

2016-2017 ANNUAL REPORT

The Annual Report is established by the City Charter as the City Manager's vehicle for summarizing and analyzing the financial performance of the City for the preceding fiscal year. The mandated elements of the report include the following:

- A description of revenues received and expenditures incurred in the prior fiscal year, and an explanation concerning material differences between these amounts and the amounts budgeted.
- The amount of the financial reserves of the City.
- All other information that, in the opinion of the City Manager, is necessary to provide an accurate and complete picture of the fiscal status and condition of the City.

The financial information used in this report represents final, unaudited 2016-2017 year-end closing figures as of June 30, 2017.

**2016-2017
ANNUAL REPORT**

Table of Contents

<i>Transmittal Memorandum</i>	1
<hr/>	
<i>Definitions</i>	1
<i>Glossary of Terms</i>	3
<i>Fund Descriptions</i>	5
I. BUDGET PERFORMANCE SUMMARY (ALL FUNDS)	I - 1
<hr/>	
Comparison of Budget to Actual Revenues and Expenditures by Fund	I - 3
Comparison of Estimated to Actual 2016-2017 Ending Fund Balance	I - 6
Summary of 2016-2017 Year-End Reserves by Fund	I - 9
II. GENERAL FUND BUDGET PERFORMANCE	II - 1
<hr/>	
General Fund Year-End Performance	II - 3
General Fund Revenue Performance	II - 6
General Fund Expenditure Performance	II - 25
III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE	III - 1
<hr/>	
Airport Funds	III - 2
Building and Structure Construction Tax Fund	III - 9
Construction and Conveyance Tax Funds	III - 11
Construction Excise Tax Fund	III - 13
Integrated Waste Management Fund	III - 16
Self-Insured Medical Funds	III - 18
San José-Santa Clara Treatment Plant Funds	III - 19
Sanitary Sewer Funds	III - 23
Water Utility Funds	III - 25

**2016-2017
ANNUAL REPORT**

Table of Contents

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS	IV- 1
---	-------

V. FINANCIAL STATEMENTS	
-------------------------	--

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2016-2017 ANNUAL REPORT

DATE: September 29, 2017

Approved



Date

09/30/2017

RECOMMENDATION

It is recommended that the City Council:

- (a) Accept the 2016-2017 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
- (b) Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2016-2017 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up/Rebudget Actions).
- (c) Approve the addition of 1.0 Planner IV, limit-dated through February 28, 2019, to the Planning, Building and Code Enforcement Department.

OUTCOME

In accordance with Section 701 (F) of the San José City Charter, the 2016-2017 Annual Report describes the financial status of the City at the end of the 2016-2017 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2016-2017 Ending Fund Balance for each fund to the estimate used in the development of the 2017-2018 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2016-2017 financial performance (unaudited). The document also includes actions that are necessary to revise the 2017-2018 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, fund a very limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

EXECUTIVE SUMMARY

The Administration proactively managed the City's 116 budgeted funds in 2016-2017. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations.

With the local economy's sustained growth over the past several years, and as expenditures were closely forecasted and monitored, the City's budget remained stable. Accordingly, the 2016-2017 Adopted Budget maintained existing service levels while also providing limited enhancements to service delivery in priority areas and providing some investments in City infrastructure. The Adopted Budget allocated a small General Fund surplus of \$6.9 million along with the new local Sales Tax. As always, the City will maintain its focus on rebuilding services within available resources to meet the needs of the San José community.

In the General Fund, both the revenues and expenditures ended the year very close to budgeted expectations. At the end of 2016-2017, there was \$24.6 million (0.9% of the 2016-2017 Modified Budget total sources and uses) in additional General Fund 2016-2017 Ending Fund Balance above the level assumed in the development of the 2017-2018 Adopted Budget. These funds are recommended to be allocated in the 2016-2017 Annual Report as shown below.

PROPOSED 2017-2018 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2016-2017 Ending Fund Balance for Annual Report	\$24,565
Clean-Up Actions	
Development Fee Programs Reconciliation	(4,404)
Rebudgets/Clean-Up Adjustment	(12,463)
Sub-total Clean-Up Actions	(\$16,867)
Fund Balance Available After Clean-up Actions	\$7,698
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	(5,045)
Grants/Reimbursements/Fee Activities (Sources = \$1.87M; Uses = \$1.81M)	62
Urgent Fiscal/Program Needs	(2,365)
Sub-total Recommended Budget Adjustments	(\$7,348)
Remaining Balance After Clean-ups/Recommended Adjustments	\$350
2018-2019 Future Deficit Reserve	(\$350)

EXECUTIVE SUMMARY

When bringing forward recommendations for the use of the additional 2016-2017 Ending Fund Balance, the Administration considers clean-up actions associated with the close-out of the 2016-2017 fiscal year to be essentially non-discretionary and the highest priority. These clean-up actions result in a net decrease to the available fund balance of \$16.9 million and are broken down into two categories: changes to the Development Fee Programs reserves to reconcile actual 2016-2017 performance (decrease to fund balance of \$4.4 million); and adjustments to rebudget amounts that were carried over to 2017-2018 to complete projects and technical adjustments to other revenue and expenditure line items (increase to fund balance of \$12.5 million). After accounting for those clean-up actions, the additional General Fund 2016-2017 Ending Fund Balance was within \$7.7 million (0.3%) of the 2016-2017 Modified Budget (sources and uses). The \$7.7 million positive fund balance variance is comprised of net additional revenues of \$1.06 million (0.1%), net expenditure savings of \$6.68 million (0.5%), and higher than estimated liquidation of prior year encumbrances of \$1.26 million, partially offset by a lower 2016-2017 Beginning Fund Balance of \$1.3 million. The remaining General Fund balance of \$7.7 million is recommended to fund various required technical/rebalancing actions (\$5.0 million), a small number of recommended actions to address urgent fiscal/program needs (\$2.4 million), and an increase to the 2018-2019 Future Deficit Reserve (\$350,000).

The largest actions in the General Fund include funding for the purchase of a replacement helicopter for the Police Department (\$1.6 million), an increase to the Contingency Reserve (\$500,000) to ensure compliance with the 3% funding requirement for the 2017-2018 Budget, funding for contractual and temporary staffing costs associated with the Google development in the Diridon Station Area (\$415,000), an increase of \$392,000 to fully fund the FMC Debt Service Payment owed by the City, an increase of \$350,000 to the 2018-2019 Future Deficit Reserve, an increase to the City Manager's Office Personal Services appropriation to support and assist with executing the Office of Emergency Management Work Plan (\$250,000), and an increase of \$150,000 to the Planning, Building and Code Enforcement Department for temporary staffing to support the Multiple Housing Occupancy Program. In addition, net adjustments of \$62,000 to various grants, reimbursements and fee activities are included along with a series of technical adjustments.

This report also addresses immediate needs in various special and capital funds, including adding resources to support the development of the San José Regional Transportation Hub; allocating funding to address urgent needs at the Convention Center and other cultural facilities; replacing the artificial turf of the main field at the Leland Sports Field facility; receiving an insurance reimbursement for Family Camp repairs related to the Rim Fire of 2013; and allocating additional Fire Construction and Conveyance Tax proceeds to the Fire Station 37 (Construction) Reserve.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. With an early anticipated 2018-2019 General Fund shortfall of \$35.2 million, the Administration will be proactively controlling costs to the extent possible for the remainder of 2017-2018. The financial results of 2016-2017 will also be factored into the development of the 2019-2023 General Fund Five-Year Forecast that will be released in February 2018.

BACKGROUND

Each year the City issues the Annual Report at the end of September, three months after the close of the fiscal year, as required by the City Charter. Following is a description of the various sections of the Annual Report document.

- **Transmittal Memorandum** – This section provides an overall summary of the 2016-2017 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2016-2017 budget to actual revenues received and expenditures incurred by fund as well as an explanation of revenue and/or expenditure variances of 10% or greater to the budget. This section also provides a comparison of the year-end actual 2016-2017 Ending Fund Balance by fund to the 2016-2017 Ending Fund Balance/2017-2018 Beginning Fund Balance estimate used in the development of the 2017-2018 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2016-2017 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2016-2017, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2016-2017 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2016-2017 in the development of the 2017-2018 Adopted Budget.
- **Section IV: Recommended Budget Adjustments and Clean-Up/Rebudget Actions** – This section provides a description of the recommended budget adjustments and clean-up actions for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2017-2018 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2016-2017; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2017-2018 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2017-2018 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, fund a very limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

BACKGROUND

- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2016-2017. It should be noted that audited financial results will be released later in the fall as part of the 2017 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2017. Final fund balance reconciliations to the CAFR will be conducted for all funds and, while very few adjustments are typically necessary, any final adjustments will be brought forward for City Council consideration as part of the 2017-2018 Mid-Year Budget Review.

ANALYSIS

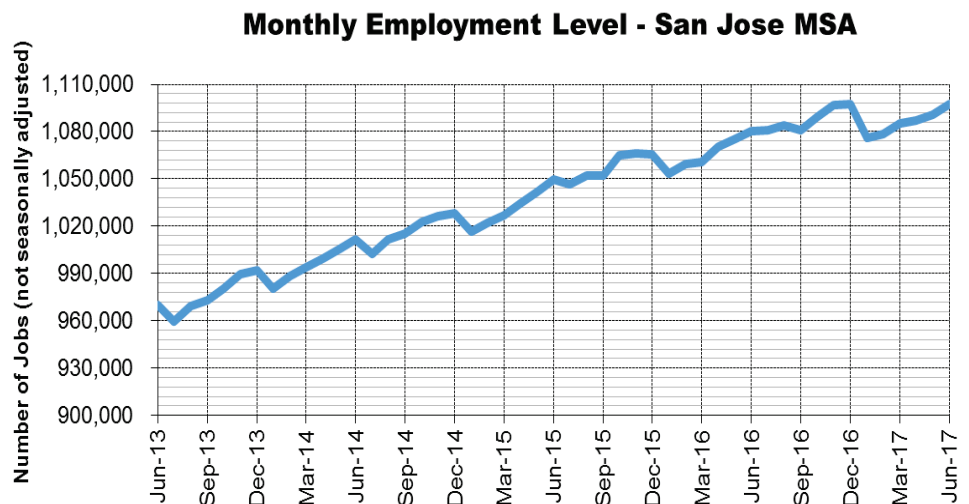
This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2016-2017 budget performance of all City funds;
- a discussion of the 2016-2017 budget performance for the General Fund;
- a discussion of the components of the 2016-2017 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2017-2018 Adopted Budget; and
- a discussion of the 2016-2017 budget performance of selected special and capital funds.

Economic Environment

When the 2016-2017 Adopted Budget was developed, economic growth was expected to continue throughout the year. This assumption has proven true, with continued improvement in economic indicators and actual revenue performance during 2016-2017. Employment indicators, construction activity, median single-family home prices, and the number of days it took to sell these homes all performed well in 2016-2017.

The June 2017 employment level in the San José, Sunnyvale, Santa Clara Metropolitan Statistical Area (MSA) of 1.097 million was 1.6% above the June 2016 level of 1.080 million. This represents the seventh consecutive year of sustained growth



ANALYSIS

Economic Environment

from June to June. The growth is underscored by the current low unemployment that the San José – Sunnyvale – Santa Clara MSA is experiencing.

The unemployment rate in the San José metropolitan area continued to improve in 2016-2017, dropping from 4.0% in June 2016 to 3.6% in June 2017. These rates remain well below the double digit levels that had been experienced during the Great Recession. The June 2017 unemployment rate in this region was well below the unadjusted rate for the State (4.9%) and the nation (4.5%).

Unemployment Rate (Unadjusted)

	June 2016	June 2017
SJ Metropolitan Statistical Area*	4.0%	3.6%
State of California	5.6%	4.9%
United States	5.1%	4.5%

* San Benito and Santa Clara Counties
 Source: California Employment Development

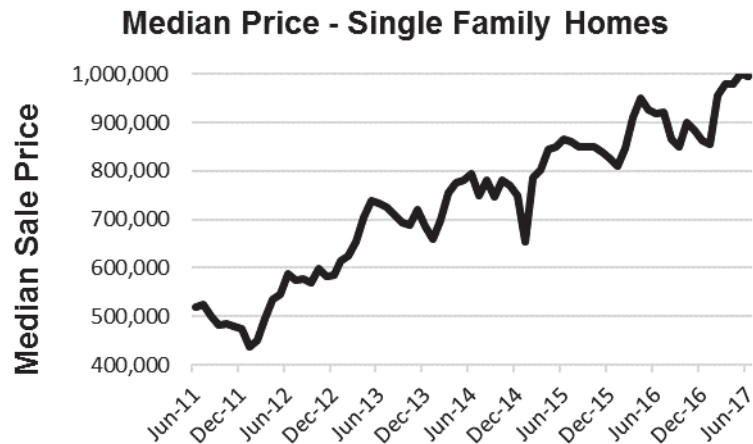
Led by the commercial and residential sectors, overall construction activity was especially strong in 2016-2017 at \$1.9 billion, exceeding 2015-2016 levels of \$1.5 billion and the peak of \$1.7 billion experienced in 2013-2014. Commercial valuation of \$702.6 million ended above the prior year level of \$474.0 million. Residential valuation of \$599.1 million also exceeded the prior year total of \$440.9 million. Industrial activity of \$574.5 million fell slightly from prior year actuals of \$594.7 million.

Major projects contributing to the tax receipts in 2016-2017 were Silvery Towers, a 640 unit condominium and loft high rise on St. James Street; Hanover Cannery Park Apartment Building, a 403 unit apartment complex on Taylor Street; Ohlone Block C Apartment Building; a 268 unit apartment building on Sunol Street; Marshall Squares Apartment Building, a 190 unit apartment building on North 1st Street; Balbach Condos, a 101 unit condominium complex on Balbach Street; and two Hyatt Hotels, a 7-story building on Karina Court and a 5-story building on North 1st Street. Overall, this construction activity drives the revenue collection in several construction tax categories such as the Building and Structure Construction Tax and Construction Excise Tax and is an indicator of future activity for other categories such as storm and sanitary sewer system fees.

ANALYSIS

Economic Environment

The housing market also remained strong in 2016-2017. The median price for single family homes increased in value, with a median home price in June 2017 of \$996,000, up 8.3% from the June 2016 price of \$920,000. The May and June 2017 median home prices of \$1.0 million and \$996,000, respectively, represent the highest home prices recorded for San José. However, the number of property transfers in 2016-2017 was 7,883, which represents a 4.1% decrease from the number of sales that occurred during the prior year. The amount of inventory available in the real estate market has been steadily decreasing, with the number of new listings for single-family and multi-family dwellings totaling 878 in June 2017, a 9.2% drop from 967 in June 2016. Finally, the amount of time it is taking to sell these homes has remained fairly consistent with the average days-on-market for single-family and multi-family dwellings in 2016-2017 totaling 26 days, compared to 24 days during the previous year.



2016-2017 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balances) totaled \$3.34 billion in 2016-2017, which was 1.4% (\$45.8 million) below the budgeted estimate of \$3.39 billion.

In 2016-2017, expenditures (excluding Reserves and Ending Fund Balances) totaled \$3.69 billion, which was \$479.7 million (11.5%) below the modified budget of \$4.17 billion. At the end of 2016-2017, the Contingency and Earmarked Reserves for all City funds totaled \$789.6 million, which represented 15.4% of the total 2016-2017 Modified Budget of \$5.1 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$150.7 million.

The financial performance in 2016-2017 is used as the starting point for 2017-2018. The collective 2016-2017 Ending Fund Balances for all City funds totaled \$1.4 billion, which was \$97.8 million above the 2016-2017 Ending Fund Balance estimates of \$1.3 billion used in the development of the 2017-2018 Adopted Budget. After adjusting for additional rebudgets of \$9.87 million recommended in this report, the adjusted 2016-2017 Ending Fund Balance variance for all funds falls to \$87.9 million, or 1.7% of the 2016-2017 Modified Budget. The adjusted fund balance variance totaled \$7.7 million in the General Fund, \$50.5 million in the special funds, and \$29.7 million in the capital funds.

ANALYSIS

2016-2017 General Fund Budget Performance

The City's General Fund ended the 2016-2017 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$241.8 million was \$24.6 million (0.9% of the 2016-2017 Modified Budget total sources and uses) above the fund balance estimate assumed when the 2017-2018 Adopted Budget was developed. The following table summarizes the General Fund performance in 2016-2017, comparing the actual results to the modified budget and the estimates used to develop the 2017-2018 Adopted Budget.

Table 1
General Fund Year-End Status
For the Year Ended June 30, 2017
(\$000s)

Sources	2016-2017 Modified Budget	2016-2017 Year-end Estimate	2016-2017 Budgetary Basis Actual	Actual to Budget Variance	Actual to Estimate Variance
<i>Beginning Fund Balance</i>	255,207	255,207	253,903	(1,304)	(1,304)
<i>Carryover Encumbrances</i>	37,500	37,500	37,502	2	2
<i>Liquidation of Carry- over Encumbrances</i>	-	1,000	2,256	2,256	1,256
<i>Revenue</i>	<u>1,109,678</u>	<u>1,109,678</u>	<u>1,108,260</u>	<u>(1,418)</u>	<u>(1,418)</u>
<i>Total Sources</i>	<u><u>1,402,385</u></u>	<u><u>1,403,385</u></u>	<u><u>1,401,921</u></u>	<u><u>(464)</u></u>	<u><u>(1,464)</u></u>
Uses					
<i>Expenditures/Transfers</i>	1,251,651	1,181,710	1,160,152	(91,499)	(21,558)
<i>Reserves</i>	<u>150,734</u>	<u>4,471</u>	<u>-</u>	<u>(150,734)</u>	<u>(4,471)</u>
<i>Total Uses</i>	<u><u>1,402,385</u></u>	<u><u>1,186,181</u></u>	<u><u>1,160,152</u></u>	<u><u>(242,233)</u></u>	<u><u>(26,029)</u></u>
<i>Ending Fund Balance</i>	<u><u>-</u></u>	<u><u>217,204</u></u>	<u><u>241,769</u></u>	<u><u>241,769</u></u>	<u><u>24,565</u></u>

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and the Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2016-2017 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

In 2016-2017, General Fund revenues of \$1.1 billion ended the year \$1.4 million (0.1%) below both the modified budget and the estimate used to develop the 2017-2018 Adopted Budget. Other funding sources included the liquidation of prior year carryover encumbrances totaling \$2.3 million, which was \$1.3 million above the estimate used to develop the 2017-2018 Adopted Budget, partially offset by a downward adjustment of \$1.3 million to the 2016-2017 Beginning Fund Balance. General Fund expenditures/transfers of \$1.2 billion were \$91.5 million (7.3%) below the 2016-2017 Modified Budget level of \$1.3 billion and \$26.1 million (1.8%) below the estimate used to develop the 2017-2018 Adopted Budget. Budgeted reserves of \$150.7 million remained unexpended at year-end.

ANALYSIS

2016-2017 General Fund Budget Performance

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2017-2018 Adopted Budget, a portion of these variances is related to various grants and reimbursements that were not received in 2016-2017, but are expected to be received in 2017-2018. A total of \$3.8 million of grant and reimbursement revenues and expenditures were rebudgeted to 2017-2018 in the 2017-2018 Adopted Budget. This resulted in lower actual revenues and expenditures in 2016-2017, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, revenues were above the estimate by \$2.4 million (0.1%) and expenditures savings totaled \$22.2 million (1.6%). In addition, the 2016-2017 Beginning Fund Balance was \$1.3 million below the estimate due to final accounting adjustments, but the liquidation of carryover encumbrances exceeded the \$1.0 million estimate by \$1.3 million. Further adjustments to these figures are necessary to account for the recommended clean-up and rebudget actions in the Annual Report.

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$24.6 million. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2016-2017. Recommended clean-up actions result in net decrease of \$16.9 million to the amount of funding available to distribute, and reflect the allocation of \$4.4 million to reconcile the actual performance of the Development Fee Programs for 2016-2017 and an adjustment of \$12.5 million in required expenditure rebudgets and other clean-up adjustments to close-out 2016-2017. The adjusted figure of \$7.7 million in additional funding available to distribute was generated from net additional revenues of \$1.05 million and net expenditure savings of \$6.7 million, a Beginning Fund Balance downward adjustment of \$1.3 million, and higher than estimated liquidation of prior year encumbrances (\$1.3 million).

The additional General Fund balance of \$7.7 million (0.3%) available for distribution is recommended to be allocated to address various required technical and rebalancing actions (\$5.4 million), and recommended urgent fiscal/program needs (\$2.3 million), which are described later in this transmittal memorandum.

To identify revenue and expenditure trends, Table 2 below compares the City's budget performance in 2016-2017 with the budget performance of the prior year.

ANALYSIS

2016-2017 General Fund Budget Performance

**Table 2
 General Fund
 Comparison of Year-End Actuals With Prior Year
 (\$000s)**

	2015-2016	2016-2017		
	Actuals	Actuals	Change	% Change
Source of Funds				
Beginning Fund Balance	265,855	253,903	(11,952)	-4.5%
Revenues	1,055,518	1,108,260	52,742	5.0%
Total Source of Funds	1,321,373	1,362,163	40,790	3.1%
Use of Funds				
Personal Services	692,220	729,913	37,693	5.4%
Non-Personal/Equipment/Other	129,244	135,728	6,484	5.0%
City-Wide Expenses	223,639	217,142	(6,497)	-2.9%
Capital Contributions	38,308	49,301	10,993	28.7%
Transfers	27,150	28,068	918	3.4%
Reserves	-	-	-	N/A
Total Use of Funds	1,110,561	1,160,152	49,591	4.5%

As shown in Table 2, 2016-2017 General Fund revenues of \$1.1 billion represent an increase of 5.0% from the 2015-2016 collection level of \$1.05 billion. The categories that experienced the largest increases included: Property Tax, Business Taxes, Utility Taxes, Use of Money/Property, and Revenue from Local Agencies. The largest declines from the prior year were experienced in the Departmental Charges (reduced revenue from Transportation and Library fees). In addition, although Sales Tax revenue reflects a 2.9% (\$5.9 million) increase from the prior year (from \$201.8 million to \$207.7 million), a higher collection level (\$224.7 million) was anticipated in development of the 2016-2017 Adopted Budget due to the implementation of the voter-approved ¼ cent sales tax, which was approved in June 2016 and implemented in October 2016.

General Fund expenditures of \$1.16 billion in 2016-2017 were 4.5% (\$49.6 million) above prior year expenditure levels of \$1.11 billion. This increase is due to higher Personal Services (\$37.7 million), Capital Contributions (\$11.0 million), Non-Personal/Equipment/Other (\$6.5 million), and Transfers (\$918,000), partially offset by lower City-Wide Expenses (\$6.5 million).

A detailed discussion of the General Fund revenue and expenditure performance is provided in Section I of this document.

ANALYSIS

2016-2017 General Fund Ending Fund Balance

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and the portion which is undesignated and available as a general funding source in the coming year. In the 2017-2018 Adopted Budget, a total fund balance estimate of \$217.2 million was included as a funding source. As discussed earlier, the 2016-2017 General Fund Ending Fund Balance of \$241.8 million was \$24.6 million above this estimate.

The components of the 2016-2017 General Fund Ending Fund Balance include additional funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2016-2017 General Fund
 Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Additional Funding Sources	(464)
Expenditure/Transfer Savings	91,499
Unexpended Reserves	150,734
TOTAL	\$ 241,769

The total Sources of Funds ended the year \$464,000 million below the modified budget as a result of lower revenues (\$1.4 million) and a negative correction to the 2016-2017 Beginning Fund Balance (-\$1.3 million), that were partially offset by a higher liquidation of carryover encumbrances (\$2.3 million). After net-zero revenue rebudgets and additional rebudget and clean-up actions recommended in the Annual Report, there is an adjusted revenue surplus of \$1.06 million (0.1%) from the modified budget.

For the Uses of Funds, expenditure and transfer savings totaled \$91.5 million, while unexpended reserves totaled \$150.7 million, representing the largest component of the 2016-2017 Ending Fund Balance. Of the \$91.5 million in expenditure savings, a majority of funding was rebudgeted in the 2017-2018 Adopted Budget (\$73.4 million) with additional funding being recommended for rebudget or clean-up as part of this report (\$8.6 million). In addition, clean-up actions of \$2.8 million are recommended in this document to reconcile the Development Fee Programs for 2016-2017. After accounting for these technical adjustments, the remaining General Fund expenditures and transfer savings totaled \$6.7 million, or 0.5% of the modified budget.

ANALYSIS

2016-2017 General Fund Ending Fund Balance

General Fund Reserves, totaling \$150.7 million at the end of 2016-2017, include two categories: Earmarked Reserves (\$115.2 million) established to address specific needs per City Council direction; and the Contingency Reserve (\$35.5 million) set at a minimum of 3% of expenditures per City Council policy.

Following is additional information regarding the two reserve categories.

- ***Earmarked Reserves (\$115.2 million)*** – At the end of 2016-2017, the most significant reserves included the following: the Building Development Fee Program Reserve (\$22.4 million); Budget Stabilization Reserve (\$16.3 million); Workers Compensation/General Liability Catastrophic Reserve (\$15.0 million); 2016-2017 Ending Fund Balance Reserve (\$11.0 million), Fire Development Fee Program (\$7.3 million); Cultural Facilities Capital Maintenance Reserve (\$6.9 million); Retiree Healthcare Solutions Reserve (\$6.1 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million); Public Works Development Fee Program Reserve (\$5.5 million); and Salaries and Benefits Reserve (\$5.0 million). The majority of the Earmarked Reserves were either approved for rebudget or used as a funding source in the 2017-2018 Adopted Budget.

The 2016-2017 Ending Fund Balance Reserve of \$11.0 million was proactively set aside to help ensure sufficient fund balance would be available at the end of 2016-2017 to meet the budgeted estimate used in the development of the 2017-2018 Adopted Budget. Annually, as part of the development of the General Fund Forecast and Adopted Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. In the 2017-2018 Adopted Budget, it was assumed that \$18.6 million would be generated from these sources. The establishment of the 2016-2017 Ending Fund Balance Reserve set aside a portion of this funding, with the assumption that the remaining amount would be realized by year-end primarily from expenditure savings and the liquidation of prior year carryover encumbrances.

ANALYSIS

2016-2017 General Fund Ending Fund Balance

- **Contingency Reserve (\$35.5 million)** – The City Council has established a budget policy of maintaining a minimum 3% Contingency Reserve in the General Fund. At the end of 2016-2017, the Contingency Reserve totaled \$35.5 million and had remained unspent during the year. As part of the 2017-2018 Adopted Budget, the full Contingency Reserve was rebudgeted and funding of \$500,000 was added (bringing the Reserve to \$36.0 million) in order to comply with the Council Policy of maintaining a minimum 3% Contingency Reserve in the General Fund. As part of this report, an additional \$500,000 is recommended to comply with the 3% funding requirement and would bring the 2017-2018 Contingency Reserve to \$36.5 million. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency.

As discussed above, it was assumed that \$217.2 million would remain in the General Fund at the end of 2016-2017 and would be carried over to 2017-2018 as Beginning Fund Balance as part of the adoption of the 2017-2018 Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2017-2018, additional revenue, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2017-2018 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2017-2018 Adopted Budget by \$24.6 million, due to excess revenues and additional expenditure savings, a majority of which are recommended to be rebudgeted as part of this report.

The following chart details the recommended uses of the \$24.6 million additional fund balance as well as other budget adjustments that are recommended as part of this report. Recommended clean-up actions will result in a decrease to the available fund balance by \$16.9 million, reflecting a downward adjustment of \$4.4 million to reconcile the actual performance of the Development Fee Programs in 2016-2017 and a net downward adjustment of \$12.5 million to account for additional rebudget and clean-up actions to close-out 2016-2017. Once these adjustments have been accounted for, the net available fund balance available for allocation totals \$7.7 million. This additional fund balance is proposed to be allocated to address required technical/rebalancing needs as well as a very limited number of urgent fiscal/program needs in the current year.

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

PROPOSED 2017-2018 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2016-2017 Ending Fund Balance **\$ 24,565**

Clean-Up Actions

Development Fee Programs Reconciliation (4,404)
 Rebudgets/Clean-Up Adjustments (12,463)
Sub-total Clean-Up Actions **\$ (16,867)**

Fund Balance Available After Clean-Up Actions **\$ 7,698**

Recommended Budget Adjustments

Required Technical/Rebalancing Actions

- Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement (Interest Earnings) 232
 - Air Service Incentive Program Reserve 24
 - Finance Department Temporary Staffing Funding Reallocation (\$100,000 fr Pers Svcs to Non-Pers/Equip) 0
 - Police Department Overtime Reallocation (\$13.0 million from Salaries and Benefits to Overtime) 0
 - Sales Tax (4,000)
 - Contingency Reserve (500)
 - FMC Debt Service Payment (392)
 - Planning, Building and Code Enforcement Temporary Staffing (Multiple Housing Program) (150)
 - Business Tax System (145)
 - Animal Care and Services Washer/Dryer Replacement (50)
 - Insurance Premiums (Hayes Mansion) (33)
 - Mayor/City Council Salary Increases (31)

Sub-total Required Technical/Rebalancing Actions **\$ (5,045)**

Grants/Reimbursements/Fee Activities (Sources = \$1.87M; Uses = \$1.81M) **\$ 62**

Urgent Fiscal/Program Needs

- Police Helicopter Replacement (1,600)
 - Google Development Planning (415)
 - Office of Emergency Management Work Plan (250)
 - VEBA Opt-In Program Implementation (100)

Sub-total Urgent Fiscal/Program Needs **\$ (2,365)**

Total Recommended Budget Adjustments **\$ (7,348)**

Remaining Balance After Recommended Adjustments **\$ 350**

2018-2019 Future Deficit Reserve* **\$ (350)**

* This action is reflected in the Recommended Budget Adjustments and Clean-Up/Rebudget Actions section of this report under Required Technical/Rebalancing Actions.

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

Following is a summary of the recommended actions. These adjustments are described in more detail in Section IV of this report.

Clean-Up Actions (-\$16.9 million)

- **Development Fee Programs Reconciliation (-\$4.4 million)** –Year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in Development Fee Program Reserves. Based on 2016-2017 results, \$4.4 million is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (-\$12.5 million)** – A series of adjustments are recommended to complete existing projects in 2017-2018 and to reflect any necessary technical budget adjustments or reconciliation actions. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that reduce previous rebudgets to reflect instances where expenditures, for which rebudgets were approved, actually occurred in 2016-2017, therefore, the funds are not available for rebudget to 2017-2018. Other technical adjustments include the reconciliation of restricted program or grant funding (e.g. Artificial Turf Capital Replacement, General Plan Update, Maddie Lifesaving Grant, Public, Education, and Government Access activities) and the adjustments to allocate revenues received in 2016-2017 to support special events in Council Districts #01, #02, and #10.

Recommended Budget Adjustments (-\$7.3 million)

A number of General Fund budget adjustments, with a total net cost of \$7.3 million are recommended and can be classified under three categories: 1) Required Technical/Rebalancing Actions (net cost of \$5.0 million) that align already approved revenue estimates and expenditure budgets with the most current tracking information, reallocate funding among appropriations based on updated needs, to correct technical problems in the 2017-2018 Adopted Budget, or comply with actions previously authorized by the City Council; 2) Grants/Reimbursement/Fee Activities that have a net savings of \$62,000, recognizing new or adjusted grant, reimbursement, or fee activity revenue, and adjust the appropriations for these purposes as appropriate; and 3) Urgent Fiscal/Program Needs (cost of \$2.4 million) brought forward for City Council consideration as part of this report, rather than later through the annual budget process, because the Administration has deemed the need cannot or should not wait until later in the year.

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (-\$5.0 million)**
 - This action recognizes interest earnings of \$232,000 paid to the City as part of the *Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement*. As part of the agreement, a payment of \$12.9 million was included in the 2017-2018 Adopted Budget. Final negotiations with the County of Santa Clara, however, resulted in the payment of interest earnings which were not included in the final budget. (\$232,000)
 - This action eliminates the *Air Service Incentive Program Reserve* of \$1.15 million and decreases the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$1.13 million, resulting in net savings of \$24,000. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007, requires that, should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2016-2017, the percentage growth in annual enplanement at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2% for national growth. In anticipation of this overhead reduction, the 2017-2018 Adopted Budget included an Air Service Incentive Program reserve to offset the projected loss in revenue. (\$24,000)
 - This action reallocates funding of \$100,000 from the Finance Department's Personal Services appropriation to their Non-Personal/Equipment appropriation to provide funding for *Finance Department Temporary Staffing* to assist the Accounting Division with the consolidation of the financial statements for the City's Comprehensive Annual Financial Report due to position vacancies and staff tenure. (\$0)
 - This action increases *Police Department Overtime* funding by \$13.0 million (from \$17.3 million to \$30.3 million). This funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement efforts for high crime activity. To better align anticipated actual costs with expenditure line items, this action reallocates \$13.0 million in estimated 2017-2018 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. (\$0)

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

- This action decreases the revenue estimate for ***Sales Tax*** by \$4.0 million, from \$228.0 million to \$224.0 million. When the 2017-2018 Adopted Budget was developed, the General Sales Tax estimate of \$187.0 million reflected growth of 3.0% (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 year-end estimate of \$180.0 million. However, because actual General Sales Tax receipts ended 2016-2017 below estimated levels, a decrease to the 2017-2018 estimate of \$4.0 million (from \$187.0 million to \$183.0 million) is recommended. The resulting modified 2017-2018 estimate continues to reflect underlying 3% growth (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 actual collection level. (-\$4.0 million)
- This action increases the ***Contingency Reserve*** by \$500,000, from \$36.0 million to \$36.5 million. Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund Contingency Reserve is to be set at a minimum of 3% of the operating budget. This action will ensure compliance with the 3% funding requirement for the 2017-2018 Budget. The purpose of this reserve is to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means. (-\$500,000)
- This action increases the ***FMC Debt Service Payment*** appropriation by \$392,000 to cover the debt service payments due from the City. As part of the 2017-2018 Adopted Budget, the incorrect amount was included and this action will correct the error. (-\$392,000)
- This action increases the ***Planning, Building and Code Enforcement*** Personal Services appropriation in the amount of \$150,000 for ***Temporary Staffing*** to support the Code Enforcement Multiple Housing Occupancy Program. The funding will provide for an experienced code enforcement inspector on a temporary basis who can provide inspections, train the mostly new staff, and assist in meeting performance targets for the Multiple Housing Occupancy Program. (-\$150,000)
- This action increases the ***Business Tax System*** appropriation in the amount of \$145,000 to address higher than anticipated project costs. The project will allow the City to use a single tax billing and management application and businesses to pay self-reporting taxes online rather than through paper submissions. This funding will provide for an in-house Information Technology Project Manager that will be dedicated to lead the team towards meeting the new go-live period of 4th Quarter of 2017-2018. In addition, this funding will provide for a change order to add an online payment function and accommodates the recent voter-approved tax modernization ballot measure and project contingency. (-\$145,000)

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

- This action increases the *Animal Care and Services Washer/Dryer Replacement* appropriation by \$50,000 to address an unanticipated increase in project costs related to the removal and replacement of a wall. The initial project scope inadvertently omitted the removal and replacement of a wall adjacent to the new washer and dryer. (-\$50,000)
- This action increases the *Insurance Premiums* appropriation by \$33,000 (from \$607,000 to \$640,000) to replace an amount that had been removed in the 2017-2018 Proposed Budget due to the expected sale of Hayes Mansion in 2016-2017, but which was inadvertently not included in the 2017-2018 Adopted Budget after the sale did not occur as anticipated. (-\$33,000)
- This action increases the *Office of the Mayor* and each *Council District* appropriation to reflect the *Salary Increases* for the Mayor and each City Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Councilmembers, and for 2017-2018, the Commission unanimously adopted the recommendation to increase the salary by 3%, the Mayor by \$3,750 (from \$125,000 to \$128,750) and Councilmembers by \$2,760 (from \$92,000 to \$94,760). It should be noted that the Administration was formally notified that the Councilmember for Council District #06 has voluntarily elected to waive her base salary increase for 2017-2018, therefore, her salary will remain at \$92,000. These additional funds will be used instead for general expenses for the Council District. (-\$31,350)
- **Grants/Reimbursements/Fees (\$62,000)**
 - A series of net adjustments totaling \$62,000 (revenues of \$1.868 million offset by expenditures of \$1.806 million) are recommended to reflect new or updated revenues and expenditures for *Grants, Reimbursements, and/or Fees* for the following Departments: Parks, Recreation and Neighborhood Services (revenues of \$834,000, expenditures of \$815,000), Planning, Building and Code Enforcement (revenues of \$432,000, expenditures of \$389,000), Police (revenues and expenditures of \$242,000), Environmental Services (revenues and expenditures of \$200,000), Office of Economic Development (revenues and expenditures of \$128,000), Mayor and City Council (revenues and expenditures of \$16,000), and Fire (revenues and expenditures of \$15,000). These adjustments are further described in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

- **Urgent Fiscal/Program Needs (-\$2.4 million)**

- This action establishes the ***Police Helicopter Replacement*** appropriation for \$1.6 million to partially fund the purchase of a replacement helicopter. The Police Department's current helicopter has been in use for 16 years, while the typical useful life span of a helicopter is six to eight years. The Department identified a replacement plan as described in a City Information Memorandum distributed on September 7, 2017 with a total funding need of approximately \$4.8 million. A revised replacement plan was developed, which includes \$1.8 million from the General Fund (\$200,000 of which is already budgeted, leaving the remaining balance of \$1.6 million appropriated in this action) and the remaining \$3.0 million from various special funds. (-\$1.6 million)
- This action establishes the ***Google Development Planning*** appropriation in the amount of \$415,000 to fund the 2017-2018 costs associated with the Google development in the Diridon Area. In June 2016, the City Council approved an Exclusive Negotiating Agreement with Google, which anticipates the sale of City and Successor Agency to the Redevelopment Agency owned properties to Google. This funding will allow for the negotiations involved with this multi-year project, a consultant agreement for Diridon development standards/design guidelines, a legal advisor to support the City Attorney's Office in development of the Memorandum of Understanding with Google, a community engagement advisor to assist with community engagement, and temporary staffing for CEQA and development review beginning in April 2018. It is anticipated that the City will enter into a reimbursement agreement with Google to cover the City's costs. Additional budget actions are expected to be brought forward in 2018-2019 to continue work on this project. (-\$415,000)
- This action increases the City Manager's Office Personal Services appropriation by \$250,000 to support and assist with executing the ***Office of Emergency Management Work Plan***, which was approved by City Council on August 8, 2017. The City Council directed the City Manager to begin executing a work plan of roughly 150 work items, including absorbing the Office of Emergency Management into the City Manager's Office. This funding will be used for temporary staffing to assist in these efforts as well as the development of the Joint Emergency Action plan with the Santa Clara Valley Water District. (-\$250,000)

ANALYSIS

Impacts on the 2017-2018 General Fund Budget

- This action increases the City Manager's Office Non-Personal/Equipment appropriation by \$100,000 to provide funding for one-time costs associated with the *Voluntary Employee Beneficiary Association (VEBA) Opt-In Program Implementation*, as a result of the passage of Measure F in November 2016. This funding will be used for two temporary employees who will be supporting the VEBA implementation, a Retiree Health Decision-Making Independent Benefit Consultant to provide educational and counseling services to employees considering opting-out of the current defined benefit retiree healthcare plan and into VEBA, and one-time start-up insurance premium cost for Federated and Sworn VEBA Health Savings Trust. (-\$100,000)

2018-2019 Future Deficit Reserve (-\$350,000)

An increase of \$350,000 to the 2018-2019 Future Deficit Reserve, bringing it to a total of \$9.5 million, is recommended. Per Council Policy I-18, Operating Budget and Capital Improvement Program Policy, any ending fund balance that may be available after the close of the 2016-2017 fiscal year will be allocated 50% for unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following fiscal year. Based on the actions taken as part of the 2017-2018 Adopted Budget, it is currently estimated that the General Fund will face a shortfall of approximately \$35.2 million for 2018-2019. Given this projected shortfall, the remaining ending fund balance, after required technical and clean-up adjustments, is recommended to be allocated to the 2018-2019 Future Deficit Reserve.

2016-2017 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 11.5 million passengers in 2016-2017, which was an overall increase of 12.7% from 2015-2016. Moreover, the percentage growth in annual enplanements at the Airport in 2016-2017 was 12.8% compared to an estimated level of 2.5%, which exceeded the Federal Aviation Administration's projection of 2.2% for national enplanement growth for 2016-2017. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage and the money is refunded to the City's airline partners in recognition of their achievement in increasing passenger levels. Budget actions are recommended in this document to reduce the 2017-2018 overhead expenses to the Airport Maintenance and Operation Fund by \$1,126,026 to reflect a reduction of the overhead rate by 6.13 points (from the adopted overhead rate of 21.13% to the floor rate of 15.00%). With the amendment to the Airline Lease and Operating Agreements, which removed the Municipally-Funded Air Service Incentive Program, this is the last year the General Fund will have an obligation for this program.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

For 2017-2018, passenger growth is anticipated to increase by 3.0% over the 11.5 million passengers in 2016-2017.



Additional airport activity categories that demonstrated growth as compared to last year include pounds of mail/freight/cargo, traffic operations, landed weights, parking exits, gallons of aviation fuel sold, and ground transportation trips.

Overall, revenue performance exceeded budget by \$7.9 million (5.4%). Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, excluding transfers, ended the year at \$153.9 million, which was \$7.9 million above the budget of \$146.0 million. The positive variance is mainly attributed to the Airfield revenue category, which was above the budgeted estimate by \$2.4 million (49.0%) due to higher revenues from in-flight kitchen and ground support tenants as well as Terminal Building Concession revenue, which was above the budgeted estimate by \$1.6 million (8.0%) associated with increased passenger levels.

