

**Special Funds Recommended Budget Adjustments Summary
2023-2024 Annual Report**

Airport Maintenance And Operation Fund (523)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Transfer to the General Fund - Police Services	Airport Department	\$238,340	
<p>This action increases the Transfer to the General Fund for Police Services by \$238,340 (from \$11,348,333 to \$11,586,673) to support increased overtime hours at the San José Mineta International Airport. The addition of 56 weekly overtime hours will increase Police Department presence at security checkpoints, baggage claim, and parking lots. A corresponding decrease to the Operations Contingency appropriation is recommended elsewhere in this report.</p>			
Operations Contingency	Airport Department	(\$238,340)	
<p>This action decreases the Operations Contingency to offset the action recommended in this report.</p>			
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Airport Maintenance And Operation Fund (523)		\$0	\$0

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Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Healthcare Incentive Program This action increases the Healthcare Incentive Program appropriation by \$199,000 to allocate additional receipts from the forfeiture of pre-funded flexible spending accounts (FSA) in 2023-2024. One-time receipts from vendor performance guarantee and FSA forfeitures exclusively support the Healthcare Incentive Program, which seeks to diversify the City's health plan provider network and the plan options available to employees.	Human Resources Department	\$199,000	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the action recommended in this report.	Human Resources Department	(\$199,000)	
Benefits Funds - Benefit Fund (160)		\$0	\$0

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Building Homes and Jobs Act Fund (456)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing Shelter This action increases the Housing Shelter appropriation by \$203,660 to appropriate interest earnings received in 2023-2024 from the Permanent Local Housing Allocation Program grant. The funds provide for the maintenance and operation of the Monterey and Bernal, and Rue Ferrari emergency interim housing sites. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.	Housing Department	\$203,660	
Housing Shelter/Revenue from the State of California (PLHA Round 3 Grant) This action increases the Housing Shelter appropriation and corresponding estimate for Revenue from State of California by \$7.4 million to provide funding for interim housing operations. The State awarded the City \$7.4 million in Permanent Local Housing Allocation (PLAHA) Program grant, round 3 funding. The funds provide for the maintenance and operation of the Monterey and Bernal, Rue Ferrari, Mabury, and San Felipe emergency interim housing sites.	Housing Department	\$7,438,226	\$7,438,226
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the action recommended in this report.	Housing Department	(\$203,660)	
Building Homes and Jobs Act Fund (456)		\$7,438,226	\$7,438,226

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Community Facilities District No. 14 (Raleigh-Charlotte) Fund (379)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Non-Personal/Equipment (Contractual Landscape Maintenance Services)</p> <p>This action increases the Non-Personal/Equipment appropriation by \$37,300 to fund higher than anticipated costs for contractual landscape maintenance services. The Department of Transportation recently established a new contract for these services; however, the existing budget does not cover the estimated costs for regularly scheduled maintenance, repair, and renovation work. A memorandum requesting the authorization to execute purchase orders with the contractor will be brought forward to the City Council at the October 1, 2024 meeting. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>	Transportation Department	\$37,300	
Ending Fund Balance Adjustment	Transportation Department	(\$37,300)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Community Facilities District No. 14 (Raleigh-Charlotte) Fund (379)		<hr style="width: 100%; border: 1px solid black; margin-bottom: 5px;"/> \$0	\$0

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Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Convention Center City Free Use</p> <p>This action increases the Convention Center City Free Use appropriation by \$25,000, from \$50,000 to \$75,000, to provide additional capacity for upcoming City events hosted at the San José McEnery Convention Center or other City facilities managed by Team San Jose. The current appropriation is fully committed for 2024-2025, including an artificial intelligence (AI) conference (\$42,500) hosted by the Information Technology Department. This funding partly reimburses Team San Jose for foregone revenue and costs incurred under previously set terms, as external parties would be charged for facility usage and other event-related services.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$25,000	
<p>Transfers and Reimbursements (Transfer from the Transient Occupancy Tax Fund)</p> <p>This action decreases the revenue estimate for Transfers and Reimbursements from the Transient Occupancy Tax Fund by \$71,774, from \$11.76 million to \$11.69 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2023-2024. Actual 2023-2024 TOT revenues and interest earnings of \$23.9 million in the TOT Fund ended slightly below the budgeted estimate by approximately \$144,000. This performance results in the decrease of \$71,774 to the Transfer from the Transient Occupancy Tax Fund, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Corresponding reconciling adjustments in the Transient Occupancy Tax Fund are recommended elsewhere in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>		(\$71,774)
<p>Ending Fund Balance Adjustment</p> <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$3,703,995	

