



MID-YEAR BUDGET REVIEW

2018-2019

OFFICE OF THE CITY MANAGER


JANUARY 2019

2018-2019

MID-YEAR
BUDGET
REVIEW

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2018-2019

MID-YEAR
BUDGET
REVIEW



TRANSMITTAL
MEMORANDUM



TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Margaret McCahan

**SUBJECT: 2018-2019 MID-YEAR
BUDGET REVIEW REPORT**

DATE: January 31, 2019

Approved



Date 1/31/19

RECOMMENDATIONS

- a) Approve the 2018-2019 Mid-Year Budget Review Report.
- b) Adopt a resolution amending the 2018-2019 Police Schedule of Fees and Charges (Resolution No. 72737, as amended) to decrease the Vehicle Impound Fee from \$290.00 per release to \$122.00 per release.
- c) Adopt related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2018-2019 Mid-Year Budget Review Report.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2018-2019 Modified Budget based on actual performance during the first six months of 2018-2019. Based on this analysis, budget revisions are recommended to: implement required technical/rebalancing actions to align existing revenue estimates and expenditure budgets with the most current tracking information, implement City Council direction, or reallocate funding among appropriations based on updated needs; implement a number of technical and net-zero adjustments between revenue categories and expenditure appropriations; account for new or adjusted grants, reimbursements, or fees; and fund a limited number of new projects in special and capital funds. A reduction to the Vehicle Impound Fee from \$290 per release to \$122 per release is recommended based on in-depth time task study performed by the Police Department to calculate the fee. In addition, this report provides a status report on the Equality Assurance software evaluation.

EXECUTIVE SUMMARY

The 2018-2019 Adopted Operating and Capital Budgets for the City of San José totaled \$3.7 billion. With this funding, the City continues to deliver a wide range of services to the City's residents and businesses. The Adopted Budget balanced many competing community and organizational needs while maintaining the City's strong commitment to budget stability. Budget actions in 2018-2019 focused on the following priority themes:

- *Homelessness and Housing*
- *Public Safety*
- *Environment*
- *Innovation and Technology*
- *Education and Our Youth*
- *Community Engagement*
- *Fiscal Sustainability*

The Administration is closely monitoring the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are generally performing within expected 2018-2019 budgeted levels.

Mid-Year Budget Review Highlights

General Fund

- Based on current collection trends and information, General Fund revenues are anticipated to end the year approximately \$20 million - \$25 million above budgeted levels. Overall, General Fund expenditures are tracking slightly below anticipated levels and are expected to generate minimal savings by year-end of approximately \$4 million - \$6 million. The combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances are expected to generate 2018-2019 Ending Fund Balance of at least \$25 million, which will be used as a funding source in the 2020-2024 Five-Year General Fund Forecast and the 2019-2020 Proposed Budget.
- Several Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - Implement required technical/rebalancing actions totaling \$35.9 million, with a total net cost of \$112,000. Notable actions include recognizing revenue related to seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA), and one property owned by the City of San José, which resulted in one-time net proceeds of \$18.7 million. Offsetting adjustments are recommended to transfer \$4.3 million of the proceeds that were related to the sale of the South Hall site to the Convention

Center Facilities District Revenue Fund for the South Hall Site Acquisition Debt Service Reserve and allocate the remaining one-time funds (\$14.4 million) to a 2019-2020 Proposed Budget Planning Reserve. In addition, other actions included in this document include establishing the 2018-2019 Ending Fund Balance Reserve for \$15.0 million; increasing the Sales Tax revenue estimate by \$12.0 million; and increasing the Property Tax revenue estimate by \$4.0 million.

- Implement grants/reimbursements/fees adjustments totaling \$2.5 million with a net-zero impact on the General Fund. The largest adjustments include actions to recognize and appropriate funding to support the following: Fire Department reimbursements for Strike Team deployment (\$650,000), Parks, Recreation, and Neighborhood Services Department grants (\$336,000), Transfer funds from the Airport Department to Police Department for Airport Police Services (\$312,000), Department of Transportation Emergency Street Tree Services and City Tree Planting (\$246,000), recognize funds from the sale of parcels along Autumn Parkway and allocate the funds to a capital project reserve (\$235,000), and Police Department grants (\$232,000).
- Implement a variety of clean-up actions that result in a total net savings of \$112,000, including an increase in the General Fund Beginning Fund Balance (\$663,000) as the reconciliation to the final 2017-2018 Comprehensive Annual Financial Report, partially offset by an increase to the Public Works Development Fee Program Reserve (\$363,000), and the rebudget of a couple of allocations with a net impact of \$188,000 that were also reconciling items to close out 2017-2018. Other net-zero impact actions that correct errors or re-align revenues and/or expenditures among appropriations for previously approved budget actions are also included.

Special/Capital Funds

- Overall, the City's special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the highlights and major recommended adjustments are described below.
 - The Norman Y. Mineta San José International Airport continues its strong growth year-over-year. Through December, 7.5 million passengers have enplaned and deplaned, an increase of 12.3% from the prior year. Several recommendations are included in the various Airport funds, including: the establishment of the Airline Reserve Funds Distribution appropriation of \$16.3 million in alignment with the Airline-Airport Lease and Operating agreements between the City and airlines operating at San José International Airport authorized by the City Council on January 15, 2019; an increase to the Transfer to the General Fund for Police services; and a \$3.0 million pay down of outstanding commercial paper debt.

- Several recommendations are included in this report to address the Housing Department activities. Actions are included in the Low and Moderate Income Housing Asset Fund to provide \$100,000 for underwriting consultant services related to the recent \$100 million Notice of Funding Availability, and add \$80,000 – in addition to an \$80,000 grant from The Silicon Valley Community Foundation – to develop an affordable housing rental database and web portal to allow those seeking affordable housing opportunities to search for available units in a single location. An adjustment in the Multi-Source Housing Fund adds non-personal/equipment resources of \$50,000 to fund consulting services to develop the Moderate-Income Housing Strategy anticipated to complete by late spring.
- The Building and Structure Construction Tax and the Construction Excise Tax revenues, the two largest construction-related revenues, are tracking to meet their Adopted Budget year-end estimates. It is currently anticipated the Building and Structure Construction Tax will total \$16 million by year-end and the Construction Excise Tax Fund will total \$21 million by year-end. State Gas Tax revenues allocated toward pavement maintenance in the Traffic Capital program are expected to end the year \$4.3 million below the original \$8.0 million estimate due to a lower than anticipated rate set by the State. However, as the Road Repair and Accountability Act of 2017 (SB1 Beall) removed rate setting discretion, the amount is expected to return to \$8.0 million in 2019-2020.
- In the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes (Fire C&C Tax Fund), a recommendation is included to establish a Fire Station 37 Construction appropriation (\$900,000) for the anticipated project feasibility, development, and design costs, offset by a reduction in the Fire Station 37 Reserve in the Fire C&C Tax Fund. The Fire Station 37 project has been on hold since 2016-2017 due to a shortage of funding necessary to complete the construction and to operate the location. With the passage of Measure T, the construction of Fire Station 37 is one of the bond program's highest priority projects

Looking forward, the Administration is scheduled to release the 2020-2024 General Fund Five-Year Forecast on February 28, 2019, and the 2019-2020 Proposed Capital and Operating Budgets on April 22, 2019 and May 1, 2019 respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2018-2019 Operating and Capital Budgets as modified through December 2018.

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

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

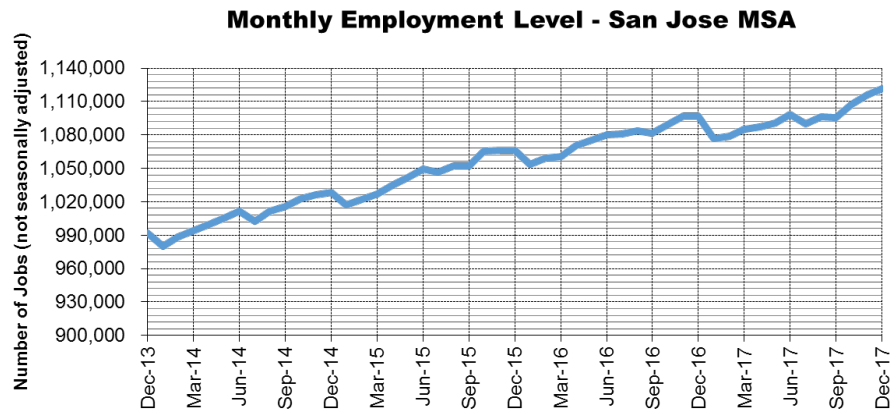
ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; a status report on selected special and capital funds; a summary of the recommended reduction to Vehicle Impound Fee from \$290 per release to \$122 per release; and a status report on the Equality Assurance software evaluation.

ECONOMIC ENVIRONMENT

The Silicon Valley continues to show positive economic performance, but some economic indicators are moderating from the extremely strong growth experienced in recent years.

The December 2018 employment level in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) of 1.09 million was 3.7% higher than the December 2017 level of 1.05 million. Between December 2017 and December 2018, 37,000 jobs were added. This includes 11,800 jobs in professional and business services, (predominantly in professional, scientific and technical services), 8,100 private educational and health services (largely within health care and social assistance), 7,500 jobs in the information sector, and 5,700 manufacturing jobs.¹



As noted in the January 2019 Beacon Employment Report, California ended 2018 with employment gains, after experiencing slow labor growth earlier in the year. Robert Kleinhenz, Executive Director of Research at Beacon Economics and the UC Riverside School of Business Center for Economic Forecasting, stated “As expected, Federal tax cuts and increased government spending boosted the economy last year, but we were concerned that a tight labor market would limit growth. However, the year ahead looks good with this surge in the labor force in recent months, precipitated in part by sharp increases in earnings at year end.”²

Unemployment Rate (Unadjusted)			
	Dec 2017	Nov 2018	Dec 2018**
San Jose Metropolitan Statistical Area*	2.7%	2.4%	2.5%
State of California	4.2%	3.9%	4.1%
United States	3.9%	3.5%	3.7%
* San Benito and Santa Clara Counties Source: California Employment Development Department. ** December 2018 estimates are preliminary and may be updated.			

The unemployment rates at the local, State, and national levels remain low. In December 2018, the unemployment rate for the San José Metropolitan Statistical Area of 2.5% is slightly above the November 2018 unemployment rate of 2.4%, but is below the December 2017 rate of 2.7%. In this region, the December 2018 unemployment rate continues to be lower than the unadjusted unemployment rate for the State (4.1%) and the nation (3.7%).

Overall construction activity through December 2018 decreased 31.2% from 2017-2018 levels during the same time period. The 2018-2019 budget was developed with the expectation that private development activity would drop because activity in 2017-2018 was exceptionally high due to new construction and that level of activity was not expected to continue.

¹ State of California Employment Development Department Labor Market Information Division Press Release, January 18, 2019

² Beacon Economics, Employment Report, January 2019

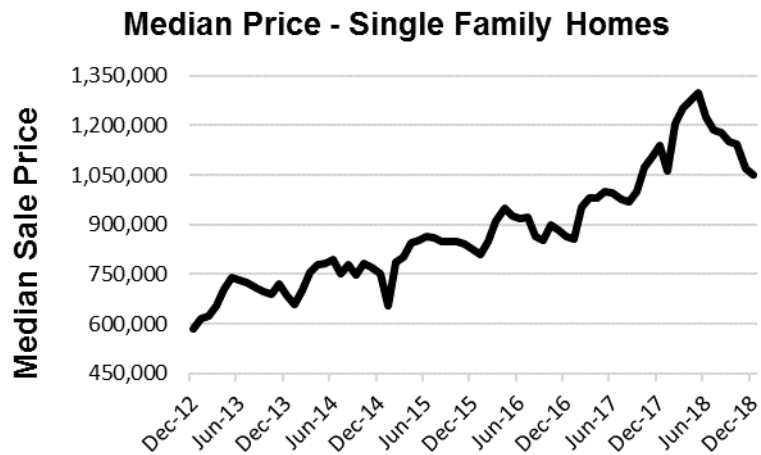
Through December, overall residential permit valuation decreased 24.0% from prior year levels (\$299.4 million in 2018-2019 and \$394.1 million in 2017-2018). Residential activity through December included permits for 1,489 multi-family units and 195 single family units for a total of 1,684 units. Notable projects for November and December include permits for four townhouse buildings totaling 29 units as part of the Phase 2 Communications Hill Project, and permits for two twenty-eight story residential high rise buildings (304 and 326 units) located at the corner of E. Santa Clara Street and N. 4th Street.

Private Sector Construction Activity (Valuation in \$ Millions)			
	YTD December 2017	YTD December 2018	% Increase
Residential	\$ 394.1	\$ 299.4	(24.0%)
Commercial	\$ 406.3	\$ 243.9	(40.0%)
Industrial	\$ 291.9	\$ 208.4	(28.6%)
TOTAL	\$ 1,092.3	\$ 751.7	(31.2%)

Commercial valuation of \$243.9 million through December 2018 is 40.0% lower than the 2018-2019 level of \$406.3 million. The commercial activity in the month of December was very modest (\$34.8 million) with alterations accounting for 43% of the commercial activity (\$15.0 million). Recent notable projects include a permit for a five-story parking structure on Coleman Avenue just north of the 880 freeway and a permit for a medical clinic located north of Alum Rock Avenue and west of the 680 freeway.

Industrial construction valuation of \$208.4 million through December was also lower (28.6%) than the prior year level (\$291.9 million in 2017-2018). A notable project for November included a permit for a seven building self-storage warehouse near the intersection of Aborn Road and Silver Creek Road. Alterations accounted for all industrial activity in December.

After seven years of year-over-year home price growth, the local real estate market is beginning to slow down. According to data from the Santa Clara County Association of Realtors, the single-family home price peaked at \$1.3 million in May 2018, which represented a 30.0% increase from the May 2017 home price, but has steadily decreased each month since May. In December 2018, the median single-family home price totaled \$1.05 million, which represents a 7.9% decrease from the December 2017 price of \$1.14 million, but is 21.7% above the December 2016 price of \$863,000. In addition to the median home price decreasing from the prior year level, the number of property transfers (sales) has also continued to steadily decline. The number of property transfers in December 2018 totaled 449, which represents a 3.9% drop from the 467 transfers that occurred in December 2017. In addition, the total number of property transfers that occurred through the first half of the fiscal year has dropped 11% compared to the first half of 2018-2019. In addition, while homes are continuing to



sell quickly, they are on the market significantly longer than the prior year. The average days-on-market for single-family and multi-family dwellings in December 2018 totaled 35 days, which is more than double the 16 days experienced in December 2017.

The leading consumer confidence indicator, the Conference Board's *Consumer Confidence Survey*, reports that the December 2018 Consumer Confidence Index level of 128.1 is down from November's level of 136.4. Consumers' expecting business conditions to improve over the next six months also decreased from 21.9% in November to 18.3% in December. Finally, the labor market outlook has declined with the proportion of consumers anticipating increased employment rates in the near future decreasing from 22.7% in November to 16.6% in December 2018.³

According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, "Consumer Confidence decreased in December, following a moderate decline in November. Expectations regarding job prospects and business conditions weakened, but still suggest that the economy will continue expanding at a solid pace in the short term. While consumers are ending 2018 on a strong note, back-to-back declines in Expectations are reflective of an increasing concern that the pace of economic growth will begin moderating in the first half of 2019."⁴

Economic conditions will continue to be closely monitored and factored into the 2020-2024 General Fund Five-Year Forecast, scheduled to be released on February 28, 2019, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 22, 2019 and May 1, 2019, respectively.

GENERAL FUND PERFORMANCE

General Fund revenues and transfers through December totaled \$553.7 million, or 44.2% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$20 million - \$25 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Property Tax, Sales Tax, and Revenue from Local Agencies. An additional \$18.7 million is projected to be generated from SARA and City-owned property sales. General Fund expenditures are tracking within estimated levels, and minimal savings of approximately \$4 million - \$6 million are anticipated by year-end. The combination of the additional revenues (excluding the new property sale revenues), expenditure savings, and the liquidation of prior year carryover encumbrances is currently expected to total at least \$25 million, which will be used as a funding source in the Five-Year General Fund Forecast and the 2019-2020 Proposed Budget.

In this document, an overall net increase of \$38.9 million to the General Fund Sources is recommended. This reflects required technical and rebalancing actions (\$35.8 million), recognition of grants, reimbursements, and/or fee related funds (\$2.5 million), and clean up actions totaling \$521,000 that include an increase to the 2018-2019 Beginning Fund Balance based on the reconciliation of the 2017-2018 Ending Fund Balance to the final audited 2017-2018

³ The Conference Board, Consumer Confidence Survey, December 2018

⁴ The Conference Board, Consumer Confidence Survey, December 2018

Comprehensive Annual Financial Report (\$663,000), partially offset by a negative revenue rebudget adjustment to close out 2017-2018 (-\$142,000).

The largest technical and rebalancing action recommended in this report includes the recognition of revenue related to seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA), and one property owned by the City of San José, which resulted in net proceeds of \$18.7 million. It is recommended to transfer \$4.3 million of the proceeds that were related to the sale of the South Hall site to the Convention Center Facilities District Revenue Fund for the South Hall Site Acquisition Debt Service Reserve and place the remaining funds (\$14.4 million) in a new 2019-2020 Proposed Budget Planning Reserve. Other actions include increasing the Sales Tax estimate by \$12.0 million to align the budget with the estimated level of receipts; increasing the Property Tax estimate by \$4.0 million to reflect higher estimated Secured Property Tax receipts; and increasing the Revenue from Local Agencies by \$1.1 million to primarily reflect higher reimbursements from the County for Paramedic Program (\$783,000). The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports that are reviewed by the Public Safety, Finance, and Strategic Support Council Committee.

General Fund expenditures through December totaled \$575.2 million, or 37.3% of the total 2018-2019 Modified Budget. This expenditure level represents a decrease of \$4.7 million, or less than 1%, from the December 2017 level of \$579.9 million. In addition, encumbrances through December totaled \$57.8 million, which are \$4.3 million (6.9%) below the December 2017 level of \$62.1 million. In total, expenditures and encumbrances through December totaled \$633.0 million, which constitutes 41.1% of the total Modified Budget (including reserves) of \$1.5 billion. When excluding reserves of \$157.4 million, expenditures and encumbrances through December constitute 45.7% of the total Modified Budget. Expenditure adjustments are recommended to implement required technical/rebalancing adjustments; account for new net-zero grants, reimbursements, and fee adjustments; and complete clean-up actions. The largest adjustments include: the establishment of a 2018-2019 Ending Fund Balance Reserve (\$15.0 million), the establishment of a one-time 2019-2020 Proposed Budget Planning Reserve (\$14.4 million), and the transfer to the Convention Center Facilities District Revenue Fund as discussed above (\$4.3 million).

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

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in an increase of \$38.9 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) implement required technical/rebalancing adjustments; 2) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 3) implement clean-up actions.

The chart below summarizes these recommended adjustments.

**2018-2019 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

BUDGET CATEGORY	Use of Funds (\$ in Millions)	Source of Funds (\$ in Millions)
Required Technical/Rebalancing Actions		
Other Revenue (SARA and City-owned Property Sales)		\$18.700
2018-2019 Ending Fund Balance Reserve	\$15.000	
2019-2020 Proposed Budget Planning Reserve	14.400	
Sales Tax Revenue		12.000
Transfer to Convention Center Facility District Revenue Fund (South Hall Sale/SARA Property)	4.300	
Property Tax Revenue		4.000
Revenue from Local Agencies (Paramedic Program and Other Agencies)		1.132
City Attorney's Office (Litigation Costs)	0.700	
Public Works Department (Animal Care and Services Program)	0.535	
Police Department (School Safety Program)	0.385	
Measure T Implementation	0.250	
Climate Smart San José Plan Implementation	0.150	
Commercial Development Impact Study	0.150	
Closed Landfill Compliance	0.100	
Finance Department (Business Tax Amnesty)	0.100	
Small Business Anti-Displacement Research	0.100	
Salaries and Benefits Program (Life Insurance Cost Savings)	(0.353)	
Other Miscellaneous Adjustments	0.127	
Other Net-Zero Expenditure Adjustments	0.000	0.000
Total Required Technical/Rebalancing Actions	\$35.944	\$35.832
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$2.501	\$2.501
Clean-Up Actions		
2018-2019 Beginning Fund Balance		\$0.663
Public Works Development Fee Program 2017-2018 Reconciliation	\$0.363	
Office of Economic Development Non-Personal/Equipment Rebudget	0.046	
Revenue from Local Agencies Rebudget (ASES Grant)		(0.142)
Various Net-Zero Adjustments	0.000	0.000
Total Clean-Up Actions	\$0.409	\$0.521
Total Recommended Adjustments	\$38.854	\$38.854

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

REQUIRED TECHNICAL/REBALANCING ACTIONS

- **Revenue from Sale of Properties (\$18.7 million):** Recognizes revenue generated from the sale of property totaling \$18.7 million. This includes the sale of seven previously owned SARA properties and one City-owned property that were sold in the first half of the fiscal year. Once sold, the one-time net proceeds from the SARA properties were distributed to the appropriate taxing entities, with the City of San José receiving \$16.7 million, or 14.14% of the total sales. Included in the SARA sales was the Diridon Station Area properties, the South Hall site, several properties along San Pedro Street, one property on South First Street, and one property on South Second Street. In addition, a City-owned property located on West San Carlos Street was also sold, which resulted in proceeds of \$2.0 million. The net proceeds of these property sales are recommended to be set aside for the 2019-2020 Proposed Budget Planning Reserve (\$14.4 million) and to be transferred to the Convention Facilities District Revenue Fund (\$4.3 million) to account for the sale proceeds associated with the South Hall site.
- **2018-2019 Ending Fund Balance Reserve (\$15 million):** Establishes the 2018-2019 Ending Fund Balance Reserve from excess General Fund revenues projected this fiscal year. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming year. In the 2019-2023 Five-Year Forecast issued in February 2018, it was assumed that \$20 million in fund balance would be available at the end of 2018-2019 for use in 2019-2020. The 2020-2024 Five-Year Forecast that will be issued at the end of February and the 2019-2020 Proposed Budget that will be issued on May 1, 2019 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2018-2019. It is anticipated that additional actions will be brought forward at year-end to increase this reserve.
- **2019-2020 Proposed Budget Planning Reserve (\$14.4 million):** As described above, \$14.4 million of the proceeds from the sale of SARA and City properties are recommended to be set aside in a new 2019-2020 Proposed Budget Planning Reserve. Recommendations on the use of this one-time reserve will be brought forward as part of the 2019-2020 budget process.
- **Sales Tax Revenue (\$12 million):** Increases the Sales Tax estimate by \$12 million to align the budget with the estimated level of receipts. As mentioned in the 2017-2018 Annual Report and previous Bi-Monthly Financial Reports, the California Department of Tax and Fee Administration, which is responsible for distributing Sales Tax revenue to jurisdictions in California, implemented a new automated system, which resulted in 3rd quarter and 4th quarter 2017-2018 receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. It is estimated approximately \$10 million of payments were received in 2018-2019 that is attributed to 2017-2018 (General Sales Tax; \$9.0 million and Local Sales Tax; \$1.0 million). As part of the 2017-2018 Annual Report actions, \$5 million of this funding was recognized. When factoring in this additional revenue in 2018-2019, the higher first quarter 2018-2019 collections, plus estimating 2% growth for the remainder of the year from

prior year levels, the 2018-2019 Sales Tax receipts are estimated at \$250.5 million, which is \$12.0 million above the budgeted estimate. The recommended adjustment reflects an \$11.0 million increase for General Sales Tax (from \$189.3 million to \$200.3 million) and a \$1.0 million increase for Local Sales Tax (from \$43.0 million to \$44.0 million).

- ***Transfer to the Convention Center Facilities District Revenue Fund:*** Establishes a transfer of \$4.3 million to allocate proceeds remitted from SARA for the sale of the South Hall site to the City. As approved by the City Council on August 2, 2018, the South Hall site was sold for \$47.0 million, which was previously owned by SARA. Once sold, the net proceeds were distributed to the appropriate taxing entities, with the City of San José receiving \$4.3 million. This report recommends recognizing the revenue associated with the sale and transferring the funds to the Convention Center Facilities District Revenue Fund for the South Hall Site Acquisition Debt Service Reserve.
- ***Property Tax Revenue (\$4 million):*** Increases the Property Tax estimate by \$4.0 million, from \$320.5 million to \$324.5 million, to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by the County of Santa Clara, Secured Property Tax receipts in 2018-2019 are estimated at \$300 million, which is approximately \$4 million over the budgeted level. The recommended adjustment factors in an increase to the general Secured Property Taxes by \$2.7 million (from \$275.1 million to \$278.3 million), an increase to the Educational Revenue Augmentation Fund (ERAF) receipts by \$5.4 million (from \$8.4 million to \$13.8 million), partially offset by a decrease to the SARA Property Tax estimate by \$4.1 million (from \$12.0 million to \$7.9 million).
- ***Revenue from Local Agencies (\$1.1 million):*** Increases the Revenue from Local Agencies estimate to reflect: 1) an increase from the County for the Paramedic Program to reflect Category B funds that have been received, but are not included in the budgeted estimate as the funding is service-related and is not guaranteed to be received each year (\$783,000); 2) the recognition of revenue anticipated to be received from the City of Campbell for the Cambrian 36 annexation agreement (\$199,000); and 3) an increase to the Central Fire District payment based on the latest estimate from Central Fire (\$150,000).
- ***City Attorney's Office Non-Personal/Equipment (\$700,000):*** Increases the City Attorney Office's Non-Personal/Equipment appropriation by \$700,000 to support litigation-related expenses. Outside litigation costs, including expenditures for specialized outside counsel, technical experts, and other consultants and expert witness services, are incurred most notably in civil rights, catastrophic injury, land use, and document-intensive cases. These costs are unpredictable and largely outside of the Office's control, yet are essential to assist the Office with defending the City's interests.
- ***Public Works Department Personal Services (\$425,000) and Non-Personal/Equipment (\$110,000) for the Animal Care and Services Program:*** Increases the Public Works Department Personal Services appropriation by \$425,000 and the Non-Personal/Equipment appropriation by \$110,000 to address higher actual costs incurred by the Animal Care and Services Program. The increased cost is attributable to a higher target save rate, increasing from 85% in 2015 to 91%, and a corresponding increase in the overall length of time that an

animal remains in the shelter. The ongoing effort to maintain the save rate at 91% has required sheltering for longer periods. Animals are sheltered for 10 days on average, but stays may increase up to 30 days to prep a “savable” adult cat for adoption. Additionally, the number of overall animal intakes has increased 6% over the same period, from approximately 16,000 to 17,000 intakes per year.

- ***Police Department Personal Services (\$385,000)***: Increases the Police Department Personal Services appropriation by \$385,000 to fund School Crossing Guards in the School Safety Program. As described in the City Council Policy Priority #17: School Crossing Guard Innovative Hiring Strategies memorandum that was presented to the Public Safety, Finance, and Strategic Support Committee on October 18, 2018 (Item d(1)), a misalignment was identified in how the Police Department was staffing crossing guards in the School Safety Program.
- ***Measure T Implementation (\$250,000)***: Establishes a Measure T Implementation appropriation in the amount of \$250,000 to allow for preliminary capital program development prior to issuance of the general obligation bonds. Passed in 2018, Measure T allows for the issuance of general obligations in the amount of \$650 million for the construction and rehabilitation projects related to disaster preparedness, public safety, roads, and other critical infrastructure. This appropriation will fund staffing costs in the Public Works Department, the Finance Department, and the Office of Economic Development – Real Estate Division prior to the first bond issuance anticipated in summer 2019.
- ***Climate Smart San José Plan Implementation (\$150,000)***: Establishes a Climate Smart San José Plan Implementation appropriation in the amount of \$150,000 to provide initial staff support to leverage the resources provided by the \$2.5 million Bloomberg American Cities Climate Challenge (ACCC) grant award that will help implement key efforts included in the Climate Smart San José plan. As noted in the update of Climate Smart San José activities presented to the City Council at its meeting on October 30, 2018, the City was one of 25 recipients of the Bloomberg ACCC two-year acceleration grant program. Though the ACCC grant provides professional and technical services necessary to advance Climate Smart objectives, temporary staffing resources through the remainder of 2018-2019 are required to embark upon initial key initiatives, including reporting and data collection for an enhanced Climate Smart performance metric dashboard, updates to City parking management and policies, and a road map to eliminate natural gas in residential housing. It is anticipated that additional one-time funding will need to be identified as part of the 2019-2020 Proposed Budget development process to continue implementation work into the next fiscal year.
- ***Commercial Development Impact Study (\$150,000)***: Establishes the Commercial Development Impact Study appropriation in the amount of \$150,000 to the Office of Economic Development for a study of a commercial impact fee for affordable housing. Staff was directed at the December 11, 2018 City Council meeting to pursue the study of a commercial impact fee and return to the City Council with a plan for conducting both the nexus study and a feasibility study.

- ***Closed Landfill Compliance (\$100,000):*** Increases the Closed Landfill Compliance appropriation by \$100,000 to fund the repair of the Singleton landfill flare, which has developed several holes along the sides. The repair will also include improvements to securing and weatherizing the insulation to reduce the potential for future repair needs. The City is under regulatory requirements to operate a flare by the State regulatory agencies to ensure the safety of the site and surrounding neighborhood from landfill gas migration.
- ***Finance Department Non-Personal/Equipment (\$100,000):*** Increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to fund a business web portal and phone system add-on services to support the Business Tax Amnesty Program, which is anticipated to begin in spring 2019.
- ***Small Business Anti-Displacement Research (\$100,000):*** Establishes the Small Business Anti-Displacement Research appropriation in the amount of \$100,000. As part of the actions related to the sale of City-owned properties in the Diridon Station Area to Google on the December 4, 2018 City Council Agenda (Item 4.1), staff was directed to explore strategies and financing tools to mitigate small business displacement. The funding would be used to hire a consultant to conduct research that would provide baseline information, as assessment of primary and secondary drivers of small business displacement, and the identification of those populations and/or geographic areas that have experienced the highest degree of small business displacement. The funding would also support the development of an interactive map tool to identify business corridors and/or business districts that are at varying degrees of risk regarding small business displacement. The resulting risk profile would provide an ongoing framework to develop a tailored menu of policy, program and outreach strategies for these different business corridors and/or business districts.
- ***Salaries and Benefits Reserve (-\$353,000):*** Decreases the Salaries and Benefits Reserve by \$353,000 to account for savings in this reserve. As part of the 2018-2019 Adopted Budget, the Salaries and Benefits Reserve incorporated additional funding for life insurance costs as there was a potential discrepancy in the City's budget system. After further investigation, the correct life insurance amounts were budgeted and these funds are not necessary. These savings are recommended to offset the actions recommended in this report.
- ***Other Miscellaneous Adjustments (\$127,000):*** Includes several miscellaneous actions to adjust budgets with projected expenditure levels, the largest of which are:
 - ***Fair Labor Standards Act System Configuration (\$75,000):*** Increases the Fair Labor Standards Act System Configuration appropriation to fund technical consulting services.
 - ***Environmental Services Non-Personal/Equipment (\$30,000):*** Increases Environmental Services Department Non-Personal/Equipment appropriation to support the Removing and Preventing Illegal Dumping (RAPID) team. Vacancies and delays incurred due to unhealthy air quality days during the Camp Fire in Northern California increased RAPID team's backlog and required additional overtime funding to resolve.

- *Council District #10 (\$15,000)*: Increases the Council District #10 appropriation to address higher projected retirement costs associated with Tier 1 employees.
- ***Other Net Expenditure Adjustments (\$0)***: Includes a number of net-zero adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs.
 - *Workers' Compensation Claims - Fire (-\$750,000), Workers' Compensation Claims – Transportation (-\$250,000)/Workers' Compensation Claims - Police (\$1 million)*: Reallocates \$1 million between several Worker's Compensation Claims appropriations to reflect actual expenditure trends.
 - *Human Resources Department Non-Personal/Equipment (-\$172,000)/Human Resources Department Personal Services (\$172,000)*: Shifts funding of \$172,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to support staffing costs for the Talent Development Initiative.
 - *Property Assessed Clean Energy (PACE) Program (-\$56,000)/Environmental Services Department Personal Services (\$47,000), Environmental Services Department Non-Personal/Equipment (\$10,000)*: Shifts funding of \$56,000 from Property Assessed Clean Energy (PACE) Program to the Environmental Services Department Personal Services and Non-Personal/Equipment appropriations to support the Energy and Water Building Performance Program.
 - *Transportation Department Personal Services (-\$46,000)/Transportation Department Non-Personal/Equipment (\$46,000)*: Shifts funding of \$46,000 from anticipated 2018-2019 vacancy savings in the Personal Services appropriation to the Non-Personal/Equipment appropriation to support the increase in the cost of landscaping services and to remove fronds from palm trees that are at risk of causing damage during a winter storm.
 - *City Health Plan Restructuring Reserve (-\$30,000)/Health Care Incentive (\$30,000)*: Shifts funding from the City Health Plan Restructuring Reserve to establish the Health Care Incentive appropriation to fund a one-time bonus to new employees who signed up for a Sutter Medical Plan.

GRANTS/REIMBURSEMENTS/FEES

- A series of revenue-supported adjustments totaling \$2.5 million (with a net-zero impact on the General Fund) are recommended to reflect new or updated revenues and expenditures for grants, reimbursements, and/or fee activities. The largest adjustments include actions to recognize and appropriate funding to support the following: Fire Department reimbursements for Strike Team deployment (\$650,000), Parks, Recreation, and Neighborhood Services Department grants (\$336,000), Transfer funds from the Airport Department to Police Department for Airport Police Services (\$312,000), Department of Transportation Emergency Street Tree Services and City Tree Planting (\$246,000), allocate funds from the sale of parcels along Autumn Parkway to a capital project reserve (\$235,000), and Police Department grants (\$232,000).

CLEAN-UP ACTIONS

- ***Beginning Fund Balance Reconciliation (\$663,000)***: Increases the 2018-2019 General Fund Beginning Fund Balance based on the final reconciliation of the 2017-2018 Ending Fund Balance to the 2017-2018 Comprehensive Annual Financial Report (CAFR).
- ***Public Works Development Fee Program Reserve (\$363,000)***: Increases the Public Works Development Fee Program Reserve based on the final 2017-2018 reconciliation of the fee program.
- ***Rebudget (\$188,000)***: Two rebudgets are recommended in this report, including a negative revenue rebudget of \$142,000 for the 2017-2018 ASES grant and an expenditure rebudget of \$46,000 for Council District 6 Public Art. These are reconciling items to close out 2017-2018.
- ***Salary and Benefits Program (\$0)***: Several actions are recommended to increase various department Personal Services appropriations to fund the non-pensionable increase and general wage increase that were negotiated and agreed to by the City and four bargaining units (Confidential Employees' Organization (CEO) (now Municipal Employees' Federation), International Union of Operating Engineers (OE#3), Association of Building, Mechanical and Electrical Inspectors (ABMEI), and International Association of Fire Fighters (IAFF)) effective July 1, 2018; and for Management Pay for Performance Program (MPP) costs. The negotiated bargaining unit agreements were reached after the adoption of the budget. Adjustments were included for those departments that are not able to absorb these additional costs (\$12.1 million all funds and \$8.7 million General Fund). In addition, \$938,000 is being returned to the Development Fee Program Reserves because the fee programs did not require the salary program distributions. To offset these augmentations totaling \$9.6 million, this document includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for these increases in the 2018-2019 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate.

- ***Voluntary Furlough/Reduced Work Week Program (\$0):*** Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2018-2019. Savings in the General Fund (\$187,000) will be generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. These savings were assumed in the development of the 2018-2019 Adopted Budget and temporarily funded from the General Fund Salaries and Benefits Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and restore the funding to the Salaries and Benefits Reserve.
- ***Various Net-Zero Adjustments (\$0):*** To implement a variety of clean-up actions, several technical and net-zero adjustments are recommended, including the reallocation of funding between departmental expenditures, City-Wide Expenses, and revenue categories.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as the capital projects is conducted as part of the 2018-2019 Mid-Year Budget Review. Overall, the special and capital funds are generally tracking within estimated levels through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

Special Funds

Airport Funds

Through December, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 7.5 million passengers, an increase of 12.3% compared to the same period last fiscal year and exceeds budgeted growth projections of 3.0%. Calendar year 2018 ended with 1.8 million more passengers than calendar year 2017. Overall operating revenues through December 2018 total \$85.7 million and are in line with the benchmark at 49.4%. While airfield, parking and roadway, and terminal concessions revenues are exceeding estimates, landing fees, terminal rentals, and general and non-aviation are slightly below budgeted levels. Expenditures (excluding encumbrances) are tracking to end the year with savings.

In calendar year 2018, the Airport celebrated its 14.3 millionth passenger and set a record for travelers served at SJC by surpassing the previous peak of 14.2 million passengers served in 2001. SJC currently ranks as the No. 2 Bay Area airport in terms of travelers served. This achievement is due to the growth in airlines, flights and destinations which resumed in 2010, after the Great Recession, and has continued into 2019. Currently SJC has 14 airlines and over 50 non-stop destinations, and airlines plan on adding more destinations in 2019. The continued extraordinary growth at the airport translates into jobs, economic growth and opportunities for the community, but increases the strains on the staff, airfield and terminal facilities.

The Mid-Year Budget Review includes the establishment of the Airline Reserve Funds Distribution appropriation of \$16.3 million. On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the Airlines execute an agreement on or before June 30, 2019, the City will distribute the Airlines' portion of a ten-year lookback assessment (\$7.3 million), a one-time credit given to signatory Airlines for terminal rents paid under the 2007 Airline-Airport Lease and Operating Agreement. In addition, the City shall return reserve funding (\$9.0 million) received from airlines that was set aside to align Landing Fee and Terminal Rental rates with projected rates in cases of market fluctuations.

Other adjustments include an increase to the Transfer to the General Fund to support increased Police Department overtime hours at the SJC and to account for an increase in the police officer hourly reimbursement rate, and an increase of the Commercial Paper Principal and Interest appropriation by \$3.0 million to allow for an additional payment on the Airport's outstanding commercial paper debt.

Housing Funds

Several recommendations included in this report address Housing Department activities. Actions to increase non-personal/equipment funding in the Low and Moderate Income Housing Asset Fund include \$100,000 for underwriting consultant services to aid the Department in processing projects covering a total of 700 units from the recently issued \$100 million Notice of Funding Availability (NOFA), and \$80,000 to match a grant of the same amount from The Silicon Valley Community Foundation – previously recognized in the 2017-2018 Annual Report – to develop an affordable housing rental database and web portal. This project will model the San Francisco Database of Affordable Housing Listings, Information, and Applications (DAHLIA) housing portal, which allows those seeking affordable housing opportunities to search for available units in a single location. An adjustment in the Multi-Source Housing Fund adds non-personal/equipment resources of \$50,000 to fund consulting services to develop the Moderate-Income Housing Strategy anticipated to complete by late spring 2019.

Capital Funds

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

Construction-Related Revenues

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, overall year-to-date development activity in 2018-2019 is 31% lower than the prior fiscal year, as anticipated as part of the 2018-2019 Adopted Budget. Following is a discussion of the performance for the Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources that also provide the majority of the City's local contributions to the Traffic Capital Program. These taxes

are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Through December, Building and Structure Construction Tax receipts totaled \$9.1 million, which is 57.0% of the 2018-2019 Adopted Budget estimate of \$16.0 million, reflecting higher than anticipated residential and commercial development permit activity. This collection level is below prior year collections (\$4.3 million or 32.3%) of \$13.5 million for the same period, but in alignment with expectations. Should the current level of permitting activity and corresponding collections continue, it is anticipated that tax receipts will meet budgeted levels.
- ***Construction Excise Tax*** – Through December, Construction Excise Tax receipts totaled \$11.7 million, which is 55.5% of the 2018-2019 Adopted Budget estimate of \$21.0 million, reflecting higher than anticipated commercial development permit activity. This collection level is below prior year collections (\$6.7 million or 36.5%) of \$18.4 million for the same period, but in line with expectations. Should the current level of permitting activity and corresponding collections continue, it is anticipated that tax receipts will meet budgeted levels.

Construction and Conveyance Taxes

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

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Based on historical trends and tracking at the time, the 2018-2019 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$42.0 million in 2017-2018 and drop almost 10% to \$38.0 million in 2018-2019. However, due to stronger than anticipated performance in the last half of 2017-2018, receipts totaled \$48.1 million in the prior fiscal year. Therefore, the 2018-2019 budgeted estimate allows for a 21% decline in tax revenue from 2017-2018. Through December 2018, C&C Tax receipts of \$20.1 million are consistent with the prior year collections through the same time period. However, as several recent months have experienced declines of over 20% when compared to prior year collection levels, it is estimated the 2018-2019 year-end receipts will fall short of the 2017-2018 actuals. Based on current collection trends and anticipated declining activity for the remainder of the year, the 2019-2020 Proposed Capital Budget will be built on the assumption C&C receipts will reach \$42.0 million by year-end; which represents a 12.7% decrease from 2017-2018 receipts.

Major Capital Program Expenditure Revisions

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

- ***Airport Capital Program*** – A recommendation is included to establish the Perimeter Security Projects appropriation in the amount of \$4.0 million to implement perimeter security enhancements such as video cameras, analytics software, fence sensors, and other technologies. The timing and completion of this project are contingent upon the receipt of grant funding from the Federal Aviation Administration (FAA). There are also actions recommended to increase the Network Replacement Project appropriation (\$756,000) to accelerate networking equipment purchases and to increase the Terminal Building Modifications Project appropriation (\$300,000) to accelerate the replacement of a Terminal A fire pump, modify the Airport’s fire alarm system, and refinish the terrazzo flooring in Terminal B.
- ***Public Safety Capital Program*** – A recommendation is included to establish a Fire Station 37 Construction appropriation (\$900,000) in the Fire C&C Tax Fund for the anticipated project feasibility, development, and design costs, offset by a reduction in the Fire Station 37 Reserve in the Fire C&C Tax Fund. The Fire Station 37 project has been on hold since 2016-2017 due to a shortage of funding necessary to complete the construction and to operate the location. With the passage of Measure T, the construction of Fire Station 37 is one of the bond program’s highest priority projects.
- ***Parks and Community Facilities Development Capital Program*** – A recommendation is included to establish an appropriation for the Capitol Turnkey Park Design, Review, and Inspection appropriation (\$710,000) in the Park Trust Fund. The park is being designed and constructed by a developer and once completed it will include a playground, seating areas, a sporting lawn, drinking fountain, bike rack, walking pathways and other amenities. A recommendation is also included to increase the North San Pedro Area Parks Master Plans appropriation by \$800,000 (from \$0.5 million to \$1.3 million) in the Park Trust Fund. This project provides funding to complete the master planning process for Pellier Park, Bassett Street Park, and North San Pedro Linear Park. The master planning process will be conducted by a consultant and will include completing design development and preparing construction plans for the parks.
- ***Traffic Capital Program*** – Recommendations are included to reduce the Pavement Maintenance – State Gas Tax revenue estimate by \$4.3 million (from \$8.0 million to \$3.7 million) with a corresponding reduction to the pavement maintenance expenditure appropriation due to an expected lower State Gas Tax allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because the State Department of Finance did not adjust the Section 2103 variable gas tax rate as anticipated. Senate Bill 1 removed the State’s discretionary rate setting role over the Section 2103 variable rate; as a result, the 2019-2020 State Gas Tax allocation is expected to return to \$8.0 million. Additionally, a recommendation is included to establish an Access and Mobility Plan appropriation (\$675,000) for a city-wide transportation strategy and modeling exercise for delivery on the City’s Vehicle Miles Traveled reduction and transportation mode change goals. The City’s goal is to reduce total vehicle miles traveled by 40% and single occupancy usage in vehicles to 40% by 2040.

- ***Municipal Improvements Capital Program*** – Recommendations are included to increase the Cultural Facilities Rehabilitation/Repair appropriations by \$1.6 million in the Convention and Cultural Affairs Capital Fund (offset by the Capital Reserve) for a variety of improvements, repairs, and replacements related to the Convention Center and other facilities managed by Team San Jose. Work includes a new Point-of-Sale system (\$300,000), installation of additional fiber optic cabling (\$250,000), installation of additional security cameras (\$155,000), replacement of a corroded sewer line, updating of wayfinding monitors and computers (\$100,000), replacement of projector lenses ahead of the Cinequest Film Festival (\$100,000), and other small-scale activities.

Vehicle Impound Fee Adjustment

On August 31, 2018, the City Auditor's Office released an audit entitled *Audit of Vehicle Abatement: The City Could Improve Customer Service for Vehicle Abatement Requests*. One of the audit recommendations was for the Police Department to revisit the Vehicle Impound Release Fee to review the amount of time staff spends on the vehicle release and to account for the fact that many impounds are conducted by Parking and Traffic Control Officers whose time is about half as expensive as that of a police officer. When the Audit was presented to the City Council on October 2, 2018, the City Council approved direction to bring forward a recommended fee adjustment as part of the Mid-Year Budget Review.

In response to that direction, the Police Department conducted an in-depth time task study to re-calculate the fee. Based on this analysis, a reduction of the Vehicle Impound Fee from \$290 per release to \$122 per release is proposed. The primary factors for the fee reduction are the lower amount of time for Records processing and the complement of staff working on vehicle impounds. The re-calculation of the fee removed costs for Public Safety Dispatcher II and Senior Police Data Specialist positions and included the costs for Community Service Officer and Department of Transportation Parking and Traffic Control Officer positions.

The 2018-2019 Adopted Budget included a revenue estimate of \$903,000 from the Vehicle Impound Fee. Based on actual activity through January, the current fee was on track to generate approximately \$1.0 million in 2018-2019. With the revised fee for the remainder of the fiscal year, revenues are projected to reach \$820,000, which is \$83,000 below the budgeted estimate. This lower collection level can be offset by higher receipts in other Fees, Rates, and Charges in the current year.

On an ongoing basis, the fee is projected to generate approximately \$421,000 annually, which is well below the 2018-2019 budget of \$903,000 and the current year estimate. This lower fee will be factored into the 2019-2020 budget process.

Office of Equality Assurance – Automation Software Update

The Public Works Office of Equality Assurance administers and enforces the City of San José Prevailing Wage, Living Wage, and Minimum Wage policies. Contractors and vendors submit paper copies or PDFs of certified payrolls and compliance documents, which require staff to manually verify wages to ensure compliance. These manual reviews limit staff time spent on performing site-visits and employee/employer training. Automating wage calculations

through a software solution would free up staff time to conduct all key components to wage compliance. In addition, multiple policies have been established and are under consideration that would benefit from data collection through these software solutions including Project Labor Agreements, Local Hire, and Disadvantage Business Enterprises.

With the acceptance of the Status of Open Audit Reports (Item 3.3) at its meeting on September 18, 2018, the City Council approved a memorandum from Councilmember Arenas directing the Administration use the Mid-Year Budget Review process to provide the Public Works Office of Equality Assurance additional funding for a software solution to automate wage calculations, thereby providing additional capacity to staff to focus on compliance.

The State of California, City and County of San Francisco, and the City of Oakland have automated labor compliance payroll systems requiring contractors and vendors to submit all payrolls and documents through on-line software platforms. The software time stamps and reviews all entries, flagging late submittals, underpayments, and/or missing documentation. The vendors providing the software to the above-mentioned government agencies provided a variety of products with licensing costs ranging from \$144,000 to \$186,000 annually. In accordance with City Council practice to not commit the City to ongoing General Fund costs outside of the Proposed Budget process, allocation of resources for a commercial software system is not recommended at this time.

However, the Public Works Department is participating in the Startup in Residence (STIRs) program, which links start-ups with government agencies to co-develop technology solutions for government challenges. The City's STIRs partner has begun the process to develop a software system for the Office of Equality Assurance with the intent to provide a similar functionality as described above. This project is still in the early stages of development and will require an additional 6-8 weeks to determine viability. If it is determined that the STIRs partner cannot provide the desired platform, the allocation of ongoing General Fund resources for a software platform will be considered during the 2019-2020 Proposed Budget development process.

PUBLIC OUTREACH/INTEREST

This report is posted on the City's website for the February 12, 2019 City Council meeting.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

This report was not coordinated with any board or commission.

CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2018-2019 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2018-2019, and actual collection trends support this assumption.

As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and special and capital funds to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, to recognize various grants, reimbursements, and fees, and to add funding for a limited number of new projects. The adjustments brought forward in this report reflect the Administration's best estimate of the financial performance of the City's funds based on activity through the first half of the fiscal year.

The Administration will continue to closely monitor performance and provide status reports on the City's budget through the Bi-Monthly Financial Reports. These reports will highlight any significant developments as well as identify any potential budget actions necessary to ensure the City's funds remain in balance by year-end. Diligent monitoring, continued budgetary discipline, and timely actions are critical components to maintaining the City's fiscal health, especially as the City is preliminarily projected to have a General Fund shortfall for 2019-2020.



Margaret McCahan
Budget Director


Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2018-2019 monies in excess of those heretofore appropriated therefrom:

Airport Maintenance and Operation Fund	16,266,296
Airport Capital Improvement Fund	4,000,000
Airport Renewal Replacement Fund	510,000
Airport Surplus Revenue Fund	3,000,000
Benefit Funds – Benefit Fund	1,118,977
Benefit Funds – Dental Insurance Fund	145,977
Benefit Funds – Life Insurance Fund	2,977
Benefit Funds – Unemployment Insurance Fund	2,978
Building and Structure Construction Tax Fund	376,422
Community Facilities District No. 12 (Basking Ridge) Fund	1
Construction and Conveyance Tax Fund: Parks Purposes Central Fund	475
Convention Center Facilities District Revenue Capital Fund	4,300,000
Downtown Property and Business Improvement District Fund	1
Edward Byrne Memorial Justice Assistance Grant Trust Fund	269,209
General Fund	38,853,939
Gift Trust Fund	231,004
Housing Trust Fund	1
Ice Centre Revenue Fund	75,000
Lake Cunningham Fund	64,720
Maintenance District No. 8 (Zanker-Montague) Fund	1
Maintenance District No. 11 (Brokaw Rd/Junction Ave. Old Oakland Rd) Fund	1
Maintenance District No. 13 (Karina-O’Nel) Fund	1
Maintenance District No. 15 (Silver Creek Valley) Fund	1
Maintenance District No. 18 (The Meadowlands) Fund	1
Major Collectors and Arterials Fund	123,454
Multi-Source Housing Fund	9,000
Public Works Program Support Fund	82,783
San José-Santa Clara Treatment Plant Operating Fund	9,113
State Drug Forfeiture Fund	1
Storm Drainage Fee Fund	627
Subdivision Park Trust Fund	710,000
Supplemental Law Enforcement Services Fund	434,471
Vehicle Maintenance and Operations Fund	82,453



Margaret McCahan
Budget Director



2018-2019

MID-YEAR
BUDGET
REVIEW



SECTION

I

**GENERAL FUND
STATUS REPORT**



**2018-2019
MID-YEAR BUDGET REVIEW**

I. GENERAL FUND STATUS REPORT

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

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

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

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

OVERVIEW

General Fund revenues and transfers through December totaled \$553.7 million, or 44.2% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$20 million - \$25 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Sales Tax, Property Tax, and Revenue from Local Agencies. An additional \$18.7 million is projected to be generated from SARA and City-owned property sales.