The Airport Customer Facility and Transportation Fee Fund (Fund 519) and Airport Maintenance and Operating Fund (Fund 523) had a combined year-end expenditure savings of \$4.0 million (3.8%) compared to the budgeted levels of \$106.1 million. The \$1.9 million in personal services savings were the result of position vacancies experienced during the year. The non-personal/equipment expenditure savings of \$940,000 resulted primarily from prioritizing needs and the parking program.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

The higher revenue and expenditure savings resulted in a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operating Fund. This allowed for paying down some variable rate commercial paper debt, which resulted in interest savings.

Self-Insured Medical Fund

The Self-Insured Medical Fund was established in January 2017. Revenue in 2016-2017 ended the year below estimated levels in the City and Retirement Reimbursements categories (down \$843,000), due primarily to the assumption of the additional month of retiree contributions (\$861,000). When the fund was established, it was assumed that Retirement contributions would start being paid into the fund in December 2016, providing an extra month of receipts to the fund, mitigating the need for any potential pre-funding. However, at the end of the year, it was realized that the seventh month of retiree receipts into the fund for the month of July (received in June) would have to be deferred to align the revenues with the appropriate fiscal year. Expenditures ended the year as expected at \$6.6 million, slightly above the estimate (0.3%). As a result, the actual 2016-2017 total ending fund balance ended at \$84,000 with no Claims Reserve, compared to what had been estimated (\$695,000 for the Claims Reserve, and \$250,500 for the Ending Fund Balance). In order to increase the fund balance in 2017-2018 to healthier levels, a planned 10% rate increase for the self-funded PPO starting January 1, 2018 is recommended. According to actuaries, the 10% rate increase may result in an estimated 2% decrease to the enrollment starting January 1, 2018. Based on these assumptions and year-to-date data through August, as well as fund performance in 2016-2017, a series of actions are recommended to bring the budget in line with actual experience and projected performance in 2017-2018.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City’s Capital program. The 2016-2017 actual collections in all major capital revenue categories, except Construction and Conveyance Tax, ended the year below budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues, and a discussion of the three largest revenue sources follows.

**Construction-Related Capital Program Revenues Comparison
 (\$ in Thousands)**

	2016-2017 Estimate*	2016-2017 Actuals	% Variance
Construction and Conveyance Tax	\$38,000	\$43,301	13.9%
Building and Structure Construction Tax	\$24,000	\$23,343	(2.7%)
Construction Excise Tax	\$32,000	\$30,188	(5.7%)
Municipal Water System Fees	\$75	\$21	(72.4%)
Residential Construction Tax	\$275	\$256	(6.9%)
Sanitary Sewer Connection Fee	\$800	\$649	(18.8%)
Storm Drainage Connection Fee	\$250	\$210	(16.1%)

* Revenue estimate used in the development of the 2017-2018 Adopted Capital Budget.

• **Construction and Conveyance Tax**

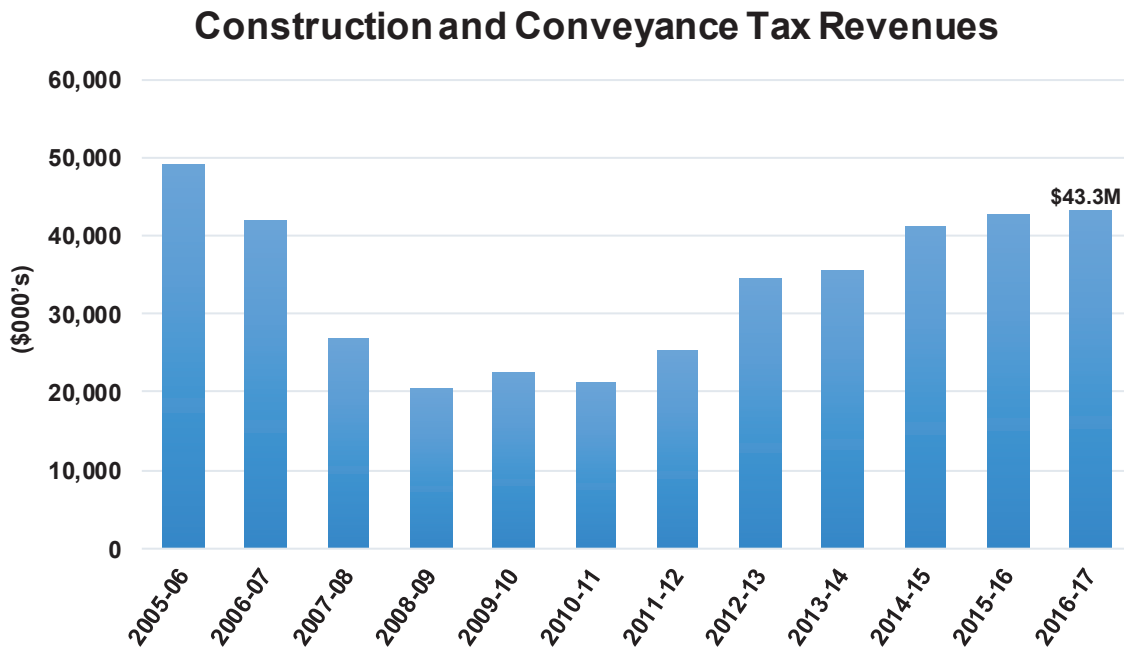
Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately 96% of C&C Tax is derived from a tax imposed upon each transfer of real property, with the remaining 4% generated from a construction tax levied on most types of construction. C&C Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$43.3 million in 2016-2017. This collection level was \$601,000 (1.4%) above 2015-2016 collections of \$42.7 million, and \$5.3 million (13.9%) above the estimate of \$38.0 million that was assumed in the development of the 2017-2018 Adopted Capital Budget.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

The following graph displays the collection history of Construction and Conveyance (C&C) Tax receipts.



The 2016-2017 tax receipts represent the highest collection level since the peak years of 2003-2004 through 2006-2007 (when annual collections exceeded \$38 million in each of those years, peaking at \$49 million in 2005-2006). Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$920,000 in June 2016 to \$966,000 in June 2017, which represents a 5.0% increase. However, the number of home sales (single-family and multi-family dwelling units) decreased 4.1% from 8,223 in 2015-2016 to 7,883 in 2016-2017. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) slightly increased from an average 25 days in 2015-2016 to an average 26 days in 2016-2017.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

The 2016-2017 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$38.0 million in 2015-2016 and dip slightly to \$36.0 million in 2016-2017; however, tax receipts had a stronger than expected performance, which resulted in 2015-2016 receipts totaling \$42.7 million. Due to the unanticipated high collections in 2015-2016, the 2016-2017 C&C Tax Adopted Budget estimate of \$36.0 million proved to be conservative as compared to the actual 2016-2017 collection level of \$43.3 million. The 2017-2018 C&C Tax estimate of \$36.0 million now allows for a 16.9% decline in tax revenue from the 2016-2017 actual tax collection. Receipts in 2017-2018 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate. It is important to note that tax receipts in this category have been volatile in the past with large swings in collections based on economic conditions.

- **Building and Structure Construction Tax and the Construction Excise Tax**

The Building and Structure Construction Tax and the Construction Excise Tax are major sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$23.3 million in 2016-2017. This collection level was 2.7% (\$655,000) below the revenue estimate of \$24.0 million used to develop to the 2017-2018 Adopted Capital Budget, yet represents a 20.4% (\$4.0 million) increase from 2015-2016 collections of \$19.4 million. Construction Excise Tax receipts for 2016-2017 totaled \$30.2 million, 5.7% (\$1.8 million) below the revenue estimate of \$32.0 million used to develop the 2017-2018 Adopted Capital Budget, representing a 34.4% (\$7.7 million) increase from 2015-2016 collections of \$22.5 million.

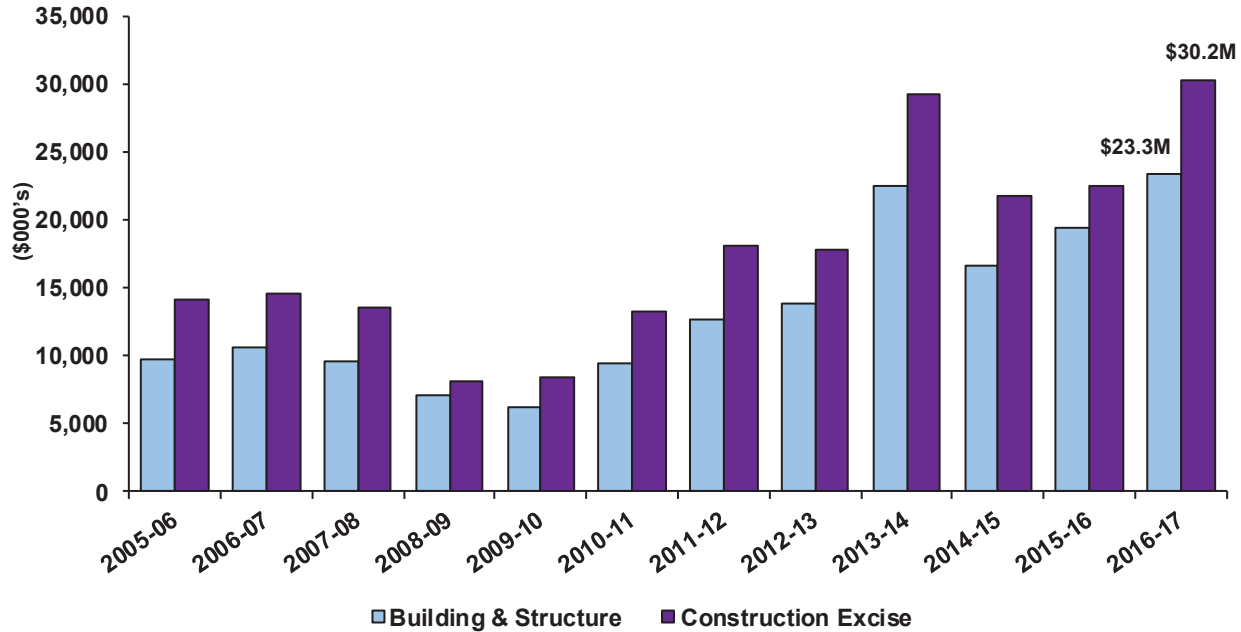
The graph on the following page displays the collection history of both the Building and Structure Construction Tax and Construction Excise Tax receipts. Valuation activity in 2016-2017 surpassed the historically high levels of 2013-2014, setting a new peak, and revenue growth has continued its upward trend from the low in 2009-2010.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

Construction Tax Revenues



Building and Structure Construction Tax receipts (\$23.3 million) and Construction Excise Tax receipts (\$30.2 million) represent the highest collection level in recent history. However, it is important to note that actual collections fell slightly below budgeted estimates. While these shortfalls were absorbed within the Traffic Capital Program without impacting project delivery, these volatile taxes will be closely monitored throughout 2017-2018 to determine if budget actions are necessary to revise the revenue estimates.

Special and Capital Funds Budget Adjustments

Several budget adjustments for both special and capital funds are included in this report, including recognition of grants, net-zero transfers/reallocations, new allocations for a small number of high priority projects and programs, and required fund rebalancing activity.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

Special and Capital Funds Budget Adjustments

In the Convention and Cultural Affairs Fund, due to the high level of activity at the Convention Center and cultural facilities managed by Team San Jose in 2016-2017, the operating subsidy typically provided to Team San Jose – originally budgeted at \$3.4 million – was not needed in 2016-2017. These savings, together with a combination of other expenditure savings, and the additional transfer of Transient Occupancy Tax proceeds based on 2016-2017 actual collections (\$241,000), allow for a recommended \$3.0 million increase to the Capital Reserve (from \$500,000 to \$3.5 million) for future capital rehabilitation and replacement needs at the Convention Center and cultural facilities managed by Team San Jose, additional capital investment of \$480,000 for a small number of urgent capital rehabilitation and upgrade projects in the current year (including a phone system upgrade, a new trash compactor, and enhanced WiFi), coordination and review of the Museum Place development to minimize impact on the Civic Auditorium (\$300,000), and a net increase to the Ending Fund Balance of \$56,000.

Included in this report are several recommended adjustments in the Parks and Community Facilities Development Capital Program. A notable adjustment is the allocation of \$700,000 – matched by San José Unified School District – for artificial turf replacement of the main field at the Leland Sports Field facility, offset by a reduction to the corresponding reserve from \$1.2 million to \$539,000. Other actions include recognizing an insurance reimbursement of \$467,000 for repair costs associated with the 2013 Rim Fire at San José Family Camp along with an additional expense of \$100,000 for fire-related repairs to roadways and pathways within the facility, and an allocation of \$205,000 to support completion of a feasibility study for the Calabazas Community Center, which will evaluate possible renovations to the interior and exterior of the community center, men’s and women’s bathroom buildings, and the concrete patio area.

Due to increased Construction and Conveyance Tax proceeds, an action is recommended to increase the Fire Station 37 (Construction) Reserve by \$300,000 (from \$2.2 million to \$2.5 million). This will result in a five year CIP total of \$4,560,000 for this project reserve. Because Fire Station 37, the last project to be completed under the Public Safety Bond Program, is not moving forward at this time due to capital and operating funding gaps, a funding shift was made to reallocate the project intended Bond funds of \$5.5 million to eligible fire station remediation projects that would otherwise be funded in the Fire C&C Tax Fund and allocate the C&C funds to a Fire Station 37 Reserve. This allowed the Bond funds to be used for urgent fire station repairs while preserving funding for Fire Station 37 until that project can move forward. This action is consistent in keeping with the City's commitment to prioritize any additional Fire-related Construction and Conveyance Tax Revenues received to the reserve in order to backfill the bond funds as soon as practical. With this action a total of \$900,000 in additional funding is to be prioritized to bring the reserve to the intended bond funded level.

ANALYSIS

2016-2017 Selected Special/Capital Funds Budget Performance

In the General Purpose Parking Fund, a \$500,000 reserve is recommended for the preliminary planning and program design for the San José Regional Transportation Hub, including access planning. The City will seek matching funding from Caltrain, High Speed Rail and VTA for a joint contract with a specialized consultant to perform extensive preliminary planning and design work to ensure that the future transportation hub meets all partners' needs, including access and integration with the surrounding cityscape.

Finally, the rebudget of unexpended funds for projects and programs extending into 2017-2018 is recommended in this report. Details of these adjustments can be found in Section IV of this report.

NEXT STEPS

The results of the 2016-2017 Annual Report will provide an updated starting point for monitoring 2017-2018 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2017-2018 will be provided in Bi-Monthly Financial Reports and the 2017-2018 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2016-2017 Annual Report results will also be factored into the 2018-2019 budget development process. The General Fund Five-Year Forecast is scheduled to be released in late February 2018. The 2018-2019 Proposed Capital and Operating Budgets are scheduled to be released on April 23, 2018 and May 1, 2018, respectively.

PUBLIC OUTREACH/INTEREST

This document is posted on the City's website for the October 17, 2017, City Council agenda.

COORDINATION

The City Manager's Budget Office coordinated with the Finance Department on the reconciliation of the City's funds and coordinated with all City Departments and City Council appointees, as applicable, on recommended budget adjustments that are brought forward in this document.

COMMISSION RECOMMENDATION/INPUT

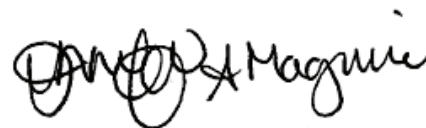
No commission recommendation or input is associated with this action.

CONCLUSION

Through careful fiscal management, overall revenues for the various City funds ended the year close to estimated levels and expenditures were below budgeted allocations. When the 2016-2017 Adopted Budget was developed, it was assumed that economic growth would continue in 2016-2017. Economic indicators and actual revenue performance supported this general assumption, with a number of revenue categories, such as Property Tax, Transient Occupancy Tax, and Construction and Conveyance Tax, experiencing strong growth. Those revenue categories associated with private development and construction projects, such as development-related fees and taxes, also continued to experience solid performance in 2016-2017.

In the General Fund, the additional fund balance at the end of 2016-2017 after considering clean-up adjustments totaled \$7.7 million. Recommendations are included in this report to allocate those funds to various required technical and rebalancing actions (\$5.0 million), to address urgent fiscal/program needs (\$2.4 million), and to increase the 2018-2019 Future Deficit Reserve (\$350,000). The largest actions include funding for the replacement purchase of a helicopter for the Police Department (\$1.6 million), an increase to the Contingency Reserve by \$500,000 to ensure compliance with the 3% funding requirement for the 2017-2018 Budget, funding for contractual and temporary staffing costs associated with the Google development in the Diridon Station Area (\$415,000), an increase of \$392,000 to fully fund the FMC Debt Service Payment owed by the City, an increase of \$350,000 to the 2018-2019 Future Deficit Reserve, an increase to the City Manager's Office Personal Services appropriation to support and assist with executing the Office of Emergency Management Work Plan (\$250,000), and an increase of \$150,000 for the Planning, Building and Code Enforcement Department for temporary staffing to support the Multiple Housing Occupancy Program. In addition, net adjustments of \$62,000 to various grants, reimbursements and fee activities are included along with a series of technical adjustments.

The Administration will continue to monitor and report on the City's budget performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2016-2017, as well as the actual performance in 2017-2018, will be factored into the development of the 2018-2019 budget. With an early anticipated 2018-2019 General Fund shortfall of \$35.2 million, the Administration will be proactively controlling costs to the extent possible for the remainder of 2017-2018. The 2019-2023 General Fund Five-Year Forecast will be released in February 2018 for budget planning purposes.



Jennifer A. Maguire
Senior Deputy City Manager/
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 2017-2018 monies in excess of those heretofore appropriated therefrom:

General Fund	\$22,294,543
Airport Customer Facilities and Transportation Fee Fund	\$1,334,265
Airport Fiscal Agent Fund	\$11,604,713
Airport Passenger Facility Charge Fund	\$2,331,993
Airport Renewal and Replacement Fund	\$3,383,754
Airport Revenue Bond Improvement Fund	\$5,252,688
Airport Surplus Revenue Fund	\$1,713
Branch Libraries Bond Projects Fund	\$65,997
Building and Structure Construction Tax Fund	\$6,888,208
Business Improvement District Fund	\$355,132
Cash Reserve Fund	\$16
City Hall Debt Service Fund	\$258,298
Community Development Block Grant Fund	\$1,021,179
Community Facilities Revenue Fund	\$2,337,336
Community Facilities District Fund #1	\$126,626
Community Facilities District Fund #2 and #3	\$115,031
Community Facilities District Fund #8	\$53,621
Community Facilities District Fund #11	\$2,000
Community Facilities District Fund #12	\$31,089
Community Facilities District Fund #13	\$51,151
Community Facilities District Fund #15	\$958
Construction and Conveyance Tax – Central Fund	\$449,292
Construction and Conveyance Tax – Communications	\$436,273
Construction and Conveyance Tax – Fire	\$625,460
Construction and Conveyance Tax – Library	\$996,571
Construction and Conveyance Tax – Council District 2	\$271,668
Construction and Conveyance Tax – Council District 3	\$227,425
Construction and Conveyance Tax – Council District 5	\$1,134,085
Construction and Conveyance Tax – Council District 6	\$507,942
Construction and Conveyance Tax – Council District 7	\$873,513
Construction and Conveyance Tax – Council District 8	\$488,555
Construction and Conveyance Tax – Council District 9	\$393,058
Construction and Conveyance Tax – Council District 10	\$423,017
Construction and Conveyance Tax – City-Wide	\$2,318,577
Construction and Conveyance Tax – Parks Yards	\$32,381
Construction and Conveyance Tax – Service Yards	\$769,297
Construction Excise Tax Fund	\$13,539,044

CERTIFICATION OF FUNDS

Contingent Lien District Fund	\$93,406
Convention and Cultural Affairs Fund	\$1,135,494
Convention Center Facilities District Revenue Fund	\$1,304,947
Downtown Property and Business Improvement District Fund	\$13,478
Economic Development Administration Loan Fund	\$8
Emergency Reserve Fund	\$2,353
Federal Drug Forfeiture Fund	\$1,095,430
General Purpose Parking Fund	\$2,330,728
Gift Trust Fund	\$249,346
Home Investment Partnership Program Fund	\$2,661,371
Housing Trust Fund	\$1,843,136
Ice Centre Revenue Fund	\$392,716
Integrated Waste Management Fund	\$3,327,987
Library Parcel Tax Fund	\$1,969,094
Maintenance District Fund #1	\$16,625
Maintenance District Fund #2	\$8,982
Maintenance District Fund #8	\$87,923
Maintenance District Fund #15	\$5,421
Maintenance District Fund #18	\$12,387
Maintenance District Fund #19	\$41,535
Maintenance District Fund #20	\$30,465
Maintenance District Fund #21	\$19,581
Major Collectors and Arterials Fund	\$197,018
Major Facilities Fund	\$157,783
Multi-Source Housing Fund	\$5,823,712
Municipal Golf Course Fund	\$24,076
Neighborhood Security Bond	\$15,514
Parks and Recreation Bond Projects Fund	\$2,738,500
Public Works Program Support Fund	\$237,144
Residential Construction Tax Contribution Fund	\$278,118
San José Arena Capital Reserve Fund	\$3,354,695
San José Municipal Stadium Capital Fund	\$35,190
Sewer Service and Use Charge Fund	\$823,188
Sewer Service and Use Charge Capital Improvement Fund	\$4,275,569
San Jose-Santa Clara Treatment Plant Capital Fund	\$3,208,477
San Jose-Santa Clara Treatment Plant Operating Fund	\$501,668
San Jose-Santa Clara Treatment Plant Income Fund	\$161,304
Sewage Treatment Plant Connection Fee Fund	\$414,603
St. James Park Management District Fund	\$217,487
Storm Drainage Fee Fund	\$15,591
Storm Sewer Capital Fund	\$2,959,713
Storm Sewer Operating Fund	\$1,085,377
Subdivision Park Trust Fund	\$4,170,571

CERTIFICATION OF FUNDS

Transient Occupancy Tax Fund	\$2,756,499
Underground Utility Fund	\$729,975
Vehicle Maintenance and Operations Fund	\$43,843
Water Utility Capital Fund	\$1,006,393
Water Utility Fund	\$4,391,203
Workforce Development Fund	\$3,012,921



Jennifer A. Maguire
Senior Deputy City Manager/
Budget Director

DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2016-2017 actual revenues/expenditures and either the 2016-2017 Modified Budget or 2016-2017 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2017.
 - "Budget" reflects the original 2016-2017 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2017. These estimates were used in projecting the year-end fund balance, and consequently, the 2017-2018 Adopted Budget beginning fund balance.

- **Budgetary Basis vs. GAAP** – The figures used throughout the text of this report are presented in accordance with the budget. The Financial Statements section of this report, however, has been prepared using reports which, in many cases, have been adjusted to report transactions in accordance with generally accepted accounting principles (GAAP). Major differences between the budgetary basis and GAAP basis include:
 - Year-end encumbrances are recognized as the equivalent of expenditures for budgetary purposes. Encumbrances are not recognized as expenditures on a GAAP basis until recorded as actual expenditures. As a result, the expenditures and encumbrances have been combined in the text for a budgetary basis presentation, while the Financial Statements section presents expenditures and encumbrances separately.
 - In Governmental Funds, an amount for the current year's compensated absences is not recognized on a budgetary basis since annual expenditures related to vacation, sick leave, and compensatory time are budgeted as part of departmental personal services.
 - Certain loan transactions and debt service payments are not recognized as expenditures on a GAAP basis since these payments represent a reduction of an existing debt obligation. For budgetary purposes, however, these payments represent a "use of funds" and are budgeted as such.
 - Under the GAAP basis, grant resources that are restricted to capital acquisition or construction in an enterprise fund are identified as contributions of capital and are not recorded as revenue. For budgetary purposes, grant funding, such as this, is recognized as a source of funds.

- **Glossary of Terms** – Definitions of frequently used budgetary and accounting terms are presented on the next page.

PAGE IS INTENTIONALLY LEFT BLANK

GLOSSARY OF TERMS

Appropriation

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

Base Budget

Ongoing expense level necessary to maintain service levels previously authorized by the City Council.

Capital Budget

A financial plan of capital projects and the means of financing them for a given period of time.

Capital Funds

These funds account for resources designated to acquire, rehabilitate, or construct general fixed assets and major improvements.

Capital Improvement Program (Five-Year)

A plan, separate from the annual budget, which identifies all capital projects to be undertaken during a five-year period, along with cost estimates, method of financing, and a recommended schedule for completion.

Carryover

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

Contingency Reserve

An appropriation of funds to cover unforeseen events that occur during the budget year, such as emergencies, newly-required programs, shortfalls in revenue, or other eventualities.

Contractual Services

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

Debt Service

The amount required to pay interest on and to retire the principal of outstanding debt.

Encumbrance

Financial obligations such as purchase orders, contracts, or commitments which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

Fiscal Year

A 12-month accounting period to which the annual budget applies; for San José, it is the period from July 1 through June 30.

Fund

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

Fund Balance

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

General Fund

The primary operating fund used to account for all the revenues and expenditures of the City, which are not related to special or capital funds.

Non-Personal/Equipment Expenses

Operating costs which are not related to personnel, such as supplies, training, contractual services, utilities, and vehicles.

Operating Budget

A financial plan for the provision of direct services and support functions.

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

Unspent and unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

Reserve

Funds budgeted for a particular purpose but not authorized for immediate obligation.

Special Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources and are usually required by statute, charter provision, local ordinance, or federal grant regulation to finance particular functions of the City.

Transfers

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.

PAGE IS INTENTIONALLY LEFT BLANK

FUND DESCRIPTIONS

Airport Capital Funds

These Enterprise Funds account for the Airport's capital expenditures and revenues and consist of the following funds: Airport Capital Improvement; Airport Revenue Bond Improvement; Airport Renewal and Replacement; and the Airport Passenger Facility Charge Funds.

Airport Operating Funds

These Enterprise Funds account for the operation of the Airport and consist of the following funds: Airport Revenue; Airport Maintenance and Operation; Airport Surplus Revenue; Airport Customer Facility and Transportation Fee; and the Airport Fiscal Agent Funds.

Benefit Funds

These Internal Service Funds account for the provision and financing of benefits to City employees, retirees, and their dependents. It consists of the Dental Insurance Fund, Life Insurance Fund, Self - Insured Medical Fund, Unemployment Insurance Fund, and Benefit Fund.

Branch Libraries Bond Projects Fund

This Capital Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure O). The use of this fund is restricted to the acquisition of property and the expansion and construction of branch libraries.

Building and Structure Construction Tax Fund

This Capital Fund accounts for the tax on residential, commercial, and industrial development. The use of these funds, along with grant revenues, is restricted to traffic capital improvements on major arterials and collectors, including bridges, culverts, lighting, and traffic control systems.

Business Improvement District Fund

This Special Revenue Fund accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

In the City's Comprehensive Annual Financial Report, this fund is grouped with the City's General Fund. This accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

City Hall Debt Service Fund

This Special Revenue Fund accounts for the debt service payments for City Hall, the City Hall off-site parking garage, and City Hall furniture, fixtures, and equipment. This fund receives transfers from the General Fund, special funds, and capital funds in amounts sufficient to cover the debt service payments.

FUND DESCRIPTIONS

Civic Center Construction Fund

This Capital Fund accounts for the revenues and construction costs related to the construction of City Hall.

Community Development Block Grant Fund

This Special Revenue Fund accounts for federal grant monies received from the U.S. Department of Housing and Urban Development under Title II Housing and Community Development Act of 1974 and Rental Rehabilitation Program funds.

Community Facilities and Maintenance Districts Funds

These Special Revenue Funds account for the maintenance and administration of assessment districts throughout the City.

Community Facilities Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Hayes Mansion operations and provides for the accumulation and transfer of base rental income to the appropriate debt service funds for repayment of facilities-related debts.

Construction and Conveyance Tax Funds

These Capital Funds account for Construction and Conveyance tax receipts. The Construction Tax is a flat rate assessed to residential, commercial, and industrial development. The Conveyance Tax is a fee imposed at a rate of \$3.30 for each \$1,000 of the value of property conveyed. Construction and Conveyance Tax Funds are dedicated to the Parks and Community Facilities Development, Communications, Public Safety (for Fire capital purposes), Library, and Service Yards Capital Programs.

Construction Excise Tax Fund

This Capital Fund accounts for the tax on the construction of residential, commercial, and mobile home developments (also referred to as the Commercial, Residential, Mobile Home Park Building Tax). This general purpose tax is based on building valuation, with the majority of the revenues in the fund historically being used for traffic improvements.

Contingent Lien District Fund

This Capital Fund accounts for cost sharing agreements through special districts between private parties in regards to the construction of public improvements as required by the city for development purposes. The use of this fund is restricted to completing any unconstructed improvements specified in the engineer's report as approved by the City Council.

Convention and Cultural Affairs Fund

This Special Revenue Fund accounts for the costs of managing and operating the San José McEnery Convention Center, California Theatre, Center for the Performing Arts (CPA), California Theatre, Civic Auditorium, Montgomery Theatre, Parkside Hall, South Hall and their related facilities and grounds.

Convention Center Facilities District Project Fund

This Special Revenue Fund accounts for the bond proceeds and construction costs related to the expansion and renovation of the San José McEnery Convention Center.

FUND DESCRIPTIONS

Convention Center Facilities District Revenue Fund

This Special Revenue Fund accounts for Special Tax revenues collected by the City on behalf of the Convention Center Facilities District No. 2008-1.

Downtown Property and Business Improvement District Fund

This Special Revenue Fund accounts for revenue collected and expenses related to maintaining and operating any public improvements, which are payable from annual assessments apportioned among the several lots of parcels or property within the Downtown area.

Economic Development Administration Loan Fund

This Special Revenue Fund accounts for federal funds and loan repayments associated with the economic development administration program, which provides loans to small businesses for business expansion, remodeling, working capital, equipment, or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José.

Economic Development Enhancement Fund

This Special Revenue Fund accounts for grants and interest income to assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards and provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested.

Edward Byrne Memorial Justice Assistance Grant Trust Fund

This Special Revenue Fund accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement.

Emergency Reserve Fund

This Special Revenue Fund accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

This Capital Fund accounts for the development and improvement of the Emma Prusch Memorial Park.

Federal Drug Forfeiture Fund

This Special Revenue Fund accounts for federal drug forfeiture monies received pursuant to the drug abuse prevention and control provisions of Title 21, Chapter 13 of the United States Code. Federal guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

FUND DESCRIPTIONS

Gas Tax Maintenance and Construction Fund

This Special Revenue Fund accounts for the City's portion of the State collected Gas Tax. Revenues are restricted for acquisition, construction, improvement, and maintenance of public streets subject to provisions of the Streets and Highways Code of the State of California and to provide for traffic capital improvements.

General Purpose Parking Fund

This Enterprise Fund accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

Gift Trust Fund

This Special Revenue Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City.

Home Investment Partnership Program Trust Fund

This Special Revenue Fund accounts for all monies allocated to the City by the U.S. Department of Housing and Urban Development for affordable housing projects pursuant to the HOME Investment Partnership Act.

Housing Trust Fund

This Special Revenue Fund accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Ice Centre Revenue Fund

This Special Revenue Fund accounts for the rental revenues received from Ice Centre operations and provides for the accumulation and transfer of base income to the appropriate debt service funds for repayment of facilities-related debts, as well as facility capital repair and renovation.

Improvement District Fund

This Special Revenue Fund accounts for revenues and expenditures related to the acquisition and construction of a variety of public infrastructure projects for which individual improvement districts were formed.

Integrated Waste Management Fund

This Special Revenue Fund accounts for activities related to the Integrated Waste Management Program, which includes garbage collection, recycling services, and related billing operations. The fund collects revenues from the City's Recycle Plus program. These funds are expended for programs related to the City's efforts to comply with State law requiring cities to reduce waste sent to landfills along with other integrated waste management services.

Lake Cunningham Fund

This Capital Fund accounts for the parking fees and lease payment revenues used for the purchase of equipment, maintenance, and operations at Lake Cunningham Park.

FUND DESCRIPTIONS

Library Parcel Tax Fund

This Special Revenue Fund accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

Low and Moderate Income Housing Asset Fund

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund provides funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future.

Major Collectors and Arterial Fund

This Capital Fund accounts for the collection of monies owed by developers for previously completed street improvements.

Major Facilities Fund

This Capital Fund accounts for fees associated with the connection of municipal water activities for many water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley service areas. These fees are assessed for the future construction of large water mains, reservoirs, and other large projects.

Multi-Source Housing Fund

This Special Revenue Fund accounts for grants, inclusionary fees, multi-family fees, and rental dispute mediation fees to support the rental rights and referrals program, to expand the supply of affordable housing for low and very-low income residents by providing both financial and technical assistance to non-profit organizations in the production and operation of affordable housing, and to preserve the existing supply of affordable housing by providing rehabilitation grants and loans to low and moderate income homeowners.

Municipal Golf Course Fund

This Special Revenue Fund accounts for the construction, management, and operation of various City golf courses, including the San José Municipal Golf Course, Los Lagos Golf Course, and Rancho del Pueblo Golf Course.

Neighborhood Security Act Bond Fund

This Capital Fund accounts for General Obligation Bond proceeds authorized by voters on the March 2002 ballot (Measure O). This fund is dedicated for the acquisition of real property and construction and rehabilitation of public safety-related facilities.

Parks and Recreation Bond Projects Fund

This Capital Fund accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure P). The use of this fund is restricted to acquisition of property, upgrades, and construction of neighborhood parks, community centers, trails, regional parks, and sports complexes.

FUND DESCRIPTIONS

Public Works Program Support Fund

This Internal Service Fund accounts for Public Works administrative costs, compensated absences, unfunded activities, and non-personal costs. An annual cost allocation plan is utilized to equitably allocate these costs to capital programs on the basis of service levels received as compensated time-off is earned rather than charging the costs when the time-off is taken. Various capital projects are charged a rate for each hour Public Works' staff spends on the project and corresponding revenue is received by this fund.

Residential Construction Tax Contribution Fund

This Capital Fund accounts for taxes imposed upon the construction of single-family dwelling units or any mobile home lots in the City. The tax is used to reimburse developers who have constructed that portion of an arterial street that is wider than what is normally required in connection with residential development. The funds are also used to construct median island landscaping and other street improvements.

Retirement Funds

These Trustee Funds account for the accumulation of resources to be used for retirement annuity payments and consist of the following: Federated Retiree Health Care Trust Fund; Federated Retirement Fund; Fire Retiree Health Care Trust Fund; Police Retiree Health Care Trust Fund; and Police and Fire Retirement Fund.

San José Arena Capital Reserve Fund

This Capital Fund provides funding for repairs and replacements of capital items at the San José Arena, including fixtures, machinery, and equipment. The fund receives revenues from San José Arena Management, the ownership group of the San José Sharks, and a General Fund contribution supported by revenue generated from the Arena. The amount of funding and the eligible capital repair items are specified by agreement between the City of San José and the San José Arena Management.

San José Municipal Stadium Capital Fund

This Special Revenue Fund accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company for the use, operation, and management of the Municipal Stadium.

San José-Santa Clara Treatment Plant Capital Fund

This Capital Fund accounts for the construction of improvements to the San José-Santa Clara Water Pollution Control Plant (WPCP) and the purchase of equipment through contributions from the City of Santa Clara and other tributary agencies and transfers from the Sewer Service and Use Charge Fund.

San José-Santa Clara Treatment Plant Income Fund

This Enterprise Fund accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. It contains the City's share of revenue from activities such as land rentals, legal settlements, and purchase of land located at the WPCP.

FUND DESCRIPTIONS

San José-Santa Clara Treatment Plant Operating Fund

This Enterprise Fund accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

Sanitary Sewer Connection Fee Fund

This Capital Fund accounts for connection fees charged to developers for access to the City's sanitary sewer system. Funds are restricted to the construction and reconstruction of the sewer system.

Sewage Treatment Plant Connection Fee Fund

This Enterprise Fund accounts for revenues from new residential, commercial, and industrial connections to the WPCP. These revenues pay the City's share of acquisition, construction, reconstruction, or enlargement of the WPCP.

Sewer Service and Use Charge Fund

This Enterprise Fund accounts for Sewer Service and Use Charge fees collected from San José property owners to be used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

Sewer Service and Use Charge Capital Improvement Fund

This Capital Fund accounts for the reconstruction of the sanitary sewer system and is funded primarily by annual transfers from the Sewer Service and Use Charge Fund.

St. James Park Management District Fund

This Special Revenue Fund accounts for the donations from developers collected in the Downtown Parks Management District for the activation, operations, and maintenance at Saint James Park.

State Drug Forfeiture Fund

This Special Revenue Fund accounts for State drug forfeiture monies received whenever the Police Department is involved in asset seizures from convicted drug law violators. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Storm Drainage Fee Fund

This Capital Fund accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for expansion or capacity improvements of the storm drainage system or land acquisition for the system.

Storm Sewer Capital Fund

This Capital Fund accounts for the construction and reconstruction of the storm drainage system and is funded primarily by transfers from the Storm Sewer Operating Fund.

FUND DESCRIPTIONS

Storm Sewer Operating Fund

This Special Revenue Fund accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on maintenance and operation of the storm drainage system, as well as non-point source pollution reduction.

Subdivision Park Trust Fund

This Capital Fund accounts for payments of fees in lieu of dedication of land for park and recreation purposes in residential subdivisions. Monies in the fund, including accrued interest, may be expended solely for the acquisition or development of improvements on parkland to serve the subdivision for which the fees were paid.

Supplemental Law Enforcement Services Fund

This Special Revenue Fund accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

Transient Occupancy Tax Fund

This Special Revenue Fund accounts for receipts generated through the assessment of a percentage of the rental price for transient occupancy lodging charged when the period of occupancy is less than 30 days. The tax rate is currently 10%, 6% of which is placed in this fund and 4% of which is deposited in the General Fund. The uses of revenues from this source are specified by City Ordinance and include grants and rental subsidies for fine arts and cultural programs, and subsidies for the San José Convention and Visitors Bureau and Convention and Cultural Facilities.

Underground Utility Fund

This Capital Fund accounts for fees collected from developers in lieu of placing utility facilities underground at the time of development. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

This Internal Services Fund accounts for the operation, maintenance, and replacement of City vehicles and equipment.

Water Utility Capital Fund

This Capital Fund accounts for the acquisition, construction, and installation of water system capital improvements for the Municipal Water System. This system provides water service to North San José, Evergreen, Alviso, Edenvale, and Coyote Valley service areas and is primarily funded through user charges.

FUND DESCRIPTIONS

Water Utility Fund

This Enterprise Fund accounts for the operation of five water system districts: North San José, Evergreen, Coyote Valley, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Workforce Development Fund

This Special Revenue Fund accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

PAGE IS INTENTIONALLY LEFT BLANK

2016-2017 ANNUAL REPORT

I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2016-2017 financial performance in the General Fund, Special Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2016-2017 Budgeted and Actual revenues as well as the 2016-2017 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Reserves and Ending Fund Balance.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, actual 2016-2017 revenues across all funds totaled \$3.34 billion, which was 1.4% (\$45.8 million) below the budgeted estimate of \$3.39 billion. In 2016-2017, expenditures totaled \$3.69 billion, which was 11.5% (\$479.7 million) below the modified budget of \$4.17 billion. Any funds with revenue or expenditure variances to the modified budget that are 10% or greater are numbered with a specific revenue or expenditure code, which are detailed at the bottom of the table.

Comparison of Estimated to Actual 2016-2017 Ending Fund Balance – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2016-2017 Modified Budget for each fund, followed by the estimated 2016-2017 Ending Fund Balance that was used in the development of the 2017-2018 Adopted Budget, the Actual 2016-2017 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2016-2017 Ending Fund Balance variance, should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for transfers, loans, and contributions between funds, and therefore, overstates the total funding that was available between the combined funds.

The financial performance in 2016-2017 is used as the starting point for 2017-2018. The collective 2016-2017 Ending Fund Balances for all City funds totaled \$1.4 billion, which was \$97.8 million above the 2016-2017 Ending Fund Balance estimates of \$1.3 billion used in the development of the 2017-2018 Adopted Budget. After adjusting for additional rebudgets of \$9.87 million recommended in this report, the adjusted 2016-2017 Ending Fund Balance variance for all funds falls to \$87.9 million, or 1.7% of the 2016-2017 Modified Budget. The adjusted fund balance variance totaled \$7.7 million in the General Fund, \$50.5 million in the special funds, and \$29.7 million in the capital funds.

**2016-2017
ANNUAL REPORT**

I. BUDGET PERFORMANCE SUMMARY

For most funds, the Actual 2016-2017 Ending Fund Balance was above the estimate used in the development of the 2017-2018 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2016-2017 Annual Report actions. For the few funds where the 2016-2017 Actual Ending Fund Balance was below the estimate used in the development of the 2017-2018 Adopted Budget, actions are recommended in this report to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2016-2017 Year-End Reserves by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2016-2017 Contingency and Earmarked Reserves balances for each fund.

At the end of 2016-2017, the Contingency and Earmarked Reserves for all City funds totaled \$789.6 million, which represented 15.4% of the total 2016-2017 Modified Budget of \$5.1 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$150.7 million.

