

**General Fund Recommended Budget Adjustments Summary
2023-2024 Annual Report**

<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Urgent Fiscal-Program Needs Personal Services (Road to 2026 Executive Leadership)	Office of the City Manager	\$350,000	

This action increases the Office of the City Manager's Personal Services appropriation by \$350,000 to fund a temporary position for twelve months to oversee the coordination efforts related to the marquee sporting events taking place in 2026, including FIFA World Cup, Superbowl 60, and NCAA Men's West Regional Basketball Tournament. Consistent with City Council's direction, the Administration is undertaking a multi-departmental and multi-stakeholder effort to maximize the economic impact of these events occurring within and around San José. Given the limited timeline and broad potential scope of work – City policy amendments, marketing and communications, fundraising and sponsorships, event calendar development, the programming and coordination of near-time improvement projects – a short-term position will be required to drive these strategic initiatives. The Administration expects to onboard an experienced executive that can immediately engage across City departments and coordinate with external partners such as the Bay Area Host Committee, the Sports Authority, Sharks Sports and Entertainment, San Jose Earthquakes, Team San Jose, the Downtown Association, San José State University, and other key partners to execute on strategic initiatives that maximize the impact of these 2026 sporting events. As the Bay Area Host Committee is expected to be regionally focused, active City engagement will be critical to drive events and programming into San José. The Administration is committed to remaining nimble on this topic and will bring forward recommendations to shift strategies or recommend additional targeted funding allocations, as necessary.

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Personal Services (Animal Care and Services - Adds 4.0 Animal Health Technician)	Public Works Department	\$440,000	

This action increases the Public Works Department's Personal Services appropriation by \$440,000 to fund the addition of 4.0 Animal Health Technician (AHT) positions. With shelter intakes in 2023-2024 18% higher than 2022-2023 and cat kennels at 137% of capacity in July and August 2024, additional urgent investments at the Animal Care and Services (ACS) Center are needed. This action will enhance the surgical capacity of Animal Care and Services (ACS), increasing the rate at which shelter intakes can be spayed or neutered and made ready for adoption, and increasing the capacity of surgeries for the Trap-Neuter-Return (TNR) program from two days to four days per week (40-45 surgeries per week to 80-100 surgeries per week) as resources allow. These additional AHT positions allows for the operation of two medical surgery teams simultaneously, while also maintaining other critical responsibilities such as intake examinations, vaccinations, daily treatments, veterinary support during examinations, and management of foster appointments.

This recommended action is consistent with the increased level of investment the City has made in recent years to respond to sustained increase of shelter intakes and improve adoption outcomes. Further, the Administration is also exploring options to enable a broader expansion of the veterinary team to offer more opportunity for public spays and neuters. Any further expansion, however, will be subject to the availability of funding. The ongoing costs for the 4.0 Animal Health Technician positions will be incorporated into the development of the 2025-2026 Base Budget.

Urgent Fiscal-Program Needs

\$790,000

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Required Technical-Rebalancing Actions			
VTA Eastridge to BART Regional Connector Public Art	City Manager - Office of Economic Development and Cultural Affairs	\$75,000	
<p>This action increases the VTA Eastridge to BART Regional Connector Public Art City-Wide Expenses appropriation by \$75,000 to appropriate additional funding received in 2023-2024 from the Santa Clara Valley Transportation Authority (VTA) for this art project. The City is managing the public art (design/fabrication/installation) for the two sites on the Eastridge to Bart Regional Connector line for the VTA. The total amount of the agreement with the VTA is \$300,000, and per the agreement, the VTA is to pay in advance installments of \$75,000. With this installment, the City has received a total of \$225,000 for this project.</p>			
Transfer to Water Utility Fund (Municipal Water Services Arrearage Program)	Environmental Services Department	\$38,152	
<p>This action establishes the Transfer to the Water Utility Fund in the amount of \$38,152. This action transfers funding incorrectly deposited in the General Fund in 2023-2024 that should have been received directly in the Water Utility Fund. This funding was provided by the California State Water Resources Control Board through the California Water and Wastewater Arrearage Payment Program. This program was established to provide relief to community water and wastewater systems for unpaid bills related to the pandemic.</p>			
Transfers and Reimbursements (Transfer from Water Utility Fund)	Environmental Services Department		\$1,000,000
<p>This action increases the revenue estimate for Transfers and Reimbursements by \$1.0 million to reflect additional Late Fee revenue billed in prior years in the Water Utility Fund. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City and are therefore routinely transferred to the General Fund. While a final reconciliation of prior year Late Fee revenues is still in process, including a determination of the amount deemed uncollectable, \$1.0 million is available for transfer now, which brings the total budgeted transfer for late fees in 2024-2025 to \$1.5 million. Any additional amounts will be brought forward as part of a future budget process. A corresponding increase to the Transfer to the General Fund - Late Fees appropriation in the Water Utility Fund is recommended elsewhere in this report to offset this action.</p>			