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Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention Facilities Operations	City Manager - Office of Economic Development and Cultural Affairs	(\$3,800,769)	
<p>This action decreases the Convention Facilities Operations appropriation by \$3.8 million, from \$11.9 million to \$8.1 million, to account for the inadvertent encumbrance of funds budgeted in 2023-2024 that exceeded the actual subsidy required by Team San Jose for the operation of the San José McEnery Convention Center and City-owned theater facilities in 2023-2024 (\$8.0 million). Funds encumbered in excess of actual requirements are typically released prior to the close of the fiscal year to more accurately reflect annual activity. However, because encumbered funds of \$3.8 million were carried forward and available for use in 2024-2025, the new funding previously budgeted in 2024-2025 can be reduced by the same amount. This decrease to the appropriation has no net impact on the total level of funding needed and available for facility operations, which remains at the original estimate of \$11.9 million for 2024-2025.</p>			
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Convention and Cultural Affairs Fund (536)		(\$71,774)	(\$71,774)

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Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
2020 Justice Assistance Grant/Beginning Fund Balance	Police Department	\$75,453	\$75,453
<p>This action increases the 2020 Justice Assistance Grant appropriation and the Beginning Fund Balance by \$75,453 to reappropriate funds from a liquidation of a prior year encumbrance that was recently liquidated in 2024-2025. The grant funds need to be fully committed before the grant expiration of September 30, 2024 and fully spent by December 31, 2024. The funds are used for purchasing law enforcement safety and investigative equipment, law enforcement overtime for community events, crime prevention community education programs, and public service announcements to increase awareness and prevent gun violence. In addition, the grant funds a portion of a position's salary and benefits.</p>			
Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)		\$75,453	\$75,453

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Emergency Reserve Fund (406)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Emergency Response and Recovery This action establishes the Emergency Response and Recovery appropriation in the amount of \$500,000. This funding will support the City's ability to respond quickly in the event of future emergencies. Prior emergency situations, such as the 2017 Flood and 2023 Winter Storms, have demonstrated a need to have funding readily available for staff to use as a bridge between the occurrence of an unanticipated emergency and the City's ability to set-up the necessary funding sources and obtain City Council approval. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.	Finance Department	\$500,000	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the actions recommended in this report.	Finance Department	(\$5,500,000)	
Transfer to the General Fund This action establishes the Transfer to the General Fund in the amount of \$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 issuing 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.	Finance Department	\$2,000,000	
FEMA Non-Reimbursable Expenses Reserve This action establishes the FEMA Non-Reimbursable Expenses Reserve in the amount of \$3.0 million. This reserve will 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. A related action is recommended elsewhere in this report to liquidate a similar reserve in the General Fund.	Finance Department	\$3,000,000	
Emergency Reserve Fund (406)		\$0	\$0

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Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Berryessa Special Events Donation/Other Revenue</p> <p>This action establishes the Berryessa Special Events Donation appropriation and corresponding estimate to Other Revenue in the amount of \$696 to appropriate a gift from the Berryessa Community Center Advisory Council. The gift will support special event efforts at the Berryessa Community Center.</p>	Parks, Recreation and Neighborhood Services Department	\$696	\$696
<p>Evergreen Senior Programming Donation/Other Revenue</p> <p>This action establishes the Evergreen Senior Programming Donation appropriation and corresponding estimate to Other Revenue in the amount of \$6,952 to appropriate gifts from the Evergreen Senior Advisory and Evergreen Senior Bingo groups. The gifts will support senior programming efforts at the Evergreen Community Center.</p>	Parks, Recreation and Neighborhood Services Department	\$6,952	\$6,952
<p>Alma Community Center Donation/Other Revenue</p> <p>This action establishes the Alma Community Center Donation appropriation and corresponding estimate to Other Revenue in the amount of \$5,349 to appropriate a gift from the Alma Advisory Council. The gift supports special events, classes, and activities for older adults at the Alma Community Center.</p>	Parks, Recreation and Neighborhood Services Department	\$5,349	\$5,349
Gift Trust Fund (139)		\$12,997	\$12,997