**2016-2017
ANNUAL REPORT**

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2016-2017 Budget Revenues	2016-2017 Actual Revenues	Revenue Variance	% Variance	2016-2017 Budget Expenditures	2016-2017 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>General Fund</i>	1,109,678,300	1,108,259,950	(1,418,350)	-0.1%	1,251,651,183	1,160,151,245	91,499,938	7.3%	See Section II
<i>Special Funds</i>									
Airport Customer Facility and Transportation Fee Fund	20,528,207	20,172,397	(355,810)	-1.7%	20,519,732	20,334,254	185,478	0.9%	(See Section III)
Airport Fiscal Agent Fund	791,760,513	791,665,997	(94,516)	0.0%	782,049,654	778,613,974	3,435,680	0.4%	
Airport Maintenance and Operation Fund	82,573,654	75,661,420	(6,912,234)	-8.4%	85,620,340	81,787,596	3,832,744	4.5%	(See Section III)
Airport Revenue Fund	146,009,620	153,949,615	7,939,995	5.4%	149,729,303	143,608,142	6,121,161	4.1%	(See Section III)
Airport Surplus Revenue Fund	14,479,990	14,479,968	(22)	0.0%	13,479,990	13,478,255	1,735	0.0%	
Benefit Funds	80,852,000	76,426,284	(4,425,716)	-5.5%	82,069,898	77,473,195	4,596,703	5.6%	
Business Improvement District Fund	3,862,945	4,108,807	245,862	6.4%	4,187,121	4,078,206	108,915	2.6%	
Cash Reserve Fund	53	58	5	9.4%	0	0	0	0.0%	
City Hall Debt Service Fund	25,223,058	25,334,951	111,893	0.4%	25,299,000	25,152,595	146,405	0.6%	
Community Development Block Grant Fund	8,889,991	9,055,782	165,791	1.9%	17,680,813	13,700,076	3,980,737	22.5%	E1, E3
Community Facilities Revenue Fund	8,741,877	8,824,402	82,525	0.9%	12,939,787	10,519,349	2,420,438	18.7%	E1
Convention and Cultural Affairs Fund	13,863,304	13,997,424	134,120	1.0%	19,954,083	13,470,856	6,483,227	32.5%	E3
Convention Center Facilities District Revenue Fund	28,929,416	14,779,509	(14,149,907)	-48.9%	36,326,191	33,440,338	2,885,853	7.9%	R2
Downtown Property and Business Improvement District Fund	3,061,401	2,979,260	(82,141)	-2.7%	2,916,928	2,916,877	51	0.0%	
Economic Development Administration Loan Fund	1,550	68	(1,482)	-95.6%	0	0	0	0.0%	R4
Edward Byrne Memorial Justice Assistance Grant Trust Fund	42	1,917	1,875	4464.3%	181,669	58,705	122,964	67.7%	R5, E1
Emergency Reserve Fund	17,500	18,611	1,111	6.3%	1,781,538	1,780,296	1,242	0.1%	
Federal Drug Forfeiture Fund	220,000	188,040	(31,960)	-14.5%	1,296,432	284,042	1,012,390	78.1%	R4, E1
Gas Tax Maintenance and Construction Funds	17,500,000	17,337,123	(162,877)	-0.9%	17,500,000	17,337,123	162,877	0.9%	
General Purpose Parking Fund	20,731,800	21,927,640	1,195,840	5.8%	25,030,198	14,629,547	10,400,651	41.6%	E1
Gift Trust Fund	13,436	922,245	908,809	6764.0%	4,447,641	1,291,946	3,155,695	71.0%	R5, E4
Home Investment Partnership Program Trust Fund	12,120,000	12,967,528	847,528	7.0%	11,683,134	10,219,448	1,463,686	12.5%	E1, E3
Housing Trust Fund	1,120,000	1,848,576	728,576	65.1%	4,447,565	2,826,443	1,621,122	36.4%	R1, E1
Ice Centre Revenue Fund	1,922,215	1,924,879	2,664	0.1%	2,296,510	1,887,458	409,052	17.8%	E1
Integrated Waste Management Fund	127,286,586	129,073,294	1,786,708	1.4%	133,930,206	130,067,679	3,862,527	2.9%	(See Section III)
Library Parcel Tax Fund	8,731,236	8,784,337	53,101	0.6%	10,435,555	8,625,965	1,809,590	17.3%	E1
Low and Moderate Income Housing Asset Fund	18,050,000	19,210,473	1,160,473	6.4%	43,448,099	25,479,462	17,968,637	41.4%	E1, E3
Multi-Source Housing Fund	50,424,955	48,488,121	(1,936,834)	-3.8%	15,589,452	10,328,775	5,260,677	33.7%	E1, E3
Municipal Golf Course Fund	2,675,000	2,619,763	(55,237)	-2.1%	3,178,000	3,156,688	21,312	0.7%	
Public Works Program Support Fund	15,265,000	14,406,384	(858,616)	-5.6%	15,781,925	15,090,886	691,039	4.4%	
San Jose Arena Capital Reserve Fund	1,519,910	1,553,769	33,859	2.2%	5,480,143	2,128,217	3,351,926	61.2%	E1

**2016-2017
ANNUAL REPORT**

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2016-2017 Budget Revenues	2016-2017 Actual Revenues	Revenue Variance	% Variance	2016-2017 Budget Expenditures	2016-2017 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>Special Funds</i>									
San Jose Municipal Stadium Capital Fund	32,000	0	(32,000)	-100.0%	35,190	0	35,190	100.0%	R2, E1
San José-Santa Clara Treatment Plant Operating Funds	239,968,472	242,983,534	3,015,062	1.3%	262,138,428	248,708,259	13,430,169	5.1%	(See Section III)
Special Assessment Maintenance District Funds	5,631,791	5,410,399	(221,392)	-3.9%	8,843,738	7,069,360	1,774,378	20.1%	E3
St. James Park Management District Fund	1,931,395	1,931,952	557	0.0%	228,450	10,520	217,930	95.4%	E1
State Drug Forfeiture Fund	105,000	51,064	(53,936)	-51.4%	727,000	162,791	564,209	77.6%	R4, E1
Storm Sewer Operating Fund	32,697,505	33,172,309	474,804	1.5%	37,949,041	35,203,145	2,745,896	7.2%	
Supplemental Law Enforcement Services Fund	2,359,688	2,195,000	(164,688)	-7.0%	3,321,036	2,296,184	1,024,852	30.9%	E1
Transient Occupancy Tax Fund	27,022,000	27,537,413	515,413	1.9%	32,147,746	27,911,660	4,236,086	13.2%	E1
Vehicle Maintenance and Operations Fund	20,542,010	19,682,655	(859,355)	-4.2%	22,628,955	21,995,884	633,071	2.8%	
Workforce Development Fund	14,035,652	9,607,515	(4,428,137)	-31.5%	13,368,404	10,194,748	3,173,656	23.7%	R1, E1
Water Utility Fund	42,245,150	44,731,562	2,486,412	5.9%	45,386,944	43,256,388	2,130,556	4.7%	(See Section III)
Sub-Total Special Funds	1,892,945,922	1,880,012,045	(12,933,877)	-0.7%	1,976,055,838	1,860,575,332	115,480,507	5.8%	
<i>Capital Funds</i>									
Airport Capital Funds	69,623,000	39,658,966	(29,964,034)	-43.0%	131,849,541	84,731,215	47,118,326	35.7%	R4, E2 (See Section III)
Branch Libraries Bond Projects Fund	355,000	365,987	10,987	3.1%	1,609,174	1,076,778	532,396	33.1%	E1
Building and Structure Construction Tax Fund	39,438,000	26,542,451	(12,895,549)	-32.7%	59,819,142	31,230,880	28,588,262	47.8%	R2, E1 (See Section III),
Construction and Conveyance Tax Funds	67,998,618	79,537,797	11,539,179	17.0%	112,074,142	91,237,369	20,836,773	18.6%	R1, R5, E1 (See Section III)
Construction Excise Tax Fund	73,826,688	58,183,768	(15,642,920)	-21.2%	112,221,628	78,600,935	33,620,693	30.0%	R2, E1 (See Section III)
Contingent Lien District Fund	0	69,152	69,152	100.0%	649,403	42,542	606,861	93.4%	R1, E1
Convention Center Facilities District Project Fund	324,811	323,077	(1,734)	-0.5%	1,351,727	676,193	675,534	50.0%	E1
Emma Prusch Park Fund	88,000	89,490	1,490	1.7%	233,000	164,591	68,409	29.4%	E1
Improvement District Fund	0	8,702	8,702	100.0%	2,806,950	2,037,023	769,927	27.4%	R5, E1
Lake Cunningham Fund	905,000	749,308	(155,692)	-17.2%	1,577,324	1,096,344	480,980	30.5%	R6, E1
Major Collectors and Arterials Fund	4,000	82,224	78,224	1955.6%	45,000	125	44,875	99.7%	R5, E1
Major Facilities Fund	56,000	93,393	37,393	66.8%	1,743,000	43,598	1,699,402	97.5%	R1, E1 (See Section III)
Neighborhood Security Bond Fund	222,167	218,137	(4,030)	-1.8%	605,680	603,890	1,790	0.3%	
Parks and Recreation Bond Projects Fund	98,000	199,528	101,528	103.6%	14,757,845	734,873	14,022,972	95.0%	R5, E1
Residential Construction Tax Contribution Fund	192,000	276,495	84,495	44.0%	306,000	37,377	268,623	87.8%	R6, E1
San José-Santa Clara Treatment Plant Capital Fund	76,697,000	74,523,108	(2,173,892)	-2.8%	277,925,710	232,941,632	44,984,078	16.2%	E1 (See Section III)

**2016-2017
ANNUAL REPORT**

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2016-2017 Budget Revenues	2016-2017 Actual Revenues	Revenue Variance	% Variance	2016-2017 Budget Expenditures	2016-2017 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>Capital Funds</i>									
Sanitary Sewer Connection Fee Fund	709,000	873,043	164,043	23.1%	5,909,394	4,778,745	1,130,649	19.1%	R1, E1 (See Section III)
Sewer Service and Use Charge Capital Improvement Fund	33,780,000	33,496,807	(283,193)	-0.8%	109,155,401	69,720,254	39,435,147	36.1%	E1 (See Section III)
Storm Drainage Fee Fund	185,000	221,671	36,671	19.8%	464,552	242,080	222,472	47.9%	R1, E2
Storm Sewer Capital Fund	12,888,000	11,791,911	(1,096,089)	-8.5%	43,067,803	26,070,288	16,997,515	39.5%	E1, E2
Subdivision Park Trust Fund	537,000	17,672,585	17,135,585	3191.0%	49,693,100	32,088,874	17,604,226	35.4%	R5, E1
Underground Utility Fund	780,000	2,321,993	1,541,993	197.7%	2,236,000	323,082	1,912,918	85.6%	R5, E1
Water Utility Capital Fund	5,330,000	5,304,845	(25,155)	-0.5%	11,225,098	10,082,895	1,142,203	10.2%	E1 (See Section III)
Sub-Total Capital Funds	384,037,284	352,604,438	(31,432,846)	-8.2%	941,326,613	668,561,584	272,765,030	29.0%	
TOTAL ALL FUNDS	3,386,661,506	3,340,876,433	(45,785,073)	-1.4%	4,169,033,635	3,689,288,160	479,745,474	11.5%	

Reasons for Significant Variances in Revenues

- R1 Revenues collected from taxes, fees, and charges came in higher than anticipated
- R2 Revenues collected from taxes, fees, and charges came in lower than anticipated
- R3 Revenues collected from grants and reimbursements came in higher than anticipated
- R4 Revenues collected from grants and reimbursements came in lower than anticipated
- R5 Interest earnings, developer/agency contributions, and other miscellaneous revenue came in higher than anticipated
- R6 Interest earnings, developer/agency contributions, and other miscellaneous revenue came in lower than anticipated
- R7 Transfers from various funds were higher than anticipated
- R8 Transfers from various funds were lower than anticipated

Reasons for Significant Variances in Expenditures

- E1 Expenditures were lower than anticipated due to the delay of projects and/or change in schedule of expenditures
- E2 Expenditures were lower than anticipated due to project/program savings
- E3 Expenditures were lower than anticipated due to lower operating costs (e.g., personal services and non-personal/equipment cost savings)
- E4 Expenditures were lower than anticipated due to unspent gifts
- E5 Expenditures/Transfers to various funds were lower than budgeted based on actual 2016-2017 activity

**2016-2017
ANNUAL REPORT**

COMPARISON OF ESTIMATED TO ACTUAL 2016-2017 ENDING FUND BALANCE

Fund	2016-2017 Modified Budget	2016-2017 Est. Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
General Fund	1,404,642,579	217,204,397	241,769,400	24,565,003	(16,866,849)	7,698,154	0.5%
Special Funds							
Airport Customer Facility and Transportation Fee Fund	33,290,435	11,281,703	12,615,968	1,334,265	0	1,334,265	4.0%
Airport Fiscal Agent Fund	872,331,106	90,281,452	93,622,616	3,341,164	0	3,341,164	0.4%
Airport Maintenance and Operation Fund	116,476,172	30,855,832	28,227,999	(2,627,833)	0	(2,627,833)	-2.3%
Airport Revenue Fund	234,500,041	100,038,183	98,831,894	(1,206,289)	0	(1,206,289)	-0.5%
Airport Surplus Revenue Fund	31,480,994	18,001,004	18,002,717	1,713	0	1,713	0.0%
Benefit Funds	88,503,725	7,734,825	6,597,813	(1,137,012)	(50,000)	(1,187,012)	-1.3%
Business Improvement District Fund	4,207,058	19,937	374,719	354,782	0	354,782	8.4%
Cash Reserve Fund	5,703	5,692	5,708	16	0	16	0.3%
City Hall Debt Service Fund	25,415,190	116,910	374,488	257,578	0	257,578	1.0%
Community Development Block Grant Fund	17,851,024	3,523,211	4,318,843	795,632	0	795,632	4.5%
Community Facilities Revenue Fund	13,369,988	550,946	2,888,282	2,337,336	0	2,337,336	17.5%
Convention and Cultural Affairs Fund	26,567,828	12,336,704	13,231,090	894,386	2,700,098	3,594,484	13.5%
Convention Center Facilities District Revenue Fund	57,216,660	23,321,469	9,626,416	(13,695,053)	14,436,000	740,947	1.3%
Downtown Property and Business Improvement District Fund	4,338,181	1,333,507	1,346,985	13,478	0	13,478	0.3%
Economic Development Administration Loan Fund	8,118	6,628	6,636	8	0	8	0.1%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	181,669	126,121	124,839	(1,282)	8,161	6,879	3.8%
Emergency Reserve Fund	3,399,032	1,617,494	1,619,847	2,353	0	2,353	0.1%
Federal Drug Forfeiture Fund	3,749,398	2,337,966	3,433,396	1,095,430	(55,000)	1,040,430	27.7%
General Purpose Parking Fund	41,779,656	22,152,909	28,483,636	6,330,728	(865,000)	5,465,728	13.1%
Gift Trust Fund	4,447,641	3,537,315	3,769,407	232,092	0	232,092	5.2%
Home Investment Partnership Program Trust Fund	16,313,522	4,280,232	7,136,604	2,856,372	0	2,856,372	17.5%
Housing Trust Fund	5,665,557	1,724,555	3,567,690	1,843,135	25,000	1,868,135	33.0%
Ice Centre Revenue Fund	8,574,624	6,297,114	6,689,830	392,716	0	392,716	4.6%
Integrated Waste Management Fund	153,316,311	23,931,762	27,259,749	3,327,987	(45,496)	3,282,491	2.1%

**2016-2017
ANNUAL REPORT**

COMPARISON OF ESTIMATED TO ACTUAL 2016-2017 ENDING FUND BALANCE

Fund	2016-2017 Modified Budget	2016-2017 Est. Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Special Funds</i>							
Library Parcel Tax Fund	20,410,053	9,905,147	11,874,241	1,969,094	(330,000)	1,639,094	8.0%
Low and Moderate Income Housing Asset Fund	108,828,326	89,117,779	85,634,297	(3,483,482)	11,800,000	8,316,518	7.6%
Multi-Source Housing Fund	68,572,422	53,129,380	58,078,890	4,949,510	150,000	5,099,510	7.4%
Municipal Golf Course Fund	3,417,861	181,861	205,937	24,076	0	24,076	0.7%
Public Works Program Support Fund	18,267,463	2,090,172	2,327,316	237,144	0	237,144	1.3%
San José Arena Capital Reserve Fund	6,682,329	1,233,186	4,587,881	3,354,695	0	3,354,695	50.2%
San José Municipal Stadium Capital Fund	35,190	0	3,190	3,190	(3,190)	0	0.0%
San José-Santa Clara Treatment Plant Operating Funds	336,835,979	90,783,734	92,684,497	1,900,763	(200,000)	1,700,763	0.5%
Special Assessment Maintenance District Funds	21,283,374	13,598,676	13,999,628	400,952	(49,000)	351,952	1.7%
St. James Park Management District Fund	1,931,395	1,703,945	1,921,432	217,487	(165,000)	52,487	2.7%
State Drug Forfeiture Fund	752,110	539,343	535,384	(3,959)	(135,343)	(139,302)	-18.5%
Storm Sewer Operating Fund	50,126,684	14,347,749	15,433,126	1,085,377	(66,000)	1,019,377	2.0%
Supplemental Law Enforcement Services Fund	4,035,916	714,880	1,575,044	860,164	1,049,167	1,909,331	47.3%
Transient Occupancy Tax Fund	35,241,478	5,093,732	7,850,231	2,756,499	(2,236,086)	520,413	1.5%
Vehicle Maintenance and Operations Fund	24,221,143	1,448,050	1,369,215	(78,835)	(35,000)	(113,835)	-0.5%
Water Utility Fund	53,394,934	8,707,718	13,098,804	4,391,086	(215,000)	4,176,086	7.8%
Workforce Investment Act Fund	14,944,046	1,191,782	626,280	(565,502)	2,320	(563,182)	-3.8%
Sub-Total Special Funds	2,531,970,335	659,200,605	683,962,566	24,761,961	25,720,631	50,482,592	2.0%
<i>Capital Funds</i>							
Airport Capital Funds	147,621,515	24,210,705	33,187,878	8,977,173	(1,378,000)	7,599,173	5.1%
Branch Libraries Bond Projects Fund	1,651,767	817,473	883,470	65,997	(68,000)	(2,003)	-0.1%
Building and Structure Construction Tax Funds	90,425,021	39,902,260	46,547,468	6,645,208	(6,381,000)	264,208	0.3%
Construction and Conveyance Tax Fund	155,746,766	70,196,500	76,221,687	6,025,187	(445,000)	5,580,187	3.6%
Construction Excise Tax Fund	174,971,923	76,720,024	82,854,809	6,134,785	(1,296,000)	4,838,785	2.8%
Contingent Lien District Fund	2,602,681	2,493,032	2,629,290	136,258	3,000	139,258	5.4%
Convention Center Facilities District Project Fund	(673,800)	0	0	0	0	0	0.0%
Emma Prusch Park Fund	461,820	380,820	298,719	(82,101)	87,000	4,899	1.1%

**2016-2017
ANNUAL REPORT**

COMPARISON OF ESTIMATED TO ACTUAL 2016-2017 ENDING FUND BALANCE

Fund	2016-2017 Modified Budget	2016-2017 Est. Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Capital Funds</i>							
Improvement District Fund	3,659,818	1,352,868	778,297	(574,571)	(270,000)	(844,571)	-23.1%
Lake Cunningham Fund	2,730,191	1,561,867	1,498,154	(63,713)	72,000	8,287	0.3%
Major Collectors and Arterials Fund	1,457,277	1,422,277	1,619,295	197,018	(40,000)	157,018	10.8%
Major Facilities Fund	5,245,604	5,081,616	5,239,399	157,783	(124,000)	33,783	0.6%
Neighborhood Security Bond Fund	2,078,920	1,049,806	1,065,320	15,514	0	15,514	0.7%
Parks and Recreation Bond Projects Fund	29,570,534	26,198,689	28,937,189	2,738,500	(1,905,000)	833,500	2.8%
Residential Construction Tax Contribution Fund	2,031,509	1,800,509	2,078,627	278,118	0	278,118	13.7%
San José-Santa Clara Treatment Plant Capital Fund	294,489,034	57,179,723	60,388,200	3,208,477	(1,501,000)	1,707,477	0.6%
Sanitary Sewer Connection Fee Fund	7,856,365	3,635,574	3,322,752	(312,822)	31,000	(281,822)	-3.6%
Sewer Service and Use Charge Capital Improvement Fund	121,948,357	48,602,685	52,878,254	4,275,569	538,000	4,813,569	3.9%
Storm Drainage Fee Fund	893,494	672,494	688,085	15,591	0	15,591	1.7%
Storm Sewer Capital Fund	45,228,281	15,107,849	18,067,562	2,959,713	(2,133,000)	826,713	1.8%
Subdivision Park Trust Fund	73,791,784	54,691,459	58,862,030	4,170,571	(1,865,000)	2,305,571	3.1%
Underground Utility Fund	6,142,701	4,937,637	7,361,612	2,423,975	(1,694,000)	729,975	11.9%
Water Utility Capital Fund	14,194,946	3,380,485	4,446,878	1,066,393	(353,000)	713,393	5.0%
Sub-Total Capital Funds	1,184,126,508	441,396,352	489,854,975	48,458,623	(18,722,000)	29,736,623	2.5%
TOTAL ALL FUNDS	5,120,739,422	1,317,801,353	1,415,586,941	97,785,588	(9,868,218)	87,917,370	1.7%

**2016-2017
ANNUAL REPORT**

SUMMARY OF 2016-2017 YEAR-END RESERVES BY FUND

Fund	2016-2017 Contingency and Earmarked Reserves Balance
General Fund	\$150,733,595
Special Funds	
Airport Customer Facility and Transportation Fee Fund	12,770,703
Airport Fiscal Agent Fund	90,281,452
Airport Maintenance and Operation Fund	30,855,832
Airport Revenue Fund	95,712,258
Airport Surplus Revenue Fund	18,001,004
Benefit Funds	4,514,731
Community Facilities Revenue Fund	44,882
Convention and Cultural Affairs Fund	5,570,000
Convention Center Facilities District Revenue Fund	20,761,500
General Purpose Parking Fund	13,176,495
Home Investment Partnership Program Trust Fund	15,312
Ice Centre Revenue Fund	3,180,260
Integrated Waste Management Fund	11,452,448
Library Parcel Tax Fund	3,102,837
Low and Moderate Income Housing Asset Fund	61,629,180
Multi-Source Housing Fund	50,291,068
Public Works Program Support Fund	157,861
San José-Santa Clara Treatment Plant Operating Funds	57,150,399
San José Arena Capital Reserve Fund	127,014
Special Assessment Maintenance District Funds	27,675
Storm Sewer Operating Fund	10,839,748
Transient Occupancy Tax Fund	20,108
Vehicle Maintenance and Operations Fund	240,149
Water Utility Fund	7,953,494
Workforce Investment Act Fund	1,161,700
Sub-Total Special Funds	\$499,038,110
Capital Funds	
Building and Structure Construction Tax Fund	18,657,514
Construction and Conveyance Tax Funds	20,701,000
Construction Excise Tax Fund	45,821,528
Contingent Lien District Fund	2,073,278
Emma Prusch Park Fund	50,000
Lake Cunningham Fund	500,000
Major Facilities Fund	1,600,000
Neighborhood Security Bond Fund	1,473,240
Parks and Recreation Bond Projects Fund	14,616,689
San José-Santa Clara Treatment Plant Capital Fund	5,000,000
Sewer Service and Use Charge Capital Improvement Fund	2,400,000
Subdivision Park Trust Fund	24,098,684
Water Utility Capital Fund	2,860,000
Sub-Total Capital Funds	\$139,851,933
TOTAL ALL FUNDS	\$789,623,638

PAGE IS INTENTIONALLY LEFT BLANK

2016-2017 ANNUAL REPORT

II. GENERAL FUND BUDGET PERFORMANCE

This section of the Annual Report summarizes the performance of the General Fund and is broken down into the following sections:

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2016-2017. It includes a chart that compares the General Fund modified budget and actuals for sources, uses, and ending fund balance as well as a chart that compares the General Fund actuals to the estimates used in developing the 2017-2018 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2016-2017 General Fund revenue collections. This section includes a chart that compares the 2016-2017 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget, any resulting current year implications for revenue estimates, and a comparison of the actual revenues to prior year collections to indicate collection trends and provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2016-2017 General Fund expenditures. This section includes charts that compare the 2016-2017 modified budget to actuals for the major expenditure categories as well as the 2016-2017 year-end estimates to actuals for the total expenditures. The review of the General Fund expenditure performance also includes detailed information on departmental and non-departmental performance, including a discussion of significant variances as well as a chart on total expenditures by each category broken down in further detail. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

PAGE IS INTENTIONALLY LEFT BLANK

2016-2017 ANNUAL REPORT
--

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$241.8 million, as reflected in the following table:

GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2017
(\$000s)

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	255,207	253,903	(1,304)
Carryover Encumbrances	37,500	37,500	-
Liquidation of Carryover Encumbrances		2,258	2,258
<i>Subtotal</i>	292,707	293,661	954
Revenues	1,109,678	1,108,260	(1,418)
Total Sources	1,402,385	1,401,921	(464)
Uses			
Personal Services	738,567	729,913	(8,654)
Non-Personal/Equipment/Other	146,500	135,728	(10,772)
City-Wide Expenses	255,666	217,142	(38,524)
Capital Contributions	82,850	49,301	(33,549)
Transfers	28,068	28,068	-
Reserves	150,734	-	(150,734)
Total Uses	1,402,385	1,160,152	(242,233)
Available Ending Fund Balance		241,769	241,769

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2016-2017 Comprehensive Annual Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

2016-2017 ANNUAL REPORT
--

GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$241.8 million exceeded the estimated ending fund balance level used in the development of the 2017-2018 Adopted Budget by \$24.6 million (0.9% of the 2016-2017 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2016-2017, a true ending fund balance of \$7.7 million (0.3% of the 2016-2017 Modified Budget total sources and uses) remains in 2016-2017 and is available for allocation in 2017-2018. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

General Fund Year-End Performance (\$000s)

Sources	Estimate	Budgetary Basis Actual	Variance
Beginning Fund Balance	255,207	253,903	(1,304)
Carryover Encumbrances	37,500	37,500	-
Liquidation of Carryover			
Encumbrances	1,000	2,258	1,258
<i>Subtotal</i>	293,707	293,661	(46)
Revenues	1,109,678	1,108,260	(1,418) ¹
Total Sources	1,403,385	1,401,921	(1,464)
Uses			
Expenditures	1,186,181	1,160,152	(26,029) ¹
Ending Fund Balance	217,204	241,769	24,565

¹ In 2016-2017, \$3.8 million in grant and reimbursement-related revenues and expenditures were not expected to be received in 2016-2017 and were rebudgeted to 2017-2018. This resulted in lower actual revenues and expenditures in 2016-2017, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenues variance actually resulted in a surplus of \$2.4 million (0.2%), rather than a shortfall of \$1.4 million, and the expenditures variance actually resulted in savings of \$22.2 million (1.6%), rather than savings of \$26.0 million.

Note: In the chart above, the General Fund excludes the Emergency Reserve Funds and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2016-2017 Comprehensive Annual Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

2016-2017 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between the 2016-2017 Modified Budget and Budgetary Basis Actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The variances for the Beginning Fund Balance and Liquidation of Carryover Encumbrances category are discussed in this section.

The actual 2016-2017 Beginning Fund Balance of \$253.9 million was \$1.3 million lower than the \$255.2 million estimate. This variance primarily reflects an accounting adjustment associated with a Successor Agency to the Redevelopment Agency payment received in a prior year that had been recorded in the General Fund; however, it was later determined that a portion of the payment (\$1.6 million) should have been booked in the General Purpose Parking Fund. This downward adjustment to the Beginning Fund Balance was partially offset by an increase of \$349,000 based on the final reconciliation of 2015-2016 that was completed after the production of the 2015-2016 Annual Report. The actual 2016-2017 Liquidation of Carryover Encumbrances was \$2.3 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2015-2016 financial statements and the end of 2016-2017. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The actual liquidations in 2016-2017 of \$2.3 million were \$1.3 million above the estimate of \$1.0 million used in the development of the 2017-2018 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$3.8 million in grants and reimbursements that were not received or expended in 2016-2017, the final General Fund Ending Fund Balance represents a positive variance of \$24.6 million (0.9% of the 2016-2017 Modified Budget total sources and uses), which includes higher than estimated expenditures savings (\$22.2 million; 1.6%), slightly higher revenues (\$2.4 million; 0.2%), liquidation of carryover encumbrances (\$1.3 million), and a 2016-2017 Beginning Fund Balance correction (-\$1.3 million). After accounting for revenue and expenditure clean-up actions recommended in the Annual Report, including additional rebudgets, to close-out 2016-2017, \$7.7 million (0.3% of total sources and uses) in additional ending fund balance is available. The \$7.7 million positive fund balance variance is comprised of net additional revenues of \$1.06 million (0.1%), net expenditure savings of \$6.68 million (0.5%), and higher than estimated liquidation of prior year encumbrances of \$1.26 million, partially offset by a lower 2016-2017 Beginning Fund Balance (\$1.3 million).

Recommendations for the allocation of the additional 2016-2017 Ending Fund Balance are provided elsewhere in this document.

2016-2017 ANNUAL REPORT
--

GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2016-2017 General Fund revenue collections as compared with the modified budget estimates:

TABLE A
2016-2017 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 276,537	\$ 276,388	\$ (149)	(0.1%)
Sales Tax	211,896	207,695	(4,201)	(2.0%)
Transient Occupancy Tax	18,000	18,275	275	1.5%
Franchise Fees	49,817	49,641	(176)	(0.4%)
Utility Tax	99,049	100,786	1,737	1.8%
Telephone Line Tax	19,914	20,260	346	1.7%
Business Taxes	53,550	54,159	609	1.1%
Licenses and Permits	56,973	58,075	1,102	1.9%
Fines, Forfeitures, and Penalties	16,511	16,345	(166)	(1.0%)
Rev. from the Use of Money/Property	5,564	6,787	1,223	22.0%
Revenue from Local Agencies	28,530	27,717	(813)	(2.8%)
Revenue from the State of California	14,479	13,906	(573)	(4.0%)
Revenue from Federal Government	6,199	4,394	(1,805)	(29.1%)
Departmental Charges	43,807	44,864	1,057	2.4%
Other Revenue ¹	127,046	126,174	(872)	(0.7%)
Subtotal	1,027,872	1,025,466	(2,406)	(0.2%)
Overhead Reimbursements	38,725	39,248	523	1.4%
Transfers ¹	25,208	25,588	380	1.5%
Reimbursements for Services	17,873	17,958	85	0.5%
Subtotal	81,806	82,794	988	1.2%
TOTALS²	\$ 1,109,678	\$ 1,108,260	\$ (1,418)	(0.1%)

¹ The Other Revenue category includes \$7,766,000 from Commercial Paper proceeds associated with the Energy and Utility Conservation Measures Program that will be recorded as a Transfer in the Comprehensive Annual Financial Report (CAFR).

² Excludes Beginning Fund Balance.

The General Fund revenue performance for 2016-2017 is discussed in detail in this section. The 2016-2017 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

As shown in Table A, total revenue received in the General Fund in 2016-2017 was \$1.11 billion. This collection level was below the 2016-2017 Modified Budget level by \$1.4 million, (0.1%). After adjusting for rebudgets included as part of the 2017-2018 Adopted Budget (\$3.8 million) and rebudgets recommended in this report (\$579,000), revenues for the over 450 accounts budgeted and monitored annually ended the year \$3.0 million, or 0.3% above the 2016-2017 budget level. This positive variance primarily reflects higher than expected Utility Taxes, Revenue from the Use of Money/Property, Licenses and Permits, and Departmental Charges revenues. Once adjusted for the Development Fee Programs, which ended the year above the estimate by \$1.6 million and is a reconciling item for the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2016-2017 (\$347,000), there was a net positive revenue variance of \$1.1 million (0.1%) for 2016-2017.

The 2016-2017 collection level of \$1.11 billion was up \$52.7 million (5.0%) from the actual 2016-2017 collections (\$1.06 billion). Several revenue categories experienced growth in 2016-2017 compared to the prior year, including: Business Taxes; Property Tax; Revenue from Local Agencies; Transient Occupancy Tax; and Utility Tax. These increases were partially offset by declines in Sales Tax and Revenue from the Federal Government.

The variances from the modified budget levels, implications for current year revenue estimates, and changes from prior year level, are better understood through a discussion of the status of the individual General Fund revenue categories, as provided in the following section.

Property Tax

Property Tax	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Secured Property Tax	252,472,000	252,330,364	(141,636)	(0.06%)
Unsecured	13,408,000	13,400,751	(7,249)	(0.05%)
SB 813 Property Tax	6,822,000	6,848,965	26,965	0.40%
Airplane In-Lieu Tax	2,835,000	2,836,027	1,027	0.04%
Homeowner's Property Tax Relief	1,000,000	972,326	(27,674)	(2.77%)
Total	276,537,000	276,388,433	(148,567)	(0.05%)

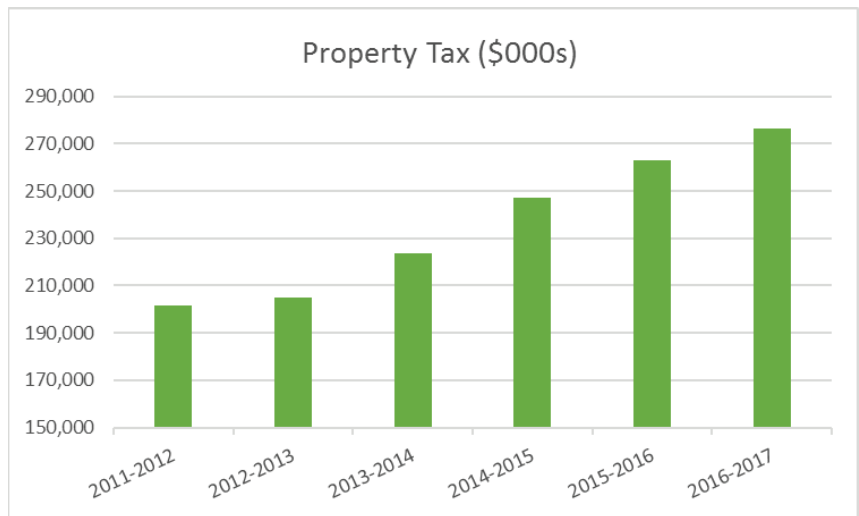
The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, Airplane In-Lieu Tax, and Homeowner's Property Tax Relief (HOPTR). Property Tax receipts for the 2016-2017 fiscal year totaled \$276.4 million. This collection level was \$149,000 (0.05%) below the budgeted estimate of \$276.5 million, and represented an increase of 5.1% from 2015-2016 actuals of \$262.95 million.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Property Tax

Secured Property Tax receipts were the largest source of revenue in this category (\$252.3 million), which came in 0.06% (\$142,000) below the 2016-2017 Modified Budget estimate of \$252.5 million. This represents growth of 5.3% from 2015-2016, and includes a payment of \$4.4 million to the City as a result of excess Educational Revenue Augmentation Fund (ERAF) revenues.



The increase in Secured Property Tax receipts is driven by two factors: the change in the California Consumer Price Index (CCPI) and the net change in residential and commercial valuation. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CPI adjustment for the 2016-2017 tax roll was an increase of 2.0%. With the continued recovery in the real estate market, approximately 8,250 of the properties in San José that were valued at less than their purchase price in 2015-2016 were adjusted upwards in 2016-2017, restoring \$771.0 million in assessed value. On a County-wide basis, the 2016-2017 roll growth was primarily attributed to changes in ownership (48.9%), new construction (20.3%), and change in the CCPI (8.7%).

In the Unsecured Property Tax category, collections of \$13.4 million were at the budgeted estimate, but 3.5% below prior year collections of \$13.9 million.

The SB 813 Property Tax component represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. In 2016-2017, receipts of \$6.8 million were fairly consistent with the budgeted estimate and exceeded the prior year collection level of \$6.2 million. The performance in this category has stabilized the past few years after many years of volatility due to changes in the housing market, a backlog of adjustments that has now been addressed, and a change in methodology for the SB 813 distribution.

With overall Property Tax receipts in 2016-2017 in very close alignment with expectations, no adjustments to the 2017-2018 Property Tax revenue estimates are anticipated based on 2016-2017 performance and initial information from the County of Santa Clara. These revenues will continue to be monitored and discussed with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector for any updated information that may affect collection levels.

2016-2017 ANNUAL REPORT

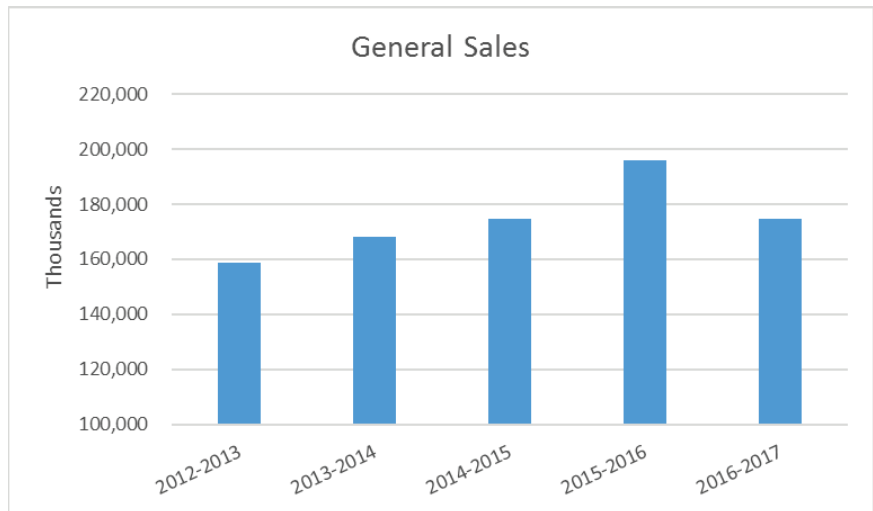
GENERAL FUND REVENUE PERFORMANCE

Sales Tax

Sales Tax Category	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
General Sales Tax	180,004,553	174,697,482	(5,307,071)	(2.95%)
Local Sales Tax	26,000,000	26,519,744	519,744	2.00%
Prop 172 Sales Tax	5,891,000	6,477,807	586,807	9.96%
Total	211,895,553	207,695,033	(4,200,520)	(1.98%)

The Sales Tax category includes General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax. Overall, Sales Tax collections in 2016-2017 of \$207.7 million were \$4.2 million, or 2.0% below the 2016-2017 Modified Budget of \$211.9 million and well below the estimate included in the 2016-2017 Adopted Budget of \$224.7 million. Although this collection level reflects a 2.9% (\$5.9 million) increase from the prior year (\$201.8 million), a higher collection level was anticipated in 2016-2017 due to the implementation of the voter-approved ¼ cent Local Sales Tax, which was approved in June 2016 and implemented in October 2016. Following is a discussion of the three Sales Tax components:

- General Sales Tax** – In the General Sales Tax category, collections of \$174.7 million fell short of the 2016-2017 Modified Budget level of \$180.0 million by \$5.3 million or 3.0%. This collection level reflects a \$21.3 million (10.9%) decline from the 2015-2016 collection level of \$196.0 million. This decline is due to lower actual quarterly Sales Tax receipts as well as the impact of one-time adjustments from the prior year. In 2015-



2016, one-time funding was received due to wind down of “triple flip”. The final true-up payment associated with the triple flip wind down was made in August 2016 and accrued to 2015-2016. This true-up payment resulted in one-time funding of \$12.0 million in 2015-2016.

The 2016-2017 General Sales Tax figure of \$174.7 million reflects lower actual receipts in each quarter of 2016-2017 when compared to the same quarter in the prior year, including a decline of 9.4% (first quarter), a decline of 3.1% (second quarter), a decline of 7.4% (third quarter), and an estimated decline of 5.0% (fourth quarter). Because a three-month lag exists between the period of sales tax activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter (April through June) is accrued to the following fiscal year based on estimated performance. Actual Sales Tax results

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Sales Tax

for the fourth quarter have subsequently become available and reflect a decline of 3.7%. Because the decline in the fourth quarter was slightly less than the decline assumed in the 2016-2017 accrual, the additional revenue generated from this difference will be reflected in 2017-2018 (\$0.6 million).

As has been reported in the 2017-2018 Adopted Budget, information on actual receipts for the first and second quarters of General Sales Tax was received in December 2016 and March 2017, respectively. In the first quarter (July through September activity), receipts were down 9.4% from the same quarter in the prior year. This large decline was primarily driven by a correction associated with jet fuel sales tax revenues that were allocated to San José in 2015-2016 in error and therefore reversed in the first quarter of 2016-2017. Factoring out the correction, receipts were down 3.8% from the same quarter in the prior year. This primarily reflected declines in the Business-to-Business (-8.6%) and General Retail (-0.6%) economic sectors, partially offset by an increase to the Food Products (5.0%) economic sector. In the second quarter (October through December 2016 activity), receipts were down 3.1% from the same quarter in 2015-2016. This primarily reflected declines in the Business-to-Business (-8.4%), General Retail (-4.0%), and Construction (-3.8%) economic sectors, partially offset by an increase in the Food Products (4.0%) economic sector.

The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the third quarter of 2016-2017, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. On an economic basis, receipts dropped 4.0% from the same period in the prior fiscal year.

**Sales Tax Revenue Economic Performance
January – March 2017**

Economic Sector	% of Total Revenue	% Change from January – March 2016
General Retail	24.6%	(2.6%)
Transportation	23.5%	5.1%
Business-to-Business	21.0%	(19.4%)
Food Products	19.0%	5.2%
Construction	11.1%	(5.6%)
Miscellaneous	0.8%	14.2%
Total	100.0%	(4.0%)

In the fourth quarter (April through June 2017 activity), Sales Tax receipts were down 3.7% from the same quarter in 2015-2016. Details by economic sector for the last quarter's performance, however, are not yet available.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Sales Tax

When the 2017-2018 Adopted Budget was developed, the General Sales Tax estimate of \$187.0 million reflected growth of 3.9% from the 2016-2017 estimate of \$180.0 million. This reflected underlying quarterly growth of 3.0% as well as net upward adjustments of \$1.5 million to account for prior year accrual adjustments and to reverse a large one-time negative adjustment associated with the jet fuel correction that occurred in 2016-2017. However, because General Sales Tax ended the year below estimated levels, the 2016-2017 Annual Report includes a recommendation to decrease the 2017-2018 estimate by \$4.0 million (from \$187.0 million to \$183.0 million), which reflects approximately 3% underlying growth from the 2016-2017 actual collection level with one-time adjustments to account for the additional revenue recognized in 2017-2018 from the under-accrual of revenue in 2016-2017.