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<p>Non-Personal/Equipment (Airport Rescue and Fire Fighting - Training)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$53,380 to address critical Aircraft Rescue and Fire Fighting (ARFF) training requirements for staff at Fire Station #20. This adjustment ensures compliance with the mandatory "Fixed Facility" refresher training. Training consists of an 8-hour course, held out-of-state (Dallas, Texas) and required on a 3-year rotational schedule, that focuses on ARFF capabilities and maintaining operational readiness for airport emergencies.</p>	Fire Department	\$53,380	
<p>Non-Personal/Equipment (Firefighter Recruit Academy Turnout Gear)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$50,000 to procure turnout gear for recruits participating in upcoming Firefighter academies. The department anticipates holding two academies in 2024-2025, accommodating approximately 50 total recruits. This funding will equip the firefighter recruits with two complete sets of turnout gear for optimal safety and operational readiness. Equipment inventory and replacement needs will be reassessed for ongoing funding during development of the 2025-2026 Base Operating Budget.</p>	Fire Department	\$50,000	
<p>Other Revenue (Fire Incident Response Reimbursement)</p> <p>This action increases the estimate for Other Revenue by \$278,000 to reflect legal settlement proceeds related to the Fire Department's response to an April 2022 fire incident at a Home Depot store, located at 120 Blossom Hill Road. While arson started the five-alarm fire that destroyed the structure, an investigation by the Bureau of Fire Prevention found multiple Fire Code violations that contributed to the severity of the incident. Proceeds awarded as part of the judgment will reimburse the City Fire Department for costs incurred for fire containment and investigation to assess and enforce non-compliance penalties.</p>	Fire Department		\$278,000
<p>Personal Services (Arson Unit Overtime)</p> <p>This action increases the Fire Department's Personal Services appropriation by \$18,323 to adjust the overtime allocation for the Arson Investigation Unit. The 2022- 2023 Adopted Operating Budget added 1.0 Arson Investigator position on an ongoing basis, but inadvertently included a corresponding overtime allocation on only a one-time basis, which was therefore omitted in subsequent budget development. This corrected allocation aligns with the current staffing level for the Arson Investigation Unit and will be incorporated into the development of the 2025- 2026 Base Operating Budget.</p>	Fire Department	\$18,323	

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Transfers and Reimbursements (Transfer from Emergency Reserve Fund)	General Fund Revenue		\$2,000,000

This action increases the revenue estimate for Transfers and Reimbursements by \$2.0 million. In 2022- 2023, atmospheric river weather events from December 2022 to early January 2023 necessitated a continuous emergency response and an evacuation order for unhoused persons living within or otherwise located along the banks of San José creeks and waterway. A transfer of \$5.0 million from the General Fund to the Emergency Reserve Fund was approved to ensure sufficient funding was available for staff to respond to the emergency, urgent repairs, and recovery efforts. Of the initial \$5.0 million transfer, approximately \$3.0 million was expended or is currently allocated to emergency response and recovery efforts. The remaining \$2.0 million is recommended to be transferred back to the General Fund as part of this action.

Emmanuel House Shelter	Housing Department	\$1,000,000	
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This action establishes the Emmanuel House Shelter City-Wide Expenses appropriation in the amount of \$1.0 million to provide one-time funding for the Salvation Army's Emmanuel House Shelter redevelopment project. As part of the 2024-2025 Adopted Operating Budget, \$1.0 million was originally allocated for this purpose in the Multi-Source Housing Fund; however, the General Fund is a more suitable funding source. This action is offset by a corresponding decrease to the Homeless Rapid Rehousing City-Wide Expenses appropriation as recommended in this report. This adjustment is part of a series of technical adjustments to reallocate funding between the Multi-Source Housing Fund the General Fund without impacting service levels.

Homeless Rapid Rehousing	Housing Department	(\$1,000,000)	
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This action decreases the Homeless Rapid Rehousing City-Wide Expenses appropriation by \$1.0 million, from \$4.0 million to \$3.0 million, to reallocate funding to establish the Emmanuel House Shelter City-Wide Expenses appropriation, which will provide one-time funding for the Salvation Army's Emmanuel House Shelter redevelopment project. As part of the 2024-2025 Adopted Operating Budget, \$1.0 million was originally allocated to the Multi-Source Housing Fund, however, the General Fund is a more suitable funding source. As recommended elsewhere in this report, this action is offset by a corresponding establishment of the Emmanuel House Shelter City-Wide Expenses and a corresponding increase to the Homeless Rapid Rehousing appropriation in the Multi-Source Housing Fund to ensure no net loss of service levels.

