located in an underground vault. The vault needs servicing by PG&E; however, PG&E will not service the vault until it is moved above ground. A recommendation to allocate additional funding of \$250,000 will allow the project scope to be expanded to include relocating the transformer and will ensure sufficient funding is available for PG&E to service it. A corresponding decrease to the Future PDO/PIO Projects Reserve is included in recommended in this report to offset this action.</p> | | | |
| TRAIL: Los Gatos Creek Reach II Development | Parks, Recreation and Neighborhood Services | \$300,000 | |
| <p>This action increases the TRAIL: Los Gatos Creek Reach II Development appropriation by \$300,000, from \$150,000 to \$450,000. Winter storms from December 2022 to January 2023 caused damage and erosion to the Los Gatos Creek Trail Reach II. The design phase, including securing necessary permits, is almost complete and the project construction bid is anticipated to be awarded before the end of the fiscal year. In order to complete the project design and award the construction contract, additional funding of \$300,000 is needed. A corresponding recommendation to decrease the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p> | | | |
| Subdivision Park Trust Fund (375) TOTAL | | | |

Capital Funds Recommended Budget Adjustments Summary

2023-2024 Mid-Year Budget Review

| <u>Action</u> | <u>Department</u> | <u>Use</u> | <u>Source</u> |
|---|-------------------|-------------|---------------|
| Underground Utility Fund (416) | | | |
| Ending Fund Balance Adjustment | Finance | \$(200,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended in this report. | | | |
| Underground Utility Administration (20A) | Public Works | \$200,000 | |
| This action increases the Underground Utility Administration (20A) appropriation by \$200,000, from \$340,000 to \$540,000, to fund additional staff time to legislate \$38 million worth of Rule 20A work credits. On September 19, 2023, City Council approved (Item 3.5) the proposed work plan for the Rule 20A Underground Utility Program and provided direction to the Public Works Department for the establishment of additional underground utility districts. This funding will allow staff to perform the constructability study, coordinate with utilities companies for project walk through, and conduct community outreach for additional underground utility districts. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. | | | |
| Underground Utility Fund (416) TOTAL | | | |
| Water Utility Capital Fund (500) | | | |
| Capital Program and Public Works Department Support Service Costs | Public Works | \$100,000 | |
| This action increases the Capital Program and Public Works Department Support Services Costs appropriation by \$100,000, from \$74,000 to \$174,000, to reconcile the corresponding expenses to the Public Works Program Support Fund. The Public Works Program Support Fund is an internal service fund which manages and organizes the staff costs and non-personal/equipment expenses related to the Public Works Department assisting many of the active capital projects. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. | | | |
| Ending Fund Balance Adjustment | Finance | \$(100,000) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | |
| Water Utility Capital Fund (500) TOTAL | | | |

**General Fund
Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
2023-2024 Mid-Year Budget Review**

| Department/Proposal | | USE | | SOURCE | | Beg Fund Balance | NET COST |
|--|--|-------------------|------------------------|-----------|---------|------------------|-----------|
| | | Personal Services | Non-Personal/Equipment | Total Use | Revenue | | |
| DEPARTMENTAL EXPENSES | | | | | | | |
| Office of the City Attorney | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 256,818 | - | 256,818 | - | - | 256,818 |
| Office of the City Clerk | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 22,618 | - | 22,618 | - | - | 22,618 |
| Office of the City Manager | | | | | | | |
| Urgent Fiscal-Program Needs | Non-Personal/Equipment (Rapid Response Network) | - | 100,000 | 100,000 | - | - | 100,000 |
| Office of the City Manager | | | | | | | |
| Grants-Reimbursements-Fees | Non-Personal/Equipment/Other Revenue (Community Engagement Framework) | - | 40,000 | 40,000 | 40,000 | - | - |
| Office of the City Manager | | | | | | | |
| Clean-Up Actions | Tech Adjust: Personal Services (Reallocation from Non-Personal/Equipment for Office of Administration, Policy and Intergovernmental Relations) | 40,000 | - | 40,000 | - | - | 40,000 |
| Office of the City Manager | | | | | | | |
| Clean-Up Actions | Tech Adjust: Non-Personal/Equipment (Reallocation to Personal Services for Office of Administration, Policy and Intergovernmental Relations) | - | (40,000) | (40,000) | - | - | (40,000) |
| City Manager - Office of Economic Development and Cultural Affairs | | | | | | | |
| Required Technical-Rebalancing Actions | Non-Personal/Equipment (Capital Facilities Master Plan for SAP Center) | - | 75,000 | 75,000 | - | - | 75,000 |
| Finance Department | | | | | | | |
| Required Technical-Rebalancing Actions | Non-Personal/Equipment (Pension Obligation Bonds Consulting Services) | - | 50,000 | 50,000 | - | - | 50,000 |
| Finance Department | | | | | | | |
| Clean-Up Actions | Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Contractual Staffing) | (100,000) | - | (100,000) | - | - | (100,000) |

**General Fund
Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
2023-2024 Mid-Year Budget Review**

Section III

| Department/Proposal | | USE | | SOURCE | | NET COST | |
|--|---|-------------------|------------------------|-----------|---------|----------|------------------|
| | | Personal Services | Non-Personal/Equipment | Total Use | Revenue | | Beg Fund Balance |
| DEPARTMENTAL EXPENSES | | | | | | | |
| | Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Contractual Staffing) | - | 100,000 | 100,000 | - | - | 100,000 |
| Fire Department | | | | | | | |
| | Personal Services (Emergency Medical Services Field Coordinator Staffing) | 600,000 | - | 600,000 | - | - | 600,000 |
| Required Technical-Rebalancing Actions | | | | | | | |
| Fire Department | | | | | | | |
| | Personal Services/Revenue from State of California (Strike Team Reimbursement) | 213,186 | - | 213,186 | 213,186 | - | - |
| Grants-Reimbursements-Fees | | | | | | | |
| | Non-Personal/Equipment/Revenue from State of California (Strike Team Reimbursement) | - | 13,604 | 13,604 | 13,604 | - | - |
| Fire Department | | | | | | | |
| | Salary and Benefits Program | 1,229,943 | - | 1,229,943 | - | - | 1,229,943 |
| Clean-Up Actions | | | | | | | |
| Human Resources Department | | | | | | | |
| | Non-Personal/Equipment (Employee Health Services Third-Party Administration) | - | 113,000 | 113,000 | - | - | 113,000 |
| Required Technical-Rebalancing Actions | | | | | | | |
| Human Resources Department | | | | | | | |
| | Tech Adjust: Non-Personal/Equipment (Reallocation to Personal Services for Learning & Development Temporary Staffing) | - | (75,000) | (75,000) | - | - | (75,000) |
| Clean-Up Actions | | | | | | | |
| | Tech Adjust: Personal Services (Reallocation from Non-Personal/Equipment for Learning & Development Temporary Staffing) | 75,000 | - | 75,000 | - | - | 75,000 |
| | Salary and Benefits Program | 79,671 | - | 79,671 | - | - | 79,671 |
| Information Technology Department | | | | | | | |
| | Salary and Benefits Program | 239,123 | - | 239,123 | - | - | 239,123 |
| Clean-Up Actions | | | | | | | |
| Library Department | | | | | | | |
| | Non-Personal/Equipment (Cost Sharing Agreement with SJSU) | - | 53,426 | 53,426 | - | - | 53,426 |
| Required Technical-Rebalancing Actions | | | | | | | |

**General Fund
Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
2023-2024 Mid-Year Budget Review**

| Department/Proposal | | USE | | SOURCE | | Beg Fund Balance | NET COST |
|--|---|-------------------|-------------------------|-----------|---------|------------------|-----------|
| | | Personal Services | Non-Personal/ Equipment | Total Use | Revenue | | |
| DEPARTMENTAL EXPENSES | | | | | | | |
| Library Department | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 213,764 | - | 213,764 | - | - | 213,764 |
| Mayor & City Council | | | | | | | |
| Grants-Reimbursements-Fees | Council District #01/Other Revenue (Sponsorship) | 2,000 | - | 2,000 | 2,000 | - | - |
| | Council District #03/Other Revenue (Sponsorship) | 6,000 | - | 6,000 | 6,000 | - | - |
| | Council District #08/Other Revenue (Sponsorship) | 5,000 | - | 5,000 | 5,000 | - | - |
| Mayor & City Council | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 37,503 | - | 37,503 | - | - | 37,503 |
| Parks, Recreation and Neighborhood Services Department | | | | | | | |
| Grants-Reimbursements-Fees | Non-Personal/Equipment/Other Revenue (River Glen Park Little League Repair) | - | 37,000 | 37,000 | 37,000 | - | - |
| Planning, Building and Code Enforcement Department | | | | | | | |
| Grants-Reimbursements-Fees | Non-Personal/Equipment/Revenue from State of California (Caltrans - Eastside Alum Rock Urban Village) | - | 83,000 | 83,000 | 83,000 | - | - |
| Police Department | | | | | | | |
| Required Technical-Rebalancing Actions | Non-Personal/Equipment (Bulletproof Vest Partnership 2023) | - | (26,961) | (26,961) | - | - | (26,961) |
| | Personal Services (Overtime Overage) | 5,000,000 | - | 5,000,000 | - | - | 5,000,000 |
| Police Department | | | | | | | |
| Clean-Up Actions | Tech Adjust: Personal Services (Salary and Benefits to Overtime Reallocation of \$17.0 million) | - | - | - | - | - | - |
| | Salary and Benefits Program | 6,245,513 | - | 6,245,513 | - | - | 6,245,513 |
| Public Works Department | | | | | | | |
| Required Technical-Rebalancing Actions | Non-Personal/Equipment (Animal Care and Services - Medical Services) | - | 250,000 | 250,000 | - | - | 250,000 |

General Fund
Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
2023-2024 Mid-Year Budget Review

Section III

| Department/Proposal | USE | | SOURCE | | Beg Fund Balance | NET COST | |
|--|--|------------------------|------------------|-------------------|------------------|----------|-------------------|
| | Personal Services | Non-Personal/Equipment | Total Use | Revenue | | | |
| DEPARTMENTAL EXPENSES | | | | | | | |
| | Non-Personal/Equipment (Animal Care and Services - Food Supplies) | - | 200,000 | 200,000 | - | - | 200,000 |
| | Personal Services (Animal Care and Services - Veterinarian Staffing) | 160,000 | - | 160,000 | - | - | 160,000 |
| | Non-Personal/Equipment (Janitorial Contract Services) | - | 2,700,000 | 2,700,000 | - | - | 2,700,000 |
| | Non-Personal/Equipment (Security Contract Services) | - | 350,000 | 350,000 | - | - | 350,000 |
| | Non-Personal/Equipment (Emergency Operation Center - Utilities and Phones) | - | 50,000 | 50,000 | - | - | 50,000 |
| Public Works Department | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 415,375 | - | 415,375 | - | - | 415,375 |
| Transportation Department | | | | | | | |
| Required Technical-Rebalancing Actions | Personal Services (Overtime Overage) | 250,000 | - | 250,000 | - | - | 250,000 |
| | Non-Personal/Equipment (Supplies and Materials Savings) | - | (250,000) | (250,000) | - | - | (250,000) |
| | Non-Personal/Equipment (Electricity) | - | 887,932 | 887,932 | - | - | 887,932 |
| Transportation Department | | | | | | | |
| Clean-Up Actions | Salary and Benefits Program | 214,279 | - | 214,279 | - | - | 214,279 |
| DEPARTMENTAL EXPENSES TOTAL | | | | | | | |
| | | 15,205,793 | 4,711,001 | 19,916,794 | 399,790 | - | 19,517,004 |

General Fund
 Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
 2023-2024 Mid-Year Budget Review

| Department/Proposal | USE | | SOURCE | | Beg Fund Balance | NET COST | |
|--|--|-------------------------|--------------|--------------|------------------|----------|--------------|
| | Personal Services | Non-Personal/ Equipment | Total Use | Revenue | | | |
| CITY-WIDE EXPENSES | | | | | | | |
| Required Technical-Rebalancing Actions | Workers' Compensation Claims - Fire | - | 1,000,000 | 1,000,000 | - | - | 1,000,000 |
| | Workers' Compensation Claims - PRNS | - | (250,000) | (250,000) | - | - | (250,000) |
| | Bulletproof Vest Partnership 2023/Revenue from Federal Government | - | 53,922 | 53,922 | 26,961 | - | 26,961 |
| | Workers' Compensation Claims - Police | - | (750,000) | (750,000) | - | - | (750,000) |
| | Emergency Housing - Emergency Housing Construction and Operation | - | (3,000,000) | (3,000,000) | - | - | (3,000,000) |
| | Workers' Compensation State License | - | 262,000 | 262,000 | - | - | 262,000 |
| | Emergency Interim Housing Construction and Operation | - | (25,850,000) | (25,850,000) | - | - | (25,850,000) |
| | Local Early Action Planning - Housing and Community Development Grant/Revenue from State of California | - | 110,000 | 110,000 | 110,000 | - | - |
| | Library Grants/Other Revenue (Bananas Family, Friend, and Neighbor Learning Community Mini Grant) | - | 5,000 | 5,000 | 5,000 | - | - |
| | Northern California Regional Intelligence Center – Police 2023/Revenue from Federal Government | - | 152,065 | 152,065 | 152,065 | - | - |
| Grants-Reimbursements-Fees | SJPL Foundation Grants/Other Revenue (San José Evening News Digital Archive) | - | 337,456 | 337,456 | 337,456 | - | - |
| | Urban Areas Security Initiative Grant - Police 2022/Revenue from Federal Government | - | 60,980 | 60,980 | 60,980 | - | - |

General Fund
 Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
 2023-2024 Mid-Year Budget Review

Section III

| Department/Proposal | USE | | SOURCE | | NET COST | | |
|---------------------------|--|-------------------------|---------------------|---------------------|------------------|---|---------------------|
| | Personal Services | Non-Personal/ Equipment | Total Use | Revenue | Beg Fund Balance | | |
| CITY-WIDE EXPENSES | | | | | | | |
| | Connecting Neighbors to Neighbors Grant/Revenue from State of California | - | 1,000,000 | 1,000,000 | 1,000,000 | - | - |
| | Blue Zones Project San José Readiness Assessment/Other Revenue | - | 350,000 | 350,000 | 350,000 | - | - |
| | Department of Alcohol Beverage Control (ABC) Grant 2024/Revenue from State of California | - | 40,000 | 40,000 | 40,000 | - | - |
| | CPUC Local Agency Technical Assistance Grant/Revenue from State of California | - | 500,000 | 500,000 | 500,000 | - | - |
| | San José Creates and Connects/Other Revenue | - | 140,000 | 140,000 | 140,000 | - | - |
| | County of Santa Clara EMS Trust Fund - 2023/Revenue from Local Agencies | - | 50,761 | 50,761 | 50,761 | - | - |
| | State Homeland Security Grant Program - Police 2023/Revenue from Federal Government | - | 19,648 | 19,648 | 19,648 | - | - |
| | Creative Licenses Ambassador Program/Revenue from Federal Government | - | 30,000 | 30,000 | 30,000 | - | - |
| | SJPL Foundation Grants/Other Revenue (Youth Programming) | - | 68,064 | 68,064 | 68,064 | - | - |
| | Northern California Regional Intelligence Center – Police 2022/Revenue from Federal Government | - | 11,013 | 11,013 | 11,013 | - | - |
| | Neighborhood Business Districts/Other Revenue | - | 25,000 | 25,000 | 25,000 | - | - |
| Clean-Up Actions | Rebudget: Park Strip Tree Planting | - | 2,647 | 2,647 | - | - | 2,647 |
| | CITY-WIDE EXPENSES TOTAL | - | (25,631,444) | (25,631,444) | 2,926,948 | - | (28,558,392) |

General Fund
Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | USE | | SOURCE | | Beg Fund Balance | NET COST | |
|--|--|-------------------------|--------------------|--------------------|------------------|----------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Total Use | Revenue | | | |
| CAPITAL PROJECT EXPENSES | | | | | | | |
| Required Technical-Rebalancing Actions | Interim Housing - Rue Ferrari Expansion | - | 12,500,000 | 12,500,000 | - | - | 12,500,000 |
| | Berryessa Supportive Parking | - | 19,350,000 | 19,350,000 | - | - | 19,350,000 |
| | CAPITAL PROJECTS EXPENSES TOTAL | - | 31,850,000 | 31,850,000 | - | - | 31,850,000 |
| EARMARKED RESERVES | | | | | | | |
| Required Technical-Rebalancing Actions | 2023-2024 Ending Fund Balance Reserve | - | 13,450,000 | 13,450,000 | - | - | 13,450,000 |
| | Pension Obligation Bonds Consulting Services Reserve | - | (25,000) | (25,000) | - | - | (25,000) |
| | Police Department Sworn Backfill Reserve | - | (5,000,000) | (5,000,000) | - | - | (5,000,000) |
| | Measure E - Interim Housing Constructions and Operations Reserve (15% HSP) | - | (3,000,000) | (3,000,000) | - | - | (3,000,000) |
| Clean-Up Actions | Salaries and Benefits Reserve (Salary and Benefits Program) | - | (8,954,607) | (8,954,607) | - | - | (8,954,607) |
| | EARMARKED RESERVES TOTAL | - | (3,529,607) | (3,529,607) | - | - | (3,529,607) |

General Fund
 Recommended Budget Adjustments and Clean-Up Actions/Rebudget Actions
 2023-2024 Mid-Year Budget Review

Section III

| Department/Proposal | USE | | SOURCE | | Beg Fund Balance | NET COST | | |
|--|-------------------|--|-------------------|------------------|-------------------|-------------------|---|---------------------|
| | Personal Services | Non-Personal/ Equipment | Total Use | Revenue | | | | |
| REVENUE ADJUSTMENTS | | | | | | | | |
| Required Technical-Rebalancing Actions | | Transfers and Reimbursements (Interest Income) | - | - | - | 1,310,000 | - | (1,310,000) |
| | | Transfers and Reimbursements (Transfer from the American Rescue Plan Fund) | - | - | - | (541,995) | - | 541,995 |
| | | Property Tax | - | - | - | 13,500,000 | - | (13,500,000) |
| | | Revenue from Use of Money/Property (Interest Income) | - | - | - | 3,500,000 | - | (3,500,000) |
| | | Fees, Rates and Charges (PRNS Fee Revenue) | - | - | - | 2,000,000 | - | (2,000,000) |
| | | Transfer and Reimbursements (C&C Transfer) | - | - | - | (489,000) | - | 489,000 |
| | | REVENUE ADJUSTMENTS TOTAL | - | - | - | 19,279,005 | - | (19,279,005) |
| | | GENERAL FUND TOTAL | 15,205,793 | 7,399,950 | 22,605,743 | 22,605,743 | - | - |