- **Local Sales Tax** – In 2016-2017, Local Sales Tax revenues totaled \$26.5 million, exceeding the Modified Budget estimate of \$26.0 million by \$520,000, or 2.0%. In June 2016, San José voters approved a ¼ cent sales tax, which began implementation in October 2016. The Adopted 2016-2017 revenue estimate for Local Sales Tax totaled \$30.0 million and assumed three quarters of activity in the first year due to the October 2016 implementation date (the annualized amount was originally estimated at \$40 million). Based on performance during the first two quarters, \$8.7 million (October – December 2016 activity) and \$8.9 million (January – March 2017 activity), the 2016-2017 revenue estimate was lowered from \$30.0 million to \$26.0 million as part of the Approval of Various Budget Actions for Fiscal Year 2016-2017 memorandum, which was approved by the City Council on June 20, 2017.

The revenue for 2016-2017 of \$26.5 million reflects actual performance for the first two quarters (\$8.7 million and \$8.9 million) and estimated receipts of \$8.9 million for the final quarter. As with the General Sales Tax, a three-month lag exists between the period of sales tax activity and when the City receives its quarterly Local Sales Tax allocation and, as a result, the fourth quarter (April through June) is accrued to the following fiscal year based on estimated performance. Actual Local Sales Tax results for the final quarter have subsequently become available and totaled \$10.2 million. Because this amount is above the \$8.9 million assumed in the 2016-2017 accrual, the additional revenue generated from this difference will be reflected in 2017-2018 (\$1.3 million). While detailed information is not yet available on the performance for the most recent quarter, the Administration will be working with the City's Sales Tax consultant, MuniServices to understand the drivers for the higher collection level.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$6.5 million were above (10.0%) the budgeted estimate of \$5.9 million, and were \$724,000, or 12.6% above the 2015-2016 collection level of \$5.75 million. This performance reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Transient Occupancy Tax

In 2016-2017, receipts of \$18.3 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) were slightly above (1.5%) the 2016-2017 Modified Budget estimate of \$18.0 million, and 10.3% above 2015-2016 TOT receipts of \$16.6 million. This performance marks a new high, continuing the strong year-over-year growth that has been experienced for the last several years (24.1% growth in 2014-2015, 12.4% growth in 2015-2016, and 10.3% growth this year). The decelerating growth is attributable to increased room rates coupled with flat occupancy rates. In 2016-2017, the average room rate for the City's 13 largest hotels increased by \$14 (from \$196 to \$210) while the average occupancy for these same hotels essentially remained the same (76.6% in 2015-2016 and to 76.5% in 2016-2017). Moving forward, the growth rates are expected to continue to moderate from the high levels experienced in recent years.

The Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, directed the growth in General Fund Transient Occupancy Tax receipts over the 2013-2014 actual collection level be set aside in a General Fund Cultural Facilities Capital Maintenance Reserve. The 2017-2018 Adopted Budget included actions to 1) discontinue this practice and eliminate the portion of the reserve that is supported by the growth in TOT in 2017-2018; and 2) establish an ongoing allocation to the General Fund Cultural Facilities Capital Maintenance Reserve of \$450,000. This action did not impact the existing reserve, which was expected to increase by the end of 2016-2017 based on actual TOT receipts in that year. As the final reconciling item, a budget action is recommended in this report to allocate the additional 2016-2017 TOT revenues above the estimate to this reserve (\$274,899).

The 2017-2018 Adopted Budget estimate of \$18.7 million was built assuming approximately 4% growth in TOT collections over 2016-2017 estimated receipts of \$18.0 million. Given the slightly higher receipts in 2016-2017, growth of approximately 2.4% above 2016-2017 collections is needed in 2017-2018 to meet this budgeted estimate.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Franchise Fees

Franchise Fees	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Electric Franchise Fee	21,313,200	21,682,625	369,425	1.73%
Gas Franchise Fee	5,184,000	4,789,146	(394,854)	(7.62%)
Commercial Solid Waste Franchise Fee	11,368,611	11,358,587	(10,024)	(0.09%)
Cable Franchise Fee	10,608,000	10,432,426	(175,574)	(1.66%)
Tow Franchise Fee	1,000,000	1,051,456	51,456	5.15%
Nitrogen Franchise Fee	62,000	60,844	(1,156)	(1.86%)
Great Oaks Water Franchise Fee	281,000	266,467	(14,533)	(5.17%)
Total	49,816,811	49,641,551	(175,260)	0.035%

Franchise Fee collections of \$49.6 million were slightly below (0.35%) the 2016-2017 Modified Budget level of \$49.8 million and were \$693,000, or 1.4%, above the 2015-2016 collection level of \$48.9 million.

Utility Tax

Utility Tax	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Electricity Utility Tax	45,878,000	45,977,574	99,574	0.22%
Gas Utility Tax	10,400,000	11,114,796	714,796	6.87%
Water Utility Tax	14,160,000	14,783,027	623,027	4.40%
Telephone Utility Tax	28,611,500	28,910,839	299,339	1.05%
Total	99,049,500	100,786,236	1,736,736	1.75%

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$100.8 million were 1.75% above the 2016-2017 Modified Budget level and \$7.4 million, or 7.9%, above the 2015-2016 actual level of \$93.4 million. Following is a discussion of the major variances in this category.

- *Gas Utility Tax* – Receipts in this category of \$11.1 million were 6.9% above the modified budget level of \$10.4 million and 25.0% (\$2.2 million) above the 2015-2016 collection level of \$8.9 million. This increase in revenue primarily reflects higher rates and increased consumption.
- *Water Utility Tax* – Receipts in this category of \$14.8 million were 4.4% above the modified budget level of \$14.2 million and 20.35% (\$2.5 million) above the prior year actual collection level of \$12.3 million. The higher collection level is primarily due to the water rate increases and changing consumption levels as a result of the drought being declared over.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Telephone Line Tax

In 2016-2017, Telephone Line Tax collections of \$20.3 million were \$346,000 (1.7%) above the budgeted estimate of \$19.9 million and were approximately 1% above the 2015-2016 collection level of \$20.1 million.

Business Taxes

Business Tax	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Cardroom Tax	18,100,000	18,483,521	383,521	2.12%
Business Tax	13,000,000	13,047,014	47,014	0.36%
Disposal Facility Tax	12,300,000	12,156,884	(143,116)	(1.16%)
Marijuana Business Tax	10,150,000	10,471,208	321,208	3.16%
Total	53,550,000	54,158,627	608,627	1.14%

Revenues in the Business Taxes category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, collections of \$54.2 million were 1.1% above the 2016-2017 Modified Budget estimate of \$53.6 million, and 6.5% (\$3.3 million) above the 2015-2016 collection level of \$50.9 million. Following is a discussion of the major variances in the Business Tax category:

- **General Business Tax** - Collections in this category of \$13.0 million ended the year at the Modified Budget estimate and 10.2% above the 2015-2016 collection level of \$11.8 million. The higher collection level is attributed to increased new business tax accounts created in 2016-2017.
- **Marijuana Business Tax** – Collections of \$10.5 million were 3.2% (\$321,000) above the 2016-2017 Modified Budget level of \$10.15 million and 18.0% (\$1.6 million) above the 2015-2016 collection of \$8.9 million. The substantial increase in collections from 2015-2016 to 2016-2017 results from the market stabilizing after the 2014-2015 Code Enforcement closures of dozens of medical marijuana dispensaries. The collectives that are currently open and registered with the City have absorbed the customers whose collectives were shut down during the regulatory process.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits

Licenses and Permits	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Building Permits	31,500,000	32,061,278	561,278	1.78%
Fire Permits	12,611,000	12,747,657	136,657	1.08%
Other Licenses and Permits	12,861,553	13,265,944	404,391	3.14%
Total	56,972,553	58,074,879	1,102,326	1.93%

Revenues in the Licenses and Permits category include the Building Permits, Fire Permits, and various other licenses and permits. Overall, Licenses and Permits collections of \$58.1 million were 1.9% (\$1.1 million) above the 2016-2017 Modified Budget level of \$57.0 million and 8.0% above (\$4.3 million) the 2015-2016 collection level of \$53.8 million. Both the Building and Fire Development Fee Programs continued the solid performance experienced over the past few years with receipts exceeding the budgeted estimates and the prior year collection levels. Below is a discussion of the Building Permits and Fire Permits revenue categories.

Building Permits – Receipts of \$32.1 million ended the year 1.8% (\$561,000) above the Modified Budget level of \$31.5 million, and 5.1% (\$1.6 million) above the prior year’s level of \$30.5 million. As identified in previous Bi-Monthly Financial Reports and the 2016-2017 Mid-Year Budget Review, Building Permit revenue throughout 2016-2017 was above anticipated levels due to a continued high level of development activity in the residential and commercial land use categories. In recognition of increased permit revenues, the 2016-2017 budget estimate was increased by \$4.0 million (from \$27.5 million to \$31.5 million) in the Approval of Various Budget Actions For Fiscal Year 2016-2017 memorandum, which was approved by the City Council on June 20, 2017.

The total valuation of projects submitted in 2016-2017 was \$1.9 billion, 24.3% above the \$1.5 billion valuation of projects that were received in 2015-2016. Total valuation for all land use categories ended the year above estimates. Residential valuation of \$599.1 million in 2016-2017 was higher than the 2015-2016 level of \$440.9 million. A total of 2,712 new residential units received permits in 2016-2017, which was above 2015-2016 actuals of 1,692 units. Commercial valuation of \$702.6 million tracked above the prior year level of \$474.0 million. However, industrial activity of \$574.5 million was lower than last year’s level of \$594.7 million. Notable activity that took place in 2016-2017 include: Building permits for Silvery Towers, a 640 unit condominium and loft high rise on St. James Street; Hanover Cannery Park Apartment Building, a 403 unit apartment complex on Taylor Street; Ohlone Block C Apartment Building; a 268 unit apartment building on Sunol Street; Marshall Squares Apartment Building, a 190 unit apartment building on North 1st Street; Balbach Condos, a 101 unit condominium complex on Balbach Street; and two Hyatt Hotels, a 7-story building on Karina Court and a 5-story building on North 1st Street.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits

A recommendation to increase the Building Development Fee Program Earmarked Reserve by \$2.2 million is included as part of the 2016-2017 Annual Report. This increase was derived from a combination of additional revenues of \$613,000, expenditure savings of \$1.4 million, and interest earnings attributed to the program of \$205,000. This increase to the Reserve is partially offset by a rebudget of \$20,000 for temporary analytical staff funding related to the integrated permit system implementation. With these recommended adjustments, the net increase to the Building Development Fee Program Earmarked Reserve will be \$2.2 million, bringing the Reserve from \$18.1 million to \$20.3 million.

When the 2017-2018 Adopted Budget was developed, it was assumed that base collections would reach \$28.5 million, and because of fee adjustments, increase to \$32.5 million. To meet the budgeted estimates, receipts must increase by approximately 1% in 2017-2018 from 2016-2017 levels.

- **Fire Permits** – Fire Fee receipts of \$12.7 million slightly exceeded the 2016-2017 Modified Budget estimate of \$12.6 million and were 8.1% above the prior year’s revenue of \$11.8 million. Following is a discussion of Development and Non-Development revenues in this category.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and miscellaneous revenues ended the year at \$8.6 million, which was 4.0% (\$331,000) above the 2016-2017 Modified Budget estimate of \$8.3 million. The excess revenues along with expenditure savings are set aside in the Fire Development Fee Program Reserve, and the Annual Report includes actions to allocate \$831,000 to the Reserve from these sources. This increase, however, is offset by a negative Reserve rebudget of \$1.0 million due to a double count of new revenue in the 2017-2018 Adopted Budget. With these actions, the Fire Development Fee Program Earmarked Reserve is recommended to be decreased from \$8.2 million to \$8.0 million.

Non-Development revenue of \$4.1 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other miscellaneous activities were below the 2016-2017 Modified Budget estimate of \$4.3 million. Annual renewable permits revenue of \$3.5 million, which includes a bad debt reserve adjustment of \$874,000, was \$266,000 (7.1%) below estimated levels and \$470,000 (11.9%) lower than the collections in the prior year. Combined revenues of \$617,000 from non-renewable permit and other inspection activities (such as after-hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$67,000 (12.2%) higher than budgeted levels of \$550,000 and \$57,000 (10.2%) higher than last year’s year-end revenue of \$560,000.

The 2017-2018 Adopted Budget estimate of \$13.5 million was built based on a sustained level of activity from the 2016-2017 year-end estimates along with fee adjustments in both Development and Non-Development programs.

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Parking Fines	11,550,000	11,811,603	261,603	2.26%
Vehicle Code Fines	1,240,000	1,068,353	(171,647)	(13.84%)
Administrative Citation Fines	175,000	129,900	(45,100)	(25.77%)
False Alarm Fines	40,000	40,975	975	2.44%
Other Fines	700,000	1,051,768	351,768	50.25%
Penalties	2,805,600	2,242,134	(563,466)	(20.08%)
Total	16,510,600	16,344,733	(165,867)	(1.00%)

The primary sources of revenue in the Fines, Forfeitures, and Penalties revenue category are Parking Fines, Vehicle Code Fines, Administrative Citation Fines, and Other Fines and Penalties. Collections of \$16.3 million in this category were slightly below (1.0%) the 2016-2017 Modified Budget level of \$16.5 million, but were 1.6% (\$254,000) above the prior year collection level of \$16.1 million.

Parking fines, the largest component of this revenue category, ended the year at \$11.8 million. This collection level was 2.3% (\$262,000) above the Modified Budget level of \$11.55 million. Vehicle Code Fines, however, ended the year at \$1.1 million, which was 13.8% below the Modified Budget level of \$1.2 million and 30.4% below the 2015-2016 collections of \$1.5 million. The remaining categories ended the year at \$3.5 million, which was 6.9% below the Modified Budget estimate of \$3.7 million, but were \$160,000 (4.9%) above the prior year collections of \$3.3 million.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Revenue from Use of Money and Property

Use of Money and Property	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Interest Earnings	1,990,000	2,246,722	256,722	12.90%
Use of Property	3,073,935	3,570,459	496,524	16.15%
Subrogation Recovery	500,000	969,625	469,625	93.93%
Total	5,563,935	6,786,806	1,222,871	21.98%

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation recovery revenues. Collections of \$6.8 million ended the year 22.0% above the Modified Budget level of \$5.6 million and 33.1% (\$1.7 million) above the prior year collection level of \$5.1 million.

Rental income of \$3.6 million was 16.2% above the budgeted estimate of \$3.1 million and 22.5% above prior year collections of \$2.9 million. Interest income of \$2.2 million was above budgeted levels of \$2.0 million, and above the prior year levels of \$1.3 million; however, revenues continue to track below historic levels prior to the implementation of the prefunding of retirement contributions and the significant decline in interest rates. Subrogation recovery revenues to \$970,000 ended the year above the budgeted estimate of \$500,000 and the prior year collection level of \$884,000.

Revenue from Local Agencies

Revenue from Local Agencies	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Successor Agency	15,261,000	15,261,000	0	0.00%
Central Fire District	6,173,000	6,469,653	296,653	4.81%
Local Agency Grants	7,095,732	5,985,988	(1,109,744)	(15.64%)
Total	28,529,732	27,716,641	(813,091)	(2.85%)

This revenue category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the reimbursement from the Successor Agency to the Redevelopment Agency of San José, a separate entity (Successor Agency), and from the Central Fire District for fire services provided to County residents by the San José Fire Department.

Revenue collections of \$27.7 million ended the year \$813,000 (2.85%) below the budgeted estimate of \$28.5 million. This collection level was \$10.6 million (61.7%) above the 2015-2016 collections of \$17.1 million, which is primarily due to Successor Agency contributions in 2016-2017. Below is a more in-depth discussion of the Successor Agency.

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Revenue from Local Agencies

In 2016-2017, the Successor Agency to the Redevelopment Agency (SARA) reimbursed the City for the Convention Center Debt Service payment of \$15.3 million that is budgeted in City-Wide Expenses; while in 2015-2016, only \$5.5 million of the \$15.3 million obligation was reimbursed. The level of annual distributions from the Redevelopment Property Tax Trust Fund (RPTTF) in 2016-2017 was enough for the Successor Agency to pay this entire debt service. In 2015-2016, RPTTF was insufficient for the Successor Agency to pay all of its debt service and required a loan from the City's General Fund for the Convention Center Debt Service payment. The loan was anticipated to be paid back in full that fiscal year but a balance of \$9.8 million remained at year-end as a result of a change in a redevelopment dissolution law that disallowed the mechanism allowing SARA to reimburse the City on an intra-year basis. After this one-time impact in 2015-2016, it was anticipated that SARA would have sufficient funding to pay all its debt service going forward.

In 2016-2017, the Central Fire District payment of \$6.5 million ended the year \$297,000 (4.8%) above the Modified Budget and 5.7% above the prior year collection of \$6.1 million. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The year-over-year increase of payments is due to the change in Property Tax valuation in those areas.

Animal Care Services collections of \$1.1 million ended the year \$137,000 (14.7%) above the Modified Budget level of \$930,000 and 11.4% above the prior year collection of \$958,000.

The revenues in this category does not include reimbursement from the County of Santa Clara for the first responder advanced life support program (Paramedic Program). Because the City's performance falls only slightly below the performance standards set forth in the agreement with the County, no reimbursement was provided to the City for either the equipment reimbursement component (Annex B, Category A funds) or the service-related component (Annex B, Category B funds).

The 2017-2018 Adopted Budget included the rebudget of revenues and associated expenditures for various local agency grants in the amount of \$222,000, and an additional \$12,000 in rebudget adjustments are recommended in this report to account for the anticipated receipt of revenue in 2017-2018 that were not received in 2016-2017. Additional information on the rebudget of local agency grants, as well as budget actions to recognize new grants and reimbursements are described in *Section IV -- Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California

Revenue from the State of California	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Other State Revenue	11,404,403	11,727,331	322,928	2.83%
State Grants	2,614,546	1,712,070	(902,476)	(34.52%)
Motor Vehicle In-Lieu Tax	460,000	466,843	6,843	1.49%
Total	14,478,949	13,906,244	(572,705)	(3.96%)

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$13.9 million ended the year 4.0% below the 2016-2017 Modified Budget estimate of \$14.5 million, but 14.2% (\$1.7 million) above the prior year actual level of \$12.2 million.

Within the Other State Revenue category, the Tobacco Settlement revenues of \$9.2 million were consistent with the 2016-2017 Modified Budget estimate, and 2.9% above the prior year level of \$8.9 million.

State grants and other reimbursements totaled \$1.7 million, which was \$902,000, or 34.5%, below the Modified Budget level of \$2.6 million. This was the result of a timing difference of many grants (and their associated expenditures).

The 2016-2017 Adopted Budget included the rebudget of revenues and associated expenditures for various State grants in the amount of \$1.3 million to account for the anticipated receipt of revenue in 2017-2018 that were not received in 2016-2017. Based on actual 2016-2017 performance, net negative rebudget adjustments of \$335,000 are recommended in this report. Additional information on the rebudget of State grants, as well as budget actions to recognize new grants and reimbursements are described in *Section IV -- Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2016-2017, Revenue from the Federal Government of \$4.4 million was 29.1% (\$1.8 million) below the Modified Budget level of \$6.2 million and 58.4% (\$6.2 million) below the 2015-2016 collection level of \$10.6 million. This negative variance from the Modified Budget was primarily the result of the timing of various grants (and their associated expenditures) where the work was not yet completed in 2016-2017. The 2017-2018 Adopted Budget included the rebudget of revenues and associated expenditures for various Federal grants in the amount of \$1.2 million, and an additional \$84,000 of rebudget adjustments are recommended in this report to account for revenues that were not received in 2016-2017 but are now expected to be received in 2017-2018. Additional information on the rebudget of Federal grants, are described in *Section IV -- Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

2016-2017 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

Departmental Charges	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Parks, Recreation and Neighborhood Services Fees	21,373,351	20,958,236	(415,115)	(1.94%)
Public Works Fees	10,315,000	10,913,457	598,457	5.80%
Planning Fees	4,500,000	4,448,440	(51,560)	(1.15%)
Police Fees	1,264,034	1,205,737	(58,297)	(4.61%)
Transportation Fees	1,836,938	1,594,755	(242,183)	(13.18%)
Library Fees	889,044	650,343	(238,701)	(26.85%)
Miscellaneous Fees	3,628,607	5,092,867	1,464,260	40.35%
Total	43,806,974	44,863,835	1,056,861	2.41%

Revenues in this category include fees and charges assessed by several departments. Overall, Departmental Charges collections of \$44.9 million were 2.4% (\$1.1 million) above the 2016-2017 Modified Budget level of \$43.8 million, but 4.7%, or \$2.2 million, below the 2015-2016 collection level of \$47.1 million. The Public Works Fee Program exceeded its budgeted estimate by 5.8%, however, the Transportation and Library Departments revenue collections fell below their budgeted estimate by 13.2% and 26.9%, respectively. Miscellaneous Fees exceeded the budgeted estimate by \$1.5 million primarily due to higher Solid Waste Enforcement Fees and General Plan Update Fees.

- **Public Works Departmental Fees** – Collections of \$10.9 million ended the year 5.8% above the Modified Budget level of \$10.3 million, but 3.9% below the \$11.4 million collected in 2015-2016. The 2016-2017 collections are comprised of \$6.5 million from the Development Services Program and \$4.4 million from the Utility Fee Program. Revenues related to Engineering categories such as Residential and Non-Residential performed at lower than estimated levels as a result of lower activity levels. However, these revenues are offset by higher than estimated levels in the Utility Excavation, Grading Permits, and Geologic Fees categories. In 2016-2017, \$969,000 from additional fee revenues (\$344,000), expenditure savings (\$569,000), and interest earnings (\$56,000) attributed to the Public Works Development Fee Program are recommended to be set aside in the Public Works Development Fee Program Earmarked Reserve. A negative rebudget to the Public Works Development Fee Program Reserve is also recommended, resulting in a net change of \$37,000 to the \$5.2 million reserve.
- **Transportation Departmental Fees** – Collections of \$1.6 million ended the year 13.2%, or \$242,000, below the Modified Budget level of \$1.8 million, but was consistent with the 2015-2016 collection level. Revenues fell below the estimate in 2016-2017 primarily due to lower than anticipated collections for the Sidewalk Repair Program (\$481,000), which was partially offset by higher collections for Traffic Signal Design and Review fees (\$142,000) and Special Event fees (\$102,000). Sidewalk Repair Program fee performance is attributable to fewer permit issuances for sidewalk repair work adjacent to private property, and Traffic Signal Design and Review and Special Event collections were driven by higher activity levels during 2016-2017.

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

- **Library Departmental Fees** – Collections of \$650,000 ended the year 26.9% below the Modified Budget level of \$889,000, and 45.8% below the 2015-2016 receipts of \$1.2 million due to lower fine revenue. Fines revenues accounted for \$512,000 of the total receipts for 2016-2017 and were down from \$1.1 million in the prior year. The decrease in Fine revenues is primarily the results of the Reducing Economic Barriers to Library Access recommendation that was approved by the City Council on May 17, 2016. The recommendation included a one-month fine forgiveness program, programs that allow patrons to have their Library cardholder debt reduced or eliminated through volunteering at a library, and one-time forgiveness of overdue fines for patrons who register for the 2016 Summer Reading Challenge.
- **Planning Departmental Fees** – Collections of \$4.4 million ended the year 1.2% below the adopted budget estimate of \$4.5 million and 29.4% below the prior year level of \$6.3 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenues throughout 2016-2017 were at anticipated levels. Actual receipts, however, were below the adopted budget estimate as a result of lower than anticipated permit issuance in May and June 2017. Fee categories where the actual collections exceeded the estimate include Non-Residential Tentative Maps, Preliminary Review, Non-Residential General Plan Amendments, Residential and Non-Residential Conventional Prezonings/Rezoning, Residential Environmental Clearance, Annexations, Residential and Non-Residential Site Development Permits, Residential Development Permit Adjustments, Residential and Non-Residential Conditional Use Permits, and Single-Family Design Review. Categories where actuals fell short of the estimate include Residential Tentative Maps, Public Noticing, Public Information Services, Residential General Plan Amendments, Residential Prezonings/Rezoning, Non-Residential Planned Development Prezonings/Rezoning, Residential and Non-Residential Planned Development Permits, Non-Residential Development Permit Adjustments, and Miscellaneous Permits. A recommendation to increase the Planning Development Fee Program Earmarked Reserve by \$394,000 is included as part of this report. This increase was derived from a combination of expenditure savings of \$428,000 and interest earnings attributed to the program of \$20,000 offset by less revenue than anticipated (\$52,000) and a rebudget of \$3,000 for temporary analytical staff funding related to the integrated permit system implementation. With the recommended adjustment, the Reserve will increase from \$1.4 million to \$1.8 million.

Other Revenue

The Other Revenue category contains a number of unrelated revenue sources and totaled \$126.2 million in 2016-2017. As was the case in 2015-2016, Tax Revenue Anticipation Notes (TRANs) accounted for \$100.0 million of the receipts in this category and have an offsetting expenditure to repay the TRANs. Total collections of \$126.2 million were 0.7% (\$871,000) below the budgeted estimate of \$127.0 million, and 2.3% (\$2.8 million) above the 2015-2016 collection level of \$123.4 million. The Other Revenue category ended the year below the Modified Budget level primarily due to lower proceeds from the sale of real properties, which totaled \$156,000 compared to the budgeted estimate of \$1.0 million. This lower

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Other Revenue

collection level was due to the deferral of the sale of property (Almaden Blvd. and Carlyle Street) totaling \$1.3 million from June 2017 to August 2017.

The 2016-2017 Adopted Budget includes the rebudget of revenues and associated expenditures for various grants and reimbursements in the amount of \$1.1 million, and an additional \$818,000 of rebudget adjustments are recommended in this report to account for the anticipated receipt of revenue in 2017-2018 that were not received in 2016-2017. Additional information on the rebudget of these grants as well as the recognition of new grant revenues and their associated expenditures, are described in *Section IV -- Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Transfers and Reimbursements

Overhead, Transfers , and Reimbursements	2016-2017 Budget (\$)	2016-2017 Actuals (\$)	2016-2017 Variance (\$)	2016-2017 Variance %
Overhead Reimbursements	38,724,983	39,247,609	522,626	1.35%
Transfers	25,207,731	25,588,188	380,457	1.51%
Reimbursements for Services	17,873,510	17,957,940	84,430	0.47%
Total	81,806,224	82,793,737	987,513	1.21%

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$82.8 million ended the year 1.2%, or \$1.0 million above the 2016-2017 Modified Budget estimate of \$81.8 million. The Overhead Reimbursement category was above the budgeted estimate due to slightly higher capital fund overhead based on actual activity in 2016-2017. Transfers exceeded the budgeted estimate in 2016-2017 by \$380,000 primarily due to additional funding from the Parks Construction and Conveyance Tax Funds (\$713,000) as 15.0% of the Construction and Conveyance Tax revenues are transferred to the General Fund for parks maintenance and these revenues exceeded the budgeted estimate. Reimbursements for Services also ended the year slightly above the budget primarily due to higher Gas Tax receipts (\$17.3 million actual receipts versus the budgeted estimate of \$17.2 million).

**2016-2017
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Summary

In 2016-2017, total revenues received by the General Fund of \$1.11 billion were lower than the 2016-2017 Modified Budget level by \$1.4 million (0.1%). After adjusting for \$4.4 million in grant and reimbursement-related revenues not received in 2016-2017, but rebudgeted to 2017-2018 as part of the 2017-2018 Adopted Budget as well as additional rebudget and clean-up adjustments recommended in this report, revenues actually ended the year \$3.0 million (0.3%) above the budgeted estimate. This is an extremely small variance given the diversity of over 450 City revenues and the overall size of the General Fund.

The 2016-2017 collection level of \$1.11 billion was up \$52.7 million (5.0%) from the actual 2015-2016 collections (\$1.06 billion). The 2016-2017 revenue estimates were built on the assumption that the economically-sensitive revenues would continue to experience growth. Actual performance in 2016-2017 was generally consistent with this assumption. A number of economically-sensitive revenue categories, such as Property Tax, Utility Taxes, Business Taxes, and Transient Occupancy Tax, continued to experience solid growth; however, General Sales Tax declined in 2016-2017.

Continued positive revenue performance is expected to again be experienced in 2017-2018. The Administration will actively monitor economic indicators and revenues in 2017-2018 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2016-2017 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

TABLE B
2016-2017 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)

Category	2016-2017 Modified Budget*	2016-2017 Actual**	Variance	% Variance
Personal Services	\$ 738,567	\$ 729,913	\$ (8,654)	(1.2%)
Non-Personal/Equipment/Other ¹	146,500	135,728	(10,772)	(7.4%)
City-Wide Expenses	255,666	217,142	(38,524)	(15.1%)
Capital Contributions	82,850	49,301	(33,549)	(40.5%)
Transfers	28,068	28,068	-	0.0%
Reserves	150,734	-	(150,734)	(100.0%)
TOTAL GENERAL FUND	\$ 1,402,385	\$ 1,160,152	\$ (242,233)	(17.3%)

* 2016-2017 appropriations as modified by Council through June 30, 2017, and 2015-2016 carryover encumbrances.

** Actual 2016-2017 expenses plus encumbrances.

As shown in Table B, General Fund expenditures and encumbrances through June 30, 2017 of \$1.16 billion were \$242.2 million below (17.3%) the modified budget total of \$1.4 billion. Approximately 62.2% of this savings was generated from unspent reserves (\$150.7 million), with the remaining savings generated from expenditure appropriations. Total 2016-2017 expenditures and encumbrances were \$49.6 million (4.5%) above the June 2016 level of \$1.11 billion. This increase is due to higher Personal Services (\$37.7 million), Non-Personal/Equipment/Other (\$6.5 million), Capital Contributions (\$11.0 million), and Transfers (\$918,000), partially offset by lower City-Wide Expenses (\$6.5 million).

¹ The "Other" category expenditures are primarily comprised of budgets for the Mayor and City Council, Library Department grants program, and the Parks, Recreation and Neighborhood Services fee activities program.

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Overview

As shown in Table C, the actual General Fund expenditures of \$1.16 billion were approximately \$26.0 million (2.2%) below the estimate used in the development of the 2017-2018 Adopted Budget. A portion of these savings (\$3.8 million) was carried over to 2017-2018 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up actions of \$15.6 million are recommended in this report to reconcile the Development Fee Programs for 2017-2018 (\$2.8 million) and to adjust various rebudget amounts and reflect clean-up adjustments (\$12.8 million). After accounting for these technical actions, the remaining General Fund expenditures savings totaled \$6.7 million, or 0.5% of the modified budget.

**TABLE C
2016-2017 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

	2016-2017 Estimate	2016-2017 Actual	\$ Variance	% Variance
Expenditures	\$ 1,186,181	\$ 1,160,152	\$ (26,029)	(2.2%)

These net expenditure savings, when combined with the net variance associated with the General Fund revenues and a small shortfall in the liquidation of prior year encumbrances, represent the additional ending fund balance that is available for allocation. Specifically, as discussed earlier in this report, in 2017-2018, a total of \$7.7 million in additional fund balance is available from higher net revenues (\$1.06 million), net expenditure savings (\$6.68 million), and higher than estimated liquidation of prior year encumbrances (\$1.26 million), partially offset by a lower 2016-2017 Beginning Fund Balance (\$1.3 million). Recommendations on the allocation of these additional funds are provided elsewhere in this report.

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as a comparison to the rebudget adjustments that were brought forward in the 2017-2018 Adopted Budget.

Personal Services expenditures of \$729.9 million ended the year \$8.7 million (1.2%) below budgeted levels (\$738.6 million), but \$37.7 million (5.4%) above 2015-2016 expenditure levels (\$692.2 million). Expenditures in both years ended the year below the budget primarily as the result of position vacancy savings throughout the organization, the highest of which in 2016-2017 were in the following departments: Fire (\$2.0 million); Police (\$1.8 million); and Planning, Building and Code Enforcement (\$1.1 million); Library (\$891,000); and Information Technology (\$628,000).

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Overview

General Fund Non-Personal/Equipment/Other expenditures and encumbrances ended the year at \$135.7 million, generating savings of approximately \$10.8 million (7.4%) from the budgeted level. The majority of savings in this category was generated by the following departments: Police (\$2.4 million); Information Technology (\$1.7 million), and Planning, Building & Code Enforcement (\$1.6 million, including the Development Fee Programs). The Mayor and City Council appropriations also ended the year \$2.7 million below the modified budget. In the 2017-2018 Adopted Budget, \$7.5 million in expected 2016-2017 savings were rebudgeted to 2017-2018. Additional rebudget adjustments totaling \$1.7 million are recommended in this report and, if approved, would result in net savings of \$1.6 million from the budgeted level.

In the City-Wide Expenses category, expenditures and encumbrances of \$217.1 million ended the year \$38.5 million below the budgeted level of \$255.7 million. Of this amount, \$29.1 million was assumed as savings in 2016-2017 and rebudgeted to 2017-2018, including \$3.0 million that was offset by revenue sources. Of the remaining balance of \$9.4 million, rebudget and clean-up adjustments totaling \$2.6 million are recommended in this report, and if approved, would result in net savings of \$6.8 million in this category, a 2.7% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$49.3 million ended the year \$33.5 million below the budgeted level of \$82.8 million. A total of \$29.0 million was rebudgeted to 2017-2018 in the Adopted Budget, with a remaining savings amount available of \$4.6 million. Requested amount to rebudget for Annual Report is \$4.4 million to account for expected 2017-2018 expenditures, which would result in savings of \$220,000 in 2016-2017 to the General Fund.

The Transfers category expenditures of \$28.1 million ended the year at the budgeted amount.

The largest single category of remaining funding available in 2016-2017, as planned, is the Reserves category (\$150.7 million), including Earmarked Reserves (\$115.2 million) and the Contingency Reserve (\$35.5 million). The 2017-2018 Adopted Budget assumed that \$146.3 million would be available at year-end, with reserves either re-established in 2017-2018 or used as a funding source for the 2017-2018 Adopted Budget. The actual year-end balance was above the estimated fund balance level by approximately \$4.5 million. Net rebudget adjustments totaling \$4.0 million are recommended in this report, leaving a balance of \$475,000.

The Reserves category also includes the Contingency Reserve (\$35.5 million) that remained unspent at year-end.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

This section provides more detailed information on the departmental and non-departmental performance, including a discussion of significant variances.

Departmental expenditures (\$865.6 million) represented 74.6% of the total 2016-2017 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.8% of their budgets, generating an overall savings of 2.2%, or \$19.4 million. Of this amount, \$8.0 million was rebudgeted in the 2017-2018 Adopted Budget; and additional clean-up actions of \$4.5 million are recommended in this report (including the Development Fee Programs reconciliation of \$2.8 million and other rebudget and clean-up adjustments), leaving a balance of \$6.9 million.

Of the 19 City departments/offices, nine had expenditure savings of less than 5.0%. These nine departments, which included the Police and Fire Departments, generated \$9.2 million (47%) of the departmental savings. The other ten departments with more than 5% in savings accounted for the remaining 53% of the category savings and totaled \$10.2 million. In 2016-2017, the following six departments/offices had expenditure savings in excess of \$1 million: Police; Mayor and City Council; Planning, Building and Code Enforcement, Fire; Information Technology; and Library. Those departments with General Fund expenditure variances of over 5.0% and \$1.0 million are discussed in detail in the following section including the Mayor and City Council, Fire, Information Technology, and Planning, Building and Code Enforcement departments. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

Non-departmental expenditures totaled \$294.5 million, or 25.4% of the total 2016-2017 General Fund expenditures. The unexpended balance at year-end totaled \$222.8 million; reserves of \$150.7 million represent the largest portion of the unexpended funds and were almost entirely carried over or used in the 2017-2018 Adopted Budget as planned. Excluding Reserves, a balance of \$72.1 million remained in this category at year-end. In the 2017-2018 Adopted Budget, \$58.1 million was rebudgeted in the City-Wide Expenses and Capital Contributions categories. Additional rebudget adjustments in these categories totaling \$6.9 million are recommended in the Annual Report, resulting in total unexpended funds of \$7.0 million.

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2016-2017 Modified Budget	2016-2017 Expenditures	\$ Variance	% Variance
City Attorney	\$ 15,073,120	\$ 14,507,064	\$ (566,056)	(3.8%)
City Auditor	2,484,881	2,197,330	(287,551)	(11.6%)
City Clerk	2,759,287	2,297,648	(461,639)	(16.7%)
City Manager	14,870,435	14,678,761	(191,674)	(1.3%)
Economic Development	6,118,880	5,907,345	(211,535)	(3.5%)
Environmental Services	1,495,601	1,404,373	(91,228)	(6.1%)
Finance	16,324,621	15,395,392	(929,229)	(5.7%)
Fire	203,806,383	201,538,800	(2,267,583)	(1.1%)
Housing	693,401	651,198	(42,203)	(6.1%)
Human Resources	8,683,368	7,989,448	(693,920)	(8.0%)
Independent Police Auditor	1,289,791	1,205,783	(84,008)	(6.5%)
Information Technology	20,807,503	18,517,780	(2,289,723)	(11.0%)
Library	30,695,566	29,626,032	(1,069,534)	(3.5%)
Mayor and City Council	13,870,577	11,136,850	(2,733,727)	(19.7%)
Parks, Recreation & Neighborhood Services	70,688,676	70,551,925	(136,751)	(0.2%)
Planning, Building & Code Enforcement	51,086,227	48,453,343	(2,632,884)	(5.2%)
Police	350,198,857	345,923,704	(4,275,153)	(1.2%)
Public Works	43,731,173	43,440,253	(290,920)	(0.7%)
Transportation	30,389,035	30,217,288	(171,747)	(0.6%)
Subtotal	885,067,382	865,640,317	(19,427,065)	(2.2%)
Non-Departmental				
City-Wide Expenses	255,666,377	217,142,499	(38,523,878)	(15.1%)
Capital Contributions	82,849,714	49,300,719	(33,548,995)	(40.5%)
Transfers	28,067,710	28,067,710	-	0.0%
Earmarked Reserves	104,233,595	-	(104,233,595)	(100.0%)
Contingency Reserve	35,500,000	-	(35,500,000)	(100.0%)
Ending Fund Balance Reserve	11,000,000	-	(11,000,000)	(100.0%)
Subtotal	517,317,396	294,510,928	(222,806,468)	(43.1%)
TOTALS	\$ 1,402,384,778	\$ 1,160,151,245	\$ (242,233,533)	(17.3%)

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Following is a discussion of those departments with significant variances and a summary of the performance in the City’s two largest General Fund departments, Police and Fire.

- *Police*

On an overall basis, the Police Department expenditures totaled \$345.9 million, or 98.8% of its General Fund budget of \$350.2 million, including encumbrances, resulting in savings of \$4.3 million. Of this savings amount, \$1.2 million was anticipated at year-end and rebudgeted as part of the 2017-2018 Adopted Budget and an additional \$558,000 is recommended for rebudget as part of the Annual Report actions, resulting in a revised savings figure of \$2.6 million (0.7%).

Overtime expenditures of \$40.1 million were slightly above the modified budget by approximately \$81,000 (0.2%). During the year-end clean-up process for 2016-2017, an adjustment was made to reallocate savings from the Department’s salary and benefits to the overtime allocation. The overtime was primarily used to backfill vacant sworn and civilian positions, support targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations, and to support the Downtown Foot Patrol Unit. An action is recommended in this report to increase the Department’s overtime funding in 2017-2018 by \$13.0 million (from \$17.3 million to \$30.3 million), funded by salary and benefits savings, to continue to backfill for vacant positions and continue the expanded targeted enforcement levels of high crime activity. This action will help ensure the Department has sufficient overtime resources in 2017-2018.

As of September 2017, the Department had 1,109 authorized sworn staff, of which 139 were vacant (12.4%) and 107 were in training (9.7%), leaving 863 street ready sworn positions (this includes sworn employees on disability/modified duty/other leaves) as shown in the chart below. When sworn employees on Disability/Modified Duty/Other Leaves are excluded, the 789 street-ready sworn positions were available.

	2016-2017 (as of 9/9/2016)	2017-2018 (as of 9/8/2017)
Authorized Sworn Staffing	1,109	1,109
Vacancies	(194)	(139)
Filled Sworn Staffing	915	970
Field Training Officer/Recruits	(33)	(107)
Street-Ready Sworn Positions	882	863
Disability/Modified Duty/Other Leaves	(79)	(74)
Street-Ready Sworn Positions Available	803	789

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

During 2016-2017, the Department had 34 recruits, 28 recruits, and 54 recruits in the October 2016, February 2017, and June 2017 Academies, respectively. In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department will continue to conduct three Police Recruit Academies in 2017-2018, with the next one beginning in October 2017. Each academy has the capacity to host up to 65 recruits, and the upcoming October 2017 academy is projected to start with similar numbers as the June 2017 Academy.

The compensatory time balance at the end of 2016-2017 for sworn personnel was 243,221 hours. This balance represents an 11.1% increase compared to the 2015-2016 total sworn compensatory time balance of 218,886 hours.

A total of \$24.4 million (90.9%) of the Department's Non-Personal/Equipment budget was expended or encumbered, with savings of \$2.4 million. Police computer and data processing (\$1.5 million) savings contributed a significant portion of the overall non-personal/equipment savings. As part of the 2017-2018 Adopted Budget, non-personal/equipment savings of approximately \$1.2 million were anticipated and rebudgeted for the Police Business Permit and Licensing System project (\$500,000); Body Worn Camera Contingency (\$396,000); Community Service Officer Program (\$151,250); Intergraph Upgrade project (\$75,000); and Computer Aided Dispatch Business Intelligence project (\$40,000). Included in this report are recommended rebudgets for fixed surveillance cameras (\$250,000); Police Officer academy and training costs (\$230,000); and funding remaining in the Body Worn Camera Contingency (\$83,000).

- *Fire*

Overall, the Fire Department expended \$201.6 million (98.9%) of its 2016-2017 General Fund budget, including encumbrances, resulting in savings of \$2.2 million. Of these savings, \$49,000 of Non-Personal is recommended to be rebudgeted and \$123,000 is to be reallocated to the Fire Development Fee Reserve as part of this report. Additionally, \$730,000 was rebudgeted as part of the 2017-2018 Adopted Budget, leaving \$1.3 million in net savings.