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Interim Housing Construction and Operation	Housing Department	(\$9,500,000)	

This action decreases the Interim Housing Construction and Operation City-Wide Expenses appropriation by \$9.5 million, from \$17.0 million to \$7.5 million, to reallocate funding to the Interim Housing - Cerone Capital Improvements appropriation to support the development of a new interim housing site. The City was awarded a grant of \$13.3 million from the State as part of the State's Tiny Home Grant Program to assist in the acquisition and construction of 200 emergency shelter beds at the Valley Transportation Authority's Cerone Bus Yard site. The City has received \$7.0 million to fund the preliminary design and design phases and anticipates the remaining \$6.3 million from the State once the contract execution phase is underway. The remaining cost of the project is estimated at \$9.5 million which is recommended to be funded by the General Fund. The total project budget of \$22.7 million and funding split is consistent with the assumptions included in the Interim Housing Forecast that was published in the 2024-2025 City Manager's Budget Request and Five-Year Forecast and Revenue Projections. This action is offset by a corresponding increase to the Interim Housing - Cerone Capital Improvements appropriation as recommended in this report.

Sick Leave Payments Upon Retirement Reserve	Human Resources Department	(\$500,000)	
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This action decreases the Sick Leave Payments Upon Retirement Reserve by \$500,000, from \$1.0 million to \$500,000. As the number of Tier 1 employees eligible for accrued sick leave payouts upon retirement continues to decline, the level of reserve capacity required for potential overages has also lessened. This action helps to fund other appropriation increases in the General Fund as recommended elsewhere in this report.

Development Fee Program - Shared Resources Personal Services (ITD) (Shared Resources Allocation)	Information Technology Department	\$17,644	
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This action increases the Development Fee Program - Shared Resources Personal Services (ITD) appropriation by \$17,644 to realign funding allocations for Information Technology Department staff that are currently devoted to supporting the Development Fee Program. Every year, the funding allocations for these positions are updated based on the updated allocation plan; however, the allocation plan was not finalized in time for inclusion in the 2024-2025 Base Operating Budget. This action will realign funding allocations to the updated expectations of the distribution of work between the General Fund and special funds contributing to the Development Fee Program.

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Digital Inclusion Program (Deletes 1.0 Enterprise Technology Manager and 1.0 Enterprise Supervising Technology Analyst in the Information Technology Department)	Information Technology Department		

This action deletes 1.0 Enterprise Supervising Technology Analyst and 1.0 Enterprise Technology Manager positions to reallocate the Digital Inclusion Program from the Information Technology Department to the Library Department. The Digital Inclusion Program was established in 2019 to connect San José households with universal device access and universal connectivity at speeds of at least 25 Mbps download/3 Mbps upload and ensure San José households achieve and sustain the appropriate digital skills proficiency level to stay ahead of technology and increase quality of life outcomes in education, workforce, healthcare and more. The program was a part of the Digital Equity Team in the Office of the City Manager, and when the Digital Equity Team was disbanded in 2022, the program was transferred to the Information Technology Department. However, in April 2023, the City Council approved the transition of management of the program to the Library Department. This action formally completes the transition by shifting the corresponding budgeted positions to the Library Department.

Digital Inclusion Program (Adds 1.0 Program Manager and 1.0 Senior Analyst in the Library Department)	Library Department		
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This action adds 1.0 Program Manager and 1.0 Senior Analyst positions to reallocate the Digital Inclusion Program from the Information Technology Department to the Library Department. The Digital Inclusion Program was established in 2019 to connect San José households with universal device access and universal connectivity at speeds of at least 25 Mbps download/3 Mbps upload and ensure San José households achieve and sustain the appropriate digital skills proficiency level to stay ahead of technology and increase quality of life outcomes in education, workforce, healthcare and more. The program was a part of the Digital Equity Team in the Office of the City Manager, and when the Digital Equity Team was disbanded in 2022, the program was transferred to the Information Technology Department. However, in April 2023, the City Council approved the transition of management of the program to the Library Department. This action formally completes the transition by shifting the corresponding budgeted positions to the Library Department. These positions will continue to play a critical role in managing the Digital Inclusion Program and the relationship with the California Emerging Technology Fund as the City's contracted administrator of the Digital Inclusion Fund grant program, and developing strategies associated to the City's relationship with partner communications and internet service providers, revenue opportunities, and intergovernmental relations related to digital connectivity.