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Home Investment Partnership Program Trust Fund (445)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Revenue from Federal Government (HOME Investment Partnerships Program Grant) This action increases the estimate for Revenue from Federal Government to recognize prior year HOME Investment Partnerships Program grant revenue that has been awarded to the City but not yet recognized. Grant-related expenditures were previously appropriated and will be spent on Tenant Based Rental Assistance vouchers and supportive services for low-income households. This action formally recognizes the available grant revenue to offset the previously appropriated expenditures.	Housing Department		\$6,011,719
Housing Project Reserve This action decreases the Housing Project Reserve by \$2.0 million, from \$7.0 million to \$5.0 million, and reallocates the funds to the Ending Fund Balance in order to maintain a positive Ending Fund Balance in the fund. After a reconciliation of the actual revenues and expenditures to the projections and appropriations, the actual 2023-2024 Ending Fund Balance was lower than the estimates used in the development of the 2024-2025 Adopted Operating Budget, which resulted in a negative Ending Fund Balance.	Housing Department	(\$2,000,000)	
Ending Fund Balance Adjustment This action increases the Ending Fund Balance to offset the actions recommended in this report.	Housing Department	\$8,011,719	
Home Investment Partnership Program Trust Fund (445)		\$6,011,719	\$6,011,719

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Homeless Housing, Assistance, and Prevention Fund (454)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Emergency Shelters/Revenue from State of California (Homeless Housing, Assistance and Prevention Round 4 Grant)	Housing Department	\$6,397,733	\$6,397,733
<p>This action increases the Emergency Shelters appropriation and corresponding estimate for Revenue from State of California by \$6.4 million to provide funding for interim housing construction and operations. The State awarded the City a total of \$26.8 million in Homeless Housing, Assistance and Prevention Grant, Round 4, of which the City has already budgeted \$20.4 million. The remaining amount of \$6.4 million is recommended to be recognized and appropriated to provide funding to support the City's interim housing portfolio.</p>			
Ending Fund Balance Adjustment	Housing Department	\$250,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Street Outreach and Support Services	Housing Department	(\$250,000)	
<p>This action decreases the Street Outreach and Support Services appropriation by \$250,000, from \$5.9 million to \$5.65 million, to recognize savings. This action is offset by a corresponding increase to the Ending Fund Balance as recommended in this report.</p>			
Homeless Housing, Assistance, and Prevention Fund (454)		\$6,397,733	\$6,397,733

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Ice Centre Revenue Fund (432)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Capital Rehabilitation Reserve	Finance Department	(\$235,903)	
<p>This action decreases the Capital Rehabilitation Reserve by \$235,903, from \$2.1 million to \$1.9 million to ensure a reasonable amount in the Ending Fund Balance. This fund was negatively impacted due to interest earnings on bond proceeds having been already credited to this fund in the prior fiscal year. A corresponding increase to the Ending Fund Balance is also recommended in this report.</p>			
Ending Fund Balance Adjustment	Finance Department	\$235,903	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>			
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Ice Centre Revenue Fund (432)		\$0	\$0

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Inclusionary Fee Fund (451)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing Project Reserve	Housing Department	(\$1,000)	
<p>This action decreases the Housing Project Reserve by \$1,000 to fund additional title insurance costs related to the 258 McEvoy Street affordable housing project. The project was previously approved for funding by City Council on April 25, 2023. This action is offset by a corresponding increase to the Housing Loans and Grants appropriation as recommended in this report.</p>			
Housing Loans and Grants	Housing Department	\$1,000	
<p>This action increases the Housing Loans and Grants appropriation by \$1,000 to fund additional title insurance costs related to the 258 McEvoy Street affordable housing project. The project was previously approved for funding by City Council on April 25, 2023. This action is offset by a corresponding decrease to the Housing Project Reserve as recommended in this report.</p>			
Inclusionary Fee Fund (451)		\$0	\$0

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Maintenance District No. 18 (The Meadowlands) Fund (372)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Non-Personal/Equipment (Contractual Landscape Maintenance Services)</p> <p>This action increases the Non-Personal/Equipment appropriation by \$19,150 to fund higher than anticipated costs for contractual landscape maintenance services. The Department of Transportation recently established a new contract for these services; however, the existing budget does not cover the estimated costs for regularly scheduled maintenance, repair, and renovation work. A memorandum requesting the authorization to execute purchase orders with the contractor will be brought forward to the City Council at the October 1, 2024 meeting. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>	Transportation Department	\$19,150	
Ending Fund Balance Adjustment	Transportation Department	(\$19,150)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Maintenance District No. 18 (The Meadowlands) Fund (372)		<hr style="width: 100%; border: 1px solid black;"/> \$0	\$0