The following table details actual 2018-2019 General Fund revenue collections through December as compared with budgeted revenue estimates and 2017-2018 actual collections for the same time period in the previous year. Also included are changes to each category (excluding the Beginning Fund Balance adjustment) that are recommended as part of this report:

2018-2019 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	Y.T.D Actual	% of Estimate	2017-2018 % of Actual	Proposed Changes
General Revenue					
Property Tax	\$ 320,450	\$ 82,917	25.9%	25.8%	\$ 4,000
Sales Tax	238,500	93,264	39.1%	33.3%	12,000
Telephone Line Tax	20,000	8,103	40.5%	32.8%	-
Transient Occupancy Tax	19,700	7,564	38.4%	35.4%	-
Franchise Fees	50,475	20,893	41.4%	39.4%	-
Utility Tax	102,400	36,956	36.1%	38.6%	-
Business Taxes	69,400	35,597	51.3%	49.5%	-
Licenses and Permits	60,894	35,282	57.9%	60.6%	-
Fines, Forfeitures, and Penalties	14,983	6,594	44.0%	45.0%	-
Use of Money and Property	6,897	3,895	56.5%	46.0%	-
Revenue from Local Agencies	14,920	5,250	35.2%	11.9%	1,185
Revenue from the State of California	13,118	16	0.1%	8.3%	877
Revenue from Federal Government	5,953	930	15.6%	23.6%	253
Fees, Rates, and Charges	55,527	27,867	50.2%	46.2%	294
Other Revenue	166,073	173,709	104.6%	79.6%	19,270
Sub-Total General Revenue	1,159,290	538,837	46.5%	42.5%	37,879
Transfers and Reimbursements					
Overhead Reimbursements	50,456	8,692	17.2%	80.1%	-
Transfers	25,657	1,727	6.7%	65.1%	312
Reimbursements for Services	18,225	4,484	24.6%	36.2%	-
Sub-Total Transfers and Reimbursements	94,338	14,903	15.8%	67.4%	312
TOTALS	\$ 1,253,628	\$ 553,740	44.2%	44.3%	\$ 38,191

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

OVERVIEW

Through December, the majority of revenues are tracking to end the year at or above budgeted estimates, including: Property Tax; Sales Tax; Transient Occupancy Tax; Business Taxes; Use of Money and Property; and Other Revenue. These positive variances are partially offset by lower collections in a limited number of categories, including Utility Taxes.

Recommended Adjustments

As described below, revenue adjustments totaling \$38.9 million are recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; (2) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures; (3) complete clean-up actions; and (4) reconcile the General Fund to the final audited 2017-2018 Comprehensive Annual Financial Report (CAFR).

- Implement required technical and rebalancing actions to revise revenue estimates in limited areas to bring estimates in line with revised projections (net increase of \$35.8 million). Significant actions include:
 - Recognizing revenue related to seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA), and one property owned by the City of San José, which resulted in net proceeds of \$18.7 million. Separate expenditure actions are recommended to transfer \$4.3 million of the proceeds that were related to the sale of the South Hall site to the Convention Center Facilities District Revenue Fund to establish the South Hall Debt Service Reserve. The remaining funds (\$14.4 million) are recommended to be allocated to the 2019-2020 Proposed Budget Planning Reserve.
 - Increase the Sales Tax estimate by \$12.0 million (from \$238.5 million to \$250.5 million) to align the budget with the estimated level of receipts. As mentioned in the 2017-2018 Annual Report and previous Bi-Monthly Financial Reports, the California Department of Tax and Fee Administration, which is responsible for distributing Sales Tax revenue to jurisdictions in California, implemented a new automated system, which resulted in 3rd quarter and 4th quarter 2017-2018 receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. It is estimated approximately \$10 million of payments were received in 2018-2019 that is attributed to 2017-2018 (General Sales Tax; \$9.0 million and Local Sales Tax; \$1.0 million). When factoring in this additional revenue in 2018-2019, plus estimating 2% growth for the remainder of the year from prior year levels, the 2018-2019 Sales Tax receipts are estimated at \$250.5 million, which is \$12.0 million above the budgeted estimate. The recommended adjustment reflects an \$11.0 million increase for General Sales Tax and a \$1.0 million increase for Local Sales Tax.
 - Increase the Property Tax estimate by \$4.0 million, from \$320.5 million to \$324.5 million, to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by the County of Santa Clara, Secured Property Tax receipts in 2018-2019 are estimated at \$300 million, which is approximately \$4 million over the budgeted level.

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- Recognize grant, reimbursement, and/or fee related funds (\$2.5 million). Significant actions include:
 - Recognize revenue from the State of California to reimburse for Strike Teams deployed to 10 sites in four counties throughout the State during the summer and fall 2018 to assist with fire and disaster problems (\$650,000); recognize revenue from the Santa Clara County for youth scholarships for city-wide summer camps and classes (\$250,000); and recognize revenue received for the sale of Autumn Parkway (\$235,000).
- Clean-up actions recommended in this report result in a decrease of \$142,000 to account for a negative rebudget for the After School Education and Safety (ASES) grant. This grant revenue, which was expected to be received in 2018-2019 and had been rebudgeted, was actually received at the end of 2017-2018. As a result, a negative rebudget is necessary to remove the revenue in the current year.
- Increase the Beginning Fund Balance by \$663,000 (of which \$363,000 is due to final reconciliation of the Public Works Development Fee Program and \$142,000 is due to ASES grant revenue received at the end of 2017-2018) based on a reconciliation to the final audited 2017-2018 Comprehensive Annual Financial Report (CAFR).

In total, adjustments recommended in this document result in a net addition of \$38.2 million to the General Fund revenue estimates (excluding the Beginning Fund Balance increase of \$663,000). With the Beginning Fund Balance adjustment, total sources are recommended to increase by \$38.9 million. Additional detail on these adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

PROPERTY TAX

Revenue Status

2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$320,450,000	\$82,916,663	25.9%	25.8%	\$4,000,000

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Overall, Property Tax revenues are projected to exceed the budgeted estimate by approximately \$4 million based on the most recent information received from the County of Santa Clara and actual performance through the first half of the fiscal year. As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a

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PROPERTY TAX

recommendation is included in this report to increase the Property Tax budget by \$4.0 million (from \$320.5 million to \$324.5 million) to more closely align the Secured Property Taxes budget with estimated receipts.

Secured Property Taxes represent over 90% of the revenue in the Property Tax category. For 2018-2019, the Adopted Budget estimate of \$295.5 million was based on assumed growth of 5.5% from the 2017-2018 estimated collection level for Secured Property Taxes. The 2018-2019 budget includes \$275.1 million from general Secured Property Tax receipts, \$12.0 million from SARA Residual Property Tax receipts, and \$8.4 million from the distribution of excess Education Revenue Augmentation Fund (ERAF) funds. Based on the most recent information provided by the County, Secured Property Tax revenue is anticipated to exceed the budgeted estimate of \$295.5 million by approximately \$4 million.

The 2018-2019 Adopted Budget assumed that general Secured Property Tax receipts would total \$260.7 million in 2017-2018 and grow by 5.5% to \$275.1 million in 2018-2019. However, based on the most recent information from the County, 2018-2019 receipts are estimated at \$278.3 million, which reflects growth of 6.7% from the 2017-2018 actual collection level of \$260.9 million. The updated figure from the County is approximately \$2.7 million over the budgeted estimate of \$275.1 million.

As a result of the SARA bond refunding that occurred in December 2017, the City received a residual property tax distribution of \$11.8 million in 2017-2018. The Adopted 2018-2019 Budget assumed receipts would remain fairly flat at \$12.0 million. However, due to outstanding Supplemental Education Revenue Augmentation Fund (SERAF) loans anticipated to be paid off within the next year, the SARA residual property tax revenue will be reduced on a one-time basis to an estimated \$7.9 million in 2018-2019, but will increase again in 2019-2020. The City is also expected to receive the SERAF loan repayment revenue in 2019-2020 due to the timing of payments.

The Adopted Budget assumed \$8.4 million from 2018-2019 excess ERAF funds, which is consistent with the 2017-2018 actual collection level. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. The County provided preliminary information (that is received from the State of California) that a payment of approximately \$13.8 million may be received in March, which is approximately \$5.4 million higher than the budgeted estimate of \$8.4 million.

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a recommendation is included in this report to increase the Secured Property Tax estimate by \$4.0 million, from \$295.5 million to \$299.5 million. This net increase is comprised of general Secured Property Taxes (\$2.7 million) and additional ERAF receipts (\$5.4 million), partially offset by lower SARA Property Taxes (-\$4.1 million).

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PROPERTY TAX

The 2018-2019 **Unsecured Property Taxes** budget estimate of \$14.5 million requires growth of approximately 3% from the actual 2017-2018 collection level of \$14.0 million. Collections through December totaled \$13.9 million, which is fairly consistent with the prior year collection level. A majority of the revenue for this category is received in October of each year, with only minimal funding received throughout the remainder of the year. Based on information provided by Santa Clara County as well as actual revenue performance through the first half of the year, it is anticipated revenues will end the year at \$14.3 million, which is approximately \$200,000 below the budgeted level.

SB 813 Property Tax receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) totaled \$1.8 million through December, which is relatively flat compared to the prior year level. The 2018-2019 Adopted Budget estimate of \$6.9 million is well below the 2017-2018 actual collection level of \$7.4 million as collections in this category ended 2017-2018 stronger than anticipated. However, the preliminary 2018-2019 estimate from Santa Clara County totals \$6.6 million, which is \$234,000 below the budgeted estimate.

Aircraft Property Tax receipts through December totaled \$2.3 million, which is 8.0% below the prior year collection level of \$2.5 million. Typically, collections through December reflect 95% of the annual revenue for this category. The 2018-2019 Adopted Budget estimate of \$2.7 million assumed receipts would remain consistent with 2017-2018 collections. However, based on current year collections and the latest estimate from the County of Santa Clara, receipts are anticipated to end the year at \$2.5 million, which is \$200,000 below the budgeted estimate.

In the **Homeowners Property Tax Relief** category, \$141,000 was received through December, which is approximately 1% below the prior year collection level. Based on the most recent estimate from the County and historical collection patterns, revenue is projected to end the year at \$921,000, which is slightly below the Adopted Budget estimate and the 2017-2018 collection level.

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SALES TAX

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$238,500,000	\$93,264,421	39.1%	33.3%	\$12,000,000

The Sales Tax category includes General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax. When the 2018-2019 Adopted Budget was developed, it was projected that Sales Tax receipts would end 2017-2018 at \$230.8 million and grow 1.2% to \$233.5 million in 2018-2019. This increase reflected underlying quarterly growth of 2.0% as well as a downward adjustment of \$550,000 to account for a prior year accrual adjustment that occurred in 2017-2018. In 2017-2018 Sales Tax receipts, however, ended the year at only \$226.3 million. This lower collection level was due to the under-distribution of sales tax revenue throughout the State.

The California Department of Tax and Fee Administration (CDTFA), which is responsible for distributing Sales Tax revenue to jurisdictions in California, implemented a new automated system, which resulted in 3rd quarter and 4th quarter 2017-2018 receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. The CDTFA has since processed the outstanding payments and included the additional revenue in the 1st quarter 2018-2019 disbursement that were received in November 2018. The CDTFA has estimated these collections, which represent July to September activity, included approximately \$10 million of receipts (General Sales Tax of \$9 million and Local Sales Tax of \$1 million) that is attributed to 2017-2018. Based on 1st quarter receipts, including the \$10 million that is attributed to the prior fiscal year, and estimating the next three quarters of Sales Tax payments will grow by approximately 2% from the prior year receipts, the 2018-2019 Sales Tax estimate is anticipated at \$250.5 million. This amount includes General Sales Tax of \$200.3 million, Local Sales Tax of \$44.0 million, and Proposition 172 Sales Tax of \$6.2 million. As part of the 2017-2018 Annual Report, the General Sales Tax estimate was increased by \$5 million to partially reflect the under-distribution, bringing the Modified Budget to \$189.3 million. As part of this report, a recommendation is included to increase the General Sales Tax an additional \$11.0 million (from \$189.3 million to \$200.3 million) and the Local Sales Tax revenue by \$1.0 million (from \$43.0 million to \$44.0 million). If these actions are approved, the revised 2018-2019 Sales Tax budgeted estimate would total \$250.5 million.

When the 2018-2019 Adopted Budget was developed, the **General Sales Tax** estimate of \$184.3 million reflected growth of 1.7% from the 2017-2018 estimate of \$181.2 million. This reflected underlying quarterly growth of 2.0% as well as a downward adjustment of \$550,000 to account for a prior year accrual adjustment that occurred in 2017-2018. Based on the actual 2017-2018 receipts of \$177.4 million plus an

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SALES TAX

additional \$9 million in estimated underpayments, growth of approximately 1% is needed in 2018-2019 over the adjusted 2017-2018 receipts of \$186.4 million. As previously mentioned, the CDTFA has processed the outstanding payments from 2017-2018 and included the additional revenue in the 1st quarter 2018-2019 disbursement that was received in November 2018. The 1st quarter General Sales Tax receipts totaled \$57.9 million, however after factoring out the portion of the payment attributed to 2017-2018, the receipts totaled approximately \$48 million, which represents an 8% increase from the 1st quarter 2017-2018 payment. Based on the 1st quarter actual receipts and estimated 2% growth for the remainder of the fiscal year, the 2018-2019 General Sales Tax receipts would total approximately \$200 million. A \$5.0 million increase to the General Sales Tax revenue estimate was included in the 2017-2018 Annual Report to conservatively account for the underpayment, which brought the Modified Budget to \$189.3 million. As part of this report, a recommendation to increase the General Sales Tax an additional \$11.0 million (from \$189.3 million to \$200.3 million) is included to account for the higher true-up payment for the prior year and higher first quarter 2018-2019 receipts.

Starting in 2016-2017, the Sales Tax category includes **Local Sales Tax**. In June 2016, San José voters approved a ¼ cent local sales tax, which was implemented in October 2016. Receipts in 2017-2018 represented the first year of full collection of the tax and totaled \$42.6 million, of which \$1.3 million was due to a prior year accrual adjustment that occurred in 2017-2018. In 2018-2019, the Adopted Budget estimate of \$43.0 million reflects underlying quarterly growth of 2.0% as well as a downward adjustment of \$1.3 million to account for the prior year accrual adjustment.

Similar to the General Sales Tax, Local Sales Tax revenue was understated in 2017-2018 due to the CDTFA implementing a new automated system, which resulted in 3rd quarter and 4th quarter receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. The Local Sales Tax receipts in 2017-2018 are estimated to be understated by approximately \$1 million as a result of the unallocated payments. The first quarter 2018-2019 receipts of \$13.0 million were well above the prior year receipts of \$10.5 million and include both payments due to the prior year as well as the final payment for the first quarter 2018-2019. This report includes a recommendation to increase the Local Sales Tax budget by \$1.0 million, from \$43.0 million to \$44.0 million, to align the budget with estimated receipts.

Information on the General Sales Tax and Local Sales Tax second quarter collections (October-December sales activity) for this fiscal year will be received in February 2019.

Proposition 172 Sales Tax collections represents the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. Through December, the **Proposition 172 Sales Tax** receipts of \$2.2 million were 2.3% above 2017-2018 collections of \$2.1 million through the same period. The 2018-2019 budgeted estimate of \$6.2 million allows for a 2.5% decrease from the 2017-2018 collection level of \$6.4 million. It is currently anticipated that collections will slightly exceed the budgeted estimate by year-end.

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STATUS OF GENERAL FUND REVENUES

TRANSIENT OCCUPANCY TAX

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$19,700,000	\$7,564,163	38.4%	35.4%	\$0

The 2018-2019 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$19.7 million, which was built assuming growth of approximately 5% from the 2017-2018 estimated collection level of \$18.7 million. However, since 2017-2018 actual receipts came in above estimated levels at \$19.5 million, growth of less than 1% is needed to meet the 2018-2019 budget estimate. Through December 2018, TOT collections recorded in the General Fund of \$7.6 million are 9.6% above the prior year’s collections of \$6.9 million. This year-over-year variance is largely due to sustained group and transient booking activity, the assessment of higher average room rates, and lower basis for comparison due to the impacts of recent changes to accrual methodology observed during the first half of 2017-2018.

Based on current collection trends as well as the anticipated impact of the recently hosted College Football Playoff National Championship and 2019 National Hockey League All Star Game, TOT collections are projected to exceed the budgeted estimate by \$1 million - \$2 million. Given the volatility associated with this revenue source, collections will continue to be monitored and an upward budget adjustment may be brought forward for City Council consideration later in the fiscal year.

Through December, the average hotel occupancy rate for the San José market hotels was 78.5%, a slight increase from the 77.4% occupancy rate reported for the same period in 2017-2018. However, reported average room rates have risen from \$183.48 to \$195.08 (6.3%). Year-to-date average revenue-per-available room (RevPAR) of \$153.10 also exceeds the prior year level of \$142.08, an increase of 7.8%.

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FRANCHISE FEES

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$50,474,798	\$20,893,224	41.4%	39.4%	\$0

Franchise Fees are collected in the Cable Television, City Generated Tow, Commercial Solid Waste, Nitrogen Gas Pipeline, PG&E Electric, PG&E Gas, and Great Oaks Water categories. Through December, Franchise Fee receipts of \$20.9 million are 3.6% above the prior year collection level of \$20.2 million. The 2018-2019 budgeted estimate of \$50.5 million allows for a 1% drop from the 2017-2018 actual collection level. Based on current collection trends, Franchise Fees are anticipated to fall slightly below the budgeted estimates as a result of lower than anticipated Cable Franchise Fee collections.

Cable Television Franchise Fees of \$2.2 million through December are 13.4% below the prior year levels and reflect a payment for one quarter. The 2018-2019 Adopted Budget estimate was built on the assumption that 2017-2018 revenues would total \$10.4 million and remain flat in 2018-2019. However, 2017-2018 collections underperformed in the last half of the fiscal year, and ended the year at \$9.7 million. Based on current collection trends and historical patterns, revenues are anticipated to continue to decline and end the year at \$8.5 million - \$9.0 million.

Through December **City Generated Tow Fees** of \$128,000 reflect a 53.5% drop from the prior year collection level. As detailed in the Amendments to City Generated Tow Agreements memorandum that was approved by the City Council on October 31, 2017, tow fees have significantly declined. To address the changing environment, contract amendments, such as allowing tow operators to deduct disposal expenses associated with certain tows of recreational vehicles and similar trailers, were approved as part of the memorandum that became effective January 1, 2018. The 2018-2019 budget estimate of \$256,000 allows for a 58.6% drop from the 2017-2018 collection level, and it is anticipated current year collections will meet the budgeted estimate.

Commercial Solid Waste Fees of \$4.9 million through December are approximately 2.5% above prior year receipts and are anticipated to meet the budgeted estimate of \$11.8 million by year-end.

Electric and Gas Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenues in 2017-2018 are based on calendar year 2018). Actual collections through December of \$13.5 million reflect formula driven advance amounts; true receipts will not be known until April 2019. The 2018-2019 Adopted Budget for Electric Franchise Fees (\$22.7 million) and Gas Franchise Fees (\$5.0 million) allows for a 2.2% and 12.3% drop, respectively, from the

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FRANCHISE FEES

prior year receipts. Based on the current year performance of Electricity and Gas Utility Tax receipts, which generally have similar collection trends, it is anticipated both fees will meet the budgeted estimate by year-end.

Remaining franchise fees include the **Great Oaks Water** (\$300,000) and **Nitrogen Gas Pipeline** (\$60,000) categories. It is currently anticipated that both of the categories will end the year close to the budgeted estimates.

UTILITY TAX

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$102,400,000	\$36,955,916	36.1%	38.6%	\$0

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Telephone Utility Tax, and Water Utility Tax. Through December, Utility Tax receipts of \$37.0 million are 4.0%, below the prior year collection level, which is due to lower collections in the Electric, Gas, and Telephone Utility Tax categories. The 2018-2019 Adopted Budget was built on the assumption that 2017-2018 Utility Tax revenue would end the year at \$101.3 million and grow 1.5% to \$102.4 million in 2018-2019. However, since 2017-2018 ended the year only at \$99.8 million, growth of almost 3% is needed in 2018-2019 to meet the budgeted estimate. Based on historical collection trends and the limited data currently available, it is anticipated that revenue will end the year \$2.5 million - \$3.0 million below budgeted levels.

In the **Electricity Utility Tax** category, collections through December totaled \$17.6 million, which is 6.6% below the \$18.9 million received in the prior fiscal year. The 2018-2019 Adopted Budget assumed that 2017-2018 receipts would total \$48 million, and grow approximately 2% to \$49 million in 2018-2019. However, since 2017-2018 ended the year at \$46.8 million, growth of almost 5% is needed to meet the budgeted estimate. Based on current collection trends, receipts in this category are anticipated to end the year approximately \$2 million - \$2.5 million below the budgeted estimate.

In the **Gas Utility Tax** category, receipts through December totaled \$1.8 million, which reflects a 14.3% decline from the previous year collection of \$2.1 million. The 2018-2019 Adopted Budget estimate of \$10.0 million assumed no growth from the 2017-2018 estimate of \$10.0 million. However, revenues in 2017-2018 ended the year at \$10.6 million, therefore the 2018-2019 estimate allows for a 5.3% drop from

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UTILITY TAX

the prior year collections. The largest receipts in this category are received over the winter months and the weather conditions significantly affect collection levels. At this point in the fiscal year it is anticipated revenues will meet or slightly exceed the budgeted level by year-end.

Collections in the **Telephone Utility Tax** category of \$10.2 million through December are approximately 1.1% below the prior year level of \$10.3 million. Revenues in this category have been consistently decreasing in recent years, which reflects the competition between cellular carriers and the move from some cellular customers to VoIP and other services which are less expensive. The 2018-2019 Adopted Budget estimate of \$26.2 million allows for a 2.4% decrease from the 2017-2018 collection level of \$26.9 million. In previous Bi-Monthly Financial Status Reports, it was reported that Telephone Utility Tax collections would fall short of the budgeted estimate, however, one-time compliance revenue of \$1.3 million was recently received in December 2018. With the additional unanticipated compliance revenue, it is now anticipated Telephone Utility Tax revenues will slightly exceed the budgeted estimate by approximately \$500,000.

Water Utility Tax collections of \$7.4 million through December are slightly above the prior year level of \$7.2 million. The 2018-2019 Adopted Budget was built on the assumption that \$16.7 million would be received in 2017-2018, then grow approximately 3% to \$17.2 million in 2018-2019. However, since 2017-2018 receipts only totaled \$15.6 million, growth of 10.4% is required to meet the 2018-2019 budgeted level. Based on current collection trends, receipts in this category are anticipated to fall below the budgeted estimate by approximately \$1.0 million - \$1.5 million by year-end.

BUSINESS TAXES

Revenue Status

2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$69,400,000	\$35,597,232	51.3%	49.5%	\$0

The Business Taxes category consists of the Cardroom Tax, Disposal Facility Tax, General Business Tax, and Marijuana Business Tax. Through December, overall collections of \$35.6 million are 1.8% above the prior year collection levels of \$35.0 million, primarily reflecting higher collections in the Marijuana Business Tax category. The 2018-2019 Adopted Budget estimate of \$69.4 million allows for almost 2%

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BUSINESS TAXES

decline from 2017-2018 levels as the result of 2017-2018 ending the year approximately \$2.3 million above the estimated level. If current collection trends continue, Business Tax receipts are projected to exceed the budgeted estimate by \$2.5 million - \$3.0 million.

Through December, **Cardroom Tax** receipts of \$7.6 million are slightly below the prior year level of \$7.7 million. Because receipts in 2017-2018 slightly exceeded expectations, collections in the category can drop by 1% in 2018-2019 and reach the budgeted estimate of \$18.7 million.

Disposal Facility Tax revenue of \$4.7 million through December reflect a decline of approximately 5% from the prior year level. Actual landfill activity is known through the end of November 2018, which totals \$5.0 million and represents less than a 1% increase from the prior year. The 2018-2019 Adopted Budget of \$11.5 million allows for a 6% drop from the 2017-2018 actual receipts of \$12.3 million, which ended the year above budget due to higher than estimated receipts in the last quarter of 2017-2018. Based on current collection trends, it is anticipated receipts will end the year at or slightly above budgeted levels.

Through December, **General Business Tax** receipts of \$17.9 million are consistent with prior year levels. The 2018-2019 budgeted estimate assumed 2017-2018 collections would reach \$23.7 million and increase to \$25.7 million in 2018-2019. This factored in 2% underlying growth for inflation adjustments from the 2017-2018 estimate, plus an additional \$1.5 million revenue as the result of the General Business Tax Amnesty Program, which was approved to be implemented in 2018-2019 and would encourage the enrollment of non-compliant businesses. Since actual 2017-2018 receipts totaled \$26.5 million, the 2018-2019 estimate allows for a 3% drop from the prior year. While the General Business Tax Amnesty Program is not expected to begin until the end of the fiscal year, receipts are still projected to exceed the budgeted estimate by \$1 million - \$2 million based on prior year actuals and current year activity.

Marijuana Business Tax collections reflect marijuana business tax as well as compliance revenues. Through December, receipts of \$5.4 million are 22.1% above prior year levels of \$4.4 million. In November 2016, the California Marijuana Legalization Initiative (Proposition 64) legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 licensed dispensaries in San José began in January 2018. The 2018-2019 Adopted Budget estimate of \$13.5 million assumed growth of 5.5% from the 2017-2018 estimate of \$12.8 million based on the legalization of recreational marijuana usage. Since actual 2017-2018 receipts were slightly higher at \$13.0 million, growth of 3.7% is needed to meet the 2018-2019 estimate. Since the sale of recreational cannabis became legal, average monthly Marijuana Business Tax collections have been approximately \$1.2 million. If this collection level continues, receipts may exceed the \$13.5 million budgeted estimate by year-end.

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LICENSES AND PERMITS

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$60,893,631	\$35,281,991	57.9%	60.6%	\$0

The Licenses and Permits category contains fees and charges collected by various departments. The most significant revenue sources are development-related fees, which include Building Permits and Fire Permits. Through December, revenues of \$35.3 million are 3.7% below the prior year level of \$36.6 million, which is primarily due to differences in the timing of payments for other licenses and permits. The 2018-2019 Adopted Budget estimate of \$60.9 million requires growth of almost 1% from the 2017-2018 collection level of \$60.5 million. Based on activity through December and adjustments for the timing of payments, Licenses and Permits receipts are estimated to end the year close to budgeted levels.

Building Permit revenues \$17.7 million through December reflect growth of 1.5% from the \$17.5 million received during the same time period in the previous year. The 2018-2019 Adopted Budget assumed 2017-2018 collections would total \$32.5 million and remain flat in 2018-2019. However, since actual 2017-2018 Building Permit revenues totaled \$33.5 million, receipts can drop 3.1% in 2018-2019 and still meet the revenue estimate.

Residential building permit revenues through December are generally performing below estimated levels, with the exception of building plan check permit fee. However, non-residential and miscellaneous building permit revenues are stronger than anticipated through December, with the exception of non-residential building plan check fees, Building Standards Administration Special Revolving Fund (BSASRF) fees, and permit processing fees.

For 2018-2019, the Building Fee Program continued the phased implementation of the new fees and/or fee modifications recommended for the program as part of the City of San José Development Services Cost Recovery Analysis, Process Improvements, Calculation of Unearned Revenues, and Refund Processing Report accepted by the City Council in December 2016. However, these changes, implemented on August 13, 2018, had no net impact to the overall revenue estimate for 2018-2019 of \$32.5 million. It is currently anticipated Building Permit revenues will end the year close to the 2018-2019 budget revenue estimate of \$32.5 million.

Through December, overall residential permit valuation decreased 24.0% from prior year levels (\$299.4 million in 2018-2019 and \$394.1 million in 2017-2018). Residential activity through December included

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LICENSES AND PERMITS

1,489 multi-family units and 195 units for single family construction for a total of 1,684 units. Notable projects for November and December include a construction permit for a four townhouse buildings and two twenty-eight story residential high rise buildings, which are located on the corner of East Santa Clara Street and North Fourth Street.

Commercial valuation of \$243.9 million through December 2018 is 40% lower than the 2017-2018 level of \$406.3 million. The commercial activity in the month of December was very modest (\$34.8 million) with alterations accounting for 43% of the commercial activity (\$15.0 million). Recent notable projects include a five-story parking structure on Coleman Avenue and a permit for a medical clinic located north of Alum Rock Avenue. Industrial construction valuation of \$208.4 million through December was also lower (28.6%) than the prior year level (\$291.9 million in 2017-2018). A notable project for November included a seven building self-storage warehouse near the intersection of Aborn Road and Silver Creek Road. Alterations accounted for all industrial activity in December.

Fire Permits, which consist of development and non-development related permits, totaled \$7.9 million through December, which represents a 3.7% increase from the prior year collections. To meet the 2018-2019 budgeted revenue estimate of \$13.3 million, growth of less than 1% from the 2017-2018 actual collection level of \$13.2 million is needed; at this point of the year, collections are anticipated to meet or slightly exceed budgeted levels by year-end.

Development related receipts through December of \$4.0 million are consistent with the prior year collections. The budgeted estimate of \$8.1 million aligns with the prior year's actual collections of \$8.1 million and it is anticipated that receipts will meet the budgeted estimate by year-end.

Non-Development receipts of \$3.9 million represents 75% of the budget and are 6.9% above revenues received through December 2017. This collection primarily represents three of the four major billing cycles (July, September, and December) for non-development fire permits for this fiscal year. If current collection trends continue, it is anticipated that receipts will meet or slightly exceed the budgeted estimate of \$5.2 million by year-end.

Miscellaneous Other Licenses and Permits revenues of \$9.6 million reflect a 16.5% drop from the prior year level of \$11.5 million, which is primarily due to the timing of payments. The 2018-2019 Adopted Budget estimate requires growth of 9.7% from the prior year actual collections. It is currently anticipated revenues will meet or fall slightly below the budgeted level by year-end.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM USE OF MONEY AND PROPERTY

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,897,000	\$3,894,851	56.5%	46.0%	\$0

The Use of Money and Property category primarily includes interest income earned in the General Fund, rental income from various City properties, and subrogation recovery revenues.

Use of Money and Property receipts through December of \$3.9 million reflect a 6.7% increase from prior year levels. The 2018-2019 budget estimate of \$6.9 million allows for a 13% drop from the 2017-2018 actual receipts of \$7.9 million. Based on current collection trends, revenues in this category are anticipated to end the year above the budgeted estimate by approximately \$1.2 million, primarily due to higher than estimated interest earnings and rental income.

Interest earnings on the General Fund through December total \$1.3 million, up almost 29% from the prior year level of \$1.0 million, which is primarily due to rising interest rates. The budgeted estimate of \$3.0 million allows for a decline of 9.5% from the 2017-2018 actuals of \$3.3 million. If current collection trends continue, interest earnings are anticipated to exceed the budgeted estimate of \$2.0 million by approximately \$1 million.

Rental income through December totals \$2.0 million, which is consistent with the prior year levels. Collections in this category are anticipated to exceed the budget estimate of \$3.0 million by approximately \$250,000.

Subrogation revenue totals \$356,000 through December, down 22.8% from the prior year level of \$461,000. Subrogation revenue can fluctuate monthly as a portion of anticipated revenues may not be collectable from those individuals that damaged City property. Based on historical data and current collection trends, it is currently anticipated that revenues will meet the budgeted estimate of \$500,000 by year-end.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM LOCAL AGENCIES

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$14,920,072	\$5,249,727	35.2%	11.9%	\$1,184,751

The Revenue from Local Agencies category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the Central Fire District payment for fire services provided to County residents by the San José Fire Department, the County of Santa Clara payment for the Paramedic Program, and the County reimbursement for the Senior Nutrition Program. Overall, revenues in this category are anticipated to exceed the budgeted levels by \$1.2 million at year-end.

The largest revenue estimate in the Revenue from Local Agencies category is the Central Fire District payment. Through December, a total of \$3.8 million has been received, which represents an increase of 8.4% from the prior year receipts during the same period. Growth of 4.3% from the 2017-2018 receipts of \$7.0 million is needed to meet the budgeted estimate of \$7.3 million. Based on current collection trends as well as information provided by Santa Clara County, Central Fire District reimbursements are anticipated to exceed the budget by approximately \$150,000. A recommendation is included in this report to recognize the additional revenue that is anticipated to be received from the County.

Reimbursement from the County of Santa Clara for the first responder advanced life support program (Paramedic Program) is budgeted at \$1.7 million, which includes the equipment reimbursement component (Annex B, Category A funds; \$1.3 million) and the EMS System User component (Category C funds; \$473,000). Through January, a total of \$1.4 million has been received from the County, which includes approximately \$783,000 for Annex B, Category B, that was not budgeted as the funding is service-related and is not guaranteed to be received each year. A recommendation is included in this report to recognize the Category B funds that were received from the County to date. Additional funding may be recognized at year-end based on actual performance in the second half of the fiscal year.

The City’s Senior Nutrition Program is a partnership between the City and Bateman Senior Meals to serve nutritious meals to seniors at 13 different community center locations. Meals are served weekly from Monday through Friday (with one site serving Saturday), at reduced costs to seniors. Funding for this program is made possible by the City’s contract with the County to provide approximately 920 meals per day. The County funds two-thirds of the program with the City paying the remaining one-third of the cost of the meals. The budgeted revenue estimate of \$1.7 million should be received by year-end.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM LOCAL AGENCIES

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a net increase of \$1.2 million is recommended for the Revenue from Local Agencies category. Recommended adjustments include increasing the Paramedic Program allocation to reflect Category B funds (\$783,000), recognizing revenue anticipated to be received from the City of Campbell for the Cambrian 36 annexation agreement (\$199,000), increasing the Central Fire District payment (\$150,000), recognizing a grant from the Santa Clara Valley Water District for the Pollution Prevention and Creeks Clean-up project (\$195,000), and reducing the 2017 After School Education and Safety (ASES) grant revenue estimate as this funding was received at the end of 2017-2018 (-\$142,000 negative rebudget).

FEES, RATES, AND CHARGES

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$55,527,543	\$27,866,933	50.2%	46.2%	\$294,183

The Fees, Rates, and Charges category contains various fees and charges levied to recover costs of services provided by several City departments, including Library; Parks, Recreation and Neighborhood Services; Planning, Building and Code Enforcement; Police; Public Works; and Transportation. Through the first half of the fiscal year, revenues totaled \$27.9 million, which is 18.1% above the \$23.6 million received in the prior year. The higher receipts in 2018-2019 is partially due to the timing of small cell permitting payments to the Public Works Department. With the exception of the Planning Fees, the departmental fee categories are generally tracking within estimated levels through December and are expected to meet or exceed the budgeted estimates by year-end.

Through December, **Planning, Building and Code Enforcement (PBCE)** Planning Fee revenues of \$3.8 million are 25.9% above the prior year collection level of \$3.0 million. However, to meet the 2018-2019 Adopted Budget estimate of \$8.96 million, an increase of 36.8% is needed from the prior year actual revenue of \$6.6 million. The significant increase in revenue was anticipated in 2018-2019 due to City Council-approved fee changes that were implemented on August 13, 2018. Through December, Planning Fee revenue was within estimates in the following categories: Williamson Act applications, residential tentative maps, sale of publications and record retention, public information services, preliminary review, residential General Plan amendments, non-residential conventional rezonings/rezonings, non-residential environmental clearances, non-residential planned development permits, and non-residential development permit adjustments. However, lower than estimated revenues were received for non-residential tentative

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

FEES, RATES, AND CHARGES

maps, public noticing, non-residential General Plan amendments, residential and non-residential planned development rezonings/rezonings, residential Conventional rezonings/rezonings, residential environmental clearances, annexations, residential and non-residential site development permits, residential planned development permits, residential development permit adjustments, residential and non-residential conditional use permits, single-family design review, and miscellaneous permits. Based on current collection trends, Planning Fee revenues may end the year below the budgeted estimate by \$1.0 million - \$1.5 million. A portion of this lower collection level can be offset by projected expenditure savings of approximately \$750,000. An action to use a portion of the Planning Development Fee Program Reserve that currently totals \$1.0 million may be recommended at year-end to address any net shortfall between revenues and expenditures.

The **Public Works** Department fee revenue is comprised of the Development Services Fee Program, Utility Fee Program, and Small Cell Permitting. Through December, overall Public Works fee revenues totaled \$8.3 million, which represents a 35.2% increase from the prior year level of \$6.1 million. This increase is primarily attributable to Small Cell Permitting revenue of \$1.8 million already being reflected in the 2018-2019 collections, however, in 2017-2018, this revenue was not received until June.

Through the first half of the fiscal year, all Public Works fee revenue categories are performing at higher than estimated levels. Development Services Fee Program collections totaled \$3.9 million, 4.1% above prior year collections; Utility Fee Program receipts totaled \$2.6 million, 8.6% above prior year collections; and Small Cell Permitting revenue totaled \$1.8 million, which had no receipts in the prior year until June. Revenue received for Small Cell Permitting is for works-in-progress that will be spent through the remainder of the fiscal year. Based on activity through December and historical collection patterns, fee revenues are anticipated to end the year at or slightly above budgeted levels.

Through December, **Police Department Fees** totaled \$732,000, which represents a 15.1% increase for the prior year. The budgeted estimate of \$1.4 million requires growth of 3.3% from 2017-2018 collection levels. Vehicle Impound Fees totaled \$521,000 through December, accounting for the majority of revenues in this category. This document includes a recommendation to reduce the Vehicle Impound Fee from \$290 per release to \$122 per release based on an in-depth time task study performed by the Police Department. The 2018-2019 Adopted Budget included a revenue estimate of \$903,000 from the Vehicle Impound Fee. Based on actual activity through December, the current fee was on track to generate approximately \$1.0 million in 2018-2019. With the revised fee for the remainder of the fiscal year, revenues are projected to reach \$820,000, which is \$83,000 below the budgeted estimate. This lower collection level can be offset by higher receipts in other Fees, Rates, and Charges in the current year.

Remaining Fees, Rates, and Charges categories are generally performing at estimated levels through the first half of the fiscal year. **Library Department Fees** of \$158,000 are tracking to meet the budgeted estimate of \$332,000. **Miscellaneous Fees** totaled \$2.6 million and are up 74.1% from the prior year,

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

FEES, RATES, AND CHARGES

which is primarily due to the planned increase in revenue associated with the Citywide Planning Fee; collections in this category are tracking to slightly exceed the budgeted estimate. **Parks, Recreation, and Neighborhood Services Department Fees** of \$11.3 million are consistent with prior year levels and are tracking to meet the budgeted estimate of \$22.0 million. **Transportation Department Fees** of \$1.0 million are 13.3% above the prior year and are tracking to meet or slightly exceed the budgeted estimate of \$1.8 million.

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, an increase of \$294,000 to the PRNS Fees, Rates, and Charges is recommended (from \$22.0 million to \$22.3 million). This increase reflects grant revenue from Gardner Family Health Network for fitness program access for Gardner Health clients (\$44,183) and recognition of revenue from the Santa Clara County Summer Youth Programming for youth scholarships for city-wide summer camps and classes (\$250,000). The revenue adjustments are recommended to be offset by an increase to the PRNS Non-personal/Equipment appropriation (\$250,000) and the PRNS Fee Activity appropriation (\$44,183).

OTHER REVENUE

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$166,072,788	\$173,708,615	104.6%	79.6%	\$19,269,987

The Other Revenue category contains several unrelated revenue sources. Other Revenue collections through December totaled \$173.7 million, which is consistent with the prior year receipts of \$174.4 million through the same time period. This collection level exceeded the budgeted estimate of \$166.1 million due to the receipt of property sale proceeds.

As approved by the City Council, a total of seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA) were sold in the first half of the fiscal year. Once sold, the net proceeds were distributed to the appropriate taxing entities, with the City of San José receiving \$16.7 million, or 14.14% of the total sales. Included in the SARA sales was the Diridon Station Area properties, the South Hall site, several properties along San Pedro Street, one property on South First Street, and one property on South Second Street. In addition, a City-owned property located on West San Carlos Street was also sold, which resulted in proceeds of \$2.0 million. Altogether, between SARA and City-owned properties, a total of \$18.7 million has been received. Recommendations are included in this

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MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

OTHER REVENUE

report to recognize the \$18.7 million of Property Sales revenue, transfer \$4.3 million of the proceeds related to the sale of the South Hall site to the Convention Center Facilities District Revenue Fund to establish the South Hall Debt Service Reserve, and place the remaining amount (\$14.4 million) in a new 2019-2020 Proposed Budget Planning Reserve.

Beginning in 2010-2011, the City has had to issue **Tax and Revenue Anticipation Notes (TRANs)** annually for cash flow purposes due to the pre-payment of the City's retirement contributions. In 2018-2019, the TRANs issuance totaled \$150 million, which was consistent with the 2017-2018 issuance.

Investment Cost Reimbursement totaled \$535,000 through December, which is fairly consistent with prior year receipts of \$518,000 during the same time period. It is currently anticipated that the budgeted estimate of \$1.3 million will be achieved by year-end.

Revenue from the **Sale of Surplus Property** (excluding the properties discussed above) totaled \$555,000 through December, which is significantly higher than the prior year receipts of \$118,000. As described further in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a recommendation to increase the Sale of Surplus Property by \$235,000 (from \$1.0 million to \$1.2 million) to recognize the sale of five small fragments of Autumn Parkway is included in this report. An offsetting adjustment to allocate the funding to Autumn Parkway Parcels Sale Proceeds Reserve is also included in this document.

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a net increase of \$19.3 million is recommended for the Other Revenue category. Recommended adjustments include recognizing the proceeds from SARA and City-owned property sales (\$18.7 million), recognizing and appropriating funds associated with the sale of parcels on Autumn Parkway (\$235,000), recognizing and appropriating Pacific Gas and Electric funds related to city tree planning (\$146,000), recognizing and appropriating revenue related to emergency street tree services (\$100,000), recognizing and allocating various Mayor and City Council revenues (\$82,000), and several net zero grant related actions.

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STATUS OF GENERAL FUND REVENUES

TRANSFERS AND REIMBURSEMENTS

Revenue Status				
2018-2019		2017-2018		2018-2019
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$94,338,116	\$14,903,323	15.8%	67.4%	\$312,000

The following are sources of revenue in the Transfers and Reimbursements category: reimbursements to the General Fund for Overhead costs, revenue received as Transfers from other City funds, and Reimbursements for services rendered. Collections of \$14.9 million through December are significantly lower than prior year receipts of \$61.2 million primarily due to a significant portion of overhead reimbursements and transfers from other City funds have not yet occurred, but are anticipated to be executed in January 2019. Overall, Transfers and Reimbursements collections are anticipated to end the year close to the budgeted estimate.

Overhead Reimbursements associated with special funds are currently budgeted at \$37.9 million and capital funds are budgeted at \$12.6 million for a total category revenue estimate of \$50.5 million. Through December, overhead collections of \$8.7 million has been received, which is 77.0% below the prior year level of \$37.8 million. However, reimbursements of \$36.2 million that generally occur earlier in the fiscal year are anticipated to be executed in January, which will increase the current year collections to \$44.9 million, which represents 89.0% of the budgeted estimate. Overall, Overhead reimbursements are expected to slightly exceed the budgeted estimate due to higher capital program overhead based on actual activity.

Budgeted **Transfers** of \$25.7 million include \$24.6 million in various transfers from other funds and \$1.1 million in transfers of interest earnings from selected funds. Through December, overall transfer receipts of \$1.7 million are significantly below the prior year levels of \$17.1 million, which is primarily due to the timing of budgeted transfers. However, transfers of \$20.4 million that generally occur earlier in the fiscal year are anticipated to be executed in January, which will increase the current year collections to \$22.1 million, which represents 86.2% of the budgeted estimate. As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, this report includes a recommendation to increase the budgeted transfer from the Airport Maintenance and Operations Fund by \$312,000 (from \$8.8 million to 9.1 million) to align the budget transfer with anticipated the Police Department overtime costs at Norman Y. Mineta San José International Airport; a corresponding increase to the Police Department budget is also recommended in this report

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MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

TRANSFERS AND REIMBURSEMENTS

The budget estimate for Reimbursement for Services is \$18.2 million, of which \$17.3 million is expected to be generated from the three **Gas Tax Funds**. Currently, Gas Tax revenues of \$4.3 million are down from the prior year levels of \$6.1 million by 29.0%. When the 2018-2019 Adopted Budget was developed, it was estimated 2017-2018 collections would total \$17.3 million and remain flat in 2018-2019. However, since collections in 2017-2018 were below estimated levels, growth of 4.2% is needed to meet the 2018-2019 budgeted estimate. It is important to note that collections in this category can vary significantly from month to month. However, based on current collection trends, it is anticipated revenues will fall short of the budgeted estimate by \$1 million - \$2 million. Other reimbursements from the Maintenance Assessment District Funds and the Deferred Compensation Program are expected to end the year close to the budgeted estimate.

CONCLUSION

A comprehensive review of all General Fund revenue accounts was performed based on activity through the first six months of the year. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$20 million - \$25 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Sales Tax, Property Taxes, and Revenue from Local Agencies. An additional \$18.7 million is projected to be generated from SARA and City-owned property sales. Overall, development-related revenues in the General Fund are generally on pace to meet budgeted levels. However, Planning revenues are expected to fall below the budget.

In total, a net increase of \$38.9 million to the General Fund Sources is recommended in this document. This increase primarily reflects an increase of \$35.8 million related to technical and rebalancing items, a \$2.5 million increase related to net-zero grants reimbursements and fees adjustments, a reduction of \$142,000 to complete clean-up actions, and an increase to the Beginning Fund Balance of \$663,000 (of which \$363,000 is due to final reconciliation of the Public Works Development Fee Program and \$142,000 is due to ASES grant revenue received at the end of 2017-2018) based on a reconciliation to the final audited 2017-2018 Comprehensive Annual Financial Report (CAFR). Further information regarding these adjustments can be found in Section III of this report.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2020-2024 General Fund Forecast, due to be released on February 28, 2019, as well as the 2019-2020 Proposed Budget, due to be released on May 1, 2019. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April 2019.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$575.2 million, or 37.3% of the total 2018-2019 Modified Budget. This expenditure level represents a decrease of \$4.7 million, or less than 1%, from the December 2017 level of \$579.9 million. In addition, encumbrances through December totaled \$57.8 million, which are \$4.3 million (6.9%) below the December 2017 level of \$62.1 million. In total, expenditures and encumbrances through December totaled \$633.0 million, which constitutes 41.1% of the total Modified Budget (including reserves) of \$1.5 billion. When excluding reserves of \$157.4 million, expenditures and encumbrances through December constituted 45.7% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

2018-2019 General Fund Expenditures through December (\$ in Thousands)

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
Departmental Expenditures				
Personal Services	\$ 854,483	\$ 393,562	46.1%	46.4%
Non-Personal/Equipment	139,720	43,244	31.0%	32.6%
Other Departmental	26,806	11,135	41.5%	42.4%
<i>Subtotal Departmental Expenditures</i>	<u>1,021,009</u>	<u>447,941</u>	<u>43.9%</u>	<u>44.4%</u>
Non-Departmental Expenditures				
City-Wide Expenses	\$ 268,098	\$ 121,866	45.5%	35.3%
Capital Contributions	56,116	3,739	6.7%	22.5%
Transfers	38,809	1,650	4.3%	100.0%
Reserves	157,351	0	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>520,374</u>	<u>127,255</u>	<u>24.5%</u>	<u>28.2%</u>
Total	\$ 1,541,383	\$ 575,196	37.3%	38.6%

Overall, General Fund expenditures are within anticipated levels and minimal savings of approximately \$4 million - \$6 million are anticipated by year-end to assist in meeting the projected 2018-2019 Ending Fund Balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2019-2020 Proposed Budget.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

Recommended Adjustments

As described below, expenditure adjustments totaling \$38.9 million are recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; (2) account for new grants, reimbursements, and fees; and (3) complete clean-up actions.

- Implement required technical and rebalancing actions (\$35.9 million). Significant actions include:
 - Establishing the 2018-2019 Ending Fund Balance Reserve in the amount of \$15 million from excess General Fund revenues projected this fiscal year. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming year. In the 2019-2023 Five-Year Forecast issued in February 2018, it was assumed that \$20 million in fund balance would be available at the end of 2018-2019 for use in 2019-2020. The 2020-2024 Five-Year Forecast that will be issued at the end of February and the 2019-2020 Proposed Budget that will be issued on May 1, 2019 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2018-2019. It is anticipated that additional actions will be brought forward at year-end to increase this reserve;
 - Establishing the 2019-2020 Proposed Budget Planning Reserve for \$14.4 million. The City received \$18.7 million in proceeds from the sale of properties previously owned by the Successor Agency to the Redevelopment Agency as well as a City-owned property that are recommended to be recognized in this report. A portion of the proceeds (\$14.4 million) is recommended to be set aside in a 2019-2020 Proposed Budget Planning Reserve, with the remaining balance (\$4.3 million) recommended to be transferred to the Convention Center Facility District Revenue Fund to account for the sale proceeds from the South Hall site. Recommendations for the use of this one-time reserve will be evaluated and brought forward as part of the 2019-2020 budget process;
 - Establishes a Transfer to the Convention Center Facility District (CCFD) Revenue Fund of \$4.3 million to allocate proceeds remitted from the Successor Agency to the Redevelopment Agency for the sale of the South Hall site to the City. As the CCFD Revenue Fund currently pays the debt service related to the South Hall purchase, these sale proceeds will be held in a debt service reserve pending finalization of a development and financing plan for the South Hall site;

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OVERVIEW

- Increasing the City Attorney’s Office Non-Personal/Equipment appropriation by \$700,000 to support litigation-related expenses. Outside litigation costs, including expenditures for specialized outside counsel, technical experts, and other consultants and expert witness services, are incurred most notably in civil rights, catastrophic injury, land use, and document-intensive cases. These costs are unpredictable and largely outside of the Office’s control, yet are essential to assist the Office with defending the City’s interests;
 - Increasing the Public Works Department Personal Services appropriation by \$425,000 and Non-Personal/Equipment appropriation by \$110,000 to address higher actual costs incurred by the Animal Care and Services Program. The increased cost is attributable to a higher target save rate, increasing from 85% in 2015 to 91%, and a corresponding increase in the overall length of time that an animal remains in the shelter. The ongoing effort to maintain the save rate at 91% has required sheltering for longer periods. Animals are sheltered for 10 days on average, but stays may increase up to 30 days to prep a “savable” adult cat for adoption. Additionally, the number of overall animal intakes has increased 6% over the same period, from approximately 16,000 to 17,000 intakes per year; and
 - Reallocating funding from the Workers’ Compensation Claims – Fire (\$750,000) and Workers’ Compensation Claims – DOT (\$250,000) appropriations to the Workers’ Compensation Claims – Police (\$1.0 million) appropriation based on actual expenditure trends for a net-zero impact.
- Appropriate additional grant, reimbursement, and/or fee related funds (\$2.5 million). Significant actions include:
 - Increasing the Fire Department Personal Services appropriation by \$507,000 and Non-Personal/Equipment appropriation by \$142,000, offset by a reimbursement from the State, for Strike Teams deployed to assist with the Carr and Camp Fires;
 - Increasing the Police Department Personal Services appropriation by \$312,000, offset by reimbursements from the Airport Maintenance and Operations Fund, to fund increased overtime costs at the Mineta San José International Airport;
 - Increasing the Parks, Recreation and Neighborhood Services Department Fee Activities appropriation by \$250,000, offset by a grant from the Santa Clara County, to provide scholarships for summer camps and classes for youth and scholarships for therapeutics participants; and

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STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

- Establishing the Autumn Parkway Parcels Sale Proceeds Reserve for \$235,000, offset by sale proceeds, to allocate receipts from the sale of five small fragments along Autumn Parkway to fund a capital improvement project which will be identified and appropriated in the 2019-2020 Proposed Capital Budget process.
- Implement clean-up actions, such as adjustments that increase Personal Services appropriations, where needed, for Management Pay for Performance Program costs and to fund non-pensionable increases and general wage increases that was negotiated and agreed to by the City and four bargaining units (\$9.6 million), offset by the Salaries and Benefits Reserve; increase of \$363,000 to the Public Works Development Fee Program Reserve as a result of an updated reconciliation of the program for 2017-2018; rebudget \$46,000 of the Office of Economic Development Non-Personal/Equipment appropriation for the Council District #6 Public Art project; decrease Personal Services appropriations to reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2018-2019 (\$187,000), offset with an increase to the Salaries and Benefits Reserve; reallocate funds from Planning, Building and Code Enforcement Department's Personal Services and Non-Personal/Equipment appropriations to new Citywide Planning Fee Personal Services and Non-Personal/Equipment appropriations in order to separate the restricted funding; and reallocate funds between Personal Services and Non-Personal/Equipment appropriations to provide funding for temporary staffing resources.