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<p>Library Grants</p> <p>This action increases the Library Grants City-Wide Expenses appropriation by \$3,303 to allocate additional awarded funding for the California Library Literacy Services (CLLS) Adult Literacy Services (ALS) 2023- 2024 grant. The 2023-2024 ALS grant award was higher than the original projection, \$102,132 instead of the previously budgeted \$98,829. Library collected the additional revenue in 2023-2024, and this action appropriates the corresponding expenditures for adult literacy classes and tutoring.</p>	Library Department	\$3,303	
<p>SJPL Foundation Grants</p> <p>This action increases the SJPL Foundation Grants City-Wide Expenses appropriation by \$192,825, from \$250,000 to \$442,825, to allocate previously unbudgeted gifts and grant funding from the San José Public Library Foundation received in 2023-2024. Funding included in this action supports the WeeGrow Community Navigators program, Teen ARTrepreneur CSL Program, and the purchase of supplies and materials for library branches throughout the City.</p>	Library Department	\$192,825	
<p>Council District #05 (Sponsorship)</p> <p>This action increases the Council District #05 appropriation by \$4,850 to allocate revenues that were received at the end of 2023-2024 from sponsorship to support a Cinco de Mayo event.</p>	Mayor & City Council	\$4,850	
<p>Council District #08 (January - June) (Sponsorship)</p> <p>This action increases the Council District #08 (January - June) appropriation by \$8,875 to allocate revenues that were received at the end of 2023-2024 from sponsorship to support a 4th of July Fireworks event.</p>	Mayor & City Council	\$8,875	
<p>Council District #08 (July - December) (Sponsorship)</p> <p>This action increases the Council District #08 (July - December) appropriation by \$8,875 to allocate revenues that were received at the end of 2023-2024 from sponsorship to support a 4th of July Fireworks event.</p>	Mayor & City Council	\$8,875	
<p>Council District #09 (Sponsorship)</p> <p>This action increases the Council District #09 appropriation by \$2,500 to allocate revenues that were received at the end of 2023-2024 from sponsorship to support a Music in the Valley event.</p>	Mayor & City Council	\$2,500	
<p>City Attorney's Office Outside Litigation Reserve</p> <p>This action increases the City Attorney's Office Outside Litigation Reserve by \$500,000, from \$250,000 to \$750,000, to restore funding to needed levels following the reallocation of funding to the City Attorney's Office during 2023-2024 for outside legal services costs.</p>	Office of the City Attorney	\$500,000	

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Action	Department	Expenditure Change	Revenue Change
General Liability Claims	Office of the City Attorney	\$5,000,000	

This action increases the General Liability Claims appropriation by \$5.0 million to restore funding to needed levels following the reallocation of approximately \$4.7 million in 2023-2024 to offset increased workers' compensation claims costs incurred for new and settled claims. This action follows the recommendation in the Approval of Budget Actions for Fiscal Year 2023-2024 memorandum, approved by City Council on June 18, 2024, to restore funding for General Liability Claims as part of the 2023-2024 Annual Report, should actual 2023-2024 General Fund savings exceed estimated levels. Net adjustments recommended in this report, including a \$4.7 million decrease to align rebudgeted estimated savings with actual 2023-2024 performance, increase total General Liability Claims funding to \$19.8 million. The City Manager and City Attorney will closely monitor potential claims and bring forward further adjustments to this appropriation, as necessary, as part of a future budget process.

Elections and Ballot Measures	Office of the City Clerk	(\$2,250,000)	
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This action decreases the Elections and Ballot Measures City-Wide Expenses appropriation by \$2.25 million, from \$4.5 million to \$2.25 million, to recognize savings in the appropriation as a result of having no ballot measures for the November 2024 Election. A portion of these savings (\$250,000) is recommended to be reallocated to the Office of the City Manager's Non-Personal/Equipment appropriation to fund four surveys to assess public interest in City priorities, program enhancements, and potential funding initiatives as previously directed by the City Council. A corresponding action to increase the Office of the City Manager's Non-Personal/Equipment appropriation is recommended elsewhere in this report. The remaining savings is recommended to offset the actions included in this report.

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Contingency Reserve</p> <p>This action increases the Contingency Reserve by \$1.0 million, from \$52.0 million to \$53.0 million, in accordance with Council Policy 1-18 which provides for the maintenance of a minimum 3% Contingency Reserve in the General Fund to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means. The current Contingency Reserve level of \$50.0 million was established in the 2023-2024 Base Budget, as the reserve is calculated against Base Budget expenditures and an assumed amount of funding that will be rebudgeted at fiscal year-end. This action adjusts the Contingency Reserve to account for the remaining balances rebudgeted as part of the 2023-2024 Annual Report. In addition, a separate action included elsewhere in this report further adjusts the Contingency Reserve by \$2.0 million to account for funding allocated during the 2024-2025 Proposed Budget process and estimated savings rebudgeted as part of the Adopted Budget process. The combined actions will bring the Contingency Reserve to \$53.0 million. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two weeks in the event of an emergency.</p>	Office of the City Manager	\$1,000,000	
<p>FEMA Non-Reimbursable Expenses Reserve</p> <p>This action eliminates the FEMA Non-Reimbursable Expenses Reserve in the amount of \$2.0 million. This reserve was originally established to provide a partial buffer should some of the \$30 million in expense claims submitted and under consideration by the Federal Emergency Management Agency (FEMA) for pandemic-related expenses incurred in the Emergency Reserve Fund not be reimbursed. Subsequent to the completion of year-end reconciliation activities, there are sufficient resources to establish this reserve in the Emergency Reserve Fund, thereby allowing this allocation in the General Fund to be liquidated to offset the other actions recommended in this report.</p>	Office of the City Manager	(\$2,000,000)	
<p>Labor / Employee Relations Consultant Funding</p> <p>This action reestablishes the Labor/Employee Relations Consultant Funding City-Wide Expenses appropriation in the amount of \$30,000, reallocating the balance of previously encumbered funds that were inadvertently liquidated and fell to fund balance in 2023-2024. Reallocation of this funding enables the City Manager's Office of Employee Relations to ensure adequate resources are available to support labor negotiations and employee relations work.</p>	Office of the City Manager	\$30,000	