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Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Emmanuel House Shelter	Housing Department	(\$1,000,000)	
<p>This action eliminates the Emmanuel House Shelter appropriation. As part of the 2024-2025 Adopted Operating Budget, \$1.0 million was originally allocated to the Multi-Source Housing Fund for the Salvation Army's Emmanuel House Shelter redevelopment project; however, the General Fund is a more suitable funding source. Separate actions in the General Fund is recommended elsewhere in this report to establish funding for the Emmanuel House Shelter.</p>			
Homeless Rapid Rehousing	Housing Department	\$1,000,000	
<p>This action increases the Homeless Rapid Rehousing appropriation to restore one-time funding that was previously reallocated 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, though the General Fund is a more suitable funding source. This action restores the funding by a corresponding action to eliminate funding for the Emmanuel House Shelter appropriation as recommended in this report.</p>			
HOPWA Grants/Revenue from Federal Government	Housing Department	\$157,828	\$157,828
<p>This action increases the HOPWA Grants appropriation and corresponding estimate for Revenue from Federal Government by \$157,828 to provide funding for the Health Trust Agreement from prior year Housing Opportunities for Persons With AIDS (HOPWA) grants. The Agreement administers housing assistance and supportive services to low-income persons living with HIV/AIDS.</p>			
Encampment Resolution Funding Grant	Housing Department	\$13,186	
<p>This action increases the Encampment Resolution Funding Grant appropriation by \$13,186 to appropriate interest earnings received in 2023-2024 from the Encampment Resolution Funding program grant. The funds were granted to provide services and support to people experiencing homelessness in encampments in order to provide them with a path to safe and stable housing. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			

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Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Eviction Diversion Program	Housing Department	\$29,620	
<p>This action increases the Eviction Diversion Program appropriation by \$29,620 to appropriate interest earnings received in 2023-2024 from the State allocation for the Eviction Diversion Program. The funds provide for services to reduce evictions and their negative impact by connecting tenants and landlords with resources to resolve housing disputes. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Transfer to the Multi-Source Housing Fund (Homeless Emergency Aid Program)	Housing Department	\$8,694	
<p>This action establishes a Transfer to the Multi-Source Housing Fund to close out the Homeless Emergency Aid Program (HEAP) Fund, which is a memo fund within the Multi-Source Housing Fund. This action transfers the remaining balance of \$8,694 from the HEAP Fund to the Multi-Source Housing Fund. The HEAP Program was a one-time State of California block grant program created in 2018 to provide funds to assist persons experiencing homelessness or at risk of homelessness. This action is offset by a corresponding increase to the revenue estimate for Transfers and Reimbursements to recognize the transfer from the HEAP Fund as recommended in this report.</p>			
Transfers and Reimbursements (Transfer from the Homeless Emergency Aid Program Fund)	Housing Department		\$8,694
<p>This action establishes a revenue estimate for Transfers and Reimbursements to recognize a transfer from the Homeless Emergency Aid Program (HEAP) Fund, a memo fund within the Multi-Source Housing Fund, to close out the HEAP Fund and transfer the remaining balance of \$8,694 to the Multi-Source Housing Fund. The HEAP Program was a one-time State of California block grant program created in 2018 to provide funds to assist persons experiencing homelessness or at risk of homelessness. This action is offset by a corresponding transfer to the Multi-Source Housing Fund as recommended in this report.</p>			
HOPWA VAWA	Housing Department	(\$538,044)	
<p>This action eliminates the HOPWA VAWA appropriation of \$538,044 to close out the appropriation as the grant was fully expended in fiscal year 2023-2024. The adjustment closes out the appropriation and enables future audit of the Violence Against Women Act grant for persons with HIV/AIDS. This action is offset by a corresponding increase to the Ending Fund Balance as recommended in this report.</p>			

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Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
HOPWA PSH	Housing Department	(\$141,891)	
<p>This action eliminates the HOPWA PSH appropriation of \$141,891 to close out the appropriation as the grant was fully expended in fiscal year 2023-2024. The adjustment closes out this appropriation and enables future audit of the Permanent Supportive Housing (PSH) grant used to provide rental assistance and supportive services for persons with HIV/AIDS. This action is offset by a corresponding increase to the Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment	Housing Department	\$637,129	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Multi-Source Housing Fund (448)		\$166,522	\$166,522