Personal Services expenditures totaled \$192.3 million, or 99.0% of the \$194.3 million budget. The savings of \$2.0 million were primarily due to the addition of 26 new line staff positions in 2016-2017 that were vacant for much of the year. The Department began a recruit academy in April 2017 and placed 22 recruits in line positions in August 2017. By June 2016, the Department had 673 filled sworn positions with 32 sworn vacancies.

Fire's Overtime expenditures of \$15.0 million ended the year below (\$125,000) the modified budget level of \$15.1 million. A combination of full-time staff and overtime was used to address the Fire Department's minimum staffing requirements. A 2016-2017 budget action resulted in the restoration of \$2.4 million in overtime to eliminate "brownout" overtime cost control practices. The Fire Department monitored daily absences and staffing to manage overtime expenditures.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

The Fire Department ended 2016-2017 with a total of 164 filled Firefighter paramedic positions (149 front-line Firefighter paramedics, five supervisors, and ten support) compared to the approximately 166 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department continues to monitor its Firefighter/Paramedic staffing levels and deploy resources to meet service needs.

Non-Personal/Equipment expenditures and encumbrances totaled \$9.3 million, or 97.2% of the \$9.54 million budget, generating year-end savings of \$271,000. A portion of this amount (\$22,000) represents the Non-Personal/Equipment savings in the Fire Development Fee Program and is recommended to be reallocated to the Fire Department Fee Reserve as part of this report. Of the remaining amount (\$249,000) in Non-Personal/Equipment savings, \$200,000 was rebudgeted to 2017-2018 as part of the 2017-2018 Adopted Budget, and the balance (\$49,000) is recommended to be rebudgeted in this report.

Fire Department's Annual Vacancy and Absence Rates and Their Impact on Overtime

Since the release of a 2001 Overtime Audit, annual information is provided on the Fire Department's annual vacancy and absence rates and their impact on overtime. Through 2011-2012, this information was reported to the Public Safety, Finance and Strategic Support (PSFSS) Committee. At the PSFSS Committee meeting on March 21, 2013, the Administration's recommendation to incorporate the Fire Department's annual vacancy and absence rates and their impact on overtime into the Annual Report was approved. Overtime funding and relief staffing levels are reviewed annually to ensure they are appropriately measured, funded, and managed for sworn minimum staffing requirements. Understanding absence and vacancy rates is important as absence rates are a major personal services cost driver and the associated impact on overtime requires close departmental management.

Total absence hours in 2016-2017 of 351,210 rose by approximately 6% from 329,958 in 2015-2016. This increase was largely due to growth in disability hours (from 77,006 in 2015-2016 to 105,259 in 2016-2017), and was partially offset by a decrease in modified duty, vacation, and other hours (from 187,589 in 2015-2016 to 177,601 in 2016-2017). Vacancy hours also increased significantly from 51,856 in 2015-2016 (2.8% vacancy rate) to 110,992 in 2016-2017 (5.7% vacancy rate) due to the addition of 26 new line staff positions associated with the SAFER grant (12 positions) and the restoration of Engines 30 and 34 staffing (14 positions) to improve service levels. In 2016-2017, the combined absence and vacancy rate was 23.5%, requiring 462,202 hours of backfill. Because backfill hours are covered by a combination of available relief staffing and overtime, staff will continue its analysis of absences, relief staffing, and overtime usage to ensure the proper alignment and usage of resources.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Information Technology*

With expenditures of \$18.5 million, including encumbrances, the Information Technology Department (ITD) expended 89.0% of its \$20.8 million General Fund budget, with savings of \$2.3 million. Personal services expenditure savings of \$628,000 were due primarily to six positions purposely held vacant for staffing realignment effective in 2017-2018 as well as other vacancies throughout the department. With the elimination of the positions and creation of Enterprise Information Technology series classifications, which helps address recruitment and retention issues, the department has been successful in significantly resolving the issue with vacancies. ITD has consequently improved its vacancy rate from 21.8%, as of July 1, 2016, to 12.8%, as of July 1, 2017. Non-personal/equipment expenditures were 16.8% (\$1.7 million) below budgeted levels, including encumbrances, due to project delays. Of the \$1.7 million remaining balance, \$445,000 was rebudgeted in the 2017-2018 Adopted Budget for Direct Fiber Connectivity to Cloud Services, Network Infrastructure Upgrades, Professional Services, and Secondary Data Center Buildout. An additional \$70,000 is recommended to be rebudgeted in the Annual Report to support the Customer Relationship Management (CRM) solution, resulting in net savings of \$1.2 million.

- *Mayor and City Council*

With total expenditures and encumbrances of \$11.1 million, the Mayor's Office, the City Council Offices, and Council General expended 80.3% of their total General Fund budget of \$13.9 million, resulting in savings of \$2.7 million at year-end. Of this amount, \$1.8 million of the savings was realized in the City Council Offices, \$941,000 was realized in the Mayor's Office, and \$2,000 was in Council General as outlined below:

2016-2017 Actual Expenditure Performance

	2016-2017 Modified Budget	2016-2017 Actuals	Variance
Council District 1	\$ 878,735	\$ 710,015	\$ 168,720
Council District 2	818,213	772,496	45,717
Council District 3	815,445	709,776	105,669
Council District 4	911,810	639,879	271,931
Council District 5	1,055,223	641,259	413,964
Council District 6	857,175	727,400	129,775
Council District 7	815,927	768,477	47,450
Council District 8	948,350	689,788	258,562
Council District 9	1,090,079	761,359	328,720
Council District 10	797,201	777,316	19,885
Mayor's Office	4,802,004	3,860,750	941,254
Council General	80,415	78,337	2,078
Total	\$ 13,870,577	\$11,136,850	\$ 2,733,727

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

In the 2017-2018 Adopted Budget, anticipated 2016-2017 savings of \$2.4 million (\$1.5 million in the City Council Offices, \$891,000 in the Mayor's Office, and \$1,000 in Council General) were rebudgeted. Of this rebudget amount, \$33,000 was committed for other uses from various City Council Offices as part of the 2017-2018 Adopted Budget. Actual year-end savings, however, exceeded these estimates; additional rebudget actions totaling a \$285,000 are recommended in this report to align the Mayor's Office and City Council Offices with year-end balances.

- *Planning, Building and Code Enforcement*

With expenditures of \$48.5 million, the Planning, Building and Code Enforcement Department (PBCE) expended 94.8% of its \$51.1 million budget, ending the year with unexpended funds of \$2.6 million. After accounting for the rebudgets of \$1.1 million included in the 2017-2018 Adopted Operating Budget and this report, the department ended 2016-2017 with net savings of \$1.5 million. This included Development Fee Program savings of \$1.2 million and Non-Development Fee Program savings of \$338,000. Personal services expenditures were 2.4% below budgeted levels (\$1.0 million) and non-personal/equipment expenditures were 6.1% below budgeted levels (\$510,000).

Total personal services savings of \$1.0 million resulted from vacant positions in the Multiple Housing and Solid Waste Code Fee Programs (Non-Development Fee Programs) with \$308,000 of the savings and in the Development Fee Programs (Planning, Building, Fire, and Public Works) with \$716,000 of the savings. The 2016-2017 Annual Report includes a recommendation to rebudget \$36,000 for temporary analytical staff funding related to the integrated permit system implementation and this report recommends the addition of \$150,000 (from savings) for Multiple Housing Program temporary staffing needs.

Net non-personal/equipment expenditure savings of \$510,000 (\$30,000 in Non-Development Fee Programs, \$325,000 in Building Development Fee Program, \$66,000 in Fire Development Fee Program, \$53,000 in Planning Development Fee Program, and \$36,000 in Public Works Development Fee Program) were primarily due to savings in consultant and information technology services. As part of the 2017-2018 Adopted Budget, non-personal/equipment unexpended funds of \$1.03 million in the Non-Development Fee Programs were anticipated and rebudgeted to continue the update of the North San José Area Development Policy and Environmental Impact Report (EIR), replace four Code Enforcement Fee Program vehicles, conduct urban village master planning, update the Downtown EIR, provide programming services for the migration of the Code Enforcement permitting system (CES) into the upgraded Development Fee Program permitting system (AMANDA), provide assistance in recommending changes to planning-related policies and ordinances, conduct California Environmental Quality Act review for Medical Marijuana growing facilities, and complete workspace improvements. In addition, \$33,000 of unexpended funds in the Development Fee Programs were rebudgeted as part of the 2017-2018 Adopted Budget to provide ongoing materials and training for building code changes that took place in 2016 and update documents in the Planning library to digital files.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

A combination of expenditure savings, higher than anticipated revenues, interest earnings, and a recommended rebudget for temporary staff funding will result in a net increase to the Building Development Fee Program Reserve of \$2.2 million, from \$18.1 million to \$20.3 million. A net increase to the Planning Development Fee Program Reserve of \$394,000, from \$1.4 million to \$1.8 million, will also result from a combination of expenditure savings, interest earnings, and a recommended rebudget for temporary staff funding.

Highlights of Non-Departmental Expenditures and Variances

The non-departmental categories consist of City-Wide Expenses, Capital Contributions, Transfers, Earmarked Reserves, Contingency Reserve, and the Ending Fund Balance Reserve. An overview of the expenditure performance in these categories is provided below:

TABLE E
2016-2017 NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)

Category	2016-2017 Modified Budget	2016-2017 Actual	Variance	% Variance
City-Wide Expenses	\$ 255,666	\$ 217,142	\$ (38,524)	(15.1%)
Capital Contributions	82,850	49,301	(33,549)	(40.5%)
Transfers	28,068	28,068	-	0.0%
Earmarked Reserves	104,234	-	(104,234)	(100.0%)
Contingency Reserve	35,500	-	(35,500)	(100.0%)
Ending Fund Balance Reserve	11,000	-	(11,000)	(100.0%)
TOTAL	\$ 517,318	\$ 294,511	\$ (222,807)	(43.1%)

- *City-Wide Expenses*

The City-Wide Expenses category consists of funding that is related to more than one department or that is not directly associated with a department's ongoing operations. Committed expenditures in this category totaled \$217.1 million, or 84.9% of the modified budget, resulting in savings of \$38.5 million. As part of the 2017-2018 Adopted Budget, \$29.1 million was rebudgeted (including net-zero rebudgets), leaving a balance of \$9.4 million. Of that remaining balance, rebudget and cleanup adjustments totaling \$2.6 million are recommended in this report, and if approved, would result in net savings of \$6.8 million in this category, a 2.6% variance from the budgeted level.

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

The major ongoing 2016-2017 expenditures in this category are listed below:

- TRANs Debt Service payment of \$100.5 million was completed to repay a short-term note of \$100 million that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$18.1 million were \$2.0 million, or 9.7%, below the 2016-2017 Modified Budget of \$20.0 million. Total expenditures were commensurate with 2015-2016 expenses of \$18.2 million.
- Convention Center Lease Payments of \$15.3 million ended the year at 2016-2017 budgeted levels. The Convention Center Lease Payments expense is the largest of the City's contractually obligated Successor Agency to the Redevelopment Agency (SARA) obligations. The City received full reimbursement of \$15.3 million from SARA to offset this cost.
- The Energy and Utility Conservation Measures Program (ESCO) project expenditures in 2016-2017 of \$8.0 million were \$555,000, or 6.5%, below the Modified Budget estimate of \$8.6 million and 21.0% below 2015-2016 expenditures of \$10.1 million. Estimated savings of \$150,000 were rebudgeted in the development of the 2017-2018 Adopted Budget, and the remaining savings of \$405,000 are recommended in this report to be rebudgeted in order to continue efforts to construct energy-efficient City projects.
- General Liability Claims of \$6.8 million were \$14.3 million below the 2016-2017 Modified Budget of \$21.1 million. Savings in this appropriation were anticipated and \$14.0 million was rebudgeted as part of the 2017-2018 Adopted Budget to address potential claims in 2017-2018. The remaining unspent balance of \$300,000 is recommended to be rebudgeted in this report.
- San José BEST and Safe Summer Initiative Programs expenditures of \$6.3 million were \$489,000, or 7.2% below the 2016-2017 Modified Budget of \$6.8 million. As part of the development of the 2017-2018 Adopted Budget, an estimated \$744,000 in savings was anticipated and rebudgeted. This report recommends a downward adjustment of \$255,000 to the 2017-2018 allocation, however, since expenditures that occurred in 2016-2017 were higher than anticipated.
- Expenditures for Homeless Rapid Rehousing of \$3.8 million and the Homeless Response Team of \$2.2 million totaled \$6.0 million and ended the year \$2.4 million below budgeted levels across both appropriations. Savings of \$2.3 million were anticipated in the development of the budget and were rebudgeted into 2017-2018. Additional year-end savings of \$124,000 are recommended for rebudget as part of this report.
- Sick Leave Payments Upon Retirement expenditures of \$4.1 million came in below budgeted levels by \$863,000, though essentially remained flat with the 2015-2016 level of \$4.0 million.

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *Capital Projects*

In 2016-2017, the General Fund provided funding totaling \$82.8 million for capital projects. Of this amount, approximately \$33.5 million was unexpended at year-end. The projects with the largest unexpended balances included:

Capital Projects	Unexpended Funds (\$000s)
Fire Apparatus Replacement	\$ 13,944
City Hall HVAC Control System Replacement	4,883
Police Communications Emergency Uninterrupted Power Supply	3,186
Police Communications Fire Protection System Upgrade	1,751
East Side Union High School District Community Wireless Network Project	1,073
San Jose Stage Company	1,000
City Hall Waterproofing	983
Emergency Vehicle Preemption Service	760
Police Communications Center Elevator Retrofit	595
All Other Projects	5,374
Total Unexpended Capital Projects	\$ 33,549

Rebudgets included in the 2017-2018 Adopted Budget carried over \$29.0 million to 2017-2018, with remaining savings available of \$4.6 million. An additional \$4.4 million is recommended to be rebudgeted in the Annual Report (primarily for Fire Apparatus Replacement), resulting in net savings in the General Fund Capital category of \$220,000. The largest savings were realized in the Closed Landfill Compliance (\$135,000), the Silicon Valley Regional Communications System - Infrastructure Payment (\$50,000), and the U.S. Patent and Trademark Office (USPTO) Tenant Improvement Project (\$29,000).

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Augmentations for various appropriations are also recommended. Details of those appropriation adjustments are reflected in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document.

2016-2017 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *Transfers*

In the Transfers category, expenditures of \$28.1 million ended the year at budgeted levels.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves and the Contingency Reserve. On June 30, 2017, the total Reserve balance was \$150.7 million. The 2017-2018 Adopted Budget assumed that \$146.3 million would be available at year-end, with reserves either re-established in 2017-2018 or used as a funding source for the 2017-2018 Adopted Budget. The actual year-end balance was above the estimated balance by approximately \$4.5 million. Net rebudget adjustments totaling \$4.0 million are recommended in this report, leaving a balance of \$475,000.

Earmarked Reserves totaled \$115.2 million on June 30, 2017, the largest of which were the Building Development Fee Program Reserve (\$22.4 million); Budget Stabilization Reserve (\$16.3 million); Workers Compensation/General Liability Catastrophic Reserve (\$15.0 million); 2016-2017 Ending Fund Balance Reserve (\$11.0 million), Fire Development Fee Program (\$7.3 million); Cultural Facilities Capital Maintenance Reserve (\$6.9 million); Retiree Healthcare Solutions Reserve (\$6.1 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million); Public Works Development Fee Program Reserve (\$5.5 million); and Salaries and Benefits Reserve (\$5.0 million).

The 2016-2017 Ending Fund Balance Reserve of \$11.0 million was proactively set aside to help ensure sufficient fund balance would be available at the end of 2016-2017 to meet the budgeted estimate used in the development of the 2017-2018 Adopted Budget. Annually, as part of the development of the General Fund Forecast and Adopted Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. In the 2017-2018 Adopted Budget, it was assumed that \$18.6 million would be generated from these sources. The establishment of the 2016-2017 Ending Fund Balance Reserve set aside a portion of this funding, with the assumption that the remaining amount would be realized by year-end primarily from expenditure savings and the liquidation of prior year carryover encumbrances.

**2016-2017
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

The Contingency Reserve totaled \$35.5 million and remained unspent during the year. As part of the 2017-2018 Adopted Budget, the full Contingency Reserve was rebudgeted and funding of \$500,000 was added (bringing the Reserve to \$36.0 million) in order to comply with the Council Policy of maintaining a minimum 3% Contingency Reserve in the General Fund. As part of this report, an additional \$500,000 is recommended to comply with the 3% funding requirement and would bring the 2017-2018 Contingency Reserve to \$36.5 million. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency.

Recommended expenditure adjustments and clean-up actions can be found in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this report. Adjustments are in the following categories: Required Technical/Rebalancing Actions, Grants/Reimbursements/Fees, and Urgent Fiscal/Program Needs as described in detail in the General Fund Recommended Budget Adjustments Summary. In addition, clean-up actions can also be found in this section with a detailed description of recommended actions found in the introduction of that section.

PAGE IS INTENTIONALLY LEFT BLANK

2016-2017 ANNUAL REPORT

III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2016-2017 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and ending fund balance performances. The funds are discussed in alphabetical order.

The Revenue and Expenditure Performance chart displays the 2016-2017 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2016-2017 Modified Budget, which includes fund balance and reserves. The 2016-2017 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2017-2018 Adopted Budget with the Actual Ending Fund Balance. The Recommended Annual Report Rebudget Adjustments shows the amount of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

Revenue Performance: This discussion identifies the amount of revenue received in 2016-2017 and major revenue sources; provides context regarding the year-end revenue performance variance to the modified budget; and compares revenues to the prior year performance.

Expenditure Performance: This discussion identifies the amount of expenditures for 2016-2017 and major expenditure categories; provides context regarding the year-end expenditure performance variance to the modified budget; discusses significant capital improvement project variances relative to the size of the capital fund; lists related 2017-2018 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2017-2018 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2017-2018 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2017-2018 budget related to recommended actions included in this report.

PAGE IS INTENTIONALLY LEFT BLANK

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$69,623	\$39,502	(\$30,121)	(43.3%)
Expenditures	\$131,849	\$84,731	(\$47,118)	(35.7%)

The Airport Capital Funds include the Airport Capital Improvement Fund, the Airport Revenue Bond Improvement Fund, the Airport Renewal and Replacement Fund, and the Airport Passenger Facility Charge Fund.

Revenues totaled \$39.5 million and were generated from Passenger Facility Charges (PFCs) (\$23.1 million), transfers from the Airport Surplus Revenue Fund (\$4.0 million) and the Airport Revenue Fund (\$1.0 million), grant income (\$10.8 million), and interest earnings (\$604,000). This revenue level was \$30.1 million (43.3%) below the modified budget and \$8.4 million (27.1%) higher than the prior year level of \$31.1 million.

After adjusting for grant-related revenue rebudgets of \$24.2 million included in the 2017-2018 Adopted Budget, the remaining negative variance to the budget of \$5.9 million (8.5%) was mainly due to lower than budgeted grant revenue. However, PFC revenue ended the year above the modified budget by \$2.3 million (11.0%), partially offsetting the grant revenue variance. Overall, revenues were higher than the prior year due to increased revenue from PFCs, grants, and interest.

Expenditures totaled \$84.7 million and consisted primarily of transfers to other Airport funds for debt service (\$29.3 million), various capital renewal and replacement projects (\$19.9 million), Perimeter Security Technology Infrastructure (\$9.4 million), Terminal B Gates 29 and 30 (\$12.2 million), Southeast Ramp Reconstruction (\$6.9 million), FIS Baggage System Upgrades (\$4.0 million), and FIS Curbside Improvements (\$3.0 million). This expenditure level was \$47.1 million (35.7%) below the modified budget and \$18.2 million (27.3%) above the prior year level of \$66.6 million.

After adjusting for rebudgets of \$32.6 million included in the 2017-2018 Adopted Budget and \$1.4 million recommended in this report, the expenditure savings to the budget of \$13.1 million (10.0%) was mainly due to savings in the Southeast Ramp Reconstruction, Perimeter Fence Line Upgrades, Landside Program Enhancements, and the Terminal Area Improvement, Phase I projects. Expenditures in the current year were higher than the prior year due to some significant projects to accommodate increased passenger and flight activity levels and enhance customer service, safety, and security at the Airport.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$147,622	\$24,211	\$33,188	\$8,977	(\$1,378)	\$7,599	5.15%

The **Ending Fund Balance** of \$33.2 million was nearly \$9.0 million above the estimate used in the development of the 2017-2018 Adopted Budget. The positive variance was a result of lower than budgeted expenditures, offset slightly by lower than anticipated revenues. After accounting for rebudget adjustments recommended in the Annual Report, the revised variance increases to \$7.6 million. The remaining fund balance is recommended to be allocated to the 2017-2018 Ending Fund Balance in the Airport Capital Funds for future use.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUND - AIRPORT CUSTOMER FACILITY AND
TRANSPORTATION FEE FUND**

Revenue and Expenditure Performance (\$ in Thousands)				
	2016-2017 Budget	2016-2017 Actuals	Variance	% Variance
Revenues	\$20,528	\$20,172	(\$356)	(1.7%)
Expenditures	\$20,520	\$20,334	(\$185)	(0.9%)

Revenues totaled \$20.2 million and were generated from rental car Customer Facility Charge (CFC) fees (\$20.0 million), rental car contributions (\$112,000), and interest earnings (\$103,000). This revenue level was \$356,000 (1.7%) below the modified budget of \$20.5 million and \$2.3 million (10.2%) below the prior year level of \$22.5 million.

The variance to the budget of \$356,000 (1.7%) was mainly due to lower than estimated CFC revenue, which was driven by decreased car rental activities. The reduction in revenue from the prior year was due to the elimination of contributions from rental car companies to cover the shuttle bus transportation costs in 2016-2017. While the rental car companies covered this cost in 2015-2016, CFC revenue was anticipated to cover both debt service payments and transportation costs in 2016-2017.

Expenditures totaled \$20.3 million and were primarily attributed to transfers for debt service payments (\$18.1 million) as well as shuttle bus transportation costs (\$2.2 million). The small variance to the budget of \$185,000 (0.9%) was mainly due to slightly lower than budgeted shuttle bus maintenance and operator costs. This expenditure level was \$344,000 (1.7%) above the prior year level of \$20.0 million due to increased debt service and shuttle bus driver and maintenance costs.

Ending Fund Balance Performance (\$ in Thousands)						
2016-2017 Modified Budget	2016-2017 Estimated Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$33,290	\$11,282	\$12,616	\$1,334	\$0	\$1,334	4.0%

The 2016-2017 **Ending Fund Balance** of \$12.6 million was \$1.3 million above the estimate used in the development of the 2017-2018 Adopted Budget. This positive variance from the estimate was largely due to higher than estimated revenues from CFCs and interest earnings as well as slightly lower than estimated non-personal/equipment expenditures.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND AND AIRPORT
MAINTENANCE AND OPERATION FUND**

Revenue and Expenditure Performance (\$ in Thousands)				
	2016-2017 Budget	2016-2017 Actuals	Variance	% Variance
Revenues	\$146,010	\$153,950	\$7,940	5.4%
Expenditures	\$85,620	\$81,788	(\$3,832)	(4.5%)

Revenues in the Airport Revenue Fund totaled \$154.0 million and were generated from Parking and Roadways (\$52.4 million), Airline Terminal Rental (\$39.8 million), Terminal Building Concessions (\$20.2 million), Landing Fees (\$18.4 million), Miscellaneous Revenue (\$12.7 million), Airfield Area (\$7.3 million), Petroleum Products (\$3.1 million), and a transfer from the Airport Fiscal Agent Fund (\$84,000). This revenue level was \$7.9 million (5.4%) above the modified budget of \$146.0 million and greater than the prior year level of \$143.5 million.

The positive revenue variance of \$7.9 million resulted from higher than budgeted revenue in several categories: Parking and Roadways (\$764,000) due to increased ground transportation trip fees and rental car concession fees, partially offset by lower than anticipated parking revenue; Miscellaneous Revenue (\$1.2 million) due to increased interest earnings; and Airfield Area (\$2.4 million) due to the increased revenue received from the in-flight kitchen tenants. Landing fees (\$875,000) and Airline Terminal Rental revenue (\$1.1 million) were higher than expected from a combination of rate increases and growth in the number of flights and passengers, while Terminal Building Concession revenue exceeded the budget estimate (\$1.6 million) due to increased passenger volume and usage.

The 2016-2017 revenue level was \$10.4 million (7.3%) higher than the 2015-2016 level of \$143.5 million and is primarily attributed to the increased passenger and commercial traffic operations activity.

Expenditures in the Airport Maintenance and Operation Fund totaled \$81.8 million and were primarily for Airport Department non-personal/equipment (\$38.5 million including encumbrances), Airport personal services (\$26.0 million), a transfer to the General Fund for Police and Fire services (\$12.2 million), Overhead (\$2.6 million), and Interdepartmental Services (\$1.9 million) expenditures. This expenditure level was \$3.8 million (4.5%) below the modified budget of \$85.6 million, but \$5.7 million (7.5%) above the prior year level of \$76.1 million.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND AND AIRPORT MAINTENANCE AND OPERATION FUND

The variance to the budget of \$3.8 million was mainly due to personal services vacancy savings (\$1.9 million) and non-personal/equipment expenditure savings (\$940,000) primarily in contractual services associated with the parking program. The \$5.7 million (7.5%) increase over the prior year was primarily due to higher Airport Department non-personal/equipment costs (\$4.0 million including encumbrances), Airport Department personal services costs (\$1.3 million) and Police/Fire services costs (\$714,000). The higher personal services costs reflect the addition of 17 positions in January 2017 necessary to meet increased operational needs resulting from the surge in passenger and commercial flights. Likewise, the non-personal/equipment costs increased due to the higher volume of traffic at the Airport. Costs increased for volume-sensitive items such as gas, electricity, water, and garbage. Custodial, elevator, and baggage handling system maintenance service levels were also impacted. Passenger and new route marketing that increase with new airline routes and service and actions to extend Customs and Border Protection (CBP) service hours also contributed to increased expenditures. Higher costs for Aircraft Rescue and Fire Fighting (ARFF) services can be attributed primarily to wage adjustments, while the increased costs for the Airport Police Division were due to wage adjustments and increased staffing levels.

Ending Fund Balance Performance (\$ in Thousands)

2016-2017 Modified Budget	2016-2017 Estimated Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$350,976	\$130,894	\$127,060	(\$3,834)	\$0	(\$3,834)	(1.1%)

The 2016-2017 combined **Ending Fund Balance** of \$127.1 million was \$3.8 million below the budgeted estimate used to develop the 2017-2018 Adopted Operating Budget. The negative variance from the estimate was largely due to year-end actions of \$9.9 million that were not incorporated in the Estimated Ending Fund Balance. The approved year-end actions allowed for payment of \$6.0 million in variable rate commercial paper debt and \$3.9 million in interest on the 2007 bonds. Partially offsetting these payments were higher than estimated revenues from parking and rental car concession fees (\$1.0 million), Airfield concession fees (\$600,000), and miscellaneous revenue (\$850,000) and lower than estimated Airport Department non-personal/equipment (\$2.0 million) and Airport Department personal services expenditures (\$1.9 million). Additionally, a lower than anticipated adjustment to the Other Post Employment Benefit (OPEB) Reserve that is located in Airport Maintenance and Operation Fund Master Trust Agreement Reserve further reduced actual Ending Fund Balance figures. The anticipated increase in the OPEB Estimated Ending Fund Balance was approximately \$3.0 million while the actual adjustment was zero. The year-end actions taken focused on reducing indebtedness at a lower cost.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

In 2016-2017, passenger activity of 11.5 million passengers was up 12.7% from the 2015-2016 level of 10.2 million passengers. Moreover, the percentage growth in annual enplanements at the Airport in 2016-2017 was 12.8%, compared to a 2.5% estimated level, which exceeded the Federal Aviation Administration's (FAA) projection of 2.2% for national enplanement growth for 2016-2017. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage and the money is refunded to the City's airline partners in recognition of their achievement in increasing passenger levels. Budget actions are recommended in this report to reduce the 2017-2018 overhead expenses to the Airport Maintenance and Operation Fund by \$1,126,026 to reflect a reduction of the overhead rate by 6.13% (from the adopted overhead rate of 21.13% to the floor rate of 15.00%), offset by the elimination of a reserve in the General Fund for this purpose. The estimated passenger growth for 2017-2018 is 3.0% over the 11.5 million passengers in 2016-2017.

The overhead reduction described above will be offset by an increase in the same amount to the Airport's non-personal/equipment appropriation. These actions are described in further detail in the *Recommended Budget Adjustments and Clean-Up Actions* section of this report.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$39,438	\$26,542	(\$12,986)	(32.7%)
Expenditures	\$59,819	\$31,231	(\$28,588)	(47.8%)

Revenues totaled \$26.5 million and were generated primarily from Building and Structure Tax (\$23.3 million), grant funding (\$2.3 million), interest earnings (\$590,000), and developer contributions (\$326,000). The revenue level was \$4.9 million (22.4%) above the prior level of \$21.7 million.

The 2016-2017 revenues were lower than budgeted levels by approximately \$13.0 million, resulting primarily from lower than budgeted grant revenue (\$12.9 million) and lower Building and Structure Construction Tax receipts (\$657,000), offset by higher interest earnings (\$390,000) and developer contributions (\$326,000). Grant related revenues of \$12.7 million, which were not received in 2016-2017 due to project delays, were anticipated and rebudgeted during the development of the 2017-2018 Adopted Budget. An additional \$243,000 of grant funding is recommended to be rebudgeted as part of this report.

At \$23.3 million, Building and Structure Construction Tax receipts in 2016-2017 were 20.4% higher than 2015-2016 collections of \$19.4 million. The higher collections in Building and Structure Construction Tax revenues is primarily attributable to increased issuances of permits for commercial and residential building projects. The total valuation of projects submitted in 2016-2017 was \$1.9 billion, 24.3% above the \$1.5 billion valuation of projects that were received in 2015-2016. Total valuation for all land use categories ended the year above estimates. Though industrial activity of \$574.5 million fell below last year's level of \$594.7 million, commercial valuation increased to \$702.6 million from the prior year level of \$474.0 million and residential valuation rose to \$599.1 million from \$440.9 million. A total of 2,712 new residential units received permits in 2016-2017, which was above 2015-2016 actuals of 1,692 units. Notable activity that took place in 2016-2017 includes: building permits for Silvery Towers, a 640 unit condominium and loft high rise on St. James Street; Hanover Cannery Park Apartment Building, a 403 unit apartment complex on Taylor Street; Ohlone Block C Apartment Building; a 268 unit apartment building on Sunol Street; Marshall Squares Apartment Building, a 190 unit apartment building on North 1st Street; Balbach Condos, a 101 unit condominium complex on Balbach Street; and two Hyatt Hotels, a 7-story building on Karina Court and a 5-story building on North 1st Street. Based on the extremely strong growth experienced during 2016-2017, the budgeted revenue estimate was increased by \$11.0 million, from \$13.0 million to \$24.0 million; however, actual receipts fell short of the revised budget by \$657,000.

When the 2016-2017 Adopted Budget was developed, it was assumed that Building and Structure Construction Tax receipts would total \$24.0 million in 2016-2017 and drop to \$18.0 million (22.9%) in 2017-2018 as the current batch of projects move through the development pipeline. Since 2016-2017 Building and Structure Construction Tax receipts fell slightly below the budgeted estimate by \$657,000, this volatile revenue category will continue to be closely monitored throughout 2017-2018

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

to determine if budget actions are necessary to revise the revenue estimate. Any necessary adjustments will be brought forward in 2017-2018.

Expenditures totaled \$31.2 million and were \$28.6 million (47.8%) below the modified budget. A significant portion of the expenditure savings (\$20.7 million) was anticipated and rebudgeted as part of the 2017-2018 budget process. An additional \$6.6 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2017-2018. After adjusting for rebudgets, the net savings total \$1.3 million, or 2.2% of the modified budget. The expenditure level was \$12.6 million (68.0%) above the prior year level of \$18.6 million.

Ending Fund Balance Performance (\$ in Thousands)						
2016-2017 Modified Budget	2016-2017 Estimated Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$90,425	\$39,902	\$46,547	\$6,645	(\$6,381)	\$264	0.3%

The **Ending Fund Balance** of \$46.5 million was \$6.6 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for net revenue and expenditure rebudgets of \$6.4 million recommended in the Annual Report, the positive variance decreases to \$264,000. Significant expenditure rebudgets include Route 101/Mabury Road Project Development (\$1,639,000), Autumn Street Extension (\$955,000), McLaughlin Avenue Pedestrian/Bike Safety Enhancements (\$534,000), Grants Refunds (\$500,000), and Park Avenue Multimodal Improvements (\$499,000).

As described in the *Recommended Budget Adjustments and Clean-Up/Rebudget Actions* section, a limited number of revisions to existing projects are recommended in this report. After accounting for all recommended adjustments, a reduction of \$62,000 to the 2017-2018 Ending Fund Balance is recommended.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$67,998	\$79,537	\$11,539	17.0%
Expenditures	\$114,074	\$91,237	(\$22,837)	(20.0%)

The Construction and Conveyance (C&C) Tax Funds consist of the Communications C&C Tax Fund, Fire C&C Tax Fund, Library C&C Tax Fund, Parks Central C&C Tax Fund, Parks City-Wide C&C Tax Fund, 10 Council Districts C&C Tax Funds, and Park Yards C&C Tax Fund.

Revenues generated in the Construction and Conveyance (C&C) Tax Funds in 2016-2017 totaled \$79.5 million and were comprised of C&C Tax receipts (\$43.3 million), revenue from the sale of the old Main Yard (\$17.5 million), transfers between funds (\$16.5 million), state and federal grants (\$1.2 million), and interest earnings and other miscellaneous revenue (\$1.0 million). This revenue level is \$11.5 million higher than the budgeted estimate of \$68.0 million, primarily due to higher than budgeted C&C Tax receipts (\$7.3 million), transfers between funds (\$3.1 million), and state and federal grants (\$1.2 million). The 2016-2017 revenue level of \$79.5 million is \$20.9 million (35.6%) higher than the prior year level of \$58.7 million. This variance is primarily due to the sale of the Main Yard (\$17.5 million), increased transfers between funds (\$1.7 million), higher grant revenue (\$994,000) and C&C Tax receipts (\$601,000), compared to 2015-2016 collections.

C&C Tax revenue collections in 2016-2017, which were primarily generated from property transfers, totaled \$43.3 million, an increase of \$601,000 (1.4%) from the 2015-2016 collection level of \$42.7 million. This amount is \$7.3 million above the budgeted estimate of \$36.0 million and \$5.3 million above the above the \$38.0 million forecast used to develop the 2017-2018 Adopted Capital Budget. These estimates allowed for the potential tapering off of this revenue category as it can experience significant changes from year to year. The 2016-2017 tax receipts represent the highest collection level since the peak years of 2003-2004 through 2006-2007 (when annual collections exceeded \$38 million in each of those years, peaking at \$49 million in 2005-2006). Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$920,000 in June 2016 to \$966,000 in June 2017, which represents a 5.0% increase. However, the number of home sales (single-family and multi-dwelling units) decreased 4.1% from 8,223 in 2015-2016 to 7,883 in 2016-2017. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) slightly increased from an average 25 days in 2015-2016 to 26 days in 2016-2017.

The 2017-2018 C&C Tax estimate of \$36.0 million now allows for a 16.9% decline in tax revenue from the 2016-2017 actual tax collection. Receipts in 2017-2018 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate. It is important to note that tax receipts in this category have been volatile in the past with large swings in collections based on economic conditions.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditures totaled \$91.2 million and were primarily for various capital projects and transfers to other funds across the 17 C&C Tax funds (Council Districts 1-10, Parks City-Wide, Parks Central, Park Yards, Fire, Library, Service Yards, and Communications). This expenditure level is \$22.8 million (20.0%) below the budgeted expenditure level of \$114.1 million, and is primarily the result of unexpended capital project funding that was rebudgeted to 2017-2018. The 2016-2017 expenditure level of \$91.2 million was \$26.9 million (41.7%) above the prior year level of \$64.4 million.

Ending Fund Balance Performance (\$ in Thousands)						
2016-2017 Modified Budget	2016-2017 Estimated Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$155,746	\$70,196	\$76,221	\$6,025	(\$445)	\$5,580	3.58%

The **Ending Fund Balance** of \$76.2 million was \$6.0 million above the \$70.2 million estimate used to develop the 2017-2018 Adopted Capital Budget. This variance was primarily due to higher than estimated C&C Tax receipts (\$5.3 million), transfers between funds (\$1.5 million) and state and federal grants (\$997,000), partially offset by higher than estimated project expenditures (\$1.8 million). After accounting for all rebudget adjustments recommended as part of this report, the revised variance to the Ending Fund Balance is decreased to \$5.6 million.

As described in the *Recommended Budget Adjustments and Clean-up/Rebudget Actions* section, this report includes recommendations to allocate \$1.25 million from various C&C Tax Fund Ending Fund Balances to fund various capital projects and reserves, including Fire Station 37 (Construction) Reserve (\$300,000 – Fire), Calabazas Community Center Feasibility Study (\$205,000 – Council District 1 C&C Tax Fund), Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement (\$184,000 – Parks City-Wide C&C Tax Fund), Communications Maintenance (\$101,000 – Communications C&C Tax Fund), Family Camp Repairs – Rim Fire (\$100,000 - Parks City-Wide C&C Tax Fund), Plata Arroyo Park Improvements (\$90,000 - Council District 4 C&C Tax Fund), Alum Rock Avenue and 31st Street Park Phase II (\$77,000 - Council District 4 C&C Tax Fund), Environmental Mitigation Maintenance and Monitoring (\$70,000 - Parks City-Wide C&C Tax Fund), Happy Hollow Park & Zoo Lactation Station (\$70,000 – Parks City-Wide C&C Tax Fund), and GIS Mapping Support (\$50,000 – Parks Purposes C&C Central Fund). The remaining fund balance is recommended to be allocated to the respective funds’ 2017-2018 Ending Fund Balance for future use.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$73,827	\$58,184	(\$15,643)	(21.2%)
Expenditures	\$112,222	\$78,601	(\$33,621)	(30.0%)

Revenues totaled \$58.2 million and were primarily generated from the Construction Excise Tax (\$30.2 million), grant funding (\$18.1 million), developer contributions (\$5.9 million), miscellaneous revenue (\$2.0 million), interest (\$1.2 million), and transfers (\$0.9 million). The revenue level was \$7.2 million (14.2%) above the prior year level of \$51.0 million.

The 2016-2017 revenue level was \$15.6 million lower than the budgeted level of \$73.8 million due to lower than budgeted receipts of grant funds (\$16.1 million) and lower Construction Excise Tax receipts (\$1.8 million) relative to the revised budgeted estimate for 2016-2017. However, this shortfall was partially offset by increased traffic impact fees (\$1.0 million), interest earnings (\$746,000) and developer contributions (\$443,000). Grant related revenues of \$9.2 million, which were not received in 2016-2017 due to project delays, were anticipated and rebudgeted as part of the development of the 2017-2018 Adopted Budget, and an additional \$7.4 million is recommended to be rebudgeted as part of this report.

At \$30.2 million, Construction Excise Tax receipts in 2016-2017 were 34.4% higher than 2015-2016 collections of \$22.5 million. The higher collections in Construction Excise Tax revenues is primarily attributable to increased issuances of permits for commercial and residential building projects. The total valuation of commercial and residential projects submitted in 2016-2017 was \$1.3 billion, 24.3% above the \$915.0 million valuation of projects that were received in 2015-2016. Commercial valuation increased to \$702.6 million from the prior year level of \$474.0 million and residential valuation rose to \$599.1 million from \$440.9 million. A total of 2,712 new residential units received permits in 2016-2017, which was above 2015-2016 actuals of 1,692 units. Notable activity that took place in 2016-2017 includes: building permits for Silvery Towers, a 640 unit condominium and loft high rise on St. James Street; Hanover Cannery Park Apartment Building, a 403 unit apartment complex on Taylor Street; Ohlone Block C Apartment Building; a 268 unit apartment building on Sunol Street; Marshall Squares Apartment Building, a 190 unit apartment building on North 1st Street; Balbach Condos, a 101 unit condominium complex on Balbach Street; and two Hyatt Hotels, a 7-story building on Karina Court and a 5-story building on North 1st Street. Based on the extremely strong growth experienced during 2016-2017, the budgeted revenue estimate was increased by \$15.0 million, from \$17.0 million to \$32.0 million; however, actual receipts fell short of the revised budget by \$1.8 million.

When the 2017-2018 Adopted Budget was developed, it was assumed that Construction Excise Tax receipts would total \$32.0 million in 2016-2017 and drop to \$24.0 million (25.0%) in 2017-2018 as

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

current projects move through the development pipeline. The additional 2016-2017 Construction Excise Tax receipts estimated at \$15.0 million were also programmed for pavement maintenance in the 2017-2018 Adopted Capital Budget per City Council direction on the use of excess Construction Excise Tax revenue. Since 2016-2017 Construction Excise Tax receipts fell below the budgeted estimate by \$1.8 million, expenditure savings were necessary to offset this lower collection level. Budget actions are recommended to reduce the Developer Refunds appropriation by approximately \$700,000, as the potential for refunding overpayment of construction taxes is anticipated to be lower in 2017-2018, to help absorb the shortfall within the fund without a reduction to pavement maintenance.

This volatile revenue category will continue to be closely monitored throughout 2017-2018 to determine if budget actions are necessary to revise the revenue estimate. Any necessary adjustments will be brought forward in 2017-2018.