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<p>Non-Personal/Equipment (Office of Administration, Policy, and Intergovernmental Relations - Elections Polling)</p> <p>This action increases the City Manager's Office Non-Personal/Equipment appropriation by \$250,000 to support survey efforts led by the Office of Administration, Policy, and Intergovernmental Relations (API). As directed by the City Council, in order to advance the long-term overall health of the General Fund, staff will identify potential paths forward to generate additional revenue. This funding will enable API to conduct up to four surveys to assess public interest in City priorities, program enhancements, and potential funding initiatives. This action is offset by a corresponding reduction to the Elections and Ballot Measures City-Wide Expenses appropriation, as described elsewhere in this report.</p>	Office of the City Manager	\$250,000	
<p>Coyote Creek Project Reaches 5-7 (Valley Water)</p> <p>This action adds funding for the Coyote Creek Project Reaches 5-7 (Valley Water) City-Wide Expenses appropriation in the amount of \$1.9 million to allocate the final installment of a \$4.8 million grant award from Valley Water that was received in 2023-2024. Funding will be used to provide supportive services to individuals living along a nine-mile stretch of Coyote Creek between Montague Expressway and Tully Road, and to abate encampments within the work zone for the Coyote Creek Flood Management Measures and Coyote Creek Flood Protection Projects.</p>	Parks, Recreation and Neighborhood Services Department	\$1,938,574	
<p>Senior Nutrition Program/Revenue from Local Agencies</p> <p>This action increases the Senior Nutrition Program City-Wide Expenses appropriation by \$2.0 million, from \$1.3 million to \$3.3 million, and the corresponding estimate for Revenue from Local Agencies by \$1.9 million. Since June 2018, PRNS, in partnership with the County of Santa Clara, has contracted with a vendor to provide cooked meals to seniors at various community centers around San José through the Senior Nutrition Program. The County reimburses the City a portion of the total contract cost to provide the meals. The contract with the vendor was finalized and the cost of the program, including the City's share of the program, is higher than what was assumed in the development of the 2024-2025 budget due to vendor cost increases per meal provided. County reimbursement rates, however, did not increase correspondingly, resulting in a slightly higher proportion of programming costs funded by the City (\$59,000). The Adopted Budget included only the City's portion for the program since the contract with the County had not been finalized. With this action, funding is provided to operate the entire program, offset partially by the County's \$1.9 million reimbursement for the program. The higher ongoing costs for the City will be incorporated into the development of the 2025-2026 Base Budget.</p>	Parks, Recreation and Neighborhood Services Department	\$1,972,248	\$1,913,012

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<p>Personal Services/Revenue from Local Agencies (Child Advocacy Center Coordinator)</p> <p>This action increases the Police Department's Personal Services budget by \$35,662 and the corresponding estimate for Revenue from Local Agencies by \$178,629 to recognize and appropriate funding for services provided through an agreement between the City of San José and the County of Santa Clara. The agreement supports personal services and overtime costs associated with the Child Advocacy Center Coordinator position who is responsible for coordinating forensic interviews for children and adolescents alleging sexual abuse or assault. The term of the agreement is July 1, 2024 through June 30, 2025.</p>	Police Department	\$35,662	\$178,629
<p>Personal Services/Transfers and Reimbursements (Transfer from Airport Maintenance and Operation Fund for Police Services)</p> <p>This action increases the Police Department's Personal Services appropriation by \$238,340 to fund an increase of 56 weekly overtime hours at the San José Mineta International Airport. The additional overtime hours will provide additional coverage at checkpoints, baggage claim areas, and parking lots to help address recent increases in theft and safety and security incidents. A corresponding transfer from the Airport Maintenance and Operations Fund will offset this action.</p>	Police Department	\$238,340	\$238,340
<p>Interim Housing - Cerone/Revenue from State of California</p> <p>This action increases the Interim Housing - Cerone Capital Improvements appropriation by \$15.7 million, from \$7.0 million to \$22.7 million, and increases the estimate for Revenue from State of California by \$6.2 million to continue the development of a new interim housing site. The City was awarded a grant of \$13.3 million from the State as part of the State's Tiny Home Grant Program to assist in the acquisition and construction of 200 emergency shelter beds at the Valley Transportation Authority's Cerone Bus Yard site. The City has received \$7.0 million to fund the preliminary design and design phases and anticipates the remaining \$6.2 million from the State once the contract execution phase is underway, with the remaining cost of the project is estimated at \$9.5 million which is recommended to be funded by the General Fund. The total project budget of \$22.7 million and funding split is consistent with the assumptions included in the Interim Housing Forecast that was published in the 2024-2025 City Manager's Budget Request and Five-Year Forecast and Revenue Projections. This action is offset by a corresponding increase to recognize the additional \$6.2 million in State grant funding and a decrease to the Interim Housing Construction and Operation City-Wide Expenses appropriation by \$9.5 million as recommended in this report.</p>	Public Works Department	\$15,700,000	\$6,200,000