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Measure E - 40% Extremely Low-Income Households</p> <p>This action increases the Measure E - 40% Extremely Low-Income Households appropriation by \$15,000 to fund additional costs related to legal review, title, and recording expenses as part of the acquisition of 1860 Alum Rock Apartments. The affordable housing project was previously approved by City Council on May 2, 2023. This action is offset by a corresponding decrease to the Measure E - 40% Extremely Low-Income Households Reserve as recommended in this report.</p>	Housing Department	\$15,000	
<p>Measure E - Project HomeKey 2.0 (40% ELI)</p> <p>This action increases the Measure E – Project HomeKey 2.0 (40% ELI) by \$967,000 to fund additional costs related to the Pacific Motor Inn project. The funding gap is due to an increase in acquisition costs caused by extension penalties to the purchase and sale agreement and an increase in soft cost expenditures from the original budgeted proposal. The hotel project was previously approved by City Council on December 13, 2022, to accept a State HomeKey grant award and use Measure E funds for the acquisition, rehabilitation, operations, and services for the Pacific Motor Inn. This action is offset by a corresponding decrease to the Measure E – 40% Extremely Low-Income Households Reserve as recommended in this report.</p>	Housing Department	\$967,000	
<p>Measure E - 40% Extremely Low-Income Households Reserve</p> <p>This action decreases the Measure E – 40% Extremely Low-Income Households Reserve by \$2.5 million to reallocate funding for the additional costs related to the Branham-Monterey Homekey project (\$1.5 million), Pacific Motor Inn project (\$967,000), and 1860 Alum Rock Apartments project (\$15,000). This action is offset by corresponding increases to the Measure E - 40% Extremely Low-Income Households appropriation and Measure E – Project HomeKey 2.0 (40% ELI) appropriation as recommended in this report.</p>	Housing Department	(\$2,482,000)	

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Measure E - Project HomeKey 2.0 (40% ELI)</p> <p>This action increases the Measure E - Project HomeKey 2.0 (40% ELI) appropriation by \$1.5 million to fund additional costs related to the Branham-Monterey Homekey project. This provides additional funding to complete the project due to several challenges including construction material quality and timely delivery, weather condition delays, the necessity for a comprehensive bird biological survey assessment, tree removal to protect an endangered bird, and unforeseen modifications in the construction scope of work. The hotel project was previously approved by City Council on November 1, 2022 to accept a State HomeKey grant award and use Measure E funds for construction and operations. This action is offset by a corresponding decrease to the Measure E - 40% Extremely Low-Income Households Reserve as recommended in this report.</p>	Housing Department	\$1,500,000	
<p>Measure E - Supportive Services - CARE Coordination Program (15% HSP)</p> <p>This action increases the Measure E - Supportive Services - CARE Coordination Program (15% HSP) appropriation by \$1.0 million to provide funding for the Care Coordination Project with the County of Santa Clara. This project is a community-wide effort centralizing the care of the County's most vulnerable homeless residents by bringing together all the services needed to obtain and maintain housing. The contract with the County supports personnel to provide supportive services to enrolled participants from July 1, 2024 through June 30, 2026 and was last approved by City Council on June 18, 2024. This action is offset by a corresponding decrease to the Measure E - 15% Homeless Support Programs Reserve as recommended in this report.</p>	Housing Department	\$1,000,000	
<p>Measure E - 15% Homeless Support Programs Reserve</p> <p>This action decreases the Measure E - 15% Homeless Support Programs Reserve to reallocate funding for the Care Coordination Project with the County of Santa Clara. This project is a community-wide effort centralizing the care of the County's most vulnerable homeless residents by bringing together all the services needed to obtain and maintain housing. The contract with the County supports personnel to provide supportive services to enrolled participants from July 1, 2024 through June 30, 2026 and was last approved by City Council on June 18, 2024. This action is offset by a corresponding increase to Measure E - Supportive Services - CARE Coordination Program (15% HSP) appropriation as recommended in this report.</p>	Housing Department	(\$1,000,000)	

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Interim Housing - Cherry	Public Works Department	\$6,000,000	
<p>This action establishes the Interim Housing - Cherry appropriation to the Public Works Department in the amount of \$6.0 million to support construction of a new emergency interim housing (EIH) site with the goal of opening by September 30, 2025. The Cherry Avenue EIH will consist of 12 single story modular buildings, each containing 8 residential units, totaling 96 residential units. Each residential unit will include a bedroom and a bathroom. Other modular buildings include a one-story administrative building, a one-story laundry facility, security shack, and multiple storage units. This action is offset by a corresponding decrease to the Interim Housing Construction and Operations (15% HSP) appropriation as recommended in this report. Actions to appropriate an additional \$6.6 million of State funding to the project, as well as recognize a philanthropic contribution of \$2.4 million (for a total project budget of \$15.0 million), will be brought forward for City Council consideration in the coming months as part of the construction contract award.</p>			
Interim Housing Construction and Operations (15% HSP)	Housing Department	(\$6,000,000)	
<p>This action decreases the Interim Housing Construction and Operations (15% HSP) appropriation by \$6.0 million and reallocates funding to establish a new Interim Housing - Cherry appropriation. This provides funding for construction of a new interim housing site. This action is offset by a corresponding increase to the Interim Housing - Cherry appropriation as recommended in this report.</p>			
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Real Property Transfer Tax Fund (404)		\$0	\$0