In total, adjustments recommended in this document result in a net increase of \$38.9 million to General Fund expenditures. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for 68.4% of the total General Fund expenditures (excluding encumbrances) to date.

Through December, personal services expenditures for all City departments of \$393.6 million, or 46.1% of the current Modified Budget, is consistent with estimated levels of 46.0% at this point of the year. This expenditure level is slightly below the 46.4% expended through the same time period in the prior year. Overall, personal services expenditures are estimated to end the year with minimal savings. As of January 23, 2019, the City had 607 vacancies city-wide (all funds) compared to 644 vacancies in the prior year, representing a vacancy factor of approximately 9.5%.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DEPARTMENTAL EXPENDITURES

Non-personal/Equipment expenditures of \$43.2 million are below anticipated levels with 31.0% expended through December. This expenditure level is slightly lower than the 32.6% expended through December 2017. Encumbrances through December totaled \$28.1 million, which when combined with the non-personal/equipment expenditures, brings the total amount of funding committed to \$71.4 million, or 51.1% of the \$139.7 million budget. Overall, these expenditures are expected to remain within budget for all departments, with minimal savings generated by year-end.

The Other Departmental category includes the budget for the Mayor and City Council, as well as Parks, Recreation and Neighborhood Services Fee Activities. Through December, Other Departmental expenditures totaled \$11.1 million (41.5% expended) of the \$26.8 million budget through December. This expenditure level is slightly above the prior year level of \$10.5 million (42.4% expended) for the same time period. Expenditures in this category are expected to end the year within budgeted levels.

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

Expenditure Status (\$ in thousands)			
<u>Department</u>	<u>2018-2019 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$222,982	\$107,883	\$103,209

Overall, Fire Department expenditures are slightly higher than estimated levels through December but are expected to end the year within budget. Personal services expenditures of \$101.6 million, or 47.8% of the Modified Budget, are slightly higher than the expected level of 46.0% at this point of the year, which is primarily due to overtime that was needed during fire season and hurricane season. The Fire Department's Non-Personal/Equipment budget of \$10.5 million was 59.5% expended or encumbered through December and is expected to end the year within budgeted levels. It should be also be noted that the Fire Department's Budget includes funding for the remainder of the current 2018-2019 Firefighter Recruit Academy and half of one Firefighter Recruit Academy that will complete in 2019-2020. The funding for the second half of the later academy will allocated in the 2019-2020 budget.

Through December, Personal Services expenditures are higher than expected due to higher overtime usage. Overtime expenditures of \$7.9 million represent 76.2% of the current year budget, while the prior year overtime expenditures through the same period totaled \$8.6 million. Overtime has primarily been used to backfill vacancies and absences in the line of duty positions (vacation, modified duty, sick, disability, and other absences) and for deployments. Strike Team resources were deployed earlier in the fiscal year to assist with several wild fires, including Mendocino Complex and Carr Fire. In addition,

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

California Task Force 3 deployments were made for out of state emergency responses, including Hurricane Lane and Hurricane Olivia. This report includes recommendations to recognize funds received from the State of California for the Strike Team deployments in the amount of \$650,000, which consists of \$507,000 for overtime expenditures and \$143,000 for non-personal/equipment reimbursements. Reimbursement for Task Force 3 expenditures have been requested from the Federal Emergency Management Agency (FEMA) and will be brought forward for City Council consideration once received. Factoring in the reimbursement received from the State for Strike Team deployments, overtime expenditures are in line with projected estimates and are anticipated to end the year at budgeted levels.

Overall, the average sworn vacancy rate of 3.9% is approximately 0.6% lower than the vacancy rate experienced this time last year; and vacancies continue to exceed the budgeted rate of 2.5%. The first 2018-2019 Firefighter Recruit Academy, which began in November 2018, consists of 24 Firefighter Recruits and will reduce the number of sworn vacancies from 44 to 20. The second 2018-2019 Firefighter Recruit Academy, which will begin in May 2019, is anticipated to have 24 Firefighter Recruits.

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of December, of the 32 current authorized staffing level, the Fire Department had 32 sworn personnel on administrative assignments.

Expenditure Status (\$ in thousands)

<u>Department</u>	<u>2018-2019 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Police	\$415,404	\$191,391	\$181,130

Overall, the Police Department’s expenditures are within estimated levels through December, but higher planned expenditures in the second half of the fiscal year are expected to result in a potential overage. Personal services expenditures of \$177.1 million (45.96% of the Modified Budget) are slightly below the expected levels of 46.03% at this point in the year, however, expenditures are projected to exceed the budget by year-end due to additional recruit academies and special events. The overtime budget was increased by \$4.0 million (from \$19.6 million to \$23.6 million) as part of the 2017-2018 Annual Report, which was approved by the City Council on October 16, 2018. After this adjustment, overtime expenditures continue above the estimated level, with expenditures totaling \$17.2 million, representing 72.9% of the Modified Budget. The Police Department’s Non-Personal/Equipment budget of \$30.1 million was 47.5% expended or encumbered through December and is expected to end the year within budgeted levels.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Based on early projections, personal services expenditures are estimated to exceed the budget by approximately \$4.0 million by year-end, which represents approximately 1.5% of the personal services budget. This takes into account many factors, such as anticipated recruit academies, special events, projected attrition, and overtime trends, that are subject to change. The potential overage is primarily attributed to additional overtime costs to backfill for sworn positions while recruits are in training, overtime payouts for sworn personnel that have reached the compensatory time limit, and the School Safety Program (crossing guards) costs. The Police Department has worked diligently to fill vacancies in both sworn and civilian positions. Vacancy savings have been used to pay for Police Academy Recruits as well as to backfill positions in Patrol. However, as the Department fills vacancies, these savings have decreased. While the goal is to fill the vacancies and eliminate the need to backfill positions, new recruits are in academy training and field training for 10-12 months. Until the new recruits are street-ready and are solo beat officers in Patrol, the department continues to backfill these positions, incurring overtime. The vacancies over the last several years have also contributed to the build-up of compensatory time balances for sworn personnel. There is a limit of 480 hours of compensatory time balances after which sworn personnel are paid in overtime for any additional hours worked. Currently, 268 sworn personnel are at the 480-hour limit. For the School Safety Program, a portion of personal services expenses are attributable to a higher level of School Crossing Guard deployment where the amount of crossing guards deployed is higher than currently budgeted. An increase of \$385,000 to the School Safety Program budget is recommended elsewhere in this report to adjust for the higher amount of crossing guards deployed.

Overtime consists of overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time. The compensatory time balance at the end of December 2018 was 277,218 hours for sworn personnel. This represents an increase of 24,816 hours or 9.8% compared to the December 2017 balance of 252,402. For the 268 sworn personnel at the compensatory balance limit of 480 hours, all overtime worked by these employees is paid overtime. The Department is enforcing compensatory time reduction by requiring all sworn staff, outside of the Bureau of Field Patrol (BFO), to reduce compensatory time balances by the end of the calendar year or submit a request for an extension, per the MOA. Due to staffing levels needed to respond to calls for service, BFO is currently exempted until such time the Department reaches full street-ready sworn staffing (sworn who are fully trained and able to work as solo beat officers).

As sworn vacant positions become sworn street-ready positions, overtime hours may decrease, which is anticipated to reduce the projected year-end personal services overage. The Police Department will also work to control expenditures to minimize any potential overage. This budget will be closely monitored throughout the year to determine if any adjustments are necessary.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Marking an end to the long period of high levels of sworn vacancies, most sworn vacancies are currently filled. Please note that the authorized staffing level of 1,110 does not yet include the 41 sworn positions added in the 2018-2019 Adopted Budget effective June 2019. While the sworn positions are filled, there is still a significant gap between filled positions and working street-ready positions.

The chart below outlines current authorized sworn staffing levels and the number of street-ready sworn positions available at work:

	2018-2019 (as of 12/21/18)	2017-2018 (as of 12/29/17)
Authorized Sworn Staffing	1,110	1,109
Vacancies	(12)	(102)
Filled Sworn Staffing	1,098	1,007
Field Training Officer/Recruits	(129)	(113)
Street-Ready Sworn Positions Available	969	894
Disability/Modified Duty/Other Leaves	(73)	(82)
Street-Ready Sworn Positions Working	896	812

To continue filling vacant positions, the Department will conduct three Police Recruit Academies in 2018-2019, including the October 2018 Academy that began with 50 new Recruits and academies that will begin February 2019 and June 2019. The February 2019 Academy is projected to start with 50-65 recruits depending on lateral hires and re-hires, and the June 2019 Academy is projected to start with 50-60 recruits. These recruits will fill the 41 new positions added effective June 2019 and will offset retirements anticipated later in the year; the actual numbers may vary based on actual attrition.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in thousands)

<u>Department</u>	<u>2018-2019 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Public Works	\$46,367	\$21,695	\$22,569

Overall, Public Works Department expenditures are tracking above estimated levels through December due to higher personal services costs. Personal services expenditures of \$15.3 million, or 47.5% of the Modified Budget, are higher than the expected level of 46.0% at this point of the year. The Public Works Department’s Non-Personal/Equipment budget of \$14.2 million was 45.1% expended or encumbered through December 2018 and is expected to end the year within budgeted levels.

Personal Services expenditures in the Public Works Department are tracking above expected levels, which is attributable to a combination of higher than anticipated overtime, part-time employee, and retirement expenditures, partially offset by lower full-time employee expenditures. Retirement costs are impacted when vacant positions that are budgeted at the Tier II level are actually filled with existing City employees who are classified as Tier I. Part-time and overtime costs at the San José Animal Care Center have increased as a result of the ongoing effort to maintain the save rate (currently 91%), and the increase in animal intakes, including a cate intake increase of approximately 2,000 per year above previous years. A recommendation is included in this report to increase the Public Works Department’s Personal Services appropriation by \$425,000 for part-time staffing needs at the Animal Care Center and the Public Works Non-Personal/Equipment allocation by \$110,000 for custodial services at the Animal Care Center. In addition, the Public Works Department will decrease overtime and part-time expenditures and will shift focus to Capital-funded projects, as appropriate. If savings are realized in the Non-Personal/Equipment allocation, and the Department continues to exceed estimated levels in the Personal Services budget, a recommendation may be brought forward later in the budget process to reallocate the savings from the Non-Personal/Equipment appropriation to the Personal Services budget.

A review of the Public Works Department’s budget will be completed for the 2019-2020 budget process to determine if any additional ongoing adjustments are necessary to better align the department’s budget with existing service levels.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

Non-Departmental Expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves. Through December, expenditures (excluding encumbrances) totaled \$127.3 million, or 24.5% of the Modified Budget of \$520.4 million

Through December, City-Wide Expenses totaled \$121.9 million, or 45.5% of the Modified Budget of \$268.1 million. When expenditures (\$121.9 million) and encumbrances of \$14.5 million are combined, the total amount of funding committed (\$136.3 million) represents 50.9% of the modified budget. Overall, City-Wide expenditures are estimated to end the year slightly below budgeted levels.

2018-2019 City-Wide Expenses Expenditures by City Service Area

(\$ in Thousands)

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 24,816	\$ 7,826	31.5%	\$ 8,080	20.9%
Environmental & Utility Services	2,726	1,164	42.7%	1,042	30.7%
Neighborhood Services	11,456	3,971	34.7%	3,447	29.9%
Public Safety	24,813	11,055	44.6%	10,968	50.0%
Transportation & Aviation Services	3,608	1,087	30.1%	564	15.7%
Strategic Support	200,679	96,763	48.2%	78,607	37.1%
TOTAL	268,098	121,866	45.5%	102,708	35.3%

City-Wide expenditures can vary significantly from year-to-year depending on payment schedules, project timing, and changes to a program's structure. The largest City Service Area (CSA) included in the City-Wide Expenses section is the Strategic Support CSA, which has a 2018-2019 Modified Budget of \$200.7 million. The Strategic Support CSA budget includes the allocation for the **Tax and Revenue Anticipation Notes (TRANS)** Debt Service payment, which has a budget of \$152.1 million, of which \$86.6 million was expended through December (56.9% of the budget). Beginning in 2010-2011, the City has had to issue TRANS annually for cash flow purposes due to the pre-payment of the City's retirement contributions.

Adjustments to City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections. Additional details on these actions can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this 2018-2019 Mid-Year Budget Review.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

Key actions recommended in this report include:

- Establishing a Commercial Development Impact Study appropriation to the Office of Economic Development in City-Wide in the amount of \$150,000 to fund a study of a commercial impact fee, which will be based on research to determine the effect commercial development has on the demand for affordable housing, and the effects this fee could have on the financial feasibility of various types of commercial development;
- Establishing a Climate Smart San José Plan Implementation appropriation to the Environmental Services Department (ESD) in the amount of \$150,000 to provide initial staff support to leverage the resources provided by the \$2.5 million Bloomberg American Cities Climate Challenge (ACCC) grant award that will help implement key efforts included in the Climate Smart San José plan;
- Establishing a Small Business Anti-Displacement Research and Legal Advice appropriation to the Office of Economic Development in the amount of \$100,000 to fund a consultant who will study any potential displacement impacts from the Google development on residents and small businesses; this consultant will also support the development of an interactive map tool;
- Establishing a Census 2020 appropriation to the Office of Economic Development in the amount of \$100,000 to fund the staff work necessary to prepare for and conduct the 2020 Census. Funding from the State of California's Local Update of Census Addresses Incentive Fund is also recommended to be recognized to offset this cost;
- Increasing the Fair Labor Standards Act (FLSA) System Configuration appropriation by \$75,000 to funding technical consulting services to address identified FLSA issues discovered during the recent Human Resources/Payroll Budget Systems upgrade project;
- Establishing a Health Care Incentive appropriation to the Human Resources Department in the amount of \$30,000, offset by a reduction to the City Health Plan Restructuring Reserve, to fund the new City-approved medical incentive program. Under this program, new employees who sign up for the Sutter Medical Plan will receive a one-time \$500 bonus; and
- Decreasing the Property Assess Clean Energy (PACE) Program City-Wide Expenses appropriation by \$57,000 to shift this unspent balance to ESD's Personal Services and Non-Personal/Equipment appropriations to support the Energy and Water Building Performance Program. This new program will use utility data collection and benchmarking to enhance and ensure energy and water efficiency throughout the City.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

In total, adjustments recommended in this report result in a net increase of \$1.2 million to City-Wide Expenses. Additional information on these adjustments can be found in Section III of this report.

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

- In July 2018, the City issued \$150 million in Tax and Revenue Anticipation Notes (TRANs) for cash flow purposes. The \$152.1 million TRANs Debt Service appropriation is used for repayment of these TRANs, including issuance, principal, and interest costs; \$86.7 million, or approximately 57% of the budget, was expended through December. This appropriation constitutes the largest allocation in the Strategic Support CSA.
- Workers' Compensation Claims appropriations totaling \$20.1 million are budgeted in four of the six CSAs, with total expenditures of \$9.7 million through December 2018, or approximately 48.4% of the Modified Budget. This expenditure level is approximately 15.9% below the \$11.6 million expended through December 2017, yet consistent with the \$9.7 million expended through December 2016. The 2018-2019 budget of \$20.1 million is 5.1% below the prior year actual expenditures of \$21.2 million and 11.2% above the 2016-2017 actual expenditures of \$18.1 million. Overall, Workers' Compensation claim payments are currently tracking slightly below budget. Net-zero budget adjustments to specific City-Wide appropriations are recommended to redistribute funding based on projected need. The Police Department's appropriation is projected to exceed its budget of \$8.0 million by \$1.5 million, while the other departments including the Fire, Parks, Recreation and Neighborhood Services (PRNS), Department of Transportation (DOT), and other Departments' Workers' Compensation Claims appropriations are anticipated to have combined savings of approximately \$2.4 million budget. A portion of these savings (\$750,000 from the Fire Department allocation and \$250,000 from DOT allocation) are recommended to be redistributed to the Workers' Compensation appropriation for the Police Department. Additional actions may be necessary at year-end.
- In the Strategic Support CSA, the General Liability Claims appropriation totals \$7.0 million, of which approximately 33.6% is expended or encumbered through December 2018, as compared to 17.4% expended or encumbered of a budgeted estimate of \$19.4 million through December 2017. Claims expenditures can vary significantly from year to year.
- Also in the Strategic Support CSA, Sick Leave Payment Upon Retirement expenditures of \$1.1 million through December reflect 22.5% of the total 2018-2019 budget of \$5.0 million. Year-to-date expenditures for these payouts are consistent with prior year levels - \$1.1 million through December 2017 and \$1.3 million through December 2016. Year-end expenditures are anticipated to end the year at or below the budget, consistent with prior years, at \$4.1 million in 2017-2018 and 2016-2017. It is important to note, however, that the majority of expenditures in this appropriation typically occur in the second half of the year.

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MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- In the Community and Economic Development CSA, the Homeless Rapid Rehousing and Homeless Response Team appropriations have expended or encumbered 4.6% and 46.8% of their respective budgets. These two appropriations provide funding for critical resources to address the City's ongoing efforts related to homelessness.
- In the Neighborhood Services CSA, the San José BEST and Safe Summer Initiative Programs appropriation has year-to-date expenditures of \$1.5 million with an additional \$1.5 million encumbered, reflecting 47.3% of the total budget of \$6.5 million committed. This appropriation supports gang prevention and intervention efforts across the City.
- In the Public Safety CSA, a total of \$3.4 million of grant funding was added in 2018-2019 from the US Departments of Justice and Homeland Security, and the Federal Emergency Management Agency to support several Police, Fire, and Office of Emergency Management services and programs, including support to continue the crucial work underway to ensure the City's ability to be prepared for, respond to, and recover from potential incidents of terrorism and other hazards, the implementation of new programs, and the purchase of critical public safety equipment.

Through December, General Fund **Capital** expenditures total \$3.7 million and encumbrances total \$15.2 million, bringing the amount committed to \$18.9 million, or 33.7% of the \$56.1 million budget. Overall, minimal General Fund Capital expenditure savings are anticipated, as the rebudget of unspent funds to 2019-2020 will be recommended to complete projects. No budget actions are recommended for General Fund Capital projects in this report.

Transfers executed through December of \$1.7 million are significantly below the budgeted level of \$38.8 million, which is primarily due to a timing issue. It is anticipated all transfers will be completed by January 2019, with no variance to budget by year-end.

There are no expenditures against the **Reserves** budget of \$157.4 million because expenditures cannot be charged directly to a reserve (to use Reserve funding, budget actions are necessary to move funding from a Reserve to an expenditure appropriation). The largest reserves include the Development Fee Program Reserves (Building, \$20.7 million; Fire, \$7.3 million; Public Works, \$6.4 million; and Planning, \$1.0 million), Salaries and Benefits Reserve (\$19.0 million), Budget Stabilization Reserve (\$17.0 million), Local Sales Tax – 2019-2020 Future Deficit Reserve/2019-2020 Future Deficit Reserve (total of \$15.5 million), Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million), Sick Leave Payments Upon Retirement Reserve (\$5.0 million), Cultural Facilities Capital Maintenance Reserve (\$3.1 million), and City Health Plan Restructuring Reserve (\$3.0 million).

**2018-2019
MID-YEAR BUDGET REVIEW**


STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

Several budget actions are recommended in this report that impact General Fund Reserves. The major actions are described below.

- Establish a 2018-2019 Ending Fund Balance Reserve in the amount of \$15 million from excess General Fund revenues projected this fiscal year. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming year. In the 2019-2023 Five-Year Forecast issued in February 2018, it was assumed that \$20 million in fund balance would be available at the end of 2018-2019 for use in 2019-2020. The 2020-2024 Five-Year Forecast that will be issued at the end of February and the 2019-2020 Proposed Budget that will be issued on May 1, 2019 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2018-2019. It is anticipated that additional actions will be brought forward at year-end to increase this reserve.
- Establish a 2019-2020 Proposed Budget Planning Reserve for \$14.4 million. The City received \$18.7 million in proceeds from the sale of properties previously owned by the Successor Agency to the Redevelopment Agency as well as a City-owned property that are recommended to be recognized in this report. A portion of the proceeds (\$14.4 million) is recommended to be set aside in a 2019-2020 Proposed Budget Planning Reserve, with the remaining balance (\$4.3 million) recommended to be transferred to the Convention Center Facility District Revenue Fund to account for the sale proceeds from the South Hall site. Recommendations for the use of this one-time reserve will be evaluated and brought forward as part of the 2019-2020 budget process.
- A net reduction of \$9.8 million to the Salaries and Benefits Reserve to reflect the following actions:
 - A decrease of \$353,000 to account for savings in this reserve. As part of the 2018-2019 Adopted Budget, the Salaries and Benefits Reserve incorporated additional funding for life insurance costs as there was a potential discrepancy in the City’s budget system. After further investigation, the correct life insurance amounts were budgeted and these funds are no longer necessary. These savings are recommended to offset the actions recommended in this report.
 - A decrease of \$9.6 million for the management pay-for-performance program and salary increases that were negotiated and agreed to by the City and four bargaining units, which was set aside in the 2018-2019 Adopted Budget. This decrease is offset by the distribution of \$8.7 million to those departments with insufficient vacancy savings to cover these increased costs and a return of \$938,000 to the Development Fee Program Earmarked Reserves for savings identified in those programs.
 - An increase of \$187,000 to reflect the implementation of the Voluntary Furlough/Reduced Work Week Program in 2018-2019.

No budget action is recommended for the Contingency Reserve, which currently totals \$37.0 million and complies with the City Council policy to set aside 3% of expenditures.



2018-2019

MID-YEAR
BUDGET
REVIEW



SECTION

II

**SELECTED SPECIAL/
CAPITAL FUNDS
STATUS REPORT**



**2018-2019
MID-YEAR BUDGET REVIEW**

II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT

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

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues – Airport Revenue Fund</i>	173,505,865	85,656,209	49.4%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	103,871,085	29,453,852	28.4%

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

FUND STATUS

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

Overall revenue performance at the Airport of \$85.7 million is tracking at 49.4% of the estimated budget and is slightly above the benchmark through December. Through December 2018, passenger levels of 7.5 million are up 12.3% from the same period last fiscal year (6.7 million). The 2018-2019 budget was built assuming a 3% growth from the 2017-2018 estimated levels of 13.1 million passengers, and the Airport served a total of 13.5 million passengers in 2017-2018. Passenger airline operations (takeoffs and landings) are 10.8% greater than last year. Airfield revenues are exceeding budgeted levels primarily due to higher than anticipated in-flight kitchen, hangar, and ramp space revenues while landing fees are tracking below budgeted levels. Terminal Rentals are tracking slightly below budget primarily in the preferential ticket counters and gates revenue categories. Revenue categories most significantly impacted by increasing passenger levels are Terminal Concessions and Parking and Roadway. The parking and roadway revenue exceeds estimated levels due to the higher than anticipated ground transportation and public parking revenues while terminal concessions revenue is trending greater than budget in the advertising, and food and beverage sectors. Total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, interest earnings, and other non-aviation (miscellaneous) revenues, are tracking slightly below budgeted levels due to lower than anticipated compressed natural gas (CNG) fuel sales.

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MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

Expenditures – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Personal Services, Non-Personal/Equipment, Police and Aircraft Rescue and Fire Fighting Services, direct support, and overhead reimbursements. Overall expenditures are tracking below budget estimates at 28.4% spent. Through December 2018, Airport’s Personal Services and Non-Personal/Equipment expenditures are tracking at 35.5% of budgeted levels.

Personal Services expenditures are tracking at 45.7% of budget compared to the benchmark of 46.2%. The minimal savings are due to vacancies across the department. At the close of December 2018, the Department had 25 vacancies or 11.6% of budgeted positions. Overtime expenditures of \$186,278, or 47.3% of budget, are tracking slightly above budget and will be closely monitored for the remainder of the fiscal year. Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 28.6% of budget, with total committed tracking at 71.1% of budgeted levels. It is anticipated that through conservative spending and close monitoring, the Non-Personal/Equipment appropriation will end the year within budgeted levels.

Through December 2018, interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$625,509, which represents approximately 3.7% of the interdepartmental budget. Although interdepartmental expenditures are tracking below budgeted levels, the primary cause is General Fund transfers that have not yet been completed; therefore, this trend is not anticipated to continue through the remainder of the fiscal year. Budget actions are recommended in this report to transfer an additional \$312,000 from the Airport Maintenance and Operations Fund to the General Fund to support increased Police overtime hours at the Airport that result from increased passenger activity at the airport and an increase in the police officer hourly rate overtime reimbursement rate. This increase is offset by a decrease to the Operations Contingency appropriation.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Ending Fund Balance – Airport Revenue Fund</i>	99,812,219	N/A	N/A
<i>Ending Fund Balance – Airport Maintenance and Operation Fund</i>	26,405,288	N/A	N/A

Fund Balance – This report includes adjustments to the Ending Fund Balance in the Airport Revenue Fund resulting from the pay down of Commercial Paper of \$3,000,000 and the transfer of reserves of \$7,266,296 to the Airport Maintenance and Operation Fund for the Airline Reserve Funds Distribution. After accounting for these actions, the revised Ending Fund Balance in the Airport Revenue Fund is \$89.5 million. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions. No change to the Ending Fund Balance in the Airport Maintenance and Operation Fund is recommended at this time.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	27,985,000	11,397,229	40.7%
<i>Expenditures</i>	54,059,821	7,756,794	14.3%

FUND STATUS

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking at anticipated levels. Through the first half of 2018-2019, Building and Structure Construction Tax receipts totaled \$9.1 million through December, which is 57.0% of the 2018-2019 Adopted Budget estimate of \$16.0 million, reflecting higher than anticipated commercial and industrial development permit activity. As anticipated, this collection level is below prior year collections (\$4.3 million or 32.3%) of \$13.5 million for the same period. Should the current level of permitting activity and corresponding collections continue, it is anticipated that tax receipts will meet budgeted levels. Other major revenue sources in the Building and Structure Construction Tax Fund, including grants from federal and local agencies, are generally tracking below estimated levels, corresponding with year-to-date project activity. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

Expenditures – Overall expenditures of \$7.8 million are tracking at 14.3% of the Modified Budget. In addition, \$7.8 million has been encumbered to date, bringing total commitments (\$15.6 million) through December to 28.8% of the Modified Budget, excluding reserved funds. Expenditures are tracking below expected levels through December; year-end expenditures are anticipated to reach approximately \$40.1 million, or 74.2% of the Modified Budget. Any remaining project balances at year-end are anticipated to be rebudgeted to 2019-2020 as part of the 2019-2020 Adopted Capital Budget for project completion.

Some of the larger projects for which funding is expected to be rebudgeted to 2019-2020 include: Autumn Street Extension, Branham and Snell Street Improvements, and McLaughlin Avenue Pedestrian/Bike Safety Enhancements, W. San Carlos Corridor Safety Improvements, and Highway Soundwalls. Project timelines have been impacted by delayed land and property acquisition, contract awards, and the progression of planning and design phases for these larger-scale, complex projects. This report also includes a limited number of expenditure adjustments, which are described below. Further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments, and Clean-up Actions.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

Included in this report are recommendations to reallocate funding from the Transportation Data, Forecasting and Analysis appropriation to a new appropriation for the Access and Mobility Plan; increase the Autumn Street Extension appropriation to fund utility payments made by the City for properties purchased as part of the project (offset by recognition of rental revenue paid by those properties); and increase the Traffic Signal and Improvement appropriation for Traffic Signal Controller Fees received from developers.

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,261,466	N/A	N/A

Ending Fund Balance – A recommendation to increase the Ending Fund Balance by \$203,000 is included in this report as a net result of the actions described above. This amount is inclusive of a technical adjustment to increase the Ending Fund Balance by \$278,000, due to the reconciliation of the fund to the final audited 2017-2018 Comprehensive Annual Financial Report, which is offset by a use of \$75,000 for the Access and Mobility Plan project. After accounting for all these actions, the revised Ending Fund Balance will increase to approximately \$1.5 million. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	70,974,775	22,410,889	31.6%
<i>Expenditures</i>	119,592,143	25,248,146	21.1%

FUND STATUS

Revenues – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, sale of surplus property, transfer revenue, grant funding, and other miscellaneous revenue. The Parks C&C Funds also include significant revenues related to the 2017 Flood recovery projects, including \$4.0 million anticipated from the Federal Emergency Management Agency (FEMA)/California Office of Emergency Services (CalOES), \$7.6 million from insurance reimbursements, and commercial paper proceeds of \$6.7 million. Receipt of these funds will track closely with actual project costs. Through December 2018, revenue in the C&C Tax Funds totaled \$22.4 million, which is 31.6% of the 2018-2019 Modified Budget of \$71.0 million.

Through December 2018, C&C Tax receipts totaled \$20.1 million, which represents 52.9% of the 2018-2019 Adopted Budget estimate (\$38.0 million). This collection level is slightly above the prior year receipts of \$19.0 million through the same period. The 2018-2019 Adopted Capital Budget was built on the assumption that C&C Tax receipts in 2017-2018 would total \$42.0 million, then drop by almost 10% to \$38.0 million in 2018-2019. However, due to stronger than anticipated performance in the last half of the fiscal year, 2017-2018 receipts totaled \$48.1 million. Therefore, the 2018-2019 revenue estimate of \$38.0 million allows for a 21% decline in tax revenue from the 2017-2018 actual tax collection. While receipts to date are above the prior year level, recent months have experienced declines of over 20% when compared to prior year, including the month of January. The City has received the January 2019 Conveyance receipts from Santa Clara County, which total \$3.0 million, a 23.8% decrease from the January 2018 collection level. Based on actual receipts and current downward collection trends, it is estimated that 2018-2019 year-end receipts will fall short of the 2017-2018 actuals, but will exceed the budgeted estimate. Barring any major change in revenues, the 2019-2020 Proposed Capital Budget will be built on the assumption that C&C receipts will reach \$42.0 million by year-end, which represents a 12.7% decrease from 2017-2018 receipts.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

Over 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). After seven years of year-over-year home price growth, the local real estate market is beginning to slow down. According to data from the Santa Clara County Association of Realtors, the single-family home price peaked at \$1.3 million in May 2018, which represented a 30.0% increase from the May 2017 home price, but has steadily decreased each month since May. In December 2018, the median single-family home price totaled \$1.05 million, which is 7.9% below the December 2017 price of \$1.14 million but 21.7% above the December 2016 price of \$863,000. In addition to the median home price decreasing from the prior year level, the number of property transfers has also continued to steadily decline. The number of property transfers in December 2018 totaled 449, which represents a 3.9% drop from the 467 transfers that occurred in December 2017. In addition, the total number of property transfers that occurred through the first half of the fiscal year has dropped 11% compared to the first half of 2017-2018. In addition, while homes are continuing to sell quickly, they are on the market significantly longer than the prior year. The average days-on-market for single-family and multi-family dwellings in December 2018 totaled 35 days, which is more than double the 16 days experienced in December 2017.

Expenditures – Overall, expenditures in the various C&C Tax Funds are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$25.2 million, 21.1% of the 2018-2019 Modified Budget (\$119.6 million). An additional \$11.9 million has been encumbered through December, bringing the total amount committed to \$37.2 million, or 31.1% of the 2018-2019 Modified Budget. To the extent funding is not expended this fiscal year for any particular project that may occur over multiple years, it is likely that a rebudget of those funds will be recommended for City Council consideration later this year. This report recommends expenditure adjustments to the following projects:

- Bramhall Park Improvements (\$55,000 – Council District 6 C&C Tax Fund)
- Playa Del Rey Shade Structure (\$50,000 – Council District 10 C&C Tax Fund)
- Capital Program and Public Works Department Support Staff (\$10,000 – Fire C&C Tax Fund)
- Fire Station 37 (Construction) Reserve (-\$900,000 – Fire C&C Tax Fund)
- Fire Station 37 Construction (\$900,000 – Fire C&C Tax Fund)
- Self-Contained Breathing Apparatus (SCBA) Equipment (\$45,000 – Fire C&C Tax Fund)
- Capital Program and Public Works Department Support Service Costs (\$3,000 – Service Yards C&C Tax Fund)

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

2018-2019 MID-YEAR BUDGET REVIEW

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS
CONSTRUCTION AND CONVEYANCE TAX FUNDS**

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balances</i>	24,441,305	N/A	N/A

Ending Fund Balance – This report includes recommendations to decrease the various C&C Tax Funds Ending Fund Balances by \$373,000 as a net result of the actions cited above and other technical clean-up actions as detailed in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	119,898,000	29,563,172	24.7%
<i>Expenditures</i>	188,299,241	43,753,753	23.2%

FUND STATUS

Revenues – The Construction Excise Tax, the largest local funding source for both the Construction Excise Tax Fund and Traffic Capital Program, is tracking at or slightly above anticipated levels. Through the first half of 2018-2019, Construction Excise Tax receipts totaled \$11.7 million through December, 55.5% of the 2018-2019 Adopted Budget estimate of \$21.0 million, reflecting higher than anticipated commercial development permit activity. As anticipated, this collection level is below prior year collections (\$6.7 million or 36.5%) of \$18.4 million for the same period. When the 2018-2019 Adopted Capital Budget was developed it was assumed that high collection receipts experienced in 2016-2017 (\$30.2 million) and 2017-2018 (estimated at \$27.0 million) would not be sustainable, therefore, the 2018-2019 estimate was decreased by 22.2%, to \$21.0 million. However, since 2017-2018 receipts of \$29.4 million ended the year above the estimated level, the 2018-2019 budgeted estimate allows for a 28.5% drop from the prior year collection level. While this tax is extremely volatile, and it is currently anticipated receipts will meet budgeted levels. Other major revenue sources in the Construction Excise Tax Fund, including grants from Federal and local agencies, are generally tracking consistent with year-to-date project activity.

Disbursement of the projected \$23.8 million of funding from the VTA 2016 Measure B referendum is on hold pending resolution of an ongoing lawsuit challenging the measure which is anticipated by April 2019. As described in the 2018 Pavement Maintenance Program Information Memorandum issued on January 23, 2018, the planned series of sealing and resurfacing projects on the City’s Local and Neighborhood Street Network for 2018 is on hold pending resolution of the current appeal to the Court of Appeals, with no expenditures incurred to date for proposed projects. However, the Department of Transportation is continuing to prepare for project implementation, with it likely that funding will become available during fiscal year 2018-2019. Other variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

2018-2019
MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

Included in this report are several revenue adjustments, including recommendations to:

- Establish an estimate for Other Revenue in the amount of \$192,700 for an insurance company reimbursement for a truck destroyed by fire;
- Increase Revenue from Local Agencies by \$953,000 for higher than anticipated Pavement Maintenance – Measure B receipts from vehicle registration fees (\$575,000); a reimbursement from Santa Clara County for pavement resurfacing on Bascom Avenue between City and County maintained road segments (\$265,000), and revenues from the Valley Transportation Authority for the City’s participation in the Bay Area Bike Share Pilot Program (\$113,000);
- Increase Revenue from the State of California by \$350,000 for a CalRecycle grant for rubberized pavement,
- Increase the Fees, Rates, and Charges revenue estimate by \$343,000 to recognize Evergreen Traffic Impact Fees received from developers;
- Increase Developer Contributions by \$271,000 for Fiber Optic Permit and Signal Modification Fees.
- Decrease revenue from the State of California for pavement maintenance by \$5.0 million due to a reduction in the State Gas Tax allocation to cities and counties (\$4.3 million) and lower than anticipated estimates for revenue from Senate Bill (SB) 1 Road Repair and Accountability program (\$704,000). The latest estimates from the State of California for State Gas Tax are lower than the original estimate because the State Department of Finance did not adjust the Section 2103 variable gas tax rate as anticipated. Senate Bill 1 removed the discretionary rate setting role over Section 2103 variable rate; as a result the 2019-2020 Gas Tax allocation is expected to return to approximately \$8 million. Revenues for SB1 are lower than the original estimate because of lower than predicted fuel consumption.

The corresponding expenditure adjustment for these actions and further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Expenditures – Overall expenditures of \$43.8 million total 23.2% of the Modified Budget. In addition, \$27.8 million has been encumbered to date, bringing total commitments (\$71.5 million) through December to 38.0% of the Modified Budget, excluding reserved funds. Year-end expenditures are anticipated to reach approximately \$181.1 million, or 96.2% of the Modified Budget, and any remaining

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

project balances at year-end are anticipated to be reallocated to 2019-2020 as part of the 2019-2020 Adopted Capital Budget for project completion. Some of the larger projects for which funding is expected to be rebudgeted to 2018-2019 include: Better Bikeways Program (OBAG), LED Traffic Signal Lamp Replacement, Route 101/Trimble/De La Cruz Interchange Improvements, and Mount Pleasant Schools Area Bike/Ped Safety Improvements. Project timelines have been affected by project re-scoping and coordination with partner agencies, ongoing litigation, and staffing for the completion of electrical work.

This report also includes a limited number of expenditure adjustments. Notable adjustments are primarily to the pavement maintenance program and are described below.

- Decrease the Pavement Maintenance - State Gas Tax appropriation by \$4.3 million (from \$9.7 million to \$5.4 million) due to a reduction in the State Gas Tax allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because the State Department of Finance did not adjust the Section 2103 variable gas tax rate as anticipated. SB 1 removed the discretionary rate setting role over Section 2103 variable rate; as a result the 2019-2020 Gas Tax allocation is expected to return to approximately \$8 million. A corresponding decrease to the estimate for Revenue from the State of California is recommended in this report to offset this action.
- Decrease the Pavement Maintenance - SB1 Road Repair and Accountability Act 2017 appropriation by \$704,000 (from \$18.8 million to \$18.1 million) due to a reduction in the allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because of lower than predicted fuel consumption. A corresponding decrease to the estimate for Revenue from the State of California is recommended in this report to offset this action.
- Increase the Pavement Maintenance – VTA Measure B VRF appropriation by \$1.2 million (from \$9.0 million to \$10.2 million) for revenue received in excess of the 2018-2019 Adopted revenue estimate (\$575,160) and as a result of liquidating encumbrances for pavement maintenance contracts that have unused balances (642,000). The liquidated funds will be used for the 2019 construction year projects. A corresponding action to increase the estimate for Revenue from State of California for the Pavement Maintenance - Measure B and a decrease to Ending Fund Balance are recommended in this report to offset this action.

**2018-2019
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

- Increase the Pavement Maintenance - City appropriation by \$1.7 million (from \$5.5 million to \$7.2 million) for the following: appropriate revenue from CalRecycle in the amount of \$350,000; appropriate reimbursement from Santa Clara County in the amount of \$265,000 for pavement resurfacing of Bascom Ave between City and County maintained road segments; allocate \$1.7 million of unused carry over encumbrance balances for pavement maintenance contracts to the 2019 construction year projects; and reallocate \$600,000 from Pavement Maintenance - City to the Pavement Maintenance - Complete Street Project Development appropriation to fund the repair of traffic detection cameras at six intersections (\$150,000) and complete streets work on Almaden/Vine Downtown Couplet project (\$450,000). Corresponding actions to increase the estimates for Revenue from State of California and Revenue from Local Agencies, increase the Pavement Maintenance - Complete Street Project Development appropriation, and decrease Ending Fund Balance are recommended in this report to offset this action.
- Increase the Pavement Maintenance - Complete Street Project Development appropriation by \$600,000 (\$2.6 million to \$3.2 million) for repair of signal detection cameras at six intersections (\$150,000) and for installation of complete streets infrastructure on the Almaden/Vine Downtown Couplet project (\$450,000). A corresponding decrease to the Pavement Maintenance - City appropriation is recommended in this report to offset this action.

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

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	10,939,997	N/A	N/A

Fund Balance – A recommendation to decrease Ending Fund Balance by \$2.7 million is included in this report as a net result of the actions described above. This includes technical adjustments recommended to increase the Ending Fund Balance by a net \$48,363 as a result of a reconciliation of the fund to the final audited 2017-2018 Comprehensive Annual Financial Report, which is offset by a use of fund balance of \$2,723,300, primarily for pavement maintenance. After accounting for all these actions, the revised Ending Fund Balance will be \$8.3 million. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	138,223,133	115,167,752	83.3%
<i>Expenditures</i>	142,512,983	44,747,538	31.4%

FUND STATUS

Revenues – Budgeted revenues in the Integrated Waste Management Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges) (\$127.7 million); AB 939 fees (\$3.4 million); Recycle Plus Negotiated Savings (\$2.7 million); New Market Tax Credit (NMTC) Reimbursements (\$1.2 million); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$865,000); interest earnings (\$679,000); Recycle Plus Late Fees (\$600,500); Las Plumas Tenant Utility Reimbursements (\$526,000); and SB332 Beverage Container Recycling payments (\$250,000).

Through December, revenues totaled \$115.2 million, or 83.3% of budget, and were generated primarily from Recycle Plus Collection Charges (\$110.7 million); Recycle Plus Negotiated Savings (\$1.3 million); AB 939 fees (\$1.1 million); interest earnings (\$325,000); and SB332 Beverage Container Recycling payments (\$258,000). Overall, revenues are expected to end the year slightly above the budget. Unbudgeted revenues received from Santa Clara County (\$697,000) related to household hazardous waste programs contribute to the slightly higher revenue estimate.

Expenditures – Through December, \$44.7 million (31.4%) was expended, with an additional \$84.0 million (59.0%) encumbered. The year-to-date expenditures and encumbrances of \$128.8 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwelling (\$55.6 million), Yard Trimmings/Street Sweeping (\$24.6 million), and Multi-Family Dwelling (\$22.0 million). Additional expenditures include Single Family Dwelling Processing (\$14.7 million), IDC Disposal Agreement (\$4.1 million), Environmental Services Department (ESD) Personal Services (\$3.6 million), and ESD Non-Personal/Equipment (\$2.1 million) appropriations.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

FUND STATUS

Overall, savings of approximately \$2.3 million are projected by the end of the year across various appropriations, with the largest estimated savings in the Recycle Plus Single-Family Dwelling contracts (\$629,000) primarily due to lower than estimated costs for hauler payments, ESD Personal Services (\$405,000) due to vacancies in the department, Yard Trimming Contracts (\$320,000), ESD Non-Personal/Equipment (\$287,000) due to savings in contractual services, Recycle Plus Multi-Family Dwelling contracts (\$276,000), and savings in Personal Services and Non-Personal/Equipment appropriations for other City departments (\$194,000).

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	4,770,207	N/A	N/A

Ending Fund Balance – This report includes an adjustment to the Ending Fund Balance to offset an increase to the Workers’ Compensation Claims – ESD appropriation (\$45,000) due to higher than anticipated settlement activities and medical treatment costs through December 2018. After accounting for these actions, the Ending Fund Balance is approximately \$4.7 million.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	184,585,000	20,760,088	11.2%
<i>Expenditures</i>	379,852,411	56,219,273	14.8%

FUND STATUS

Revenues – Budgeted revenue for the San Jose-Santa Clara Treatment Plant Capital Fund consists of financing proceeds (\$110.5 million); contributions from the City of Santa Clara and other Tributary Agencies (\$33.6 million); transfers from the City of San José Sewer Service and Use Charge (SSUC) Fund (\$34.2 million) and the Sewage Treatment Plant Connection Fee Fund (\$1.2 million); interest earnings (\$4.4 million); Calpine Metcalf Energy Center Facilities Repayments (\$389,000); and a U.S. Bureau of Reclamation (USBR) Grant (\$250,000). Through December, \$20.8 million, or 11.2%, has been received.

This relatively low level of revenue received to-date is primarily driven by timing of payments, transfers, and financing proceeds. By June 30, 2019, financing proceeds of \$38 million are anticipated; though significantly lower than the budgeted estimate, these revenues align with anticipated project expenditures. Based on the reconciliation of prior year project expenditures, it is anticipated that contributions from the tributary agencies may end the year \$1.6 million lower than the budgeted estimate, though prior year fund balance is available to offset this shortfall. Each year, adjustments to contributions from the tributary agencies are made to true up for actual Treatment Plant expenditures and encumbrances from the prior year. Interest revenue for this fund may end the year approximately \$500,000 lower than the budgeted estimate. The other revenue sources for this fund are anticipated to end the year at the budgeted estimate.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the San José-Santa Clara Water Pollution Control Plant. Through December, \$56.2 million, or 14.8%, of the budget was expended and an additional \$188.0 million, or 49.5%, was encumbered, bringing overall commitments through December to 64.3%.

Staff anticipates continuing to make significant progress on large efforts in 2018-2019, such as the Digester and Thickener Facilities Upgrade (\$103.0 million), Energy Generation Improvements (\$88.0 million), Aeration Tanks and Blower Rehabilitation (\$54.8 million), Digested Sludge Dewatering Facility (\$13.3 million), Program Management (\$13.0 million), Advanced Facility Control and Meter Replacement (\$10.9 million), New Headworks (\$8.3 million), and Support Building Improvements (\$8.1 million). A large portion of the budget is currently anticipated to be expended or encumbered on projects and related expenses by the end of the year. No significant rebudgets to 2019-2020 are anticipated at this time.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

FUND STATUS

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	13,689,152	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance is recommended at this time.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	83,825,000	19,246,774	23.0%
<i>Expenditures</i>	100,737,416	35,940,499	35.7%

FUND STATUS

Revenues – Budgeted revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund (\$53.4 million), contributions from the City of Santa Clara (\$12.3 million) and participating tributary agencies (\$17.5 million), and interest earnings (\$220,000). With the creation of the South Bay Water Recycling Operating Fund in the 2018-2019 Adopted Budget, recycled water sales revenue (\$12.5 million in 2018-2019) will no longer be received by the San José-Santa Clara Treatment Plant Operating Fund. Through December, revenues totaled \$19.2 million, or 23.0% of the budgeted estimate, due primarily to the timing of payments.

The largest source of revenue, the transfer from the Sewer Service and Use Charge Fund (\$53.4 million), has not yet been received. This transfer occurs in two installments at the beginning of February and the beginning of June. Contributions from Santa Clara and other agencies are estimated to come in higher than budgeted levels. These contributions are made in four installments based on the amounts provided in the 2018-2019 Proposed Budget. However, after the Comprehensive Annual Financial Report is released and prior year actuals are determined, the amounts owed by the agencies are adjusted accordingly. As a result of the final reconciliation for 2017-2018, this year’s agency reimbursement revenue is projected to come in above budget by approximately \$900,000. Interest revenue is also expected to exceed budgeted levels by approximately \$150,000. Overall, revenues are estimated to end the year above the budget by approximately \$1.1 million.

Expenditures – Expenditures in this fund represent a majority of the costs required for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant and associated regulatory activities. Through December, \$35.9 million (35.7%) has been expended, and an additional \$11.6 million (11.5%) has been encumbered, bringing the total commitments to 47.2%. Across Personal Services appropriations within the fund, expenditure levels are generally tracking in line with expectations with \$25.3 million (46.0%) expended – with the exception of the Human Resources Department which is tracking to slightly exceed their budgeted allocation – and are projected to end the year at budgeted levels (\$55.0 million). Non-Personal/Equipment commitments are slightly below the previous year’s levels with \$20.7 million (63.5%) expended in 2018-2019, compared to \$25.1 million (68.1%) in 2017-2018. Overall, expenditures are projected to end the year at budgeted levels.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	3,286,946	N/A	N/A

Ending Fund Balance – Actions are included in this report to increase the Ending Fund Balance by \$58,917 as an offset to a net expenditure reduction resulting from 1) a decrease to the Environmental Services Department’s Non-Personal/Equipment appropriation by \$90,917 to account for the reallocation of the Fats, Oils and Grease (FOG) program to the Sewer Service and Use Charge Fund, and 2) an increase to the Human Resources Department’s Personal Service appropriation in the amount of \$32,000.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	41,428,000	11,285,348	27.2%
<i>Expenditures</i>	108,694,177	19,541,031	18.0%

FUND STATUS

Revenues – Budgeted revenue for the Sewer Service and Use Charge Capital Improvement Fund consists of transfers from the Sewer Service and Use Charge Fund (\$32.3 million), reimbursements from the West Valley Sanitation District (WVSD) for joint projects (\$8.4 million), and interest earnings (\$749,000). This year includes a significant increase in budgeted revenue for reimbursements from the WVSD (up from \$1.4 million in 2017-2018), as the Fourth Major Interceptor, Phase VIIA; Rincon Avenue – Virginia Avenue Sanitary Sewer Improvements; and the Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements projects within the District are now underway.

Revenue through the end of December totals \$11.3 million (27.2%), consisting mainly of the first of three equal installments of the transfer from the Sewer Service and Use Charge Fund (\$10.7 million). Interest revenue totaling \$614,000 has also been received through December, nearly meeting the estimated year-end total. WVSD reimbursement revenue has not yet been received, as projects within the District have incurred relatively little year-to-date expenses. As funds are expended on projects within the WVSD, invoices are processed and issued to the Sanitary District, for which reimbursements are received. Overall, revenues are expected to meet required levels.

Expenditures – Overall, expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. Including encumbrances carried over from 2017-2018, the largest expenditure items funded by the Sewer Service and Use Charge Capital Improvement Fund are the 60” Brick Interceptor Rehabilitation project (\$43.7 million), the Condition Assessment Sewer Repairs annual allocation (\$11.1 million), and the Urgent Rehabilitation and Repair Projects annual allocation (\$8.2 million). A wide variety of additional sewer system repair and rehabilitation projects are also supported by this fund (\$43.0 million).

Through December, \$19.5 million (18.0%) of the budget was expended and an additional \$50.3 million (46.3%) was encumbered, bringing the total amount committed to 64.2%. Overall, expenditures are expected to meet budgeted levels.

2018-2019 MID-YEAR BUDGET REVIEW

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS
SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND**

FUND STATUS

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balances</i>	8,405,241	N/A	N/A

Ending Fund Balance – No adjustment to the Ending Fund Balance is recommended at this time.

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Revenues</i>	50,418,125	24,618,037	48.8%
<i>Expenditures</i>	51,865,172	22,619,534	43.6%

FUND STATUS

Revenues – Revenue for the Water Utility Fund consists primarily of Metered Sales of water to residents of jurisdictions served by the San José Municipal Water System (\$43.5 million). Additional sources of revenue include Metered Sales of recycled water (\$6.4 million), Late Fees associated with Metered Sales of recycled and non-recycled water (\$250,000), interest revenue (\$209,000), and miscellaneous revenue associated with the sale of water (\$100,000).

The largest source of revenue in this fund, Metered Sales, is tracking close to the budget estimate with \$20.3 million (46.7%) received through the end of December. Metered Sales of recycled water are tracking above expectations with \$3.8 million (60.0%) received through the end of December. Late Fee revenue and miscellaneous revenue have both met budgeted levels with \$283,000 and \$158,000 received, respectively, through the end of December. Metered non-recycled water sales are expected to end the year at \$43.6 million, approximately \$100,000 above budgeted expectations. Overall, revenue is projected to end the year at \$50.1 million, just below budgeted expectations. Historical and seasonal trends have shown that fluctuations in water consumption rates during the second half of the fiscal year can have significant impacts on year-end revenues. Close attention will be paid to Metered Sales revenues through the remainder of the year to ensure any necessary budgetary actions will be taken.