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<p>Non-Personal/Equipment (Airport Police Hangar Rental)</p> <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$120,000 to fund land lease costs associated with the expansion land of the Police Air Support Hangar for 12 months. This action will fund costs that cannot be charged to the Public Safety and Infrastructure Bond Fund (Measure T) and were inadvertently missed in the development of project costs. The latest estimated construction completion date is May 2025.</p>	Public Works Department	\$120,000	
<p>Non-Personal/Equipment (Animal Care and Services Contractual Services)</p> <p>This action decreases the Public Works Department's Non-Personal/Equipment appropriation by \$80,000 to reallocate funds to the Public Works Department's Personal Services appropriation to fund the addition of a temporary Animal Shelter Coordinator position through June 30, 2025. While the 2024-2025 Adopted Operating Budget allocated ongoing Non-Personal/Equipment funding of \$150,000 to support adoption and rescue outcomes as directed by the Mayor's March Budget Message for Fiscal Year 2024-2025, the Administration is recommending repurposing a portion of these funds on a one-time basis in 2024-2025 to pilot the use of additional temporary staffing to increase adoption and rescue outcomes. A corresponding action to increase the Public Works Department's Personal Services appropriation is recommended to offset this action.</p>	Public Works Department	(\$80,000)	
<p>Personal Services (Animal Care and Services - Shelter Coordination)</p> <p>This action increases the Public Works Department's Personal Services appropriation by \$80,000 to fund a temporary Animal Shelter Coordinator position through June 30, 2025. This position will lead and organize processes and communication strategies related to the identification and transfer of animals to rescue groups; serve as a liaison to rescue groups, establish expectations, improve efficiencies, and strengthen relationships; and enhance the foster program by streamlining procedures and improving communications with foster caregivers. A corresponding action to decrease the Public Works Department's Non-Personal/Equipment appropriation is recommended to offset this action.</p>	Public Works Department	\$80,000	

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Unanticipated/Emergency Maintenance	Public Works Department	\$400,000	

This action increases the Unanticipated/Emergency Maintenance Capital Improvements appropriation by \$400,000, from \$1.3 million to \$1.7 million. This funding supports the repair and replacement of the dry fire suppression system at City Hall and fire suppression systems at 4th Street Parking Garage and Employee Parking Garage. The existing dry fire suppression system, which uses chemical powder and gas instead of water, has reached the end of its operational life and is not functioning as designed, necessitating replacement to protect electrical systems. This action will support the removal of the existing system and programming and testing of the new system, and replacement of critical components, including fire alarm control panels, power alarm distribution panels, fire alarm pull stations, smoke detectors, heat detectors, water flow alarm switches, water tamper switches, horns, strobes, annunciators, and the fire alarm communicator. The estimated construction completion date is June 2025.

Required Technical-Rebalancing Actions

	\$13,408,551	\$11,807,981
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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p><u>Grants-Reimbursements-Fees</u> Non-Personal/Equipment/Other Revenue (Reimagining Civic Commons)</p> <p>This action increases the Office of Economic Development and Cultural Affairs Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$25,000 to recognize and appropriate funding for the Reimagining the Civic Commons grant from The Miami Foundation. The City of San José was selected for a Reimagining the Civic Commons project, and the grant funding is to be used 1) to support the full participation of a cross-silo team in the Civic Commons Learning Network, including data collection, storytelling and team travel to Learning Network events; and 2) to increase community health, environmental quality, and civic vibrancy in downtown San José through notable enhancements to three gathering spaces, each demonstrating a re-envisioned way residents, workers, and visitors connect through our civic commons. The grant has a term of three years and a total award of \$105,000, which will be distributed when certain milestones are reached. The remaining grant funding will be recognized and appropriated as part of a future budget process.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$25,000	\$25,000
<p>Environmental Stewardship Program/Revenue from Federal Government</p> <p>This action increases the Environmental Stewardship Program appropriation by \$104,750, from \$99,437 to \$204,187, as well as the corresponding estimate for Revenue from Federal Government, to allocate the second year of funding for the Environmental Stewardship Program grant. This grant, provided by the federal Environmental Protection Agency and accepted by City Council on June 20, 2023, provides resources to multiple community organizations, local agencies, and schools to provide high school students with a hands-on environmental science education experience that covers topics such as water quality, trash load reduction, and climate resilience through emergency preparedness.</p>	Environmental Services Department	\$104,750	\$104,750