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San José Arena Capital Reserve Fund (459)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Previously Approved Repairs Reserve</p> <p>This action decreases the Previously Approved Repairs Reserve appropriation by \$324,762 to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center. Corresponding increases to the Electrical Repairs (\$26,521), Mechanical Repairs (\$264,409), Structures Repairs (\$2,210), Unanticipated / Emergency Repairs (\$14,274), and Miscellaneous Repairs (\$17,348) appropriations are recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	(\$324,762)	
<p>Electrical Repairs</p> <p>This action increases the Electrical Repairs appropriation by \$26,521, from \$2.3 million to \$2.3 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital repairs to the lighting system at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$26,521	
<p>Mechanical Repairs</p> <p>This action increases the Mechanical Repairs appropriation by \$264,409, from \$2.0 million to \$2.2 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital repairs at the SAP Center, including improvements to the boilers, security, ADA upgrades, and concessions. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$264,409	
<p>Structures Repairs</p> <p>This action increases the Structures Repairs appropriation by \$2,210, from \$2.2 million to \$2.2 million, to provide funding for reimbursements to Sharks Sports Entertainment for repairs at the rinkside room at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$2,210	
<p>Unanticipated / Emergency Repairs</p> <p>This action increases the Unanticipated / Emergency Repairs appropriation by \$14,274, from \$200,000 to \$214,274 to provide funding for reimbursements to Sharks Sports Entertainment for unanticipated capital improvement repairs to the stage curtains and LED displays at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$14,274	

**Special Funds Recommended Budget Adjustments Summary
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San José Arena Capital Reserve Fund (459)

Action

Miscellaneous Repairs

This action increases the Miscellaneous Repairs appropriation by \$17,348, from \$175,000 to \$192,348, to provide funding for reimbursements to Sharks Sports Entertainment for carpeting repairs at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Department

City Manager -
Office of Economic
Development and
Cultural Affairs

Use

\$17,348

Source

San José Arena Capital Reserve Fund (459)

\$0

\$0

**Special Funds Recommended Budget Adjustments Summary
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San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Disadvantaged Communities - Green Tariff Program/Revenue from State of California This action increases the Disadvantaged Communities - Green Tariff appropriation and the corresponding estimate for Revenue from State of California by \$808,407, from \$420,000 to \$1,228,407, to reflect an additional grant award from the State for calendar year 2025. The Disadvantaged Communities - Green Tariff program provides income-qualified residential customers living in disadvantaged communities (DAC) a 20% discount on their electricity bills and 100% solar energy. The California Public Utilities Commission funded program is available to San José Clean Energy residential customers who live in a DAC and are enrolled in the California Alternate Rates for Energy program (CARE) or the Family Electric Rates Assistance program (FERA).	Energy Department	\$808,407	\$808,407
Non-Personal/Equipment (Office Space Lease and Moving Costs) This action increases the Energy Department's Non-Personal/Equipment appropriation by \$1.5 million. Approximately \$1.05 million will cover the department's one-time moving expenses and tenant improvement projects at their new space. The remaining \$414,000 will fund the first year's lease cost of the new space. Ongoing costs for the office lease space will be incorporated into the development of the 2025-2026 Base Budget. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.	Energy Department	\$1,464,395	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the action recommended in this report.	Energy Department	(\$1,464,395)	
San José Clean Energy Operating Fund (501)		\$808,407	\$808,407

**Special Funds Recommended Budget Adjustments Summary
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San José Opioid Response Fund (130)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Opioid Settlement Program Oversight - CMO</p> <p>This action eliminates funding for the Opioid Settlement Program Oversight - CMO appropriation. The 2024-2025 Adopted Operating Budget transferred program oversight responsibility from the City Manager's Office (CMO) to the Parks, Recreation, and Neighborhood Services Department (PRNS), including a partial shift of associated funding for a temporary position between departments. As the supporting position was also moved to PRNS, this allocation to CMO is no longer required. A corresponding decrease to the estimate for Revenue from State of California (Opioid Manufacturer Janssen - Abatement) offsets this action, as described elsewhere in this report.</p>	Office of the City Manager	(\$30,000)	
<p>Revenue from State of California (Opioid Manufacturer Janssen- Abatement)</p> <p>This action reduces the revenue estimate from the State of California (Opioid Manufacturer Janssen - Abatement) by \$30,000 to reflect the reduction discussed above. This item is offset by a corresponding action to eliminate funding for Opioid Settlement Program Oversight in the City Manager's Office as recommended in this report.</p>	Parks, Recreation and Neighborhood Services Department		(\$30,000)
San José Opioid Response Fund (130)		(\$30,000)	(\$30,000)