Expenditures – Expenditures in this fund represent the costs of the operation, maintenance, and improvement of the Municipal Water System, including transfers to the Water Utility Capital Fund for capital improvements. The majority of the budget is allocated to the Non-Personal/Equipment appropriation to the Environmental Services Department (\$36.4 million) for the purchase of water and related operational needs. Beyond that, Personal Services appropriations to the Environmental Services Department (\$7.0 million) and other City departments (\$785,000) account for the next largest segment of expenditures, followed by transfers to other funds, primarily the Water Utility Capital Fund (\$5.4 million).

2018-2019 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS


WATER UTILITY FUND

FUND STATUS

Through December, \$22.6 million (43.6%) has been expended, and an additional \$1.6 million (3.2%) has been encumbered, bringing the total commitments to 46.8%. Across Personal Services appropriations, expenditure levels (\$3.4 million) are tracking slightly below expectations with 43.3% expended, and are projected to end the year below budgeted levels by \$465,000. Non-Personal/Equipment commitments are slightly above the previous year's levels with \$17.8 million (48.5%) expended in 2018-2019, compared to \$17.3 million (51.2%) in 2017-2018. Overall, expenditures are projected to end the year below budgeted levels by approximately \$500,000 primarily due to expected vacancy savings within the Environmental Services Department (\$341,000).

	2018-2019 Current Modified	2018-2019 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	3,436,726	N/A	N/A

Ending Fund Balance – This report includes an adjustment to the Ending Fund Balance to offset an increase to the Non-Personal/Equipment appropriation to the Environmental Services Department (\$140,000) to allocate funds for the replacement of four vehicles in the Municipal Water Fleet. After accounting for this actions, the Ending Fund Balance is approximately \$3.3 million.



2018-2019

MID-YEAR
BUDGET
REVIEW



SECTION
III

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



**2018-2019
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED BUDGET ADJUSTMENTS

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

General Fund

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

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

Special Funds

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

Capital Funds

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

**2018-2019
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

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

Fund Balance Reconciliations – 2018-2019 Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Comprehensive Annual Financial Report (CAFR) statements. For some funds, however, additional actions are included in the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2017-2018 CAFR.

Salary Program – Several actions are recommended to increase various department Personal Services appropriations to fund the non-pensionable increase and general wage increase that were negotiated and agreed to by the City and four bargaining units (Confidential Employees' Organization (CEO) (now Municipal Employees' Federation), International Union of Operating Engineers (OE#3), Association of Building, Mechanical and Electrical Inspectors (ABMEI), and International Association of Fire Fighters (IAFF)) effective July 1, 2018; and for Management Pay for Performance Program (MPP) costs. The negotiated bargaining unit agreements were reached after the adoption of the budget. Adjustments were included for those departments that are not able to absorb these additional costs (\$12.1 million all funds and \$8.7 million General Fund). In addition, \$938,000 is being returned to the Development Fee Program Reserves because the fee programs did not require the salary program distributions. To offset these augmentations totaling \$9.6 million, this document includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for these increases in the 2018-2019 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate.

**2018-2019
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments’ Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2018-2019. Savings in the General Fund (\$187,000) will be generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings were assumed in the development of the 2018-2019 Adopted Budget and temporarily funded from the General Fund Salaries and Benefits Reserve. The actions reflected in this document remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Reserve.

Rebudgets – These actions revise revenue and expenditure rebudgets of prior year funding based on 2017-2018 final year-end accounting adjustments.

Technical Adjustments – These actions correct errors or align revenues and/or expenditures among appropriations and funds for previously approved budget actions:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations. Examples include the re-categorization of revenues for the SHSGP – Mass Decontamination Foam System; the shift of funding between Personal Services and Non-Personal/Equipment appropriations for several departments including various Development Fee Programs (Building, Planning, Fire, and Public Works) for the shared support of an Integrated Permit System Project Manager, within the Department of Transportation for contractual staffing costs, and within the Finance Department for temporary staffing; and the reallocation of Personal Services and Non-Personal/Equipment appropriations within the Planning, Building and Code Enforcement Department to break out the restricted funding for Citywide Planning Fee.
- **Interest Earnings** – This technical adjustment in the Parks Central Construction and Conveyance (C&C) Tax Fund increases the Transfer to the General Fund in the amount of \$169,000. By practice, all interest earnings accrued in the various Construction and Conveyance Tax Funds are transferred to the General Fund. The 2017-2018 Annual Report included a number of actions to properly align the interest earnings and corresponding transfers; however, the adjustment to Parks Central C&C Fund was incorrectly recorded.
- **Appropriation Department Change** – This technical adjustment shifts funding from the Office of Economic Development to the City Manager’s Office for the Family College Success Center appropriation to better align with initiatives led by the City Manager.

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Litigation Costs)</p> <p>This action increases the Non-Personal/Equipment appropriation to the Office of the City Attorney by \$700,000 (from \$1,015,018 to \$1,715,018) to support litigation-related expenses. Outside litigation costs, including expenditures for specialized outside counsel, technical experts, and other consultants and expert witness services, are incurred most notably in civil rights, catastrophic injury, land use, and document-intensive cases. These costs are unpredictable and largely outside of the Office's control, yet are essential to assist the Office with defending the City's interests.</p>	City Attorney's Office	-	\$700,000	-
<p>Commercial Development Impact Study</p> <p>This action establishes the Commercial Development Impact Study City-Wide appropriation to the Office of Economic Development in the amount of \$150,000 for a study of a commercial impact fee for affordable housing. Staff was directed at the December 11, 2018 City Council meeting, to pursue the study of a commercial impact fee and return to City Council in February 2019 with a plan for conducting both a nexus study and a feasibility study. A nexus study would assess the impact commercial development has on the demand for affordable housing, and thereby estimate what level of fee on commercial development is legally supportable. A feasibility study would project the effect a commercial impact fee could have on the financial feasibility of various types of commercial development.</p>	City Manager - Office of Economic Development	-	\$150,000	-

**Required
Technical-
Rebalancing
Actions**

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Small Business Anti-Displacement Research</p> <p>This action establishes the Small Business Anti-Displacement Research City-Wide appropriation to the Office of Economic Development in the amount of \$100,000. As part of the actions related to the sale of City-owned properties in the Diridon Station Area to Google on the December 4, 2018 City Council Agenda (Item 4.1), staff was directed to explore strategies and financing tools to mitigate small business displacement. The action would provide the necessary funding to hire a consultant to conduct research that would provide baseline information, as assessment of primary and secondary drivers of small business displacement, and the identification of those populations and/or geographic areas that have experienced the highest degree of small business displacement. The funding would also support the development of an interactive map tool to identify business corridors and/or business districts that are at varying degrees of risk regarding small business displacement. The resulting risk profile would provide an ongoing framework to develop a tailored menu of policy, program and outreach strategies for these different business corridors and/or business districts.</p>	<p>City Manager - Office of Economic Development</p>	-	\$100,000	-
<p>Revenue - Local Agencies</p> <p>This action recommends several adjustments in the Revenue from Local Agencies category, which results in a net increase in the category by \$1.1 million (from \$14.9 million to \$16.1 million). Recommended adjustments include: 1) increasing the Paramedic Program allocation to reflect Category B funds that have been received, but are not included in the Budgeted estimate as the funding is service-related and is not guaranteed to be received each year (\$783,000); 2) recognizing revenue anticipated to be received from the City of Campbell for the Cambrian 36 annexation agreement (\$199,000), and; 3) increasing the Central Fire District payment based on the latest estimate from Central Fire (\$150,000). The increase in this revenue category is recommended to offset expenditure increases and/or establish the 2018-2019 Ending Fund Balance Reserve, as described elsewhere in this document.</p>	<p>City Manager's Office</p>	-	-	\$1,132,000

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Revenue - Other Revenue (Sale of SARA and City-Owned Properties)	City Manager's Office	-	-	\$18,700,000

This action increases the Other Revenue estimate by \$18.7 million to account for property sale proceeds. As approved by the City Council, a total of seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA) were sold in the first half of the fiscal year. Once sold, the net proceeds were distributed to the appropriate taxing entities, with the City of San José receiving \$16.7 million, or 14.14% of the total sales. Included in the SARA sales was the Diridon Station Area properties, the South Hall site, several properties along San Pedro Street, one property on South First Street, and one property on South Second Street. In addition, a City-owned property located on West San Carlos Street was sold, which resulted in proceeds of \$2.0 million. Altogether, between SARA and City-owned Properties, a total of \$18.7 million has been received. This action recommends recognizing the net proceeds from the sale of the properties. Offsetting adjustments are recommended elsewhere in this document to transfer \$4.3 million of the proceeds related to the sale of the South Hall site to the Convention Center Facilities District Revenue Fund to establish the South Hall Debt Service Reserve, and place the remaining amount (\$14.4 million) in a new 2019-2020 Proposed Budget Planning Reserve.

Revenue - Property Tax	City Manager's Office	-	-	\$4,000,000
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This action increases the Property Tax estimate by \$4.0 million, from \$320.5 million to \$324.5 million, to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by the County of Santa Clara, Secured Property Tax receipts in 2018-2019 are estimated at \$300 million, which is approximately \$4 million over the budgeted level. The recommended adjustment factors in an increase to the general Secured Property Taxes by \$2.7 million (from \$275.1 million to \$278.3 million), an increase to the Educational Revenue Augmentation Fund (ERAF) receipts by \$5.4 million (from \$8.4 million to \$13.8 million), partially offset by a decrease to the SARA Property Tax estimate by \$4.1 million (from \$12.0 million to \$7.9 million). The increase in this revenue category is recommended to offset expenditure increases and/or establish the 2018-2019 Ending Fund Balance Reserve, as described elsewhere in this document.

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Revenue - Sales Tax	City Manager's Office	-	-	\$12,000,000

This action increase the Sales Tax estimate by \$12.0 million (from \$238.5 million to \$250.5 million) to align the budget with the estimated level of receipts. As mentioned in the 2017-2018 Annual Report and previous Bi-Monthly Financial Reports, the California Department of Tax and Fee Administration, which is responsible for distributing Sales Tax revenue to jurisdictions in California, implemented a new automated system, which resulted in 3rd quarter and 4th quarter 2017-2018 receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. It is estimated approximately \$10 million of payments were received in 2018-2019 that is attributed to 2017-2018 (General Sales Tax; \$9.0 million and Local Sales Tax; \$1.0 million). As part of the 2017-2018 Annual Report actions, \$5 million of this funding was recognized. When factoring in this additional revenue in 2018-2019, the higher first quarter 2018-2019 collections, plus estimating 2% growth for the remainder of the year from prior year levels, the 2018-2019 Sales Tax receipts are estimated at \$250.5 million, which is a \$12.0 million above the budgeted estimate. The recommended adjustment reflects an \$11.0 million increase for General Sales Tax (from \$189.3 million to \$200.3 million) and a \$1.0 million increase for Local Sales Tax (from \$43.0 million to \$44.0 million). The increase in this revenue category is recommended to offset expenditure increases and/or establish the 2018-2019 Ending Fund Balance Reserve, as described elsewhere in this document.

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Climate Smart San José Plan Implementation</p> <p>This action establishes the Climate Smart Program Implementation appropriation to the Environmental Services Department in the amount of \$150,000. The appropriation will provide initial staff support to leverage the resources provided by the \$2.5 million Bloomberg American Cities Climate Challenge (ACCC) grant award that will help implement key efforts included in the Climate Smart San José plan. As noted in the update of Climate Smart San José activities presented to the City Council at its meeting on October 30, 2018, the City was one of 25 recipients of the Bloomberg ACCC two-year acceleration grant program. Though the ACCC grant provides professional and technical services necessary to advance Climate Smart objectives, temporary staffing resources through the remainder of 2018-2019 are required to embark upon initial key initiatives, including reporting and data collection for an enhanced Climate Smart performance metric dashboard, updates to City parking management and policies, and a road map to eliminate natural gas in residential housing. It is anticipated that additional one-time funding will need to be identified as part of the 2019-2020 Proposed Budget development process to continue implementation work into the next fiscal year.</p>	<p>Environmental Services Department</p>	-	\$150,000	-
<p>Non-Personal/Equipment (Energy and Water Building Performance)</p> <p>This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department by \$9,500 (from \$1,346,243 to \$1,355,743) to support the Energy and Water Building Performance Program. This new program will use utility data collection and benchmarking to enhance and ensure energy and water efficiency throughout the City, as directed by the City Council on December 11, 2018. This action is offset by a reduction to the Property Assessed Clean Energy (PACE) Program appropriation recommended elsewhere in this report.</p>	<p>Environmental Services Department</p>	-	\$9,500	-

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Energy and Water Building Performance)</p> <p>This action increases the Personal Services appropriation to the Environmental Services Department by \$47,336 (from \$1,634,551 to \$1,681,887) to support the Energy and Water Building Performance Program. This new program will use utility data collection and benchmarking to enhance and ensure energy and water efficiency throughout the City, as directed by the City Council on December 11, 2018. This action is offset by a reduction to the Property Assessed Clean Energy (PACE) Program appropriation is recommended elsewhere in this report.</p>	Environmental Services Department	-	\$47,336	-
<p>Personal Services (Illegal Dumping Backlog)</p> <p>This action increases the Personal Services appropriation to the Environmental Services Department by \$30,000 (from \$1,634,551 to \$1,664,551). This funding will be used to support the Removing and Preventing Illegal Dumping (RAPID) team. Vacancies and delays incurred due to unhealthy air quality days during the Camp Fire in Northern California increased the RAPID team's backlog and require additional overtime funding to resolve.</p>	Environmental Services Department	-	\$30,000	-
<p>Property Assessed Clean Energy (PACE) Program</p> <p>This action reduces the Property Assessed Clean Energy (PACE) Program appropriation by \$56,836 (from \$69,000 to \$12,164) and, in separate actions, reallocates the funding to support the Energy and Water Building Performance Program. This planned funding shift was described in the Energy and Water Building Performance Ordinance memorandum that was approved by the City Council on December 11, 2018. PACE Program funding was allocated in 2014-2015 for a multi-year marketing campaign that concluded in early 2018-2019. The remaining balance of \$56,836 is available to be reallocated toward the Energy and Water Building Performance Program.</p>	Environmental Services Department	-	(\$56,836)	-

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Fair Labor Standards Act (FLSA) System Configuration</p> <p>This action increases the Fair Labor Standards Act (FLSA) System Configuration City-Wide Expenses appropriation to the Finance Department by \$75,000 (from \$185,000 to \$260,000) to fund technical consulting services. This funding will provide programming and testing services to address outstanding issues with the FLSA component of the recent payroll system upgrade project. With strict requirements for employers to follow the FLSA and the complexities of incorporating the FLSA into the new payroll system, additional technical resources funding is necessary to keep the City's payroll system in good standing and compliant with the FLSA.</p>	Finance Department	-	\$75,000	-
<p>Non-Personal/Equipment (Business Tax Amnesty)</p> <p>This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 (from \$1.8 million to \$1.9 million) for a business web portal and phone system add-on services to support the Business Tax Amnesty Program, which is anticipated to begin in spring 2019. This augmentation provides funding for the implementation of a web portal to provide customers online access to engage in business registration and modification of business tax account information. This funding also enhances customer call management through the addition of call recording, post-call surveying, and interactive voice response that will integrate payment processing with the City's bank. These improvements will streamline work processes, improve customer experience, and enhance revenue collection.</p>	Finance Department	-	\$100,000	-
<p>Transfer to the Convention Center Facility District Revenue Fund (South Hall Sale/SARA Property)</p> <p>This action establishes a transfer to the Convention Center Facilities District (CCFD) Revenue Fund in the amount of \$4.3 million to allocate proceeds remitted from the Successor Agency to the Redevelopment Agency for the sale of the South Hall site to the City. As the CCFD Fund currently pays the debt service related to the South Hall purchase, these sale proceeds will be held in a debt service reserve pending finalization of a development and financing plan for the South Hall site. Corresponding actions to recognize and appropriate these funds within the CCFD Fund are recommended elsewhere in this report.</p>	Finance Department	-	\$4,300,000	-

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Workers' Compensation Claims - Fire This action decreases the Workers' Compensation Claims - Fire appropriation by \$750,000 (from \$8.0 million to \$7.3 million) based on actual expenditure trends. The lower workers' compensation claims are due to lower than anticipated settlement activities and medical treatment costs through December 2018. This action partially offsets an increase to the Workers' Compensation Claims - Police appropriation recommended elsewhere in this report.	Fire Department	-	(\$750,000)	-
City Health Plan Restructuring Reserve This action decreases the City Health Plan Restructuring Reserve by \$30,000 (from \$3.0 million to \$2.97 million). This Reserve was established in the 2018-2019 Adopted Budget in anticipation of a long-term strategy to create more diverse medical plan choices, attract more providers, and increase flexibility for plan offerings. In 2018-2019, the City approved a new medical strategy which included a bonus for new employees that signed up for a Sutter Medical Plan. New employees that elected to opt into this plan will receive a one time \$500 bonus. Approximately 60 employees have elected to opt into the Sutter Medical Plan and are eligible for the bonus. The use of a portion of the reserve (\$30,000) is recommended to offset this cost and a corresponding action to establish the Health Care Incentive appropriation as recommended elsewhere in this report.	Human Resources Department	-	(\$30,000)	-
Health Care Incentive This action establishes the Health Care Incentive City Wide Expenses appropriation in the amount of \$30,000. In 2018-2019, the City approved a new medical strategy which included a bonus for new employees that signed up for a Sutter Medical Plan. New employees that elected to opt into this plan are to receive a one time \$500 bonus. Approximately 60 employees have elected to opt into the Sutter Medical Plan and are eligible for the bonus. This effort is part of a long-term strategy to create more diverse medical plan choices, attract more providers, and increase flexibility for plan offerings. This action is offset by a reduction to the City Health Plan Restructuring Reserve that was established in the 2018-2019 Adopted Budget.	Human Resources Department	-	\$30,000	-

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (Reallocation to Personal Services for Temporary Staffing)	Human Resources Department	-	(\$172,000)	-

This action decreases the Non-Personal/Equipment appropriation to the Human Resource Department by \$172,000 (from \$5,256,446 to \$5,084,446) to reallocate funds to the Personal Services appropriation to support staffing for the Talent Development Initiative. In the 2018-2019 budget, all the Talent Development Program funding was allocated to the Non-Personal/Equipment appropriation, as the implementation plan was not known at that time. A corresponding increase to Personal Services is recommended elsewhere in this report to offset this action.

Personal Services (Reallocation from Non-Personal/Equipment for Temporary Staffing)	Human Resources Department	-	\$172,000	-
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This action increases the Personal Services appropriation to the Human Resource Department by \$172,000 (from \$4,976,904 to \$5,148,904) to support staffing costs for the Talent Development Initiative, offset by a reduction to the Non-Personal/Equipment appropriation. In the 2018-2019 Adopted Budget, all of the Talent Development Initiative funding was allocated to the Non-Personal/Equipment appropriation because the implementation plan was not known at that time. Based on the actual program delivery in 2018-2019, a portion of the funding is recommended to be shifted to support temporary staffing, including a Management Fellow, temporary analytical support, and two paid interns. This temporary staffing will provide critical support for the development and implementation of several "powered-by-people" initiatives. They will assist with marketing to the next generation of employees, improving communication of internship availability (pipeline activities), making web site improvements for job applicants, helping to implement a strategy for using social media, and helping to re-establish a Citywide training and development program. A corresponding reallocation of funds from the Non-Personal/Equipment appropriation is recommended elsewhere in this report to offset this action.

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Council District #10 (Personal Services)</p> <p>This action increases the Council District #10 appropriation by \$15,000 (from \$767,000 to \$782,000) to address projected personal services expenditures. The number of employees in Tier 1 retirement in this Office is above the average for the City Council Offices, which has resulted in higher retirement costs. This action, and the reason for it, is similar to the required adjustment at year-end in 2017-2018. Beginning in 2019-2020, the Administration intends to alter the allocation of retirement costs to lessen the cost difference between Tier 1 and Tier 2 employees.</p>	Mayor & City Council	-	\$15,000	-
<p>2018-2019 Ending Fund Balance Reserve</p> <p>This action establishes the 2018-2019 Ending Fund Balance Reserve of \$15 million from excess General Fund revenues projected this fiscal year. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming year. In the 2019-2023 Five-Year Forecast issued in February 2018, it assumed that \$20 million in fund balance would be available at the end of 2018-2019 for use in 2019-2020. The 2020-2024 Five-Year Forecast that will be issued at the end of February and the 2019-2020 Proposed Budget that will be issued on May 1, 2019 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2018-2019. It is anticipated that additional actions will be brought forward at year-end to increase this reserve.</p>	Office of the City Manager	-	\$15,000,000	-

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>2019-2020 Proposed Budget Planning Reserve</p> <p>This action establishes the 2019-2020 Proposed Budget Planning Reserve of \$14.4 million. The City received \$18.7 million in proceeds from the sale of properties previously owned by the Successor Agency to the Redevelopment Agency as well as a City-owned property that are recommended to be recognized as a separate action in this report. A portion of the proceeds (\$14.4 million) is recommended to be set aside in a 2019-2020 Proposed Budget Planning Reserve, with the remaining balance (\$4.3 million), as described elsewhere in this report, recommended to be transferred to the Convention Center Facility District Revenue Fund to account for the sale proceeds from the South Hall site. Recommendations for the use of this reserve will be evaluated and brought forward as part of the 2019-2020 budget process.</p>	Office of the City Manager	-	\$14,400,000	-
<p>Digital Inclusion Program (Reconciliation)</p> <p>This technical adjustment increases the Digital Inclusion Program appropriation by \$5,255 (from \$300,000 to \$305,255) to account for Small Cell Site Lease Agreement payments received in 2017-2018. On May 1, 2018, the City Council directed staff to establish the Digital Inclusion Fund to fund programs to close the digital divide. Collections from small cell leases totaled \$5,255 in 2017-2018; however, these funds were not allocated to the Digital Inclusion Program as part of the 2017-2018 Annual Report actions. The recommended action reconciles the 2017-2018 Small Cell revenue. Additional budget actions will be brought forward for City Council consideration as part of a separate Digital Inclusion Fund memorandum to recognize and allocate the 2018-2019 small cell revenue.</p>	Office of the City Manager	-	\$5,255	-
<p>Salaries and Benefits Reserve</p> <p>This action decreases the Salaries and Benefits Reserve by \$353,000 (from \$18.98 million to \$18.63 million) to account for savings in this reserve. As part of the 2018-2019 Adopted Budget, the Salaries and Benefits Reserve incorporated additional funding for life insurance costs as there was a potential discrepancy in the City's budget system. After further investigation, the correct life insurance amounts were budgeted and these funds are no longer necessary. These savings are recommended to offset the actions recommended in this report.</p>	Office of the City Manager	-	(\$353,000)	-

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Personal Services (School Safety Program)	Police Department	-	\$385,000	-

This action increases the Police Department's Personal Services appropriation by \$385,000, to fund School Crossing Guards in the School Safety Program. As described in the City Council Policy Priority #17: School Crossing Guard Innovative Hiring Strategies memorandum that was presented to the Public Safety, Finance, and Strategic Support Committee on October 18, 2018 (Item d(1)), a misalignment was identified in how the Police Department was staffing crossing guards in the School Safety Program. The Program staff assumed a staffing level of 280 crossing guards to staff 121 intersections as optimal levels and had been working to fill vacancies to meet that level. This staffing level, however, did not correspond to the budget, but rather the anticipated need for crossing guards. Because this budget misalignment had not been identified, budget adjustments had not previously been brought forward to increase the authorized number of crossing guards. To bring the budget into alignment with the current staffing at 121 intersections factoring in adjustments for attrition, an increase of \$385,000 is recommended to address the increased personal services costs attributed to a higher level of School Crossing Guard deployment. An analysis of this program will be completed as part of the 2019-2020 budget process to determine the appropriate level of staffing.

Workers' Compensation Claims - Police	Police Department	-	\$1,000,000	-
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This action increases the Workers' Compensation Claims – Police appropriation by \$1,000,000 (from \$8,000,000 to \$9,000,000) based on actual expenditure trends. The higher Workers' Compensation Claims are due to higher than anticipated settlement activities and medical treatment costs through December. The total costs are expected to exceed the budget by \$1,000,000 by year-end. This action is offset by reductions to the Workers' Compensation Claims - Fire (\$750,000) and Workers' Compensation Claims - Transportation (\$250,000) appropriations.

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Closed Landfill Compliance</p> <p>This action increases the Closed Landfill Compliance appropriation in the amount of \$100,000 to fund the repair of the Singleton landfill flare, which has developed several holes along the sides. The repair will also include improvements to securing and weatherizing the insulation to reduce the potential for future repair needs. The City is under regulatory requirements to operate a flare by the State regulatory agencies to ensure the safety of the site and surrounding neighborhood from landfill gas migration.</p>	Public Works Department	-	\$100,000	-
<p>Measure T Implementation</p> <p>This action establishes a Measure T Implementation appropriation in the amount of \$250,000 to the Public Works Department to allow for preliminary capital program development prior to issuance of the general obligation bonds. Passed in 2018, Measure T allows for the issuance of general obligations in the amount of \$650 million for the construction and rehabilitation projects related to disaster preparedness, public safety, roads, and other critical infrastructure. This appropriation will fund staffing costs in the Public Works Department, the Finance Department, and the Office of Economic Development – Real Estate Division prior to the first bond issuance anticipated in summer 2019.</p>	Public Works Department	-	\$250,000	-

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (Animal Care Services Custodial Services)	Public Works Department	-	\$110,000	-

This action increases the Non-Personal/Equipment appropriation to the Public Works Department by \$110,000 (from \$13,661,064 to \$13,771,064) to address higher actual contractual custodial services costs incurred by the Animal Care and Services Program. This increased cost is attributable to a higher target save rate, increasing from 85% in 2015 to 91%, and a corresponding increase in the overall length of time that an animal remains in the shelter. The ongoing effort to maintain the save rate at 91% has required sheltering for longer periods. Animals are sheltered for 10 days on average, but stays may increase to up to 30 days to prep a "savable" adult cat for adoption. Additionally, the number of overall animal intakes has increased 6% over the same period, from approximately 16,000 to 17,000 per year. The Animal Shelter has experienced difficulty in meeting its health, safety, and cleaning needs with this increased volume and focus on saving animals. This additional cost will also be factored into the 2019-2020 Base Budget.

Personal Services (Animal Care Services Part-Time Staffing)	Public Works Department	-	\$425,000	-
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This action increases the Personal Services appropriation to the Public Works Department by \$425,000 (from \$21,371,978 to \$21,796,978) to support part-time staffing costs (Veterinarian (0.4 FTE), Animal Health Technicians (1.5 FTE), and Animal Care Technicians (3.5 FTE)) incurred by the Animal Care and Services Program to address higher actual labor costs. This increased cost is attributable to a higher target save rate, increasing from 85% in 2015 to 91%, and a corresponding increase in the overall length of time that an animal remains in the shelter to an average of 10 days. The ongoing effort to maintain the save rate at 91% has required sheltering for longer periods. Animals are sheltered for 10 days on average, but stays may increase to up to 30 days to prep a "savable" adult cat for adoption. Additionally, the number of overall animal intakes has increased roughly 6% over the same period, from approximately 16,000 to 17,000 intakes per year. The Animal Shelter has experienced difficulty in meeting its health, safety, and cleaning needs with this increased volume and focus on saving animals. This additional cost will also be factored into the 2019-2020 Base Budget.

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Landscaping Services)</p> <p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$26,330 for an increase in the cost of landscape services. The City's contract with Bayscape Landscape Management was renewed in December 2018. The new contract included a 3% annual increase and additional services to address a new requirement by the Valley Transportation Authority that the City's landscape contractors must now have two watchpersons instead of one when working alongside light rail lines. A corresponding decrease to the Department of Transportation's Personal Services appropriation is recommended in this report to offset this action.</p>	Transportation Department	-	\$26,330	-
<p>Non-Personal/Equipment (Palm Tree Maintenance)</p> <p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$20,000 to remove fronds from palm trees that are at risk of causing damage during a winter storm. The palm trees are located on the Palm Haven Avenue and Chynoweth Avenue median islands. These palm trees have accumulations of dead fronds which present significant risk to pedestrians and motor vehicles if the fronds become dislodged from high winds during a winter storm. The City has an inventory of 661 palm trees in median islands and backups. The ongoing annual funding of \$20,000 plus one-time funding of \$15,000 for 2018-2019 has been expended to perform critical maintenance of palms in median islands located along Almaden Boulevard, San Carlos Street, and Story Road. This additional funding will allow the Department to complete frond removal from the remaining inventory of the City's palm trees. A corresponding decrease to the Department of Transportation's Personal Services appropriation is recommended in this report to offset this action.</p>	Transportation Department	-	\$20,000	-

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Personal Services (Vacancy Savings)	Transportation Department	-	(\$46,330)	-
<p>This action decreases the Department of Transportation's Personal Services appropriation by \$46,330 due to vacancy savings. The Personal Services savings will be reallocated to the Department's Non-Personal/Equipment appropriation to cover additional costs to the City's contract with Bayscape Landscape Management, which was renewed in December 2018 and to remove dead fronds from palm trees in the Palm Haven and Chynoweth median islands that could fall during high winds from winter storms. A corresponding increase to the Department of Transportation's Non-Personal/Equipment appropriation is recommended in this report to offset this action.</p>				
Workers' Compensation Claims - Transportation	Transportation Department	-	(\$250,000)	-
<p>This action decreases the Workers' Compensation Claims - Transportation appropriation by \$250,000 (from \$1.0 million to \$750,000) based on actual expenditure trends. The lower workers' compensation claims are due to lower than anticipated settlement activities and medical treatment costs through December 2018. This action partially offsets an increase to the Workers' Compensation Claims - Police appropriation recommended elsewhere in this report.</p>				
Required Technical-Rebalancing Actions		-	\$35,942,255	\$35,832,000

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Census 2020/Revenue from State of California	City Manager - Office of Economic Development	-	\$100,000	\$100,000
<p>This action establishes the Census 2020 City-Wide appropriation to the Office of Economic Development and increases the estimate for Revenue from the State of California in the amount of \$100,000 for the Local Update of Census Addresses (LUCA) Incentive Fund. The LUCA represents a key component of the City's work to prepare for the 2020 Census. The LUCA efforts included updating the City's Master Address Database administered by the Public Works Department. Staff from the Office of Economic Development, Office of Immigrant Affairs and Public Works worked closely with community based organizations, the County of Santa Clara and other key stakeholders to identify "low visibility housing" located in San Jose. The data collected was included with the City's updated address submission to the Federal Census Bureau. The funds will be used to cover the work performed by various City staff related to the Census 2020 project.</p>				
Grants-Reimbursements				
-Fees				
Other Revenue (Autumn Parkway)	City Manager - Office of Economic Development	-	-	\$235,125
<p>This action increases the estimate for Other Revenue by \$235,125 to recognize proceeds from the sale of five small fragments of Autumn Parkway. A corresponding action establishes the Autumn Parkway Parcels Sale Proceeds Reserve appropriation (\$243,125) to the Department of Public Works, which must be expended on a capital project within two years.</p>				
Fire Development Fee Program - Non-Personal/Equipment (Technical Publication/Vehicle Replacements)	Fire Department	-	\$97,000	-
<p>This action increases the Fire Development Fee Program Non-Personal/Equipment appropriation by \$97,000 (from \$132,724 to \$229,724) to fund the replacement of two inspector vehicles (\$60,000) and the purchase of technical publications. The two trucks used by inspectors have exceeded the age and milage criteria for replacement and are more costly to maintain as they age. Updated code publications are required for all Fire Department inspection staff to cite the most current Building Standards Codes for development in San José. A corresponding decrease to the Fire Development Fee Program Reserve is recommended in this report to offset this action.</p>				

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Fire Development Fee Program Reserve	Fire Department	-	(\$97,000)	-
<p>This action decreases the Fire Development Fee Program Reserve by \$97,000 (from \$7.3 million to \$7.2 million) to offset the increase to the Fire Development Fee Program Non-Personal/Equipment appropriation for the purchase of two replacement vehicles and technical publications as recommended in this report.</p>				
Non-Personal/Equipment/Revenue from Federal Government (SHSGP - Mass Decontamination Foam System)	Fire Department	-	\$1,800	\$1,800
<p>This action increases the Non-Personal/Equipment appropriation to the Fire Department and corresponding estimate for Revenue from Federal Government by \$1,800 to recognize additional funding for the Mass Decontamination Foam System MERLIN Project. The Fire Department was previously awarded \$20,000 from the State Homeland Security Grant Program (SHSGP) for the purchase of the MERLIN Project and funds were recognized as part of the 2018-2019 Adopted Operating Budget. The system will sanitize, cleanse, and decontaminate equipment which are suspected to have been exposed to hazardous agents.</p>				
Non-Personal/Equipment/Revenue from State of California (Strike Team Reimbursement)	Fire Department	-	\$142,422	\$142,422
<p>This action increases the Non-Personal/Equipment appropriation to the Fire Department and the corresponding estimate for Revenue from State of California by \$142,422 for Fire Department Strike Team deployments. Strike Teams were deployed for events such as the Carr and Camp Fires. The Department incurs costs while the Strike Teams are deployed to back fill the staff on deployment along with associated apparatus costs. These costs are reimbursable by the California Office of Emergency Services under the California Fire Assistance Agreement.</p>				

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Personal Services/Revenue from State of California (Strike Team Reimbursements)	Fire Department	-	\$507,088	\$507,088

This action increases the Personal Services appropriation to the Fire Department and the corresponding estimate for Revenue from State of California by \$507,088 for Fire Department Strike Team deployments. Strike Teams were deployed for events such as the Carr and Camp Fires. The Department incurs costs while the Strike Teams are deployed to back fill the staff on deployment along with associated apparatus costs. These costs are reimbursable by the California Office of Emergency Services under the California Fire Assistance Agreement.

Non-Personal/Equipment/Revenue from Local Agencies (SCVWD - Pollution Prevention and Creeks Cleanup Project)	Housing Department	-	\$195,000	\$195,000
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This action increases the Non-Personal/Equipment appropriation to the Housing Department and the corresponding estimate for Revenue from Local Agencies by \$195,000 to recognize a grant from the Silicon Valley Water District. Grant funding will further abatement and clean-up efforts at Los Gatos Creek, Coyote Creek, Guadalupe River, and local waterways in the City by increasing contractual services provided by the Downtown Streets Team (DST), in compliance with grant terms. DST has a unique approach which employs the homeless community to assist with cleanups, providing opportunities for participating individuals to move toward self-sufficiency, while reducing the environmental impact of litter and debris throughout the City.

Library Grants/Other Revenue (PLP Grant - Retro Tech Redux)	Library Department	-	\$14,483	\$14,483
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This action increases the Library Grants appropriation in the Library Department and the estimate for Other Revenue by \$14,483 to recognize receipt of the Pacific Library Partnership grant. The funding will help to secure equipment for the Library California Room's "Retro Tech Redux: Bringing 20th Century Media into the 21st Century at San Jose Public Library" program. This program will provide the community access to equipment to transfer their preserved memories captured on obsolete media to the advanced digitized version at no cost.

General Fund Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Library Grants/Revenue from State of California (CLLS - Literacy for Adults)	Library Department	-	\$147,000	\$147,000
<p>This action increases the Library Grants appropriation in the Library Department and the estimate for Revenue from State of California by \$147,000 to recognize receipt of the California Library Literacy Services grant. This funding will allow for the purchase of books, materials, and computer software, as well as, support the Adult Literacy and Families for Literacy program. This program helps adults increase their basic literacy skills and address the literacy needs of their young children.</p>				
Council District #01/Other Revenue	Mayor & City Council	-	\$4,071	\$4,071
<p>This action increases the Council District #01 appropriation and the corresponding estimate for Other Revenue by \$4,071 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 1, including the 11th Annual Disability Awareness Fair event.</p>				
Council District #02/Other Revenue	Mayor & City Council	-	\$3,318	\$3,318
<p>This action increases the Council District #02 appropriation and the corresponding estimate for Other Revenue by \$3,318 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 2, including the 2018 Village Fest event and the 2018 Cannabis Roundtable Event.</p>				
Council District #04/Other Revenue	Mayor & City Council	-	\$3,000	\$3,000
<p>This action increases the Council District #04 appropriation and the corresponding estimate for Other Revenue by \$3,000 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 4, including the 2018 End of the Summer Event.</p>				
Council District #05/Other Revenue	Mayor & City Council	-	\$6,000	\$6,000
<p>This action increases the Council District #05 appropriation and the corresponding estimate for Other Revenue by \$6,000 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 5, including the 2018 National Night Out Event and 2018 Fiesta Nivadena Event (Christmas Tree Giveaway eve).</p>				

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Council District #07/Other Revenue This action increases the Council District #07 appropriation and the corresponding estimate for Other Revenue by \$630 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 7, including the Black April Event.	Mayor & City Council	-	\$630	\$630
Council District #08/Other Revenue This action increases the Council District #08 appropriation and the corresponding estimate for Other Revenue by \$38,800 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 8, including the 2018 Day in the Park Event.	Mayor & City Council	-	\$38,800	\$38,800
Council District #09/Other Revenue This action increases the Council District #09 appropriation and the corresponding estimate for Other Revenue by \$1,000 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 9, including the 2018 Celebrate Cambrian Event.	Mayor & City Council	-	\$1,000	\$1,000
Council District #10/Other Revenue This action increases the Council District #10 appropriation and the corresponding estimate for Other Revenue by \$500 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 10, including the Senior Winter Walk Event.	Mayor & City Council	-	\$500	\$500
Office of the Mayor/Other Revenue This action increases the Office of the Mayor appropriation and the corresponding estimate for Other Revenue by \$25,000 to allocate revenue received from Fund for Cities of Service Inc. This funding will support hiring a communication consultant, and related supplies in support of Prepared Together/Beautify SJ Program.	Mayor & City Council	-	\$25,000	\$25,000

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Digital Inclusion Program/Other Revenue (Verizon Contributions)	Office of the City Manager	-	(\$50,000)	(\$50,000)

This action decreases the Digital Inclusion Program appropriation by \$50,000 (from \$300,000 to \$250,000) to reflect actual payments anticipated from Verizon contributions. On June 26, 2018, a total of \$300,000 was added to the 2018-2019 Operating Budget for anticipated Verizon contributions to the Digital Inclusion Program. The agreement was later finalized in September 2018, confirming a revised amount of \$250,000 annually over four years, starting in 2018-2019. This action reduces budgeted funds to align with the final agreement.

Fee Activities/Fees, Rates, and Charges (Gardner Family Health Grant)	Parks, Recreation and Neighborhood Services Department	-	\$44,183	\$44,183
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This action increases the Parks, Recreation and Neighborhood Services Fee Activities appropriation and the corresponding estimate for Fees, Rates, and Charges by \$44,183. Grant funding from Gardner Family Health will provide fitness passes and access to fitness classes at community centers for Gardner Family Health clients. Grant funds will also provide scholarships to eligible participants.

Fee Activities/Fees, Rates, and Charges (Santa Clara County Summer Youth Programming Grant)	Parks, Recreation and Neighborhood Services Department	-	\$250,000	\$250,000
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This action increases the Parks, Recreation and Neighborhood Services Fee Activities appropriation and the corresponding estimate for Fees, Rates, and Charges by \$250,000. Grant funding from Santa Clara County will provide scholarships for summer camps and classes for youth (\$150,000) and scholarships for therapeutics participants (\$100,000).

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services/Other Revenue (Circle of Life Senior Endowment Grant)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Personal Services appropriation and the corresponding estimate for Other Revenue by \$25,000. The Circle of Life Senior Endowment grant funding from The Community Foundation will provide for a part-time Encore Fellow to support the Age-Friendly San José program. In 2006, the World Health Organization (WHO) launched a major study in 33 different cities around the globe to determine what amenities optimize and enhance the quality of life for residents as they age. The results of the study launched WHO's Global Age-Friendly Cities Network. In the past nine years, hundreds of cities from around the world have embraced Age-Friendly ideals and are creating programs to incorporate the goals developed by the WHO. Currently in the United States, 38 cities, including the City of San José, have been accepted into the WHO Age-Friendly City Network. The Fellow will provide direct support in the planning, facilitation, and coordination of the Age-Friendly San José Initiative.</p>	Parks, Recreation and Neighborhood Services Department	-	\$25,000	\$25,000
<p>Personal Services/Other Revenue (Gen2Gen Grant)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Personal Services appropriation and the corresponding estimate for Other Revenue by \$17,000. The Generation to Generation (Gen2Gen) grant funding from The Health Trust will fund a temporary position supporting the Gen2Gen campaign. This program serves as a conduit for adults 50 years and older to unleash their spirit of service, empower their creativity and leverage their professional expertise in support of local youth. The position will be responsible for direct support of three Gen2Gen pilots: Parks, Recreation and Neighborhood Services Department, Evergreen Villages, and Franklin McKinley Children's Initiative, as well as serve as a liaison to the City of San Jose's Age Friendly Advisory Council and the Parks, Recreation and Neighborhood Services Department.</p>	Parks, Recreation and Neighborhood Services Department	-	\$17,000	\$17,000

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Northern California Regional Intelligence Center – Police 2018/Revenue from Federal Government	Police Department	-	\$131,511	\$131,511

This action establishes the Northern California Regional Intelligence Center – Police 2018 City-Wide appropriation to the Police Department and increases the revenue estimate for Revenue from Federal Government in the amount of \$131,511 for 2018-2019; the remaining grant amount of \$110,797 will be brought forward as part of the 2019-2020 budget process. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. This grant will partially fund the salary, benefits, and overtime for one San José Police Department Lieutenant for the period from January 2019 to June 2019. The 2018-2019 Adopted Budget already includes \$269,000 (\$130,000 from the General Fund and \$139,000 from NCRIC - Police 2017 grant) to fund the remaining cost of the Lieutenant position this year.

Personal Services/Transfers and Reimbursements (Airport Paycars)	Police Department	-	\$312,000	\$312,000
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This action increases the Police Department's Personal Services appropriation by \$312,000 to fund increased overtime costs at the Mineta San José International Airport. This action better aligns expenditures with expected airport activity levels. A corresponding transfer from the Airport Maintenance and Operations Fund will offset this increase.

State Homeland Security Grant Program/Revenue from Federal Government	Police Department	-	\$100,000	\$100,000
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This action increases the State Homeland Security Grant Program City-Wide appropriation to the Police Department and the estimate for Revenue from Federal Government in the amount of \$100,000 to recognize additional grant funding from the Department of Homeland Security. This program addresses planning, organization, equipment, training, and exercise needs to prepare for acts of terrorism and other catastrophic events. The funds will be used for training requests submitted to and approved by the Training/Exercise Advisory Group.

**General Fund Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Autumn Parkway Parcels Sale Proceeds Reserve This action establishes an Autumn Parkway Parcels Sale Proceeds Reserve appropriation to the Department of Public Works in the amount of \$235,125 to allocate receipts from the sale of five small fragments of along Autumn Parkway. A corresponding action to recognize sale proceeds in the same amount is recommended elsewhere in this report. As this parcel was originally acquired with tax-exempt bonds issued by the San Jose Redevelopment Agency, all sale proceeds are required to be spent on a capital improvement project within two years from receipt of proceeds (November 2018). A suitable project will be identified and appropriated in the 2019-2020 Proposed Capital Budget process.	Public Works Department	-	\$235,125	-
Emergency Street Tree Services (Property Owner Requested)/Other Revenue This action increases the City-Wide appropriation for Emergency Street Tree Services (Property Owner Requested) and the corresponding estimate for Other Revenue by \$100,000 for property-owner requested tree services. Property owners can request that the City perform emergency or non-compliance tree work. The City pays contractors to perform the work and is reimbursed by the property owners. The additional funding enables the department to have contractors perform more work that is available to complete.	Transportation Department	-	\$100,000	\$100,000
Non-Personal/Equipment/Other Revenue (City Tree Planting) This action increases the Department of Transportation's Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$146,060 for mitigation associated with the removal of existing City-owned trees by PG&E. The trees were removed because they were interfering with utility infrastructure. Contractual services will be used to plant 218 new trees as mitigation for removal of the trees.	Transportation Department	-	\$146,060	\$146,060
Grants-Reimbursements-Fees		-	\$2,500,991	\$2,500,991

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Airport Maintenance And Operation Fund (523)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the General Fund (Police Services)	Airport Department		\$312,000	

This action increases the Transfer to the General Fund for Police Services by \$312,000 (from \$8,826,648 to \$9,138,648) to support increased Police Department overtime hours that result from increased passenger activity at the Airport and an increase in the police officer hourly overtime reimbursement rate. The Airport has required an increased Police Department presence due to recent influxes in passenger traffic, resulting in higher than anticipated Police Department overtime levels. A corresponding decrease to the Operations Contingency appropriation to offset this action is recommended elsewhere in this report.

Airline Reserve Funds Distribution	Airport Department		\$16,266,296	
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This action establishes the Airline Reserve Funds Distribution appropriation in the amount of \$16,266,296. On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City will distribute the airlines' portion of a ten-year lookback assessment (\$7,266,296). The lookback assessment is a one-time credit given to signatory airlines for terminal rents paid under the 2007 Airline-Airport Lease and Operating Agreement. In addition, the City shall return reserve funding (\$9,000,000) received from airlines that was set aside to align Landing Fee and Terminal Rental rates with projected rates in cases of market fluctuations. The total amount returned to the airlines is \$16,266,296. A corresponding increase to the revenue estimate for Transfers and Reimbursements to offset this action is recommended elsewhere in this report.

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Airport Maintenance And Operation Fund (523)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Operations Contingency (Police Services)	Airport Department		(\$312,000)	

This action decreases the Operations Contingency by \$312,000 (from \$2.2 million to \$1.9 million) to reallocate funds for additional overtime costs for Police Services at the Airport. The increase in Airport passengers and the increase in the police officer hourly overtime reimbursement rate necessitates this adjustment. A corresponding increase to the Transfer to the General Fund for Police Services to offset this action is recommended elsewhere in this report.

Transfers and Reimbursements (Airline Reserve Funds Distribution)	Airport Department			\$16,266,296
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This action increases Transfers and Reimbursements revenue estimate by \$16,266,296 (from \$98,754,377 to \$115,020,673) to recognize increases in transfers from the Airport Revenue Fund (\$7,266,296) and Airport Surplus Revenue Fund (\$9,000,000). On January 15, 2019, City Council authorized the City Manager to negotiate and execute approved the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City will distribute the airlines' portion of a ten-year lookback assessment (\$7,266,296). In addition, the City shall return reserve funding (\$9,000,000) received from airlines that was set aside to align Landing Fee and Terminal Rental rates with projected rates in cases of market fluctuations. Corresponding increases in transfers from the Airport Revenue and Airport Surplus Revenue Funds to this fund, in addition to an offsetting action to establish the Airline Reserve Funds Distribution appropriation, are recommended elsewhere in this report.

Airport Maintenance And Operation Fund (523)			\$16,266,296	\$16,266,296
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Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Airline Agreement Reserve (Commercial Paper Pay Down)	Airport Department		(\$3,000,000)	

This action decreases the Airline Agreement Reserve by \$3.0 million (from \$76.7 million to \$73.7 million). The Airport continues to experience growth in passenger levels; through December 2018, passengers are up 12.3% from December 2017. As a result, revenues are tracking above estimated levels. The use of excess revenues is recommended to pay down commercial paper debt, a strategy that is also supported by the airlines. A corresponding increase in the Transfer to the Airport Surplus Revenue Fund is recommended in this report to offset this action.

Transfer to the Airport Surplus Revenue Fund (Commercial Paper Pay Down)	Airport Department		\$3,000,000	
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This action increases the Transfer to the Airport Surplus Revenue Fund in the amount of \$3.0 million (from \$30.4 million to \$33.4 million) to fund an additional payment on the Airport's outstanding commercial paper debt. The Airport continues to experience growth in passenger levels; through December 2018, passengers are up 12.3% from December 2017. As a result, revenues are tracking above estimated levels. The use of excess revenues is recommended to pay down commercial paper debt, a strategy that is also supported by the airlines. A corresponding decrease to the Airline Agreement Reserve is recommended in this report to offset this action.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Airline Agreement Reserve (Airline Reserve Funds Distribution)	Airport Department		(\$7,266,296)	

This action decreases the Airline Agreement Reserve by \$7.3 million (from \$76.7 million to \$69.4 million) to transfer funds to the Airport Maintenance and Operation Fund. On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City will distribute the airlines' portion of a ten-year lookback assessment, a one-time credit given to signatory airlines for terminal rents paid under the 2007 Airline-Airport Lease and Operating Agreement. This action reduces the Airline Agreement Reserve to allow for a transfer to the Airport Maintenance and Operation Fund to support the ten-year lookback assessment and payout. A corresponding increase in the Transfer to the Airport Maintenance and Operation Fund and establishment of the Airline Reserve Funds Distribution appropriation in the Airport Maintenance and Operation Fund are recommended elsewhere in this report.

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Airport Maintenance and Operation Fund (Airline Reserve Funds Distribution)	Airport Department		\$7,266,296	

This action increases the Transfer to the Airport Maintenance and Operation Fund by \$7.3 million (from \$98.8 million to \$106.1 million). On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City will distribute the airlines' portion of a ten-year lookback assessment, a one-time credit given to signatory airlines for terminal rents paid under the 2007 Airline-Airport Lease and Operating Agreement. This action increases the Transfer to the Airport Maintenance and Operation Fund to support the ten-year lookback assessment and payout. A corresponding decrease to the Airline Agreement Reserve and establishment of the Airline Reserve Funds Distribution appropriation in the Airport Maintenance and Operation Fund are recommended elsewhere in this report.

Airport Revenue Fund (521)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Airport Surplus Revenue Fund (524)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Commercial Paper Principal and Interest/Transfers and Reimbursements	Airport Department		\$3,000,000	\$3,000,000

This action increases the Transfer from the Airport Revenue Fund by \$3.0 million (from \$80.4 million to \$83.4 million) and increases the Commercial Paper Principal and Interest appropriation by \$3.0 million (from \$7.6 million to \$10.6 million) to fund an additional payment on the Airport's outstanding commercial paper debt. The Airport continues to experience growth in passenger levels; through December 2018, passengers are up 12.3% from December 2017. With revenues tracking above estimated levels, the use of excess revenues to pay down commercial paper debt is recommended, a strategy that is also supported by the airlines. A corresponding increase in the transfer from the Airport Revenue Fund is recommended to offset this action.

Rate Stabilization Reserve (Airline Reserve Funds Distribution)	Airport Department		(\$9,000,000)	
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This action eliminates the Rate Stabilization Reserve of \$9.0 million. On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City shall return reserve funding received from airlines that was set aside to align Landing Fee and Terminal Rental rates with projected rates in cases of market fluctuations. This action liquidates the Rate Stabilization Reserve to allow for a transfer to the Airport Maintenance and Operation Fund to support the return of the reserve funding received from airlines. Corresponding increases to the Transfer to the Airport Maintenance and Operation Fund in this fund and establishment of the Airline Reserve Funds Distribution appropriation in the Airport Maintenance and Operation Fund are recommended elsewhere in this report.