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|---|-------------------|------------------------|-------------|---------------------|-------------|----------------|------------------|-------------|
| American Rescue Plan Fund (402) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Finance | | | | | | | | | |
| Department | Fund Balance Reconciliation | - | - | - | (\$541,995) | (\$541,995) | - | (\$541,995) | - |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| TOTAL | | \$0 | \$0 | \$0 | (\$541,995) | (\$541,995) | \$0 | (\$541,995) | \$0 |
| Budget Adjustments | | | | | | | | | |
| Finance | | | | | | | | | |
| Department | Transfer to the General Fund | - | - | (\$541,995) | - | (\$541,995) | - | - | (\$541,995) |
| | Ending Fund Balance Adjustment | - | - | - | \$541,995 | \$541,995 | - | - | \$541,995 |
| Budget Adjustments Total | | \$0 | \$0 | (\$541,995) | \$541,995 | \$0 | \$0 | \$0 | \$0 |
| American Rescue Plan Fund (402) TOTAL | | \$0 | \$0 | (\$541,995) | \$0 | (\$541,995) | \$0 | (\$541,995) | \$0 |
| Benefits Funds - Benefit Fund (160) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Human Resources | | | | | | | | | |
| Department | Salary and Benefits Program | \$15,865 | - | - | - | \$15,865 | - | - | \$15,865 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$15,865) | (\$15,865) | - | - | (\$15,865) |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| TOTAL | | \$15,865 | \$0 | \$0 | (\$15,865) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Human Resources | | | | | | | | | |
| Department | 401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$100,000 | - | \$100,000 | \$100,000 | - | - |
| | Employee Assistance Program/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$210,000 | - | \$210,000 | \$210,000 | - | - |
| | MEF Legal/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$20,000 | - | \$20,000 | \$20,000 | - | - |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|-------------------|------------------------|------------------|---------------------|------------------|------------------|------------------|------------|
| PTC 457/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$110,000 | - | \$110,000 | \$110,000 | - | - |
| FICA - Medicare/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$400,000 | - | \$400,000 | \$400,000 | - | - |
| Budget Adjustments Total | \$0 | \$0 | \$840,000 | \$0 | \$840,000 | \$840,000 | \$0 | \$0 |
| Benefits Funds - Benefit Fund (160) TOTAL | \$15,865 | \$0 | \$840,000 | (\$15,865) | \$840,000 | \$840,000 | \$0 | \$0 |

Benefits Funds - Dental Insurance Fund (155)

Clean-Up and Rebudget Actions

| | | | | | | | | | |
|----------------------------|--|----------------|------------|------------|------------------|------------|------------|------------|------------|
| Human Resources Department | Salary and Benefits Program | \$2,966 | - | - | - | \$2,966 | - | - | \$2,966 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$2,966) | (\$2,966) | - | - | (\$2,966) |
| | Clean-Up and Rebudget Actions TOTAL | \$2,966 | \$0 | \$0 | (\$2,966) | \$0 | \$0 | \$0 | \$0 |

Budget Adjustments

| | | | | | | | | | |
|----------------------------|---|----------------|-----------------|------------|-------------------|------------|------------|------------|------------|
| Human Resources Department | Non-Personal/Equipment (Plan Administration and Actuarial Services) | - | \$40,000 | - | - | \$40,000 | - | - | \$40,000 |
| | Ending Fund Balance Adjustment | - | - | - | (\$40,000) | (\$40,000) | - | - | (\$40,000) |
| | Budget Adjustments Total | \$0 | \$40,000 | \$0 | (\$40,000) | \$0 | \$0 | \$0 | \$0 |
| | Benefits Funds - Dental Insurance Fund (155) TOTAL | \$2,966 | \$40,000 | \$0 | (\$42,966) | \$0 | \$0 | \$0 | \$0 |

Benefits Funds - Life Insurance Fund (156)

Clean-Up and Rebudget Actions

| | | | | | | | | | |
|----------------------------|--|----------------|------------|------------|------------------|------------|------------|------------|------------|
| Human Resources Department | Salary and Benefits Program | \$1,351 | - | - | - | \$1,351 | - | - | \$1,351 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$1,351) | (\$1,351) | - | - | (\$1,351) |
| | Clean-Up and Rebudget Actions TOTAL | \$1,351 | \$0 | \$0 | (\$1,351) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|-----------|---------------------|-----------|----------------|------------------|-----------|
| Budget Adjustments | | | | | | | | | |
| Human Resources Department | Insurance Premiums/Transfers and Reimbursements (Reimbursements from City Funds) | - | - | \$75,000 | - | \$75,000 | \$75,000 | - | - |
| Budget Adjustments Total | | \$0 | \$0 | \$75,000 | \$0 | \$75,000 | \$75,000 | \$0 | \$0 |
| Benefits Funds - Life Insurance Fund (156) TOTAL | | \$1,351 | \$0 | \$75,000 | (\$1,351) | \$75,000 | \$75,000 | \$0 | \$0 |
| Benefits Funds - Unemployment Insurance Fund (157) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Human Resources Department | Salary and Benefits Program | \$1,070 | - | - | - | \$1,070 | - | - | \$1,070 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$1,070) | (\$1,070) | - | - | (\$1,070) |
| Clean-Up and Rebudget Actions TOTAL | | \$1,070 | \$0 | \$0 | (\$1,070) | \$0 | \$0 | \$0 | \$0 |
| Benefits Funds - Unemployment Insurance Fund (157) TOTAL | | \$1,070 | \$0 | \$0 | (\$1,070) | \$0 | \$0 | \$0 | \$0 |
| Building Development Fee Program Fund (237) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Office of the City Attorney | Salary and Benefits Program | \$1,351 | - | - | - | \$1,351 | - | - | \$1,351 |
| City Manager - Office of Economic Development and Cultural Affairs | Salary and Benefits Program | \$1,528 | - | - | - | \$1,528 | - | - | \$1,528 |
| Planning, Building and Code Enforcement Department | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$2,879) | (\$2,879) | - | - | (\$2,879) |
| Clean-Up and Rebudget Actions TOTAL | | \$2,879 | \$0 | \$0 | (\$2,879) | \$0 | \$0 | \$0 | \$0 |
| Building Development Fee Program Fund (237) TOTAL | | \$2,879 | \$0 | \$0 | (\$2,879) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|--|-------------------|------------------------|---------------|---------------------|---------------|----------------|------------------|---------------|
| Business Improvement District Fund (351) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Public Works Department | Administration Services (Willow Glen Benefit Improvement District) | - | - | \$10,000 | - | \$10,000 | - | - | \$10,000 |
| | Willow Glen Community Benefit Improvement District | - | - | (\$10,000) | - | (\$10,000) | - | - | (\$10,000) |
| Budget Adjustments Total | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Business Improvement District Fund (351) TOTAL | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Citywide Planning Fee Program Fund (239) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Planning, Building and Code Enforcement Department | Salary and Benefits Program | \$1,047 | - | - | - | \$1,047 | - | - | \$1,047 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$1,047) | (\$1,047) | - | - | (\$1,047) |
| Clean-Up and Rebudget Actions TOTAL | | \$1,047 | \$0 | \$0 | (\$1,047) | \$0 | \$0 | \$0 | \$0 |
| Citywide Planning Fee Program Fund (239) TOTAL | | \$1,047 | \$0 | \$0 | (\$1,047) | \$0 | \$0 | \$0 | \$0 |
| Community Development Block Grant Fund (441) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Housing Department | Community Wireless Network Infrastructure | - | - | (\$2,784,920) | - | (\$2,784,920) | - | - | (\$2,784,920) |
| | Neighborhood Infrastructure Improvements | - | - | \$2,784,920 | - | \$2,784,920 | - | - | \$2,784,920 |
| Budget Adjustments Total | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Community Development Block Grant Fund (441) TOTAL | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|---|------------------------|-----------------|---------------------|----------------------|----------------|----------------------|------------|
| Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Transportation Department | Non-Personal/Equipment (Streetlight Pole Replacement) | - | \$83,000 | - | \$83,000 | - | - | \$83,000 |
| | Ending Fund Balance Adjustment | - | - | (\$83,000) | (\$83,000) | - | - | (\$83,000) |
| | Budget Adjustments Total | \$0 | \$83,000 | \$0 | (\$83,000) | \$0 | \$0 | \$0 |
| | Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369) TOTAL | \$0 | \$83,000 | \$0 | (\$83,000) | \$0 | \$0 | \$0 |
| Community Facilities District No. 8 (Communications Hill) Fund (373) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Public Works Department | Security Services (Communications Hill) | - | - | \$30,000 | \$30,000 | - | - | \$30,000 |
| Transportation Department | Ending Fund Balance Adjustment | - | - | (\$30,000) | (\$30,000) | - | - | (\$30,000) |
| | Budget Adjustments Total | \$0 | \$0 | \$30,000 | (\$30,000) | \$0 | \$0 | \$0 |
| | Community Facilities District No. 8 (Communications Hill) Fund (373) TOTAL | \$0 | \$0 | \$30,000 | (\$30,000) | \$0 | \$0 | \$0 |
| Convention and Cultural Affairs Fund (536) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| City Manager - Office of Economic Development and Cultural Affairs | Fund Balance Reconciliation | - | - | (\$1,977,035) | (\$1,977,035) | - | (\$1,977,035) | - |
| | Clean-Up and Rebudget Actions TOTAL | \$0 | \$0 | \$0 | (\$1,977,035) | \$0 | (\$1,977,035) | \$0 |
| | Convention and Cultural Affairs Fund (536) TOTAL | \$0 | \$0 | \$0 | (\$1,977,035) | \$0 | (\$1,977,035) | \$0 |

**Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review**

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|---|-------------------|------------------------|--------------------|----------------------|--------------------|--------------------|------------------|---------------|
| Convention Center Facilities District Revenue Fund (791) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Finance Department | Transfer to Convention Center Facilities District Capital Fund | - | - | \$1,659,000 | - | \$1,659,000 | - | - | \$1,659,000 |
| | Ending Fund Balance Adjustment | - | - | - | (\$1,659,000) | (\$1,659,000) | - | - | (\$1,659,000) |
| Budget Adjustments Total | | \$0 | \$0 | \$1,659,000 | (\$1,659,000) | \$0 | \$0 | \$0 | \$0 |
| Convention Center Facilities District Revenue Fund (791) TOTAL | | \$0 | \$0 | \$1,659,000 | (\$1,659,000) | \$0 | \$0 | \$0 | \$0 |
| Downtown Property And Business Improvement District Fund (302) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Public Works Department | Personal Services (Downtown Property and Business Improvement District) | \$10,000 | - | - | - | \$10,000 | - | - | \$10,000 |
| Transportation Department | Ending Fund Balance Adjustment | - | - | - | (\$10,000) | (\$10,000) | - | - | (\$10,000) |
| Budget Adjustments Total | | \$10,000 | \$0 | \$0 | (\$10,000) | \$0 | \$0 | \$0 | \$0 |
| Downtown Property And Business Improvement District Fund (302) TOTAL | | \$10,000 | \$0 | \$0 | (\$10,000) | \$0 | \$0 | \$0 | \$0 |
| Emergency Reserve Fund (406) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Finance Department | Revenue from Federal Government (Emergency Rental Assistance) | - | - | - | - | - | \$4,220,793 | - | (\$4,220,793) |
| Housing Department | Emergency Rental Assistance | - | - | \$4,220,793 | - | \$4,220,793 | - | - | \$4,220,793 |
| Budget Adjustments Total | | \$0 | \$0 | \$4,220,793 | \$0 | \$4,220,793 | \$4,220,793 | \$0 | \$0 |
| Emergency Reserve Fund (406) TOTAL | | \$0 | \$0 | \$4,220,793 | \$0 | \$4,220,793 | \$4,220,793 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|------------------------|-----------|---------------------|-------------|----------------|------------------|-------------|
| Fire Development Fee Program Fund (240) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Fire Department | Fire Development Fee Program – Non-Personal/Equipment (Professional and Consultant Services) | | | | | | | |
| | - | \$28,800 | - | - | \$28,800 | - | - | \$28,800 |
| | Ending Fund Balance Adjustment | | | | | | | |
| | - | - | - | (\$28,800) | (\$28,800) | - | - | (\$28,800) |
| | Budget Adjustments Total | | | | | | | |
| | \$0 | \$28,800 | \$0 | (\$28,800) | \$0 | \$0 | \$0 | \$0 |
| | Fire Development Fee Program Fund (240) TOTAL | | | | | | | |
| | \$0 | \$28,800 | \$0 | (\$28,800) | \$0 | \$0 | \$0 | \$0 |
| General Purpose Parking Fund (533) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Transportation Department | Non-Personal/Equipment (Security Services) | | | | | | | |
| | - | \$284,500 | - | - | \$284,500 | - | - | \$284,500 |
| | Ending Fund Balance Adjustment | | | | | | | |
| | - | - | - | (\$284,500) | (\$284,500) | - | - | (\$284,500) |
| | Budget Adjustments Total | | | | | | | |
| | \$0 | \$284,500 | \$0 | (\$284,500) | \$0 | \$0 | \$0 | \$0 |
| | General Purpose Parking Fund (533) TOTAL | | | | | | | |
| | \$0 | \$284,500 | \$0 | (\$284,500) | \$0 | \$0 | \$0 | \$0 |
| Gift Trust Fund (139) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Library Department | Library-General Gifts/Other Revenue | | | | | | | |
| | - | - | \$29,251 | - | \$29,251 | \$29,251 | - | \$0 |
| | Budget Adjustments Total | | | | | | | |
| | \$0 | \$0 | \$29,251 | \$0 | \$29,251 | \$29,251 | \$0 | \$0 |
| | Gift Trust Fund (139) TOTAL | | | | | | | |
| | \$0 | \$0 | \$29,251 | \$0 | \$29,251 | \$29,251 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|------------------|---------------------|--------------------|--------------------|------------------|---------------|
| Homeless Housing, Assistance, and Prevention Fund (454) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Housing Department | Revenue from State of California (Homeless Housing, Assistance, and Prevention Grants) | - | - | - | - | - | \$7,000,000 | - | (\$7,000,000) |
| | Ending Fund Balance Adjustment | - | - | - | \$7,000,000 | \$7,000,000 | - | - | \$7,000,000 |
| Budget Adjustments Total | | \$0 | \$0 | \$0 | \$7,000,000 | \$7,000,000 | \$7,000,000 | \$0 | \$0 |
| Homeless Housing, Assistance, and Prevention Fund (454) TOTAL | | \$0 | \$0 | \$0 | \$7,000,000 | \$7,000,000 | \$7,000,000 | \$0 | \$0 |
| Integrated Waste Management Fund (423) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Office of the City Attorney | Salary and Benefits Program | \$1,185 | - | - | - | \$1,185 | - | - | \$1,185 |
| Environmental Services Department | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$6,438) | (\$6,438) | - | - | (\$6,438) |
| Planning, Building and Code Enforcement Department | Salary and Benefits Program | \$1,354 | - | - | - | \$1,354 | - | - | \$1,354 |
| Public Works Department | Salary and Benefits Program | \$3,899 | - | - | - | \$3,899 | - | - | \$3,899 |
| Clean-Up and Rebudget Actions TOTAL | | \$6,438 | \$0 | \$0 | (\$6,438) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Office of the City Attorney | Personal Services (Overage) | \$160,000 | - | - | - | \$160,000 | - | - | \$160,000 |
| Environmental Services Department | Ending Fund Balance Adjustment | - | - | - | (\$275,000) | (\$275,000) | - | - | (\$275,000) |
| Finance Department | Banking Services | - | - | \$115,000 | - | \$115,000 | - | - | \$115,000 |
| Budget Adjustments Total | | \$160,000 | \$0 | \$115,000 | (\$275,000) | \$0 | \$0 | \$0 | \$0 |
| Integrated Waste Management Fund (423) TOTAL | | \$166,438 | \$0 | \$115,000 | (\$281,438) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|--|-------------------|------------------------|-------------|---------------------|-------------|----------------|------------------|-------------|
| Low And Moderate Income Housing Asset Fund (346) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Finance | | | | | | | | | |
| Department | Salary and Benefits Program | \$1,359 | - | - | - | \$1,359 | - | - | \$1,359 |
| Housing | | | | | | | | | |
| Department | Salary and Benefits Program | \$99,006 | - | - | - | \$99,006 | - | - | \$99,006 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$102,884) | (\$102,884) | - | - | (\$102,884) |
| Information Technology | | | | | | | | | |
| Department | Salary and Benefits Program | \$2,519 | - | - | - | \$2,519 | - | - | \$2,519 |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| TOTAL | | \$102,884 | \$0 | \$0 | (\$102,884) | \$0 | \$0 | \$0 | \$0 |
| Low And Moderate Income Housing Asset Fund (346) | | | | | | | | | |
| TOTAL | | \$102,884 | \$0 | \$0 | (\$102,884) | \$0 | \$0 | \$0 | \$0 |
| Multi-Source Housing Fund (448) | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Housing | | | | | | | | | |
| Department | Project HomeKey | - | - | (\$444,887) | - | (\$444,887) | - | - | (\$444,887) |
| | HOPWA Grants/Revenue from Federal Government | - | - | \$1,797,713 | - | \$1,797,713 | \$1,797,713 | - | - |
| | HOPWA-PSH 2024/Revenue from Federal Government | - | - | \$1,325,991 | - | \$1,325,991 | \$1,325,991 | - | - |
| | Ending Fund Balance Adjustment Revenue from Federal Government (HOPWA PSH) | - | - | - | (\$731,611) | (\$731,611) | - | - | (\$731,611) |
| Budget Adjustments Total | | \$0 | \$0 | \$2,678,817 | (\$731,611) | \$1,947,206 | \$1,947,206 | \$0 | \$0 |
| Multi-Source Housing Fund (448) TOTAL | | \$0 | \$0 | \$2,678,817 | (\$731,611) | \$1,947,206 | \$1,947,206 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|------------|---------------------|-------------|----------------|------------------|-------------|
| Planning Development Fee Program Fund (238) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Office of the City | | | | | | | | | |
| Attorney | Salary and Benefits Program | \$7,171 | - | - | - | \$7,171 | - | - | \$7,171 |
| City Manager - Office of Economic Development and Cultural Affairs | | | | | | | | | |
| | Salary and Benefits Program | \$1,528 | - | - | - | \$1,528 | - | - | \$1,528 |
| Planning, Building and Code Enforcement Department | | | | | | | | | |
| | Salary and Benefits Program | \$2,882 | - | - | - | \$2,882 | - | - | \$2,882 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$11,581) | (\$11,581) | - | - | (\$11,581) |
| Clean-Up and Rebudget Actions TOTAL | | \$11,581 | \$0 | \$0 | (\$11,581) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Office of the City | | | | | | | | | |
| Attorney | Personal Services (Overage) | \$85,000 | - | - | - | \$85,000 | - | - | \$85,000 |
| Planning, Building and Code Enforcement Department | | | | | | | | | |
| | Ending Fund Balance Adjustment | - | - | - | (\$85,000) | (\$85,000) | - | - | (\$85,000) |
| Budget Adjustments Total | | \$85,000 | \$0 | \$0 | (\$85,000) | \$0 | \$0 | \$0 | \$0 |
| Planning Development Fee Program Fund (238) TOTAL | | \$96,581 | \$0 | \$0 | (\$96,581) | \$0 | \$0 | \$0 | \$0 |
| Public Works Development Fee Program Fund (241) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| City Manager - Office of Economic Development and Cultural Affairs | | | | | | | | | |
| | Salary and Benefits Program | \$2,249 | - | - | - | \$2,249 | - | - | \$2,249 |
| Public Works Department | | | | | | | | | |
| | Salary and Benefits Program | \$136,066 | - | - | - | \$136,066 | - | - | \$136,066 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$138,315) | (\$138,315) | - | - | (\$138,315) |
| Clean-Up and Rebudget Actions TOTAL | | \$138,315 | \$0 | \$0 | (\$138,315) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|------------|---------------------|--------------------|--------------------|------------------|---------------|
| Budget Adjustments | | | | | | | | | |
| Public Works Department | Public Works Development Fee Program – Non-Personal/Equipment (Vehicles) | - | \$100,000 | - | - | \$100,000 | - | - | \$100,000 |
| | Ending Fund Balance Adjustment | - | - | - | (\$100,000) | (\$100,000) | - | - | (\$100,000) |
| | Budget Adjustments Total | \$0 | \$100,000 | \$0 | (\$100,000) | \$0 | \$0 | \$0 | \$0 |
| | Public Works Development Fee Program Fund (241) TOTAL | \$138,315 | \$100,000 | \$0 | (\$238,315) | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | |
| Public Works Program Support Fund (150) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Human Resources Department | Salary and Benefits Program | \$4,025 | - | - | - | \$4,025 | - | - | \$4,025 |
| Public Works Department | Salary and Benefits Program | \$101,831 | - | - | - | \$101,831 | - | - | \$101,831 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$105,856) | (\$105,856) | - | - | (\$105,856) |
| | Clean-Up and Rebudget Actions TOTAL | \$105,856 | \$0 | \$0 | (\$105,856) | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | |
| Budget Adjustments | | | | | | | | | |
| Public Works Department | Transfers and Reimbursements (Capital Program Support and Compensated Absences) | - | - | - | - | - | \$2,106,000 | - | (\$2,106,000) |
| | Non-Personal/Equipment (Contractual Labor and Capital Project Management System) | - | \$150,000 | - | - | \$150,000 | - | - | \$150,000 |
| | Ending Fund Balance Adjustment | - | - | - | \$1,956,000 | \$1,956,000 | - | - | \$1,956,000 |
| | Budget Adjustments Total | \$0 | \$150,000 | \$0 | \$1,956,000 | \$2,106,000 | \$2,106,000 | \$0 | \$0 |
| | Public Works Program Support Fund (150) TOTAL | \$105,856 | \$150,000 | \$0 | \$1,850,144 | \$2,106,000 | \$2,106,000 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|---|--|-------------------|------------------------|-----------------|---------------------|-------------------|-----------------|-------------------|------------|
| San José Clean Energy Operating Fund (501) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Office of the City | | | | | | | | | |
| Manager | Salary and Benefits Program | \$3,766 | - | - | - | \$3,766 | - | - | \$3,766 |
| Energy Department | Fund Balance Reconciliation | - | - | - | (\$16,373) | (\$16,373) | - | (\$16,373) | - |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$7,181) | (\$7,181) | - | - | (\$7,181) |
| Information Technology Department | Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Power BI Developer) | (\$30,000) | - | - | - | (\$30,000) | - | - | (\$30,000) |
| | Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Power BI Developer) | - | \$30,000 | - | - | \$30,000 | - | - | \$30,000 |
| Public Works Department | Salary and Benefits Program | \$3,415 | - | - | - | \$3,415 | - | - | \$3,415 |
| Clean-Up and Rebudget Actions TOTAL | | (\$22,819) | \$30,000 | \$0 | (\$23,554) | (\$16,373) | \$0 | (\$16,373) | \$0 |
| Budget Adjustments | | | | | | | | | |
| Energy Department | Disadvantaged Communities - Green Tariff Program/Revenue from State of California | - | - | \$74,073 | - | \$74,073 | \$74,073 | - | - |
| Budget Adjustments Total | | \$0 | \$0 | \$74,073 | \$0 | \$74,073 | \$74,073 | \$0 | \$0 |
| San José Clean Energy Operating Fund (501) TOTAL | | (\$22,819) | \$30,000 | \$74,073 | (\$23,554) | \$57,700 | \$74,073 | (\$16,373) | \$0 |