Expenditures totaled \$78.6 million and were \$33.6 million (30.0%) below the modified budget. A portion of the expenditure savings (\$24.6 million) was anticipated and rebudgeted as part of the 2017-2018 budget process. An additional \$8.6 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2017-2018. After adjusting for rebudgets, the net savings total approximately \$400,000, or 0.5% of the modified budget. The 2016-2017 expenditure level was \$9.0 million below the prior year level of \$87.6 million, primarily due to the progression of pavement maintenance projects during 2016-2017.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments Impact</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$174,972	\$76,720	\$82,854	\$6,135	(\$1,296)	\$4,839	2.8%

The **Ending Fund Balance** of \$82.9 million was \$6.1 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for net revenue and expenditure rebudgets of \$1.3 million recommended in the Annual Report, this positive variance drops to \$4.8 million. However, the majority (\$4.3 million) of the remaining balance of funding, generated from developer traffic impact fees, state gas tax and vehicle registration fee revenue is restricted and therefore reallocated to respective reserves and for pavement maintenance. Significant expenditure rebudgets include Montague Expressway – County/Santa Clara Settlement (\$1.5 million), LED Traffic Signal Lamp Replacement (\$1.2 million), and Pavement Maintenance – City (\$969,000).

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

As described in the *Recommended budget Adjustments and Clean-Up Actions* section, a limited number of new grants and projects as well as revisions to existing projects are recommended in this report. After accounting for all recommended adjustments, approximately \$65,000 is recommend to be allocated to the 2017-2018 Ending Fund Balance.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$127,287	\$129,073	\$1,787	1.4%
Expenditures	\$133,930	\$130,070	(\$3,860)	(2.9%)

Revenues totaled \$129.1 million and were generated primarily from Recycle Plus collection charges (\$118.9 million), AB939 Fees (\$4.0 million), Recycle Plus negotiated hauler payments (\$2.7 million), and Household Hazardous Waste (HHW) revenue from the County (\$1.1 million). This revenue level was \$1.8 million above the modified budget of \$127.3 million (1.4%) and \$3.5 million (2.6%) below the prior year level of \$132.6 million.

The variance to the budget was mainly due to higher HHW revenue from the County (\$1.1 million) as this revenue stream is not budgeted due to its volatility, higher AB939 fees (\$485,000), and higher Recycle Plus collection charges (\$208,000). The variance to the prior year was due primarily to lower lien-related charges, partially offset by higher Recycle Plus collection charges.

Expenditures totaled \$130.1 million and were primarily for Single-Family Dwelling (SFD) Recycle Plus contracts (\$52.7 million), yard trimmings/street sweeping contract (\$23.1 million), Multi-Family Dwelling (MFD) Recycle Plus contracts (\$20.4 million), SFD back-end processing (\$10.1 million), Environmental Services Department (ESD) personal services (\$6.6 million), and International Disposal Corporation of California, Inc. (IDC) disposal agreement (\$5.1 million). This expenditure level was \$3.9 million (2.9%) below the modified budget of \$133.9 million and \$4.5 million (3.6%) above the prior year level of \$125.6 million.

The variance to the budget was mainly due to vacancy savings in ESD (\$1.2 million), savings in the IDC disposal agreement (\$700,000), project savings in the Household Hazardous Waste Las Plumas Facility allocation (\$486,000, of which \$44,000 is recommended to be rebudgeted elsewhere in this report), the Customer Information System Transition project (\$346,000), and vacancy savings in the Finance Department. The higher expenditure level compared to the prior year was due primarily to higher costs for Single Family Dwelling Processing (\$5.1 million), the third (of four) phase of which occurred in 2016-2017, and SFD Recycle Plus contracts (\$1.9 million), partially offset by lower expenditures for the IDC disposal agreement (\$1.9 million) and lower HHW Las Plumas Facility project costs, as the majority of these costs were incurred in 2015-2016.

2016-2017 ANNUAL REPORT

**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
INTEGRATED WASTE MANAGEMENT FUND**

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustment)</i>
\$153,316	\$23,932	\$27,260	\$3,328	(\$45)	\$3,282	2.1%

The **Ending Fund Balance** of \$27.3 million was \$3.3 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the variance remains roughly the same. This ending fund balance was higher than the estimate largely due to higher than estimated revenues from Recycle Plus collections (\$369,000), lien-related charges (\$205,000), and AB 939 fees (\$184,000), as well as lower than estimated HHW Las Plumas Facility costs (\$356,000), SFD Recycle Plus contracts (\$322,000), and CIS transition costs (\$265,000).

After accounting for all recommended rebudgets, the 2017-2018 Ending Fund Balance will be increased by approximately \$3.3 million, which includes increases of \$3.3 million to the Unrestricted Ending Fund Balance (from \$6.9 million to \$10.1 million) and \$27,000 to the Operations and Maintenance Reserve (remaining around \$11.4 million), in order to keep this reserve at its target of one month of operating expenditures.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SELF-INSURED MEDICAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$7,550	\$6,697	(\$853)	(11.3%)
Expenditures	\$7,077	\$6,613	(\$464)	(6.6%)

Revenues totaled \$6.7 million and were generated from Reimbursements from City Funds (\$800,000), Reimbursements from Retirement Funds (\$5 million), Participant Contributions (\$845,000), and COBRA Revenues (\$15,000). The total revenue level was \$853,000 (11.3%) below the modified budget.

The variance to the budget of \$853,000 (11.3%) was due primarily to the assumption of the additional month of retiree contributions (\$861,000). When the fund was established, it was assumed that Retirement contributions would start being received in December 2016 for the new health plan that was effective in January, providing an extra month of receipts to the fund and mitigating the need for any potential pre-funding. However, at the end of the fiscal year, it was realized that the retiree receipts into the fund for the month of July (received in June) would have to be deferred to align the revenues with the appropriate fiscal year.

Expenditures totaled \$6.6 million and consisted primarily of Payment of Claims (\$5.9 million), Stop Loss Premium (\$448,000), Provider Administration Fee (\$158,000), and Personal and Non-Personal Services (\$64,000). This expenditure level was \$464,000 (6.6%) below the modified budget.

The expenditure variance to the budget of \$464,000 (6.6%) was due primarily to lower than projected level of Payment of Claims for employees, based on actual claim experience in 2016-2017.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustment)</i>
\$7,550	\$946	\$84	(\$861)	\$0	(\$861)	(11.4%)

The **Ending Fund Balance** of \$84,000 was \$861,000 below the estimate of \$946,000 used in the development of the 2017-2018 Adopted Budget (\$695,000 for the Claims Reserve and \$250,500 for the Ending Fund Balance).

In order to increase the fund balance in 2017-2018 to healthier levels, a planned 10% rate increase for the self-funded PPO starting January 1, 2018 is recommended. According to actuaries, the 10% rate increase may result in an estimated 2% decrease to the enrollment starting January 1, 2018. Based on these assumptions and year-to-date data through August, as well as fund performance in 2016-2017, a series of budget actions are recommended to bring the budget in line with projected performance in 2017-2018 as described in *Section IV - Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSÉ-SANTA CLARA TREATMENT PLANT CAPITAL FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$76,697	\$74,523	(\$2,174)	(2.8%)
Expenditures	\$277,926	\$232,942	(\$44,984)	(16.2%)

Revenues totaled \$74.5 million and were generated primarily from a transfer from the Sewer Service and Use Charge Fund (\$35.7 million), contributions from Santa Clara and the tributary agencies for projects and debt service payments (\$31.7 million), a transfer from the Treatment Plant Connection Fee Fund (\$3.1 million), and interest income (\$2.3 million). This revenue level was \$2.2 million (2.8%) below the modified budget and \$5.9 million (8.7%) above the prior year level of \$68.6 million.

The negative revenue variance to the budget was due primarily to lower contributions from the tributary agencies for projects (\$2.7 million), as a result of the reconciliation for actual Treatment Plant expenditures and encumbrances over the course of the prior year, and 2005 Bond Series A debt service (\$1.1 million), partially offset by higher South Bay Water System capacity improvement fee revenue (\$1.2 million). The variance to the prior year was due primarily to a higher transfer from the Sewer Service and Use Charge Fund (\$5.0 million) for capital projects, South Bay Water System capacity improvement fee revenue (\$1.2 million), and higher contributions from Santa Clara and the tributary agencies (\$4.9 million), partially offset by lower United States Bureau of Reclamation (USBR) grant revenues (\$5.0 million).

Expenditures totaled \$232.9 million and were primarily attributed to capital improvement projects (\$226.9 million) and debt service payments (\$6.0 million). The largest expenditures included the Digester and Thickener Facilities Upgrade (\$131.5 million), Energy Generation Improvements (\$36.7 million), Program Management (\$8.7 million), Aeration Tanks and Blower Rehabilitation (\$7.9 million), and Iron Salt Feed Station (\$6.9 million). This expenditure level was \$45.0 million (16.2%) below the modified budget and \$25.3 million (12.2%) above the prior year level of \$207.6 million.

After accounting for all project rebudgets, including those in the 2017-2018 Adopted Budget and those recommended in this report, the \$45.0 million expenditure variance drops to \$3.3 million, or 1.2% below the budget. The majority of this variance is due to unspent balance in three ongoing appropriations: Equipment Replacement (\$1.7 million), Urgent and Unscheduled Treatment Plant Rehabilitation (\$500,000), and Preliminary Engineering (\$216,000). Additional savings were realized in the Capital Program and Public Works Department Support Service Costs (\$349,000) appropriation. Expenditures were above the prior year due primarily to the Energy Generation Improvements (\$13.6 million), Aeration Tanks and Blower Rehabilitation (\$6.6 million), and Digester and Thickener Facilities Upgrade (\$5.1 million) projects.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSÉ-SANTA CLARA TREATMENT PLANT CAPITAL FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$294,489	\$57,180	\$60,388	\$3,208	(\$1,501)	\$1,707	0.6%

The **Ending Fund Balance** of \$60.4 million was \$3.2 million above the estimate used in the development of the 2017-2018 Adopted Budget. This ending fund balance was higher than the estimate largely due to expenditure savings from the following ongoing allocations: Equipment Replacement (\$1.7 million), Urgent and Unscheduled Treatment Plant Rehabilitation (\$500,000), and Preliminary Engineering (\$216,000). After accounting for all recommended rebudgets, approximately \$1.7 million is recommended to be allocated to the 2017-2018 Ending Fund Balance for future use.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$239,968	\$242,984	\$3,015	1.3%
Expenditures	\$262,138	\$248,708	(\$13,430)	(5.1%)

The San José-Santa Clara Treatment Plant operating funds consist of the Sewer Service and Use Charge Fund (SSUC Fund), the San José-Santa Clara Treatment Plant Operating Fund (Plant Operating Fund), the Sewage Treatment Plant Connection Fee Fund (Connection Fee Fund), and the San José-Santa Clara Treatment Plant Income Fund (Plant Income Fund).

Revenues totaled \$243.0 million and were generated primarily from sewer service and use charges for residential (\$119.3 million), commercial (\$22.2 million), and industrial (\$4.3 million) users; a transfer from the SSUC Fund to the Plant Operating Fund (\$53.5 million); contributions from tributary agencies (\$17.1 million) and the City of Santa Clara (\$12.3 million); recycled water sales and rebates (\$9.7 million); and Connection Fees (\$2.5 million). This revenue level was \$3.0 million (1.3%) above the modified budget and \$14.7 million (6.5%) above the prior year level of \$228.5 million.

The variance to the budget of \$3.0 million (1.3%) was mainly due to higher contributions from the City of Santa Clara (\$1.6 million), higher recycled water sales and rebates (\$1.7 million), higher residential SSUC charges (\$1.2 million), and higher connection fees (\$760,000), partially offset by lower commercial SSUC charges (\$2.9 million). Revenues also came in higher than the prior year due primarily to higher residential SSUC charges (\$7.1 million), an increase to the transfer from the SSUC Fund to the Plant Operating Fund (\$6.0 million), and higher recycled water sales and rebates (\$1.8 million), partially offset by lower commercial SSUC charges (\$1.4 million) and lower contributions from the tributary agencies (\$567,000).

Expenditures totaled \$248.7 million and were primarily for the following: transfers from the SSUC Fund to the Plant Operating Fund (\$53.5 million), San José-Santa Clara Treatment Plant Capital Fund (Plant Capital Fund) (\$38.8 million), and Sewer Service and Use Charge Capital Fund (\$32.0 million); Environmental Services Department (ESD) personal services (\$52.0 million) and non-personal/equipment (\$32.3 million) costs; overhead reimbursements (\$14.5 million); and Department of Transportation (DOT) personal services (\$12.0 million) and non-personal/equipment (\$5.7 million) costs. This expenditure level was \$13.4 million (5.1%) below the modified budget, but \$15.9 million (6.8%) above the prior year level of \$232.8 million.

**2016-2017
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Expenditures ended the year \$13.4 million (5.1%) below the budget primarily due to non-personal/equipment (\$6.2 million) and personal services (\$3.6 million) expenditure savings in ESD, largely a result of vacancy savings and rescheduling some of the contractual services for routine maintenance repair projects due to an unusually long wet winter season and coordinating various maintenance repairs projects with several ongoing capital improvement projects; expenditure savings from the major litigation costs allocation (\$600,000), which was not used in 2016-2017; and non-personal/equipment (\$597,000) and personal services (\$467,000) expenditure savings in DOT. Expenditures tracked \$15.9 million above the prior year due primarily to higher transfers from the SSUC Fund to the Plant Operating Fund (\$6.0 million) and Plant Capital Fund (\$5.0 million), higher ESD personal services costs (\$2.7 million), and higher overhead reimbursements (\$1.7 million).

Ending Fund Balance Performance (\$ in Thousands)						
2016-2017 Modified Budget	2016-2017 Estimated Ending Fund Balance	2016-2017 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Modified Budget
\$336,836	\$90,784	\$92,684	\$1,901	(\$200)	\$1,701	0.5%

The **Ending Fund Balance** of \$92.7 million was \$1.9 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for rebudget adjustments recommended in this Annual Report, the variance drops to \$1.7 million. This ending fund balance was higher than the estimate due to a variety of factors: higher than estimated sewer service and use charges for commercial (\$427,000), residential (\$214,000), and industrial (\$129,000) users, connection fee revenue (\$360,000), and rental income at the treatment plant (\$160,000); lower than estimated non-personal/equipment costs in DOT (\$356,000) and ESD (\$235,000); lower workers' compensation claims (\$343,000); and lower Customer Information System transition costs (\$229,000), partially offset by higher personal services costs in ESD (\$1.4 million) and DOT (\$523,000). Another significant impact to fund balance was a liquidation of \$1.5 million in ESD non-personal/equipment prior year carryover encumbrances in the Plant Operating Fund for annual service and supplies contracts. With replacement contracts commencing in the new fiscal year, these carryover encumbrances were no longer needed.

The additional fund balance of \$1.7 million is recommended to be distributed to the 2017-2018 Ending Fund Balance allocations in the various funds. Of this amount, it is recommended that \$130,000 be set aside in the SSUC Fund's Operations and Maintenance Reserve and \$11,000 in the Plant Operating Fund's Operations and Maintenance Reserve that are included in the Ending Fund Balances, in order to bring those reserves up to the goal of reserving 60 days of operating expenditures. Additionally, of this Ending Fund Balance allocation, it is recommended that the Treatment Plant Expansion Reserve in the Connection Fee Fund be increased by \$415,000 and the Unrestricted Ending Fund Balances be increased by a total of \$1.1 million across the Plant Operating Fund (\$582,000), SSUC Fund (\$402,000), and Plant Income Fund (\$161,000) for future use.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$34,489	\$34,370	(\$119)	(0.3%)
Expenditures	\$115,065	\$74,499	(\$40,566)	(35.3%)

The Sanitary Sewer Capital Funds include the Sewer Service and Use Charge Capital Improvement Fund (SSUC Fund) and the Sanitary Sewer Connection Fee Fund (Connection Fee Fund).

Revenues totaled \$34.4 million and were generated from a transfer from the Sewer Service and Use Charge (SSUC) Fund (\$32.0 million), interest income (\$984,000), connection fees (\$798,000), joint participation payments (\$580,000), and miscellaneous revenue (\$8,000). This revenue level was \$119,000 (0.3%) below the modified budget and \$676,000 (2.0%) above the prior year level of \$33.7 million.

The negative variance to the budget was mainly due to lower joint participation payments (\$820,000), partially offset by higher interest (\$545,000) and connection fee (\$148,000) revenues. Joint participation payments, which reflect the West Valley Sanitation District’s (WVSD) and County Sanitation Districts’ share of costs for projects in their jurisdictions, came in lower than budgeted primarily due to a delay of the 60” Brick Interceptor, Phase VIA and VIB project, which has been rebudgeted to 2017-2018, causing a delay in payments from WVSD for this project. In addition, cost sharing evaluations that are necessary to account for various annexations of County pockets into the City’s jurisdiction have not yet been completed, which is also delaying payments from the County Sanitation Districts; however, these evaluations are anticipated to be completed in 2018. The positive variance to the prior year was due primarily to higher joint participation payments (\$574,000) for cost-sharing projects in 2016-2017.

Expenditures totaled \$74.5 million and were for several capital projects, the largest of which were: Urgent Rehabilitation and Repair Projects (\$13.2 million), Condition Assessment Sewer Repairs (\$9.9 million), Immediate Replacement and Diversion Projects (\$7.8 million), Cast Iron Pipe – Remove and Replace (\$7.3 million), and Infrastructure – Sanitary Sewer Condition Assessment (\$6.2 million). This expenditure level was \$40.6 million (35.3%) below the modified budget and \$8.3 million (12.5%) above the prior year level of \$66.2 million.

Expenditures were below the budget by \$40.6 million (35.3%) as a result of project savings, unexpended project funds, and project delays across a number of projects, including: 60” Brick Interceptor, Phase VIA and VIB (\$28.9 million, all of which was rebudgeted in the 2017-2018 Adopted Budget), 30” Old Bayshore Supplement (\$1.2 million, most of which was rebudgeted in the 2017-2018 Adopted Budget), Rehabilitation of Sanitary Sewer Pump Stations (\$1.1 million, of which \$1.0 million was rebudgeted in the 2017-2018 Adopted Budget), and Immediate Replacement and Diversion Projects (\$1.1 million). Aside from the standard year-to-year variances across projects that occur in capital funds, the higher expenditure level compared to the prior year can be attributed in large part to Urgent Rehabilitation and Repair Projects (\$5.6 million) and Condition Assessment Sewer Repairs (\$4.8 million), which saw more projects completed in 2016-2017 due to more experienced staff and less turnover in the capital program.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$129,805	\$52,238	\$56,201	\$3,963	\$569	\$4,532	3.5%

The **Ending Fund Balance** of \$56.2 million was \$4.0 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for net negative rebudget adjustments recommended in the Annual Report, the variance increases to \$4.5 million. This ending fund balance was above the estimate largely due to higher than anticipated interest income (\$545,000) and lower than anticipated expenditures across several ongoing allocations, including Immediate Replacement and Diversion Projects (\$1.1 million) and Reinforced Concrete Pip Rehabilitation Program (\$500,000), as well as minimally lower than anticipated expenditures across many other projects in the program.

After accounting for all recommended adjustments, approximately \$4.8 million is recommended to be allocated to the SSUC Fund 2017-2018 Ending Fund Balance for future use and \$282,000 removed from the Connection Fee Fund 2017-2018 Ending Fund Balance.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$5,386	\$5,398	\$12	0.2%
Expenditures	\$12,968	\$10,126	(\$2,842)	(21.9%)

The Water Utility Capital Funds include the Water Utility Capital Fund and the Major Facilities Fund.

Revenues totaled \$5.4 million and were generated from a Transfer from the Water Utility Fund (\$4.0 million), Commercial Paper proceeds (\$1.2 million), interest income (\$162,000), and fees paid by developers (\$60,000). The fees consist of Major Facilities Fees (\$40,000), Meter Installation Fees (\$11,000), Service Connection Fees (\$7,000), and Advanced System Design Fees (\$2,000). This revenue level was \$12,000 (0.2%) above the modified budget due primarily to the receipt of major facilities fees (\$40,000), as these fees are not assumed due to the highly volatile nature of this revenue stream, and interest income (\$52,000), partially offset by lower than anticipated Service Connection Fees (\$43,000) and Advance System Design Fees (\$23,000). Revenues were also \$2.0 million (26.8%) below the prior year level of \$7.4 million, due primarily to a lower transfer from the Water Utility Fund for capital projects (\$2.7 million) and lower developer fees (\$571,000), partially offset by Commercial Paper proceeds (\$1.2 million).

Expenditures totaled \$10.1 million and were for several capital projects, the largest of which were Infrastructure Improvements (\$1.8 million), Meter Replacements (\$1.6 million), Cadwallader Reservoir Rehabilitation (\$1.6 million), System Maintenance/Repairs (\$1.2 million), and Edenvale Reservoir Rehabilitation (\$1.1 million). This expenditure level was \$2.8 million (21.9%) below the modified budget, but \$2.1 million (25.6%) above the prior year level of \$8.1 million.

Expenditures were below the budget by \$2.8 million (21.9%) as a result of project savings and unexpended project funds across a number of projects, some of which have been delayed, including: North San José Well #5 Development and Construction (\$1.6 million, which was rebudgeted in the 2017-2018 Adopted Budget), Meter Replacements (\$251,000), North San José Water Well Evaluation and Rehabilitation (\$209,000, all of which was rebudgeted to 2017-2018 or is recommended to be rebudgeted in this report), and Service Installations (\$175,000, all of which is recommended to be rebudgeted in this report). Expenditures were above the prior year due primarily to higher expenses for the Edenvale Reservoir Rehabilitation (\$1.1 million), North San José Water Well Evaluation and Rehabilitation (\$602,000), and Safety and Security Improvements (\$403,000) projects, as they were larger projects that occurred in 2016-2017, as well as repayment of Commercial Paper (\$627,000), which started in 2016-2017, partially offset by the Meter Replacements project, as that project occurred primarily in 2015-2016.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$19,441	\$8,462	\$9,686	\$1,224	(\$417)	\$807	4.2%

The **Ending Fund Balance** of \$9.7 million was \$1.2 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the variance drops to \$807,000. This revised variance from the estimate was due largely to lower expenses across several capital projects, the largest of which were for Meter Replacements (\$481,000), Service Installations (\$175,000), and Infrastructure Improvements (\$171,000), partially offset by higher interest income (\$28,000).

After accounting for all recommended rebudgets, approximately \$773,000 is recommended to be allocated to the Water Utility Capital Fund 2017-2018 Ending Fund Balance and \$34,000 to the Major Facilities Fund 2017-2018 Ending Fund Balance for future use.

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2016-2017 Budget</i>	<i>2016-2017 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$42,245	\$44,732	\$2,486	5.9%
Expenditures	\$45,387	\$43,256	(\$2,131)	(4.7%)

Revenues totaled \$44.7 million and were generated from potable (\$38.7 million) and recycled water (\$5.2 million) sales, late fees (\$552,000), miscellaneous revenues (\$207,000), and interest earnings (\$101,000). This revenue level was \$2.5 million (5.9%) above the modified budget and \$7.9 million (21.4%) above the prior year level of \$36.8 million.

Revenues ended the year above the budget primarily due to higher than anticipated potable water sales (\$2.8 million), partially offset by lower than anticipated recycled water sales (\$275,000). The higher water sales revenue was due primarily to a change to the accrual methodology from a modified accrual basis to a full accrual basis, which provided the 2016-2017 fiscal year with a one-time increase to its revenue stream. The positive variance to the prior year was due primarily to higher potable water sales (\$7.1 million), which was a result of the 3.0% average rate increase combined with higher consumption and the accrual methodology change, as well as higher late fee revenue (\$552,000), since no late fees were collected in 2015-2016 as the City transitioned water utility billing to the new Customer Information System. The higher than anticipated late fee revenue in 2016-2017 reflects late fees collected in 2016-2017 as well as some late fees that had not been collected in 2015-2016.

Expenditures totaled \$43.3 million and were primarily for Environmental Services Department (ESD) non-personal/equipment costs (\$30.2 million, of which \$22.3 million was attributed to the purchase of wholesale potable water and \$3.6 million to wholesale recycled water), a Transfer to the Water Utility Capital Fund (\$4.0 million), and ESD personal services costs (\$5.7 million). This expenditure level was \$2.1 million (4.7%) below the modified budget, but \$2.2 million (5.4%) above the prior year level of \$41.0 million.

The negative variance to the budget was mainly due to lower non-personal/equipment expenditures in ESD (\$1.6 million), which was largely a result of lower than budgeted recycled water (\$1.1 million) and potable water (\$309,000) purchases. Expenditures were above the prior year due primarily to higher non-personal/equipment (\$3.2 million) and personal services (\$787,000) expenditures in ESD, as well as a higher transfer to the General Fund for late fee revenues (\$552,000), partially offset by a decreased transfer to the Water Utility Capital Fund (\$2.7 million).

2016-2017 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
WATER UTILITY OPERATING FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2016-2017 Modified Budget</i>	<i>2016-2017 Estimated Ending Fund Balance</i>	<i>2016-2017 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$53,395	\$8,708	\$13,099	\$4,391	(\$215)	\$4,176	7.8%

The **Ending Fund Balance** of \$13.1 million was \$4.4 million above the estimate used in the development of the 2017-2018 Adopted Budget. After accounting for rebudgets recommended in the Annual Report of \$215,000, the variance decreases to \$4.2 million. The 2016-2017 ending fund balance was higher than the estimate primarily due to higher than estimated revenues from potable water sales (\$3.2 million), lower than estimated ESD non-personal/equipment expenditures (\$886,000), and a lower transfer to the General Fund for late fees (\$123,000), partially offset by higher ESD personal services costs (\$170,000).

After accounting for all recommended rebudgets, the 2017-2018 Ending Fund Balance will be increased by approximately \$4.2 million. Of this amount, \$3.5 million is recommended in this report to adjust the Operations and Maintenance Reserve upward to maintain no more than 90 days of operating expenditures in reserves, in line with the recently adjusted Municipal Code regulating the Water Utility Fund. While the fund balance is not yet at levels to fully fund all the recommended reserves, another \$300,000 is recommended in this report to partially replenish the Rate Stabilization Reserve, which was used in the 2015-2016 Annual Report as a temporary funding source for the fund. The remaining balance of \$329,000 is recommended to be placed in the Unrestricted Ending Fund Balance.

**2016-2017
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Annual Report describes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. The following types of changes are included:

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, reallocate funding among appropriations based on updated needs, to correct technical problems in the 2017-2018 Adopted Budget, or comply with actions previously authorized by the City Council.

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

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

Special/Capital Funds

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

**2016-2017
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

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

General Fund & Special/Capital Funds

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2017-2018 budget for all funds where the actual (unaudited) 2016-2017 Ending Fund Balance contained in the Comprehensive Annual Financial Report (CAFR) statements differ from the budgeted amount.

Development Fee Program Reconciliations – These actions adjust appropriations based on actual Development Fee Program expenditures and revenue receipts. Year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in the Development Fee Program Reserves.

Rebudgets – These actions revise various appropriations to rebudget funds to complete prior year projects. Downward adjustments to previously approved rebudget actions are included if actual year-end revenues or expenditures were higher than anticipated, while upward adjustments are included if actual year-end revenues or expenditures were lower than anticipated.

**2016-2017
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

General Fund & Special/Capital Funds

Technical Adjustments – These actions align revenues and/or expenditures among appropriations, funds, and/or categories for previously approved budget actions or reconciles revenues with expenditures to close out the previous fiscal year.

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds, and revenue categories and the redistribution of funding allocations.
- **Artificial Turf Capital Replacement Reserve** – Consistent with past practice, this technical adjustment in the General Fund adds funding of \$165,000 to a reserve that was included as part of the 2017-2018 Adopted Operating Budget for future replacement of artificial turf fields. This reserve is supported by field reservation revenues, less the cost to maintain and operate the artificial turf fields.
- **Cardroom Regulation** – This technical adjustment in the General Fund reduces the Cardroom Regulation Fee revenue for 2017-2018 to credit the cardrooms for over collection in 2016-2017. As a result of a settlement between the City and the cardrooms, the annual revenue collected from the cardroom regulation fees and the cardroom work permit fees is required to be reconciled to the expenditures incurred by the City for cardroom regulation. In 2016-2017, the revenue collected from the cardroom was greater than the City’s expenditures by \$25,100.
- **Certified Access Specialist Program (CASP)** – This technical adjustment in the General Fund increases the CASP appropriation by \$9,413 based on actual revenue received compared to the modified budget revenue estimate from a \$1.00 surcharge on each new or renewed City-issued business license for activities and services associated with an expanded CASP program, as required by State Senate Bill 1186. Of the total fees collected, 30% are transmitted to the State Division of Architect, and 70% remains with the City of San José. Of the 70% City portion, 95% of the funding provides for inspection services in the Planning, Building and Code Enforcement Department, and the remaining 5% funds administrative costs in the Finance Department for collections and reporting. This program increases compliance with Americans with Disabilities Act improvements and develops educational resources for business to facilitate compliance with federal and State disability laws.
- **Contractual Street Tree Planting** - These technical adjustments in the General Fund increase the Non-Personal/Equipment appropriation to the Department of Transportation by \$69,000 for the Contractual Street Tree Planting program to align funding with actual fees received since 2012-2013. Funding for the Contractual Street Tree Planting program is generated through developer fees that are paid in advance for the pruning of new trees at 3 to 5 years of age, and again at 7 to 10 years of age. Funding is adjusted to ensure availability when the trees are scheduled for pruning.

**2016-2017
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

General Fund & Special/Capital Funds

- **Council District 1, 2, 10 Special Events** - These technical adjustments in the General Fund increase the Council District #01 (\$500), Council District #02 (\$500), and Council District #10 (\$500) to allocate revenue received from various business and individuals in 2016-2017 that will support special events co-sponsored by the respective Council District.
- **Cultural Facilities Capital Maintenance Reserve** – This technical adjustment in the General Fund is necessary to recognize additional Transient Occupancy Tax (TOT) revenue received in 2016-2017 in the amount of \$275,000. In 2017-2018, a budget action was approved to eliminate the portion of the Cultural Facilities Maintenance Reserve, supported by the growth in General Fund TOT receipts (\$6.8 million in 2017-2018). To address facility needs, an annual General Fund allocation of \$450,000 was instead approved. This funding, in combination with the existing Reserve balance, is expected to support capital maintenance needs over the next three years.
- **General Plan Update Reserve** – This technical adjustment reflects a reconciliation of actual annual General Plan Update fee revenues received in the General Fund compared to the modified budget revenue estimate. A General Plan Update fee is applied to certain planning permits and activities and the revenues received are restricted to activities related to General Plan updates. The upward adjustment of \$17,808 accounts for actual revenue receipts that were slightly above the modified budget, which are now recommended to be placed in an earmarked reserve for future use.
- **Gift Trust Fund Reconciliation** – These technical actions allocate the actual revenues received in 2016-2017 that were not incorporated into the 2017-2018 Adopted Budget for existing gifts, as well as rebudget gifts that were anticipated to be spent in 2016-2017, but had funds remaining. The Gift Trust Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City, and funds deposited may be only be used for the specified gifts as indicated.
- **Interest Earnings** – These technical adjustments increase transfers to the General Fund from various Capital Funds. By practice, all interest earnings accrued in the various Construction and Conveyance Tax Funds are transferred to the General Fund, and these recommended adjustments reflect a reconciliation of the actual interest earnings in each of the funds.
- **Interest Earnings – 2014 and 2015 Justice Assistance Grant** – This technical adjustment in the Edward Byrne Memorial Justice Assistance Grant Fund appropriates interest earned in 2016-2017 to the 2014 Justice Assistance Grant and the 2015 Justice Assistance Grant appropriations that were previously unallocated. These funds will be used in accordance with the approved spending plan, which includes equipment, crime prevention and community education programs, and grant administration.

**2016-2017
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

General Fund & Special/Capital Funds

- **Interest Earnings – SLES 2015-2017 and SLES 2016-2018** – This technical adjustment in the Supplemental Law Enforcement Services Fund appropriates interest earned in 2016-2017 to the SLES 2015-2017 and SLES 2016-2018 appropriations that were previously unallocated. These funds will be used in accordance with the approved spending plan, which includes enhancements in investigative abilities, training, crime prevention, community policing, and grant administration.
- **Public, Education, and Government (PEG) Access** – These technical contractually required adjustments in the General Fund reflect a reconciliation of actual revenue received from the City’s cable provider and related interest earnings compared to expenditures. As a result of lower than budgeted revenues and expenditures, these technical adjustments increase the City-Wide Expenses Public, Educational, and Government (PEG) Access Facilities – Capital appropriation by \$450,425 and the City-Wide Expenses Government Access - Capital Expenditures by \$15,260.
- **Public, Education, and Government (PEG) – CreaTV** – This technical contractually required adjustments in the General Fund reflect a reconciliation of actual revenue received from the City’s cable provider and related interest earnings compared to expenditures. As a result of slightly lower than budgeted revenues and expenditures, this technical adjustment increases the PEG – CreaTV appropriation by \$5,627.
- **Maddie’s Lifesaving Grant** – These actions increase the Maddie Lifesaving Grant appropriation by \$111,931 to allocate 100% of the grant revenue received in 2016-2017 from Maddie’s Fund to promote pet adoption efforts for shelter dogs and cats.
- **Transfer to Business Improvement District Fund** – This action increases the transfer from the General Fund to the Business Improvement District Fund in the amount of \$350 to account for increases in assessments for City-owned properties within the Willow Glen Community Benefit Improvement District.