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Airport Surplus Revenue Fund (524)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Airport Maintenance and Operation Fund (Airline Reserve Funds Distribution)	Airport Department		\$9,000,000	

This action establishes a Transfer to the Airport Maintenance and Operation Fund in the amount of \$9.0 million. On January 15, 2019, City Council authorized the City Manager to negotiate and execute the Airline-Airport Lease and Operating agreements between the City and all airlines operating at San José International Airport. As part of the agreement, as long as the airlines execute an agreement on or before June 30, 2019, the City shall return all reserve funding received from airlines that was set aside to align Landing Fee and Terminal Rental rates with projected rates in cases of market fluctuations. This action establishes a Transfer to the Airport Maintenance and Operation Fund to allow for a transfer to support the return of the reserve funding received from airlines. A corresponding decrease to the Rate Stabilization Reserve in this fund and establishment of the Airline Reserve Funds Distribution appropriation in the Airport Maintenance and Operation Fund are recommended elsewhere in this report.

Airport Surplus Revenue Fund (524)	\$3,000,000	\$3,000,000
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Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Human Resources Department		\$93,000	
<p>This action increases the Personal Services appropriation to the Human Resources Department in the Benefit Fund by \$93,000 (from \$454,123 to \$547,123) to support higher than anticipated personal services costs due to actual salaries and benefits of filled positions. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
Ending Fund Balance Adjustment	Human Resources Department		(\$93,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
FICA-Medicare/Transfers and Reimbursements	Human Resources Department		\$397,000	\$397,000
<p>This action increases the FICA-Medicare appropriation by \$397,000 (from \$9.1 million to \$9.5 million) and the corresponding revenue estimate for Transfers and Reimbursements from various City funds to realign projected expenses and City contributions based on higher than anticipated payroll expenses observed during the first half of 2018-2019.</p>				
Health Plans/Transfers and Reimbursements	Human Resources Department		\$700,000	\$700,000
<p>This action increases the Health Plans appropriation by \$700,000 (from \$51.0 million to \$51.7 million) and the corresponding revenue estimate for Transfers and Reimbursements from various City funds. Effective January 1, 2019, Kaiser premium rates increased by 9% and Sutter premium rates increased by 4%. In addition, there has been a 28% increase in enrollment in the Sutter plans, relative to original projections of enrollment based on August 2018 activity. Without the recommended action, health premiums are projected to exceed the 2018-2019 modified Budget.</p>				

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements	Human Resources Department		\$19,000	\$19,000

This action increases the 401(a) Defined Contribution Retirement Plan appropriation and the corresponding revenue estimate for Transfers and Reimbursements from various City funds by \$19,000 (from \$166,000 to \$185,000) to adjust for year-to-date payroll trends and higher than anticipated Tier 3 enrollment. Current projections indicate that required City contributions to the 401(a) Defined Contribution Retirement Plan will exceed original estimates assumed during development of the 2018-2019 Adopted Budget.

Benefits Funds - Benefit Fund (160)	\$1,116,000	\$1,116,000
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Benefits Funds - Dental Insurance Fund (155)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Delta Dental Admin Fees)	Human Resources Department		\$42,000	
<p>This action increases the Non-Personal/Equipment appropriation to the Human Resources Department in the Dental Insurance Fund by \$42,000 (from \$486,000 to \$528,000) due to higher than estimated participation. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
Ending Fund Balance Adjustment	Human Resources Department		(\$62,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Dental HMO Plan	Human Resources Department		\$20,000	
<p>This action increases the Dental HMO Plan appropriation by \$20,000 (from \$308,000 to \$328,000) based on actual year-to-date performance. Dental HMO Plan costs are currently projected to exceed estimates included in the 2018-2019 Adopted Budget due to an increase in plan enrollment. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

Benefits Funds - Dental Insurance Fund (155)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Benefits Funds - Life Insurance Fund (156)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Personal Services (Overage)	Human Resources Department		\$7,000	
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This action increases the Personal Services appropriation to the Human Resources Department in the Life Insurance Fund by \$7,000 (from \$65,603 to \$72,603) to support higher than anticipated personal services costs due to actual salaries and benefits of filled positions. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Human Resources Department		(\$7,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Benefits Funds - Life Insurance Fund (156)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

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

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Landscape Maintenance Projects)	Transportation Department		\$250,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$250,000 to fund multiple needs throughout the District. Maintenance needs include: \$50,000 for lake improvements to improve aeration and color of the lake water; \$25,000 for the removal, replacement, and pruning of trees that currently pose a potential safety risk to the public; and \$75,000 for improvements to various landscaped areas. Additional funding of \$100,000 for higher water costs is needed due to higher than estimated water rates. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$250,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

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

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

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

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Landscape Maintenance Projects)	Transportation Department		\$50,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$50,000 to fund the renovation of the open space hillside area along Communications Hill Boulevard on the Dairy Hill side of Communications Hill. The open space hillside area has experienced erosion from last year's rainy season which resulted in soil displacement. The landscape renovation will install plantings along the eroded area to prevent and control future erosion. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$50,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

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

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Convention Center Facilities District Revenue Fund (791)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
South Hall Site Acquisition Debt Service Reserve/Transfers and Reimbursements	Finance Department		\$4,300,000	\$4,300,000

This action establishes the South Hall Site Acquisition Debt Service Reserve in the amount of \$4.3 million and establishes a revenue estimate for Transfers and Reimbursements in the same amount to recognize and allocate proceeds remitted from the Successor Agency to the Redevelopment Agency for the sale of the South Hall site to the City. As the Convention Center Facilities District Revenue Fund currently pays the debt service related to the South Hall purchase, the sale proceeds will be held in a debt service reserve pending finalization of a development and financing plan for the South Hall site. Corresponding actions to recognize and transfer sale proceeds from the General Fund are recommended elsewhere in this report.

Convention Center Facilities District Revenue Fund (791)	\$4,300,000	\$4,300,000
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
2017 Justice Assistance Grant/Revenue from Federal Government	Police Department		\$269,209	\$269,209

This action establishes the 2017 Justice Assistance Grant appropriation and the corresponding estimate for Revenue from Federal Government in the amount of \$269,209. The Justice Assistance Grant program awards funds to further the Police Department's mission to promote public safety; prevent, suppress, and investigate crimes; provide emergency and non-emergency services; and adapt a multi-disciplinary approach to solving community problems, such as reducing gun violence. The spending plan for this grant includes equipment and supplies, crime prevention and community education programs, and grant administration.

Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)			\$269,209	\$269,209
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

General Purpose Parking Fund (533)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Workers' Compensation Claims	Human Resources Department		\$3,000	
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This action increases the Workers' Compensation Claims appropriation by \$3,000 (from \$2,200 to \$5,200) based on actual expenditure trends. The higher Workers' Compensation Claims are due to higher than anticipated settlement activities and medical treatment costs through December 2018. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$3,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

General Purpose Parking Fund (533)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Library - General Gifts/Other Revenue	Library Department		\$221,004	\$221,004

This action increases the Library - General Gifts appropriation and estimate for Other Revenue by \$221,004 to recognize and appropriate gifts made by various donors, such as the Friends of the Library groups, the San José Library Foundation/Sun Light Foundation/Legacy San Jose Alviso Youth Foundation, and San Mateo County Libraries, in support of the following: Almaden Library programming and supplies (\$17,453); Alviso Branch Library Homework Club and programming & supplies (\$10,100); Alum Rock Library programming and supplies (\$1,380); Bascom Branch Library programming and supplies (\$2,085); Berryessa Branch Library programming and supplies (\$1,500); Biblioteca Latinoamericana Branch Library programming and supplies (\$700); Bridge Library projects (\$90,000); Cambrian Branch Library programming and supplies (\$1,065); East San Jose Carnegie Branch Library programming and supplies (\$100); Educational Park Library programming and supplies (\$400); Edenvale Library programming and supplies (\$900); Evergreen Branch Library programming and supplies (\$3,060); Joyce Ellington Branch Library programming and supplies (\$687); Dr. Martin Luther King, Jr. Library programming and supplies (\$75,336); Pearl Avenue Branch Library programming and supplies (\$1,520); Rose Garden Branch Library programming and supplies (\$995); Santa Teresa Branch Library programming and supplies (\$2,000); Seven Trees Library programming and supplies (\$500); Tully Branch Library programming and supplies (\$520); Village Square Branch Library programming and supplies (\$1,000); Vineland Branch Library programming and supplies (\$4,175); West Valley Branch Library programming and supplies (\$3,500); and Willow Glen Branch Library programming and supplies (\$2,028).

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Miscellaneous Gifts/Other Revenue (Target Grant)	Police Department		\$10,000	\$10,000

This action increases the Miscellaneous Gifts appropriation in the Gift Trust Fund and the corresponding Other Revenue estimate in the amount of \$10,000. The funds will support the Crime Prevention Program for community outreach supplies and materials to distribute during community events at parks, recreation centers, and neighborhood events. The outreach materials include, but are not limited to, promotional flyers, brochures in multiple languages, educational coloring books, and bullying prevention stickers and pencils.

Gift Trust Fund (139)			\$231,004	\$231,004
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Home Investment Partnership Program Trust Fund (445)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Fair Housing Collaborative Consultant Services Agreement)	Housing Department		\$100,000	
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This action increases the Non-Personal/Equipment appropriation to the Housing Department by \$100,000 (from \$46,714 to \$146,714) to align the budget with the 2018-2019 Annual Action Plan. The funds will provide for additional one-time grant funding for fair housing legal and educational services. This action was inadvertently missed as part of preceding actions in the 2017-2018 Annual Report to align budgeted funds with the 2018-2019 Annual Action Plan.

Ending Fund Balance Adjustment	Housing Department		(\$100,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Home Investment Partnership Program Trust Fund (445)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Ice Centre Revenue Fund (432)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Solar4America Ice Rink Expansion Feasibility Study/Other Revenue	Finance Department		\$75,000	\$75,000

This action establishes an estimate for Other Revenue to recognize a \$75,000 payment from Sharks Ice, LLC (Solar4America Ice) and establishes the Solar4America Ice Rink Expansion Feasibility Study appropriation in the same amount. As the expansion will be financed with City issued lease-revenue bonds, with all associated debt service paid by Sharks Ice, LLC, a financial feasibility study on the volatility and reliability of the revenues supplied by Sharks Ice, LLC, is required by Council Policy 1-15. The larger complex would include two additional ice rinks to allow for expanded program offerings and greater flexibility for simultaneous events from American Hockey League (AHL) games to youth open ice skating, while helping attract potential new events to the City such as national competitions. Results from the feasibility study and any financing package are preliminarily estimated to be presented to City Council for consideration in August 2019.

Previously Approved Repairs Reserve	Office of the City Manager		(\$3,826,234)	
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This action decreases the Previously Approved Repairs Reserve by \$3,826,000 (from \$5,888,555 to \$2,057,555) to offset the actions recommended in this report. Corresponding increases to the Mechanical Repairs, Miscellaneous Repairs, Structures Repairs, and Unanticipated/Emergency Repairs appropriations are included in this report to provide funding for reimbursements to the Sharks Sports Entertainment for capital improvement repairs made at Solar4America Ice.

Miscellaneous Repairs	Finance Department		\$63,019	
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This action increases the Miscellaneous Repairs appropriation by \$63,000 (from \$62,000 to \$125,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at Solar4America Ice. The improvements include repairs to art work, signage, and landscape. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Ice Centre Revenue Fund (432)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Mechanical Repairs	Finance Department		\$3,690,611	

This action increases the Mechanical Repairs appropriation by \$3,691,000 (from \$695,000 to \$4,386,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at Solar4America Ice. The improvements included an ice chiller plant, ice making system, and security. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Structures Repairs	Finance Department		\$3,081	
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This action increases the Structures Repairs appropriation by \$3,000 (from \$566,000 to \$569,000) to provide funding for reimbursements to Sharks Sports Entertainment for the installation of dasher boards at Solar4America Ice. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Unanticipated/Emergency Repairs	Finance Department		\$69,523	
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This action increases the Unanticipated/Emergency Repairs appropriation by \$70,000 (from \$75,000 to \$145,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at Solar4America Ice. Improvements included refrigerant cylinders, glove dryer, and repair services. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Ice Centre Revenue Fund (432)			\$75,000	\$75,000
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Integrated Waste Management Fund (423)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Environmental Services Department		(\$45,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Workers' Compensation Claims - ESD	Human Resources Department		\$45,000	
This action increases the Workers' Compensation Claims - ESD appropriation by \$45,000 (from \$34,00 to \$79,000) based on actual expenditure trends. The higher Workers' Compensation Claims are due to higher than anticipated settlement activities and medical treatment costs through December 2018. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				

Integrated Waste Management Fund (423)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Library Parcel Tax Fund (418)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (RFID Annual Maintenance Service)	Library Department		\$94,000	

This action increases the Library Non-Personal/Equipment appropriation in the amount of \$94,000 to fund the ongoing annual maintenance and technical service support cost of the Library Radio Frequency Identification (RFID) machines installed in all Library branches. The RFID technology uses radio frequency and microchip technologies to detect and track library materials and replaced the existing Electromagnetic (EM) technology for circulation and theft detection for libraries. The ongoing annual maintenance and technical service support was covered under warranty for the initial two years of the approved agreement. Starting in 2018-2019, the annual payments for the ongoing maintenance and technical service support of the RFID machines installed in all branches will be required. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Ending Fund Balance Adjustment	Library Department		(\$94,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Library Parcel Tax Fund (418)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Low And Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Affordable Housing Applications Portal)	Housing Department		\$80,000	

This action increases the Non-Personal/Equipment appropriation to the Housing Department by \$80,000 as a match to the grant from the Silicon Valley Community Foundation recognized in the 2017-2018 Annual Report to develop an affordable housing rental database and web portal. This project will model the San Francisco Database of Affordable Housing Listings, Information, and Applications (DAHLLIA) housing portal. It will allow those seeking affordable housing opportunities to search for available units in one single location. The initial grant and match result in a total of \$160,000 in funding towards this project. Ongoing costs will be covered by the Low and Moderate Income Housing Asset Fund.

Non-Personal/Equipment (Underwriting Consultant Services Agreement)	Housing Department		\$100,000	
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This action increases the Non-Personal/Equipment appropriation in the Low and Moderate Income Housing Asset Fund by \$100,000 to provide for underwriting consultant services. On August 31, 2018, the Administration issued a \$100 million Notice of Funding Availability (NOFA). Projects covering a total of 700 units were accepted following the October 31, 2018 deadline for developers to submit interest in the funding. Due to the large volume of requests to process in a short period of time, the Department requires additional temporary support.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Low And Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Committed Projects Reserve	Housing Department		(\$5,800,000)	

This action decreases the Committed Projects Reserve in the Low and Moderate Income Housing Asset Fund by \$5.8 million (from \$14.8 million to \$9.0 million), and in a separate action, increases the Housing Project Reserve by the same amount to reflect a change in funding source for the Leigh Affordable Housing Development. The Leigh Affordable Housing Development will instead be funded out of the Housing Loans and Grants appropriation in the Home Invest Partnership Fund. As part of the 2018-2019 Adopted Operating Budget, the Housing Loans and Grants appropriation in the Home Invest Partnership Program included a funding level to cover the Roosevelt, Villas or Leigh projects, dependent the progression of projects. Leigh has made progress and the Department anticipates moving forward with the project in spring 2019.

Housing Project Reserve	Housing Department		\$5,800,000	
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This action increases the Housing Project Reserve in the Low and Moderate Income Housing Asset Fund by \$5.8 million (from \$81.8 million to \$87.6 million), and in a separate action, decreases the Committed Projects Reserve to reflect a change in the funding source for the Leigh Affordable Housing Development. The Leigh Affordable Housing Development will instead be funded out of the Housing Loans and Grants appropriation in the Home Invest Partnership Fund. As part of the 2018-2019 Adopted Operating Budget, the Housing Loans and Grants appropriation in the Home Invest Partnership Program included a funding level to cover the Roosevelt, Villas or Leigh projects, dependent the progression of projects. Leigh has made progress and the Department anticipates moving forward with the project in spring 2019. Since the funding source is shifting to the Home Invest Partnership appropriation, reserved funds will be returned to the Housing Project Reserve to fund other affordable development projects.

Ending Fund Balance Adjustment	Housing Department		(\$180,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Low And Moderate Income Housing Asset Fund (346)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

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

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Landscape Maintenance Projects)	Transportation Department		\$20,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$20,000 to fund the renovation of areas within The Meadowlands that have experienced landscape damage from wild pig rooting. The Meadowlands is prone to wild pig damage due to the area being adjacent to natural rural open space. The landscape renovation will remove and replace all the grasses and plantings that were displaced by the rooting. The pigs seek out grubs when rooting, and an effort will be made to control the grubs so the pigs do not return. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$20,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

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

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Maintenance District No. 20 (Renaissance-N. First Landscaping) Fund (365)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Landscape Maintenance Projects)	Transportation Department		\$30,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$30,000 to fund higher-than-anticipated costs for a median island renovation along First Street from Tasman Drive to Vista Montaña. In 2017-18, funding of \$100,000 was allocated to renovate these median islands. However, actual project costs exceeded original estimates by \$30,000 and the project was subsequently split into two phases. The first phase of the renovation was completed; the additional funding will allow the second phase to be completed this fiscal year. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$30,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

Maintenance District No. 20 (Renaissance-N. First Landscaping) Fund (365)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Maintenance District No. 22 (Hellyer Ave.-Silver Creek Valley Rd.) Fund (367)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Landscape Maintenance Projects)	Transportation Department		\$20,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$20,000 to fund additional tree work in the District. The Department has recently identified several trees that are declining in health or growing excessively into the travel way. The additional funding will allow the trees that require immediate attention to be pruned or removed and replaced. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Transportation Department		(\$20,000)	
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This action decreases Ending Fund Balance to offset the action in this report.

Maintenance District No. 22 (Hellyer Ave.-Silver Creek Valley Rd.) Fund (367)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Moderate Income Housing Consultant Services Agreement)	Housing Department		\$50,000	

This action increases the Non-Personal/Equipment appropriation to the Housing Department in the Multi-Source Housing Fund by \$50,000 (from \$1.29 million to \$1.34 million) to fund consulting services to develop the Moderate-Income Housing Strategy. Housing presented the Affordable Housing Investment Plan to the City Council in June 2018 and was directed to develop a strategy for moderate-income housing for the "missing middle". Consultant services funded by Inclusionary Housing Policy revenues will allow the Department to conduct the study and deliver the strategy, as directed, anticipated by late spring 2019.

HOPWA PSH/Revenue from Federal Government	Housing Department		\$9,000	\$9,000
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This action increases the Housing Opportunities for Persons with AIDS – Permanent Supportive Housing (HOPWA PSH) appropriation in the Multi-Source Housing Fund by \$9,000 (from \$424,560 to \$433,560) and the corresponding estimate for Revenue from the Federal Government to allocate the prior year balance of funding from a two-year competitive grant. The funds will support additional staffing costs related to the Housing Opportunities for Persons with AIDS – Permanent Supportive Housing program.

CalHome (Rehabilitation) Program	Housing Department		\$150,000	
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This action increases the CalHome (Rehabilitation) Program appropriation in the Multi-Source Housing Fund by \$150,000 (from \$207,299 to \$357,299) to fund a rehabilitation project. An application for a rehabilitation loan for a single family home impacted by the 2017 Coyote Creek Flood was received in 2018-2019. These funds will be loaned to aid the rehabilitation of the residence.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing)	Housing Department		(\$100,000)	

This action decreases the Personal Services appropriation to the Housing Department in the Multi-Source Housing Fund by \$100,000 (from \$2.97 million to \$2.87 million) and, in a separate action, reallocates this funding to the Housing Department's Non-Personal/Equipment appropriation to fund temporary staffing in the Rent Stabilization Program. City Council adopted an Ordinance on April 24, 2018, amending Part 3 of Chapter 17.23 of Title 17 of the San Jose Municipal Code to expressly prohibit pass-through utility charges and to allow landlords to petition for a one-time rent increase for apartment units with existing pass-through agreements. The Housing Department received over 135 petitions covering over 7,400 apartment units. Due to the one-time nature of the work, additional ongoing resources were not recommended to complete processing of these petitions. The Rent Stabilization Program is absorbing the work with their existing resources, and this funding will provide temporary staffing to assist with processing the petitions. A corresponding action to increase the Housing Department's Non-Personal/Equipment appropriation in the Multi-Source Housing Fund is recommended elsewhere in this report.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing)	Housing Department		\$100,000	

This action increases the Non-Personal/Equipment appropriation to the Housing Department in the Multi-Source Housing Fund by \$100,000 (from \$1.3 million to \$1.4 million) to fund temporary Rent Stabilization Program staffing to assist with the processing of petitions related to rent increases from utility pass through charges via a Ratio Utility Billing System (RUBS). City Council adopted an Ordinance on April 24, 2018, amending Part 3 of Chapter 17.23 of Title 17 of the San Jose Municipal Code to expressly prohibit pass-through utility charges and to allow landlords to petition for a one-time rent increase for apartment units with existing pass-through agreements. The Housing Department received over 135 petitions covering over 7,400 apartment units. Due to the one-time nature of the work, additional ongoing resources were not recommended to complete processing of these petitions. The Rent Stabilization Program is absorbing the work with their existing resources, and this funding will provide temporary staffing to assist with processing the petitions. A corresponding action to decrease the Housing Department's Personal Services appropriation in the Multi-Source Housing Fund is recommended elsewhere in this report.

Inclusionary In-Lieu Policy Fee Reserve	Housing Department		(\$50,000)	
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This action decreases the Inclusionary In-Lieu Policy Fee Reserve in the Multi-Source Housing Fund by \$50,000 (from \$16.40 million to \$16.35 million) to fund consultant services for development of a Moderate Income Strategy as recommended elsewhere in this report. This reserve consists of funds generated by the Inclusionary Policy and the Inclusionary Ordinance. The use of these funds are restricted to affordable housing development and related expenses.

Ending Fund Balance Adjustment	Housing Department		(\$150,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Multi-Source Housing Fund (448)			\$9,000	\$9,000
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Municipal Golf Course Fund (518)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Rancho del Pueblo This action increases the Rancho del Pueblo Golf Course appropriation by \$50,000 (from \$450,000 to \$500,000) in the Municipal Golf Course Fund to cover higher projected net operating losses (\$50,000). The appropriation covers payments to the course operator in months when course fees are unable to cover the costs of operating the facility. These payments are tracking to exceed the budget by \$50,000 due to larger operating losses as a result of increased discounted rounds. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.	Parks, Recreation and Neighborhood Services Department		\$50,000	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance by \$50,000 to offset the action recommended in this report.	Parks, Recreation and Neighborhood Services Department		(\$50,000)	

Municipal Golf Course Fund (518)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Public Works Program Support Fund (150)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Small Business Opportunity and Inclusion Project)	Public Works Department		\$207,000	
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This action increases the Non-Personal/Equipment appropriation to the Public Works Department by \$207,000 to support the Small Business Opportunity and Inclusion Project, representing the next phase of the city-wide Disadvantaged Business Enterprise Program. The Small Business Opportunity and Inclusion Project will research and develop recommendations for inclusive race and gender-neutral contracting in the delivery of projects included in the City's Capital Improvement Program. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Non-Personal/Equipment (Equipment and Software)	Public Works Department		\$80,000	
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This action increases the Non-Personal/Equipment appropriation to the Public Works Department by \$80,000 for the purchase of two land surveying stations and handheld field controller data collectors. One of the stations was destroyed in a private vehicle accident at a City project site, and the other station has reached the end of its service life. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Personal Services (Overage)	Human Resources Department		\$31,000	
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This action increases the Personal Services appropriation to the Human Resources Department in the Public Works Program Support Fund by \$31,000 (from \$124,061 to \$155,061) to support higher than anticipated personal services costs. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.

Ending Fund Balance Adjustment	Public Works Department		(\$318,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Public Works Program Support Fund (150)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

San José Arena Capital Reserve Fund (459)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Previously Approved Repairs Reserve	Office of the City Manager		(\$1,744,415)	
<p>This action decreases the Previously Approved Repairs Reserve by \$1,744,000 (from \$2,705,662 to \$961,662) to offset the actions recommended in this report. Corresponding increases to the Electrical Repairs, Mechanical Repairs, Miscellaneous Repairs, Structures Repairs, and Unanticipated/Emergency Repairs appropriations are included in this report to provide funding for reimbursements to the Sharks Sports Entertainment for capital improvement repairs made at the SAP Center.</p>				
Electrical Repairs	City Manager - Office of Economic Development		\$313,688	
<p>This action increases the Electrical Repairs appropriation by \$314,000 (from \$2,857,000 to \$3,171,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the audio visual systems and lighting system. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
Mechanical Repairs	City Manager - Office of Economic Development		\$490,320	
<p>This action increases the Mechanical Repairs appropriation by \$490,000 (from \$346,000 to \$836,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center. The improvements included repairs to boilers, security system, piping replacement and HVAC. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
Structures Repairs	City Manager - Office of Economic Development		\$632,869	
<p>This action increases the Structures Repairs appropriation by \$633,000 (from \$510,000 to \$1,143,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs to the SAP Center. The improvements included concrete repairs, retractable seating, and floors. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

San José Arena Capital Reserve Fund (459)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Miscellaneous Repairs	City Manager - Office of Economic Development		\$72,491	
<p>This action increases the Miscellaneous Repairs appropriation by \$72,000 (from \$135,000 to \$207,000) to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the Hall of Fame wall, parking lot, and glazing. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
Unanticipated/Emergency Repairs	City Manager - Office of Economic Development		\$235,047	
<p>This action increases the Unanticipated/Emergency Repairs by \$235,000 (from \$150,000 to \$385,000) appropriations to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. Some of the improvements included planters, laminated signs, and drinking fountains. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				

San José Arena Capital Reserve Fund (459)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Debt Service - Interest - Commercial Paper	Community Energy Department		(\$360,000)	
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This action decreases the Debt Service - Interest - Commercial Paper appropriation by \$360,000 (from \$460,000 to \$100,000). In support of the recent launch of the San José Community Energy Department (SJCE) Clean Energy program, SJCE entered into an agreement with Barclays Bank to establish a \$50.0 million credit facility. As a requirement set forth in the credit facility agreement, SJCE must build up an Operating Reserve of \$20.0 million before it assumes the repayment of any debt, including repayment of the Commercial Paper. Given the most recent program projections, SJCE estimates that this reserve level will be met in 2020. Prior to entering into the agreement with Barclays, approximately \$100,000 in interest payments and fees were already made.

Ending Fund Balance Adjustment	Community Energy Department		\$360,000	
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This action increases the Ending Fund Balance to offset the action recommended above.

San José Clean Energy Operating Fund (501)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

San José-Santa Clara Treatment Plant Income Fund (514)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Revenue from the Use of Money/Property	Environmental Services Department			(\$200,000)
<p>This action reduces the estimate for the Revenue from the Use of Money/Property in the San José-Santa Clara Treatment Plant Income Fund by \$200,000 (from \$300,000 to \$100,000). This action aligns the revenue estimate with year-to-date activity levels and projections through the remainder of the fiscal year. This revenue is based on the operations of the Zero Waste Energy Development Company's facility, located on San José-Santa Clara Treatment Plant property. This action is offset by a corresponding reduction to the Ending Fund Balance recommended in this report.</p>				
Ending Fund Balance Adjustment	Environmental Services Department		(\$200,000)	
<p>This action adjusts the Ending Fund Balance to offset the action recommended in this report.</p>				
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San José-Santa Clara Treatment Plant Income Fund (514)			(\$200,000)	(\$200,000)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

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

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Human Resources Department		\$32,000	
<p>This action increases the Personal Services appropriation to the Human Resources Department in the San Jose-Santa Clara Treatment Plant Operating Fund by \$32,000 (from \$297,300 to \$329,000) to support higher than anticipated personal services costs. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>				
Non-Personal/Equipment (FOG Program)	Environmental Services Department		(\$90,917)	
<p>This action decreases the Non-Personal/Equipment appropriation to the Environmental Services Department in the San José-Santa Clara Treatment Plant Operating Fund by \$90,917 (from \$28.5 million to \$28.4 million). This action completes the shift of the FOG Program from the San José-Santa Clara Treatment Plant Operating Fund to the Sewer Service and Use Charge Fund (as described elsewhere), which began in the 2018-2019 Adopted Budget. This action is offset by a corresponding increase to the Ending Fund Balance recommended in this report.</p>				
Ending Fund Balance Adjustment	Environmental Services Department		\$58,917	
<p>This action adjusts the Ending Fund Balance to offset the action recommended in this report.</p>				

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

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Sewer Service And Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Air Sampling at Mabury Yard)	Transportation Department		\$11,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$11,000 for air sampling at the City's Mabury Service Yard. The air sampling took place in response to safety concerns about potential exposure to and breathing in of contaminants dumped and stored at the service yard's dump site. Testing was done with regards to sewage and/or silica dust and overall dust levels that could be inhaled. Exposure to contaminants was found to be within allowable limits. However, additional preventive measures of increased sweeping and removal of water left by street sweepers have been implemented per recommendations from the report. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Non-Personal/Equipment (Hydro Combo Cleaner Rental)	Transportation Department		\$55,000	
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This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$55,000 for five months of rental costs for a Hydro Combo vehicle for sanitary sewer repairs. A new vehicle was approved in the 2018-2019 Adopted Budget; however, delivery of the vehicle is expected in Fall 2019. A Hydro Combo vehicle includes advanced technology to identify underground utilities prior to open trench excavation. The Department does not currently have a Hydro Combo vehicle in its inventory and must rely on outside agencies to survey work sites in advance of work starting which, can delay projects for one to three days. Emergency sewer repair projects must be addressed immediately and cannot wait for outside utility surveys. A rented Hydro Combo vehicle will limit risks associated with excavating unmarked work sites for emergency sewer repair projects. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Sewer Service And Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (FOG Program)	Environmental Services Department		\$90,917	

This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department in the Sewer Service and Use Charge Fund in the amount of \$90,917 (from \$234,381 to \$325,298). This action completes the shift of the FOG Program from the San José-Santa Clara Treatment Plant Operating Fund (as described elsewhere) to the Sewer Service and Use Charge Fund, which began in the 2018-2019 Adopted Budget. This action is offset by a corresponding decrease to the Ending Fund Balance recommended in this report.

Personal Services (Overtime Budget for Sewer Maintenance)	Transportation Department		\$240,000	
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This action increases the Department of Transportation's Personal Services appropriation by \$240,000 for overtime costs. Additional overtime funding is necessary for cleaning of sanitary sewer lines prior to large downtown events and to make sewer repairs in advance of street paving projects. The additional cleaning to downtown sewer lines was performed because the larger crowds at hotels and restaurants during the holidays and additional visitors for special events, including the College Football Championship, Christmas in the Park, and NHL All-Star Weekend, place an increased demand on the sanitary sewer lines serving the downtown area. The additional preventative cleaning significantly reduces system blockages, overflows, and maintenance-related traffic delays that negatively impact the visitor experience. Additionally, overtime is used to address an increasing backlog of sewer repair needs which are being proactively identified in advance of the increasing number street paving projects. The overtime funding allows for essential repairs and completion of a portion of the backlog of non-urgent but important repairs, such as repairs in an area where a sewer line is not completely severed or scheduled cleanout installations. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Environmental Services Department		(\$444,917)	
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This action adjusts the Ending Fund Balance to offset the action recommended in this report.

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Sewer Service And Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Sewer Maintenance)	Transportation Department		\$48,000	

This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$48,000. Funding is necessary for cleaning of sanitary sewer lines prior to large downtown events and to make sewer repairs in advance of street paving projects. The additional cleaning to downtown sewer lines was performed because the larger crowds at hotels and restaurants during the holidays and additional visitors for special events, including the College Football Championships, Christmas in the Park, and NHL All-Star Weekend, place an increased demand on the sanitary sewer lines serving the downtown area. The additional preventative cleaning significantly reduces system blockages, overflows, and maintenance-related traffic delays that negatively impact the visitor experience. Additionally, the backlog of sewer repair needs are being proactively identified in advance of the increasing number street paving projects. The funding allows for essential repairs and completion of a portion of the backlog of non-urgent but important repairs, such as repairs in an area where a sewer line is not completely severed or scheduled cleanout installations. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.

Sewer Service And Use Charge Fund (541)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Storm Sewer Operating Fund (446)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Human Resources Department		\$5,000	
<p>This action increases the Personal Services appropriation to the Human Resources Department in the Storm Sewer Operating Fund by \$5,000 (from \$50,000 to \$55,000) to support higher than anticipated personal services costs. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>				
Ending Fund Balance Adjustment	Environmental Services Department		(\$20,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Workers' Compensation Claims - ESD	Human Resources Department		\$15,000	
<p>This action increases the Workers' Compensation Claims - ESD appropriation by \$15,000 (from \$100,000 to \$115,000) based on actual expenditure trends. The higher Workers' Compensation Claims are due to higher than anticipated settlement activities and medical treatment costs through December 2018. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

Storm Sewer Operating Fund (446)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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SLES Grant 2015-2017/Revenue from State of California	Police Department		\$242	\$242
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This action increases the Supplemental Law Enforcement Services (SLES) Grant 2015-2017 appropriation to the Police Department and increases the estimate for Revenue from State of California, to recognize interest earned in 2018-2019, to the Supplemental Law Enforcement Services grant in the amount of \$242. The funds will be used in accordance with the approved spending plan, which includes officer equipment and enhancements, training, computers, specialized vehicles, and grant administration.

SLES Grant 2016-2018/Revenue from State of California	Police Department		\$19,432	\$19,432
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This action increases the Supplemental Law Enforcement Services (SLES) Grant 2016-2018 appropriation to the Police Department and increases the estimate for Revenue from State of California, to recognize interest earned in 2018-2019, to the Supplemental Law Enforcement Services grant in the amount of \$19,432. The funds will be used in accordance with the approved spending plan, which includes officer equipment and enhancements, training, computers, specialized vehicles, and grant administration.

SLES Grant 2017-2019/Revenue from State of California	Police Department		\$19,993	\$19,993
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This action increases the Supplemental Law Enforcement Services (SLES) Grant 2017-2019 appropriation to the Police Department and increases the estimate for Revenue from State of California, to recognize interest earned in 2018-2019, to the Supplemental Law Enforcement Services grant in the amount of \$19,993. The funds will be used in accordance with the approved spending plan, which includes officer equipment and enhancements, training, computers, specialized vehicles, and grant administration.

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SLES Grant 2018-2020/Revenue from State of California	Police Department		\$421,896	\$421,896

This action increases the Supplemental Law Enforcement Services (SLES) Grant 2018-2020 appropriation to the Police Department and the corresponding revenue estimate for Revenue from State of California by \$421,896 based on actual revenue received. In accordance with the approved spending plan, the grant funds will be used for hardware, software, and technology, as well as officer safety equipment and grants administration funding.

Supplemental Law Enforcement Services Fund (414)			\$461,563	\$461,563
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**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Vehicle Maintenance And Operations Fund (552)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Inventory and Fuel (Fuel Costs)	Public Works Department		\$250,000	
<p>This action increases the Inventory Purchases appropriation by \$250,000 (from \$7,261,000 to \$7,511,000) to address higher than anticipated fuel costs assumed in the development of the 2018-2019 Adopted Budget. Due to market volatility, a Fuel Usage Reserve was previously established to address potential overruns in the purchase of fuel. A corresponding action to eliminate the Fuel Usage Reserve is recommended in this report to offset this action.</p>				
Fuel Usage Reserve	Public Works Department		(\$250,000)	
<p>This action eliminates the Fuel Usage Reserve of \$250,000 to offset the action recommended in this report.</p>				

Vehicle Maintenance And Operations Fund (552)

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Water Utility Fund (515)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Vehicle Replacement)	Environmental Services Department		\$140,000	
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This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department in the Water Utility Fund by \$140,000 (from \$36.2 million to \$36.3 million). This funding will be used to replace four vehicles frequently used by the Municipal Water Operations and Maintenance team for daily needs: three 2008 Ford Ranger pickup trucks, and one 2005 Ford Ranger pickup truck. These four vehicles have been identified by Fleet as candidates for replacement due to age, mileage, and maintenance costs. This action is offset by a corresponding reduction to the Ending Fund Balance recommended in this report.

Ending Fund Balance Adjustment	Environmental Services Department		(\$140,000)	
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This action adjusts the Ending Fund Balance to offset the action recommended in this report.

Water Utility Fund (515)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Youth Workers/Revenue from Federal Government</p> <p>This action increases the Youth Workers appropriation and the corresponding estimate for Revenue from the Federal Government by \$346,445 to align the second year funding of the Youth Workers Program allocation for 2017-2018. This program provides job training, career coaching, vocational assessment, and other services that prepare youth ranging from 18 through 24 years in age to secure employment. This request will ensure the program continues its commitment as part of the 2017-2018 grant award.</p>	City Manager - Office of Economic Development		\$346,445	\$346,445
<p>Administration/Revenue from Federal Government</p> <p>This action increases the Administration appropriation and the corresponding estimate for Revenue from the Federal Government by \$4,580 to align the second year funding of the Adult, Dislocated, and Youth Workers Program allocations for 2017-2018.</p>	City Manager - Office of Economic Development		\$4,580	\$4,580
<p>Adult Workers/Revenue from Federal Government</p> <p>This action decreases the Adult Workers appropriation and the corresponding estimate for Revenue from the Federal Government by \$373,382 to align 2017-2018 and 2018-2019 Adult Workers Allocations received from the Federal Government. This action aligns the second year funding of the Adult Workers Program Allocation for 2017-2018 (-\$375,458) and the recently revised Adult Workers Program allocation for 2018-2019 (\$2,076) from the Federal Government. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.</p>	City Manager - Office of Economic Development		(\$373,382)	(\$373,382)

Special Funds Recommended Budget Adjustments Summary 2018-2019 Mid-Year Budget Review

Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Dislocated Workers/Revenue from Federal Government This action decreases the Dislocated Workers appropriation and the corresponding estimate for Revenue from the Federal Government by \$732,446 to align with the 2017-2018 and 2018-2019 Dislocated Workers allocations received from the Federal Government. This request aligns the second year funding of the Dislocated Workers Program allocation for 2017-2018 (-\$734,819) and the recently revised Adult Workers Program allocation for 2018-2019 (\$2,373) from the Federal Government. This program provides retraining career coaching, occupational courses, and other services that aid individuals that are long term unemployed, laid off or on the verge of being laid off, and unlikely to return to previous position.	City Manager - Office of Economic Development		(\$732,446)	(\$732,446)
Rapid Response Grant/Revenue from Federal Government This action increases the Rapid Response Grant appropriation by \$516 and the corresponding estimate for Revenue from Federal Government to align with the allocation anticipated to be received for 2018-2019. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs.	City Manager - Office of Economic Development		\$516	\$516
Regional Plan Implementation Project/Revenue from Local Agencies This action increases the Regional Plan Implementation Grant appropriation and the corresponding estimate for Revenue from Local Agencies by \$29,351 to recognize additional funding received for this project. This project supports efforts to implement the priority goals of the California Workforce Development Board's regional plans, which ensures more people have access to training, good jobs and economic security and achieve greater intergenerational income mobility, and that regional plans address the objectives of California's Strategic Workforce Plan.	City Manager - Office of Economic Development		\$29,351	\$29,351

**Special Funds Recommended Budget Adjustments Summary
2018-2019 Mid-Year Budget Review**

Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Prison to Employment Initiative Planning Grant/Revenue from Local Agencies	City Manager - Office of Economic Development		\$16,625	\$16,625

This action establishes a Prison to Employment Initiative Planning Grant appropriation and increases the estimate for Revenue from Local Agencies by \$16,625 to support the Prison to Employment Initiative. This project supports the regional planning efforts, funds regional plan implementation, and provides resources for direct services to the formerly incarcerated and other justice-involved individuals by providing supportive services and earn and learn activities.

Workforce Development Fund (290)			(\$708,311)	(\$708,311)
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**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Capital Improvement Fund (520)			
Perimeter Security Projects	Airport	\$4,000,000	
<p>This action establishes the Perimeter Security Projects appropriation in the amount of \$4.0 million to implement perimeter security enhancements such as video cameras, analytics software, and fence sensors at the airport. The timing and completion of this project are contingent upon the receipt of grant funding from the Federal Aviation Administration (FAA). An offsetting action to recognize Revenue from the Federal Government is recommended elsewhere in this report.</p>			
Revenue from the Federal Government (Perimeter Security Projects)	Airport		\$4,000,000
<p>This action recognizes Revenue from the Federal Government in the amount of \$4.0 million to implement perimeter security enhancements such as video cameras, analytics software, and fence sensors at the airport. The timing and completion of this project are contingent upon the receipt of grant funding from the FAA. An offsetting action to establish the Perimeter Security Projects appropriation is recommended elsewhere in this report.</p>			
Airport Capital Improvement Fund (520) TOTAL		\$4,000,000	\$4,000,000
Airport Renewal and Replacement Fund (527)			
Advanced Planning	Airport	\$535,000	
<p>This action increases the Advanced Planning appropriation by \$535,000 (from \$1.3 million to \$1.8 million) to fund consulting services that will help develop environmental compliance, Americans with Disabilities Act (ADA), and geometric design studies. This funding will be needed in the second half of the fiscal year to support planning needs for projects currently in progress. A corresponding decrease to the Terminal Facility Gap Plan project to offset this action is recommended elsewhere in this report.</p>			
Airfield Geometric Study/Airport Layout Plan Update	Airport	\$110,000	
<p>This action establishes the Airfield Geometric Study/Airport Layout Plan Update appropriation in the amount of \$110,000 to fund the assessment and subsequent improvements to the airfield geometry to maximize safety and compliance with Federal Aviation Administration (FAA) regulations and design standards. As this project was previously funded by the Airport Revenue Bond Improvement Fund, this action allows for previously encumbered contract amounts to be paid from the Airport Renewal and Replacement Fund, thereby freeing up bond money for other uses. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>			
Ending Fund Balance Adjustment	Finance		\$(1,166,000)
<p>This action reduces the Ending Fund Balance to offset the actions recommended elsewhere in this report.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Renewal and Replacement Fund (527)			
Network Replacement	Airport	\$756,000	
<p>This action increases the Network Replacement project by \$756,000 (from \$3.9 million to \$4.7 million) to accelerate networking equipment purchases that will result in overall project savings. This project replaces the Airport's network and wireless infrastructure in the Airport terminal, working areas, and public spaces. The network equipment is obsolete and does not support the latest technology. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>			
Stormwater Compliance – North Trash Yard Canopy	Airport	\$(100,000)	
<p>This action decreases the Stormwater Compliance – North Trash Yard Canopy project by \$100,000 (from \$300,000 to \$200,000) to reallocate project savings to establish the Terminal A Generator and Fuel Tank Retirement.</p>			
Terminal A Generator and Fuel Tank Retirement	Airport	\$100,000	
<p>This action establishes the Terminal A Generator and Fuel Tank Retirement in the amount of \$100,000. Aging fuel storage tanks at Terminal A that support one of the existing generators require frequent repair to prevent failures, resulting in increased costs and potential environmental damages from leaks. As another existing generator can accommodate the necessary electrical load, this funding allows for the retirement of the old generator and close out of its corresponding underground fuel tanks. A corresponding decrease to the Stormwater Compliance - North Trash Yard Canopy project to offset this action is recommended elsewhere in this report.</p>			
Terminal Building Modifications	Airport	\$300,000	
<p>This action increases the Terminal Building Modifications project by \$300,000 (from \$487,000 to \$787,000) to accelerate the replacement of a Terminal A fire pump, modify the Airport's fire alarm system, and refinish terrazzo flooring in Terminal B. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>			
Terminal Facility Gap Plan	Airport	\$(535,000)	
<p>This action decreases the Terminal Facility Gap Plan project by \$535,000 (from \$1.2 million to \$700,000) to reallocate project savings to the Advanced Planning appropriation for consultant services that will help develop environmental compliance, Americans with Disabilities Act (ADA), and geometric design studies. The planned construction of a remote hold room south of Terminal B with connector bridges to Terminal B to allow passengers to move between Terminal B and the Interim Facility eliminates the need for several components of the Terminal Facility Gap Plan, resulting in \$535,000 in project savings. A corresponding increase to the Advanced Planning appropriation to offset this action is recommended elsewhere in this report.</p>			
Airport Renewal and Replacement Fund (527) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Access and Mobility Plan	Transportation	\$600,000	
<p>This action establishes the Access and Mobility Plan appropriation in the amount of \$600,000 to fund the Mobility Plan Tool project (total project cost \$675,000). The Access and Mobility Plan is a city-wide transportation strategy and modeling exercise for delivery on the City's Vehicle Miles Traveled (VMT) reduction and transportation mode change goals. A corresponding decrease to Transportation Forecasting and Analysis appropriation by \$525,000 - where funding for the Mobility Plan Tool project was originally earmarked - is recommended in this report to partially offset this action. Actions in this report also allocate \$75,000 to the Access and Mobility Plan from the Construction Excise Tax Fund.</p>			
Autumn Street Extension	Transportation	\$72,000	
<p>This action increases the Autumn Street Extension appropriation by \$72,000 (from \$2,806,000 to \$2,878,000) to allocate revenue received from properties the City previously purchased as part of the project to extend Autumn Street Parkway from Julian St. to Santa Clara St. Rental revenue is used to reimburse utility payments the City has made for the properties. A corresponding increase to the estimate for Other Revenue is recommended in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$(75,000)	
<p>This action decreases Ending Fund Balance to offset the actions in this report.</p>			
Fees, Rates, and Charges (Traffic Signal Improvement Program)	Transportation		\$26,346
<p>This action establishes the estimate for Fees, Rates and Charges in the amount of \$26,000 for Traffic Signal Controller Fee Collections received from developers. These funds will be used for traffic signal improvements. A corresponding increase to the Traffic Signal Improvement Program appropriation is recommended in this report to offset this action.</p>			
Other Revenue (Autumn Street Extension)	Transportation		\$72,000
<p>This action increases the estimate for Other Revenue by \$72,000 (from \$3.8 million to \$3.9 million) to recognize and allocate revenue received from rental properties the City previously purchased as part of the project to extend Autumn Street Parkway from Julian St. to Santa Clara St. The properties were purchased for the Autumn Street Extension project. A corresponding increase the Autumn Street Extension project is recommended in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Traffic Signal Improvement Program	Transportation	\$26,346	
<p>This action increases the Traffic Signal Improvement Program appropriation by \$26,000 (from \$872,000 to \$898,000) to allocate Traffic Signal Controller Fees received from developers that must be spent on traffic signal improvements. A corresponding increase to the estimate for Fees, Rate and Charges is recommended in this report to offset this action.</p>			
Transportation Data, Forecasting and Analysis	Transportation	\$(525,000)	
<p>This action decreases the Transportation Forecasting and Analysis appropriation by \$525,000 (from \$748,000 to \$223,000) and reallocates the funding to a new appropriation for the Access and Mobility Plan recommended in this report. Funding of \$525,000 was previously earmarked within the Transportation Data, Forecasting and Analysis project for the Mobility Plan Tool project. The Access and Mobility Plan is a city-wide transportation strategy and modeling exercise for delivery on the City's Vehicle Miles Traveled (VMT) reduction and transportation mode change goals. Actions in this report also reallocate \$75,000 within the Construction Excise Tax Fund to the Access and Mobility Plan for a total project budget of \$675,000.</p>			
Building and Structure Construction Tax Fund (429) TOTAL		\$98,346	\$98,346
Construction Excise Tax Fund (465)			
Access and Mobility Plan	Transportation	\$75,000	
<p>This action establishes the Access and Mobility Plan appropriation in the amount of \$75,000 to fund the Mobility Plan Tool project (total project cost of \$675,000). The Access and Mobility Plan is a city-wide transportation strategy and modeling exercise for delivery on the City's Vehicle Miles Traveled (VMT) reduction and mode change goals. A corresponding decrease to the Transportation Forecasting and Analysis appropriation of \$75,000, where funding for the Mobility Plan Tool project was previously earmarked, is recommended in this report to offset this action. Actions in this report also allocate \$600,000 to the Access and Mobility Plan from the Building and Structure Construction Tax Fund.</p>			
ADA Sidewalk Accessibility Program	Transportation	\$160,000	
<p>This action increases the ADA Sidewalk Accessibility appropriation by \$160,000 (from \$1.1 million to \$1.2 million) to allocate additional resources for the 2019 construction year. While a decrease to the Ending Fund Balance offsets this action, the fund balance will ultimately be replenished by liquidating a prior year carry-over encumbrance of the same amount from a contract associated with the 2018 ADA Sidewalk Access Ramp program.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Bicycle and Pedestrian Facilities	Transportation	\$113,000	
<p>This action increases the Bicycle and Pedestrian Facilities appropriation by \$113,000 (from \$2.4 million to \$2.5 million) to provide additional funding to develop and construct sidewalks, crosswalks, and bikeways. This action is offset by a payment from the Valley Transportation Authority for the City's participation in the Bay Area Bike Share Program.</p>			
Capital Program & Public Works Department Support Service Costs	Public Works	\$390,000	
<p>This action increases the Capital Program and Public Works Support Service Costs appropriation by \$390,000 (from \$764,000 to \$1.2 million) to support higher than anticipated direct labor and professional services cost incurred by the Public Works Department for project support during 2018-2019. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.</p>			
Developer Contributions (Fiber Optics Engineering)	Public Works		\$250,000
<p>This action increases the estimate for Developer Contributions by \$250,000 to account for the high volume of fiber optic communication permit projects in the first four months of 2018-2019. A corresponding increase to the Fiber Optics Permit Engineering appropriation is recommended in this report to offset this action.</p>			
Developer Contributions (Miscellaneous Street Improvements)	Public Works		\$21,000
<p>This action increases the estimate for Developer Contributions by \$21,000 to recognize a contribution from the developer of the 598 1st Street project for the design of a signal modification project at South Market and East Reed Streets. A corresponding increase to the Miscellaneous Street Improvements appropriation is recommended in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$(2,723,300)	
<p>This action decreases Ending Fund Balance to offset the actions in this report.</p>			
Evergreen Traffic Impact Fee Reserve	Transportation	\$343,438	
<p>This action increases the Evergreen Traffic Impact Fee Reserve by \$343,438 (from \$4.2 million to \$4.6 million) for revenues received from the following developers: Hunter Properties (\$90,184); Oakmont of San Jose, LLC (\$85,329); and SCW Aborn, LLC (\$167,925). A corresponding increase to the estimate for Fees, Rates and Charges is recommended in this report to offset this action.</p>			
Fees, Rates, and Charges (Evergreen Traffic Impact Fees)	Transportation		\$343,438
<p>This action establishes an estimate for Fees, Rates and Charges by \$343,438 for Evergreen Traffic Impact Fees received from the following developers: Hunter Properties (\$90,184); Oakmont of San Jose, LLC (\$85,329); and SCW Aborn, LLC (\$167,925). A corresponding increase to the Evergreen Traffic Impact Fee Reserve is recommended in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Fiber Optics Permit Engineering	Transportation	\$250,000	
<p>This action increases the Fiber Optics Permit Engineering appropriation by \$250,000 (from \$204,000 to \$454,000) to account for the high volume of fiber optic communication permit projects in the first four months of 2018-2019. The City installs fiber optic infrastructure in the right-of-way at the request of companies and is reimbursed. A corresponding action to increase the estimate for Developer Contributions is recommended in this report.</p>			
Miscellaneous Street Improvements	Transportation	\$21,000	
<p>This action increases the Miscellaneous Street Improvements appropriation by \$21,000 (from \$326,000 to \$347,000) to fund the design portion of a signal modification project at South Market and East Reed Streets. A developer contribution in the amount of \$21,000 was received from the developer of the 598 1st Street project for a signal modification or other multi-modal enhancements on Market Street close to the development project. A corresponding increase to the estimate for Developer Contributions is recommended in this report to offset this action.</p>			
North San Jose Improvements - Route 101/Zanker	Transportation	\$300,000	
<p>This action increases North San Jose Improvements - Route 101/Zanker appropriation by \$300,000 (from \$2.8 million to \$3.1 million) to fund \$100,000 for staff support to administer an environmental study that is being managed by the Valley Transportation Authority and \$200,000 for public right-of-way to be acquired by the City along Bering Drive. A corresponding decrease to the North San Jose Traffic Impact Fee Reserve is recommended in this report to offset this action.</p>			
North San Jose Traffic Impact Fees Reserve	Transportation	\$(300,000)	
<p>This action decreases the North San Jose Traffic Impact Fees Reserve by \$300,000 (from \$20.4 million to \$20.1 million) to fund \$100,000 for staff support to administer an environmental study that is being managed by the Valley Transportation Authority and \$200,000 for public right-of-way to be acquired by the City along Bering Drive. A corresponding increase to the North San Jose Improvements - Route 101/Zanker project is recommended to offset this action.</p>			
Other Revenue (Insurance Reimbursement)	Transportation		\$192,700
<p>This action establishes an estimate for Other Revenue in the amount of \$192,700 for an insurance company reimbursement for a bucket truck that was recently destroyed in a fire. Corresponding increases to the Signal and Lighting Vehicle Replacement project (\$65,000) and Ending Fund Balance (\$127,700) is recommended in this report to offset the revenue action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Pavement Maintenance - City	Transportation	\$1,674,000	
<p>This action provides for a net increase to the Pavement Maintenance - City appropriation of \$1.7 million (from \$5.5 million to \$7.2 million) to account for the following actions: allocation of revenue from CalRecycle for a rubberized pavement grant in the amount of \$350,000; allocation of a reimbursement from Santa Clara County in the amount of \$265,000 for pavement resurfacing of Bascom Ave between City and County maintained road segments; allocation of \$1.7 million of prior year encumbrances for pavement maintenance contracts with unused balances going towards 2019 construction year projects; and reallocation of \$600,000 from the Pavement Maintenance - City to the Pavement Maintenance - Complete Street Project Development appropriation to fund the repair of traffic detection cameras at six intersections (\$150,000) and installation of complete streets infrastructure as part of Almaden/Vine Downtown Couplet project (\$450,000). Corresponding actions to increase the estimates for Revenue from State of California and Revenue from Local Agencies, increase the Pavement Maintenance - Complete Street Project Development appropriation, and decrease Ending Fund Balance are recommended in this report to offset this action.</p>			
Pavement Maintenance - Complete Street Project Development	Transportation	\$600,000	
<p>This action increases the Pavement Maintenance - Complete Street Project Development appropriation by \$600,000 (from \$2.6 million to \$3.2 million) for repair of signal detection cameras at six intersections (\$150,000) and for installation of complete streets infrastructure as part of the Almaden/Vine Downtown Couplet project (\$450,000). A corresponding decrease to the Pavement Maintenance - City appropriation is recommended in this report to offset this action.</p>			
Pavement Maintenance - SB1 Road Repair & Accountability Act 2017	Transportation	\$(704,000)	
<p>This action decreases the Pavement Maintenance - SB1 Road Repair and Accountability Act 2017 appropriation by \$704,000 (from \$18.8 million to \$18.1 million) due to a reduction in the allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because of lower than predicted fuel consumption. A corresponding decrease to the estimate for Revenue from the State of California is recommended in this report to offset this action.</p>			
Pavement Maintenance - State Gas Tax	Transportation	\$(4,291,000)	
<p>This action decreases the Pavement Maintenance - State Gas Tax appropriation by \$4.3 million due to a reduction in the State Gas Tax allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because the State Department of Finance did not adjust the Section 2103 variable gas tax rate as anticipated. Senate Bill 1 removed the discretionary rate setting role over Section 2103 variable rate; as a result, the 2019-2020 Gas Tax allocation is expected to return to approximately \$8 million. A corresponding decrease to the estimate for Revenue from the State of California is recommended in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Pavement Maintenance - VTA Measure B VRF	Transportation	\$1,217,160	
<p>This action increases the Pavement Maintenance - VTA Measure B VRF appropriation by \$1.2 million by allocating revenue received in excess of the 2018-2019 Adopted revenue estimate (\$575,160) and as a result of liquidating encumbrances for pavement maintenance contracts that have unused balances (\$642,000). The liquidated funds will be used for 2019 construction year projects. Corresponding actions to increase the estimate for Revenue from Local Agencies and decrease the Ending Fund Balance are recommended in this report to offset this action.</p>			
Revenue from Local Agencies	Transportation		\$378,000
<p>This action increases the estimate for Revenue from Local Agencies by \$378,000 to recognize revenue from the Valley Transportation Authority for the City's participation in the Bay Area Bike Share Pilot Program (\$113,000) and a reimbursement from Santa Clara County for pavement resurfacing of Bascom Avenue between City and County maintained road segments (\$265,000). Corresponding increases to the Pavement Maintenance - City (\$265,000) and Bicycle and Pedestrian Facilities (\$113,000) are recommended in this report to offset the revenue actions.</p>			
Revenue from Local Agencies (Pavement Maintenance - Measure B)	Transportation		\$575,160
<p>This action increases the estimate for Revenue from Local Agencies by \$575,160 (from \$5.9 million to \$6.5 million) for VTA Measure B VRF revenue received in excess of the 2018-2019 estimate. A corresponding increase to the Pavement Maintenance - VTA Measure B VRF appropriation is recommended in this report to offset this action.</p>			
Revenue from State of California (CalRecycle Rubberized Pavement Grant)	Transportation		\$350,000
<p>This action increases the estimate for Revenue from State of California by \$350,000 to recognize receipt of a rubberized pavement grant from CalRecycle. A corresponding increase to the Pavement Maintenance - City appropriation is recommended in this report to offset this action.</p>			
Revenue from State of California (Pavement Maintenance - SB1 Road Repair & Accountability Act 2017).	Transportation		\$(704,000)
<p>This action decreases the estimate for Revenue from State of California by \$704,000 due to a reduction in the allocation of SB1 revenue to cities and counties. The latest estimates from the State of California are lower than the original estimate because of lower than predicted fuel consumption. A corresponding decrease to the Pavement Maintenance - SB1 Road Repair and Accountability Act 2017 appropriation is recommended in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Revenue from State of California (Pavement Maintenance - State Gas Tax).	Transportation		\$(4,291,000)

This action decreases the estimate for Revenue from State of California by \$4.3 million (from \$8.0 million to \$3.7 million) due to a reduction in the State Gas Tax allocation to cities and counties. The latest estimates from the State of California are lower than the original estimate because the State Department of Finance did not adjust the Section 2103 variable gas tax rate as anticipated. Senate Bill 1 removed the discretionary rate setting role over Section 2103 variable rate; as a result, the 2019-2020 Gas Tax allocation is expected to return to approximately \$8 million. A corresponding decrease to the Pavement Maintenance - State Gas Tax appropriation is recommended in this report to offset this action.