San José Opioid Response Fund (130)

Budget Adjustments

| | | | | | | | | | |
|----------------------------|--|---|---|-----------|---|-----------|---|---|-----------|
| Office of the City Manager | Community Awareness and Education on Opioid Addiction Prevention | - | - | \$120,000 | - | \$120,000 | - | - | \$120,000 |
| | Opioid Settlement Program Oversight | - | - | \$60,000 | - | \$60,000 | - | - | \$60,000 |
| Fire Department | Community Awareness and Education on Opioid Addiction Prevention – Fire Department | - | - | \$29,000 | - | \$29,000 | - | - | \$29,000 |
| Library Department | Library Staff Training | - | - | \$25,000 | - | \$25,000 | - | - | \$25,000 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|------------------|---------------------|------------------|------------------|------------------|-------------|
| Parks, Recreation and Neighborhood Services Department | Revenue from State of California (Opioid Distributors Payment - Abatement Fund) | - | - | - | - | - | \$475,000 | - | (\$475,000) |
| | Revenue from State of California (Opioid Janssen Payment - Abatement Fund) | - | - | - | - | - | \$294,000 | - | (\$294,000) |
| | Opioid Prevention Grant Program | - | - | \$475,000 | - | \$475,000 | - | - | \$475,000 |
| Police Department | Community Awareness and Education on Opioid Addiction Prevention – Police Department | - | - | \$60,000 | - | \$60,000 | - | - | \$60,000 |
| Budget Adjustments Total | | \$0 | \$0 | \$769,000 | \$0 | \$769,000 | \$769,000 | \$0 | \$0 |
| San José Opioid Response Fund (130) TOTAL | | \$0 | \$0 | \$769,000 | \$0 | \$769,000 | \$769,000 | \$0 | \$0 |

San José-Santa Clara Treatment Plant Operating Fund (513)

Clean-Up and Rebudget Actions

| | | | | | | | | | |
|--|--|----------------|------------|------------|------------------|------------|------------|------------|------------|
| Office of the City Attorney | Salary and Benefits Program | \$1,218 | - | - | - | \$1,218 | - | - | \$1,218 |
| Environmental Services Department | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$7,734) | (\$7,734) | - | - | (\$7,734) |
| Finance Department | Salary and Benefits Program | \$2,208 | - | - | - | \$2,208 | - | - | \$2,208 |
| Human Resources Department | Salary and Benefits Program | \$2,065 | - | - | - | \$2,065 | - | - | \$2,065 |
| Information Technology Department | Salary and Benefits Program | \$2,243 | - | - | - | \$2,243 | - | - | \$2,243 |
| Clean-Up and Rebudget Actions TOTAL | | \$7,734 | \$0 | \$0 | (\$7,734) | \$0 | \$0 | \$0 | \$0 |

Budget Adjustments

| | | | | | | | | | |
|--|--------------------------------|------------------|------------|------------|--------------------|-------------|------------|------------|-------------|
| Office of the City Attorney | Personal Services (Overage) | \$130,000 | - | - | - | \$130,000 | - | - | \$130,000 |
| Environmental Services Department | Ending Fund Balance Adjustment | - | - | - | (\$130,000) | (\$130,000) | - | - | (\$130,000) |
| Budget Adjustments Total | | \$130,000 | \$0 | \$0 | (\$130,000) | \$0 | \$0 | \$0 | \$0 |
| San José-Santa Clara Treatment Plant Operating Fund (513) TOTAL | | \$137,734 | \$0 | \$0 | (\$137,734) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|-----------------|---------------------|-------------|----------------|------------------|-------------|
| Sewer Service And Use Charge Fund (541) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Environmental Services Department | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$6,502) | (\$6,502) | - | - | (\$6,502) |
| Finance Department | Salary and Benefits Program | \$2,329 | - | - | - | \$2,329 | - | - | \$2,329 |
| Information Technology Department | Salary and Benefits Program | \$2,154 | - | - | - | \$2,154 | - | - | \$2,154 |
| Planning, Building and Code Enforcement Department | Salary and Benefits Program | \$2,019 | - | - | - | \$2,019 | - | - | \$2,019 |
| Clean-Up and Rebudget Actions TOTAL | | \$6,502 | \$0 | \$0 | (\$6,502) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Environmental Services Department | Workers' Compensation Claims | - | - | \$75,000 | - | \$75,000 | - | - | \$75,000 |
| | Ending Fund Balance Adjustment | - | - | - | (\$670,000) | (\$670,000) | - | - | (\$670,000) |
| Transportation Department | Non-Personal/Equipment (Training) | - | \$45,000 | - | - | \$45,000 | - | - | \$45,000 |
| | Non-Personal/Equipment (Vehicle Replacements) | - | \$250,000 | - | - | \$250,000 | - | - | \$250,000 |
| | Non-Personal/Equipment (Equipment Rental) | - | \$300,000 | - | - | \$300,000 | - | - | \$300,000 |
| Budget Adjustments Total | | \$0 | \$595,000 | \$75,000 | (\$670,000) | \$0 | \$0 | \$0 | \$0 |
| Sewer Service And Use Charge Fund (541) TOTAL | | \$6,502 | \$595,000 | \$75,000 | (\$676,502) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|-----------------|---------------------|-------------|----------------|------------------|-------------|
| Storm Sewer Operating Fund (446) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Environmental Services | | | | | | | | | |
| Department | Salary and Benefits Program | \$68,046 | - | - | - | \$68,046 | - | - | \$68,046 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$83,932) | (\$83,932) | - | - | (\$83,932) |
| Information Technology | | | | | | | | | |
| Department | Salary and Benefits Program | \$1,842 | - | - | - | \$1,842 | - | - | \$1,842 |
| Planning, Building and Code Enforcement | | | | | | | | | |
| Department | Salary and Benefits Program | \$1,942 | - | - | - | \$1,942 | - | - | \$1,942 |
| Public Works | | | | | | | | | |
| Department | Salary and Benefits Program | \$12,102 | - | - | - | \$12,102 | - | - | \$12,102 |
| Clean-Up and Rebudget Actions TOTAL | | \$83,932 | \$0 | \$0 | (\$83,932) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Office of the City Attorney | | | | | | | | | |
| | Personal Services (Overage) | \$170,000 | - | - | - | \$170,000 | - | - | \$170,000 |
| Environmental Services | | | | | | | | | |
| Department | Workers' Compensation Claims | - | - | \$25,000 | - | \$25,000 | - | - | \$25,000 |
| | Ending Fund Balance Adjustment | - | - | - | (\$195,000) | (\$195,000) | - | - | (\$195,000) |
| Budget Adjustments Total | | \$170,000 | \$0 | \$25,000 | (\$195,000) | \$0 | \$0 | \$0 | \$0 |
| Storm Sewer Operating Fund (446) TOTAL | | \$253,932 | \$0 | \$25,000 | (\$278,932) | \$0 | \$0 | \$0 | \$0 |
| Vehicle Maintenance And Operations Fund (552) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Human Resources | | | | | | | | | |
| Department | Salary and Benefits Program | \$1,498 | - | - | - | \$1,498 | - | - | \$1,498 |
| Public Works | | | | | | | | | |
| Department | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$1,498) | (\$1,498) | - | - | (\$1,498) |
| Clean-Up and Rebudget Actions TOTAL | | \$1,498 | \$0 | \$0 | (\$1,498) | \$0 | \$0 | \$0 | \$0 |
| Vehicle Maintenance And Operations Fund (552) TOTAL | | \$1,498 | \$0 | \$0 | (\$1,498) | \$0 | \$0 | \$0 | \$0 |

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2023-2024 Mid-Year Budget Review

| Department/Proposal | | Personal Services | Non-Personal Equipment | Use Other | Ending Fund Balance | Total Use | Source Revenue | Beg Fund Balance | Net Cost |
|--|--|-------------------|------------------------|-----------|---------------------|------------|----------------|------------------|------------|
| Water Utility Fund (515) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| Environmental Services Department | Salary and Benefits Program | \$88,983 | - | - | - | \$88,983 | - | - | \$88,983 |
| | Ending Fund Balance Adjustment (Salary and Benefits Program) | - | - | - | (\$93,799) | (\$93,799) | - | - | (\$93,799) |
| Information Technology Department | Salary and Benefits Program | \$4,816 | - | - | - | \$4,816 | - | - | \$4,816 |
| Clean-Up and Rebudget Actions TOTAL | | \$93,799 | \$0 | \$0 | (\$93,799) | \$0 | \$0 | \$0 | \$0 |
| Budget Adjustments | | | | | | | | | |
| Environmental Services Department | Ending Fund Balance Adjustment | - | - | - | (\$95,000) | (\$95,000) | - | - | (\$95,000) |
| Finance Department | Banking Services | - | - | \$95,000 | - | \$95,000 | - | - | \$95,000 |
| Budget Adjustments Total | | \$0 | \$0 | \$95,000 | (\$95,000) | \$0 | \$0 | \$0 | \$0 |
| Water Utility Fund (515) TOTAL | | \$93,799 | \$0 | \$95,000 | (\$188,799) | \$0 | \$0 | \$0 | \$0 |
| Workforce Development Fund (290) | | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | | |
| City Manager - Office of Economic Development and Cultural Affairs | Rebudget: Cities for Financial Empowerment/Other Revenue | - | - | (\$7,175) | - | (\$7,175) | (\$7,175) | - | - |
| Clean-Up and Rebudget Actions TOTAL | | \$0 | \$0 | (\$7,175) | \$0 | (\$7,175) | (\$7,175) | \$0 | \$0 |
| Workforce Development Fund (290) TOTAL | | \$0 | \$0 | (\$7,175) | \$0 | (\$7,175) | (\$7,175) | \$0 | \$0 |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|----------------------|---------------------|-----------------|-----------------|------------------|---------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Airport Capital Improvement Fund (520) | | | | | | |
| Airfield Electrical Circuit Rehabilitation | \$85,000 | | \$85,000 | | | \$85,000 |
| Revenue from Federal Government (TSA/FAA Grants) (Airfield Electrical Circuit Rehabilitation) | | | | \$85,000 | | \$(85,000) |
| Budget Adjustments TOTAL | \$85,000 | | \$85,000 | \$85,000 | | |
| Airport Capital Improvement Fund (520) TOTAL | \$85,000 | | \$85,000 | \$85,000 | | |
| Airport Renewal and Replacement Fund (527) | | | | | | |
| Ending Fund Balance | | \$3,400,000 | \$3,400,000 | | | \$3,400,000 |
| Program Management | \$(2,000,000) | | \$(2,000,000) | | | \$(2,000,000) |
| Terminal Roofing | \$(800,000) | | \$(800,000) | | | \$(800,000) |
| Zero Emissions Buses | \$(600,000) | | \$(600,000) | | | \$(600,000) |
| Budget Adjustments TOTAL | \$(3,400,000) | \$3,400,000 | | | | |
| Airport Renewal and Replacement Fund (527) TOTAL | \$(3,400,000) | \$3,400,000 | | | | |
| Building and Structure Construction Tax Fund (429) | | | | | | |
| I-280 & Moorpark Signal Modification | \$79,000 | | \$79,000 | | | \$79,000 |
| Revenue from State of California (I-280 & Moorpark Signal Modification) | | | | \$79,000 | | \$(79,000) |
| Budget Adjustments TOTAL | \$79,000 | | \$79,000 | \$79,000 | | |
| Building and Structure Construction Tax Fund (429) TOTAL | \$79,000 | | \$79,000 | \$79,000 | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|-------------------|---------------------|--------------------|--------------------|------------------|---------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Communications Construction and Conveyance Tax Fund (397) | | | | | | |
| C&C Tax Adjust: Communications C&C Tax Revenue | | | | \$(170,000) | | \$170,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(170,000) | \$(170,000) | | | \$(170,000) |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$(11,000) | | \$11,000 |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$(11,000) | | \$(11,000) | | | \$(11,000) |
| Clean-Up and Rebudget Actions TOTAL | \$(11,000) | \$(170,000) | \$(181,000) | \$(181,000) | | |
| Communications Equipment Replacement and Upgrade | \$79,000 | | \$79,000 | | | \$79,000 |
| Other Revenue (Sale of Surplus Equipment) | | | | \$79,000 | | \$(79,000) |
| Budget Adjustments TOTAL | \$79,000 | | \$79,000 | \$79,000 | | |
| Communications Construction and Conveyance Tax Fund (397) TOTAL | \$68,000 | \$(170,000) | \$(102,000) | \$(102,000) | | |
| Construction Excise Tax Fund (465) | | | | | | |
| Tech Adjust: Other Revenue (Pavement Cost Share) | | | | \$6,000,000 | | \$(6,000,000) |
| Tech Adjust: Revenue from Local Agencies (Pavement Cost Share) | | | | \$(6,000,000) | | \$6,000,000 |
| Clean-Up and Rebudget Actions TOTAL | | | | | | |