**General Fund Recommended Budget Adjustments Summary
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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment/Revenue from Federal Government (Climate Smart EECBG Grant)</p> <p>This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department by \$834,110, and increases the corresponding estimate for Revenue from Federal Government, to recognize the Energy Efficiency and Conservation Block Grant. This grant funding, provided by the U.S. Department of Energy, will assist in implementing a residential building electrification accelerator program with incentives by providing grants to residents for converting from fossil fuel energy sources to electrical infrastructure. The program will focus on serving San José's disadvantaged communities, allowing the City to make significant advancement toward its building electrification and carbon neutrality goals.</p>	<p>Environmental Services Department</p>	<p>\$834,110</p>	<p>\$834,110</p>
<p>Non-Personal/Equipment/Revenue from Federal Government (Assistance to Firefighters Grant - 2024)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Federal Government by \$77,727 to appropriate and recognize the U.S. Department of Homeland Security grant to protect the health and safety of firefighting personnel. This funding will support the procurement of health and wellness equipment for frontline personnel to enhance their resilience in meeting the physical, emotional, and mental challenges of their roles. Funds are anticipated to be fully expended within the two-year grant term, prior to July 2026.</p>	<p>Fire Department</p>	<p>\$77,727</p>	<p>\$77,727</p>
<p>Non-Personal/Equipment/Revenue from Federal Government (Fire Prevention & Safety Grant - 2023)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Federal Government by \$44,790. The U.S. Department of Homeland Security awarded a grant to the Fire Department aimed at enhancing public safety during wildland fire events to minimize the risk of potential loss of life and property. This funding will support the development of educational materials to inform residents about creating defensible space around their properties and identifying evacuation routes. Funds are anticipated to be fully expended within the two-year grant term, prior to September 2026.</p>	<p>Fire Department</p>	<p>\$44,790</p>	<p>\$44,790</p>

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Action	Department	Expenditure Change	Revenue Change
Library Grants/Revenue from State of California	Library Department	\$145,865	\$145,865

This action increases the Library Grants City-Wide Expenses appropriation and the corresponding estimate to Revenue from State of California by \$145,865 for the 2024-2025 California Library Literacy Services Adult Literacy Services (\$87,519) and Family Literacy Services (\$58,346) Block grants. This funding will support the addition of temporary staffing to administer the Library's Partners in Reading adult literacy program, and the Together We Read family literacy program. These programs provide classes, tutoring, and family activities to improve literacy skills and foster a love of reading in the community.

SJPL Foundation Grants - Coding 5K/Other Revenue	Library Department	\$162,000	\$162,000
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This action establishes the SJPL Foundation Grants – Coding 5K City-Wide Expenses appropriation and corresponding estimate for Other Revenue in the amount of \$162,000 to recognize the 2024-2025 grant installment from the San José Public Library Foundation. This funding will support the addition of temporary staffing to administer the Library's Coding5K Challenge program, which provides resources for computer programming lessons and activities for children and teens at all branch library locations.

Council District #02 (July - December)/Other Revenue (Sponsorship)	Mayor & City Council	\$4,000	\$4,000
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This action increases the Council District #02 appropriation and the corresponding estimate for Other Revenue by \$4,000 to allocate revenue received from sponsorship to support Viva Parks Activation events.

**General Fund Recommended Budget Adjustments Summary
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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Together San Jose Phase Two/Revenue from State of California	Office of the City Clerk	\$300,000	\$300,000

This action increases the Together San Jose Phase Two City-Wide Expenses appropriation and increases the corresponding estimate for Revenue from State of California by \$300,000 to reflect the award of the Together San Jose Phase Two Grant. On April 9, 2024, City Council approved the grant agreement for a total award of \$1.0 million, which is implemented by the Mayor's Office. The grant focuses on building neighbor-to-neighbor engagement through emergency preparedness trainings, beautification initiatives, neighborhood association activities, and other volunteer programming - with the goal of increasing social capital and civic pride. Phase Two of the grant funding will expand the total number of neighborhoods and will expire on January 31, 2026. This action recognizes and appropriates another \$300,000 of the grant, bringing the total amount appropriated year-to-date to \$400,000 of the grant. The remaining grant funding will be recognized and appropriated as part of future budget processes.