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>2018-2019 Future Deficit Reserve</i>	EARMARKED RESERVES		\$350,000	
<p>This action increases the 2018-2019 Future Deficit Reserve by \$350,000, from \$9.15 million to \$9.5 million. Per Council Policy I-18, Operating Budget and Capital Improvement Program Policy, any ending fund balance that may be available after the close of the 2016-2017 fiscal year is to be allocated 50% for unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following fiscal year. Based on the actions taken as part of the 2017-2018 Adopted Budget, it is currently estimated that the General Fund will face a shortfall of approximately \$35.2 million for 2018-2019. Given this projected shortfall, the entire remaining ending fund balance after required technical and clean-up adjustments is recommended to be allocated to the 2018-2019 Future Deficit Reserve.</p>				
<i>Air Service Incentive Program Reserve/Transfers and Reimbursements</i>	EARMARKED RESERVES		(\$1,150,000)	(\$1,126,026)
<p>This action eliminates the Air Service Incentive Program Reserve in the amount of \$1,150,000 and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$1,126,026. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements (Agreements) that was approved by the City Council in March 2007, requires that, should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2016-2017, the percentage growth in annual enplanement at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2% for national growth. In order to comply with the provisions of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to the overhead floor rate of 15.00%), or \$1,126,026, in 2017-2018. In anticipation of this reduction, the 2017-2018 Adopted Budget included an Air Service Incentive Program Reserve of \$1,150,000 to offset the projected loss in revenue. Because the actual overhead reduction is slightly below the estimate incorporated into the 2017-2018 Adopted Budget, this action results in savings of \$23,974 to be returned to the General Fund. With the amendment to the Airline Lease and Operating Agreements, which removed the Municipally-Funded Air Service Incentive Program, this is the last year the General Fund will have an obligation for this program. With this final reduction to the General Fund overhead, the total loss to the General Fund under this agreement totals \$3,391,842.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Animal Care and Services Washer/Dryer Replacement</i>	CAPITAL PROJECTS		\$50,000	
<p>This action increases the Animal Care and Services (ACS) Washer/Dryer Replacement appropriation by \$50,000 (from \$144,000 to \$194,000) for an unanticipated increase in costs related to the removal and replacement of a wall. The initial project scope inadvertently omitted the removal and replacement of a wall adjacent to the new washer and dryer. The additional washer and dryer for ACS will be critical to improving control of microbial infestation and increasing staff efficiency to care for the large number of stray animals throughout the City.</p>				
<i>Business Tax System</i>	CITY-WIDE EXPENSES		\$145,000	
<p>This action increases the Business Tax System (BTS) appropriation by \$145,000 (from \$173,000 to \$318,000) to address higher than anticipated project costs. The BTS project will allow the City to use a single tax billing and management application and businesses to pay self-reporting taxes online rather than through paper submissions. The additional cost will include an in-house Information Technology Project Manager that will be dedicated to lead the BTS team towards meeting the new go-live period of the 4th Quarter of fiscal year 2017-2018 (\$68,700). In order to meet project goals, the increase will also fund a change order that will add an online payment function and accomodates the recent voter-approved tax modernization ballot measure (\$51,300), and project contingency funding (\$27,000).</p>				
<i>Contingency Reserve</i>	EARMARKED RESERVES		\$500,000	
<p>Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund Contingency Reserve is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve from \$36.0 million to \$36.5 million to ensure compliance with the 3% funding requirement for the 2017-2018 Budget. The purpose of this reserve is to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means.</p>				
<i>Council District #01 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #01 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Council District #02 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #02 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>Council District #03 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #03 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>Council District #04 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #04 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>Council District #05 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #05 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Council District #06 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #06 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760. It should be noted that the Administration was formally notified that the Councilmember for Council District #06 has voluntarily elected to waive her base salary increase for 2017-2018, therefore, her salary will remain at \$92,000. These additional funds will be used instead for general expenses for the Council District.</p>				
<i>Council District #07 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #07 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>Council District #08 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #08 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>Council District #09 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #09 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Council District #10 (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #10 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<i>FMC Debt Service Payments</i>	CITY-WIDE EXPENSES		\$392,000	
<p>This action increases the FMC Debt Service Payments appropriation by \$392,000 (from \$2.2 million to \$2.6 million) to cover the debt service payments due from the City. This adjustment corrects an error in the City-Wide Expenses section of the 2017-2018 Adopted Operating Budget.</p>				
<i>Insurance Premiums</i>	CITY-WIDE EXPENSES		\$33,000	
<p>This action increases the Insurance Premiums appropriation by \$33,000 (from \$607,000 to \$640,000) to replace an amount that had been removed in the 2017-2018 Proposed Budget due to the expected sale of Hayes Mansion in 2016-2017, but which was inadvertently not included in the 2017-2018 Adopted Budget after the sale did not occur as anticipated.</p>				
<i>Non-Personal/Equipment (reallocation from Personal Services for MGO Accounting Services)</i>	FINANCE		\$100,000	
<p>This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to provide funding for the City's external auditors to assist the Accounting Division with the consolidation of the financial statements for the City's Comprehensive Annual Financial Report due to position vacancies and staff tenure. It has been determined that sufficient savings in the Personal Services appropriation will occur by year-end due to vacancy savings in order to offset this action. A corresponding decrease to the Finance Department Personal Services appropriation is recommended elsewhere in this report for a net-zero impact on the General Fund.</p>				
<i>Office of the Mayor (Salary Setting Commission)</i>	MAYOR & COUNCIL		\$3,750	
<p>This action increases the Office of the Mayor appropriation to reflect the salary increase for the Mayor as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase the Mayor's salary by \$3,750, from \$125,000 to \$128,750.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Other Revenue (Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement - Interest Earnings)</i>	REVENUE ADJUSTMENTS			\$232,511
<p>This action increases the estimate for Other Revenue by \$232,511 for interest earnings paid to the City as part of the Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement. As part of the agreement, a payment of \$12.9 million was included in the 2017-2018 Adopted Budget. Final negotiations with the County of Santa Clara, however, resulted in the payment of interest earnings which were not included in the final budget.</p>				
<i>Personal Services (Multiple Housing Occupancy Program Temporary Staffing)</i>	PLANNING, BLDG, & CODE ENF		\$150,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$150,000 for temporary staffing to support the Code Enforcement Multiple Housing Occupancy Program. The funding will provide for an experienced code enforcement inspector on a temporary basis who can provide inspections and training for the mostly new staff and help the staff meet performance targets for the Multiple Housing Occupancy Program.</p>				
<i>Personal Services (reallocation to Non-Personal/Equipment for MGO Accounting Services)</i>	FINANCE		(\$100,000)	
<p>This action decreases the Finance Department Personal Services appropriation by \$100,000 to offset an increase to the department's Non-Personal/Equipment appropriation recommended elsewhere in this report. The increase to that appropriation will provide funding for the City's external auditors to assist the Accounting Division with the consolidation of the financial statements for the City's Comprehensive Annual Financial Report due to position vacancies and staff tenure. It has been determined that sufficient savings in the Personal Services appropriation will occur by year-end due to vacancy savings in order to offset the increase to the Non-Personal/Equipment appropriation for a net-zero impact on the General Fund.</p>				
<i>Police Department Overtime (Salaries and Benefits Reallocation)</i>	POLICE			
<p>This action increases the Police Department's overtime funding in 2017-2018 by \$13.0 million (from \$17.3 million to \$30.3 million). As been the practice for the past several years, this funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement efforts for high crime activity. To better align anticipated actual costs with expenditure line items, this action reallocates \$13.0 million in estimated 2017-2018 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. This action will have a net-zero impact on the General Fund.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Sales Tax</i>	REVENUE ADJUSTMENTS			(\$4,000,000)
<p>This action decreases the Sales Tax estimate by \$4.0 million, from \$228.0 million to \$224.0 million to lower the estimate for the General Sales Tax category. When the 2017-2018 Adopted Budget was developed, the General Sales Tax estimate of \$187.0 million reflected underlying growth of 3.0% (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 year-end estimate of \$180.0 million. However, because actual General Sales Tax receipts ended 2016-2017 below estimated levels, a decrease to the 2017-2018 estimate of \$4.0 million (from \$187.0 million to \$183.0 million) is recommended. The resulting modified 2017-2018 estimate continues to reflect an underlying 3% growth (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 actual collection level. Detailed information on the Sales Tax revenue category can be found in Section II - General Fund Budget Performance of this report.</p>				
<i>Transfer to the Water Utility Fund (Late Fee Reconciliation)</i>	TRANSFERS		\$117	
<p>This action establishes a Transfer to the Water Utility Fund in the amount of \$117 to reimburse the fund for a revenue reversal that occurred in 2015-2016. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and are therefore transferred each year to the General Fund. The Water Utility Fund had a small credit of \$117 to the Late Fee revenue item during 2015-2016, while the Transfer to the General Fund did not occur for that year (as no late fees were collected in 2015-2016, so no funds were transferred). This transfer is normally reconciled prior to the fiscal year-end close; however, this reconciliation was inadvertently missed in 2016-2017.</p>				
TOTAL REQUIRED			\$501,467	(\$4,893,515)
TECHNICAL/REBALANCING ACTIONS				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>After School Education and Safety Programs for 2017-2018/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$454,748	\$454,748
<p>This action establishes an After School Education and Safety Programs for 2017-2018 appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Revenue from Local Agencies in the amount of \$454,748. This grant funding will support after school education and safety programs by providing supplies and materials for the after school programming and staff time at the Berryessa Union School District (\$106,257), Alum Rock Union Elementary School District (\$103,171), ACE Charter School Empower Academy (\$100,402), and ACE Charter School Franklin McKinley for the 2017-2018 school year. After School Education and Safety Program supports local after school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through ninth grade.</p>				
<i>California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$217,314	\$236,142
<p>This action increases the California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015 appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$217,314 and the corresponding estimate for Revenue from the State of California by \$236,142 to reflect the remaining grant funding from the State of California's Board of State and Community Corrections. The CALGRIP grant is a three year grant totaling \$1,422,666, in which the term of the grant ends on December 2017. Of the total grant, \$474,222 is allocated each year. The grant funding will be used for supplies and materials and will also be allocated to community-based organizations. This CALGRIP grant is a collaborative effort targeting gang-impacted youth through the implementation of prevention, intervention, substance abuse, and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence.</p>				
<i>CityDance Production/Other Revenue</i>	CITY-WIDE EXPENSES		\$45,000	\$45,000
<p>This action establishes the CityDance Production appropriation in the amount of \$45,000 and increases the estimate for Other Revenue by \$45,000 to support CityDance production costs. Every Thursday evening between August 24, 2017 to October 12, 2017, Plaza de Cesar Chavez Park turns into a place for socializing, music, and dancing. Production costs include special use park rental, electrical services, marketing/promotions, videography, stage barricades, fencing, portable restrooms, tow zones, and a talent consultant/producer. The City received grants from San Jose Hotels, Inc. (\$20,000) and the Knight Foundation (\$25,000) to support the CityDance Production.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Council District #01/Other Revenue (Special Event Sponsorship)</i>	MAYOR & COUNCIL		\$1,825	\$1,825
This action increases the Council District #01 appropriation and the corresponding estimate for Other Revenue by \$1,825 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 1, including the 10th Annual Disability Awareness Fair event.				
<i>Council District #02/Other Revenue (Special Event Sponsorship)</i>	MAYOR & COUNCIL		\$500	\$500
This action increases the Council District #02 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 2, including the 2017 Summerfest event.				
<i>Council District #05/Other Revenue (Special Event Sponsorship)</i>	MAYOR & COUNCIL		\$12,200	\$12,200
This action increases the Council District #05 appropriation and the corresponding estimate for Other Revenue by \$12,200 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 5, including the 2017 National Night Out event.				
<i>Council District #08/Other Revenue (Special Event Sponsorship)</i>	MAYOR & COUNCIL		\$1,500	\$1,500
This action increases the Council District #08 appropriation and the corresponding estimate for Other Revenue by \$1,500 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 8, including the Senior Health Fair event.				
<i>Council District #10/Other Revenue (Special Event Sponsorship)</i>	MAYOR & COUNCIL		\$250	\$250
This action increases the Council District #10 appropriation and the corresponding estimate for Other Revenue by \$250 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 10, including the 2017 Senior Winter Walk and Resource Fair event.				
<i>Expedited Purified Water Program/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$200,000	\$200,000
This action increases the Expedited Purified Water Program appropriation to the Environmental Services Department and increases the estimate for Revenue from Local Agencies by \$200,000 for a grant from the Santa Clara Valley Water District. Funds will be used to continue evaluation of direct potable reuse and support City activities to further explore the viability of an Expedited Purified Water Program.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$11,481	\$11,481
<p>This action increases the Internet Crimes Against Children (ICAC) Federal Grant 2014-2015 appropriation to the Police Department and the corresponding estimate for Revenue from Federal Government in the amount of \$11,481 to recognize proceeds from the sale of two vehicles acquired using ICAC funds. This grant funds officer overtime spent on investigations and prosecutions of internet crimes against children offenses as well as on increasing public awareness on this issue. As part of the grant regulations, any earned grant income must be used in the same manner as these grant funds.</p>				
<i>Museum Place Project/Revenue from the Use of Money/Property</i>	CITY-WIDE EXPENSES		\$65,000	\$65,000
<p>This action establishes the Museum Place Project appropriation in the amount of \$65,000 and increases the estimate for Revenue from the Use of Money/Property by \$65,000 for the Disposition and Development Agreement with Insight King Wah LLC toward the construction of the Museum Place Project. This mixed-use project will consist of office space, hotel space, retail space, expansion space for the Tech Museum, and a garage. The \$65,000 represents an initial deposit from the developer for the City costs related to the Museum Place Project.</p>				
<i>Non-Personal/Equipment/Other Revenue (Cities of Service Grant)</i>	PARKS, REC, & NEIGH SVCS		\$25,000	\$25,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Other Revenue by \$25,000 to reflect grant funding from Cities of Service to provide supplies and materials for the Anti-Graffiti and Anti-Litter programs.</p>				
<i>Non-Personal/Equipment/Revenue from Federal Government (State Homeland Security Grant Program)</i>	FIRE		\$15,485	\$15,485
<p>This action increases the Fire Department Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Federal Government by \$15,485 for funding from the State Homeland Security Grant Program (SHSGP) Anti-Terrorism Approval Authority. In 2016-2017, the City received funding from SHSGP for the purchase of two Jon boats for use in water rescue, and the Authority has granted \$15,485 in funding to purchase two additional Jon boats. These boats are flat-bottomed vessels that are relatively lightweight and exceptionally stable in rough water.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Non-Personal/Equipment/Revenue from Local Agencies (Children's Discovery Museum Grant)</i>	PARKS, REC, & NEIGH SVCS		\$50,000	\$50,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Local Agencies by \$50,000 to reflect grant funding from the County of Santa Clara to support the construction of the Bill's Backyard exhibit at the Children's Discovery Museum.</p>				
<i>Non-Personal/Equipment/Revenue from State of California (California Highway Patrol Reimbursement)</i>	POLICE		\$11,365	\$11,365
<p>This action increases the Police Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from State of California in the amount of \$11,365 to reflect the reimbursable agreement between the Police Department and the California Highway Patrol (CHP). Per the agreement, the CHP will provide uniformed personnel to assist with traffic-related enforcement, control, and collision investigations related to high-occupancy vehicle (HOV) lanes within the City of San José on San Tomas and Montague Expressways.</p>				
<i>Non-Personal/Equipment/Revenue from State of California (Caltrans Planning Grant)</i>	PLANNING, BLDG, & CODE ENF		\$190,000	\$333,000
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$190,000 and recognizes corresponding revenue of \$333,000 from the Federal Government for a California State Transportation Agency non-infrastructure planning grant (funding is allocated by the Federal Highway Administration). The grant provides funding for consulting services for the development of Urban Village Plan policy documents for the North First Street Area and Berryessa/BART Urban Villages. Preparation of these Village Plans is necessary prior to issuance of entitlements for residential development within any of the Urban Village areas identified on the General Plan Land Use/Transportation Diagram. Existing positions will support the completion of this grant and will be partially offset by grant proceeds. The project is scheduled for completion by June 2019. The remaining grant funding of \$368,000 will be included as part of the development of the 2018-2019 budget.</p>				
<i>PG&E Summer Cooling Shelter Program Grant/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,000	\$7,000
<p>This action increases the PG&E Summer Cooling Shelter Program Grant appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Other Revenue by \$7,000 to reflect grant funding from Pacific Gas & Electric to support raising awareness of heat safety measures and sheltering residents to mitigate health risks on extremely hot days.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Parade of Floats Public Art Statues/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,500	\$7,500
<p>This action establishes the Parade of Floats Public Art Statues appropriation to the Office of Economic Development in the amount of \$7,500 and increases the estimate for Other Revenue by \$7,500 to fund preliminary studies for the temporary removal and replacement of the Parade of Floats Public Art Statues along North 5th Street. This allocation funds staffing costs related to plan review and construction oversight for the removal and replacement of the statues. These costs will be fully reimbursed by the Bayview Development Group.</p>				
<i>Personal Services/Other Revenue (Knight Foundation Grant - Historic Preservation and Urban Design Guidelines Update)</i>	PLANNING, BLDG, & CODE ENF	1.00	\$199,000	\$99,000
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$96,000 and Non-Personal/Equipment appropriation by \$50,000, establishes a reserve in the General Fund in the amount of \$53,000 for the portion of the local match that will be used in the second year of the grant, and recognizes corresponding Other Revenue from the Knight Foundation of \$99,000. The grant, totaling \$198,000, with a City match of \$200,000, provides total funding of \$398,000 over two years for 1.0 Planner IV position, limit-dated through February 28, 2019, and consulting services to update and refine the existing City-wide Design Guidelines and Historic Preservation Guidelines, including the Residential, Commercial, and Industrial Design Guidelines, and Downtown San José Historic District and Saint James Square Historic District Design Guidelines. In anticipation of this grant being awarded, \$100,000 was appropriated to the Department's non-personal/equipment budget from the City-Wide Historic Preservation appropriation in the 2017-2018 Adopted Budget. The remaining grant funding of \$99,000 will be included in the development of the 2018-2019 budget.</p>				
<i>Personal Services/Other Revenue (National Council on Aging)</i>	PARKS, REC, & NEIGH SVCS		\$7,500	\$7,500
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$7,500 and the corresponding estimate for Other Revenue by \$7,500 to reflect grant funding from the National Council on Aging to support senior programming such as arts and crafts, choir, folk dance, basic sewing, and exercise classes.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Selective Traffic Enforcement Program 2017-2018/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$192,750	\$192,750
<p>This action establishes the Selective Traffic Enforcement Program 2017-2018 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the State of California Office of Traffic Safety in the amount of \$192,750. This grant, which totals \$257,000 (the remaining \$64,250 will be appropriated in 2018-2019), primarily funds Police Officer overtime to conduct targeted driving under the influence (DUI) checkpoints and patrols as well as conduct distracted driving, motorcycle safety, click it or ticket, and pedestrian/bicycle enforcement operations during the term of the grant (October 1, 2017 through September 30, 2018).</p>				
<i>State Homeland Security Grant Program/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$26,803	\$26,803
<p>This action increases the State Homeland Security Grant Program appropriation to the Police Department and the estimate for Revenue from Federal Government in the amount of \$26,803 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.</p>				
<i>Summer Food Service Program/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$53,934	\$53,934
<p>This action increases the Summer Youth Nutrition Program appropriation to the Parks, Recreation and Neighborhood Services Department by \$53,934 and the corresponding estimate for Revenue from Federal Government by \$53,934 to reflect grant funding from the Summer Food Service Program. This program, administered by the California Department of Education Nutrition Services Division, provides lunches and snacks to qualifying youth during the summer at Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers.</p>				
<i>Valley Transit Authority Bus Rapid Transit Enhancement Project/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$10,000	\$10,000
<p>This action increases the Valley Transit Authority Bus Rapid Transit Enhancement Project appropriation and corresponding estimate for Revenue from Local Agencies by \$10,000 for close-out artwork installations for the Santa Clara-Alum Rock Bus Rapid Transit Project. This work is reimbursed by the Valley Transit Authority.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES		1.00	\$1,806,155	\$1,867,983

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Google Development Planning</i>			\$415,000	
<p>This action establishes the Google Development Planning appropriation to the Office of Economic Development for 2017-2018 costs associated with the Google development in the Diridon Area. In June 2016, the City Council approved an Exclusive Negotiating Agreement with Google, which anticipates the sale of City and Successor Agency owned properties to Google. This funding will allow for the negotiations involved with this multi-year project, a consultant agreement for Diridon development standards/design guidelines, a legal advisor to support the City Attorney's Office in development of the Memorandum of Understanding with Google, a community engagement advisor to assist with design of a community engagement process and facilitate meetings and other large public forums, and temporary staffing for the Planning, Building and Code Enforcement Department to provide CEQA and development review beginning April 2018. It is anticipated that the City will enter into a reimbursement agreement with Google to cover City costs. Additional budget actions are expected to be brought forward in 2018-2019 to continue work on this project.</p>				
<i>Non-Personal/Equipment (VEBA Opt-In Program Implementation)</i>			\$100,000	
<p>This action increases the City Manager's Non-Personal/Equipment appropriation by \$100,000 to provide funding for one-time costs associated with Voluntary Employee Beneficiary Association (VEBA) Opt-In Program Implementation, as a result of the passage of Measure F, which passed in November 2016. These funds will be used for two temporary employees who will be supporting the VEBA implementation (\$53,000), a Retiree Health Decision-Making Independent Benefit Consultant to provide educational and counseling services to employees considering opting-out of the current defined benefit retiree healthcare plan and into VEBA (\$26,000), and a one-time start-up cost insurance premium for Federated and Sworn VEBA Health Savings Trust (\$21,000). For more information, please refer to the Measure F Implementation - VEBA Opt-In Informational Memorandum that was distributed on September 26, 2017.</p>				
<i>Personal Services (Office of Emergency Management Work Plan)</i>			\$250,000	
<p>This action increases the City Manager's Office Personal Services appropriation by \$250,000 to support and assist with executing the Emergency Management Work Plan, which was approved by the City Council on August 8, 2017. The City Council directed the City Manager to begin executing a workplan of roughly 150 work items, including absorbing the Office of Emergency Management into the City Manager's Office. This funding will be used for temporary staffing to assist in these efforts as well as the development of the Joint Emergency Action Plan with the Santa Clara Valley Water District.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
---------------	-------------------	------------------	-------------------------------	---------------------------

URGENT FISCAL/PROGRAM NEEDS

Police Helicopter Replacement

CITY-WIDE EXPENSES	\$1,600,000
-----------------------	-------------

This action establishes the Police Helicopter Replacement appropriation in the amount of \$1.6 million to partially fund the purchase of a replacement helicopter. The Police Department's current helicopter, Airbus EC-120B, has been in use for 16 years, while the typical useful life span of a helicopter is six to eight years. The Department identified a replacement plan as described in a City Council Information Memorandum distributed on September 7, 2017 with a total funding need of approximately \$4.8 million. A revised replacement plan was developed, which includes \$1.8 million from the General Fund (\$200,000 of which is already budgeted, leaving the remaining balance of \$1.6 million appropriated in this action), \$150,000 from the State Drug Forfeiture Fund (appropriated elsewhere in this report), and \$38,000 from the Gift Trust Fund (already budgeted). The remaining balance of \$2.8 million will be funded by the Police Department's Federal Drug Forfeiture Fund. The Department will be bringing forward additional recommended appropriation actions from that fund as soon as a temporary spending restriction is lifted to provide the remaining funding for the helicopter in conjunction with a purchasing agreement. The Department recently underwent a routine audit on the Federal Drug Forfeiture Fund and agreed with most of the audit's findings. The Department is working closely with the Finance Department to implement new accounting procedures that will address the audit findings and will be working with the Department of Justice to receive approval to reinstate purchasing authority within the next several weeks. Once that approval has been received, final appropriation actions will be recommended for City Council approval, accordingly.

TOTAL URGENT FISCAL/PROGRAM NEEDS	\$2,365,000	\$0
--	--------------------	------------

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
1.00	\$4,672,622	(\$3,025,532)

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
<p><i>Aircraft Rescue and Fire Fighting Vehicle/Revenue from Federal Government</i></p> <p>This action decreases the Airport Rescue and Fire Fighting (ARFF) Vehicle project and Revenue from Federal Government estimate by \$419,000, from \$501,000 to \$82,000, to align with the grant award funding from the Federal Aviation Administration. The Airport has purchased both ARFF vehicles and the remaining costs for 2017-2018 are for equipment expenses related to these vehicles. This decrease reflects the funding needed for the remaining expenses for this project.</p>	Airport Capital Program		(\$419,000)	(\$419,000)
<p><i>Terminal B Ramp Rehabilitation/Revenue from Federal Government</i></p> <p>This action increases the Terminal B Ramp Rehabilitation project and Revenue from Federal Government estimate by \$750,000, from \$6,321,000 to \$7,071,000, to align with anticipated grant award funding from the Federal Aviation Administration. The initial project budget was established prior to receiving bids on the project, and due to the highly competitive construction environment, bids received were higher than anticipated.</p>	Airport Capital Program		\$750,000	\$750,000
<p><i>Zero Emissions Buses/Revenue from Federal Government</i></p> <p>This action decreases the Zero Emissions Buses project and Revenue from Federal Government estimate by \$8,216,000, from \$13,074,000 to \$4,858,000, to align with the anticipated grant award amount from the Federal Aviation Administration. The initial budget was developed using the standard 80/20 split between grant funding and local share funding; however, this project qualifies under the Zero Emissions Vehicles grant program, which has a 50/50 split between grant funding and local share funding. An action to increase the local match funding (\$1,290,000) in the Airport Renewal and Replacement Fund is recommended in this report to offset this action.</p>	Airport Capital Program		(\$8,216,000)	(\$8,216,000)
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			(\$7,885,000)	(\$7,885,000)

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Non-Personal/Equipment (Air Service Incentive Program)</i>	Airport		\$1,126,026	
<p>This action increases the Airport Department's Non-Personal/Equipment appropriation by \$1,126,026 to implement the Air Service Incentive Program. In 2016-2017, the percentage growth in annual enplanements at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2%. This increase in passenger enplanement triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements (Agreements) that was approved by the City Council in March 2007. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to 15.00%), or \$1,126,026, in 2017-2018. This amount is then paid to the airlines in 2017-2018. Since 2012-2013, when the Airport first exceeded the nationwide growth, the City has allocated approximately \$3,391,842 from the General Fund for this provision. With the amendment to the Airline Lease and Operating Agreements, which removed the Municipally-Funded Air Service Incentive Program, this is the last year the General Fund will have an obligation for this program. The increase to the Non-Personal/Equipment appropriation of \$1,126,026, offset by a reduction to the General Fund transfer for Airport overhead, provides the funds to return to the airlines.</p>				
<i>Operations Contingency</i>	Airport		(\$4,500)	
<p>This action decreases the Operations Contingency by \$4,500 (from \$2,490,675 to \$2,486,175) to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Overhead (Air Service Incentive Program)</i>	Airport		(\$1,126,026)	
<p>This action decreases the Airport Overhead transfer to the General Fund by \$1,126,026 to implement the Air Service Incentive Program. In 2016-2017, the percentage growth in annual enplanements at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2%. This increase in passenger enplanement triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements (Agreements) that was approved by the City Council in March 2007. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to 15.00%), or \$1,126,026, in 2017-2018. This amount is then paid to the airlines in 2017-2018. Since 2012-2013, when the Airport first exceeded the nationwide growth, the City has allocated \$3,391,842 from the General Fund for this provision. With the amendment to the Airline Lease and Operating Agreements, which removed the Municipally-Funded Air Service Incentive Program, this is the last year the General Fund will have an obligation for this program. A corresponding increase to the Airport Department's Non-Personal/Equipment appropriation is recommended in this report to offset this action.</p>				
<i>Personal Services (Public Art Maintenance)</i>	Economic Development		\$4,500	
<p>This action increases the Office of Economic Development's (OED) Personal Services appropriation in the amount of \$4,500, from \$115,000 to \$119,500. This increase is to provide funding for OED positions responsible for public art maintenance. A corresponding decrease to the Operations Contingency is recommended in this report to offset this action.</p>				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0
AIRPORT RENEW & REPL FUND (527)				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$1,661,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Lighting System Upgrade for the CAT II Approach</i>	Airport Capital Program		\$216,000	
<p>This action increases the Lighting System Upgrade for the CAT II Approach project by \$216,000, from \$193,000 to \$409,000, to provide funding for the City Council-approved ten percent contingency. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT RENEW & REPL FUND (527)				
<i>Terminal B Ramp Rehabilitation</i>	Airport Capital Program		\$155,000	
<p>This action increases the Terminal B Ramp Rehabilitation project by \$155,000, from \$1,436,000 to \$1,591,000, to align with the local match funding required by the Federal Aviation Administration. The initial project budget was established prior to receiving bids on the project, and due to the highly competitive construction environment, bids received were higher than anticipated. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Zero Emissions Buses</i>	Airport Capital Program		\$1,290,000	
<p>This action increases the Zero Emissions Buses project by \$1,290,000, from \$3,632,000 to \$4,922,000, to align with the local match funding required by the Federal Aviation Administration. The initial budget was developed using the standard 80/20 split between grant funding and local share funding; however, this project qualifies under the Zero Emissions Vehicles grant program, which has a 50/50 split between grant funding and local share funding. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL AIRPORT RENEW & REPL FUND (527)			\$0	\$0
AIRPORT REV BOND IMP FUND (526)				
<i>Aircraft Rescue and Fire Fighting Vehicle Replacement</i>	Airport Capital Program		(\$19,000)	
<p>This action decreases the Aircraft Rescue and Fire Fighting (ARFF) Vehicle project by \$19,000, from \$33,000 to \$14,000, to reflect the actual funding needed for the remaining expenses for this project. The Airport has purchased both ARFF vehicles and the remaining costs for 2017-2018 are for equipment expenses related to these vehicles. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		\$19,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$0	\$0
BENEFIT FUND (160)				
<i>Benefits Consultant Fee</i>	Human Resources		\$50,000	
<p>This action increases the Benefits Consultant Fee appropriation by \$50,000, from \$206,000 to \$256,000, to provide for the creation of a modeling tool by a benefits consultant and actuary. This tool will assist with analyzing various City and employee contribution models, benefit migration, and long range cost projections to facilitate the consideration of various contribution options to ensure sustainable benefits choices for employees. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Human Resources		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL BENEFIT FUND (160)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$326,000)	
This action decreases the Ending Fund Balance by \$326,000 to offset the actions recommended in this report.				
<i>Safety - Traffic Signal Modifications/Construction</i>	Traffic Capital Program		\$321,000	
This action increases funding for Safety - Traffic Signal Modifications/Construction by \$321,000 to recognize developer contributions received during 2016-2017 for designated improvements along Winchester Corridor (Winchester Boulevard and Santana Row/Valley Fair Urban Village). A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<i>Traffic Signal Improvement Program</i>	Traffic Capital Program		\$5,000	
This action increases funding for the Traffic Signal Improvement Program by \$5,000 to recognize contributions from the Franklin McKinley School District during 2016-2017 for the signal modification project located at South 10th Street and Tully Road. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL BLDG & STRUCT CONST TAX FD (429)			\$0	\$0
BRANCH LIB BOND PROJECT FD (472)				
<i>Ending Fund Balance Adjustment</i>	Library Capital Program		(\$68,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Library Facilities Upgrades</i>	Library Capital Program		\$68,000	
This action establishes a Library Facilities Upgrades appropriation to the Library Department to support facilities upgrades such as improvements to the buildings or upgrades of equipment for bond funded libraries (Alviso Branch Library and Village Square Library). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
TOTAL BRANCH LIB BOND PROJECT FD (472)			\$0	\$0
BUSINESS IMPVT DIST FUND (351)				
<i>Downtown Business Improvement District Reserve</i>	Economic Development		(\$40,148)	
This action decreases the Downtown Business Improvement District Reserve by \$40,148 to offset an action recommended in this report.				
<i>Hotel Business Improvement District Reserve</i>	Economic Development		(\$309,336)	
This action decreases the Hotel Business Improvement District Reserve by \$309,336 to offset an action recommended in this report.				
<i>Japantown Business Improvement District Reserve</i>	Economic Development		(\$100)	
This action decreases the Japantown Business Improvement District Reserve by \$100 to offset an action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BUSINESS IMPVT DIST FUND (351)				
<i>Willow Glen Community Benefit Improvement District Reserve</i>	Economic Development		(\$5,198)	
This action decreases the Willow Glen Community Benefit Improvement District Reserve by \$5,198 to offset an action recommended in this report.				
<i>Downtown Business Improvement District</i>	Finance		\$40,148	
This action increases the Downtown Business Improvement District appropriation by \$40,148, from \$700,000 to \$740,148, to reflect the allocation of prior year assessments collected from the Downtown Business Improvement District (BID) that have not yet been distributed. The Downtown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Downtown BID Reserve is recommended in this report to offset this action.				
<i>Hotel Business Improvement District</i>	Finance		\$309,336	
This action increases the Hotel Business Improvement District appropriation by \$309,336, from \$2.7 million to \$3.0 million, to reflect the allocation of prior year assessments collected from the Hotel Business Improvement District (BID) that have not yet been distributed. The Hotel BID will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Hotel BID Reserve is recommended in this report to offset this action.				
<i>Japantown Business Improvement District</i>	Finance		\$100	
This action increases the Japantown Business Improvement District appropriation by \$100, from \$40,000 to \$40,100, to reflect the allocation of prior year assessments collected from the Japantown Business Improvement District (BID) that have not yet been distributed. The Japantown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Japantown BID Reserve is recommended in this report to offset this action.				
<i>Willow Glen Community Benefit Improvement District</i>	Public Works		\$5,198	
This action increases the Willow Glen Community Benefit Improvement District appropriation by \$5,198, from \$339,937 to \$354,135, to reflect the allocation of prior year assessments collected from the Willow Glen Community Benefit Improvement District (CBID) that have not yet been distributed. The Willow Glen CBID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Willow Glen CBID Reserve is recommended in this report to offset this action.				
TOTAL BUSINESS IMPVT DIST FUND (351)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CFD #1 CAPITOL AUTO MALL FUND (371)				
<i>Community Facilities District #1 Debt Service Transfer</i>	Transportation		\$6,000	
<p>This action provides for a reimburseable transfer of \$6,000 to address a projected shortfall for a debt service payment due November 1, 2017 made by the trustee. Debt service on the municipal bonds which financed the construction of Community Facilities District #1 (CFD#1) improvements is primarily supported by the Facilities Special Tax and supplemented by the Services Special Tax on an as-needed basis pursuant to the Rate and Method of Apportionment of Special Tax. The Services Special Tax is otherwise designated for the maintenance of CFD#1 facilities. This transfer will be reimbursed from future Facilities Special Tax proceeds upon availability, but in the meantime is recommended to be funded from Ending Fund Balance to ensure full funding for the debt service payment.</p>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$6,000)	
<p>This action decreases the Ending Fund Balance by \$6,000 to offset the action recommended in this report.</p>				
TOTAL CFD #1 CAPITOL AUTO MALL FUND (371)			\$0	\$0
CFD #2 AND CFD #3 FUND (369)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$150,000)	
<p>This action decreases the Ending Fund Balance by \$150,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Pump House and Maintenance)</i>	Transportation		\$150,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$150,000, from \$1,107,905 to \$1,257,905, to repair a pump house structure that was damaged during a motor vehicle accident (\$50,000) and to align funding due to an ongoing maintenance contract increase (\$100,000) that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset these actions.</p>				
TOTAL CFD #2 AND CFD #3 FUND (369)			\$0	\$0
CFD #8 COMM HILL FUND (373)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$100,000)	
<p>This action decreases the Ending Fund Balance by \$100,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Maintenance)</i>	Transportation		\$100,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$100,000, from \$686,398 to \$786,398, to align funding due to an ongoing maintenance contract increase that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CFD #8 COMM HILL FUND (373)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Code Enforcement Operations</i>	Housing		\$127,736	
<p>This action increases the Code Enforcement Operations appropriation by \$127,736, from \$1,674,106 to \$1,544,052, for overhead costs. The overhead in the Community Development Block Grant Fund was inadvertently appropriated in the Housing Program Development and Monitoring appropriation. This action aligns the overhead budget with where the personal services costs will be incurred. A decrease to the Housing Program Development and Monitoring appropriation to offset this action is recommended in this report.</p>				
<i>Contractual Community Services</i>	Housing		\$30,000	
<p>This action increases the Contractual Community Services appropriation by \$30,000 to fund an additional contract with Project Sentinel for legal services for low income tenants. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		\$558,146	
<p>This action increases the Ending Fund Balance by a net \$558,146 to offset the actions recommended in this report.</p>				
<i>Housing Program Development and Monitoring</i>	Housing		(\$130,054)	
<p>This action decreases the Housing Program Development and Monitoring appropriation by \$130,054, from \$1,674,106 to \$1,544,052, for Code Enforcement and Legal Services overhead costs. Overhead for all personal services was inadvertently appropriated in the Housing Program Development and Monitoring appropriation. This action aligns the overhead budget where the personal services costs will be incurred. Corresponding increases to the Legal Services (\$127,736) and Code Enforcement Operations (\$2,318) appropriations are recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Housing Rehabilitation Loans and Grants</i>	Housing		(\$438,052)	
<p>This action decreases the Housing Rehabilitation Loans and Grants by \$438,052, from \$3,465,000 to \$3,026,948. This reduction is a result of changing the source of funding for the Rebuilding for Heroes Program to a new appropriation in the Multi-Source Housing Fund utilizing the Housing Authority Litigation Award funds instead. This allows the Department greater flexibility in spending of the funds, while freeing up funding for Housing Rehabilitation projects. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Legal Aid Fair Housing Program</i>	Housing		\$100,000	
<p>This action increases the Legal Aid Fair Housing Program appropriation by \$100,000, from \$200,000 to \$300,000. Program regulations require that funding for administrative planning and oversight be capped at 20% of the annual allocation combined with the prior year’s Program Income. The funding level for Administration has been increased to fund the \$100,000 reallocation of a Fair Housing Agreement (Law Foundation - \$100,000) from the Public Services category. This service is eligible for funding under either the Public Services or Administration cap. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Legal Services</i>	Housing		\$4,464	
<p>This action increases the Legal Services appropriation by \$4,464 from \$17,854 to \$22,318. This increase provides for the overhead costs that were inadvertently appropriated in the Housing Program Development and Monitoring appropriation (\$2,318) and additional non-personal/equipment costs (\$2,146). This action aligns the overhead budget with where the personal services costs will be incurred, as well as providing for supply costs. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the FY 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. Corresponding adjustments to the Housing Program Development and Monitoring appropriation (\$2,318) and Ending Fund Balance (\$2,146) are recommended in this report to offset this action.</p>				
<i>Neighborhood Infrastructure Improvements</i>	Housing		(\$706,693)	
<p>This action decreases Neighborhood Infrastructure Improvements appropriation by \$706,693, from \$956,693 to \$250,000. An ongoing allocation for ADA ramps (\$650,000) has been eliminated because no more ramps remain to be installed in the City's three place based neighborhoods. In addition, the amount budgeted for a non-profit notice of funding availability has been reduced (\$56,693) to align the budget with the anticipated costs. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the FY 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Revenue From the Federal Government</i>	Housing			\$225,547
<p>This action increases the Revenue from the Federal Government by \$225,547, from \$7,970,491 to \$8,196,038, to align with actual allocations provided by the Federal Government. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Section 108 Debt Service</i>	Housing		\$320,000	
<p>This action increases the Section 108 Debt Service appropriation by \$320,000, from \$1,885,865 to \$2,205,865, for additional interest expenses anticipated as a result of rising interest rates. Due to the variable interest rate of the Section 108 loans, payments on the debt service are anticipated to exceed the original debt service forecast of \$1,885,000. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Transportation Neighborhood Infrastructure Improvements</i>	Housing		\$360,000	
<p>This action increases funding to the Department of Transportation by \$360,000, from \$870,000 to \$1,230,000, to account for higher construction costs and to expand the scope of the pedestrian improvements project to include the north side of the intersection at King Road and San Antonio Street. Previously this project only included the South side of the intersection. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of Federal Government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Federal Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL COMM DEV BLOCK GRANT FUND (441)			\$225,547	\$225,547
CONST/CONV TAX CENTRAL FD (390)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
<p>This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Ending Fund Balance to offset the action recommended in this report.</p>				
<i>GIS Mapping Support</i>	Parks & Comm Fac Dev Capital Program		\$50,000	
<p>This action increases the GIS Mapping Support appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central by \$50,000, from \$60,000 to \$110,000. Additional funds are needed to support ongoing licensing costs (\$15,000) and a one-time expense for a contractor to prepare GIS layers for functionality in the Public Works Enterprise Geodatabase and Business Intelligence databases (\$35,000). A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX CENTRAL FD (390)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX COMM FUND (397)				
<i>Communications Maintenance</i>	Communications Capital Program		\$101,000	
This action increases the Communications Maintenance appropriation by \$101,000, from \$497,000 to \$598,000, to fund increased communication system maintenance activities related to the Silicon Valley Regional Interoperability Authority (SVRIA). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<i>Ending Fund Balance Adjustment</i>	Communications Capital Program		(\$101,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL CONST/CONV TAX COMM FUND (397)			\$0	\$0
CONST/CONV TAX FIRE FUND (392)				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$300,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Fire Station 37 (Construction) Reserve</i>	Public Safety Capital Program		\$300,000	
This action increases the Fire Station 37 (Construction) Reserve appropriation by \$300,000, from \$2,160,000 to \$2,460,000. This will result in a five year CIP total of \$4,560,000 for this project reserve. Because Fire Station 37, the last project to be completed under the Public Safety Bond Program, is not moving forward at this time due to capital and operating funding gaps, a funding shift was made to reallocate the project intended Bond funds of \$5.5 million to eligible fire station remediation projects that would otherwise be funded in the Fire C&C Tax Fund and allocate the C&C funds to a Fire Station 37 Reserve. This allowed the Bond funds to be used for urgent fire station repairs while preserving funding for Fire Station 37 until that project can move forward. This action is consistent in keeping with the City's commitment to prioritize any additional Fire-related Construction and Conveyance Tax Revenues received to the reserve in order to backfill the bond funds as soon as practical. (With this action, a total of \$900,000 in additional funding is to be prioritized to bring the reserve to the intended bond funded level). A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD 1 FUND (377)				
<i>Calabazas Community Center Feasibility Study</i>	Parks & Comm Fac Dev		\$205,000	
This action establishes the Calabazas Community Center Feasibility Study appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 in the amount of \$205,000 to complete the final two phases of the feasibility study including CEQA clearance. In the Subdivision Park Trust Fund, \$50,000 was expended to complete the first four phases of the feasibility study. This feasibility study will develop a financing strategy for the replacement of the existing Calabazas Community Center over the next ten years. A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev		(\$205,000)	
This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 Ending Fund Balance to offset the action recommended in this report.	Capital Program			
TOTAL CONST/CONV TAX PK CD 1 FUND (377)			\$0	\$0
CONST/CONV TAX PK CD 5 FUND (382)				
<i>Alum Rock Avenue and 31st Street Park Phase II</i>	Parks & Comm Fac Dev		\$77,000	
This action increases the Alum Rock Avenue and 31st Street Park Phase II project by \$77,000 bringing the total project budget to \$1.2 million. In the 2017-2018 Adopted Capital Budget, funding of \$1.1 million was allocated in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 for a new 1.7 acre park on Alum Rock Avenue and 31st Street. This additional funding will support higher than estimated Phase II project elements that may include construction of a dog park, play area, natural turf area, fitness cluster, community garden, park furnishings, and park elements associated with these improvements. A corresponding decrease to Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<i>Alum Rock Avenue and 31st Street Park Design</i>	Parks & Comm Fac Dev		(\$17,000)	
This action eliminates the Alum Rock Avenue and 31st Street Park Design allocation for \$17,000. The Design phase of the project has been finalized and completed below budget. Savings from this phase of the project will fall to Ending Fund Balance and will support the development of the Alum Rock Avenue and 31st Street Park Phase II project elements, that may include construction of a dog park, play area, natural turf area, fitness cluster, community garden, park furnishings, and park elements associated with these improvements. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev		(\$150,000)	
This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance to offset the actions recommended in this report.	Capital Program			

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD 5 FUND (382)				
<i>Plata Arroyo Park Improvements</i>	Parks & Comm Fac Dev Capital Program		\$90,000	
<p>This action increases the Plata Arroyo Park Improvements appropriation by \$90,000, from \$74,000 to \$164,000. Additional funds are needed to inspect the structural integrity of the air raid siren, repair, paint, and install the footing of the air raid siren, provide a fence surrounding the installation, and add two benches at Plata Arroyo Park, which will complete all elements of the project as listed in the contract. These elements of the project were inadvertently left out of the original scope of the project. A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX PK CD 5 FUND (382)			\$0	\$0
CONST/CONV TAX PK CD10 FD (389)				
<i>Leland Sports Field Turf Replacement</i>	Parks & Comm Fac Dev Capital Program		\$700,000	
<p>This action establishes the Leland Sports Field Turf Replacement appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 in the amount of \$700,000 to pay for artificial turf replacement of the main field at the Leland Sports Field facility. Per a contract agreement with San José Unified School District, the City is obligated to share 50% of the costs associated with turf replacement of the three fields at the Leland Sports Field facility. The existing Leland Sports Field Turf Replacement Reserve provides sufficient funding to support the future replacement of the artificial turf of the other two smaller fields at the facility. At this time, it has not been determined when the turf on the two smaller fields will be replaced. A corresponding decrease to Leland Sports Field Turf Replacement Reserve is recommended in this report to offset this action.</p>				
<i>Leland Sports Field Turf Replacement Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$700,000)	
<p>This action decreases the Leland Sports Field Turf Replacement Reserve by \$700,000 (from \$1.2 million to \$539,000) to pay for artificial turf replacement of the main field at the Leland Sports Field facility. Per a contract agreement with San José Unified School District, the City is obligated to share 50% of the costs associated with turf replacement of the three fields at the Leland Sports Field facility. After funding the replacement of the artificial turf of the main field, the remaining balance of this reserve provides sufficient funding to support the future replacement of the artificial turf of the other two smaller fields at the Leland Sports Field facility. At this time, it has not been determined when the turf on the two smaller fields will be replaced. A corresponding action to establish the Leland Sports Field Turf Replacement appropriation is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX PK CD10 FD (389)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		\$43,000	
This action decreases the Construction Tax and Property Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance to offset the actions recommended in this report.				
<i>Environmental Mitigation Maintenance and Monitoring</i>	Parks & Comm Fac Dev Capital Program		\$70,000	
This action increases the Environmental Mitigation Maintenance and Monitoring appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$70,000, from \$190,00 to \$260,000. Additional funding is necessary for Hydrology Monitoring and Coordination at Cherry Flats Dam to comply with a new State requirement to install monitoring equipment and report annually to the State. This is a result of Senate Bill 88 and the Emergency Regulation for Measuring and Reporting Water Diversion adopted by the State Water board. It is recommended that the installation of the monitoring equipment be done in October as it is typically the lowest seasonal flow for the creek. Completion in October will ensure the least impact to stream flow, limit the disturbance of silt, and lessen the impact to fish and other wildlife in the stream. Additional work will remove sediment and connect the monitoring equipment to an existing concrete apron at the base of the outfall. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.				
<i>Family Camp Repairs - Rim Fire</i>	Parks & Comm Fac Dev Capital Program		\$100,000	
This action increases the Family Camp Repairs - Rim Fire appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$100,000, from \$50,000 to \$150,000. As a result of the August 2013 Rim Fire, some trees at San José Family Camp were burned and will need to be removed for safety reasons. In addition, the trees affected by the recent drought and bark beetles also need to be removed. Furthermore, while responding to the fire, the heavy equipment that was used, including fire trucks, caused damage to the roadways and pathways within the facility. As a result, the affected roadways and pathways need to be repaired. Some repair costs related to the Rim Fire are anticipated to be partially reimbursed by the City's insurance policy and Federal Emergency Management Agency. At this time, reimbursable cost are not yet known, but are expected to be determined in the future. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Grace Baptist Minor Improvements</i>	Parks & Comm Fac Dev Capital Program		(\$52,000)	
<p>This action eliminates the Grace Baptist Minor Improvements appropriation for \$52,000. In the 2016-2017 Adopted Capital Budget, \$52,000 was allocated for Grace Baptist Minor Improvements including upgrading the existing electrical panel, installing outlets to support temporary cooling units, and other minor improvements. However, due to the recent relocation of Grace Baptist services to the Northside Community Center, the Grace Baptist Minor Improvements appropriation is no longer needed. Instead it is recommended to support equipment and furniture costs necessary for relocation expenses from the Grace Baptist Church location to its new Northside Community Center location. A corresponding action to establish the Northside Community Center - Grace Baptist Minor Equipment Relocation Costs appropriation is recommended in this report to offset this action.</p>				
<i>Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement</i>	Parks & Comm Fac Dev Capital Program		\$184,000	
<p>This action increases the Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$184,000, from \$100,000 to \$284,000. This allocation will provide reimbursement funding to the federal government for previous preliminary engineering and environmental review expenditures related to a pedestrian bridge that would have crossed Almaden Expressway. The City received grant funding for these project expenditures, however, per the grant agreement, since the project was later deemed infeasible, all previous grant funding received must be returned to the granting agency. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Happy Hollow Park & Zoo Lactation Station</i>	Parks & Comm Fac Dev Capital Program		\$70,000	
<p>This action establishes the Happy Hollow Park & Zoo (HHPZ) Lactation Station appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes in the amount of \$70,000. The June 2016 Mayor's Message provided funding of \$110,000 to equip the Children's Discovery Museum (CDM) (\$55,000) and the HHPZ (\$55,000) with lactation stations to make the facilities more family-friendly. At that time, the cost estimate was based on pre-fabricated units to be installed on site. The pre-fabricated station has since been installed at the CDM for indoor use. Initially, the lactation station at HHPZ was planned for outdoor use. However, the pre-fabricated model was not suitable for outdoor use and the contractor was not able to develop an outdoor model for use at HHPZ. As a result, the construction plan was revised to frame out a small room on the north side of the Picnic Basket restroom building for the construction of the lactation station. The additional funding will support revised construction elements and will complete the lactation station at HHPZ. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Northside Community Center - Grace Baptist Minor Equipment Relocation Costs</i>	Parks & Comm Fac Dev Capital Program		\$52,000	
<p>This action establishes the Northside Community Center - Grace Baptist Minor Equipment Relocation Costs appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes in the amount of \$52,000. In the 2016-2017 Adopted Capital Budget, \$52,000 was allocated for Grace Baptist Minor Improvements including upgrading the existing electrical panel, installing outlets to support temporary cooling units, and other minor improvements. However, due to the recent relocation of Grace Baptist services to the Northside Community Center, the Grace Baptist Minor Improvements appropriation is no longer needed. Instead it is recommended to support equipment and furniture costs necessary for relocation expenses from the Grace Baptist Church location to its new Northside Community Center location. A corresponding action to eliminate the Grace Baptist Minor Improvements appropriation is recommended in this report to offset this action.</p>				
<i>Other Revenue (Family Camp Rim Fire Reimbursement)</i>	Parks & Comm Fac Dev Capital Program			\$467,000
<p>This action recognizes reimbursement of \$467,000 by the City's insurance policy for repair costs associated with the August 2013 Rim Fire at San José Family Camp. At that time, it was estimated that the City would be reimbursed by the City's insurance policy, Federal Emergency Management Agency (FEMA), and California Governor's Office of Emergency Services (CalOES) for approximately \$1.0 million of the \$1.4 million anticipated to be expended. The reimbursement estimate was based on eligible repair costs in compliance with the City's insurance policy, FEMA and CalOES requirements. Typically, expenditures for natural disasters do not fully qualify for insurance, federal and state reimbursement. The reimbursement estimate was also based on the assumption that the City would absorb some of the repair costs associated with the August 2013 Rim Fire. As of September 2017, reimbursement funding of \$793,000 has been received. Remaining funding is anticipated to be reimbursed in the future (typically 5-10 years after the natural disaster) and will be allocated to the Parks City-Wide Construction and Conveyance Tax Fund accordingly when received. A corresponding increase to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$467,000	\$467,000
CONST/CONV TAX SRVC YDS FD (395)				
<i>Ending Fund Balance Adjustment</i>	Service Yards Capital Program		(\$1,000)	
<p>This action decreases the Ending Fund Balance by \$1,000 to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX SRVC YDS FD (395)				
<i>VTA Property Lease</i>	Service Yards Capital Program		\$1,000	
This action increases the VTA Property Lease appropriation by \$1,000, from \$20,000 to \$21,000, to reflect an increase in the property lease agreement between the City and the Valley Transportation Authority (VTA) for property located adjacent to the Mabury Yard. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
TOTAL CONST/CONV TAX SRVC YDS FD (395)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Bicycle and Pedestrian Facilities</i>	Traffic Capital Program		\$1,124,000	
This action re-establishes funding of \$1,124,000 for Bicycle and Pedestrian Facilities projects by reallocating savings realized during 2016-2017 for Transportation Development Act grant-eligible Complete Streets projects. Funds will continue to be used for grant-eligible activities, including the installation of various pedestrian and bicycle facilities, such as sidewalks, crosswalks, bikeways, bike parking, bike share, and school safety improvements, as well as educational programs. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset his action.				
<i>Bike/Pedestrian Development/Revenue from State of California</i>	Traffic Capital Program		\$49,000	\$49,000
This action recognizes new grant funding of \$49,000 from the State of California for the Sustainable Communities Planning Grant and increases the Bike/Pedestrian Development appropriation by \$49,000 to implement the San José Bike Plan Outreach Strategy with the goal of developing and piloting new planning techniques to share with other communities, and engaging across multiple formats to reach community members who may not attend a formal Bike Plan Update meeting.				
<i>Developer Refunds</i>	Traffic Capital Program		(\$709,000)	
This action decreases funding for Developer Refunds by \$709,000, from \$1,709,000 to \$1,000,000 to partially offset a \$1.8 million shortfall in Construction Excise Tax revenue for 2016-2017, as the potential for refunding overpayment of construction taxes is anticipated to be lower in 2017-2018. The remaining revenue shortfall is offset by actual project savings during 2016-2017.				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$436,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>LED Streetlights - Sebastian Borello Drive</i>	Traffic Capital Program		\$21,000	
This action increases funding for the LED Streetlights - Sebastian Borello Drive project by \$21,000 due to higher than anticipated costs resulting from bid results. The Mayor's June Budget Message for 2016-2017 allocated \$160,000 from the General Fund to install new streetlights on Sebastian Borello Drive to enhance pedestrian safety and mitigate illegal dumping. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<p><i>Pavement Maintenance - State Gas Tax (Reallocation to SB1 - Road Repair & Accountability)</i></p> <p>This action reallocates \$7.2 million from Pavement Maintenance - State Gas Tax to the new SB1 - Road Repair & Accountability appropriation to facilitate monitoring of funds allocated by the State of California through the Road Maintenance and Rehabilitation Account (RMRA) for the maintenance of state highways, local streets, and road systems. A corresponding adjustment to the SB1 - Road Repair & Accountability appropriation is recommended elsewhere in the report to offset this action.</p>	Traffic Capital Program		(\$7,202,000)	
<p><i>SB1 - Road Repair & Accountability (Reallocation from Pavement Maintenance - State Gas Tax)</i></p> <p>This action establishes the SB1 - Road Repair & Accountability appropriation, reallocating \$7.2 million from Pavement Maintenance - State Gas Tax, to facilitate monitoring of funds allocated by the State of California through the Road Maintenance and Rehabilitation Account (RMRA) for the maintenance of state highways, local streets, and road systems. A corresponding adjustment to the Pavement Maintenance - State Gas Tax appropriation is recommended elsewhere in the report to offset this action.</p>	Traffic Capital Program		\$7,202,000	
<p><i>Transfer to the Construction Excise Tax Fund/Transfer from Cisco Systems Fund</i></p> <p>This action establishes a Transfer to the Construction Excise Tax Fund and a corresponding Transfer from the Cisco Systems Fund, an internal memo fund budgeted within the Construction Excise Tax Fund, in the amount of \$259. Although this action is a technical adjustment with no net fiscal impact, since the Cisco Systems Fund is housed within the Construction Excise Tax Fund, the recommended action is needed to reallocate and correctly align cash balances in each fund to the 2016-2017 Comprehensive Annual Financial Report (CAFR) based on a final reconciliation of the Construction Excise Tax Fund. In addition, this action also allows the close-out of the Cisco Systems Fund since the project in that area has been completed and no further activity will occur.</p>	Traffic Capital Program		\$259	\$259
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$49,259	\$49,259
CONV CTR FACIL DIST REV FD (791)				
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Convention Facilities Dept		(\$215,100)	