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review**

| Fund/Proposal | USE | | SOURCE | | NET COST |
|---|-------------|---------------------|-------------|--------------------------|---------------|
| | Expense | Ending Fund Balance | Total Use | Revenue Beg Fund Balance | |
| Construction Excise Tax Fund (465) | | | | | |
| 2023 Flood - Sierra Road | \$866,803 | | \$866,803 | | \$866,803 |
| BART Design and Construction Phase 2 | \$1,200,000 | | \$1,200,000 | | \$1,200,000 |
| BART Design and Construction Phase 2 | \$(75,000) | | \$(75,000) | | \$(75,000) |
| Capital Program and Public Works Department Support Service Costs (Construction Excise Tax Fund) | \$161,000 | | \$161,000 | | \$161,000 |
| Capital Program and Public Works Department Support Service Costs (VTA Measure B VRF Fund) | \$278,000 | | \$278,000 | | \$278,000 |
| Capital Program and Public Works Department Support Service Costs (VTA Pavement Maintenance Fund) | \$366,000 | | \$366,000 | | \$366,000 |
| Developer Contributions (Fiber Optic Permit Engineering) | | | | \$290,000 | \$(290,000) |
| Ending Fund Balance Adjustment | | \$(86,000) | \$(86,000) | | \$(86,000) |
| Fiber Optic Permit Engineering | \$290,000 | | \$290,000 | | \$290,000 |
| Illegal Street Racing and Sideshow Deterrent Street Modifications | \$20,000 | | \$20,000 | | \$20,000 |
| Other Revenue (Illegal Street Racing and Sideshow Deterrent Street Modifications) | | | | \$20,000 | \$(20,000) |
| Other Revenue (Pavement Maintenance - SB1 Road Repair and Accountability Act of 2017) | | | | \$734,099 | \$(734,099) |
| Other Revenue (Pavement Maintenance - VTA Measure B VRF) | | | | \$44,113 | \$(44,113) |
| Pavement Maintenance - SB1 Road Repair & Accountability Act 2017 | \$734,099 | | \$734,099 | | \$734,099 |
| Pavement Maintenance - VTA 2016 Measure B | \$(366,000) | | \$(366,000) | | \$(366,000) |
| Pavement Maintenance - VTA Measure B VRF | \$1,274,181 | | \$1,274,181 | | \$1,274,181 |
| Revenue from Local Agencies (BART Design and Construction Phase 2) | | | | \$1,200,000 | \$(1,200,000) |

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review**

| Fund/Proposal | USE | | | SOURCE | | NET COST |
|--|--------------------|---------------------|--------------------|--------------------|------------------|---------------|
| | Expense | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Construction Excise Tax Fund (465) | | | | | | |
| Revenue from Local Agencies (Santa Clara Valley Transit Authority) | | | | \$1,508,068 | | \$(1,508,068) |
| Revenue from State of California (2023 Flood - Sierra Road) | | | | \$174,714 | | \$(174,714) |
| Revenue from the Federal Government (2023 Flood - Sierra Road) | | | | \$692,089 | | \$(692,089) |
| Budget Adjustments TOTAL | \$4,749,083 | \$(86,000) | \$4,663,083 | \$4,663,083 | | |
| Construction Excise Tax Fund (465) TOTAL | \$4,749,083 | \$(86,000) | \$4,663,083 | \$4,663,083 | | |
| Convention and Cultural Affairs Capital Fund (560) | | | | | | |
| Ending Fund Balance Adjustment | | \$(383,000) | \$(383,000) | | | \$(383,000) |
| Rehabilitation / Repair - Electrical | \$245,000 | | \$245,000 | | | \$245,000 |
| Rehabilitation / Repair - Mechanical | \$98,000 | | \$98,000 | | | \$98,000 |
| Rehabilitation / Repair - Structures | \$(15,000) | | \$(15,000) | | | \$(15,000) |
| Rehabilitation / Repair - Unanticipated | \$55,000 | | \$55,000 | | | \$55,000 |
| Budget Adjustments TOTAL | \$383,000 | \$(383,000) | | | | |
| Convention and Cultural Affairs Capital Fund (560) TOTAL | \$383,000 | \$(383,000) | | | | |
| Convention Center Facilities District Capital Fund (798) | | | | | | |
| Ending Fund Balance Adjustment: Rebudgets | | \$329,000 | \$329,000 | | | \$329,000 |
| Fund Balance Reconciliation | | | | | \$(329,954) | \$329,954 |

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review**

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|---------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Convention Center Facilities District Capital Fund (798) | | | | | | |
| Fund Balance Reconciliation | | \$(329,954) | \$(329,954) | | | \$(329,954) |
| Rebudget: Convention Center Rehabilitation/Repair - Electrical | \$(132,000) | | \$(132,000) | | | \$(132,000) |
| Rebudget: Convention Center Rehabilitation/Repair - Mechanical | \$(120,000) | | \$(120,000) | | | \$(120,000) |
| Rebudget: Convention Center Rehabilitation/Repair - Miscellaneous | \$(14,000) | | \$(14,000) | | | \$(14,000) |
| Rebudget: Convention Center Rehabilitation/Repair - Unanticipated | \$(63,000) | | \$(63,000) | | | \$(63,000) |
| Clean-Up and Rebudget Actions TOTAL | \$(329,000) | \$(954) | \$(329,954) | | \$(329,954) | |
| Convention Center Rehabilitation/Repair - Electrical | \$754,000 | | \$754,000 | | | \$754,000 |
| Convention Center Rehabilitation/Repair - Mechanical | \$562,000 | | \$562,000 | | | \$562,000 |
| Convention Center Rehabilitation/Repair - Miscellaneous | \$343,000 | | \$343,000 | | | \$343,000 |
| Transfers and Reimbursements (Transfer from Convention Center Facility District Revenue Fund) | | | | \$1,659,000 | | \$(1,659,000) |
| Budget Adjustments TOTAL | \$1,659,000 | | \$1,659,000 | \$1,659,000 | | |
| Convention Center Facilities District Capital Fund (798) TOTAL | \$1,330,000 | \$(954) | \$1,329,046 | \$1,659,000 | \$(329,954) | |
| Council District 1 Construction and Conveyance Tax Fund (377) | | | | | | |
| C&C Tax Adjust: Council District 1 Needs-Based Transfer | | | | \$(236,000) | | \$236,000 |
| C&C Tax Adjust: Council District 1 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(272,000) | \$(272,000) | | | \$(272,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(272,000) | \$(272,000) | \$(272,000) | | |
| Council District 1 Construction and Conveyance Tax Fund (377) TOTAL | | \$(272,000) | \$(272,000) | \$(272,000) | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|---------|---------------------|--------------------|--------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Council District 10 Construction and Conveyance Tax Fund (389) | | | | | | |
| C&C Tax Adjust: Council District 10 Needs-Based Transfer | | | | \$(69,000) | | \$69,000 |
| C&C Tax Adjust: Council District 10 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(105,000) | \$(105,000) | | | \$(105,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(105,000) | \$(105,000) | \$(105,000) | | |
| Council District 10 Construction and Conveyance Tax Fund (389) TOTAL | | \$(105,000) | \$(105,000) | \$(105,000) | | |
| Council District 2 Construction and Conveyance Tax Fund (378) | | | | | | |
| C&C Tax Adjust: Council District 2 Needs-Based Transfer | | | | \$(118,000) | | \$118,000 |
| C&C Tax Adjust: Council District 2 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(154,000) | \$(154,000) | | | \$(154,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(154,000) | \$(154,000) | \$(154,000) | | |
| Council District 2 Construction and Conveyance Tax Fund (378) TOTAL | | \$(154,000) | \$(154,000) | \$(154,000) | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|---------|---------------------|--------------------|--------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Council District 3 Construction and Conveyance Tax Fund (380) | | | | | | |
| C&C Tax Adjust: Council District 3 Needs-Based Transfer | | | | \$(98,000) | | \$98,000 |
| C&C Tax Adjust: Council District 3 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(134,000) | \$(134,000) | | | \$(134,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(134,000) | \$(134,000) | \$(134,000) | | |
| Council District 3 Construction and Conveyance Tax Fund (380) TOTAL | | \$(134,000) | \$(134,000) | \$(134,000) | | |
| Council District 4 Construction and Conveyance Tax Fund (381) | | | | | | |
| C&C Tax Adjust: Council District 4 Needs-Based Transfer | | | | \$(52,000) | | \$52,000 |
| C&C Tax Adjust: Council District 4 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(88,000) | \$(88,000) | | | \$(88,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(88,000) | \$(88,000) | \$(88,000) | | |
| Council District 4 Construction and Conveyance Tax Fund (381) TOTAL | | \$(88,000) | \$(88,000) | \$(88,000) | | |
| Council District 5 Construction and Conveyance Tax Fund (382) | | | | | | |
| C&C Tax Adjust: Council District 5 Needs-Based Transfer | | | | \$(240,000) | | \$240,000 |
| C&C Tax Adjust: Council District 5 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(276,000) | \$(276,000) | | | \$(276,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(276,000) | \$(276,000) | \$(276,000) | | |
| Council District 5 Construction and Conveyance Tax Fund (382) TOTAL | | \$(276,000) | \$(276,000) | \$(276,000) | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|---------|---------------------|--------------------|--------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Council District 6 Construction and Conveyance Tax Fund (384) | | | | | | |
| C&C Tax Adjust: Council District 6 Needs-Based Transfer | | | | \$(117,000) | | \$117,000 |
| C&C Tax Adjust: Council District 6 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(153,000) | \$(153,000) | | | \$(153,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(153,000) | \$(153,000) | \$(153,000) | | |
| Council District 6 Construction and Conveyance Tax Fund (384) TOTAL | | \$(153,000) | \$(153,000) | \$(153,000) | | |
| Council District 7 Construction and Conveyance Tax Fund (385) | | | | | | |
| C&C Tax Adjust: Council District 7 Needs-Based Transfer | | | | \$(226,000) | | \$226,000 |
| C&C Tax Adjust: Council District 7 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(262,000) | \$(262,000) | | | \$(262,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(262,000) | \$(262,000) | \$(262,000) | | |
| Council District 7 Construction and Conveyance Tax Fund (385) TOTAL | | \$(262,000) | \$(262,000) | \$(262,000) | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|------------------|---------------------|--------------------|--------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Council District 8 Construction and Conveyance Tax Fund (386) | | | | | | |
| C&C Tax Adjust: Council District 8 Needs-Based Transfer | | | | \$(171,000) | | \$171,000 |
| C&C Tax Adjust: Council District 8 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(207,000) | \$(207,000) | | | \$(207,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(207,000) | \$(207,000) | \$(207,000) | | |
| Ending Fund Balance Adjustment | | \$(130,000) | \$(130,000) | | | \$(130,000) |
| Groesbeck Hill Park Sport Courts Renovation | \$130,000 | | \$130,000 | | | \$130,000 |
| Budget Adjustments TOTAL | \$130,000 | \$(130,000) | | | | |
| Council District 8 Construction and Conveyance Tax Fund (386) TOTAL | \$130,000 | \$(337,000) | \$(207,000) | \$(207,000) | | |
| Council District 9 Construction and Conveyance Tax Fund (388) | | | | | | |
| C&C Tax Adjust: Council District 9 Needs-Based Transfer | | | | \$(126,000) | | \$126,000 |
| C&C Tax Adjust: Council District 9 Special Needs Transfer | | | | \$(36,000) | | \$36,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(162,000) | \$(162,000) | | | \$(162,000) |
| Clean-Up and Rebudget Actions TOTAL | | \$(162,000) | \$(162,000) | \$(162,000) | | |
| Council District 9 Construction and Conveyance Tax Fund (388) TOTAL | | \$(162,000) | \$(162,000) | \$(162,000) | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|------------------|---------------------|-------------------|-------------------|------------------|---------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Fire Construction and Conveyance Tax Fund (392) | | | | | | |
| C&C Tax Adjust: Fire C&C Tax Revenue | | | | \$(420,000) | | \$420,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(420,000) | \$(420,000) | | | \$(420,000) |
| Fund Balance Reconciliation | | | | | \$1 | \$(1) |
| Fund Balance Reconciliation | | \$1 | \$1 | | | \$1 |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$321,000 | | \$(321,000) |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$321,000 | | \$321,000 | | | \$321,000 |
| Clean-Up and Rebudget Actions TOTAL | \$321,000 | \$(419,999) | \$(98,999) | \$(99,000) | \$1 | |
| Emergency Equipment Reserve | \$(1,100,000) | | \$(1,100,000) | | | \$(1,100,000) |
| Emergency Medical Services Equipment | \$1,405,000 | | \$1,405,000 | | | \$1,405,000 |
| Ending Fund Balance Adjustment | | \$(305,000) | \$(305,000) | | | \$(305,000) |
| Budget Adjustments TOTAL | \$305,000 | \$(305,000) | | | | |
| Fire Construction and Conveyance Tax Fund (392) TOTAL | \$626,000 | \$(724,999) | \$(98,999) | \$(99,000) | \$1 | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|--|---------------------|--------------------|---------|-------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| General Purpose Parking Capital Fund (559) | | | | | | |
| Capital Program and Public Works Department Support Service Costs | \$100,000 | | \$100,000 | | | \$100,000 |
| Ending Fund Balance Adjustment | | \$(100,000) | \$(100,000) | | | \$(100,000) |
| | Budget Adjustments TOTAL | \$100,000 | \$(100,000) | | | |
| General Purpose Parking Capital Fund (559) TOTAL | \$100,000 | \$(100,000) | | | | |
| Ice Centre Expansion Bond Fund (490) | | | | | | |
| Fund Balance Reconciliation | | | | | \$(156) | \$156 |
| Fund Balance Reconciliation | | \$(156) | \$(156) | | | \$(156) |
| | Clean-Up and Rebudget Actions TOTAL | \$(156) | \$(156) | | \$(156) | |
| Ice Centre Expansion Bond Fund (490) TOTAL | | \$(156) | \$(156) | | \$(156) | |
| Improvement District Fund (599) | | | | | | |
| Tech Adjust: Fund Balance Reconciliation | | | | | \$(20,322) | \$20,322 |
| Tech Adjust: Fund Balance Reconciliation | | \$(20,322) | \$(20,322) | | | \$(20,322) |
| | Clean-Up and Rebudget Actions TOTAL | \$(20,322) | \$(20,322) | | \$(20,322) | |
| Improvement District Fund (599) TOTAL | | \$(20,322) | \$(20,322) | | \$(20,322) | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|----------------------|----------------------|--------------------|--------------------|------------------|---------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Library Construction and Conveyance Tax Fund (393) | | | | | | |
| C&C Tax Adjust: Library C&C Tax Revenue | | | | \$(711,000) | | \$711,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(711,000) | \$(711,000) | | | \$(711,000) |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$248,000 | | \$(248,000) |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$248,000 | | \$248,000 | | | \$248,000 |
| Clean-Up and Rebudget Actions TOTAL | \$248,000 | \$(711,000) | \$(463,000) | \$(463,000) | | |
| Almaden Library Roof Replacement | \$406,000 | | \$406,000 | | | \$406,000 |
| Ending Fund Balance Adjustment | | \$(656,000) | \$(656,000) | | | \$(656,000) |
| Facilities Improvements - Library (Improvements and Repairs) | \$250,000 | | \$250,000 | | | \$250,000 |
| Budget Adjustments TOTAL | \$656,000 | \$(656,000) | | | | |
| Library Construction and Conveyance Tax Fund (393) TOTAL | \$904,000 | \$(1,367,000) | \$(463,000) | \$(463,000) | | |
| Measure T: Public Safety and Infrastructure Bond Fund (498) | | | | | | |
| Ending Fund Balance Adjustment: Rebudget (Storm Sewer System) | | \$1,101,000 | \$1,101,000 | | | \$1,101,000 |
| Ending Fund Balance Adjustment: Rebudget (Traffic) | | \$3,738,000 | \$3,738,000 | | | \$3,738,000 |
| Rebudget: Measure T - LED Streetlight Conversion | \$(3,738,000) | | \$(3,738,000) | | | \$(3,738,000) |
| Rebudget: Measure T - Storm Drain Improvements at Charcot Ave | \$(1,101,000) | | \$(1,101,000) | | | \$(1,101,000) |
| Clean-Up and Rebudget Actions TOTAL | \$(4,839,000) | \$4,839,000 | | | | |
| Measure T: Public Safety and Infrastructure Bond Fund (498) TOTAL | \$(4,839,000) | \$4,839,000 | | | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|------------------|---------------------|-----------------|-----------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Park Yards Construction and Conveyance Tax Fund (398) | | | | | | |
| C&C Tax Adjust: Park Yards C&C Tax Revenue | | | | \$(60,000) | | \$60,000 |
| C&C Tax Adjust: Transfer to General Fund - Park Yards Operating and Maintenance Expenses | \$(9,000) | | \$(9,000) | | | \$(9,000) |
| C&C Tax Adjust: Ending Fund Balance | | \$(51,000) | \$(51,000) | | | \$(51,000) |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$118,000 | | \$(118,000) |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$118,000 | | \$118,000 | | | \$118,000 |
| Clean-Up and Rebudget Actions TOTAL | \$109,000 | \$(51,000) | \$58,000 | \$58,000 | | |
| Park Yards Construction and Conveyance Tax Fund (398) TOTAL | \$109,000 | \$(51,000) | \$58,000 | \$58,000 | | |
| Parks Central Construction and Conveyance Tax Fund (390) | | | | | | |
| C&C Tax Adjust: Council District 1 Needs-Based Transfer | \$(236,000) | | \$(236,000) | | | \$(236,000) |
| C&C Tax Adjust: Council District 1 Special Needs Transfer | \$(36,000) | | \$(36,000) | | | \$(36,000) |
| C&C Tax Adjust: Council District 10 Needs-Based Transfer | \$(69,000) | | \$(69,000) | | | \$(69,000) |
| C&C Tax Adjust: Council District 10 Special Needs Transfer | \$(36,000) | | \$(36,000) | | | \$(36,000) |
| C&C Tax Adjust: Council District 2 Needs-Based Transfer | \$(118,000) | | \$(118,000) | | | \$(118,000) |
| C&C Tax Adjust: Council District 2 Special Needs Transfer | \$(36,000) | | \$(36,000) | | | \$(36,000) |