Non-Personal/Equipment/Revenue from Federal Government (Urban Areas Security Initiative Grant - OEM 2022)	Office of the City Manager	\$26,000	\$26,000
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This action increases the City Manager's Office Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Federal Government by \$26,000. The additional funding from the 2022 Urban Areas Security Initiative Grant will be used for the procurement of training materials and equipment for the Community Emergency Response Team (CERT) Program.

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Outdoor Equity Grant/Revenue from State of California</p> <p>This action increases funding for the Outdoor Equity Grant City-Wide Expenses appropriation, with a corresponding increase to the estimate for Revenue from State of California in the amount of \$102,292. The City was awarded two program grants of \$465,555, each in May 2022, to provide underserved residents of San José the opportunity to participate in outdoor experiences, learn about local flora and fauna, and acquire knowledge of environmental resource conservation techniques free of charge. Funding will be used to cover the cost of staffing and non-personal/equipment associated with activities for eight trips to San José Family Camp and 16 supplementary outdoor activities. The total Outdoor Equity Grant awarded was \$931,110, and will be distributed over a three-year agreement term. The remaining balance of the grant award (\$351,800) will be appropriated in a future budget process.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	\$102,292	\$102,292
<p>PG&E Summer Cooling Shelter Program Grant/Other Revenue</p> <p>This action establishes the PG&E Summer Cooling Shelter Program Grant City-Wide Expenses appropriation and increases the corresponding estimate to Other Revenue in the amount of \$7,500 to support heat safety awareness and cooling center activations in 2024. PG&E supports local governments with funding to achieve these goals in the community, offering a maximum reimbursement of \$7,500 in the 2024-2025 programming year.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	\$7,500	\$7,500
<p>Santa Clara County Homeless Encampment Cleanup/Revenue from Local Agencies</p> <p>This action increases the Santa Clara County Homeless Encampment Cleanup City-Wide Expenses appropriation and increases the corresponding estimate for Revenue from Local Agencies by \$500,000. This funding allows the department to deliver 120 weekly cleanup services and 12 monthly abatement services for various encampments in San José. In June 2022, the City entered into an agreement with Santa Clara County (SCC) to conduct homeless encampment cleanups in SCC jurisdictions within San José as needed. The total award is \$2.0 million with the term extended through June 2027. With this action, \$900k remains to be allocated in a future budget process.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	\$500,000	\$500,000

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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Santa Clara County Probation Teen Grant 2024-2025/Revenue from Local Agencies</p> <p>This action establishes the Santa Clara County Probation Teen Grant 2024-2025 City-Wide Expenses appropriation and increases the corresponding estimate for Revenue from Local Agencies by \$100,000. This grant facilitates increased memberships and involvement at City-operated community centers for at-risk youth identified by the Santa Clara County Probation Department. This program is designed to help deter youth from engaging in criminal acts that would further entrench them in the juvenile justice system. The City receives \$100,000 in grant funds annually from the County Probation Department; this is the fourth consecutive year of the grant program.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	<p>\$100,000</p>	<p>\$100,000</p>
<p>Non-Personal/Equipment/Revenue from State of California (Caltrans - Eastside Alum Rock)</p> <p>This action increases the Planning, Building, and Code Enforcement Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from State of California by \$240,392 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 June 30, 2026.</p>	<p>Planning, Building and Code Enforcement Department</p>	<p>\$240,392</p>	<p>\$240,392</p>

**General Fund Recommended Budget Adjustments Summary
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<u>Action</u>	<u>Department</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Personal Services/Revenue from Local Agencies (Stream Stewardship Law Enforcement Program)	Police Department	\$340,000	\$340,000

This action increases the Police Department's Personal Services appropriation and the corresponding estimate for Revenue from Local Agencies by \$340,000 for services provided through an agreement between the Santa Clara Valley Water District and the City of San José for its Stream Stewardship Law Enforcement Program. The agreement supports overtime costs of officers assigned to carry out law enforcement services to target criminal activity along local waterways within the City, including Coyote Creek and Guadalupe River. The term of the agreement is July 2024 through June 2025.

Selective Traffic Enforcement Program 2024-2025/Revenue from Federal Government	Police Department	\$285,000	\$285,000
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This action establishes the Selective Traffic Enforcement Program 2024-2025 City-Wide Expenses appropriation in the amount of \$285,000 and increases the corresponding estimate for Revenue from Federal Government by \$285,000. The program primarily funds overtime for Police Officers to staff DUI Checkpoints/Saturation Patrols, and conduct Distracted Driving, Motorcycle Safety, Click It or Ticket, and Pedestrian/Bicycle enforcement operations. The term of the grant is October 1, 2024 through September 30, 2025.

Grants-Reimbursements-Fees		\$3,299,426	\$3,299,426
TOTAL		\$17,497,977	\$15,107,407