Signal and Lighting Vehicle Replacement	Transportation	\$65,000	
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This action increases the Signal and Lighting Vehicle Replacement appropriation by \$65,000 (from \$618,000 to \$683,000) to fully fund the replacement of a bucket truck that was recently destroyed in a fire. The existing allocation will also be used to partially fund the replacement, which has a total cost of approximately \$250,000. Actions to recognize insurance proceeds of \$192,700 described elsewhere provides funding for the truck replacement and allocates the remaining amount of \$127,700 to Ending Fund Balance.

Transportation Data, Forecasting and Analysis	Transportation	\$(75,000)	
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This action decreases the Transportation Data, Forecasting and Analysis appropriation by \$75,000 (from \$748,000 to \$673,000) and reallocates the funding to a new appropriation for the Access and Mobility Plan recommended in this report. Funding of \$75,000 was previously earmarked within the Transportation Data, Forecasting and Analysis project for the Mobility Plan Tool project. The Access and Mobility Plan is a city-wide transportation strategy and modeling exercise for delivery on the City's Vehicle Miles Traveled (VMT) reduction and mode change goals. Actions in this report also reallocate \$525,000 within the Building and Structure Construction Tax Fund to the Access and Mobility Plan for a total project budget of \$675,000.

Construction Excise Tax Fund (465) TOTAL		\$(2,884,702)	\$(2,884,702)
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Convention and Cultural Affairs Capital Fund (560)

Capital Reserve	Office of Economic Development	\$1,635,000	
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This action decreases the Capital Reserve by \$1,635,000 (from \$2,500,000 to \$865,000) to fund the cultural facilities capital projects recommended elsewhere in this report.

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention and Cultural Affairs Capital Fund (560)			
Center for Performing Arts Rehabilitation	Public Works	\$50,000	
<p>This action increases funding for the Center for Performing Arts (CPA) Rehabilitation project by \$50,000 (from \$100,000 to \$150,000) for improvements to the patio area and installation of an ADA-compliant ramp, as well as yard expansion. Funding also supports Public Works and consultant engineering costs to examine the feasibility and phasing of further improvements to the CPA. A corresponding decrease to the Capital Reserve is recommended elsewhere in this report to offset this action.</p>			
Rehabilitation/Repair - Electrical	Office of Economic Development	\$982,000	
<p>This action increases funding for Rehabilitation / Repair - Electrical projects by \$982,000 (from \$1,565,000 to \$2,547,000) to: replace the current point-of-sale system supporting transactions at the San José McEnery Convention Center and other cultural facilities (\$300,000); install single mode fiber optic cabling to 35 existing floor boxes as part of a phased installation (\$250,000), add 22 CCTV cameras and an intercom system targeting security risk areas, and update 33 digital wayfinding monitors and computers at the San José McEnery Convention Center (\$100,000); replace the projector and three lenses in advance of the Cinequest Film Festival (\$100,000), cover additional scope for the cost of wiring and circuits for digital signage at the California Theatre (\$20,000), and add 2 CCTV cameras to the concession area (\$10,000); replace the battery for the UPS back up lighting system (\$29,000) and add 4 CCTV cameras to the concession area (\$28,000) at the Civic Auditorium; and, add 2 CCTV cameras to the concession area at Montgomery Theater (\$10,000). A corresponding decrease to the Capital Reserve is recommended elsewhere in this report to offset this action.</p>			
Rehabilitation/Repair - Mechanical	Office of Economic Development	\$149,000	
<p>This action increases funding for Rehabilitation / Repair - Mechanical projects by \$149,000 (from \$1,703,000 to \$1,852,000) to add shelving for hanging tables and chairs (\$60,000), replace an outdated forklift (\$45,000), and purchase terrazo floor cleaning equipment (\$44,000) for the San José McEnery Convention Center. A corresponding decrease to the Capital Reserve is recommended elsewhere in this report to offset this action.</p>			
Rehabilitation/Repair - Miscellaneous	Office of Economic Development	\$106,000	
<p>This action increases funding for Rehabilitation / Repair - Miscellaneous projects by \$106,000 (from \$187,000 to \$293,000) to replace old tile flooring in the dressing room which has exceeded its useful life (\$50,000) and add curtains to the balcony area (\$10,000) at the Center for Performing Arts, and to purchase an additional 92 new keys for the new cyber lock system at the San José McEnery Convention Center (\$46,000). A corresponding decrease to the Capital Reserve is recommended elsewhere in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention and Cultural Affairs Capital Fund (560)			
Rehabilitation/Repair - Structures	Office of Economic Development	\$332,000	
<p>This action increases funding for Rehabilitation/Repair - Structures projects by \$332,000 (from \$630,000 to \$962,000) to: replace corroded sewer lines (\$117,000), provide access from the parking level to the Hilton terrace area for potential client use and rental (\$42,500), upgrade the freight access doors from Market St. to facilitate loading (\$42,500), and install additional roof pads to protect roofing for client access and lighting installations (\$35,000) at the San José McEnery Convention Center; engineer and replace the stage proscenium at the Montgomery Theater (\$80,000) and enclose the exterior stairwell to the Montgomery Theater on San Carlos St. (\$15,000).</p>			
San José Civic Auditorium HVAC Replacement	Public Works	\$16,000	
<p>This action increases funding for the San José Civic Auditorium HVAC Replacement project by \$16,000 for additional close-out expenses incurred to complete the project, above the \$50,000 previously rebudgeted as part of the 2017-2018 Annual Report.</p>			
Convention and Cultural Affairs Capital Fund (560) TOTAL			
Council District 10 Construction and Conveyance Tax Fund (389)			
Ending Fund Balance	Finance	\$(50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Playa Del Rey Shade Structure	Parks, Recreation and Neighborhood Services	\$50,000	
<p>This action increases the Playa Del Rey Shade Structure appropriation in the amount of \$50,000 (from \$100,000 to \$150,000) as project costs are higher than initially estimated for the installation of a shade structure in an existing picnic area at the Playa Del Rey Park. A corresponding decrease to the Ending Funding Balance is recommended in this report to offset this action.</p>			
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL			
Council District 6 Construction and Conveyance Tax Fund (384)			
Bramhall Park Improvements	Parks, Recreation and Neighborhood Services	\$55,000	
<p>This action increases the Bramhall Park Improvements appropriation in the amount of \$55,000 (from \$20,000 to \$75,000). The additional funding will expedite the construction to be completed in the current fiscal year; construction was originally anticipated to occur in 2019-2020. This project provides funding for the renovation of three existing hardcourts and surrounding pavement at Bramhall Park. A corresponding decrease in the Ending Funding Balance is recommended in this report to offset this action.</p>			
Ending Fund Balance	Finance	\$(55,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Council District 6 Construction and Conveyance Tax Fund (384) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Fire Construction and Conveyance Tax Fund (392)

Capital Program and Public Works Department Support Service Costs	Public Works		\$10,000
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This action increases the Capital Program and Public Works Department Support Service Costs appropriation in the amount of \$10,000 (from \$17,000 to \$27,000) to support actual direct labor and professional services costs incurred by the Public Works Department for project support during 2018-2019, including the unanticipated installation of a generator at Fire Station 29. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Ending Fund Balance Adjustment	Finance		\$(55,000)
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Fire Station 37 (Construction) Reserve	Fire		\$(900,000)
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This action decreases the Fire Station 37 (Construction) Reserve by \$900,000 (from \$2,960,000 to \$2,060,000) to provide funding for the Fire Station 37 Construction project recommended in a separate action. This reserve was established in the Fire Construction and Conveyance Tax Fund in 2017-2018 as a result of a funding shift of projects between the Public Safety Bond Fund and the Fire Construction and Conveyance Tax Fund. Given the time constraints on the use of bond funds, Fire Remediation projects were shifted from the Fire Construction and Conveyance Tax Fund to the Public Safety Bond Fund because the projects could be completed. Conversely, the Fire Station 37 project that had been funded by the Public Safety Bond Fund was shifted to a reserve in the Fire Construction and Conveyance Tax Fund as the project was not fully funded. In November 2018, the Disaster Preparedness, Public Safety and Infrastructure Bond (Measure T) passed, providing a new source of funding for the project. Remaining reserves will likely be reallocated to the Fire Station 37 Construction appropriation as part of the 2019-2020 Proposed Capital Budget and 2020-2024 Capital Improvement Program in conjunction with Measure T funding. An action to establish a Fire Station 37 Construction project appropriation is recommended elsewhere in this report.

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Fire Construction and Conveyance Tax Fund (392)			
Fire Station 37 Construction	Fire	\$900,000	
<p>This action establishes an appropriation for the Fire Station 37 Construction project in the amount of \$900,000 for anticipated project feasibility, development, and design costs. The Fire Station 37 project has been on hold since 2016-2017 due to insufficient funding to complete construction and operate the station. Funds were reserved in 2016-2017 and subsequently reallocated to the Fire Construction and Conveyance Tax Fund in 2017-2018 as part of a shift in projects between the Public Safety Bond Fund and the Fire Construction and Conveyance Tax Fund to move projects that could be completed within time constraints for the use of bond funds. Passage of the Disaster Preparedness, Public Safety and Infrastructure Bond (Measure T) in November 2018 provides a source of funding to complete construction. The reallocation of remaining funds in the Fire Station 37 Reserve and programming of Measure T funds will likely be included in the 2019-2020 Proposed Capital Budget and 2020-2024 Capital Improvement Program. A corresponding decrease to Fire Station 37 (Construction) Reserve is recommended elsewhere in this report to offset this action.</p>			
Self-Contained Breathing Apparatus (SCBA) Equipment	Fire	\$45,000	
<p>This action increases the Self-Contained Breathing Apparatus (SCBA) Equipment appropriation by \$45,000 (from \$40,000 to \$85,000) to replace 25 regulators and voice amplifiers used in the firefighter recruit academy. The equipment is dedicated to academy training and typically replaced every three to four years due to wear and tear. Recruits are issued new equipment for use on duty upon completion of the academy. A corresponding decrease to Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>			
Fire Construction and Conveyance Tax Fund (392) TOTAL		\$945,000	
Lake Cunningham Fund (462)			
Lake Cunningham Capital Repairs	Parks, Recreation and Neighborhood Services	\$64,720	
<p>This action increases the Lake Cunningham Capital Repair appropriation in the amount of \$64,720 from (from \$100,000 to \$164,720) to allocate revenue received from Pacific Gas & Electric (PG&E). This PG&E funding supports repairs to the parkstrip along Cunningham Avenue, which was damaged while PG&E employees performed work in the area.</p>			
Other Revenue (Lake Cunningham Capital Repairs)	Parks, Recreation and Neighborhood Services		\$64,720
<p>This action establishes an estimate for Other Revenue to recognize revenue received from Pacific Gas & Electric (PG&E). This revenue supports repairs to the parkstrip along Cunningham Avenue, which was damaged while PG&E employees performed work in the area.</p>			
Lake Cunningham Fund (462) TOTAL		\$64,720	\$64,720

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Major Collectors and Arterials Fund (421)			
Developer Contributions	Public Works		\$155,805
<p>This action increases the estimate for Developer Contributions by \$155,805 for revenues received from developers: Eclectic Investments LLC, \$69,163; and August Ventures LLC, \$86,642. A corresponding increase to Ending Fund Balance is recommended in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$155,805	
<p>This action decreases Ending Fund Balance to offset the action in this report.</p>			
Major Collectors and Arterials Fund (421) TOTAL		\$155,805	\$155,805
Service Yards Construction and Conveyance Tax Fund (395)			
Capital Program and Public Works Department Support Service Costs	Public Works	\$3,000	
<p>This action establishes a Capital Program and Public Works Department Support Costs appropriation in the Service Yards Construction and Conveyance Tax Fund in the amount of \$3,000 to support unanticipated Public Works support costs for Service Yards Capital projects. A corresponding decrease to Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$(3,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Service Yards Construction and Conveyance Tax Fund (395) TOTAL			
Subdivision Park Trust Fund (375)			
Arcadia Softball Facility	Parks, Recreation and Neighborhood Services	\$(144,000)	
<p>This action eliminates the Arcadia Softball Facility appropriation amount of \$144,000 in 2018-2019. Funds were previously spent in the Subdivision Park Trust Fund during 2017-2018 and as a result, these funds are no longer required. The funding allocation in 2018-2019 was made in error. A corresponding increase to the Future PDO/PIO Projects Reserve is recommended elsewhere in this report.</p>			
Capitol Turnkey Park Design Review and Inspection	Parks, Recreation and Neighborhood Services	\$710,000	
<p>This action establishes the Capitol Turnkey Park Design, Review and Inspection project. The Capitol Park is a turnkey project being designed and constructed by a developer to partially fulfill its Parkland Dedication Agreement. Once completed, the new 0.58 acre located at 641 N. Capitol Avenue will include playground, seating areas, a sporting lawn, drinking fountain, bike rack, lighting poles/bollards, walking pathways and other amenities. A corresponding increase to Developer Contributions is recommended elsewhere in this report.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Subdivision Park Trust Fund (375)			
Developer Contributions (Capitol Turnkey Park Design Review and Inspection)	Parks, Recreation and Neighborhood Services		\$710,000
<p>This action increases the estimate for Developer Contributions in the amount of \$710,000 from (\$595,000 to \$1,305,000), which is 85% of the Developer Contribution (\$835,140) for the Capitol Turnkey Park Design Review and Inspection project. The remaining 15% (\$125,250) was previously accounted for in the Park Trust Fund Administration appropriation for administrative and staffing costs. The Capitol Park is a turnkey project being designed and constructed by a developer to partially fulfill its Parkland Dedication Agreement. Once completed the new 0.58-acre located at 641 N. Capitol Avenue will include playground seating areas, a sporting lawn, drinking fountain, bike rack, lighting poles/bollards, walking pathways, and other amenities.</p>			
Future PDO/PIO Projects Reserve	Parks, Recreation and Neighborhood Services	\$103,000	
<p>This action increases the Future PDO/PIO Project Reserve to offset the action recommended in this report.</p>			
Murdock Park Tennis Court Repair	Parks, Recreation and Neighborhood Services	\$41,000	
<p>This action establishes the Murdock Park Tennis Court Repair appropriation in the amount of \$41,000 in the Subdivision Park Trust Fund. This project provides funding to repair the cracks on the court and then resurface the tennis court. The total project cost is anticipated to be \$65,000; the remaining \$24,000 will be funded through the City Council Participatory Budgeting Council District #1 appropriation. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p>			
North San Pedro Area Parks Master Plans	Parks, Recreation and Neighborhood Services	\$800,000	
<p>This action increases the North San Pedro Area Parks Master Plans appropriation in the amount of \$800,000 in the Subdivision Park Trust Fund. This project provides funding to complete the master planning process for Pellier Park, Bassett Street Park, and North San Pedro Linear Park. The master planning process will be conducted by a consultant and will include completing design development and preparing construction plans for the parks. The funding for this project will also cover the Public Works Project Management cost to review the completed design and construction plans by the consultant. A corresponding decrease to the North San Pedro Area Parks Reserve is recommended in this report to offset this action.</p>			
North San Pedro Area Parks Reserve	Parks, Recreation and Neighborhood Services	\$(800,000)	
<p>This action decreases the North San Pedro Area Parks Reserve by \$800,000 (from \$3,800,000 to \$3,000,000) to fully fund the North San Pedro Area Parks Master Plans project. The North San Pedro Area Parks Master Plans project will complete the master planning process for Pellier Park, Bassett Street Park, and North San Pedro Linear Park. The remaining reserve balance will provide funding for the construction of the project. A corresponding increase to the North San Pedro Area Parks Master Plans appropriation is recommended in this report.</p>			
Subdivision Park Trust Fund (375) TOTAL		\$710,000	\$710,000

**Capital Funds Recommended Budget Adjustments Summary
2018-2019 Year End Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Underground Utility Fund (416)			
Capital Program and Public Works Department Support Service Costs	Public Works	\$40,000	
<p>This action increases the Capital Program and Public Works Department Support Service Costs appropriation by \$40,000 (from \$68,000 to \$108,000) to support actual direct labor and professional services costs incurred by the Public Works Department for project support during 2018-2019. More projects included in the Underground Utility Program are anticipated to be supported during 2018-2019 than originally anticipated, causing the overage. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$(40,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Underground Utility Fund (416) TOTAL			
Water Utility Capital Fund (500)			
Infrastructure Improvements	Environmental Services	\$(240,000)	
<p>This action decreases the Infrastructure Improvements appropriation by \$240,000 (from \$1.1 million to \$889,000) to offset the increase in the System Maintenance/Repairs appropriation. Based on year-to-date project activity, year-end savings within the Infrastructure Improvements appropriation is anticipated. An offsetting increase to the System Maintenance/Repairs appropriation is recommended elsewhere in this report.</p>			
System Maintenance/Repairs	Environmental Services	\$240,000	
<p>This action increases the System Maintenance/Repairs appropriation by \$240,000 (from \$909,000 to \$1.1 million) due to the unforeseen volume of emergency repair projects that occurred at the beginning of the fiscal year. An offsetting decrease to the Infrastructure Improvements appropriation is recommended elsewhere in this report.</p>			
Water Utility Capital Fund (500) TOTAL			

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		USE		Total Use	SOURCE		NET COST		
		Personal Services	Non-Personal/ Equipment		Revenue	Beg Fund Balance			
DEPARTMENTAL EXPENSES									
City Attorney's Office									
	Required Technical-Rebalancing Actions		Non-Personal/Equipment (Litigation Costs)	-	\$700,000	\$700,000	-	-	\$700,000
City Attorney's Office									
	Clean-Up Actions		Salary and Benefits Program	\$368,796	-	\$368,796	-	-	\$368,796
			Voluntary Furlough/Reduced Work Week Program	(\$13,543)	-	(\$13,543)	-	-	(\$13,543)
City Auditor's Office									
	Clean-Up Actions		Salary and Benefits Program	\$62,893	-	\$62,893	-	-	\$62,893
			Voluntary Furlough/Reduced Work Week Program	(\$1,610)	-	(\$1,610)	-	-	(\$1,610)
City Clerk's Office									
	Clean-Up Actions		Voluntary Furlough/Reduced Work Week Program	(\$10,142)	-	(\$10,142)	-	-	(\$10,142)
Office of the City Manager									
	Clean-Up Actions		Salary and Benefits Program	\$400,395	-	\$400,395	-	-	\$400,395
			Voluntary Furlough/Reduced Work Week Program	(\$1,757)	-	(\$1,757)	-	-	(\$1,757)
City Manager - Office of Economic Development									
	Clean-Up Actions		Voluntary Furlough/Reduced Work Week Program	(\$7,241)	-	(\$7,241)	-	-	(\$7,241)
City Manager - Office of Economic Development									
	Rebudgets		Rebudget: Non-Personal/Equipment (District 6 Public Art)	-	\$46,000	\$46,000	-	-	\$46,000

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		USE			SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
DEPARTMENTAL EXPENSES								
Environmental Services Department								
	Required Technical-Rebalancing Actions	Personal Services (Energy and Water Building Performance)	\$47,336	-	\$47,336	-	-	\$47,336
		Personal Services (Illegal Dumping Backlog)	\$30,000	-	\$30,000	-	-	\$30,000
		Non-Personal/Equipment (Energy and Water Building Performance)	-	\$9,500	\$9,500	-	-	\$9,500
Environmental Services Department								
	Clean-Up Actions	Salary and Benefits Program	\$24,957	-	\$24,957	-	-	\$24,957
Finance Department								
	Required Technical-Rebalancing Actions	Non-Personal/Equipment (Business Tax Amnesty)	-	\$100,000	\$100,000	-	-	\$100,000
Finance Department								
	Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$10,939)	-	(\$10,939)	-	-	(\$10,939)
Finance Department								
	Technical Adjustments	Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing Costs)	-	\$482,000	\$482,000	-	-	\$482,000
		Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing Costs)	(\$482,000)	-	(\$482,000)	-	-	(\$482,000)
Fire Department								
	Grants-Reimbursements-Fees	Fire Development Fee Program - Non-Personal/Equipment (Technical Publication/Vehicle Replacements)	-	\$97,000	\$97,000	-	-	\$97,000
		Non-Personal/Equipment/Revenue from Federal Government (SHSGP - Mass Decontamination Foam System)	-	\$1,800	\$1,800	\$1,800	-	-
		Personal Services/Revenue from State of California (Strike Team Reimbursements)	\$507,088	-	\$507,088	\$507,088	-	-

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		USE		Total Use	SOURCE		NET COST
		Personal Services	Non-Personal/ Equipment		Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
	Non-Personal/Equipment/Revenue from State of California (Strike Team Reimbursement)	-	\$142,422	\$142,422	\$142,422	-	-
Fire Department							
	Salary and Benefits Program - Fire Development Fee Program - Personal Services	\$150,902	-	\$150,902	-	-	\$150,902
Clean-Up Actions	Salary and Benefits Program	\$5,000,000	-	\$5,000,000	-	-	\$5,000,000
	Voluntary Furlough/Reduced Work Week Program	(\$7,797)	-	(\$7,797)	-	-	(\$7,797)
Housing Department							
	Non-Personal/Equipment/Revenue from Local Agencies (SCVWD - Pollution Prevention and Creeks Cleanup Project)	-	\$195,000	\$195,000	\$195,000	-	-
Grants-Reimbursements-Fees							
Human Resources Department							
	Personal Services (Reallocation from Non-Personal/Equipment for Temporary Staffing)	\$172,000	-	\$172,000	-	-	\$172,000
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Reallocation to Personal Services for Temporary Staffing)	-	(\$172,000)	(\$172,000)	-	-	(\$172,000)
Human Resources Department							
	Salary and Benefits Program - Development Fee Program - Shared Resources Personal Services	\$1,255	-	\$1,255	-	-	\$1,255
Clean-Up Actions	Salary and Benefits Program	\$117,532	-	\$117,532	-	-	\$117,532
	Voluntary Furlough/Reduced Work Week Program	(\$11,213)	-	(\$11,213)	-	-	(\$11,213)
Independent Police Auditor's Office							
	Salary and Benefits Program	\$30,332	-	\$30,332	-	-	\$30,332
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$1,689)	-	(\$1,689)	-	-	(\$1,689)
Information Technology Department							
	Voluntary Furlough/Reduced Work Week Program	(\$6,499)	-	(\$6,499)	-	-	(\$6,499)
Clean-Up Actions							

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		USE			SOURCE		NET COST
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Library Department							
Clean-Up Actions	Salary and Benefits Program	\$199,495	-	\$199,495	-	-	\$199,495
	Voluntary Furlough/Reduced Work Week Program	(\$39,893)	-	(\$39,893)	-	-	(\$39,893)
Mayor & City Council							
Required Technical-Rebalancing Actions	Council District #10 (Personal Services)	\$15,000	-	\$15,000	-	-	\$15,000
Mayor & City Council							
Grants-Reimbursements-Fees	Office of the Mayor/Other Revenue	-	\$25,000	\$25,000	\$25,000	-	-
	Council District #01/Other Revenue	-	\$4,071	\$4,071	\$4,071	-	-
	Council District #02/Other Revenue	-	\$3,318	\$3,318	\$3,318	-	-
	Council District #04/Other Revenue	-	\$3,000	\$3,000	\$3,000	-	-
	Council District #05/Other Revenue	-	\$6,000	\$6,000	\$6,000	-	-
	Council District #07/Other Revenue	-	\$630	\$630	\$630	-	-
	Council District #08/Other Revenue	-	\$38,800	\$38,800	\$38,800	-	-
	Council District #09/Other Revenue	-	\$1,000	\$1,000	\$1,000	-	-
	Council District #10/Other Revenue	-	\$500	\$500	\$500	-	-
Mayor & City Council							
Clean-Up Actions	Salary and Benefits Program - Office of the Mayor	\$20,272	-	\$20,272	-	-	\$20,272
	Salary and Benefits Program - Council District #01	\$9,568	-	\$9,568	-	-	\$9,568
	Salary and Benefits Program - Council District #02	\$9,367	-	\$9,367	-	-	\$9,367
	Salary and Benefits Program - Council District #03	\$7,274	-	\$7,274	-	-	\$7,274
	Salary and Benefits Program - Council District #04	\$7,707	-	\$7,707	-	-	\$7,707
	Salary and Benefits Program - Council District #05	\$8,258	-	\$8,258	-	-	\$8,258

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		USE		Total Use	SOURCE		NET COST
		Personal Services	Non-Personal/ Equipment		Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
	Salary and Benefits Program - Council District #06	\$7,915	-	\$7,915	-	-	\$7,915
	Salary and Benefits Program - Council District #07	\$9,135	-	\$9,135	-	-	\$9,135
	Salary and Benefits Program - Council District #08	\$6,666	-	\$6,666	-	-	\$6,666
	Salary and Benefits Program - Council District #09	\$9,504	-	\$9,504	-	-	\$9,504
	Salary and Benefits Program - Council District #10	\$9,243	-	\$9,243	-	-	\$9,243
Parks, Recreation and Neighborhood Services Department							
	Grants-Reimbursements-Fees						
	Personal Services/Other Revenue (Gen2Gen Grant)	\$17,000	-	\$17,000	\$17,000	-	-
	Personal Services/Other Revenue (Circle of Life Senior Endowment Grant)	\$25,000	-	\$25,000	\$25,000	-	-
	Fee Activities/Fees, Rates, and Charges (Gardner Family Health Grant)	-	\$44,183	\$44,183	\$44,183	-	-
	Fee Activities/Fees, Rates, and Charges (Santa Clara County Summer Youth Programming Grant)	-	\$250,000	\$250,000	\$250,000	-	-
Parks, Recreation and Neighborhood Services Department							
	Clean-Up Actions						
	Salary and Benefits Program - Fee Activities	\$28,893	-	\$28,893	-	-	\$28,893
	Salary and Benefits Program	\$834,260	-	\$834,260	-	-	\$834,260
	Voluntary Furlough/Reduced Work Week Program	(\$14,143)	-	(\$14,143)	-	-	(\$14,143)
Planning, Building and Code Enforcement Department							
	Clean-Up Actions						
	Salary and Benefits Program - Fire Development Fee Program - Personal Services	\$4,919	-	\$4,919	-	-	\$4,919

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	USE	Total Use	SOURCE	NET COST			
		Non-Personal/ Equipment		Revenue		Beg Fund Balance		
DEPARTMENTAL EXPENSES								
		Salary and Benefits Program - Public Works Development Fee Program - Personal Services	\$3,609	-	\$3,609	-	-	\$3,609
		Voluntary Furlough/Reduced Work Week Program - Building Development Fee Program - Personal Services	(\$49,264)	-	(\$49,264)	-	-	(\$49,264)
		Voluntary Furlough/Reduced Work Week Program - Planning Development Fee Program - Personal Services	(\$3,859)	-	(\$3,859)	-	-	(\$3,859)
		Voluntary Furlough/Reduced Work Week Program - Fire Development Fee Program - Personal Services	(\$1,384)	-	(\$1,384)	-	-	(\$1,384)
		Voluntary Furlough/Reduced Work Week Program - Public Works Development Fee Program - Personal Services	(\$1,349)	-	(\$1,349)	-	-	(\$1,349)
		Voluntary Furlough/Reduced Work Week Program	(\$9,899)	-	(\$9,899)	-	-	(\$9,899)
Planning, Building and Code Enforcement Department		Tech Adjust: Building Development Fee Program - Non-Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$50,500)	(\$50,500)	-	-	(\$50,500)
Technical Adjustments		Tech Adjust: Planning Development Fee Program - Non-Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$13,500)	(\$13,500)	-	-	(\$13,500)
		Tech Adjust: Non-Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$19,000)	(\$19,000)	-	-	(\$19,000)
		Tech Adjust: Fire Development Fee Program - Non-Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$7,900)	(\$7,900)	-	-	(\$7,900)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	USE			SOURCE	NET COST			
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance			
DEPARTMENTAL EXPENSES								
		Tech Adjust: Public Works Development Fee Program - Non-Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$9,000)	(\$9,000)	-	-	(\$9,000)
		Tech Adjust: Building Development Fee Program - Personal Services (Reallocation from Non-Personal/Equipment for Integrated Permit System Project Manager)	\$50,500	-	\$50,500	-	-	\$50,500
		Tech Adjust: Planning Development Fee Program - Personal Services (Reallocation from Non-Personal/Equipment for Integrated Permit System Project Manager)	\$13,500	-	\$13,500	-	-	\$13,500
		Tech Adjust: Personal Services (Reallocation from Non-Personal/Equipment for Integrated Permit System Project Manager)	\$19,000	-	\$19,000	-	-	\$19,000
		Tech Adjust: Fire Development Fee Program - Personal Services (Reallocation from Non-Personal/Equipment for Integrated Permit System Project Manager)	\$7,900	-	\$7,900	-	-	\$7,900
		Tech Adjust: Public Works Development Fee - Personal Services (Reallocation from Non-Personal/Equipment for Integrated Permit System Project Manager)	\$9,000	-	\$9,000	-	-	\$9,000
		Tech Adjust: Citywide Planning Fee - Personal Services	\$970,611	-	\$970,611	-	-	\$970,611
		Tech Adjust: Citywide Planning Fee - Non-Personal/Equipment	-	\$386,560	\$386,560	-	-	\$386,560
		Tech Adjust: Personal Services (Reallocation to Citywide Planning Fee - Personal Services)	(\$970,611)	-	(\$970,611)	-	-	(\$970,611)

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		USE		Total Use	SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment		Revenue	Beg Fund Balance		
DEPARTMENTAL EXPENSES								
	Tech Adjust: Non-Personal/Equipment (Reallocation to Citywide Planning Fee - Non-Personal/Equipment)	-	(\$386,560)	(\$386,560)	-	-	(\$386,560)	
Police Department								
	Required Technical-Rebalancing Actions	Personal Services (School Safety Program)	\$385,000	-	\$385,000	-	-	\$385,000
Police Department								
	Grants-Reimbursements-Fees	Personal Services/Transfers and Reimbursements (Airport Paycars)	\$312,000	-	\$312,000	\$312,000	-	-
Police Department								
	Clean-Up Actions	Salary and Benefits Program	\$1,066,437	-	\$1,066,437	-	-	\$1,066,437
		Voluntary Furlough/Reduced Work Week Program	(\$17,694)	-	(\$17,694)	-	-	(\$17,694)
Public Works Department								
	Required Technical-Rebalancing Actions	Non-Personal/Equipment (Animal Care Services Custodial Services)	-	\$110,000	\$110,000	-	-	\$110,000
		Personal Services (Animal Care Services Part-Time Staffing)	\$425,000	-	\$425,000	-	-	\$425,000
Public Works Department								
	Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program - Public Works						
		Development Fee Program - Personal Services	(\$3,399)	-	(\$3,399)	-	-	(\$3,399)
		Salary and Benefits Program	\$297,922	-	\$297,922	-	-	\$297,922
		Voluntary Furlough/Reduced Work Week Program	(\$2,407)	-	(\$2,407)	-	-	(\$2,407)
Transportation Department								
	Required Technical-Rebalancing Actions	Personal Services (Vacancy Savings)	(\$46,330)	-	(\$46,330)	-	-	(\$46,330)
		Non-Personal/Equipment (Palm Tree Maintenance)	-	\$20,000	\$20,000	-	-	\$20,000

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		USE		Total Use	SOURCE	NET COST
		Personal Services	Non-Personal/ Equipment		Revenue	
DEPARTMENTAL EXPENSES						
Transportation Department	Non-Personal/Equipment (Landscaping Services)	-	\$26,330	\$26,330	-	\$26,330
Transportation Department	Grants-Reimbursements-Fees	-	\$146,060	\$146,060	\$146,060	-
Transportation Department	Clean-Up Actions	(\$30,880)	-	(\$30,880)	-	(\$30,880)
Transportation Department	Technical Adjustments	-	\$39,226	\$39,226	-	\$39,226
		(\$39,226)	-	(\$39,226)	-	(\$39,226)
	DEPARTMENTAL EXPENSES TOTAL	\$9,918,673	\$2,219,940	\$12,138,613	\$1,722,872	\$10,415,741
CITY-WIDE EXPENSES						
Actions	Required Technical-Rebalancing	-	\$5,255	\$5,255	-	\$5,255
	Digital Inclusion Program (Reconciliation)	-	\$5,255	\$5,255	-	\$5,255
	Workers' Compensation Claims - Transportation	-	(\$250,000)	(\$250,000)	-	(\$250,000)
	Property Assessed Clean Energy (PACE) Program	-	(\$56,836)	(\$56,836)	-	(\$56,836)
	Fair Labor Standards Act (FLSA) System Configuration	-	\$75,000	\$75,000	-	\$75,000
	Workers' Compensation Claims - Fire	-	(\$750,000)	(\$750,000)	-	(\$750,000)
	Workers' Compensation Claims - Police	-	\$1,000,000	\$1,000,000	-	\$1,000,000
	Climate Smart San José Plan Implementation	\$150,000	-	\$150,000	-	\$150,000

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	USE			SOURCE	NET COST			
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance			
CITY-WIDE EXPENSES								
		Small Business Anti-Displacement Research	-	\$100,000	\$100,000	-	-	\$100,000
		Commercial Development Impact Study	-	\$150,000	\$150,000	-	-	\$150,000
		Measure T Implementation	\$250,000	-	\$250,000	-	-	\$250,000
		Health Care Incentive	-	\$30,000	\$30,000	-	-	\$30,000
Grants-Reimbursements-Fees		Digital Inclusion Program/Other Revenue (Verizon Contributions)	-	(\$50,000)	(\$50,000)	(\$50,000)	-	-
		Library Grants/Revenue from State of California (CLLS - Literacy for Adults)	-	\$147,000	\$147,000	\$147,000	-	-
		Library Grants/Other Revenue (PLP Grant - Retro Tech Redux)	-	\$14,483	\$14,483	\$14,483	-	-
		State Homeland Security Grant Program/Revenue from Federal Government	-	\$100,000	\$100,000	\$100,000	-	-
		Census 2020/Revenue from State of California	\$100,000	-	\$100,000	\$100,000	-	-
		Northern California Regional Intelligence Center – Police 2018/Revenue from Federal Government	\$131,511	-	\$131,511	\$131,511	-	-
		Emergency Street Tree Services (Property Owner Requested)/Other Revenue	-	\$100,000	\$100,000	\$100,000	-	-
Technical Adjustments		Tech Adjust: Family College Success Center (Reallocation to City Manager's Office from Office of Economic Development)	-	\$100,000	\$100,000	-	-	\$100,000
		Tech Adjust: Family College Success Center (Reallocation from Office of Economic Development to City Manager's Office)	-	(\$100,000)	(\$100,000)	-	-	(\$100,000)
		CITY-WIDE EXPENSES TOTAL	\$631,511	\$614,902	\$1,246,413	\$542,994	-	\$703,419

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		USE			SOURCE		NET COST
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
CAPITAL PROJECT EXPENSES							
Required Technical-Rebalancing Actions	Closed Landfill Compliance	-	\$100,000	\$100,000	-	-	\$100,000
CAPITAL PROJECT EXPENSES TOTAL							
		-	\$100,000	\$100,000	-	-	\$100,000
EARMARKED RESERVES							
Required Technical-Rebalancing Actions	2018-2019 Ending Fund Balance Reserve	-	\$15,000,000	\$15,000,000	-	-	\$15,000,000
	2019-2020 Proposed Budget Planning Reserve	-	\$14,400,000	\$14,400,000	-	-	\$14,400,000
	Salaries and Benefits Reserve	-	(\$353,000)	(\$353,000)	-	-	(\$353,000)
	City Health Plan Restructuring Reserve	-	(\$30,000)	(\$30,000)	-	-	(\$30,000)
Grants-Reimbursements-Fees	Fire Development Fee Program Reserve	-	(\$97,000)	(\$97,000)	-	-	(\$97,000)
	Autumn Parkway Parcels Sale Proceeds Reserve	-	\$235,125	\$235,125	-	-	\$235,125
Clean-Up Actions	Salary and Benefits Program - Salaries and Benefits Reserve	-	(\$9,633,648)	(\$9,633,648)	-	-	(\$9,633,648)
	Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits Reserve	-	\$187,346	\$187,346	-	-	\$187,346
	Development Fee Program Reconciliation - Public Works Development Fee Program Reserve	-	\$363,000	\$363,000	-	-	\$363,000

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	USE			SOURCE	NET COST			
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance			
EARMARKED RESERVES								
		Voluntary Furlough/Reduced Work Week Program - Fire Development Fee Program Reserve	-	\$1,384	\$1,384	-	-	\$1,384
		Salary and Benefits Program - Public Works Development Fee Program Reserve	-	\$137,295	\$137,295	-	-	\$137,295
		Salary and Benefits Program - Building Development Fee Program Reserve	-	\$722,726	\$722,726	-	-	\$722,726
		Salary and Benefits Program - Planning Development Fee Program Reserve	-	\$77,814	\$77,814	-	-	\$77,814
		Voluntary Furlough/Reduced Work Week Program - Public Works Development Fee Program Reserve	-	\$4,748	\$4,748	-	-	\$4,748
		Voluntary Furlough/Reduced Work Week Program - Building Development Fee Program Reserve	-	\$49,264	\$49,264	-	-	\$49,264
		Voluntary Furlough/Reduced Work Week Program - Planning Development Fee Program Reserve	-	\$3,859	\$3,859	-	-	\$3,859
		EARMARKED RESERVES TOTAL	-	\$21,068,913	\$21,068,913	-	-	\$21,068,913
TRANSFERS								
Required Technical-Rebalancing Actions		Transfer to the Convention Center Facility District Revenue Fund (South Hall Sale/SARA Property)	-	\$4,300,000	\$4,300,000	-	-	\$4,300,000
		TRANSFERS TOTAL	-	\$4,300,000	\$4,300,000	-	-	\$4,300,000

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		USE			SOURCE	NET COST
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance
REVENUE ADJUSTMENTS						
Required Technical-Rebalancing Actions	Revenue - Other Revenue (Sale of SARA and City-Owned Properties)	-	-	-	\$18,700,000	-\$18,700,000
	Revenue - Sales Tax	-	-	-	\$12,000,000	-\$12,000,000
	Revenue - Local Agencies	-	-	-	\$1,132,000	-\$1,132,000
	Revenue - Property Tax	-	-	-	\$4,000,000	-\$4,000,000
Grants-Reimbursements-Fees	Other Revenue (Autumn Parkway)	-	-	-	\$235,125	-\$235,125
Rebudgets	Rebudget: Revenue from Local Agencies (Afterschool Education and Safety Programs for 2017-2018 Grant)	-	-	-	(\$142,249)	\$142,249
Technical Adjustments	Fund Balance Reconciliation	-	-	-	\$663,197	(\$663,197)
	Tech Adjust: Revenue from State of California (Revenue category reallocation for SHSGP - Mass Decontamination Foam System)	-	-	-	(\$20,000)	\$20,000
	Tech Adjust: Revenue from Federal Government (Revenue category reallocation for SHSGP - Mass Decontamination Foam System)	-	-	-	\$20,000	(\$20,000)
REVENUE ADJUSTMENTS TOTAL						
		-	-	-	\$36,588,073	-\$36,588,073
TOTAL GENERAL FUND		\$10,550,184	\$28,303,755	\$38,853,939	\$38,853,939	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Airport Customer Facility And Transportation Fee Fund (519)								
Clean-Up and Rebudget Actions								
Airport Department Fund Balance Reconciliation (Future Debt Service Reserve)	-	-	-	(\$831,569)	(\$831,569)	-	(\$831,569)	-
Fund Balance Reconciliation (Rate Stabilization Reserve)	-	-	-	(\$19,087)	(\$19,087)	-	(\$19,087)	-
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	(\$850,656)	(\$850,656)	\$0	(\$850,656)	\$0
Airport Customer Facility And Transportation Fee Fund (519) TOTAL	\$0	\$0	\$0	(\$850,656)	(\$850,656)	\$0	(\$850,656)	\$0
Airport Maintenance And Operation Fund (523)								
Clean-Up and Rebudget Actions								
Airport Department Salary and Benefits Program - Operations Contingency	-	-	(\$25,201)	-	(\$25,201)	-	-	(\$25,201)
City Attorney's Office Salary and Benefits Program	\$20,318	-	-	-	\$20,318	-	-	\$20,318
City Manager - Office of Economic Development Salary and Benefits Program	\$4,073	-	-	-	\$4,073	-	-	\$4,073
Information Technology Department Salary and Benefits Program	\$810	-	-	-	\$810	-	-	\$810
Clean-Up and Rebudget Actions TOTAL	\$25,201	\$0	(\$25,201)	\$0	\$0	\$0	\$0	\$0
Budget Adjustments								
Airport Department Transfer to the General Fund (Police Services)	-	-	\$312,000	-	\$312,000	-	-	\$312,000
Airline Reserve Funds Distribution	-	-	\$16,266,296	-	\$16,266,296	-	-	\$16,266,296