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review**

| Fund/Proposal | USE | | SOURCE | | NET COST |
|--|----------------------|---------------------|----------------------|--------------------------|-------------|
| | Expense | Ending Fund Balance | Total Use | Revenue Beg Fund Balance | |
| Parks Central Construction and Conveyance Tax Fund (390) | | | | | |
| C&C Tax Adjust: Council District 3 Needs-Based Transfer | \$(98,000) | | \$(98,000) | | \$(98,000) |
| C&C Tax Adjust: Council District 3 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 4 Needs-Based Transfer | \$(52,000) | | \$(52,000) | | \$(52,000) |
| C&C Tax Adjust: Council District 4 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 5 Needs-Based Transfer | \$(240,000) | | \$(240,000) | | \$(240,000) |
| C&C Tax Adjust: Council District 5 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 6 Needs-Based Transfer | \$(117,000) | | \$(117,000) | | \$(117,000) |
| C&C Tax Adjust: Council District 6 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 7 Needs-Based Transfer | \$(226,000) | | \$(226,000) | | \$(226,000) |
| C&C Tax Adjust: Council District 7 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 8 Needs-Based Transfer | \$(171,000) | | \$(171,000) | | \$(171,000) |
| C&C Tax Adjust: Council District 8 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Council District 9 Needs-Based Transfer | \$(126,000) | | \$(126,000) | | \$(126,000) |
| C&C Tax Adjust: Council District 9 Special Needs Transfer | \$(36,000) | | \$(36,000) | | \$(36,000) |
| C&C Tax Adjust: Parks C&C Tax Revenue | | | | \$(3,200,000) | \$3,200,000 |
| C&C Tax Adjust: Transfer to Central Fund Operating and Maintenance Expenses | \$(907,000) | | \$(907,000) | | \$(907,000) |
| C&C Tax Adjust: Transfer to General Fund - Central Fund Operating and Maintenance Expenses | \$(480,000) | | \$(480,000) | | \$(480,000) |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$665,000 | \$(665,000) |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$665,000 | | \$665,000 | | \$665,000 |
| Clean-Up and Rebudget Actions TOTAL | \$(2,535,000) | | \$(2,535,000) | \$(2,535,000) | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|----------------------|---------------------|----------------------|----------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Parks Central Construction and Conveyance Tax Fund (390) | | | | | | |
| Capital Program and Public Works Department Support Service Costs | \$142,000 | | \$142,000 | | | \$142,000 |
| Ending Fund Balance Adjustment | | \$(303,000) | \$(303,000) | | | \$(303,000) |
| Weed Abatement | \$161,000 | | \$161,000 | | | \$161,000 |
| Budget Adjustments TOTAL | \$303,000 | \$(303,000) | | | | |
| Parks Central Construction and Conveyance Tax Fund (390) TOTAL | \$(2,232,000) | \$(303,000) | \$(2,535,000) | \$(2,535,000) | | |
| Parks City-Wide Construction and Conveyance Tax Fund (391) | | | | | | |
| 2013 RIM Fire Claims Reimbursement | \$62,000 | | \$62,000 | | | \$62,000 |
| Ending Fund Balance Adjustment | | \$(62,000) | \$(62,000) | | | \$(62,000) |
| Budget Adjustments TOTAL | \$62,000 | \$(62,000) | | | | |
| Parks City-Wide Construction and Conveyance Tax Fund (391) TOTAL | \$62,000 | \$(62,000) | | | | |
| Residential Construction Tax Contribution Fund (420) | | | | | | |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$35,000 | | \$(35,000) |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$35,000 | | \$35,000 | | | \$35,000 |
| Clean-Up and Rebudget Actions TOTAL | \$35,000 | | \$35,000 | \$35,000 | | |
| Residential Construction Tax Contribution Fund (420) TOTAL | \$35,000 | | \$35,000 | \$35,000 | | |



Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

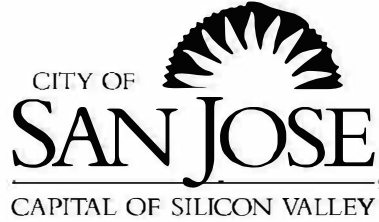
| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|--|--------------------|---------------------|--------------------|--------------------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Service Yards Construction and Conveyance Tax Fund (395) | | | | | | |
| C&C Tax Adjust: Service Yards C&C Tax Revenue | | | | \$(439,000) | | \$439,000 |
| C&C Tax Adjust: Ending Fund Balance | | \$(439,000) | \$(439,000) | | | \$(439,000) |
| Tech Adjust: Revenue from the Use of Money and Property (Interest) | | | | \$(141,000) | | \$141,000 |
| Tech Adjust: Transfer to the General Fund - Interest Income | \$(141,000) | | \$(141,000) | | | \$(141,000) |
| Clean-Up and Rebudget Actions TOTAL | \$(141,000) | \$(439,000) | \$(580,000) | \$(580,000) | | |
| Capital Program and Public Works Department Support Service Costs | \$20,000 | | \$20,000 | | | \$20,000 |
| Central Service Yard - Fire Alarm Panels | \$300,000 | | \$300,000 | | | \$300,000 |
| Central Service Yard - Pavement Replacement (Savings) | \$(300,000) | | \$(300,000) | | | \$(300,000) |
| Ending Fund Balance Adjustment | | \$(20,000) | \$(20,000) | | | \$(20,000) |
| Budget Adjustments TOTAL | \$20,000 | \$(20,000) | | | | |
| Service Yards Construction and Conveyance Tax Fund (395) TOTAL | \$(121,000) | \$(459,000) | \$(580,000) | \$(580,000) | | |
| Sewer Service and Use Charge Capital Improvement Fund (545) | | | | | | |
| Capital Program and Public Works Department Support Service Costs | \$50,000 | | \$50,000 | | | \$50,000 |
| Ending Fund Balance Adjustment | | \$(50,000) | \$(50,000) | | | \$(50,000) |
| Budget Adjustments TOTAL | \$50,000 | \$(50,000) | | | | |
| Sewer Service and Use Charge Capital Improvement Fund (545) TOTAL | \$50,000 | \$(50,000) | | | | |

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2023-2024 Mid-Year Budget Review

| Fund/Proposal | Expense | USE | | SOURCE | | NET COST |
|---|---------------------------------|---------------------|--------------------|---------|------------------|-------------|
| | | Ending Fund Balance | Total Use | Revenue | Beg Fund Balance | |
| Subdivision Park Trust Fund (375) | | | | | | |
| Capital Program and Public Works Department Support Service Costs | \$47,000 | | \$47,000 | | | \$47,000 |
| Future PDO/PIO Project Reserve | \$(597,000) | | \$(597,000) | | | \$(597,000) |
| Plaza de César Chávez Interim Improvements | \$250,000 | | \$250,000 | | | \$250,000 |
| TRAIL: Los Gatos Creek Reach II Development | \$300,000 | | \$300,000 | | | \$300,000 |
| | Budget Adjustments TOTAL | | | | | |
| Subdivision Park Trust Fund (375) TOTAL | | | | | | |
| Underground Utility Fund (416) | | | | | | |
| Ending Fund Balance Adjustment | | \$(200,000) | \$(200,000) | | | \$(200,000) |
| Underground Utility Administration (20A) | \$200,000 | | \$200,000 | | | \$200,000 |
| | Budget Adjustments TOTAL | \$200,000 | \$(200,000) | | | |
| Underground Utility Fund (416) TOTAL | | | | | | |
| Water Utility Capital Fund (500) | | | | | | |
| Capital Program and Public Works Department Support Service Costs | \$100,000 | | \$100,000 | | | \$100,000 |
| Ending Fund Balance Adjustment | | \$(100,000) | \$(100,000) | | | \$(100,000) |
| | Budget Adjustments TOTAL | \$100,000 | \$(100,000) | | | |
| Water Utility Capital Fund (500) TOTAL | | | | | | |

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IV. APPENDIX - FINANCIAL RESULTS



FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the Month Ended December 31, 2023
Fiscal Year 2023-2024
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2023
Fiscal Year 2023-2024
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2023
Fiscal Year 2023-2024
(UNAUDITED)

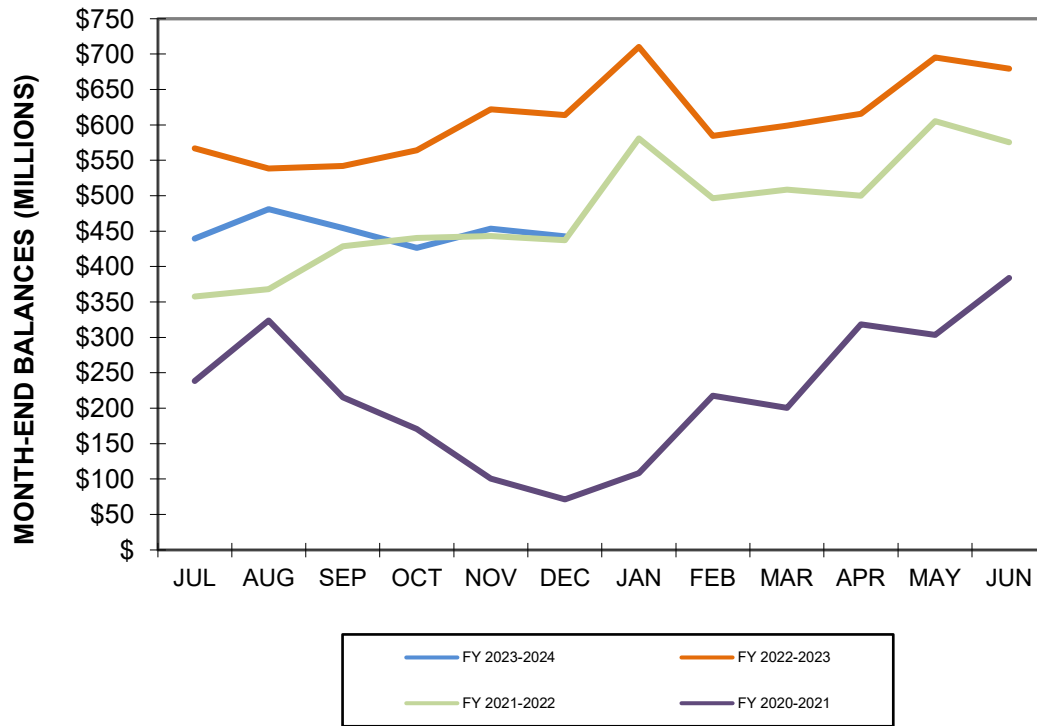
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Submitted by:

RICK BRUNEAU
Director of Finance

**GENERAL FUND
Comparison of Cash Balances vs. Prior Year's Balance**

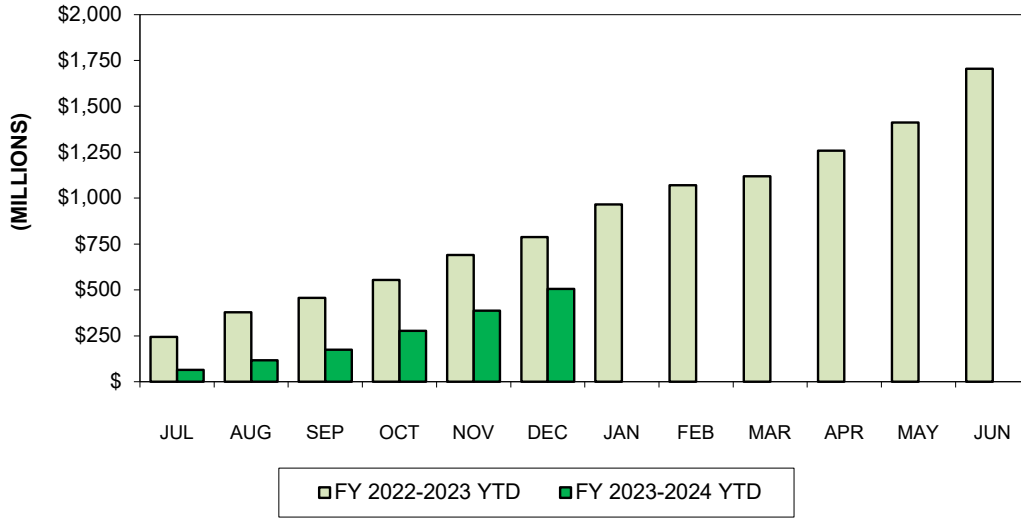


GENERAL FUND MONTHLY CASH BALANCES

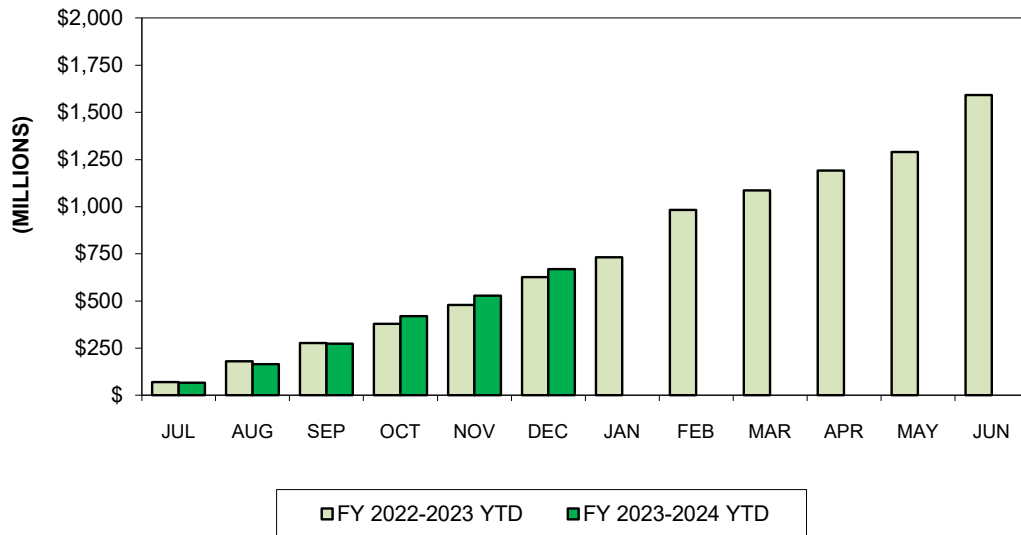
| MONTH | FY 2023-2024 | FY 2022-2023 | FY 2021-2022 | FY 2020-2021 |
|---------------------|----------------|----------------|----------------|----------------|
| JULY ⁽¹⁾ | \$ 439,558,442 | \$ 566,915,115 | \$ 358,124,221 | \$ 238,661,153 |
| AUGUST | 481,331,154 | 538,605,518 | 367,985,840 | 323,738,458 |
| SEPTEMBER | 454,215,277 | 542,042,503 | 428,548,372 | 215,370,108 |
| OCTOBER | 426,618,323 | 564,251,170 | 440,238,436 | 170,467,897 |
| NOVEMBER | 453,578,125 | 622,142,937 | 442,957,719 | 100,622,899 |
| DECEMBER | 442,840,961 | 613,707,115 | 437,194,188 | 71,502,262 |
| JANUARY | - | 710,351,741 | 580,885,854 | 108,130,590 |
| FEBRUARY | - | 584,487,275 | 496,453,999 | 217,629,193 |
| MARCH | - | 599,096,267 | 508,488,546 | 200,717,737 |
| APRIL | - | 615,840,435 | 500,240,167 | 318,260,683 |
| MAY | - | 695,301,954 | 605,557,239 | 303,297,059 |
| JUNE | - | 679,263,084 | 575,342,891 | 384,019,042 |

(1) The General Fund cash balance decreased in July as part of the annual lump-sum pre-funding of a portion of the employer's share of retirement contributions to achieve budgetary savings. In the past, the City issued short-term Tax and Revenue Anticipation Notes (TRAN) to pre-fund retirement contributions. In 2023-2024, the City chose to pre-fund with \$211 million cash.

**GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual**

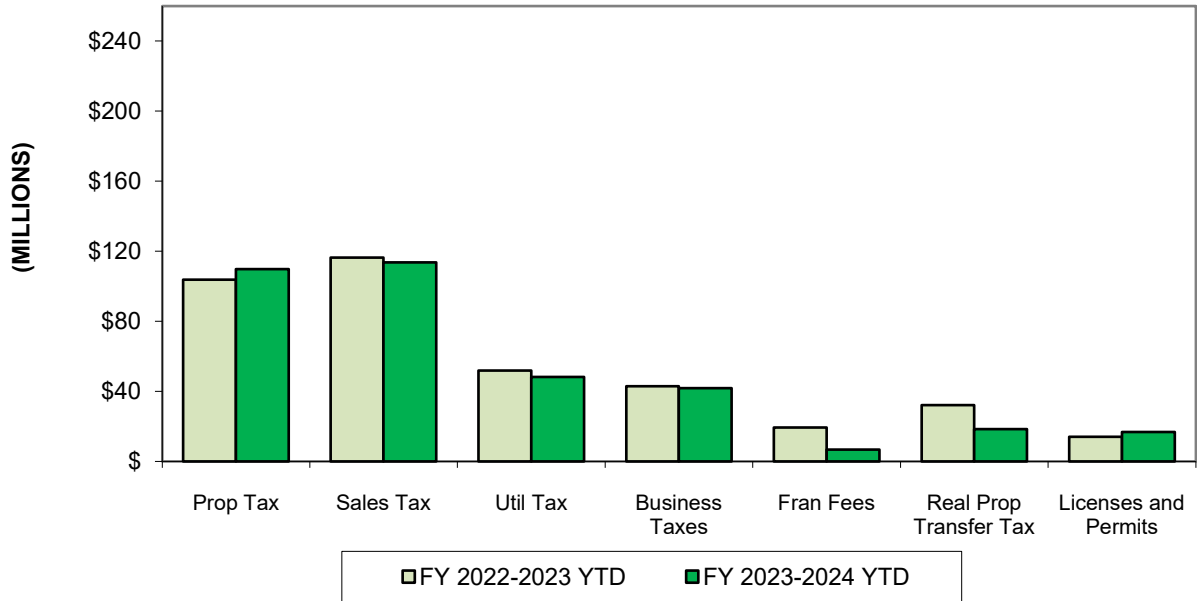


**GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual**

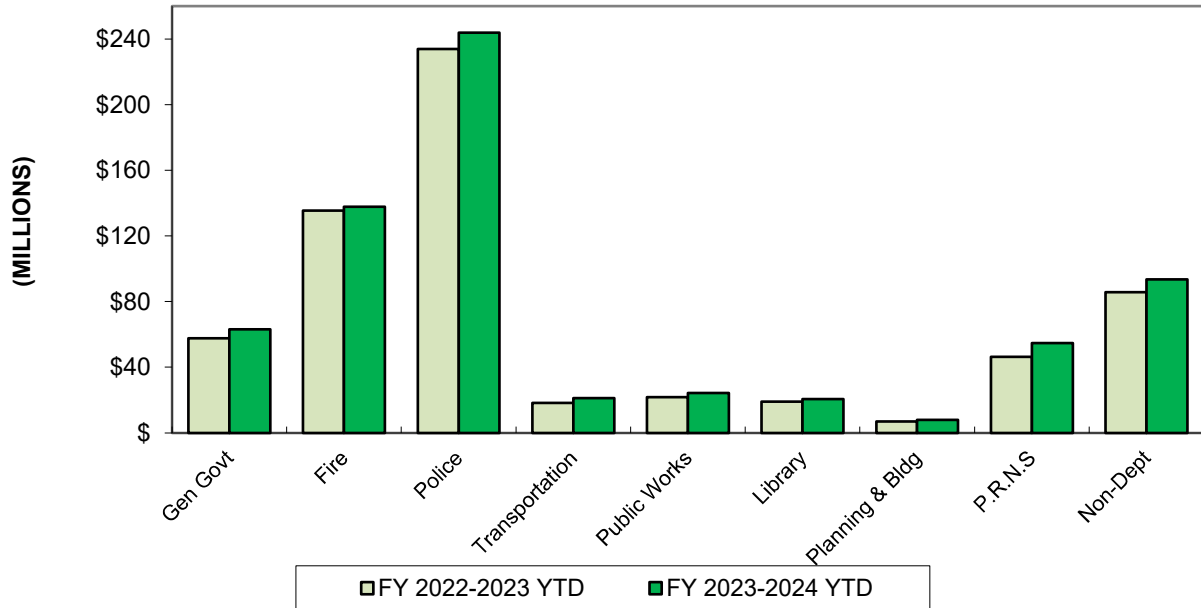


Note: 1) Decrease in revenues is primarily due to \$275.0 million received in TRAN proceeds in FY 2023 compared to \$0 received in FY 2024.

**GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual**



**GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual**



Note: 1) The 'Other Revenue' category was omitted from the General Fund Major Revenues chart to prevent the y-axis from extending to \$300 million, which would make other categories illegible. FY 2024 YTD actual other revenue was \$14 million, down from \$283.3 million in FY 2023. The decrease in Other Revenues is mainly attributed to the \$275.0 million received in TRAN proceeds in FY 2023, compared to \$0 received in FY 2024.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)

| | ADOPTED FY 2023-2024 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2023-2024 BUDGET | CUR YTD ACTUAL | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|---|-----------------------------------|-----------------------------|----------------|-----------------------------------|-------------------|----------------------------------|------------------------|---|--------------------------|-------------------------------------|--|
| Fund Balance | | | | | | | | | | | |
| Prior Year Encumbrances | - | - | 84,474 | 84,474 | 84,474 | 100.00% | 53,332 | 83.57% | 63,818 | 31,142 | 58.39% |
| Available Balance | 629,627 | 9,732 | - | 639,359 | 639,359 | 100.00% | 558,987 | 100.00% | 558,987 | 80,372 | 14.38% |
| Total Fund Balance | 629,627 | 9,732 | 84,474 | 723,833 | 723,833 | 100.00% | 612,319 | 98.32% | 622,805 | 111,514 | 18.21% |
| General Revenues | | | | | | | | | | | |
| Property Tax | 460,400 | - | - | 460,400 | 109,752 | 23.84% | 103,746 | 23.11% | 449,014 | 6,006 | 5.79% |
| Sales Tax | 336,400 | - | - | 336,400 | 113,489 | 33.74% | 116,212 | 33.83% | 343,472 | (2,723) | -2.34% |
| Telephone Line Tax | 22,000 | - | - | 22,000 | 7,846 | 35.66% | 7,260 | 34.42% | 21,094 | 586 | 8.07% |
| Transient Occupancy Tax | 16,000 | - | - | 16,000 | 6,127 | 38.29% | 5,841 | 39.10% | 14,937 | 286 | 4.90% |
| Franchise Fees | 51,825 | - | - | 51,825 | 6,633 | 12.80% | 19,316 | 43.09% | 44,824 | (12,683) | -65.66% |
| Utility Tax | 126,550 | - | - | 126,550 | 48,092 | 38.00% | 51,794 | 41.68% | 124,267 | (3,702) | -7.15% |
| Business Taxes | 87,500 | - | - | 87,500 | 41,777 | 47.75% | 42,892 | 47.86% | 89,627 | (1,115) | -2.60% |
| Real Property Transfer Tax | 50,000 | - | - | 50,000 | 18,368 | 36.74% | 32,136 | 57.10% | 56,280 | (13,768) | -42.84% |
| Licenses and Permits | 22,006 | (202) | - | 21,804 | 16,750 | 76.82% | 14,044 | 79.09% | 17,757 | 2,706 | 19.27% |
| Fines, Forfeits and Penalties | 15,080 | - | - | 15,080 | 5,936 | 39.36% | 7,616 | 43.89% | 17,353 | (1,680) | -22.06% |
| Use of Money and Property | 14,864 | - | - | 14,864 | 9,531 | 64.12% | 6,574 | 34.31% | 19,158 | 2,957 | 44.98% |
| Revenue from Local Agencies | 18,975 | 2,989 | - | 21,964 | 5,973 | 27.19% | 4,169 | 16.35% | 25,497 | 1,804 | 43.27% |
| Revenue from State of CA | 22,111 | 16,123 | - | 38,234 | 1,447 | 3.78% | 2,005 | 10.07% | 19,913 | (558) | -27.83% |
| Revenue from Federal Government | 7,496 | 4,326 | - | 11,822 | 910 | 7.70% | 844 | 17.01% | 4,962 | 66 | 7.82% |
| Fees, Rates and Charges | 22,373 | (3) | - | 22,370 | 10,870 | 48.59% | 9,438 | 40.00% | 23,595 | 1,432 | 15.17% |
| Other Revenues | 10,258 | 627 | - | 10,885 | 13,992 | 128.54% | 283,369 | 97.29% | 291,249 | (269,377) | -95.06% |
| Total General Revenues | 1,283,838 | 23,860 | - | 1,307,698 | 417,493 | 31.93% | 707,256 | 45.25% | 1,562,999 | (289,763) | -40.97% |
| Transfers & Reimbursements | | | | | | | | | | | |
| Overhead Reimbursements | 89,127 | - | - | 89,127 | 60,515 | 67.90% | 45,103 | 59.50% | 75,800 | 15,412 | 34.17% |
| Transfers from Other Funds | 9,898 | 2,344 | - | 12,242 | 10,863 | 88.74% | 22,519 | 47.73% | 47,176 | (11,656) | -51.76% |
| Reimbursements for Services | 26,743 | 5 | - | 26,748 | 16,372 | 61.21% | 13,750 | 77.37% | 17,772 | 2,622 | 19.07% |
| Total Transfers & Reimbursements | 125,768 | 2,349 | - | 128,117 | 87,750 | 68.49% | 81,372 | 57.81% | 140,748 | 6,378 | 7.84% |
| Total Sources | 2,039,233 | 35,941 | 84,474 | 2,159,648 | 1,229,076 | 56.91% | 1,400,947 | 60.22% | 2,326,552 | (171,871) | -12.27% |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O ENCUMBR | REVISED | YEAR-TO-DATE | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END ACTUAL (1) | CUR YTD LESS | % CHANGE | | |
|----------------------------------|------------------|---------------|----------------|------------------|----------------|---------------|---------------|----------------|---------------|------------------------------|----------------|---------------|----------------|----------------|
| | FY 2023-2024 | BUDGET | | FY 2023-2024 | | | ACTUAL % | YTD | OF PRIOR | | PRIOR YEAR-END | PRIOR YTD | LESS PRIOR YTD | LESS PRIOR YTD |
| | BUDGET | AMENDMENTS | | BUDGET | ACTUAL | ENCUMBR | OF BUDGET | ACTUAL (1) | YEAR-END | | ACTUAL (1) | ACTUAL (1) | ACTUAL | ACTUAL |
| General Government | | | | | | | | | | | | | | |
| Mayor and Council | 17,930 | 252 | 52 | 18,234 | 7,029 | 25 | 38.55% | 7,098 | 49.41% | 14,366 | (69) | -0.97% | | |
| City Attorney | 17,857 | 503 | 1,937 | 20,297 | 9,333 | 2,140 | 45.98% | 8,928 | 49.39% | 18,076 | 405 | 4.54% | | |
| City Auditor | 2,922 | 62 | 4 | 2,988 | 1,306 | 4 | 43.71% | 1,141 | 45.69% | 2,497 | 165 | 14.46% | | |
| City Clerk | 3,857 | 110 | (20) | 3,947 | 1,770 | 171 | 44.84% | 1,403 | 42.14% | 3,329 | 367 | 26.16% | | |
| City Manager | 23,044 | 791 | 1,489 | 25,324 | 10,642 | 1,507 | 42.02% | 10,398 | 50.44% | 20,613 | 244 | 2.35% | | |
| Finance | 23,364 | 750 | 1,158 | 25,272 | 10,523 | 1,402 | 41.64% | 9,752 | 48.59% | 20,071 | 771 | 7.91% | | |
| Information Technology | 32,629 | 568 | 4,548 | 37,745 | 12,049 | 5,456 | 31.92% | 10,202 | 40.88% | 24,953 | 1,847 | 18.10% | | |
| Human Resources | 15,049 | 243 | 348 | 15,640 | 6,737 | 3,141 | 43.08% | 5,300 | 42.47% | 12,479 | 1,437 | 27.11% | | |
| Independent Police Auditor | 1,630 | 87 | - | 1,717 | 710 | 35 | 41.35% | 601 | 49.96% | 1,203 | 109 | 18.14% | | |
| Office of Economic Development | 6,410 | 463 | 722 | 7,595 | 2,889 | 752 | 38.04% | 2,776 | 47.28% | 5,872 | 113 | 4.07% | | |
| Total General Government | 144,692 | 3,829 | 10,238 | 158,759 | 62,988 | 14,633 | 39.68% | 57,599 | 46.65% | 123,459 | 5,389 | 9.36% | | |
| Public Safety | | | | | | | | | | | | | | |
| Fire | 280,269 | 1,080 | 2,761 | 284,110 | 137,731 | 2,472 | 48.48% | 135,482 | 48.65% | 278,490 | 2,249 | 1.66% | | |
| Police | 505,805 | 4,745 | 3,318 | 513,868 | 243,913 | 5,062 | 47.47% | 233,858 | 57.01% | 410,220 | 10,055 | 4.30% | | |
| Total Public Safety | 786,074 | 5,825 | 6,079 | 797,978 | 381,644 | 7,534 | 47.83% | 369,340 | 53.63% | 688,710 | 12,304 | 3.33% | | |
| Capital Maintenance | | | | | | | | | | | | | | |
| Transportation | 47,797 | 99 | 1,188 | 49,084 | 21,161 | 3,408 | 43.11% | 18,279 | 43.07% | 42,441 | 2,882 | 15.77% | | |
| Public Works | 48,461 | 929 | 3,175 | 52,565 | 24,294 | 4,568 | 46.22% | 21,622 | 48.01% | 45,040 | 2,672 | 12.36% | | |
| Total Capital Maintenance | 96,258 | 1,028 | 4,363 | 101,649 | 45,455 | 7,976 | 44.72% | 39,901 | 45.61% | 87,481 | 5,554 | 13.92% | | |
| Community Service | | | | | | | | | | | | | | |
| Housing | 601 | 23 | 126 | 750 | 219 | 126 | 29.20% | 148 | 28.68% | 516 | 71 | 47.97% | | |
| Library | 46,409 | 1,589 | 1,948 | 49,946 | 20,521 | 5,428 | 41.09% | 19,055 | 46.25% | 41,200 | 1,466 | 7.69% | | |
| Planning, Bldg & Code Enf. | 17,742 | 853 | 672 | 19,267 | 7,859 | 986 | 40.79% | 6,875 | 46.19% | 14,884 | 984 | 14.31% | | |
| Parks, Rec & Neigh Svcs | 123,327 | 2,159 | 1,836 | 127,322 | 54,626 | 5,379 | 42.90% | 46,308 | 48.00% | 96,475 | 8,318 | 17.96% | | |
| Environmental Services | 5,746 | 167 | 621 | 6,534 | 2,176 | 1,455 | 33.30% | 1,934 | 47.62% | 4,061 | 242 | 12.51% | | |
| Total Community Services | 193,825 | 4,791 | 5,203 | 203,819 | 85,401 | 13,374 | 41.90% | 74,320 | 47.30% | 157,136 | 11,081 | 14.91% | | |
| Total Dept. Expenditures | 1,220,849 | 15,473 | 25,883 | 1,262,205 | 575,488 | 43,517 | 45.59% | 541,160 | 51.21% | 1,056,786 | 34,328 | 6.34% | | |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O ENCUMBR | REVISED | YEAR-TO-DATE | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END ACTUAL (1) | CUR YTD LESS | % CHANGE | | |
|-------------------------------------|------------------|-----------------|----------------|------------------|----------------|----------------|---------------|----------------|---------------|------------------------------|----------------|-----------------|----------------|----------------|
| | FY 2023-2024 | BUDGET | | FY 2023-2024 | | | ACTUAL % | YTD | OF PRIOR | | PRIOR YEAR-END | PRIOR YTD | LESS PRIOR YTD | LESS PRIOR YTD |
| | BUDGET | AMENDMENTS | | BUDGET | ACTUAL | ENCUMBR | OF BUDGET | ACTUAL (1) | ACTUAL | | ACTUAL (1) | ACTUAL (1) | ACTUAL | |
| Non-Dept Expenditures | | | | | | | | | | | | | | |
| City-wide Expenditures: | | | | | | | | | | | | | | |
| Community and Economic Develop. | 151,145 | 33 | 27,904 | 179,082 | 12,464 | 45,415 | 6.96% | 6,102 | 9.16% | 66,605 | 6,362 | 104.26% | | |
| Environmental & Utility Services | 2,701 | 425 | 386 | 3,512 | 243 | 466 | 6.92% | 380 | 20.44% | 1,859 | (137) | -36.05% | | |
| Public Safety | 27,724 | 6,996 | 2,173 | 36,893 | 13,846 | 2,869 | 37.53% | 12,694 | 47.04% | 26,987 | 1,152 | 9.08% | | |
| Neighborhood Services | 63,686 | 18,809 | 12,742 | 95,237 | 12,849 | 19,585 | 13.49% | 7,550 | 14.59% | 51,733 | 5,299 | 70.19% | | |
| Transportation Services | 5,473 | 626 | 9 | 6,108 | 974 | 18 | 15.95% | 1,156 | 30.16% | 3,833 | (182) | -15.74% | | |
| Strategic Support | 75,894 | 5,647 | 5,043 | 86,584 | 16,372 | 5,595 | 18.91% | 14,812 | 4.64% | 319,307 | 1,560 | 10.53% | | |
| Total City-wide Expenditures | 326,623 | 32,536 | 48,257 | 407,416 | 56,748 | 73,948 | 13.93% | 42,694 | 9.08% | 470,324 | 14,054 | 32.92% | | |
| Other Non-Dept Expenditures: | | | | | | | | | | | | | | |
| Capital Improvements | 62,264 | 2,274 | 10,334 | 74,872 | 6,595 | 22,088 | 8.81% | 13,297 | 48.65% | 27,331 | (6,702) | -50.40% | | |
| Transfers to Other Funds | 30,406 | 66 | - | 30,472 | 30,156 | - | 98.96% | 29,651 | 78.42% | 37,811 | 505 | 1.70% | | |
| Total Non-Dept Expenditures | 419,293 | 34,876 | 58,591 | 512,760 | 93,499 | 96,036 | 18.23% | 85,642 | 15.99% | 535,466 | 7,857 | 9.17% | | |
| Reserves | | | | | | | | | | | | | | |
| Contingency Reserve | 47,000 | 3,000 | - | 50,000 | - | - | 0.00% | - | 0.00% | - | - | 0.00% | | |
| Earmarked Reserves | 352,091 | (17,408) | - | 334,683 | - | - | 0.00% | 587 | 0.00% | - | (587) | -100.00% | | |
| Total Reserves | 399,091 | (14,408) | - | 384,683 | - | - | 0.00% | 587 | 0.00% | - | (587) | -100.00% | | |
| Total Uses | 2,039,233 | 35,941 | 84,474 | 2,159,648 | 668,987 | 139,553 | 30.98% | 627,389 | 39.40% | 1,592,252 | 41,598 | 6.63% | | |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