**Special Funds Recommended Budget Adjustments Summary
2023-2024 Annual Report**

South Bay Water Recycling Operating Fund (570)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
SCVWD - Advanced Water Treatment	Environmental Services Department	\$1,000,000	
<p>This action increases the SCVWD - Advanced Water Treatment appropriation by \$1.0 million, from \$4.0 million to \$5.0 million. This increase in funding will provide additional capacity to accommodate a larger than expected payment to the Santa Clara Valley Water District (Valley Water) for San José's portion of the operating costs for the Advanced Water Treatment facility. This payment is a part of the contractual agreement between the City and Valley Water, providing operations support for water treatment infrastructure supporting the City. This action is offset by a decrease to the Ending Fund Balance.</p>			
Ending Fund Balance Adjustment	Environmental Services Department	(\$1,000,000)	
<p>This action decreases Ending Fund Balance to offset an action recommended in this report.</p>			
South Bay Water Recycling Operating Fund (570)		\$0	\$0

**Special Funds Recommended Budget Adjustments Summary
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Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</p> <p>This action decreases the San José Convention and Visitors Bureau appropriation by \$35,887, from \$6.07 million to \$6.04 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2023-2024. Actual 2023-2024 TOT revenues and interest earnings of \$23.9 million in the TOT Fund ended slightly below the budgeted estimate by approximately \$144,000. This performance results in the decrease of \$35,887 to the San José Convention and Visitors Bureau appropriation, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to decrease the Transfer to the Convention and Cultural Affairs Fund and to increase the Cultural Grants Reserve to reflect rebudgeted savings are recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$35,887)</p>	
<p>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</p> <p>This action decreases the Transfer to the Convention and Cultural Affairs Fund by \$71,774, from \$11.76 million to \$11.69 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2023-2024. Actual 2023-2024 TOT revenues and interest earnings of \$23.9 million in the TOT Fund ended slightly below the budgeted estimate by approximately \$144,000. This performance results in the decrease of \$71,774 to the Transfer to the Convention and Cultural Affairs Fund, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to decrease the San José Convention and Visitors Bureau appropriation and to increase the Cultural Grants and Programs Reserve to reflect rebudgeted savings are recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$71,774)</p>	

**Special Funds Recommended Budget Adjustments Summary
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Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Cultural Grants and Programs Reserve (TOT Revenue Reconciliation and Rebudget)</p> <p>This action increases the Cultural Grants and Programs Reserve by \$323,139, from \$2.175 million to \$2.5 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) and special event permit revenue for 2023-2024, as well as the rebudgeting of remaining savings from the Cultural Grants and Programs and Cultural Grants and Programs Administration appropriations that were not previously rebudgeted during the development of the 2024-2025 Adopted Operating Budget. Actual 2023-2024 TOT revenues and interest earnings of \$23.9 million in the TOT Fund ended slightly below the budgeted estimate by approximately \$144,000. This performance, coupled with rebudgeted savings from 2023-2024, results in the net increase of \$323,139 to the Cultural Grants and Programs Reserve, and in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to decrease the Transfer to the Convention and Cultural Affairs Fund and to decrease the San José Convention and Visitors Bureau appropriation are recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$323,139</p>	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$215,478)</p>	
Transient Occupancy Tax Fund (461)		\$0	\$0

**Special Funds Recommended Budget Adjustments Summary
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Water Utility Fund (515)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Transfers and Reimbursements (Municipal Water System Arrearages Program)</p> <p>This action establishes the estimate for Transfers and Reimbursements in the amount of \$38,152 to recognize monies erroneously received in the General Fund for the Municipal Water System Arrearages Program. This program in the Water Utility Fund was intended to offset uncollectable water bill revenue from customers. This action is offset by a corresponding increase to the Ending Fund Balance.</p>	Environmental Services Department		\$38,152
<p>Transfer to the General Fund - Late Fees</p> <p>This action increases the Transfer to the General Fund - Late Fees by \$1.0 million, from \$500,000 to \$1.5 million, to reflect higher than anticipated Late Fee revenue billed in prior years. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and therefore can be 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. Any additional amounts will be brought forward as part of a future budget process. Corresponding actions to recognize this funding in the General Fund and to decrease Ending Fund Balance in the Water Utility Fund are recommended in this report to offset this action.</p>	Environmental Services Department	\$1,000,000	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases Ending Fund Balance to offset actions recommended in this report.</p>	Environmental Services Department	(\$961,848)	
		\$38,152	\$38,152
Water Utility Fund (515)			