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Operations Contingency (Police Services)	-	-	(\$312,000)	-	(\$312,000)	-	-	(\$312,000)
Transfers and Reimbursements (Airline Reserve Funds Distribution)	-	-	-	-	-	\$16,266,296	-	(\$16,266,296)
Budget Adjustments Total	\$0	\$0	\$16,266,296	\$0	\$16,266,296	\$16,266,296	\$0	\$0
Airport Maintenance And Operation Fund (523) TOTAL	\$25,201	\$0	\$16,241,095	\$0	\$16,266,296	\$16,266,296	\$0	\$0
Airport Revenue Fund (521)								
Budget Adjustments								
Airport Department Airline Agreement Reserve (Commercial Paper Pay Down)	-	-	-	(\$3,000,000)	(\$3,000,000)	-	-	(\$3,000,000)
Transfer to the Airport Surplus Revenue Fund (Commercial Paper Pay Down)	-	-	\$3,000,000	-	\$3,000,000	-	-	\$3,000,000
Airline Agreement Reserve (Airline Reserve Funds Distribution)	-	-	-	(\$7,266,296)	(\$7,266,296)	-	-	(\$7,266,296)
Transfer to the Airport Maintenance and Operation Fund (Airline Reserve Funds Distribution)	-	-	\$7,266,296	-	\$7,266,296	-	-	\$7,266,296
Budget Adjustments Total	\$0	\$0	\$10,266,296	(\$10,266,296)	\$0	\$0	\$0	\$0
Airport Revenue Fund (521) TOTAL	\$0	\$0	\$10,266,296	(\$10,266,296)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Airport Surplus Revenue Fund (524)								
Budget Adjustments								
Airport Department Commercial Paper Principal and Interest/Transfers and Reimbursements	-	-	\$3,000,000	-	\$3,000,000	\$3,000,000	-	-
Rate Stabilization Reserve (Airline Reserve Funds Distribution)	-	-	-	(\$9,000,000)	(\$9,000,000)	-	-	(\$9,000,000)
Transfer to the Airport Maintenance and Operation Fund (Airline Reserve Funds Distribution)	-	-	\$9,000,000	-	\$9,000,000	-	-	\$9,000,000
Budget Adjustments Total	\$0	\$0	\$12,000,000	(\$9,000,000)	\$3,000,000	\$3,000,000	\$0	\$0
Airport Surplus Revenue Fund (524) TOTAL	\$0	\$0	\$12,000,000	(\$9,000,000)	\$3,000,000	\$3,000,000	\$0	\$0
Benefits Funds - Benefit Fund (160)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Fund Balance Reconciliation	-	-	-	\$2,977	\$2,977	-	\$2,977	-
Salary and Benefits Program	\$11,360	-	-	(\$11,360)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$11,360	\$0	\$0	(\$8,383)	\$2,977	\$0	\$2,977	\$0
Budget Adjustments								
Human Resources Department								
Personal Services (Overage)	\$93,000	-	-	-	\$93,000	-	-	\$93,000
Ending Fund Balance Adjustment	-	-	-	(\$93,000)	(\$93,000)	-	-	(\$93,000)
FICA-Medicare/Transfers and Reimbursements	-	-	\$397,000	-	\$397,000	\$397,000	-	-
Health Plans/Transfers and Reimbursements	-	-	\$700,000	-	\$700,000	\$700,000	-	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements	-	-	\$19,000	-	\$19,000	\$19,000	-	-
Budget Adjustments Total	\$93,000	\$0	\$1,116,000	(\$93,000)	\$1,116,000	\$1,116,000	\$0	\$0
Benefits Funds - Benefit Fund (160) TOTAL	\$104,360	\$0	\$1,116,000	(\$101,383)	\$1,118,977	\$1,116,000	\$2,977	\$0
Benefits Funds - Dental Insurance Fund (155)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Fund Balance Reconciliation	-	-	-	\$145,977	\$145,977	-	(\$22,023)	\$168,000
Fund Balance Reconciliation - Dental Claims Reserve	-	-	-	-	-	-	\$168,000	(\$168,000)
Salary and Benefits Program	\$6,218	-	-	(\$6,218)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$6,218	\$0	\$0	\$139,759	\$145,977	\$0	\$145,977	\$0
Budget Adjustments								
Human Resources Department								
Non-Personal/Equipment (Delta Dental Admin Fees)	-	\$42,000	-	-	\$42,000	-	-	\$42,000
Ending Fund Balance Adjustment	-	-	-	(\$62,000)	(\$62,000)	-	-	(\$62,000)
Dental HMO Plan	-	-	\$20,000	-	\$20,000	-	-	\$20,000
Budget Adjustments Total	\$0	\$42,000	\$20,000	(\$62,000)	\$0	\$0	\$0	\$0
Benefits Funds - Dental Insurance Fund (155) TOTAL	\$6,218	\$42,000	\$20,000	\$77,759	\$145,977	\$0	\$145,977	\$0
Benefits Funds - Life Insurance Fund (156)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Fund Balance Reconciliation	-	-	-	\$2,977	\$2,977	-	\$2,977	-
Salary and Benefits Program	\$1,639	-	-	(\$1,639)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$1,639	\$0	\$0	\$1,338	\$2,977	\$0	\$2,977	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments								
Human Resources								
Department								
Personal Services (Overage)	\$7,000	-	-	-	\$7,000	-	-	\$7,000
Ending Fund Balance Adjustment	-	-	-	(\$7,000)	(\$7,000)	-	-	(\$7,000)
Budget Adjustments Total	\$7,000	\$0	\$0	(\$7,000)	\$0	\$0	\$0	\$0
Benefits Funds - Life Insurance								
Fund (156) TOTAL	\$8,639	\$0	\$0	(\$5,662)	\$2,977	\$0	\$2,977	\$0
Benefits Funds - Unemployment Insurance Fund (157)								
Clean-Up and Rebudget Actions								
Human Resources								
Department								
Fund Balance Reconciliation	-	-	-	\$2,978	\$2,978	-	\$2,978	-
Salary and Benefits Program	\$3,949	-	-	(\$3,949)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$3,949	\$0	\$0	(\$971)	\$2,978	\$0	\$2,978	\$0
Benefits Funds - Unemployment Insurance Fund (157) TOTAL	\$3,949	\$0	\$0	(\$971)	\$2,978	\$0	\$2,978	\$0
Community Development Block Grant Fund (441)								
Clean-Up and Rebudget Actions								
City Attorney's Office	Salary and Benefits Program - Legal Services	-	-	\$552	-	\$552	-	\$552
Housing Department	Fund Balance Reconciliation	-	-	(\$31,266)	(\$31,266)	-	(\$31,266)	-
	Salary and Benefits Program	-	-	(\$552)	(\$552)	-	-	(\$552)
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$552	(\$31,818)	(\$31,266)	\$0	(\$31,266)	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Community Development Block Grant Fund (441) TOTAL		\$0	\$0	\$552	(\$31,818)	(\$31,266)	\$0	(\$31,266)	\$0
Community Facilities District No. 1 (Capitol Auto Mall) Fund (371)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$537	-	-	(\$537)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$537	\$0	\$0	(\$537)	\$0	\$0	\$0	\$0
Community Facilities District No. 1 (Capitol Auto Mall) Fund (371) TOTAL		\$537	\$0	\$0	(\$537)	\$0	\$0	\$0	\$0
Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$2,387	-	-	(\$2,387)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$2,387	\$0	\$0	(\$2,387)	\$0	\$0	\$0	\$0
Budget Adjustments									
Transportation Department	Non-Personal/Equipment (Landscape Maintenance Projects)	-	\$250,000	-	-	\$250,000	-	-	\$250,000
Ending Fund Balance Adjustment		-	-	-	(\$250,000)	(\$250,000)	-	-	(\$250,000)
Budget Adjustments Total		\$0	\$250,000	\$0	(\$250,000)	\$0	\$0	\$0	\$0
Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369) TOTAL		\$2,387	\$250,000	\$0	(\$252,387)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Community Facilities District No. 8 (Communications Hill) Fund (373)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$2,004	-	-	(\$2,004)	-	-	-	-
	Clean-Up and Rebudget Actions TOTAL	\$2,004	\$0	\$0	(\$2,004)	\$0	\$0	\$0	\$0
Budget Adjustments									
Transportation Department	Non-Personal/Equipment (Landscape Maintenance Projects)	-	\$50,000	-	-	\$50,000	-	-	\$50,000
	Ending Fund Balance Adjustment	-	-	-	(\$50,000)	(\$50,000)	-	-	(\$50,000)
	Budget Adjustments Total	\$0	\$50,000	\$0	(\$50,000)	\$0	\$0	\$0	\$0
	Community Facilities District No. 8 (Communications Hill) Fund (373) TOTAL	\$2,004	\$50,000	\$0	(\$52,004)	\$0	\$0	\$0	\$0
Community Facilities District No. 12 (Basking Ridge) Fund (376)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$531	-	-	(\$531)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Clean-Up and Rebudget Actions TOTAL	\$531	\$0	\$0	(\$530)	\$1	\$0	\$1	\$0
	Community Facilities District No. 12 (Basking Ridge) Fund (376) TOTAL	\$531	\$0	\$0	(\$530)	\$1	\$0	\$1	\$0
Community Facilities District No. 13 (Guadalupe Mines) Fund (310)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$347	-	-	(\$347)	-	-	-	-
	Clean-Up and Rebudget Actions TOTAL	\$347	\$0	\$0	(\$347)	\$0	\$0	\$0	\$0
	Community Facilities District No. 13 (Guadalupe Mines) Fund (310) TOTAL	\$347	\$0	\$0	(\$347)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Community Facilities District No. 14 (Raleigh-Charlotte) Fund (379)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$698	-	-	(\$698)	-	-	-	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$698	\$0	\$0	(\$698)	\$0	\$0	\$0	\$0
Community Facilities District No. 14 (Raleigh-Charlotte) Fund (379) TOTAL									
		\$698	\$0	\$0	(\$698)	\$0	\$0	\$0	\$0
Community Facilities District No. 15 (Berryessa-Sierra) Fund (370)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$42	-	-	(\$42)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	(\$1)	(\$1)	-	(\$1)	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$42	\$0	\$0	(\$43)	(\$1)	\$0	(\$1)	\$0
Community Facilities District No. 15 (Berryessa-Sierra) Fund (370) TOTAL									
		\$42	\$0	\$0	(\$43)	(\$1)	\$0	(\$1)	\$0
Convention And Cultural Affairs Fund (536)									
Clean-Up and Rebudget Actions									
City Manager - Office of Economic Development									
	Fund Balance Reconciliation	-	-	-	(\$3,614,141)	(\$3,614,141)	-	(\$3,614,141)	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Tech Adjust: Ending Fund Balance Adjustment	-	-	-	\$3,530,223	\$3,530,223	-	-	\$3,530,223
Tech Adjust: Other Revenue (Operating Assistance Repayment)	-	-	-	-	-	\$3,530,223	-	(\$3,530,223)
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	(\$83,918)	(\$83,918)	\$3,530,223	(\$3,614,141)	\$0
Convention And Cultural Affairs Fund (536) TOTAL	\$0	\$0	\$0	(\$83,918)	(\$83,918)	\$3,530,223	(\$3,614,141)	\$0
Convention Center Facilities District Revenue Fund (791)								
Budget Adjustments								
Finance Department								
South Hall Site Acquisition Debt Service Reserve/Transfers and Reimbursements	-	-	-	\$4,300,000	\$4,300,000	\$4,300,000	-	-
Budget Adjustments Total	\$0	\$0	\$0	\$4,300,000	\$4,300,000	\$4,300,000	\$0	\$0
Convention Center Facilities District Revenue Fund (791) TOTAL	\$0	\$0	\$0	\$4,300,000	\$4,300,000	\$4,300,000	\$0	\$0
Downtown Property And Business Improvement District Fund (302)								
Clean-Up and Rebudget Actions								
Transportation Department								
Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
Downtown Property And Business Improvement District Fund (302) TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)								
Budget Adjustments								
Police Department 2017 Justice Assistance Grant/Revenue from Federal Government	-	-	\$269,209	-	\$269,209	\$269,209	-	-
Budget Adjustments Total	\$0	\$0	\$269,209	\$0	\$269,209	\$269,209	\$0	\$0
Edward Byrne Memorial Justice Assistance Grant Trust Fund (474) TOTAL	\$0	\$0	\$269,209	\$0	\$269,209	\$269,209	\$0	\$0
General Purpose Parking Fund (533)								
Clean-Up and Rebudget Actions								
Transportation Department Salary and Benefits Program	\$57,577	-	-	(\$57,577)	-	-	-	-
Fund Balance Reconciliation	-	-	-	(\$30,791)	(\$30,791)	-	(\$30,791)	-
Fund Balance Reconciliation (Transfer to General Purpose Parking Capital Fund)	-	-	\$25,961	(\$25,961)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$57,577	\$0	\$25,961	(\$114,329)	(\$30,791)	\$0	(\$30,791)	\$0
Budget Adjustments								
Human Resources Department Workers' Compensation Claims	-	-	\$3,000	-	\$3,000	-	-	\$3,000
Transportation Department Ending Fund Balance Adjustment	-	-	-	(\$3,000)	(\$3,000)	-	-	(\$3,000)
Budget Adjustments Total	\$0	\$0	\$3,000	(\$3,000)	\$0	\$0	\$0	\$0
General Purpose Parking Fund (533) TOTAL	\$57,577	\$0	\$28,961	(\$117,329)	(\$30,791)	\$0	(\$30,791)	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Gift Trust Fund (139)									
Budget Adjustments									
Library Department	Library - General Gifts/Other Revenue	-	-	\$221,004	-	\$221,004	\$221,004	-	-
Police Department	Miscellaneous Gifts/Other Revenue (Target Grant)	-	-	\$10,000	-	\$10,000	\$10,000	-	-
Budget Adjustments Total		\$0	\$0	\$231,004	\$0	\$231,004	\$231,004	\$0	\$0
Gift Trust Fund (139) TOTAL		\$0	\$0	\$231,004	\$0	\$231,004	\$231,004	\$0	\$0
Home Investment Partnership Program Trust Fund (445)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$2,020	-	-	-	\$2,020	-	-	\$2,020
Housing Department	Fund Balance Reconciliation	-	-	-	(\$760,798)	(\$760,798)	-	(\$760,798)	-
	Salary and Benefits Program	\$4,909	-	-	(\$6,929)	(\$2,020)	-	-	(\$2,020)
Clean-Up and Rebudget Actions TOTAL		\$6,929	\$0	\$0	(\$767,727)	(\$760,798)	\$0	(\$760,798)	\$0
Budget Adjustments									
Housing Department	Non-Personal/Equipment (Fair Housing Collaborative Consultant Services Agreement)	-	\$100,000	-	-	\$100,000	-	-	\$100,000
	Ending Fund Balance Adjustment	-	-	-	(\$100,000)	(\$100,000)	-	-	(\$100,000)
Budget Adjustments Total		\$0	\$100,000	\$0	(\$100,000)	\$0	\$0	\$0	\$0
Home Investment Partnership Program Trust Fund (445) TOTAL		\$6,929	\$100,000	\$0	(\$867,727)	(\$760,798)	\$0	(\$760,798)	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Housing Trust Fund (440)									
Clean-Up and Rebudget Actions									
Housing									
Department	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Salary and Benefits Program	\$10,133	-	-	(\$10,133)	-	-	-	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$10,133	\$0	\$0	(\$10,132)	\$1	\$0	\$1	\$0
<hr/>									
	Housing Trust Fund (440)								
	TOTAL	\$10,133	\$0	\$0	(\$10,132)	\$1	\$0	\$1	\$0
Ice Centre Revenue Fund (432)									
Budget Adjustments									
Office of the City Manager	Previously Approved Repairs Reserve	-	-	-	(\$3,826,234)	(\$3,826,234)	-	-	(\$3,826,234)
Finance Department	Solar4America Ice Rink Expansion Feasibility Study/Other Revenue	-	-	\$75,000	-	\$75,000	\$75,000	-	-
	Miscellaneous Repairs	-	-	\$63,019	-	\$63,019	-	-	\$63,019
	Mechanical Repairs	-	-	\$3,690,611	-	\$3,690,611	-	-	\$3,690,611
	Structures Repairs	-	-	\$3,081	-	\$3,081	-	-	\$3,081
	Unanticipated/Emergency Repairs	-	-	\$69,523	-	\$69,523	-	-	\$69,523
	Budget Adjustments Total	\$0	\$0	\$3,901,234	(\$3,826,234)	\$75,000	\$75,000	\$0	\$0
	Ice Centre Revenue Fund (432)								
	TOTAL	\$0	\$0	\$3,901,234	(\$3,826,234)	\$75,000	\$75,000	\$0	\$0
Integrated Waste Management Fund (423)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$3,203	-	-	-	\$3,203	-	-	\$3,203
Environmental Services Department	Salary and Benefits Program	-	-	-	(\$18,121)	(\$18,121)	-	-	(\$18,121)
	Voluntary Furlough/Reduced Work Week Program	(\$12,546)	-	-	\$14,022	\$1,476	-	-	\$1,476

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Finance Department Voluntary Furlough/Reduced Work Week Program	(\$1,476)	-	-	-	(\$1,476)	-	-	(\$1,476)
Human Resources Department								
Salary and Benefits Program	\$768	-	-	-	\$768	-	-	\$768
Information Technology Department								
Salary and Benefits Program	\$8,970	-	-	-	\$8,970	-	-	\$8,970
Planning, Building and Code Enforcement Department								
Salary and Benefits Program	\$3,292	-	-	-	\$3,292	-	-	\$3,292
Public Works Department								
Salary and Benefits Program	\$1,888	-	-	-	\$1,888	-	-	\$1,888
Planning, Building and Code Enforcement Department								
Tech Adjust: Non- Personal/Equipment (Reallocation to Personal Services for Integrated Permit System Project Manager)	-	(\$5,600)	-	-	(\$5,600)	-	-	(\$5,600)
Tech Adjust: Personal Services (Reallocation from Non- Personal/Equipment for Integrated Permit System Project Manager)	\$5,600	-	-	-	\$5,600	-	-	\$5,600
Clean-Up and Rebudget Actions TOTAL	\$9,699	(\$5,600)	\$0	(\$4,099)	\$0	\$0	\$0	\$0
Budget Adjustments								
Environmental Services Department								
Ending Fund Balance Adjustment	-	-	-	(\$45,000)	(\$45,000)	-	-	(\$45,000)
Human Resources Department								
Workers' Compensation Claims - ESD	-	-	\$45,000	-	\$45,000	-	-	\$45,000
Budget Adjustments Total	\$0	\$0	\$45,000	(\$45,000)	\$0	\$0	\$0	\$0
Integrated Waste Management Fund (423) TOTAL	\$9,699	(\$5,600)	\$45,000	(\$49,099)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Library Parcel Tax Fund (418)									
Clean-Up and Rebudget Actions									
Human Resources Department									
Library Department	Salary and Benefits Program	\$2,296	-	-	-	\$2,296	-	-	\$2,296
	Salary and Benefits Program	\$36,276	-	-	(\$38,572)	(\$2,296)	-	-	(\$2,296)
	Voluntary Furlough/Reduced Work Week Program	(\$3,957)	-	-	\$3,957	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$34,615	\$0	\$0	(\$34,615)	\$0	\$0	\$0	\$0
Budget Adjustments									
Library Department									
	Non-Personal/Equipment (RFID Annual Maintenance Service)	-	\$94,000	-	-	\$94,000	-	-	\$94,000
	Ending Fund Balance Adjustment	-	-	-	(\$94,000)	(\$94,000)	-	-	(\$94,000)
Budget Adjustments Total		\$0	\$94,000	\$0	(\$94,000)	\$0	\$0	\$0	\$0
Library Parcel Tax Fund (418) TOTAL		\$34,615	\$94,000	\$0	(\$128,615)	\$0	\$0	\$0	\$0
Low And Moderate Income Housing Asset Fund (346)									
Clean-Up and Rebudget Actions									
City Attorney's Office									
	Salary and Benefits Program	\$19,932	-	-	-	\$19,932	-	-	\$19,932
Office of the City Manager									
	Salary and Benefits Program	\$1,094	-	-	-	\$1,094	-	-	\$1,094
Finance Department									
	Salary and Benefits Program	\$2,578	-	-	-	\$2,578	-	-	\$2,578
Housing Department									
	Salary and Benefits Program	\$123,442	-	-	(\$148,748)	(\$25,306)	-	-	(\$25,306)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Human Resources Department	Voluntary Furlough/Reduced Work Week Program	(\$13,163)	-	-	\$13,163	-	-	-	-
Planning, Building and Code Enforcement Department	Salary and Benefits Program	\$1,063	-	-	-	\$1,063	-	-	\$1,063
	Salary and Benefits Program	\$639	-	-	-	\$639	-	-	\$639
Clean-Up and Rebudget Actions TOTAL		\$135,585	\$0	\$0	(\$135,585)	\$0	\$0	\$0	\$0
Budget Adjustments									
Housing Department	Non-Personal/Equipment (Affordable Housing Applications Portal)	-	\$80,000	-	-	\$80,000	-	-	\$80,000
	Non-Personal/Equipment (Underwriting Consultant Services Agreement)	-	\$100,000	-	-	\$100,000	-	-	\$100,000
	Committed Projects Reserve	-	-	-	(\$5,800,000)	(\$5,800,000)	-	-	(\$5,800,000)
	Housing Project Reserve	-	-	-	\$5,800,000	\$5,800,000	-	-	\$5,800,000
	Ending Fund Balance Adjustment	-	-	-	(\$180,000)	(\$180,000)	-	-	(\$180,000)
Budget Adjustments Total		\$0	\$180,000	\$0	(\$180,000)	\$0	\$0	\$0	\$0
Low And Moderate Income Housing Asset Fund (346) TOTAL		\$135,585	\$180,000	\$0	(\$315,585)	\$0	\$0	\$0	\$0
Maintenance District No. 1 (Los Paseos) Fund (352)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$2,443	-	-	(\$2,443)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$2,443	\$0	\$0	(\$2,443)	\$0	\$0	\$0	\$0
Maintenance District No. 1 (Los Paseos) Fund (352) TOTAL		\$2,443	\$0	\$0	(\$2,443)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 2 (Trade Zone Blvd.-Lundy Ave.) Fund (354)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$40	-	-	(\$40)	-	-	-	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$40	\$0	\$0	(\$40)	\$0	\$0	\$0	\$0
Maintenance District No. 2 (Trade Zone Blvd.-Lundy Ave.) Fund (354) TOTAL									
		\$40	\$0	\$0	(\$40)	\$0	\$0	\$0	\$0
Maintenance District No. 5 (Orchard Parkway-Plumeria Drive) Fund (357)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$107	-	-	(\$107)	-	-	-	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$107	\$0	\$0	(\$107)	\$0	\$0	\$0	\$0
Maintenance District No. 5 (Orchard Parkway-Plumeria Drive) Fund (357) TOTAL									
		\$107	\$0	\$0	(\$107)	\$0	\$0	\$0	\$0
Maintenance District No. 8 (Zanker-Montague) Fund (361)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$658	-	-	(\$658)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$658	\$0	\$0	(\$657)	\$1	\$0	\$1	\$0
Maintenance District No. 8 (Zanker-Montague) Fund (361) TOTAL									
		\$658	\$0	\$0	(\$657)	\$1	\$0	\$1	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 9 (Santa Teresa-Great Oaks) Fund (362)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$101	-	-	(\$101)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	(\$1)	(\$1)	-	(\$1)	-
Clean-Up and Rebudget Actions									
	TOTAL	\$101	\$0	\$0	(\$102)	(\$1)	\$0	(\$1)	\$0
Maintenance District No. 9 (Santa Teresa-Great Oaks) Fund (362) TOTAL		\$101	\$0	\$0	(\$102)	(\$1)	\$0	(\$1)	\$0
Maintenance District No. 11 (Brokaw Rd/Junction Ave/Old Oakland Rd) Fund (364)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$67	-	-	(\$67)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
Clean-Up and Rebudget Actions									
	TOTAL	\$67	\$0	\$0	(\$66)	\$1	\$0	\$1	\$0
Maintenance District No. 11 (Brokaw Rd/Junction Ave/Old Oakland Rd) Fund (364) TOTAL		\$67	\$0	\$0	(\$66)	\$1	\$0	\$1	\$0
Maintenance District No. 13 (Karina-O'Nel) Fund (366)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$40	-	-	(\$40)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
Clean-Up and Rebudget Actions									
	TOTAL	\$40	\$0	\$0	(\$39)	\$1	\$0	\$1	\$0
Maintenance District No. 13 (Karina-O'Nel) Fund (366) TOTAL		\$40	\$0	\$0	(\$39)	\$1	\$0	\$1	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 15 (Silver Creek Valley) Fund (368)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$6,280	-	-	(\$6,280)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$6,280	\$0	\$0	(\$6,279)	\$1	\$0	\$1	\$0
Maintenance District No. 15 (Silver Creek Valley) Fund (368)									
	TOTAL	\$6,280	\$0	\$0	(\$6,279)	\$1	\$0	\$1	\$0
Maintenance District No. 18 (The Meadowlands) Fund (372)									
Clean-Up and Rebudget Actions									
Transportation									
Department	Salary and Benefits Program	\$91	-	-	(\$91)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$91	\$0	\$0	(\$90)	\$1	\$0	\$1	\$0
Budget Adjustments									
Transportation									
Department	Non-Personal/Equipment (Landscape Maintenance Projects)	-	\$20,000	-	-	\$20,000	-	-	\$20,000
	Ending Fund Balance Adjustment	-	-	-	(\$20,000)	(\$20,000)	-	-	(\$20,000)
	Budget Adjustments Total	\$0	\$20,000	\$0	(\$20,000)	\$0	\$0	\$0	\$0
Maintenance District No. 18 (The Meadowlands) Fund (372)									
	TOTAL	\$91	\$20,000	\$0	(\$20,090)	\$1	\$0	\$1	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 19 (River Oaks Area Landscaping) Fund (359)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$133	-	-	(\$133)	-	-	-	-
	Clean-Up and Rebudget Actions TOTAL	\$133	\$0	\$0	(\$133)	\$0	\$0	\$0	\$0
	Maintenance District No. 19 (River Oaks Area Landscaping) Fund (359) TOTAL	\$133	\$0	\$0	(\$133)	\$0	\$0	\$0	\$0
Maintenance District No. 20 (Renaissance-N. First Landscaping) Fund (365)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$81	-	-	(\$81)	-	-	-	-
	Fund Balance Reconciliation	-	-	-	(\$1)	(\$1)	-	(\$1)	-
	Clean-Up and Rebudget Actions TOTAL	\$81	\$0	\$0	(\$82)	(\$1)	\$0	(\$1)	\$0
Budget Adjustments									
Transportation Department	Non-Personal/Equipment (Landscape Maintenance Projects)	-	\$30,000	-	-	\$30,000	-	-	\$30,000
	Ending Fund Balance Adjustment	-	-	-	(\$30,000)	(\$30,000)	-	-	(\$30,000)
	Budget Adjustments Total	\$0	\$30,000	\$0	(\$30,000)	\$0	\$0	\$0	\$0
	Maintenance District No. 20 (Renaissance-N. First Landscaping) Fund (365) TOTAL	\$81	\$30,000	\$0	(\$30,082)	(\$1)	\$0	(\$1)	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 21 (Gateway Place-Airport Parkway) Fund (356)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$436	-	-	(\$436)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$436	\$0	\$0	(\$436)	\$0	\$0	\$0	\$0
Maintenance District No. 21 (Gateway Place-Airport Parkway) Fund (356) TOTAL		\$436	\$0	\$0	(\$436)	\$0	\$0	\$0	\$0
Maintenance District No. 22 (Hellyer Ave.-Silver Creek Valley Rd.) Fund (367)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$81	-	-	(\$81)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$81	\$0	\$0	(\$81)	\$0	\$0	\$0	\$0
Budget Adjustments									
Transportation Department	Non-Personal/Equipment (Landscape Maintenance Projects)	-	\$20,000	-	-	\$20,000	-	-	\$20,000
Ending Fund Balance Adjustment		-	-	-	(\$20,000)	(\$20,000)	-	-	(\$20,000)
Budget Adjustments Total		\$0	\$20,000	\$0	(\$20,000)	\$0	\$0	\$0	\$0
Maintenance District No. 22 (Hellyer Ave.-Silver Creek Valley Rd.) Fund (367) TOTAL		\$81	\$20,000	\$0	(\$20,081)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Multi-Source Housing Fund (448)								
Budget Adjustments								
Housing								
Department								
Non-Personal/Equipment (Moderate Income Housing Consultant Services Agreement)	-	\$50,000	-	-	\$50,000	-	-	\$50,000
HOPWA PSH/Revenue from Federal Government	-	-	\$9,000	-	\$9,000	\$9,000	-	-
CalHome (Rehabilitation) Program	-	-	\$150,000	-	\$150,000	-	-	\$150,000
Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing)	(\$100,000)	-	-	-	(\$100,000)	-	-	(\$100,000)
Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing)	-	\$100,000	-	-	\$100,000	-	-	\$100,000
Inclusionary In-Lieu Policy Fee Reserve	-	-	-	(\$50,000)	(\$50,000)	-	-	(\$50,000)
Ending Fund Balance Adjustment	-	-	-	(\$150,000)	(\$150,000)	-	-	(\$150,000)
Budget Adjustments Total	(\$100,000)	\$150,000	\$159,000	(\$200,000)	\$9,000	\$9,000	\$0	\$0
Multi-Source Housing Fund (448) TOTAL	(\$100,000)	\$150,000	\$159,000	(\$200,000)	\$9,000	\$9,000	\$0	\$0

Municipal Golf Course Fund (518)

Budget Adjustments

Parks, Recreation and Neighborhood Services Department

Rancho del Pueblo	-	-	\$50,000	-	\$50,000	-	-	\$50,000
Ending Fund Balance Adjustment	-	-	-	(\$50,000)	(\$50,000)	-	-	(\$50,000)
Budget Adjustments Total	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
Municipal Golf Course Fund (518) TOTAL	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Public Works Program Support Fund (150)									
Clean-Up and Rebudget Actions									
Human Resources									
Department									
	Salary and Benefits Program	\$3,098	-	-	-	\$3,098	-	-	\$3,098
Public Works									
Department	Fund Balance Reconciliation	-	-	-	\$82,783	\$82,783	-	\$82,783	-
	Salary and Benefits Program	-	-	-	(\$3,098)	(\$3,098)	-	-	(\$3,098)
	Voluntary Furlough/Reduced Work Week Program	(\$5,089)	-	-	\$5,089	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		(\$1,991)	\$0	\$0	\$84,774	\$82,783	\$0	\$82,783	\$0
Budget Adjustments									
Human Resources									
Department									
	Personal Services (Overage)	\$31,000	-	-	-	\$31,000	-	-	\$31,000
Public Works									
Department	Non-Personal/Equipment (Small Business Opportunity and Inclusion Project)	-	\$207,000	-	-	\$207,000	-	-	\$207,000
	Non-Personal/Equipment (Equipment and Software)	-	\$80,000	-	-	\$80,000	-	-	\$80,000
	Ending Fund Balance Adjustment	-	-	-	(\$318,000)	(\$318,000)	-	-	(\$318,000)
Budget Adjustments Total		\$31,000	\$287,000	\$0	(\$318,000)	\$0	\$0	\$0	\$0
Public Works Program Support Fund (150) TOTAL		\$29,009	\$287,000	\$0	(\$233,226)	\$82,783	\$0	\$82,783	\$0
San José Arena Capital Reserve Fund (459)									
Budget Adjustments									
Office of the City	Previously Approved Repairs Reserve	-	-	-	(\$1,744,415)	(\$1,744,415)	-	-	(\$1,744,415)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
City Manager - Office of Economic Development								
Electrical Repairs	-	-	\$313,688	-	\$313,688	-	-	\$313,688
Mechanical Repairs	-	-	\$490,320	-	\$490,320	-	-	\$490,320
Structures Repairs	-	-	\$632,869	-	\$632,869	-	-	\$632,869
Miscellaneous Repairs	-	-	\$72,491	-	\$72,491	-	-	\$72,491
Unanticipated/Emergency Repairs	-	-	\$235,047	-	\$235,047	-	-	\$235,047
Budget Adjustments Total	\$0	\$0	\$1,744,415	(\$1,744,415)	\$0	\$0	\$0	\$0
San José Arena Capital Reserve Fund (459) TOTAL	\$0	\$0	\$1,744,415	(\$1,744,415)	\$0	\$0	\$0	\$0
San José Clean Energy Operating Fund (501)								
Clean-Up and Rebudget Actions								
City Attorney's Office								
Voluntary Furlough/Reduced Work Week Program	(\$4,104)	-	-	-	(\$4,104)	-	-	(\$4,104)
Community Energy Department								
Fund Balance Reconciliation	-	-	-	(\$38)	(\$38)	-	(\$38)	-
Voluntary Furlough/Reduced Work Week Program	-	-	-	\$4,104	\$4,104	-	-	\$4,104
Clean-Up and Rebudget Actions TOTAL	(\$4,104)	\$0	\$0	\$4,066	(\$38)	\$0	(\$38)	\$0
Budget Adjustments								
Community Energy Department								
Debt Service - Interest - Commercial Paper	-	-	(\$360,000)	-	(\$360,000)	-	-	(\$360,000)
Ending Fund Balance Adjustment	-	-	-	\$360,000	\$360,000	-	-	\$360,000
Budget Adjustments Total	\$0	\$0	(\$360,000)	\$360,000	\$0	\$0	\$0	\$0
San José Clean Energy Operating Fund (501) TOTAL	(\$4,104)	\$0	(\$360,000)	\$364,066	(\$38)	\$0	(\$38)	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
San José-Santa Clara Treatment Plant Income Fund (514)								
Budget Adjustments								
Environmental Services Department								
Revenue from the Use of Money/Property	-	-	-	-	-	(\$200,000)	-	\$200,000
Ending Fund Balance Adjustment	-	-	-	(\$200,000)	(\$200,000)	-	-	(\$200,000)
Budget Adjustments Total	\$0	\$0	\$0	(\$200,000)	(\$200,000)	(\$200,000)	\$0	\$0
San José-Santa Clara Treatment Plant Income Fund (514)								
TOTAL	\$0	\$0	\$0	(\$200,000)	(\$200,000)	(\$200,000)	\$0	\$0
San José-Santa Clara Treatment Plant Operating Fund (513)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Fund Balance Reconciliation	-	-	-	\$9,113	\$9,113	-	\$9,113	-
Salary and Benefits Program	\$1,300,000	-	-	(\$1,312,676)	(\$12,676)	-	-	(\$12,676)
Voluntary Furlough/Reduced Work Week Program	(\$54,352)	-	-	\$54,352	-	-	-	-
Human Resources Department								
Salary and Benefits Program	\$9,067	-	-	-	\$9,067	-	-	\$9,067
Information Technology Department								
Salary and Benefits Program	\$3,002	-	-	-	\$3,002	-	-	\$3,002
Public Works Department								
Salary and Benefits Program	\$607	-	-	-	\$607	-	-	\$607
Environmental Services Department								
Tech Adjust: Non-Personal/Equipment (Reallocation to Inventory)	-	(\$200,000)	-	-	(\$200,000)	-	-	(\$200,000)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Tech Adjust: Inventory (Reallocation from Non-Personal/Equipment)	-	-	\$200,000	-	\$200,000	-	-	\$200,000
Clean-Up and Rebudget Actions								
TOTAL	\$1,258,324	(\$200,000)	\$200,000	(\$1,249,211)	\$9,113	\$0	\$9,113	\$0
Budget Adjustments								
Environmental Services Department								
Non-Personal/Equipment (FOG Program)	-	(\$90,917)	-	-	(\$90,917)	-	-	(\$90,917)
Ending Fund Balance Adjustment	-	-	-	\$58,917	\$58,917	-	-	\$58,917
Human Resources Department								
Personal Services (Overage)	\$32,000	-	-	-	\$32,000	-	-	\$32,000
Budget Adjustments Total	\$32,000	(\$90,917)	\$0	\$58,917	\$0	\$0	\$0	\$0
San José-Santa Clara Treatment Plant Operating Fund (513)								
TOTAL	\$1,290,324	(\$290,917)	\$200,000	(\$1,190,294)	\$9,113	\$0	\$9,113	\$0
Sewer Service And Use Charge Fund (541)								
Clean-Up and Rebudget Actions								
City Attorney's Office								
Salary and Benefits Program	\$14,228	-	-	-	\$14,228	-	-	\$14,228
Environmental Services Department								
Salary and Benefits Program	\$40,000	-	-	(\$426,512)	(\$386,512)	-	-	(\$386,512)
Voluntary Furlough/Reduced Work Week Program	(\$1,627)	-	-	\$3,326	\$1,699	-	-	\$1,699
Human Resources Department								
Salary and Benefits Program	\$1,051	-	-	-	\$1,051	-	-	\$1,051
Information Technology Department								
Salary and Benefits Program	\$2,966	-	-	-	\$2,966	-	-	\$2,966

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Public Works Department	Voluntary Furlough/Reduced Work Week Program	(\$1,699)	-	-	-	(\$1,699)	-	-	(\$1,699)
Transportation Department	Salary and Benefits Program	\$368,267	-	-	-	\$368,267	-	-	\$368,267
Environmental Services Department	Rebudget: Non-Personal/Equipment (Legal Services)	-	\$75,000	-	(\$75,000)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$423,186	\$75,000	\$0	(\$498,186)	\$0	\$0	\$0	\$0
Budget Adjustments									
Environmental Services Department	Non-Personal/Equipment (FOG Program)	-	\$90,917	-	-	\$90,917	-	-	\$90,917
Transportation Department	Ending Fund Balance Adjustment	-	-	-	(\$444,917)	(\$444,917)	-	-	(\$444,917)
	Non-Personal/Equipment (Air Sampling at Mabury Yard)	-	\$11,000	-	-	\$11,000	-	-	\$11,000
	Non-Personal/Equipment (Hydro Combo Cleaner Rental)	-	\$55,000	-	-	\$55,000	-	-	\$55,000
	Personal Services (Overtime Budget for Sewer Maintenance)	\$240,000	-	-	-	\$240,000	-	-	\$240,000
	Non-Personal/Equipment (Sewer Maintenance)	-	\$48,000	-	-	\$48,000	-	-	\$48,000
Budget Adjustments Total		\$240,000	\$204,917	\$0	(\$444,917)	\$0	\$0	\$0	\$0
Sewer Service And Use Charge Fund (541) TOTAL		\$663,186	\$279,917	\$0	(\$943,103)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
South Bay Water Recycling Operating Fund (570)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Voluntary Furlough/Reduced Work Week Program	(\$3,966)	-	-	\$3,966	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	(\$3,966)	\$0	\$0	\$3,966	\$0	\$0	\$0	\$0
South Bay Water Recycling Operating Fund (570) TOTAL	(\$3,966)	\$0	\$0	\$3,966	\$0	\$0	\$0	\$0
State Drug Forfeiture Fund (417)								
Clean-Up and Rebudget Actions								
Police Department								
Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
State Drug Forfeiture Fund (417) TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
Storm Sewer Operating Fund (446)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Salary and Benefits Program	-	-	-	(\$4,100)	(\$4,100)	-	-	(\$4,100)
Voluntary Furlough/Reduced Work Week Program	(\$26,333)	-	-	\$28,161	\$1,828	-	-	\$1,828
Human Resources Department								
Salary and Benefits Program	\$1,583	-	-	-	\$1,583	-	-	\$1,583
Information Technology Department								
Salary and Benefits Program	\$2,517	-	-	-	\$2,517	-	-	\$2,517
Transportation Department								
Voluntary Furlough/Reduced Work Week Program	(\$1,828)	-	-	-	(\$1,828)	-	-	(\$1,828)
Clean-Up and Rebudget Actions TOTAL	(\$24,061)	\$0	\$0	\$24,061	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments								
Environmental Services Department								
Ending Fund Balance Adjustment	-	-	-	(\$20,000)	(\$20,000)	-	-	(\$20,000)
Human Resources Department								
Personal Services (Overage)	\$5,000	-	-	-	\$5,000	-	-	\$5,000
Workers' Compensation Claims - ESD	-	-	\$15,000	-	\$15,000	-	-	\$15,000
Budget Adjustments Total	\$5,000	\$0	\$15,000	(\$20,000)	\$0	\$0	\$0	\$0
Storm Sewer Operating Fund (446) TOTAL	(\$19,061)	\$0	\$15,000	\$4,061	\$0	\$0	\$0	\$0
Supplemental Law Enforcement Services Fund (414)								
Clean-Up and Rebudget Actions								
Police Department Fund Balance Reconciliation	-	-	-	(\$27,092)	(\$27,092)	-	(\$27,092)	-
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	(\$27,092)	(\$27,092)	\$0	(\$27,092)	\$0
Budget Adjustments								
Police Department								
SLES Grant 2015-2017/Revenue from State of California	-	-	\$242	-	\$242	\$242	-	-
SLES Grant 2016-2018/Revenue from State of California	-	-	\$19,432	-	\$19,432	\$19,432	-	-
SLES Grant 2017-2019/Revenue from State of California	-	-	\$19,993	-	\$19,993	\$19,993	-	-
SLES Grant 2018-2020/Revenue from State of California	-	-	\$421,896	-	\$421,896	\$421,896	-	-
Budget Adjustments Total	\$0	\$0	\$461,563	\$0	\$461,563	\$461,563	\$0	\$0
Supplemental Law Enforcement Services Fund (414) TOTAL	\$0	\$0	\$461,563	(\$27,092)	\$434,471	\$461,563	(\$27,092)	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Vehicle Maintenance And Operations Fund (552)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Salary and Benefits Program	\$1,814	-	-	-	\$1,814	-	-	\$1,814
Public Works Department								
Fund Balance Reconciliation	-	-	-	\$82,453	\$82,453	-	\$82,453	-
Salary and Benefits Program - Salaries and Benefits Program Reserve	-	-	-	(\$230,100)	(\$230,100)	-	-	(\$230,100)
Salary and Benefits Program	\$228,286	-	-	-	\$228,286	-	-	\$228,286
Voluntary Furlough/Reduced Work Week Program	(\$2,357)	-	-	\$2,357	-	-	-	-
Clean-Up and Rebudget Actions TOTAL								
	\$227,743	\$0	\$0	(\$145,290)	\$82,453	\$0	\$82,453	\$0
Budget Adjustments								
Public Works Department								
Inventory and Fuel (Fuel Costs)	-	\$250,000	-	-	\$250,000	-	-	\$250,000
Fuel Usage Reserve	-	-	-	(\$250,000)	(\$250,000)	-	-	(\$250,000)
Budget Adjustments Total								
	\$0	\$250,000	\$0	(\$250,000)	\$0	\$0	\$0	\$0
Vehicle Maintenance And Operations Fund (552) TOTAL								
	\$227,743	\$250,000	\$0	(\$395,290)	\$82,453	\$0	\$82,453	\$0
Water Utility Fund (515)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Salary and Benefits Program	\$160,000	-	-	(\$165,517)	(\$5,517)	-	-	(\$5,517)
Voluntary Furlough/Reduced Work Week Program	(\$6,557)	-	-	\$6,557	-	-	-	-
Human Resources Department								
Salary and Benefits Program	\$431	-	-	-	\$431	-	-	\$431

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2018-2019 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Information Technology Department	Salary and Benefits Program	\$5,086	-	-	-	\$5,086	-	-	\$5,086
	Clean-Up and Rebudget Actions								
	TOTAL	\$158,960	\$0	\$0	(\$158,960)	\$0	\$0	\$0	\$0
Budget Adjustments									
Environmental Services Department	Non-Personal/Equipment (Vehicle Replacement)	-	\$140,000	-	-	\$140,000	-	-	\$140,000
	Ending Fund Balance Adjustment	-	-	-	(\$140,000)	(\$140,000)	-	-	(\$140,000)
	Budget Adjustments Total	\$0	\$140,000	\$0	(\$140,000)	\$0	\$0	\$0	\$0
	Water Utility Fund (515)								
	TOTAL	\$158,960	\$140,000	\$0	(\$298,960)	\$0	\$0	\$0	\$0
Workforce Development Fund (290)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Voluntary Furlough/Reduced Work Week Program - City Attorney Administrative Costs	-	-	(\$5,466)	-	(\$5,466)	-	-	(\$5,466)
City Manager - Office of Economic Development	Voluntary Furlough/Reduced Work Week Program	-	-	-	\$5,466	\$5,466	-	-	\$5,466
	Fund Balance Reconciliation	-	-	-	(\$10,677)	(\$10,677)	-	(\$10,677)	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$0	\$0	(\$5,466)	(\$5,211)	(\$10,677)	\$0	(\$10,677)	\$0
Budget Adjustments									
City Manager - Office of Economic Development	Youth Workers/Revenue from Federal Government	-	-	\$346,445	-	\$346,445	\$346,445	-	-
	Administration/Revenue from Federal Government	-	-	\$4,580	-	\$4,580	\$4,580	-	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Adult Workers/Revenue from Federal Government	-	-	(\$373,382)	-	(\$373,382)	(\$373,382)	-	-
Dislocated Workers/Revenue from Federal Government	-	-	(\$732,446)	-	(\$732,446)	(\$732,446)	-	-
Rapid Response Grant/Revenue from Federal Government	-	-	\$516	-	\$516	\$516	-	-
Regional Plan Implementation Project/Revenue from Local Agencies	-	-	\$29,351	-	\$29,351	\$29,351	-	-
Prison to Employment Initiative Planning Grant/Revenue from Local Agencies	-	-	\$16,625	-	\$16,625	\$16,625	-	-
Budget Adjustments Total	\$0	\$0	(\$708,311)	\$0	(\$708,311)	(\$708,311)	\$0	\$0
Workforce Development Fund (290) TOTAL	\$0	\$0	(\$713,777)	(\$5,211)	(\$718,988)	(\$708,311)	(\$10,677)	\$0

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Airport Capital Improvement Fund (520)						
Perimeter Security Projects	\$4,000,000		\$4,000,000			\$4,000,000
Revenue from the Federal Government (Perimeter Security Projects)				\$4,000,000		\$(4,000,000)
Budget Adjustments TOTAL	\$4,000,000		\$4,000,000	\$4,000,000		
Airport Capital Improvement Fund (520) TOTAL	\$4,000,000		\$4,000,000	\$4,000,000		
Airport Renewal and Replacement Fund (527)						
Fund Balance Reconciliation					\$510,000	\$(510,000)
Fund Balance Reconciliation		\$510,000	\$510,000			\$510,000
Clean-Up and Rebudget Actions TOTAL		\$510,000	\$510,000		\$510,000	
Advanced Planning	\$535,000		\$535,000			\$535,000
Airfield Geometric Study/Airport Layout Plan Update	\$110,000		\$110,000			\$110,000
Ending Fund Balance Adjustment		\$(1,166,000)	\$(1,166,000)			\$(1,166,000)
Network Replacement	\$756,000		\$756,000			\$756,000
Stormwater Compliance – North Trash Yard Canopy	\$(100,000)		\$(100,000)			\$(100,000)
Terminal A Generator and Fuel Tank Retirement	\$100,000		\$100,000			\$100,000
Terminal Building Modifications	\$300,000		\$300,000			\$300,000
Terminal Facility Gap Plan	\$(535,000)		\$(535,000)			\$(535,000)
Budget Adjustments TOTAL	\$1,166,000	\$(1,166,000)				
Airport Renewal and Replacement Fund (527) TOTAL	\$1,166,000	\$(656,000)	\$510,000		\$510,000	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Airport Revenue Bond Improvement Fund (526)						
Fund Balance Reconciliation					\$(6,015,213)	\$6,015,213
Fund Balance Reconciliation		\$(6,015,213)	\$(6,015,213)			\$(6,015,213)
Fund Balance Reconciliation (Carry-Over Encumbrance Liquidation)					\$546,763	\$(546,763)
Fund Balance Reconciliation (Carry-Over Encumbrance Liquidation)		\$546,763	\$546,763			\$546,763
Clean-Up and Rebudget Actions TOTAL		\$(5,468,450)	\$(5,468,450)		\$(5,468,450)	
Airport Revenue Bond Improvement Fund (526) TOTAL		\$(5,468,450)	\$(5,468,450)		\$(5,468,450)	
Building and Structure Construction Tax Fund (429)						
Fund Balance Reconciliation					\$278,076	\$(278,076)
Fund Balance Reconciliation		\$278,076	\$278,076			\$278,076
Clean-Up and Rebudget Actions TOTAL		\$278,076	\$278,076		\$278,076	
Access and Mobility Plan	\$600,000		\$600,000			\$600,000

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Building and Structure Construction Tax Fund (429)						
Autumn Street Extension	\$72,000		\$72,000			\$72,000
Ending Fund Balance Adjustment		\$(75,000)	\$(75,000)			\$(75,000)
Fees, Rates, and Charges (Traffic Signal Improvement Program)				\$26,346		\$(26,346)
Other Revenue (Autumn Street Extension)				\$72,000		\$(72,000)
Traffic Signal Improvement Program	\$26,346		\$26,346			\$26,346
Transportation Data, Forecasting and Analysis	\$(525,000)		\$(525,000)			\$(525,000)
Budget Adjustments TOTAL	\$173,346	\$(75,000)	\$98,346	\$98,346		
Building and Structure Construction Tax Fund (429) TOTAL	\$173,346	\$203,076	\$376,422	\$98,346	\$278,076	
Construction Excise Tax Fund (465)						
Fund Balance Reconciliation					\$48,363	\$(48,363)
Fund Balance Reconciliation		\$48,363	\$48,363			\$48,363
Clean-Up and Rebudget Actions TOTAL		\$48,363	\$48,363		\$48,363	
Access and Mobility Plan	\$75,000		\$75,000			\$75,000
ADA Sidewalk Accessibility Program	\$160,000		\$160,000			\$160,000
Bicycle and Pedestrian Facilities	\$113,000		\$113,000			\$113,000
Capital Program & Public Works Department Support Service Costs	\$390,000		\$390,000			\$390,000
Developer Contributions (Fiber Optics Engineering)				\$250,000		\$(250,000)

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Construction Excise Tax Fund (465)						
Developer Contributions (Miscellaneous Street Improvements)				\$21,000		\$(21,000)
Ending Fund Balance Adjustment		\$(2,723,300)	\$(2,723,300)			\$(2,723,300)
Evergreen Traffic Impact Fee Reserve	\$343,438		\$343,438			\$343,438
Fees, Rates, and Charges (Evergreen Traffic Impact Fees)				\$343,438		\$(343,438)
Fiber Optics Permit Engineering	\$250,000		\$250,000			\$250,000
Miscellaneous Street Improvements	\$21,000		\$21,000			\$21,000
North San Jose Improvements - Route 101/Zanker	\$300,000		\$300,000			\$300,000
North San Jose Traffic Impact Fees Reserve	\$(300,000)		\$(300,000)			\$(300,000)
Other Revenue (Insurance Reimbursement)				\$192,700		\$(192,700)
Pavement Maintenance - City	\$1,674,000		\$1,674,000			\$1,674,000
Pavement Maintenance - Complete Street Project Development	\$600,000		\$600,000			\$600,000
Pavement Maintenance - SB1 Road Repair & Accountability Act 2017	\$(704,000)		\$(704,000)			\$(704,000)
Pavement Maintenance - State Gas Tax	\$(4,291,000)		\$(4,291,000)			\$(4,291,000)
Pavement Maintenance - VTA Measure B VRF	\$1,217,160		\$1,217,160			\$1,217,160
Revenue from Local Agencies				\$378,000		\$(378,000)
Revenue from Local Agencies (Pavement Maintenance - Measure B)				\$575,160		\$(575,160)
Revenue from State of California (CalRecycle Rubberized Pavement Grant)				\$350,000		\$(350,000)

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Construction Excise Tax Fund (465)						
Revenue from State of California (Pavement Maintenance - SB1 Road Repair & Accountability Act 2017).				\$(704,000)		\$704,000
Revenue from State of California (Pavement Maintenance - State Gas Tax).				\$(4,291,000)		\$4,291,000
Signal and Lighting Vehicle Replacement	\$65,000		\$65,000			\$65,000
Transportation Data, Forecasting and Analysis	\$(75,000)		\$(75,000)			\$(75,000)
Budget Adjustments TOTAL	\$(161,402)	\$(2,723,300)	\$(2,884,702)	\$(2,884,702)		
Construction Excise Tax Fund (465) TOTAL	\$(161,402)	\$(2,674,937)	\$(2,836,339)	\$(2,884,702)		\$48,363
Convention and Cultural Affairs Capital Fund (560)						
Capital Reserve	\$(1,635,000)		\$(1,635,000)			\$(1,635,000)
Center for Performing Arts Rehabilitation	\$50,000		\$50,000			\$50,000
Rehabilitation/Repair - Electrical	\$982,000		\$982,000			\$982,000
Rehabilitation/Repair - Mechanical	\$149,000		\$149,000			\$149,000
Rehabilitation/Repair - Miscellaneous	\$106,000		\$106,000			\$106,000
Rehabilitation/Repair - Structures	\$332,000		\$332,000			\$332,000
San José Civic Auditorium HVAC Replacement	\$16,000		\$16,000			\$16,000
Budget Adjustments TOTAL						
Convention and Cultural Affairs Capital Fund (560) TOTAL						

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 10 Construction and Conveyance Tax Fund (389)						
Ending Fund Balance		\$(50,000)	\$(50,000)			\$(50,000)
Playa Del Rey Shade Structure	\$50,000		\$50,000			\$50,000
Budget Adjustments TOTAL	\$50,000	\$(50,000)				
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL						
	\$50,000	\$(50,000)				
Council District 6 Construction and Conveyance Tax Fund (384)						
Bramhall Park Improvements	\$55,000		\$55,000			\$55,000
Ending Fund Balance		\$(55,000)	\$(55,000)			\$(55,000)
Budget Adjustments TOTAL	\$55,000	\$(55,000)				
Council District 6 Construction and Conveyance Tax Fund (384) TOTAL						
	\$55,000	\$(55,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Fire Construction and Conveyance Tax Fund (392)						
Fund Balance Reconciliation					\$(41,035)	\$41,035
Fund Balance Reconciliation		\$(41,035)	\$(41,035)			\$(41,035)
Clean-Up and Rebudget Actions TOTAL		\$(41,035)	\$(41,035)		\$(41,035)	
Capital Program and Public Works Department Support Service Costs	\$10,000		\$10,000			\$10,000
Ending Fund Balance Adjustment		\$(55,000)	\$(55,000)			\$(55,000)
Fire Station 37 (Construction) Reserve	\$(900,000)		\$(900,000)			\$(900,000)
Fire Station 37 Construction	\$900,000		\$900,000			\$900,000
Self-Contained Breathing Apparatus (SCBA) Equipment	\$45,000		\$45,000			\$45,000
Budget Adjustments TOTAL	\$55,000	\$(55,000)				
Fire Construction and Conveyance Tax Fund (392) TOTAL	\$55,000	\$(96,035)	\$(41,035)		\$(41,035)	
General Purpose Parking Capital Fund (559)						
Fund Balance Reconciliation					\$(26,648)	\$26,648
Fund Balance Reconciliation (correction for 2017-2018 Annual Report error)		\$(769,912)	\$(769,912)			\$(769,912)
Fund Balance Reconciliation (correction of 2017-2018 Annual Report error)					\$(769,912)	\$769,912
Balance Reconciliation)				\$26,648		\$(26,648)
Clean-Up and Rebudget Actions TOTAL		\$(769,912)	\$(769,912)	\$26,648	\$(796,560)	
General Purpose Parking Capital Fund (559) TOTAL		\$(769,912)	\$(769,912)	\$26,648	\$(796,560)	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Lake Cunningham Fund (462)						
Lake Cunningham Capital Repairs	\$64,720		\$64,720			\$64,720
Other Revenue (Lake Cunningham Capital Repairs)				\$64,720		\$(64,720)
Budget Adjustments TOTAL	\$64,720		\$64,720	\$64,720		
Lake Cunningham Fund (462) TOTAL	\$64,720		\$64,720	\$64,720		
Major Collectors and Arterials Fund (421)						
Fund Balance Reconciliation					\$(32,351)	\$32,351
Fund Balance Reconciliation		\$(32,351)	\$(32,351)			\$(32,351)
Clean-Up and Rebudget Actions TOTAL		\$(32,351)	\$(32,351)		\$(32,351)	
Developer Contributions				\$155,805		\$(155,805)
Ending Fund Balance Adjustment		\$155,805	\$155,805			\$155,805
Budget Adjustments TOTAL		\$155,805	\$155,805	\$155,805		
Major Collectors and Arterials Fund (421) TOTAL		\$123,454	\$123,454	\$155,805	\$(32,351)	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Parks Central Construction and Conveyance Tax Fund (390)						
Fund Balance Reconciliation					\$475	\$(475)
Fund Balance Reconciliation		\$475	\$475			\$475
Tech Adjust: Ending Fund Balance Adjustment (Transfer to the General Fund - Interest Income)		\$(169,000)	\$(169,000)			\$(169,000)
Tech Adjust: Transfer to the General Fund - Interest Income.	\$169,000		\$169,000			\$169,000
Clean-Up and Rebudget Actions TOTAL	\$169,000	\$(168,525)	\$475		\$475	
Parks Central Construction and Conveyance Tax Fund (390) TOTAL	\$169,000	\$(168,525)	\$475		\$475	
Service Yards Construction and Conveyance Tax Fund (395)						
Capital Program and Public Works Department Support Service Costs	\$3,000		\$3,000			\$3,000
Ending Fund Balance Adjustment		\$(3,000)	\$(3,000)			\$(3,000)
Budget Adjustments TOTAL	\$3,000	\$(3,000)				
Service Yards Construction and Conveyance Tax Fund (395) TOTAL	\$3,000	\$(3,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
 2018-2019 Mid-Year Budget Review


Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Storm Drainage Fee Fund (413)						
Fund Balance Reconciliation					\$627	\$(627)
Fund Balance Reconciliation		\$627	\$627			\$627
Clean-Up and Rebudget Actions TOTAL		\$627	\$627		\$627	
Storm Drainage Fee Fund (413) TOTAL		\$627	\$627		\$627	
Subdivision Park Trust Fund (375)						
Arcadia Softball Facility	\$(144,000)		\$(144,000)			\$(144,000)
Capitol Turnkey Park Design Review and Inspection	\$710,000		\$710,000			\$710,000
Developer Contributions (Capitol Turnkey Park Design Review and Inspection)				\$710,000		\$(710,000)
Future PDO/PIO Projects Reserve	\$103,000		\$103,000			\$103,000
Murdock Park Tennis Court Repair	\$41,000		\$41,000			\$41,000
North San Pedro Area Parks Master Plans	\$800,000		\$800,000			\$800,000
North San Pedro Area Parks Reserve	\$(800,000)		\$(800,000)			\$(800,000)
Budget Adjustments TOTAL	\$710,000		\$710,000	\$710,000		
Subdivision Park Trust Fund (375) TOTAL	\$710,000		\$710,000	\$710,000		

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
 2018-2019 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Underground Utility Fund (416)						
Capital Program and Public Works Department Support Service Costs	\$40,000		\$40,000			\$40,000
Ending Fund Balance Adjustment		\$(40,000)	\$(40,000)			\$(40,000)
Budget Adjustments TOTAL	\$40,000	\$(40,000)				
Underground Utility Fund (416) TOTAL	\$40,000	\$(40,000)				
Water Utility Capital Fund (500)						
Infrastructure Improvements	\$(240,000)		\$(240,000)			\$(240,000)
System Maintenance/Repairs	\$240,000		\$240,000			\$240,000
Budget Adjustments TOTAL						
Water Utility Capital Fund (500) TOTAL						



2018-2019

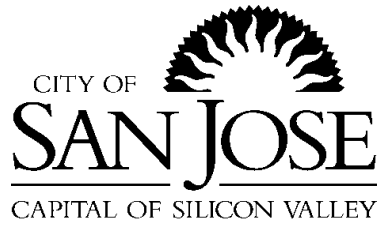
MID-YEAR
BUDGET
REVIEW



SECTION
IV

APPENDIX





FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the Month Ended December 31, 2018
Fiscal Year 2018-2019
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2018
Fiscal Year 2018-2019
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2018
Fiscal Year 2018-2019
(UNAUDITED)

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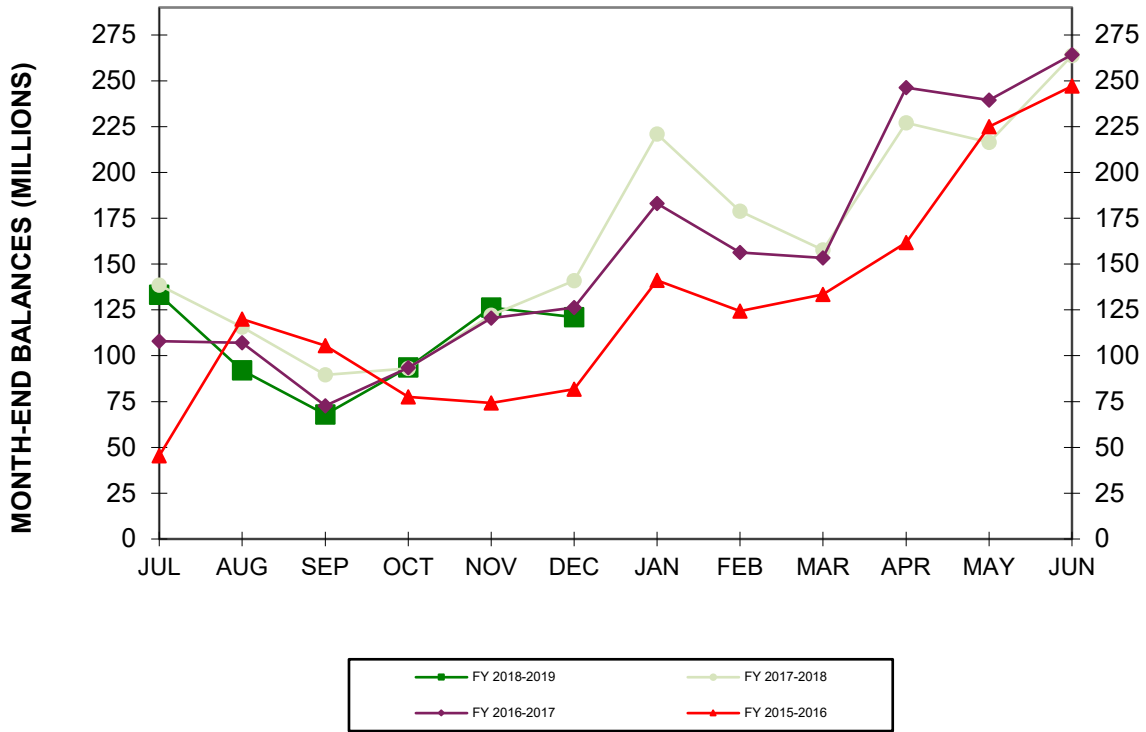
Source and Use of Funds..... 16

Submitted by:



JULIA H. COOPER
Director, Finance Department

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



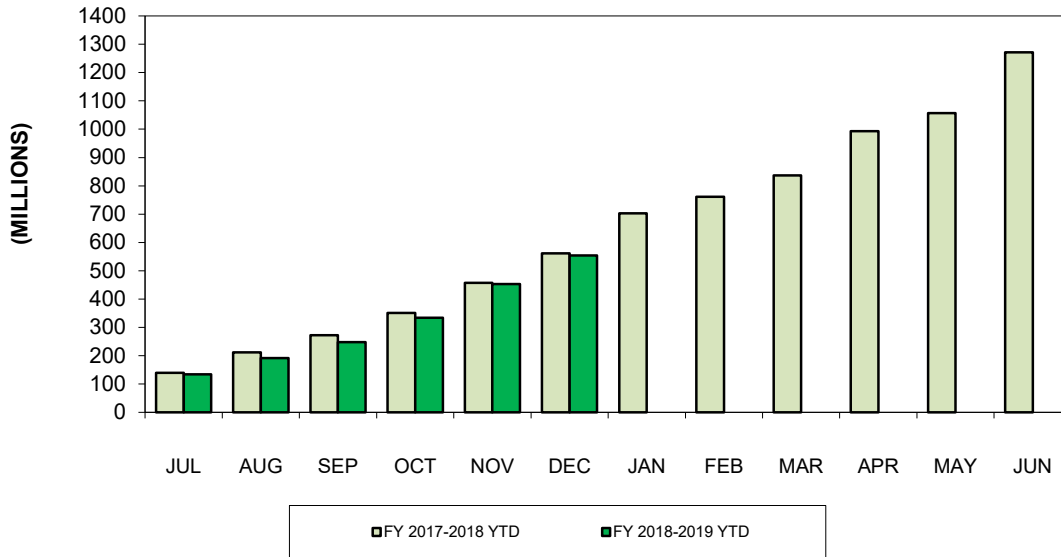
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2018-2019	FY 2017-2018	FY 2016-2017	FY 2015-2016
JULY (1)	\$ 133,276,057	\$ 138,576,379	\$ 108,012,647	\$ 45,401,908
AUGUST	91,972,139	115,540,880	107,081,005	119,988,835
SEPTEMBER	67,970,290	89,537,017	72,718,873	105,422,447
OCTOBER	93,654,030	93,031,593	93,456,157	77,571,562
NOVEMBER	126,316,418	122,022,698	120,485,944	74,153,007
DECEMBER	121,024,958	140,886,445	126,203,310	81,796,424
JANUARY	-	220,937,707	183,072,948	141,189,103
FEBRUARY	-	178,836,751	156,320,836	124,444,495
MARCH	-	157,759,493	153,282,389	133,493,608
APRIL (2)	-	227,063,040	246,281,183	161,690,247
MAY	-	216,439,757	239,467,743	224,983,657
JUNE	-	263,800,843	264,266,135	247,092,735

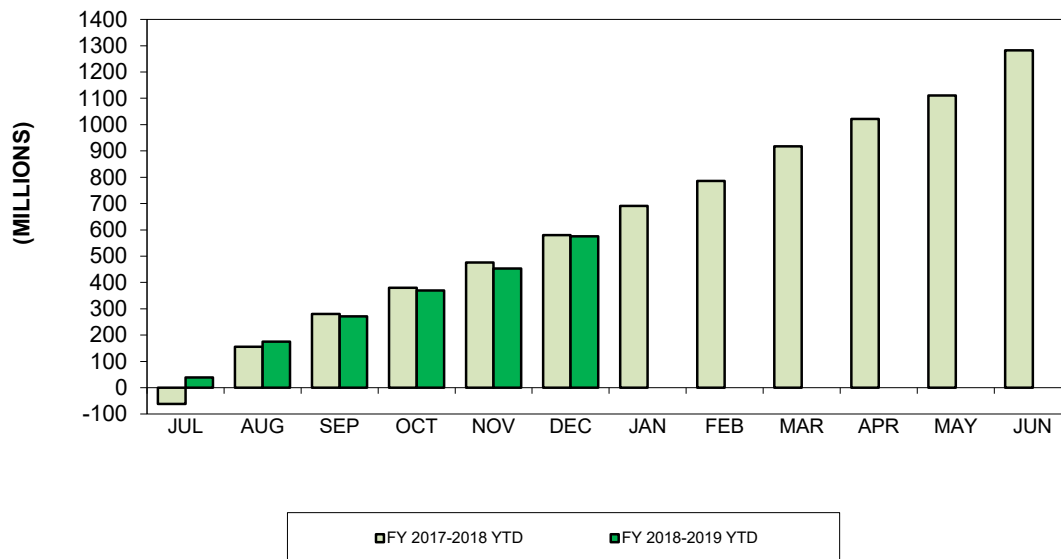
(1) The General Fund cash balance decreases each July and August mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

(2) The General Fund cash balance increases in April or May of every year mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

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

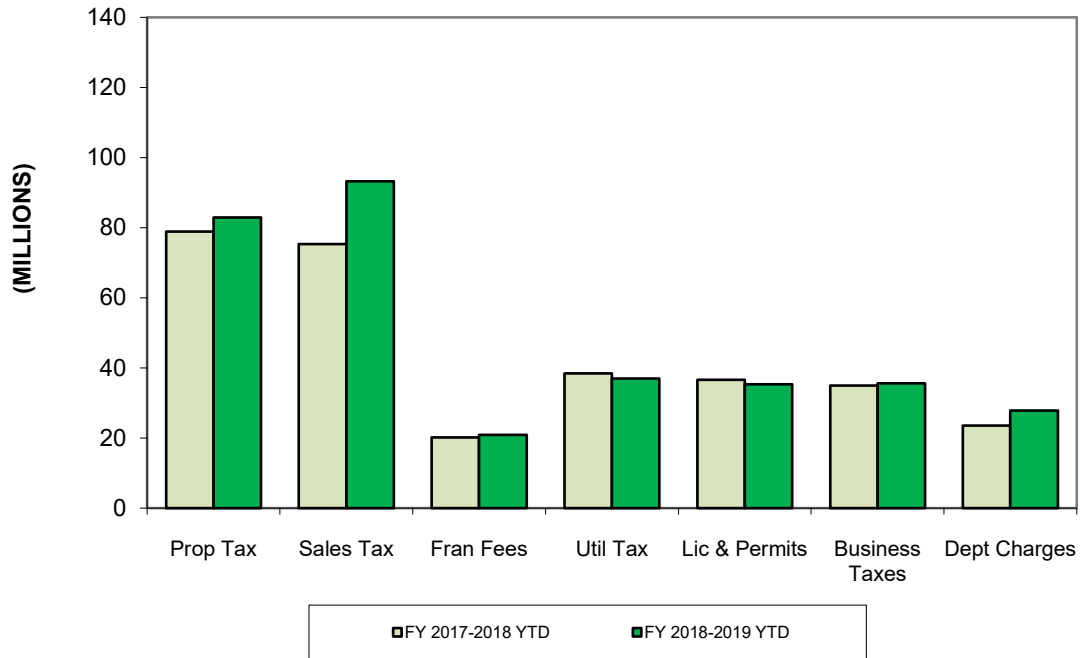


GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual

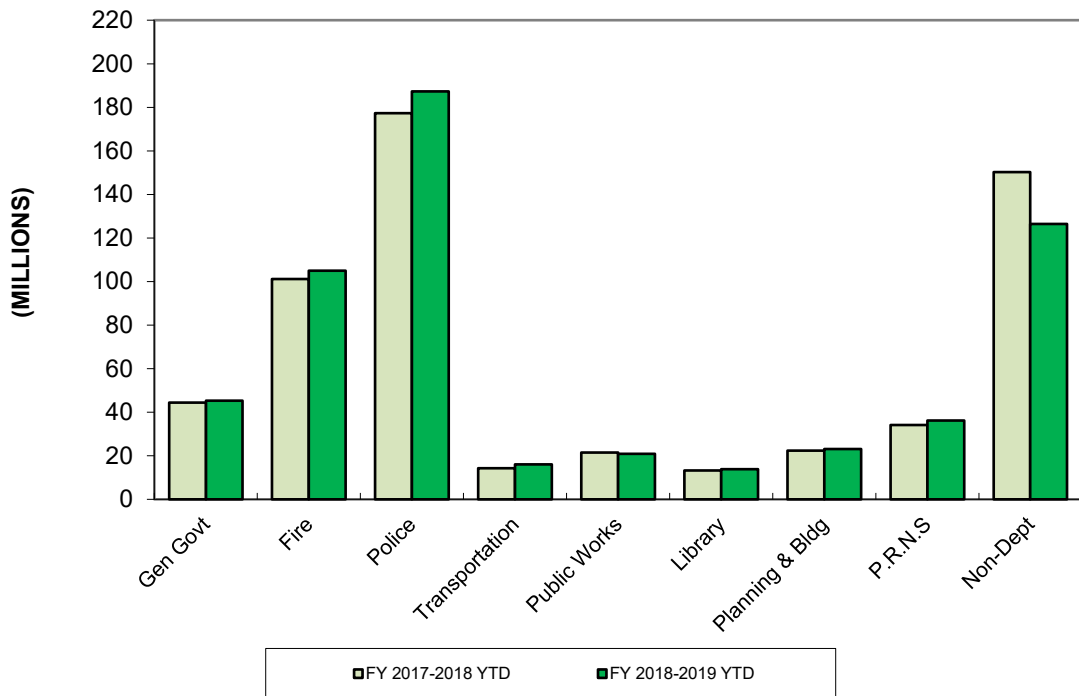


Negative prior YTD expenditures were due to year-end adjustments (accruals/reversals).

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



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



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)

	ADOPTED FY 2018-2019 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2018-2019 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	38,466	38,466	38,466	100.00%	48,844	106.03%	46,067	(10,378)	-21.25%
Available Balance	233,635	15,655	-	249,290	249,290	100.00%	241,769	100.25%	241,173	7,521	3.11%
Total Fund Balance	233,635	15,655	38,466	287,756	287,756	100.00%	290,613	101.17%	287,240	(2,857)	-0.98%
General Revenues											
Property Tax	320,450	-	-	320,450	82,917	25.88%	78,855	25.75%	306,222	4,062	5.15%
Sales Tax (1)	233,500	5,000	-	238,500	93,264	39.10%	75,324	33.28%	226,337	17,940	23.82%
Telephone Line Tax	20,000	-	-	20,000	8,103	40.52%	6,714	32.78%	20,481	1,389	20.69%
Transient Occupancy Tax	19,700	-	-	19,700	7,564	38.40%	6,905	35.35%	19,531	659	9.54%
Franchise Fees	50,475	-	-	50,475	20,893	41.39%	20,171	39.41%	51,180	722	3.58%
Utility Tax	102,400	-	-	102,400	36,956	36.09%	38,474	38.57%	99,753	(1,518)	-3.95%
Business Taxes	69,400	-	-	69,400	35,597	51.29%	34,968	49.48%	70,673	629	1.80%
Licenses and Permits	60,894	-	-	60,894	35,282	57.94%	36,637	60.55%	60,503	(1,355)	-3.70%
Fines, Forfeits and Penalties	14,983	-	-	14,983	6,594	44.01%	6,459	45.00%	14,354	135	2.09%
Use of Money and Property	6,897	-	-	6,897	3,903	56.59%	3,656	46.10%	7,930	247	6.76%
Revenue from Local Agencies	13,711	1,209	-	14,920	5,230	35.05%	4,755	12.37%	38,441	475	9.99%
Revenue from State of Cal.	12,692	426	-	13,118	36	0.27%	1,319	8.39%	15,721	(1,283)	-97.27%
Revenue from Federal Government	2,212	3,741	-	5,953	930	15.62%	1,322	23.65%	5,591	(392)	-29.65%
Fees, Rates and Charges	53,860	1,668	-	55,528	27,867	50.19%	23,574	46.49%	50,703	4,293	18.21%
Other Revenues	13,641	152,432	-	166,073	173,709	104.60%	161,101	73.58%	218,951	12,608	7.83%
Total General Revenues	994,815	164,476	-	1,159,291	538,845	46.48%	500,234	41.47%	1,206,371	38,611	7.72%
Transfers & Reimbursements											
Overhead Reimbursements	52,550	-	-	52,550	8,692	16.54%	37,806	80.02%	47,245	(29,114)	-77.01%
Transfers from Other Funds	25,565	(2,003)	-	23,562	1,727	7.33%	6,678	25.39%	26,306	(4,951)	-74.14%
Reimbursements for Services	18,225	-	-	18,225	4,484	24.60%	16,749	96.65%	17,329	(12,265)	-73.23%
Total Transfers & Reimburse	96,340	(2,003)	-	94,337	14,903	15.80%	61,233	67.38%	90,880	(46,330)	-75.66%
Total Sources	1,324,790	178,128	38,466	1,541,384	841,504	54.59%	852,080	53.78%	1,584,491	(10,576)	-1.24%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS	% CHANGE	
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		PRIOR YEAR-END	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ENCUMBR	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	ACTUAL		ACTUAL (1)(*)	ACTUAL (1)	LESS PRIOR YTD ACTUAL
General Government													
Mayor and Council	14,651	742	105	15,498	5,632	140	36.34%	5,423	48.98%	11,072	209	3.85%	
City Attorney	15,512	30	857	16,399	7,338	1,118	44.75%	7,218	46.39%	15,558	120	1.66%	
City Auditor	2,543	-	-	2,543	1,217	-	47.86%	1,064	46.08%	2,309	153	14.38%	
City Clerk	2,767	-	27	2,794	1,105	57	39.55%	1,265	47.41%	2,668	(160)	-12.65%	
City Manager	20,672	(39)	1,410	22,043	8,075	1,682	36.63%	8,548	52.13%	16,399	(473)	-5.53%	
Finance	17,655	(1)	376	18,030	7,543	769	41.84%	7,109	45.34%	15,678	434	6.10%	
Information Technology	24,162	504	1,538	26,204	7,354	1,797	28.06%	6,972	40.09%	17,393	382	5.48%	
Human Resources	10,283	-	257	10,540	4,085	1,632	38.76%	3,751	42.88%	8,747	334	8.90%	
Independent Police Auditor	1,354	-	19	1,373	641	2	46.69%	581	46.15%	1,259	60	10.33%	
Office of Economic Development	5,826	205	758	6,789	2,312	694	34.06%	2,445	47.89%	5,105	(133)	-5.44%	
Total General Government	115,425	1,441	5,347	122,213	45,302	7,891	37.07%	44,376	46.13%	96,188	926	2.09%	
Public Safety													
Fire	220,582	1,392	1,008	222,982	104,990	2,892	47.08%	101,183	46.50%	217,603	3,807	3.76%	
Police	410,039	4,000	1,365	415,404	187,228	4,163	45.07%	177,277	45.94%	385,855	9,951	5.61%	
Total Public Safety	630,621	5,392	2,373	638,386	292,218	7,055	45.77%	278,460	46.14%	603,458	13,758	4.94%	
Capital Maintenance													
Transportation	35,828	843	407	37,078	16,016	3,011	43.20%	14,341	41.08%	34,906	1,675	11.68%	
Public Works	47,027	1,330	294	48,651	20,910	1,542	42.98%	21,462	47.38%	45,293	(552)	-2.57%	
Total Capital Maintenance	82,855	2,173	701	85,729	36,926	4,553	43.07%	35,803	44.64%	80,199	1,123	3.14%	
Community Service													
Housing	689	-	134	823	(21)	498	-2.55%	121	17.49%	692	(142)	-117.36%	
Library	33,252	(1)	41	33,292	13,777	713	41.38%	13,252	41.39%	32,017	525	3.96%	
Planning, Bldg & Code Enf.	57,714	-	2,072	59,786	23,053	2,381	38.56%	22,354	46.06%	48,529	699	3.13%	
Parks, Rec & Neigh Svcs	79,151	175	565	79,891	36,113	4,526	45.20%	34,176	45.41%	75,255	1,937	5.67%	
Environmental Services	3,064	97	116	3,277	1,375	685	41.96%	1,169	41.94%	2,787	206	17.62%	
Total Community Services	173,870	271	2,928	177,069	74,297	8,803	41.96%	71,072	44.62%	159,280	3,225	4.54%	
Total Dept. Expenditures	1,002,771	9,277	11,349	1,023,397	448,743	28,302	43.85%	429,711	45.76%	939,125	19,032	4.43%	

(1) Does not include encumbrance balance.

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		ACTUAL	PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			OF BUDGET	ACTUAL (1)(*)		ACTUAL (1)(*)	ACTUAL (1)	ACTUAL
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	17,707	1,197	5,381	24,285	7,819	6,990	32.20%	7,920	30.66%	25,835	(101)	-1.28%
Environmental & Utility Services	1,386	1,127	208	2,721	1,164	293	42.78%	1,042	51.94%	2,006	122	11.71%
Public Safety	19,728	3,403	1,666	24,797	11,032	77	44.49%	10,953	50.26%	21,792	79	0.72%
Recreation & Cultural Services	10,052	802	602	11,456	3,936	1,884	34.36%	3,447	36.38%	9,474	489	14.19%
Transportation Services	3,499	109	-	3,608	1,087	79	30.13%	564	19.02%	2,965	523	92.73%
Strategic Support	43,000	153,917	4,212	201,129	96,757	5,017	48.11%	78,107	33.72%	231,602	18,650	23.88%
Total City-wide Expenditures	95,372	160,555	12,069	267,996	121,795	14,340	45.45%	102,033	34.74%	293,674	19,762	19.37%
Other Non-Dept Expenditures:												
Capital Improvements	32,535	6,249	15,048	53,832	3,010	15,156	5.59%	15,721	48.51%	32,408	(12,711)	-80.85%
Transfers to Other Funds	38,536	273	-	38,809	1,650	-	4.25%	32,445	94.46%	34,347	(30,795)	-94.91%
Total Non-Dept Expenditures	166,443	167,077	27,117	360,637	126,455	29,496	35.06%	150,199	41.67%	360,429	(23,744)	-15.81%
Reserves												
Contingency Reserve	36,500	500	-	37,000	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	119,076	1,274	-	120,350	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	155,576	1,774	-	157,350	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	1,324,790	178,128	38,466	1,541,384	575,198	57,798	37.32%	579,910	44.62%	1,299,554	(4,712)	-0.81%

(1) Does not include encumbrance balance.

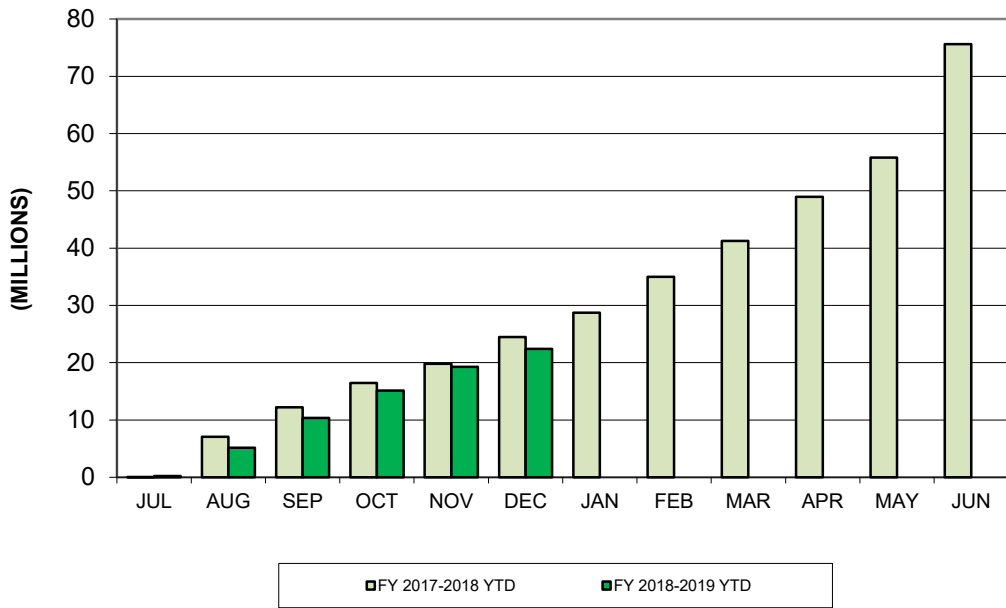
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

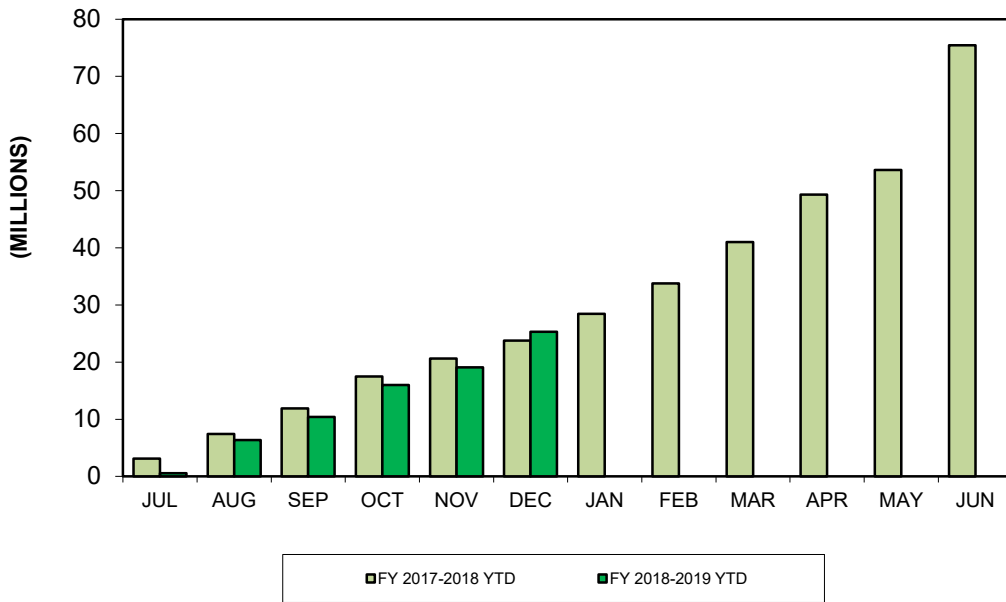
	ADOPTED	YTD		REVISED	CUR	CUR YTD	PRIOR	PRIOR YTD %		CUR YTD LESS	% CHANGE
	FY 2018-2019	BUDGET	C/O	FY 2018-2019	YTD	ACTUAL %	YTD	OF PRIOR	PRIOR YEAR-END	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL (*)	OF BUDGET	ACTUAL (*)	YEAR-END	ACTUAL (*)	ACTUAL	LESS PRIOR YTD
								ACTUAL			ACTUAL
Police	1,381	-	-	1,381	732	53.01%	636	47.57%	1,337	96	15.09%
Public Works	14,084	-	-	14,084	8,301	58.94%	6,141	42.88%	14,321	2,160	35.17%
Transportation	1,712	-	-	1,712	1,037	60.57%	915	48.23%	1,897	122	13.33%
Library	332	-	-	332	158	47.59%	92	15.65%	588	66	71.74%
Planning, Bldg & Code Enf	8,959	-	-	8,959	3,650	40.74%	2,963	46.79%	6,332	687	23.19%
Parks Rec & Neigh Svcs	22,045	-	-	22,045	11,417	51.79%	11,354	51.57%	22,016	63	0.55%
Miscellaneous Dept Charges	5,347	1,668	-	7,015	2,572	36.66%	1,473	34.97%	4,212	1,099	74.61%
Total Fees, Rates, and Charges	53,860	1,668	-	55,528	27,867	50.19%	23,574	46.49%	50,703	4,293	18.21%

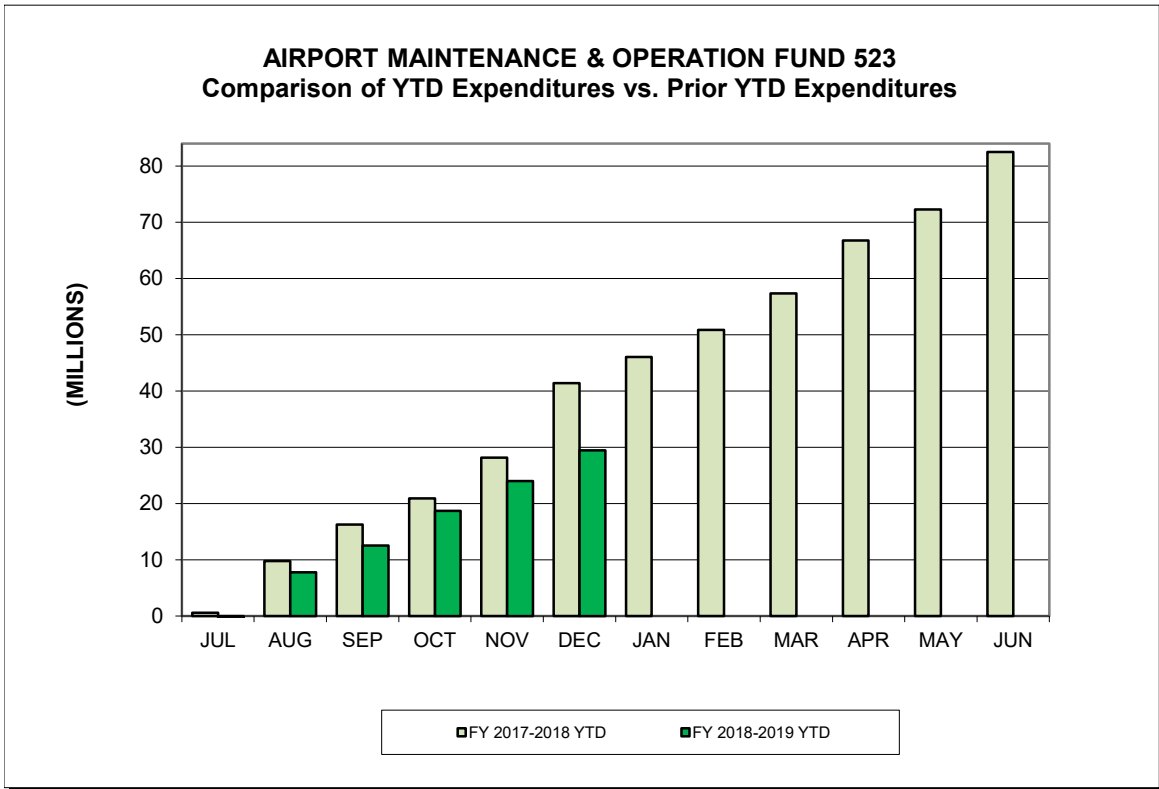
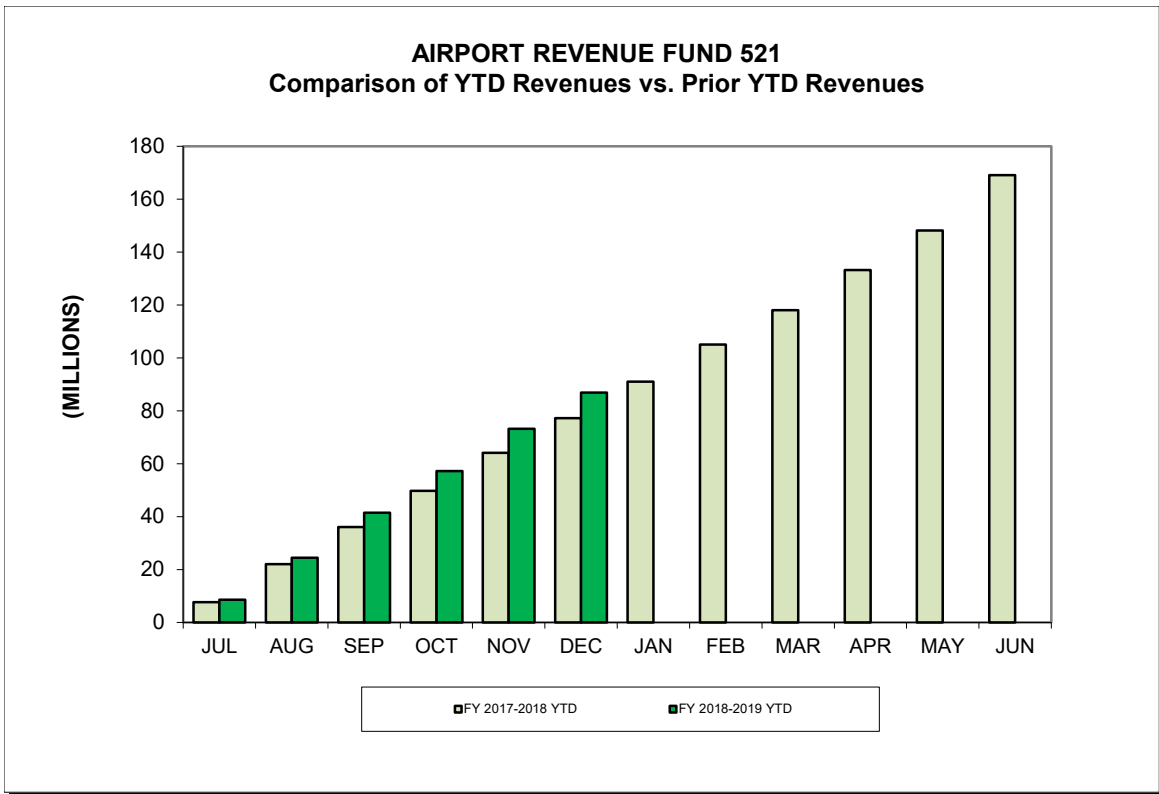
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues vs. Prior YTD Revenues**



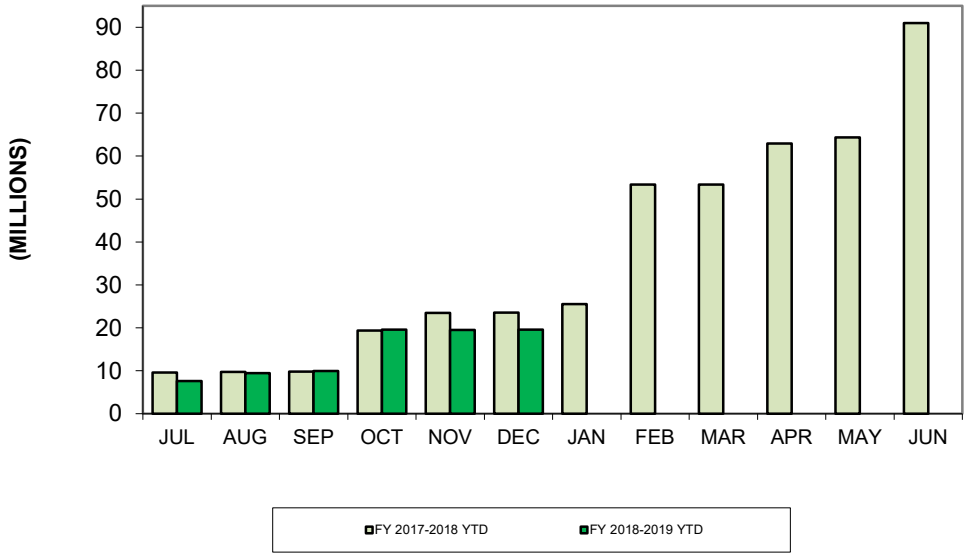
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



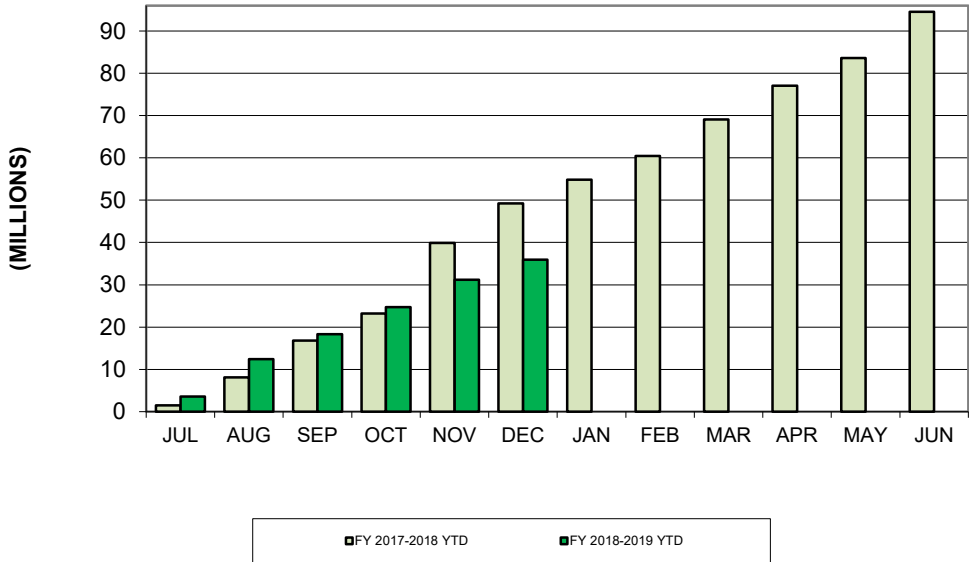


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

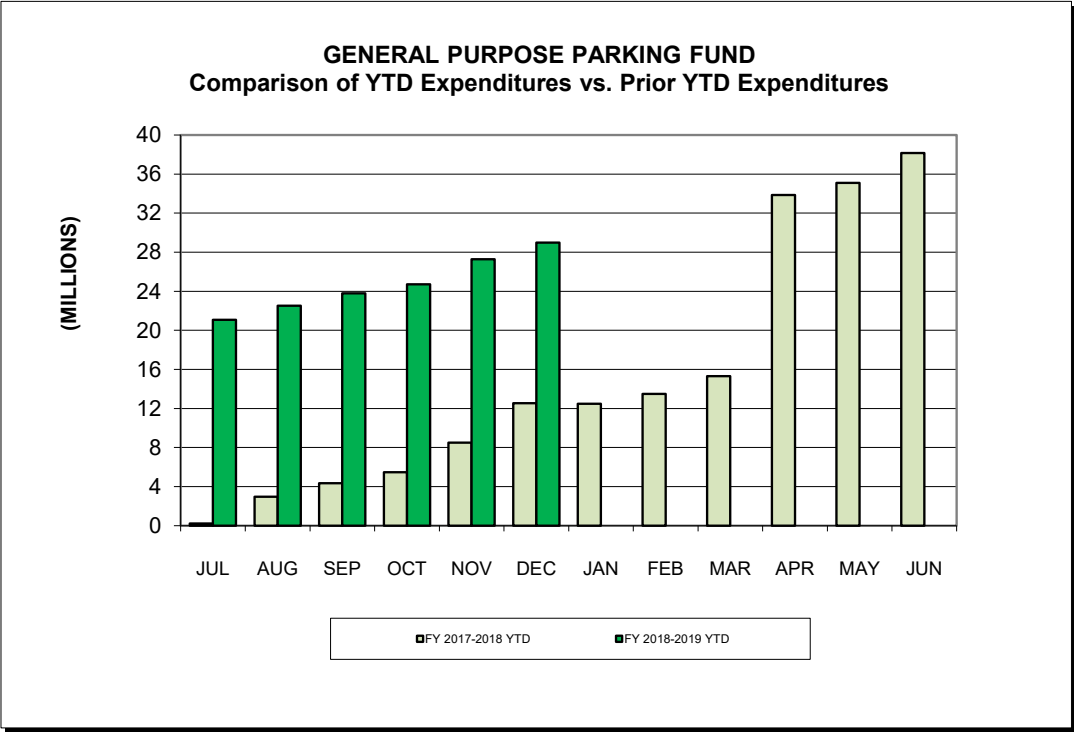
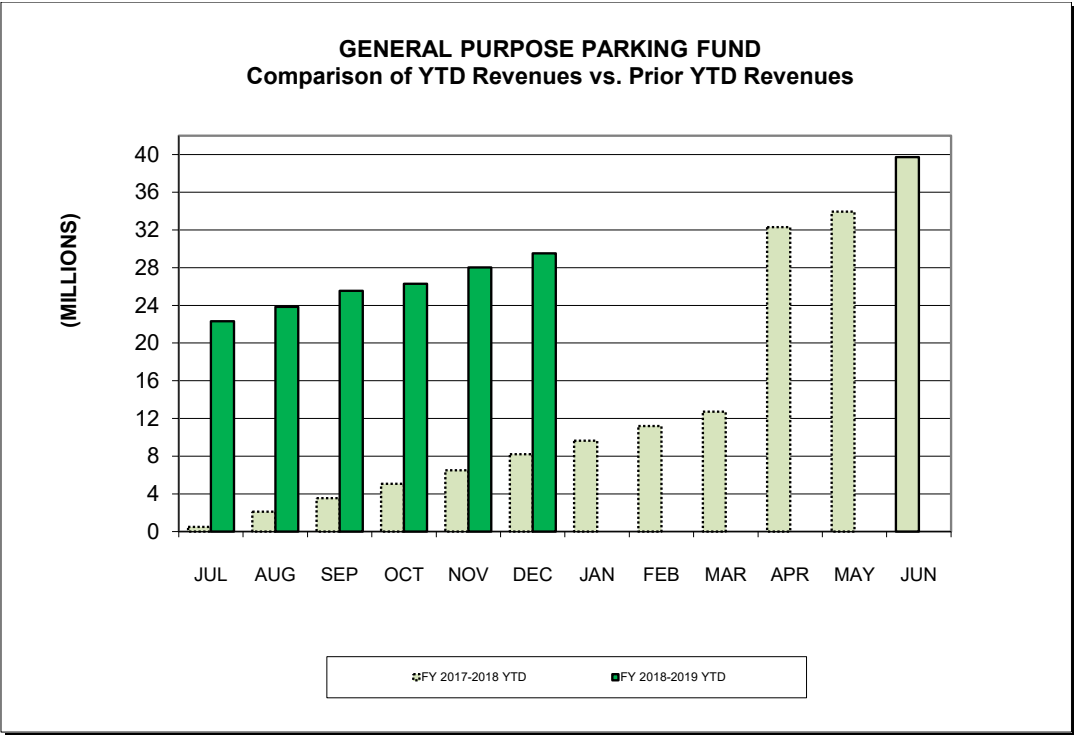
**WPCP OPERATION FUND 513
Comparison of YTD Revenues vs. Prior YTD Revenues**



**WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



Note: The graphs above are only for the WPCP Operation Fund (513).



Note: The graphs above include the General Purpose Parking Fund (533) and General Purpose Parking Capital Fund (559). The existing General Purpose Parking (533) have historically been budgeted and jointly reporting both operating and capital activities. To improve transparency and better align budget processes with the deployment of the City's new budget system, General Purpose Parking Capital Fund (559) was newly established in April 2018, separating the corresponding capital project appropriations via transfer to the new fund. The increases in revenue and expenditures are due to the transfer in and out between the two funds.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	11,227	11,227	11,227	-	11,985
Beginning Fund Balance	69,778	7,573	-	77,351	77,351	-	76,177
Revenues	70,760	215	-	70,975	22,411	-	24,476
Total Sources	140,538	7,788	11,227	159,553	110,989	-	112,638
Total Uses	140,538	7,788	11,227	159,553	25,298	11,990	23,781
Airport							
Prior Year Encumbrance	-	-	22,856	22,856	22,856	-	20,314
Beginning Fund Balance	286,078	(3,634)	-	282,444	282,444	-	285,159
Revenues	596,773	(38,561)	-	558,212	223,737	-	190,686
Total Sources	882,851	(42,195)	22,856	863,512	529,037	-	496,159
Total Uses	882,851	(42,195)	22,856	863,512	167,784	78,691	160,336
Waste Water Treatment							
Prior Year Encumbrance	-	-	281,580	281,580	281,580	-	196,874
Beginning Fund Balance	175,626	(50,003)	-	125,623	125,623	-	209,274
Revenues	415,278	75,528	-	490,806	222,033	-	240,866
Total Sources	590,904	25,525	281,580	898,009	629,236	-	647,014
Total Uses	590,904	25,525	281,580	898,009	138,713	253,450	147,646
Parking							
Prior Year Encumbrance	-	-	3,513	3,513	3,513	-	3,169
Beginning Fund Balance	21,869	11,618	-	33,487	33,487	-	24,484
Revenues	40,160	-	-	40,160	29,509	-	8,215
Total Sources	62,029	11,618	3,513	77,160	66,509	-	35,868
Total Uses	62,029	11,618	3,513	77,160	26,978	7,693	12,547
Municipal Water							
Prior Year Encumbrance	-	-	2,767	2,767	2,767	-	4,090
Beginning Fund Balance	24,891	1,612	-	26,503	26,503	-	22,785
Revenues	56,090	-	-	56,090	27,564	-	25,828
Total Sources	80,981	1,612	2,767	85,360	56,834	-	52,703
Total Uses	80,981	1,612	2,767	85,360	25,481	3,288	25,211

CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Community Energy							
Prior Year Encumbrance	-	-	49	49	49	-	-
Beginning Fund Balance	500	(752)	-	(252)	(252)	-	-
Revenues	137,672	6,047	-	143,719	1,845	-	-
Total Sources	138,172	5,295	49	143,516	1,642	-	-
Total Uses	138,172	5,295	49	143,516	6,138	2,347	-
Gas Tax							
Revenues	17,300	-	-	17,300	5,598	-	6,124
Total Sources	17,300	-	-	17,300	5,598	-	6,124
Total Uses	17,300	-	-	17,300	4,347	-	6,124
Building and Structures							
Prior Year Encumbrance	-	-	9,097	9,097	9,097	-	10,855
Beginning Fund Balance	33,780	8,382	-	42,162	42,162	-	46,527
Revenues	22,171	5,814	-	27,985	11,397	-	16,963
Total Sources	55,951	14,196	9,097	79,244	62,656	-	74,345
Total Uses	55,951	14,196	9,097	79,244	7,757	7,808	11,290
Residential Construction							
Beginning Fund Balance	1,914	134	-	2,048	2,048	-	2,079
Revenues	205	5	-	210	195	-	209
Total Sources	2,119	139	-	2,258	2,243	-	2,288
Total Uses	2,119	139	-	2,258	19	-	349
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	832	832	832	-	655
Beginning Fund Balance	3,660	4,103	-	7,763	7,763	-	7,850
Revenues	29,368	-	-	29,368	11,422	-	10,396
Total Sources	33,028	4,103	832	37,963	20,017	-	18,901
Total Uses	33,028	4,103	832	37,963	12,544	4,905	15,922

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	322	322	322	-	2,696
Beginning Fund Balance	9,603	6,072	-	15,675	15,675	-	13,231
Revenues	25,824	43,053	-	68,877	15,062	-	7,355
Total Sources	35,427	49,125	322	84,874	31,059	-	23,282
Total Uses	35,427	49,125	322	84,874	19,981	4,053	5,219
Golf							
Beginning Fund Balance	307	331	-	638	638	-	206
Revenues	3,138	-	-	3,138	247	-	3,040
Total Sources	3,445	331	-	3,776	885	-	3,252
Total Uses	3,445	331	-	3,776	2,125	-	2,039
Other Funds							
Prior Year Encumbrance	-	-	39,042	39,042	39,042	-	42,432
Beginning Fund Balance	334,033	60,140	-	394,173	394,173	-	346,167
Revenues	441,185	(21,951)	-	419,234	253,047	-	273,286
Total Sources	775,218	38,189	39,042	852,449	686,262	-	661,885
Total Uses	775,218	38,189	39,042	852,449	162,829	125,548	178,357

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	44,091	44,091	44,091	-	25,648
Beginning Fund Balance	64,483	18,277	-	82,760	82,760	-	82,865
Revenues	115,333	4,565	-	119,898	30,184	-	39,907
Total Sources	179,816	22,842	44,091	246,749	157,035	-	148,420
Total Uses	179,816	22,842	44,091	246,749	43,754	27,785	21,814
Other							
Prior Year Encumbrance	-	-	7,939	7,939	7,939	-	383
Beginning Fund Balance	17,242	3,067	-	20,309	20,309	-	32,084
Revenues	9,273	-	-	9,273	276	-	399
Total Sources	26,515	3,067	7,939	37,521	28,524	-	32,866
Total Uses	26,515	3,067	7,939	37,521	3,453	4,518	151

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2018
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019 BUDGET	BUDGET AMENDMENTS		FY 2018-2019 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	171	171	171	-	39
Beginning Fund Balance	7,547	1,376	-	8,923	8,923	-	8,651
Revenues	4,178	528	-	4,706	2,196	-	1,959
Total Sources	11,725	1,904	171	13,800	11,290	-	10,649
Total Uses	11,725	1,404	171	13,300	948	263	597