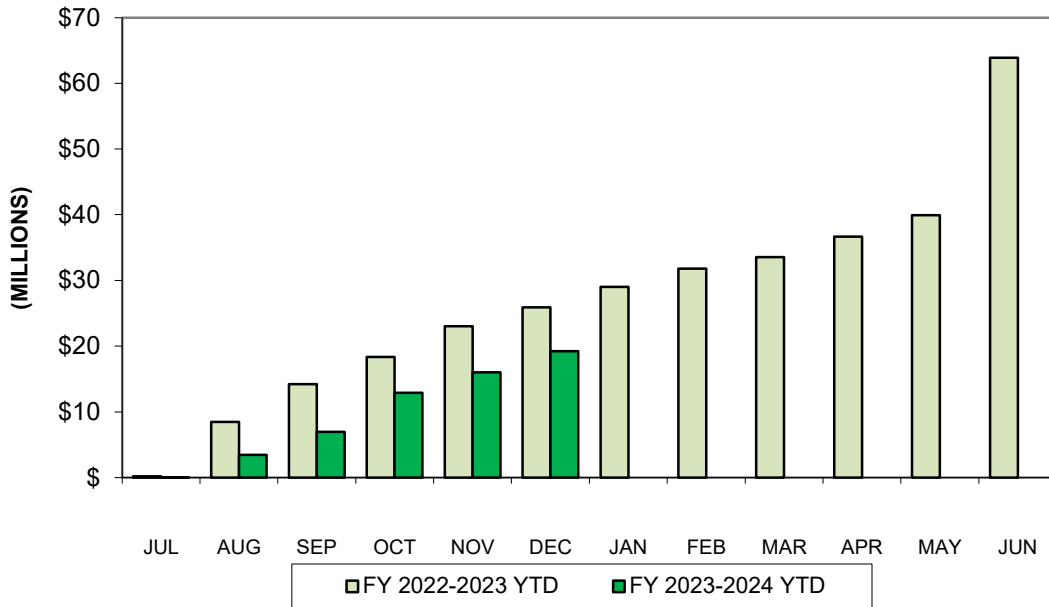
**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)**

| | ADOPTED FY 2023-2024 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2023-2024 BUDGET | CUR YTD ACTUAL | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|---------------------------------------|-----------------------------------|-----------------------------|----------------|-----------------------------------|----------------------|----------------------------------|------------------------|---|--------------------------|-------------------------------------|--|
| Police | 978 | - | - | 978 | 787 | 80.47% | 417 | 35.40% | 1,178 | 370 | 88.73% |
| Public Works | - | - | - | - | - | - | 1 | 0.00% | - | (1) | -100.00% |
| Transportation | 1,899 | (3) | - | 1,896 | 1,039 | 54.80% | 1,054 | 64.54% | 1,633 | (15) | -1.42% |
| Library | 66 | - | - | 66 | 51 | 77.27% | 28 | 35.90% | 78 | 23 | 82.14% |
| Planning, Bldg & Code Enforcement | - | - | - | - | 6 | - | 3 | 0.00% | - | 3 | 0.00% |
| Parks Rec & Neigh Svcs | 16,623 | - | - | 16,623 | 7,597 | 45.70% | 6,147 | 34.72% | 17,707 | 1,450 | 23.59% |
| Miscellaneous Dept Charges | 2,807 | - | - | 2,807 | 1,390 | 49.52% | 1,788 | 59.62% | 2,999 | (398) | -22.26% |
| Total Fees, Rates, and Charges | 22,373 | (3) | - | 22,370 | 10,870 | 48.59% | 9,438 | 40.00% | 23,595 | 1,432 | 15.17% |

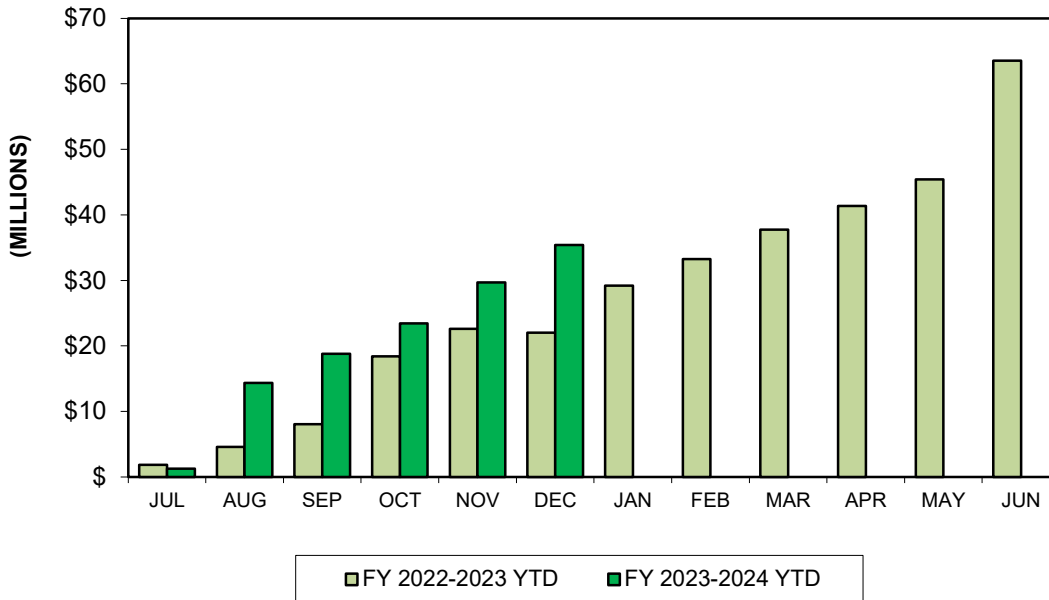
(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Revenues vs. Prior YTD Revenues

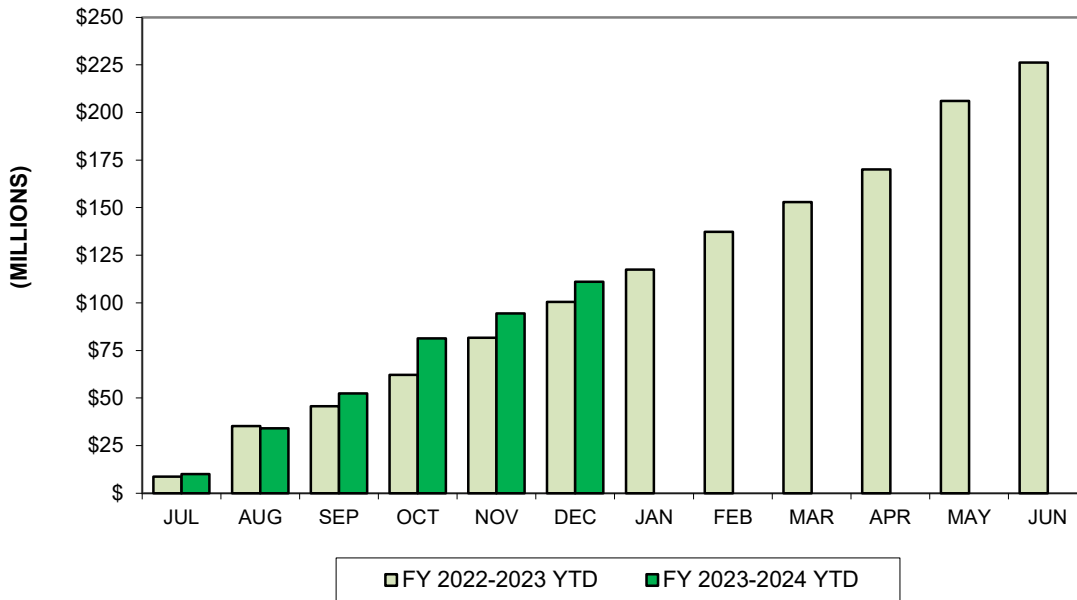


CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Expenditures vs. Prior YTD Expenditures

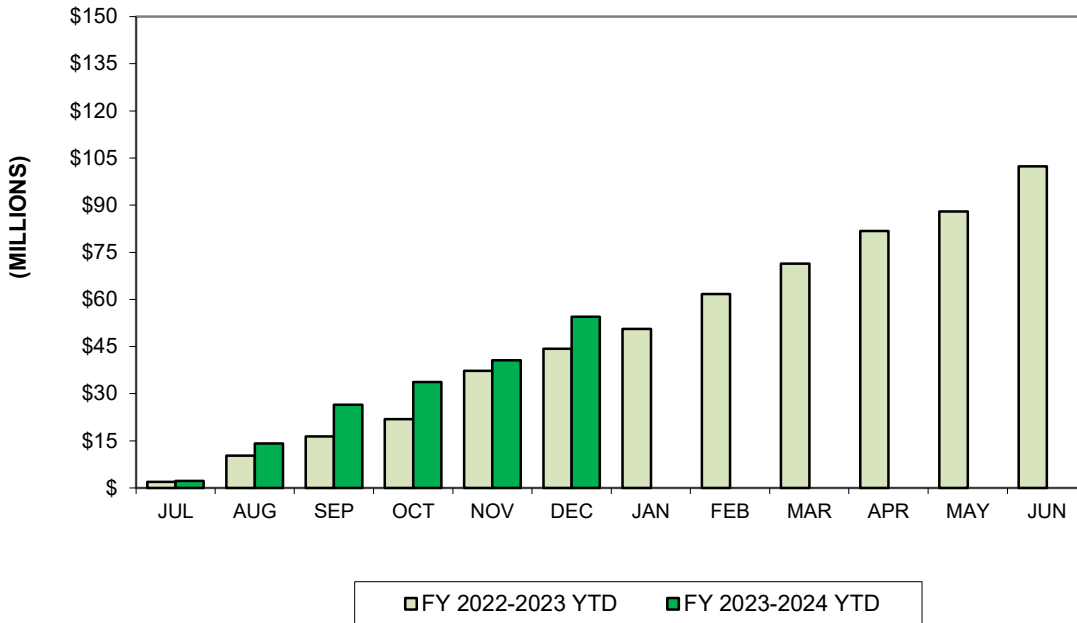


Note: 1) FY 2024 revenues have decreased primarily due to the downward trend in real property transfers.
 2) Increase in expenditures is due to an increase in the number of construction and capital maintenance projects.

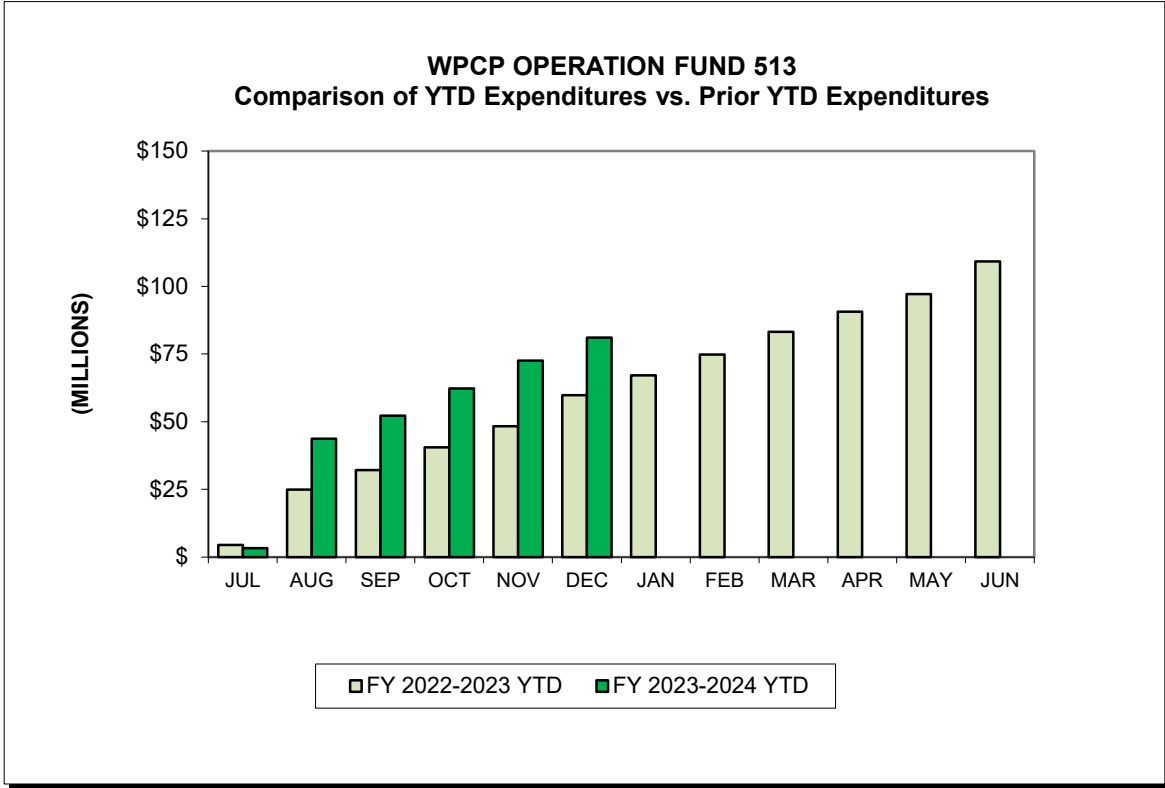
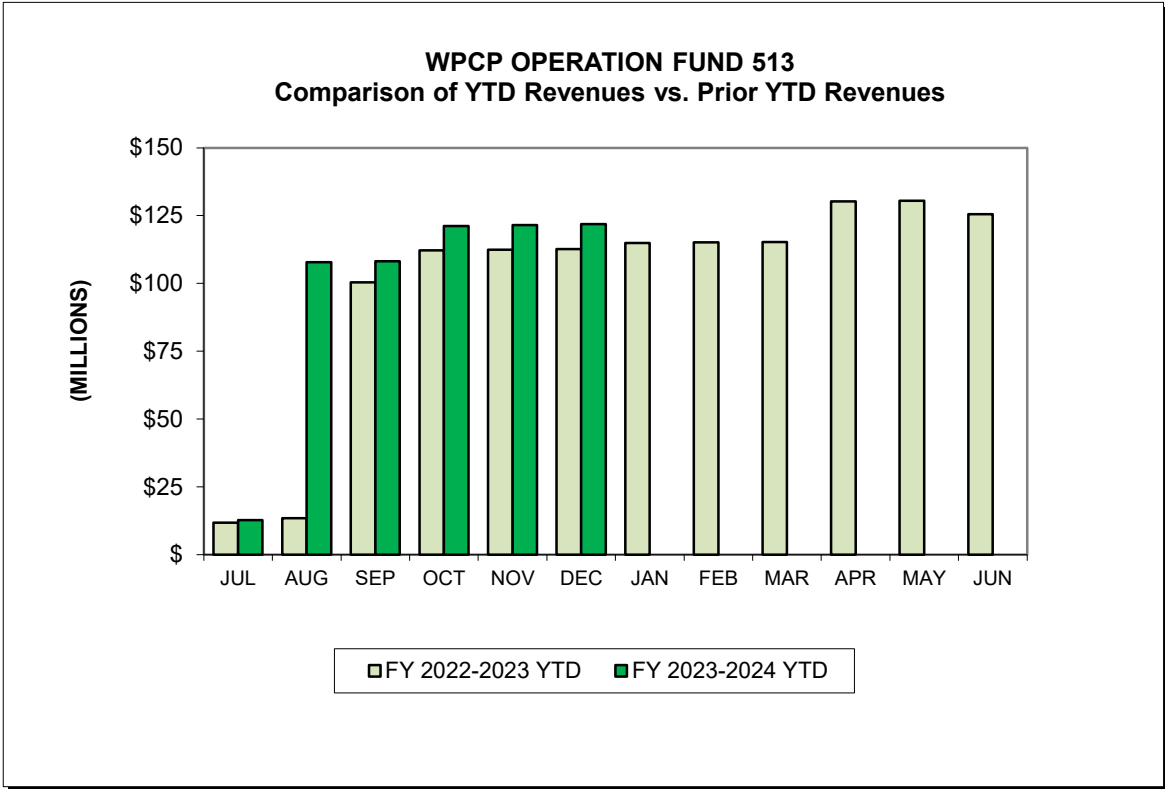
AIRPORT REVENUE FUND 521
Comparison of YTD Revenues vs. Prior YTD Revenues



AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures

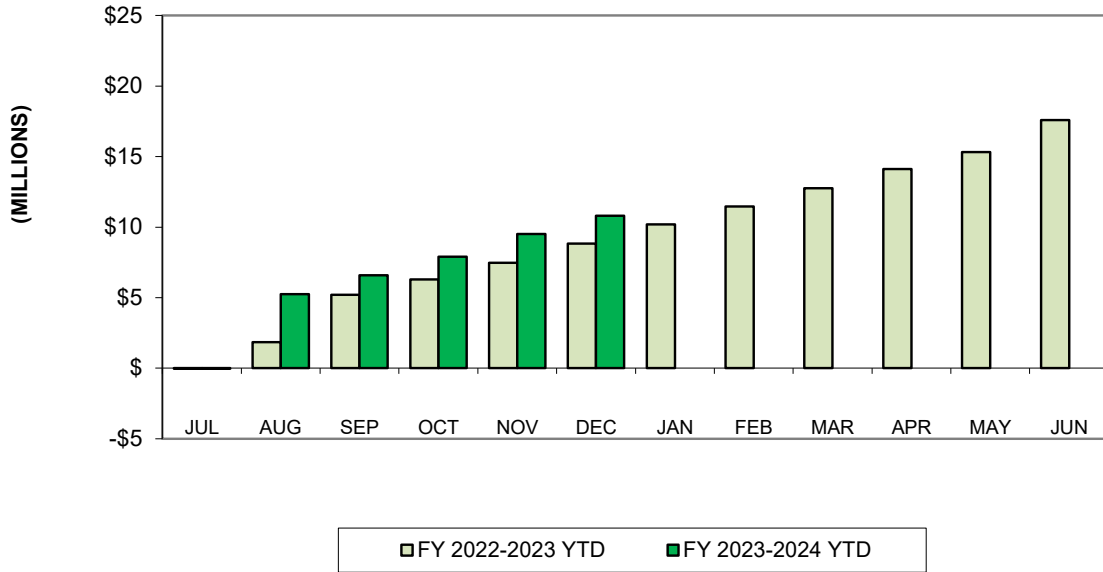


Note: 1) The Airport received Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act revenue of \$10.0 million as of December 2023 compared to \$5.7 million as of December 2022.
 2) Increase in expenditures as of December 2023 is primarily due to the overhead reimbursement and transfers to General Fund for \$15.1 million compared to \$10.6 million as of December 2022.