**Special Funds Recommended Budget Adjustments Summary
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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Pathways to Self-Sufficiency/Revenue from Federal Government</p> <p>This action increases the Pathways for Self-Sufficiency appropriation and corresponding estimate for Revenue from Federal Government by \$249,157 to recognize and appropriate additional funding received for the Pathways for Self-Sufficiency program from the County of Santa Clara, which is sub-granting work2future workforce development funding. Funding of \$2.7 million for the program was approved by the City Council in April 2024 with the objective of serving individuals with barriers to employment by placing them in subsidized employment. The allocation was subsequently increased by \$249,157, and the increased funding will provide for client stipends, transportation, and emergency needs for eligible participants during job readiness phase and training.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$249,157	\$249,157
<p>SJ Works (Wells Fargo)/Other Revenue</p> <p>This action increases the SJ Works (Wells Fargo) appropriation and corresponding estimate for Other Revenue by \$85,000 to recognize and appropriate additional funding received from Wells Fargo for SJ Works. This funding is for a pilot program in support of the San José Works Youth Initiative program.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$85,000	\$85,000
<p>SJ Works (Bank of America)</p> <p>This action increases the SJ Works (Bank of America) appropriation by \$76,500, from \$76,500 to \$153,000, to appropriate funding received in 2023-2024 from Bank of America for SJ Works. This funding is to support the San José Works Youth Initiative program. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$76,500	
<p>South County Services/Other Revenue</p> <p>This action establishes the South County Services appropriation in the amount of \$1,000 and increases the corresponding estimate for Other Revenue by the same amount to recognize and appropriate funding received from the Gilroy Foundation for client supportive services.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$1,000	\$1,000

**Special Funds Recommended Budget Adjustments Summary
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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
work2future Board Mandated Reserve (Ending Fund Balance)/work2future Board Reserve (Beginning Fund Balance)	City Manager - Office of Economic Development and Cultural Affairs	\$72,366	\$72,366

This action increases the work2future Board Mandated Reserve in the Ending Fund Balance and the work2future Board Mandated Reserve in the Beginning Fund Balance by \$72,366 to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. The reserve amount is based on 15% of the funding from the Adult Workers, Dislocated Workers, and Youth Workers grant allocations. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms.

Dislocated Workers 2024-2026/Revenue from Federal Government	City Manager - Office of Economic Development and Cultural Affairs	(\$121,274)	(\$137,443)
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This action decreases the Dislocated Workers 2024-2026 appropriation by \$121,274 and corresponding estimate for Revenue from the Federal Government by \$137,443, which also includes a decrease of \$16,169 for the 10% allowance for administration costs, to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms.

Adult Workers 2024-2026/Revenue from Federal Government	City Manager - Office of Economic Development and Cultural Affairs	(\$37,655)	(\$42,676)
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This action decreases the Adult Workers 2024-2026 appropriation by \$37,655 and corresponding estimate for Revenue from the Federal Government by \$42,676, which also includes a decrease of \$5,021 for the 10% allowance for administration costs, to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures.

**Special Funds Recommended Budget Adjustments Summary
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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Youth Workers 2024-2026/Revenue from Federal Government</p> <p>This action decreases the Youth Workers 2024-2026 appropriation by \$41,992 and corresponding estimate for Revenue from the Federal Government by \$47,591, which also includes a decrease of \$5,599 for the 10% allowance for administration costs, to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$41,992)</p>	<p>(\$47,591)</p>
<p>Rapid Response Grant/Revenue from Federal Government</p> <p>This action increases the Rapid Response Grant appropriation and corresponding estimate for Revenue from the Federal Government by \$319,060 to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$319,060</p>	<p>\$319,060</p>
<p>Administration</p> <p>This action decreases the Administration appropriation to reflect the final formula grant allocations for 2024-2025, which were released following the development of the 2024-2025 Adopted Operating Budget. Administrative costs of no more than 10% are allowed as part of the allocations for Adult Workers, Dislocated Workers, and Youth Workers, and a corresponding decrease to the estimate for Revenue from Federal Government is included as part of the recommended actions for those allocations mentioned elsewhere in this report. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$26,789)</p>	
<p>Other Revenue (SJ Works - Bank of America)</p> <p>This action decreases the estimate for Other Revenue by \$76,500 to reflect revenues received in 2023-2024 from Bank of America to support the SJ Works program. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>		<p>(\$76,500)</p>
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$153,000)</p>	
Workforce Development Fund (290)		<p>\$422,373</p>	<p>\$422,373</p>