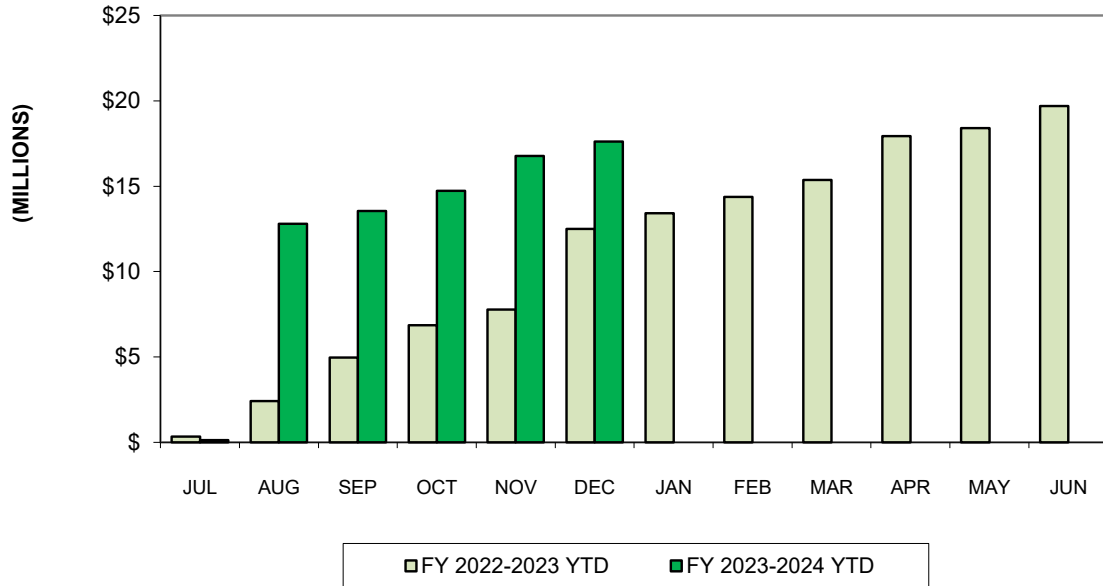


Note: 1) Increase in revenues as of December 2023 is mainly due to transfers from the Sewer Service & Use Charge Fund (541). As of December 2023, \$94.9 million was transferred, whereas only \$86.8 million was transferred as of December 2022.
 2) Increase in expenditures was due to a \$19.2 million transfer to the South Bay Water Recycling Operating Fund (570); whereas \$0 was transferred as of December 2022.

**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Revenues vs. Prior YTD Revenues**

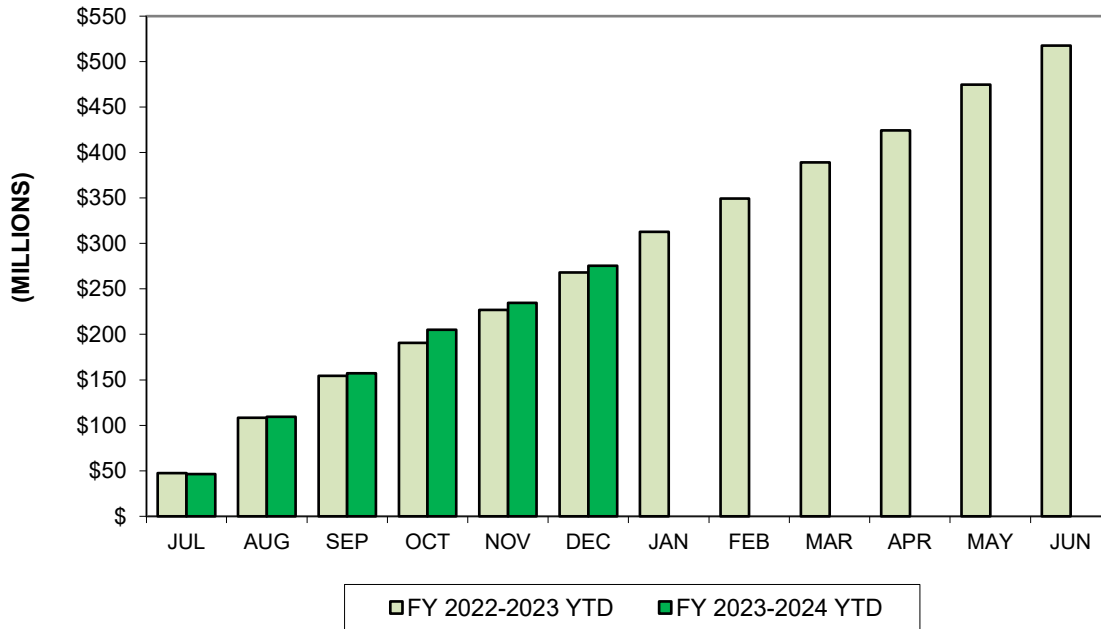


**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

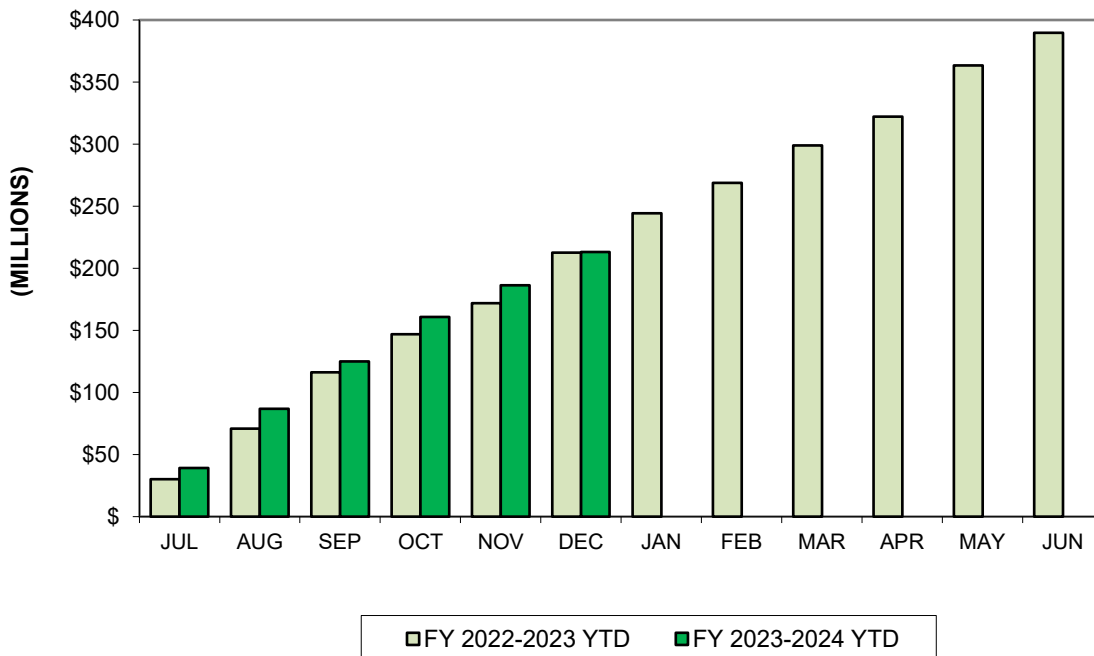


Note: 1) Increase in revenue and expenditure as of December 2023 is due to an internal transfer between General Purpose Parking Funds (533 & 559) for \$4 million, and an additional expenditure increase by \$5.2 million for Parking Garage projects.

CLEAN ENERGY FUND 501
Comparison of YTD Revenues vs. Prior YTD Revenues



CLEAN ENERGY FUND 501
Comparison of YTD Expenditures vs. Prior YTD Expenditures



**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|------------------------------------|------------------------|----------------------|----------------|------------------------|----------------|----------------|-----------------|
| | FY 2023-2024 BUDGET | BUDGET AMENDMENTS | | FY 2023-2024 BUDGET | ACTUAL | ENCUMBR | Y-T-D ACTUAL |
| Construction/Conveyance Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 11,090 | 11,090 | 11,090 | - | 9,867 |
| Beginning Fund Balance | 101,742 | 15,387 | - | 117,129 | 117,129 | - | 122,254 |
| Revenues | 63,259 | (567) | - | 62,692 | 19,254 | - | 25,905 |
| Total Sources | 165,001 | 14,820 | 11,090 | 190,911 | 147,473 | - | 158,026 |
| Total Uses | 165,001 | 14,820 | 11,090 | 190,911 | 35,422 | 14,585 | 22,014 |
| Airport | | | | | | | |
| Prior Year Encumbrance | - | - | 44,579 | 44,579 | 44,579 | - | 31,448 |
| Beginning Fund Balance | 312,656 | (5,254) | - | 307,402 | 307,402 | - | 257,271 |
| Revenues | 706,209 | (12,922) | - | 693,287 | 271,463 | - | 253,126 |
| Total Sources | 1,018,865 | (18,176) | 44,579 | 1,045,268 | 623,444 | - | 541,845 |
| Total Uses | 1,018,865 | (18,176) | 44,579 | 1,045,268 | 225,293 | 54,920 | 200,735 |
| Waste Water Treatment | | | | | | | |
| Prior Year Encumbrance | - | - | 189,222 | 189,222 | 189,222 | - | 276,775 |
| Beginning Fund Balance | 337,449 | (59,083) | - | 278,366 | 278,366 | - | 181,203 |
| Revenues | 541,583 | 85,000 | - | 626,583 | 450,477 | - | 394,774 |
| Total Sources | 879,032 | 25,917 | 189,222 | 1,094,171 | 918,065 | - | 852,752 |
| Total Uses | 879,032 | 25,917 | 189,222 | 1,094,171 | 339,347 | 202,145 | 290,778 |
| Parking | | | | | | | |
| Prior Year Encumbrance | - | - | 4,144 | 4,144 | 4,144 | - | 7,501 |
| Beginning Fund Balance | 27,298 | 11,868 | - | 39,166 | 39,166 | - | 38,079 |
| Revenues | 19,150 | 1,143 | - | 20,293 | 10,820 | - | 8,841 |
| Total Sources | 46,448 | 13,011 | 4,144 | 63,603 | 54,130 | - | 54,421 |
| Total Uses | 46,448 | 13,011 | 4,144 | 63,603 | 17,613 | 11,215 | 12,498 |
| Municipal Water | | | | | | | |
| Prior Year Encumbrance | - | - | 5,300 | 5,300 | 5,300 | - | 8,372 |
| Beginning Fund Balance | 35,584 | 2,177 | - | 37,761 | 37,761 | - | 31,638 |
| Revenues | 131,902 | (1) | - | 131,901 | 44,654 | - | 38,690 |
| Total Sources | 167,486 | 2,176 | 5,300 | 174,962 | 87,715 | - | 78,700 |
| Total Uses | 167,486 | 2,176 | 5,300 | 174,962 | 39,903 | 31,644 | 34,833 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)**

| | ADOPTED FY 2023-2024 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2023-2024 BUDGET | YEAR-TO-DATE ACTUAL ENCUMBR | | PRIOR Y-T-D ACTUAL |
|---------------------------------|-----------------------------------|-----------------------------|----------------|-----------------------------------|-------------------------------------|---------------|--------------------------|
| Community Energy | | | | | | | |
| Prior Year Encumbrance | - | - | 22,761 | 22,761 | 22,761 | - | 4,793 |
| Beginning Fund Balance | 180,030 | (6,288) | - | 173,742 | 173,742 | - | 100,614 |
| Revenues | 522,847 | 1,239 | - | 524,086 | 275,435 | - | 267,907 |
| Total Sources | <u>702,877</u> | <u>(5,049)</u> | <u>22,761</u> | <u>720,589</u> | <u>471,938</u> | <u>-</u> | <u>373,314</u> |
| Total Uses | <u>702,877</u> | <u>(5,049)</u> | <u>22,761</u> | <u>720,589</u> | <u>212,990</u> | <u>90,890</u> | <u>212,603</u> |
| Gas Tax | | | | | | | |
| Revenues | 17,000 | - | - | 17,000 | 6,294 | - | 5,903 |
| Total Sources | <u>17,000</u> | <u>-</u> | <u>-</u> | <u>17,000</u> | <u>6,294</u> | <u>-</u> | <u>5,903</u> |
| Total Uses | <u>17,000</u> | <u>-</u> | <u>-</u> | <u>17,000</u> | <u>6,294</u> | <u>-</u> | <u>4,416</u> |
| Building and Structures | | | | | | | |
| Prior Year Encumbrance | - | - | 22,093 | 22,093 | 22,093 | - | 3,874 |
| Beginning Fund Balance | 78,505 | 1,388 | - | 79,893 | 79,893 | - | 99,342 |
| Revenues | 86,569 | 8,110 | - | 94,679 | 13,274 | - | 19,596 |
| Total Sources | <u>165,074</u> | <u>9,498</u> | <u>22,093</u> | <u>196,665</u> | <u>115,260</u> | <u>-</u> | <u>122,812</u> |
| Total Uses | <u>165,074</u> | <u>9,498</u> | <u>22,093</u> | <u>196,665</u> | <u>22,206</u> | <u>15,445</u> | <u>13,123</u> |
| Residential Construction | | | | | | | |
| Beginning Fund Balance | 2,695 | 374 | - | 3,069 | 3,069 | - | 2,891 |
| Revenues | 260 | - | - | 260 | 150 | - | 107 |
| Total Sources | <u>2,955</u> | <u>374</u> | <u>-</u> | <u>3,329</u> | <u>3,219</u> | <u>-</u> | <u>2,998</u> |
| Total Uses | <u>2,955</u> | <u>374</u> | <u>-</u> | <u>3,329</u> | <u>53,095</u> | <u>-</u> | <u>23</u> |
| Transient Occupancy Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 775 | 775 | 775 | - | 675 |
| Beginning Fund Balance | 4,518 | 450 | - | 4,968 | 4,968 | - | 5,375 |
| Revenues | 24,055 | - | - | 24,055 | 9,185 | - | 8,789 |
| Total Sources | <u>28,573</u> | <u>450</u> | <u>775</u> | <u>29,798</u> | <u>14,928</u> | <u>-</u> | <u>14,839</u> |
| Total Uses | <u>28,573</u> | <u>450</u> | <u>775</u> | <u>29,798</u> | <u>17,960</u> | <u>3,568</u> | <u>13,371</u> |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$'000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|--|------------------------|----------------------|---------------|------------------------|-----------------|----------------|-----------------|
| | FY 2023-2024 BUDGET | BUDGET AMENDMENTS | | FY 2023-2024 BUDGET | ACTUAL | ENCUMBR | Y-T-D ACTUAL |
| Conventions, Arts & Entertainment | | | | | | | |
| Prior Year Encumbrance | - | - | 311 | 311 | 311 | - | 64 |
| Beginning Fund Balance | 5,941 | 1,621 | - | 7,562 | 7,562 | - | 3,505 |
| Revenues | 11,957 | (50) | - | 11,907 | 12,149 | - | 12,859 |
| Total Sources | 17,898 | 1,571 | 311 | 19,780 | 20,022 | - | 16,428 |
| Total Uses | 17,898 | 1,571 | 311 | 19,780 | 9,065 | 3,215 | 9,946 |
| Golf | | | | | | | |
| Beginning Fund Balance | 2,646 | 153 | - | 2,799 | 2,799 | - | 2,749 |
| Revenues | 820 | 6 | - | 826 | 725 | - | 313 |
| Total Sources | 3,466 | 159 | - | 3,625 | 3,524 | - | 3,062 |
| Total Uses | 3,466 | 159 | - | 3,625 | 173 | - | 110 |
| Emergency Reserve | | | | | | | |
| Prior Year Encumbrance | - | - | 2,551 | 2,551 | 2,551 | - | - |
| Beginning Fund Balance | 663 | (27,539) | - | (26,876) | (26,876) | - | (31,712) |
| Revenues | 20 | 30,210 | - | 30,230 | - | - | - |
| Total Sources | 683 | 2,671 | 2,551 | 5,905 | (24,325) | - | (31,712) |
| Total Uses | 683 | 2,671 | 2,551 | 5,905 | 165 | 2,778 | 997 |
| Low and Moderate Income Housing Asset | | | | | | | |
| Prior Year Encumbrance | - | - | 42,837 | 42,837 | 42,837 | - | - |
| Beginning Fund Balance | 52,614 | 58,327 | - | 110,941 | 110,941 | - | 118,668 |
| Revenues | 14,500 | - | - | 14,500 | 3,560 | - | 8,435 |
| Total Sources | 67,114 | 58,327 | 42,837 | 168,278 | 157,338 | - | 127,103 |
| Total Uses | 67,114 | 58,327 | 42,837 | 168,278 | 18,158 | 55,546 | 15,820 |
| Other Special Revenue Funds | | | | | | | |
| Prior Year Encumbrance | - | - | 50,310 | 50,310 | 50,310 | - | 108,996 |
| Beginning Fund Balance | 395,463 | 2,075 | - | 397,538 | 397,538 | - | 487,616 |
| Revenues | 630,726 | 41,208 | - | 671,934 | 384,320 | - | 346,525 |
| Total Sources | 1,026,189 | 43,283 | 50,310 | 1,119,782 | 832,168 | - | 943,137 |
| Total Uses | 1,026,189 | 43,283 | 50,310 | 1,119,782 | 250,451 | 213,096 | 239,616 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|----------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|
| | FY 2023-2024 | BUDGET | | FY 2023-2024 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Construction Excise | | | | | | | |
| Prior Year Encumbrance | - | - | 28,809 | 28,809 | 28,809 | - | 65,653 |
| Beginning Fund Balance | 89,219 | (9,803) | - | 79,416 | 79,416 | - | 225,244 |
| Revenues | 97,043 | 36,830 | - | 133,873 | 45,288 | - | 21,679 |
| Total Sources | 186,262 | 27,027 | 28,809 | 242,098 | 153,513 | - | 312,576 |
| Total Uses | 186,262 | 27,027 | 28,809 | 242,098 | 56,347 | 36,581 | 73,445 |
| Other Capital Funds | | | | | | | |
| Prior Year Encumbrance | - | - | 22,905 | 22,905 | 22,905 | - | 1,102 |
| Beginning Fund Balance | 172,546 | 23,720 | - | 196,266 | 196,266 | - | 43,738 |
| Revenues | 350 | - | - | 350 | 4,123 | - | 102 |
| Total Sources | 172,896 | 23,720 | 22,905 | 219,521 | 223,294 | - | 44,942 |
| Total Uses | 172,896 | 23,720 | 22,905 | 219,521 | 26,854 | 46,186 | 12,526 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2023
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|-------------------------|--------------|--------------|------------|---------------|---------------|-----------|---------------|
| | FY 2023-2024 | BUDGET | | FY 2023-2024 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | ACTUAL | ENCUMBR | ACTUAL |
| Trust and Agency | | | | | | | |
| Prior Year Encumbrance | - | - | 379 | 379 | 379 | - | 430 |
| Beginning Fund Balance | 4,509 | 5,240 | - | 9,749 | 9,749 | - | 11,993 |
| Revenues | 3,920 | 66 | - | 3,986 | 2,830 | - | 4,095 |
| Total Sources | 8,429 | 5,306 | 379 | 14,114 | 12,958 | - | 16,518 |
| Total Uses | 8,429 | 5,306 | 379 | 14,114 | 3,819 | 66 | 361 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.