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV CTR FACIL DIST REV FD (791)				
<i>Public Art (Convention Center Exhibit Hall Lighting and Ceiling Upgrades Project)</i>	Economic Development		\$211,000	
<p>This action establishes a Public Art Program appropriation in the Convention Center Facilities District Revenue Fund in the amount of \$211,000. In compliance with City Council adoption of the revised Public Art Master Plan in March 2007, one percent of construction project funding is required to be allocated to public art, with the exception of several capital project exclusions, including ADA and seismic retrofits, rehabilitation, maintenance and operations, non-construction, or affordable housing projects. This funding allocation, which was omitted from the 2017-2018 budget development process, will initiate scope design and development of public art at or around the San José Convention Center as a result of the \$21.1 million Convention Center Exhibit Hall Lighting and Ceiling Upgrades project. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Debt Service: Special Tax Bonds</i>	Finance		\$4,100	
<p>This action increases the Special Hotel Tax Bonds appropriation by \$4,100 to address a projected increase in trustee fees for Special Hotel Tax Bonds. It is anticipated that there will be an increase in cost in 2017-2018 due to a higher rate of service fees charged by banks. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CONV CTR FACIL DIST REV FD (791)			\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Capital Reserve</i>	Economic Development		\$3,000,000	
<p>This action increases the Capital Reserve by \$3.0 million, from \$500,000 to \$3.5 million, to set aside additional fund balance for future capital rehabilitation and improvement needs at the City's convention and cultural facilities. Due to the high level of activity at the Convention Center and cultural facilities managed by Team San José in 2016-2017, the operating subsidy typically provided to Team San Jose by the Convention and Cultural Affairs Fund (originally budgeted at \$3.4 million) was not needed in 2016-2017. These savings, together with a combination of other savings and the additional transfer of Transient Occupancy Tax proceeds based on 2016-2017 actual collections, allow for a \$3.0 million increase to the Capital Reserve, additional investments of \$780,000 in the current year as described elsewhere in this report, and a net increase to the Ending Fund Balance of \$56,000. The Capital Reserve sets aside resources for future capital rehabilitation and enhancements at the Convention Center or other cultural facilities that may be identified later in the year and as part of the 2018-2019 budget development process. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Economic Development		(\$3,538,892)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<p><i>Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund Revenue Reconciliation)</i></p> <p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$27.0 million by \$482,216. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$241,108 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the TOT Fund is also recommended in this report.</p>	Economic Development			\$241,108
<p><i>Cultural Facilities Rehabilitation/Repair – Electrical</i></p> <p>This action increases the Cultural Facilities Rehabilitation/Repair – Electrical project in the amount of \$305,000, from \$1.1 million to \$1.4 million, to fund the upgrade of an old and outdated phone system in the Convention Center (\$180,000) and for expanded WiFi service throughout the Convention Center (\$125,000), which is anticipated to result in additional data collection of convention attendees and eventual revenue generation. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Muni Improvements Capital Program		\$305,000	
<p><i>Cultural Facilities Rehabilitation/Repair – Mechanical</i></p> <p>This action increases the Cultural Facilities Rehabilitation/Repair – Mechanical project in the amount of \$175,000, from \$692,000 to \$867,000, for the procurement and installation of a second trash compactor at the Convention Center to increase capacity and reduce open air containers (\$135,000) and for the additional funding necessary to complete repairs of the Center for the Performing Arts cooling tower (\$40,000). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Muni Improvements Capital Program		\$175,000	
<p><i>Museum Place Coordination and Review</i></p> <p>This action establishes the Museum Place Coordination and Review project in the amount of \$300,000. The replacement of the aging Parkside Hall facility into Museum Place – the high rise building incorporating hotel, office, retail, residential, event, and parking uses – will bring substantial benefit to the City and downtown community. However, significant coordination and review will be required to minimize impact to the Civic Auditorium, whose loading dock area is directly adjacent to the development site. Separate from the City’s normal development review process, this appropriation funds the preliminary review and analysis of the Museum Place development by Public Works staff (\$50,000) and consultants managed by Team San Jose (\$250,000) with the focus of ensuring adequate access for the Civic Auditorium’s loading docks so that the venue remains a competitive, destination theater during and after the construction of Museum Place. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	Muni Improvements Capital Program		\$300,000	
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$241,108	\$241,108

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
E PRUSCH MEM PK IMPR FUND (131)				
<i>Emma Prusch Park Electrical Repairs</i>	Parks & Comm Fac Dev Capital Program		\$50,000	
This action establishes the Emma Prusch Park Electrical Repairs appropriation in the Emma Prusch Fund in the amount of \$50,000. This project will provide funding for electrical improvements, repairs, and replace lighting that has been damaged. This project will result in improved lighting, security, and efficiency by installing LED lights in areas not currently covered. A corresponding decrease to Emma Prusch Park Future Projects Reserve is recommended in this report to offset this action.				
<i>Emma Prusch Park Future Projects Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
This action decreases the Emma Prusch Park Future Projects Reserve by \$50,000 to establish the Emma Prusch Park Electrical Repairs appropriation. This project will provide funding for electrical improvements, repairs, and replace lighting that has been damaged. This project will result in improved lighting, security, and efficiency by installing LED lights in areas not currently covered. A corresponding action to establish the Emma Prusch Park Electrical Repairs appropriation is recommended in this report to offset this action.				
TOTAL E PRUSCH MEM PK IMPR FUND (131)			\$0	\$0
GENERAL PURPOSE PARKING FD (533)				
<i>Ending Fund Balance Adjustment</i>	Parking Capital Program		(\$500,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>San Jose Regional Transportation Hub – Programmatic Design Reserve</i>	Parking Capital Program		\$500,000	
This action establishes a reserve of \$500,000 in the General Purpose Parking Fund for preliminary planning and program design for the San José Regional Transportation Hub, including access planning. The City will seek matching funding from Caltrain, High Speed Rail, and VTA for a joint contract with a specialized consultant to perform extensive preliminary planning and design work to ensure that the future transportation hub meets all partners’ needs, including access and integration with the surrounding cityscape.				
TOTAL GENERAL PURPOSE PARKING FD (533)			\$0	\$0
GIFT TRUST FUND (139)				
<i>Ending Fund Balance Adjustment</i>	Library		(\$33,762)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GIFT TRUST FUND (139)				
<i>Library - General Gifts</i>	Library		\$33,762	
<p>This action increases the Library - General Gifts appropriation by \$33,762 to appropriate gifts made by various donors, such as, the Friends of the Library groups, the San José Library Foundation, and the Santa Visits Alviso Foundation, in support of the following: Alum Rock Branch Library programming, supplies, and the Summer Reading Challenge (\$4,450); Alviso Branch Library Summer Reading Challenge (\$1,265); Bascom Branch Library Summer Reading Challenge (\$500); Berryessa Branch Library programming and supplies (\$2,242); Biblioteca Latinoamericana Branch Library programming and supplies (\$200); Cambrian Branch Library programming, supplies, and the Summer Reading Challenge (\$7,762); Evergreen Branch Library Summer Reading Challenge (\$400); Joyce Ellington Branch Library programming and supplies (\$150); Books for Little Hands (\$2,000); Pearl Avenue Branch Library programming, supplies, and the Summer Reading Challenge (\$2,635); Rose Garden Branch Library programming, supplies, and acquisitions of materials (\$147); Santa Teresa Branch Library programming and supplies (\$906); Tully Branch Library programming, supplies, and the Summer Reading Challenge (\$1,375); Village Square Branch Library programming, supplies, and the Summer Reading Challenge (\$800); Vineland Branch Library programming, supplies, and the Summer Reading Challenge (\$6,880); West Valley Branch Library programming and supplies (\$1,500); and Willow Glen Branch Library programming and supplies (\$550). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Library - General Gifts/Other Revenue</i>	Library		\$22,708	\$22,708
<p>This action increases the Library - General Gifts appropriation and the estimate for Other Revenue to recognize and appropriate gifts made by various donors, such as, the Califa Group and the Friends of the Library groups in support of the following: Alviso Branch Library programming and supplies (\$600); Calabazas Branch Library programming and supplies (\$1,000); Dr. Martin Luther King Jr. Library programming and supplies (\$5,000); Educational Park Branch Library programming and supplies (\$475); Evergreen Branch Library programming and supplies (\$2,000); Joyce Ellington Branch Library programming and supplies (\$1,300); Pearl Avenue Branch Library programming and supplies (\$155); Summer Food Program (\$438); Village Square Branch Library programming and supplies (\$1,100); Vineland Branch Library programming and supplies (\$575); West Valley Branch Library programming, supplies and early education (\$8,250); and Willow Glen Branch Library programming and supplies (\$1,815).</p>				
TOTAL GIFT TRUST FUND (139)			\$22,708	\$22,708
M.D. #19 RIVER OAKS FUND (359)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$30,000)	
<p>This action decreases the Ending Fund Balance by \$30,000 to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
M.D. #19 RIVER OAKS FUND (359)				
<i>Non-Personal/Equipment (Reconnect Irrigation)</i>	Transportation		\$30,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$30,000, from \$151,342 to \$181,342, to replace backflow devices and reconnect irrigation infrastructure to median islands. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL M.D. #19 RIVER OAKS FUND (359)			\$0	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$10,000)	
<p>This action decreases the Ending Fund Balance by \$10,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Irrigation System)</i>	Transportation		\$10,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$10,000, from \$60,623 to \$70,623, to repair damage to an irrigation system that occurred during the construction of underground utilities in July 2017. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL M.D. #2 TRADE ZONE/LUNDY FD (354)			\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$10,000)	
<p>This action decreases the Ending Fund Balance by \$10,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (COLA)</i>	Transportation		\$10,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$10,000, from \$114,232 to \$124,232, to align funding due to an ongoing maintenance cost contract increase that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL M.D. #9 S TERESA/GRT OAKS FD (362)			\$0	\$0
MULTI-SOURCE HOUSING FD (448)				
<i>City Housing Authority Reserve</i>	Housing		(\$2,000,000)	
<p>This action decreases the City Housing Authority Reserve by \$2,000,000, from \$28.0 million to \$26.0 million, in order to provide loans to owners of market-rate apartments and homes for construction improvements to their properties in exchange for accepting formerly homeless veterans as tenants. A corresponding increase to the new Rebuilding for Heroes appropriation is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<i>Emergency Shelter Grants</i>	Housing		\$35,902	
<p>This action increase the Emergency Shelter Grants appropriation by \$35,902, from \$979,490 to \$1,015,392, to provide for anticipated increased non-personal/equipment expenses. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		\$346,706	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>HOPWA SHAPPS</i>	Housing		(\$413,211)	
<p>This action decreases funding for the Housing Opportunities for Persons with AIDS (HOPWA) SHAPPS appropriation, from \$413,211 to \$0 and eliminates the appropriation. This competitive HOPWA grant program was completed and has been replaced by two new competitive HOPWA grant programs described elsewhere in this report. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Housing Opportunities for Persons with AIDS (HOPWA) Grants</i>	Housing		(\$13,861)	
<p>This action reduces the Housing Opportunities for Persons with AIDS (HOPWA) Grant appropriation by \$13,861, from \$1,013,122 to \$999,261. This action along with a rebudget of \$150,000 found elsewhere in this report will align the appropriation with the costs planned for 2017-2018. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment in the Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<p><i>Housing Opportunities for Persons with AIDS-Permanent Supportive Housing (HOPWA PSH)</i></p> <p>This action establishes a new appropriation for Housing Opportunities for Persons with AIDS-Permanent Supportive Housing (HOPWA-PSH) in the amount of \$424,551 to fund the second of a three-year competitive Federal grant to provide permanent supportive housing services for people with AIDS living in affordable housing. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$424,551	
<p><i>Housing Opportunities for Persons with AIDS-Violence Against Women Act (HOPWA-VAWA)</i></p> <p>This action establishes a new Housing Opportunities for Persons with AIDS-Violence Against Women Act (HOPWA-VAWA) appropriation in the amount of \$139,117 to fund the second of a three-year competitive Federal grant to provide permanent supportive housing services for people with AIDS living in affordable housing. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “FY 2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$139,117	
<p><i>Inclusionary Projects</i></p> <p>This action establishes the Inclusionary Projects appropriation in the amount of \$55,000 to enable staff to issue eleven equity-share loans of approximately \$5,000 each. The loans will be issued to homebuyers purchasing income restricted units in the Tierra Encantada complex. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$55,000	
<p><i>Rebuilding for Heroes</i></p> <p>This action establishes a Rebuilding for Heroes appropriation in the amount of \$2,000,000 to provide loans to owners of market-rate apartments and homes for construction improvements to their properties in exchange for accepting formerly homeless veterans as tenants. A corresponding decrease to the City Housing Authority Reserve appropriation is recommended in this report to offset this action.</p>	Housing		\$2,000,000	

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<i>Recovery Act-Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property</i>	Housing		\$150,000	\$150,000
<p>This action establishes the Neighborhood Stabilization Program 2 (NSP2) appropriation in the amount of \$150,000 and increases Revenue from the Use of Money/Property, from \$1,950,000 to \$2,100,000. The Housing Trust of Silicon Valley was designated by the Federal Government as the grant administrator for all NSP2 grants and the Housing Department is contracted with the Housing Trust of Silicon Valley to issue single family loans. This action will enable the City to pass repayments back to the Housing Trust of Silicon Valley for loans issued.</p>				
<i>Revenue from Federal Government</i>	Housing			\$574,204
<p>This action increases the Revenue from Federal Government by \$574,204, from \$2,004,117 to \$2,578,321, to align with actual allocations provided by the federal government. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended to offset this action.</p>				
TOTAL MULTI-SOURCE HOUSING FD (448)			\$724,204	\$724,204
PUBLIC WKS PRO SUPPORT FD (150)				
<i>Ending Fund Balance Adjustment</i>	Public Works		(\$130,000)	
<p>This action decreases the Ending Fund Balance by \$130,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment</i>	Public Works		\$130,000	
<p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$130,000, from \$670,709 to \$800,709, to provide funding for consultant services to study the regional small business inclusion program. In May 2017, Council approved master agreements for consulting services related to the development of a Citywide Contracting Program to assist the City with inclusive contracting and outreach. This funding allows the consultants to assist with outreach to contractors, consultants, and vendors to encourage and coordinate participation with City construction and consultant contracts. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL PUBLIC WKS PRO SUPPORT FD (150)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SELF-INSURED MEDICAL FUND (158)				
<i>Ending Fund Balance Adjustment</i>	Human Resources		\$21,560	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Fee, Rates, and Charges (Participant Contributions)</i>	Human Resources			\$47,000
This action increases the estimate for Fees, Rates, and Charges for Participant Contributions by \$47,000, from \$1,730,000 to \$1,777,000, to address a projected increase in the level of employee contributions, based on actual enrollment experience as of August 1, 2017 and a planned 10% rate increase for the self-funded PPO starting January 1, 2018, partially offset by an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this Fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				
<i>Non-Personal/Equipment (Benefits Consultant Contract)</i>	Human Resources		\$100	
This action increases the Human Resources Non-Personal/Equipment appropriation by \$100, from \$15,000 to \$15,100, to cover a portion of the Benefits Consultant contract cost that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<i>Payment of Claims</i>	Human Resources		(\$655,660)	
This action decreases the Payment of Claims appropriation by \$656,000, from \$12.4 million to \$11.8 million, to address a lower projected level of Payment of Claims for employees, based on actual claim experience in 2016-2017, assumptions of a 1% claims load increase, a planned 10% rate increase for the self-funded PPO starting January 1, 2018, and an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this Fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				
<i>Self-Insured Medical Claims Reserve</i>	Human Resources		(\$1,155,000)	
This action decreases the Self-Insured Medical Claims Reserve by \$1,150,000 to \$500,000, to reflect actual fund performance, actual enrollment experience as of August 1, 2017, and projected participant contributions and medical claims expenses with a planned 10% rate increase effective January 1, 2018, offset by an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. The adjusted reserve level is \$2.4 million below the City's target level of three months of projected claims payments. A graduated approach to rate adjustments is recommended at this time to mitigate enrollment impacts while improving the reserve position for potential fluctuations in medical claims. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SELF-INSURED MEDICAL FUND (158)				
<i>Transfers and Reimbursements (Reimbursements from City Funds and Retirement Funds)</i>	Human Resources			(\$1,836,000)
<p>This action decreases the City and Retirement Fund Reimbursements by \$1,836,000 to address a lower projected level of Reimbursements from City Funds (\$271,000; from \$1,830,000 to \$1,559,000) and Retirement Funds (\$1,565,000; from \$11,810,000 to \$10,245,000) based on actual enrollment experience as of August 1, 2017, a planned 10% rate increase for the self-funded PPO starting January 1, 2018, and an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL SELF-INSURED MEDICAL FUND (158)			(\$1,789,000)	(\$1,789,000)
SEWER SVC & USE CHARGE FD (541)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$90,917)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)</i>	Environmental Services		\$90,917	
<p>This action increases the Environmental Services Department Non-Personal/Equipment appropriation for the Fats, Oils, and Grease Commercial Inspection Program (FOG) by \$90,917, from \$234,000 to \$325,000. The 2017-2018 Adopted Operating Budget included a shift of the FOG program personnel from the San José-Santa Clara Treatment Plant Operating Fund to the Sewer Service and Use Charge Fund to reflect a re-focus of the program from the service area of the San José-Santa Clara Water Pollution Control Plant to the City's Sanitary Sewer Collection System. However, that action inadvertently did not include a respective shift of the program's non-personal/equipment budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL SEWER SVC & USE CHARGE FD (541)			\$0	\$0
SJ-SC TRMNT PLANT OPER FUND (513)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		\$90,917	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ-SC TRMNT PLANT OPER FUND (513)				
<i>Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)</i>	Environmental Services		(\$90,917)	
<p>This action decreases the Environmental Services Department Non-Personal/Equipment appropriation for the Fats, Oils, and Grease Commercial Inspection Program (FOG) by \$90,917, from \$34.2 million to \$34.1 million. The 2017-2018 Adopted Operating Budget included a shift of the FOG program personnel from the San José-Santa Clara Treatment Plant Operating Fund to the Sewer Service and Use Charge Fund to reflect a re-focus of the program from the service area of the San José-Santa Clara Water Pollution Control Plant to the City's Sanitary Sewer Collection System. However, that action inadvertently did not include a respective shift of the program's non-personal/equipment budget. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL SJ-SC TRMNT PLANT OPER FUND (513)			\$0	\$0
STATE DRUG FORF FUND (417)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$150,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Police Helicopter Replacement</i>	Police		\$150,000	
<p>This action establishes the Police Helicopter Replacement appropriation in the amount of \$150,000 to partially fund the purchase of a replacement helicopter. The Police Department's current helicopter, Airbus EC-120B, has been in use for 16 years, while the typical useful life span of a helicopter is six to eight years. The Department identified a replacement plan as described in an Information Memorandum distributed on September 7, 2017 with a total funding need of approximately \$4.8 million. A revised replacement plan was developed, which includes \$1.8 million from the General Fund (\$200,000 of which is already budgeted, leaving the remaining balance of \$1.6 million being appropriated elsewhere in this report), \$150,000 from the State Drug Forfeiture Fund, and \$38,000 from the Gift Trust Fund (already budgeted). The remaining balance of \$2.8 million will be funded by the Police Department's Federal Drug Forfeiture Fund. The Department will be bringing forward additional recommended appropriation actions from that fund as soon as a temporary spending restriction is lifted to provide the remaining funding for the helicopter in conjunction with a purchasing agreement. The Department recently underwent a routine audit on the Federal Drug Forfeiture Fund and agreed with most of the audit's findings. The Department is working closely with the Finance Department to implement new accounting procedures that will address the audit's findings and will be working with the Department of Justice to receive approval to reinstate purchasing authority within the next several weeks. Once that approval has been received, final appropriation actions will be recommended for City Council approval, accordingly. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL STATE DRUG FORF FUND (417)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Backesto Park Renovation</i>	Parks & Comm Fac Dev Capital Program		\$50,000	
<p>This action increases the Backesto Park Renovation appropriation in the Subdivision Park Trust Fund by \$50,000, from \$25,000 to \$75,000. Additional funding will allow the installation of par course equipment and rule signs, which were removed from the current improvement project due to change order requests associated with repairs to the building. The par course equipment and additional rules signs are requests from the community. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report offset this action.</p>				
<i>Cannery Park Design Review and Inspection</i>	Parks & Comm Fac Dev Capital Program		(\$35,000)	
<p>This action decreases the Cannery Park Design Review and Inspection appropriation in the Subdivision Park Trust Fund by \$35,000, from \$342,000 to \$307,000. When this project was established as part of the 2016-2017 Mid-Year Budget Review, ten percent of the project budget was inadvertently not withheld for Subdivision Park Trust Fund administrative fees. Ten percent of each project's budget in the Subdivision Park Trust Fund is planned to be set aside for administrative and staffing costs and appropriated to the Park Trust Fund Administration appropriation, this action will correct for this oversight. A corresponding increase to the Park Trust Fund Administration appropriation is recommended in this report offset this action.</p>				
<i>Future PDO / PIO Projects Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$108,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p>				
<i>Martin Park Accessibility Improvements</i>	Parks & Comm Fac Dev Capital Program		\$43,000	
<p>This action establishes the Martin Park Accessibility Improvements appropriation in the Subdivision Park Trust Fund in the amount of \$43,000. This project provides funding to pave a pathway from the adjacent McKinley School's rear parking lot to connect to the existing paved pathway in the park to provide access to the park. These improvements will comply with American Disability Act access requirements. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p>				
<i>Park Trust Fund Administration</i>	Parks & Comm Fac Dev Capital Program		\$35,000	
<p>This action increases the Park Trust Fund Administration appropriation in the Subdivision Park Trust Fund by \$35,000, from \$1.63 million to \$1.66 million. When the Cannery Park Design Review and Inspection project was established as part of the 2016-2017 Mid-Year Budget Review, ten percent of the project budget was inadvertently not withheld for Subdivision Park Trust Fund administrative fees. Because ten percent of each project's budget in the Subdivision Park Trust Fund is planned to be set aside for administrative and staffing costs and appropriated to the Park Trust Fund Administration appropriation, this action will correct for this oversight. A corresponding decrease to the Cannery Park Design Review and Inspection appropriation is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<p>TRAIL: Three Creeks (Lonus Street to Guadalupe River)</p> <p>This action increases the Trail: Three Creeks (Lonus to Guadalupe River) appropriation in the Subdivision Park Trust Fund by \$15,000, from \$20,000 to \$35,000. In fiscal year 2016-2017, a developer contribution in the amount of \$15,000 was made towards this project to support construction of the at-grade crosswalk improvements at Minnesota Ave. However, this developer contribution was inadvertently not recognized in the appropriation in 2016-2017. This action corrects for this oversight. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$15,000	
<p>Tamien Park Development (Phase I)</p> <p>This action decreases the Tamien Park Development (Phase I) appropriation in the Subdivision Park Trust Fund by \$231,000, from \$331,000 to \$100,000. Phase I of the project was completed below budget and the remaining balance of \$100,000 will support related close-out costs. Phase I of the development included a basketball court, a children's play area, a multi-purpose court area, picnic facilities, game tables, a restroom building, a parking lot, pathways, fencing, sound wall, landscaping, and site furnishings. The existing Tamien Park Development Reserve provides funding for any unforeseen costs that may arise during Phase II of the construction of Tamien Park. A corresponding increase to the Tamien Park Development Reserve is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		(\$231,000)	
<p>Tamien Park Development Reserve</p> <p>This action increases the Tamien Development Reserve by \$231,000, from \$102,000 to \$333,000. The Tamien Park Development Phase I project will be completed below budget and the remaining balance of \$100,000 will support related close-out costs. Phase I of the development included a basketball court, a children's play area, a multi-purpose court area, picnic facilities, game tables, a restroom building, a parking lot, pathways, fencing, sound wall, landscaping, and site furnishings. In the 2017-2018 Adopted Capital Budget, \$2.5 million was allocated for design and construction of Tamien Park Development (Phase II) project. The remaining Phase I project budget will be reallocated to the existing Tamien Park Development Reserve, which provides funding for any unforeseen cost associated with Phase II of the construction project. A corresponding decrease to the Tamien Park Development (Phase I) appropriation is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$231,000	
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Police		(\$138,016)	

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUPPL LAW ENF SVCES FUND (414)				
<i>SLES Grant 2016-2018</i>	Police		\$138,016	
<p>This action increases the Supplemental Law Enforcement Services (SLES) Grant 2016-2018 appropriation to the Police Department by \$138,016, from \$1,420,898 to \$1,566,378, to reflect additional grant funding received. Per the spending plan associated with this grant, this funding will help provide the Department with hardware, software and technology, including computer upgrades and enhancements. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$0	\$0
TRANSIENT OCCUPANCY TX FD (461)				
<i>Ending Fund Balance Adjustment (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		(\$482,216)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$120,554	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the San José Convention and Visitors Bureau allocation by \$120,554 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$241,108	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$241,108 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Cultural Grants (TOT Revenue Reconciliation)</i>	Economic Development		\$120,554	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the Cultural Grants allocation by \$120,544 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL TRANSIENT OCCUPANCY TX FD (461)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
VEHICLE MAINT & OPER FUND (552)				
Ending Fund Balance Adjustment	Public Works		(\$65,000)	
This action decreases the Ending Fund Balance by \$65,000 to offset the action recommended in this report.				
Municipal Car Wash Upgrade	Public Works		\$65,000	
This action increases the Municipal Car Wash Upgrade appropriation by \$65,000, from \$0 to \$100,000 (including a rebudget of \$35,000 recommended elsewhere in this report), for the replacement of the car wash enclosure structure. During the course of the project that was initially budgeted in 2016-2017, it was revealed that significant rusting had occurred. As a result, total funding of \$100,000 (including a rebudget of \$35,000 recommended as a separate action) is recommended to replace the enclosure structure. Corresponding actions to decrease the Ending Fund Balance and rebudget project savings are recommended to offset this action.				
TOTAL VEHICLE MAINT & OPER FUND (552)			\$0	\$0
WATER UTILITY FUND (515)				
Ending Fund Balance Adjustment	Environmental Services		\$117	
This action increases the Ending Fund Balance to offset the action recommended in this report.				
Transfer from the General Fund (Late Fee Reconciliation)	Environmental Services			\$117
This action establishes a Transfer from the General Fund in the amount of \$117 to reimburse the Water Utility Fund for a revenue reversal that occurred in 2015-2016. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and are therefore transferred each year to the General Fund. The Water Utility Fund had a small credit of \$117 to the Late Fee revenue item during 2015-2016, while the Transfer to the General Fund did not occur for that year (as no late fees were collected in 2015-2016, so no funds were transferred). This transfer is normally reconciled prior to the fiscal year-end close; however, this reconciliation was inadvertently missed in 2016-2017.				
TOTAL WATER UTILITY FUND (515)			\$117	\$117
WORKFORCE DEVELOPMENT FD (290)				
Administration/Revenue from Federal Government	Economic Development		(\$25,160)	(\$25,160)
This action decreases the Administration appropriation and corresponding estimate for Revenue from Federal Government by \$25,160 to align with actual allocations received from the Federal Government for 2017-2018.				
Adult Workers/Revenue from Federal Government	Economic Development		(\$158,294)	(\$158,294)
This action decreases the Adult Workers appropriation and corresponding estimate for Revenue from Federal Government by \$158,294 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE DEVELOPMENT FD (290)				
<i>BusinessOwnerSpace.com Network/Other Revenue</i>	Economic Development		\$8,000	\$8,000
This action increases the BusinessOwnerSpace.com Network and estimate for Other Revenue by \$8,000 to support work2future's Board and BusinessOwnerSpace.com related activities. This funding will support the Business Owner Space network, perform business outreach, and other miscellaneous items, such as light refreshments at job fairs and small business events.				
<i>Dislocated Workers Program/Revenue from Federal Government</i>	Economic Development		(\$136,465)	(\$136,465)
This action decreases the Dislocated Workers appropriation and corresponding estimate for Revenue from Federal Government by \$136,465 to align with actual allocations received from the Federal Government for 2017-2018. This program provides re-training, 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 their previous positions.				
<i>Ending Fund Balance Adjustment</i>	Economic Development		\$68,882	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Rapid Response Grant/Revenue from Federal Government</i>	Economic Development		(\$178,544)	(\$178,544)
This action decreases the Rapid Response Grant appropriation and corresponding estimate for Revenue from Federal Government by \$178,544 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs.				
<i>Youth Workers/Revenue from Federal Government</i>	Economic Development		(\$163,999)	(\$163,999)
This action decreases the Youth Workers appropriation and corresponding estimate for Revenue from Federal Government by \$163,999 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training, career coaching, vocational assessments, and other services that prepare youth ranging from 18 to 21 in age to secure employment.				
<i>work2future Board Mandated Reserve Adjustment</i>	Economic Development		(\$68,882)	
This action decreases the work2future Board Mandated Reserve by \$68,882 to reflect the actual 2016-2017 Reserve allocation that was lower than the estimated level. A portion of each work2future appropriation is set aside each year in the work2future Board Mandated Reserve. Because there were higher than estimated Dislocated Workers, Adult Workers, and Youth Workers expenditures in 2016-2017, less funding was available to be placed into the reserve. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.				
TOTAL WORKFORCE DEVELOPMENT FD (290)			(\$654,462)	(\$654,462)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Budget Adjustments							
Animal Care and Services Washer/Dryer Replacement			\$50,000	\$50,000		\$0	\$50,000
Budget Adjustments Total	\$0	\$0	\$50,000	\$50,000	\$0	\$0	\$50,000
Clean-Up and Rebudget Actions							
Rebudget: Alviso Parks Improvements			\$86,000	\$86,000		\$0	\$86,000
Rebudget: Animal Care and Services - Various Improvements			\$18,000	\$18,000		\$0	\$18,000
Rebudget: Animal Care and Services Waterproofing			\$106,000	\$106,000		\$0	\$106,000
Rebudget: Arc Flash Hazard Analysis			\$8,000	\$8,000		\$0	\$8,000
Rebudget: Arena Repairs			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Rebudget: City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance			(\$199,000)	(\$199,000)		\$0	(\$199,000)
Rebudget: City Hall Audio/Visual Upgrade			\$101,000	\$101,000		\$0	\$101,000
Rebudget: City Hall HVAC Control System Replacement			(\$7,000)	(\$7,000)		\$0	(\$7,000)
Rebudget: City Hall Rotunda Lighting			(\$187,000)	(\$187,000)		\$0	(\$187,000)
Rebudget: City Hall Waterproofing			(\$7,000)	(\$7,000)		\$0	(\$7,000)
Rebudget: City Hall and Employee Garage Security Upgrades			(\$321,000)	(\$321,000)		\$0	(\$321,000)
Rebudget: East San José Underpass Lighting			\$1,000	\$1,000		\$0	\$1,000
Rebudget: East Side Union High School District Community Wireless Network Project			\$273,000	\$273,000		\$0	\$273,000
Rebudget: Emergency Vehicle Preemption Service			(\$90,000)	(\$90,000)		\$0	(\$90,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up and Rebudget Actions							
Rebudget: Family-Friendly City Facilities			(\$1,000)	(\$1,000)		\$0	(\$1,000)
Rebudget: Fire Apparatus Replacement			\$4,974,000	\$4,974,000		\$0	\$4,974,000
Rebudget: History San José - Fallon House Elevator & Ramp Replacement			(\$4,000)	(\$4,000)		\$0	(\$4,000)
Rebudget: History San José - Pacific Hotel - Fire and Intrusion Alarm			(\$59,000)	(\$59,000)		\$0	(\$59,000)
Rebudget: History San José - Minor Renovations			\$10,000	\$10,000		\$0	\$10,000
Rebudget: Kelley House Demolition			\$53,000	\$53,000		\$0	\$53,000
Rebudget: LED Streetlights - Sebastian Borello Drive			(\$50,000)	(\$50,000)		\$0	(\$50,000)
Rebudget: Plaza de Cesar Chavez Stage Canopy			\$9,000	\$9,000		\$0	\$9,000
Rebudget: Police Administration Building Fencing - Employee Parking Lot Perimeter			\$20,000	\$20,000		\$0	\$20,000
Rebudget: Police Communications Center Electrical System Upgrade			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Rebudget: Police Communications Emergency Uninterrupted Power Supply			(\$14,000)	(\$14,000)		\$0	(\$14,000)
Rebudget: Police Communications Fire Protection System Upgrade			(\$109,000)	(\$109,000)		\$0	(\$109,000)
Rebudget: Police Administration Building Roof Replacement			(\$16,000)	(\$16,000)		\$0	(\$16,000)
Rebudget: Police Department Operation Center			(\$26,000)	(\$26,000)		\$0	(\$26,000)
Rebudget: Police Fleet Management System			(\$86,000)	(\$86,000)		\$0	(\$86,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up and Rebudget Actions							
Rebudget: Portable Emergency Mass Warning System			\$13,000	\$13,000		\$0	\$13,000
Rebudget: San José Municipal Stadium Improvements			(\$63,000)	(\$63,000)		\$0	(\$63,000)
Rebudget: San José Museum of Art Roof Replacement			(\$24,000)	(\$24,000)		\$0	(\$24,000)
Rebudget: Shirakawa Community Center Tenant Improvements			\$25,000	\$25,000		\$0	\$25,000
Rebudget: South San Jose Police Substation (Activation)			(\$8,000)	(\$8,000)		\$0	(\$8,000)
Rebudget: Super Bowl 50 - San José Museum of Art Sign Replacement			(\$23,000)	(\$23,000)		\$0	(\$23,000)
Rebudget: The Tech Museum Controls Module Improvements			\$3,000	\$3,000		\$0	\$3,000
Rebudget: Unanticipated/Emergency Maintenance			(\$31,000)	(\$31,000)		\$0	(\$31,000)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$4,370,000	\$4,370,000	\$0	\$0	\$4,370,000
CAPITAL PROJECTS TOTAL	\$0	\$0	\$4,420,000	\$4,420,000	\$0	\$0	\$4,420,000
CITY ATTORNEY							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Outside Litigation Costs) - Savings Reallocated from Personal Services		\$250,000		\$250,000		\$0	\$250,000
Clean-Up and Rebudget Actions Total	\$0	\$250,000	\$0	\$250,000	\$0	\$0	\$250,000
CITY ATTORNEY TOTAL	\$0	\$250,000	\$0	\$250,000	\$0	\$0	\$250,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY MANAGER							
Budget Adjustments							
Non-Personal/Equipment (VEBA Opt-In Program Implementation)		\$100,000		\$100,000		\$0	\$100,000
Personal Services (Office of Emergency Management Work Plan)	\$250,000			\$250,000		\$0	\$250,000
Budget Adjustments Total	\$250,000	\$100,000	\$0	\$350,000	\$0	\$0	\$350,000
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Office of Immigrant Affairs)		\$140,000		\$140,000		\$0	\$140,000
Clean-Up and Rebudget Actions Total	\$0	\$140,000	\$0	\$140,000	\$0	\$0	\$140,000
CITY MANAGER TOTAL	\$250,000	\$240,000	\$0	\$490,000	\$0	\$0	\$490,000
CITY-WIDE EXPENSES							
Budget Adjustments							
After School Education and Safety Programs for 2017-2018/Revenue from Local Agencies			\$454,748	\$454,748	\$454,748	\$0	\$0
Business Tax System			\$145,000	\$145,000		\$0	\$145,000
California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from State of California			\$217,314	\$217,314	\$236,142	\$0	(\$18,828)
CityDance Production/Other Revenue			\$45,000	\$45,000	\$45,000	\$0	\$0
Expedited Purified Water Program/Revenue from Local Agencies			\$200,000	\$200,000	\$200,000	\$0	\$0
FMC Debt Service Payments			\$392,000	\$392,000		\$0	\$392,000
Google Development Planning			\$415,000	\$415,000		\$0	\$415,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
Insurance Premiums			\$33,000	\$33,000		\$0	\$33,000
Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government			\$11,481	\$11,481	\$11,481	\$0	\$0
Museum Place Project/Revenue from the Use of Money/Property			\$65,000	\$65,000	\$65,000	\$0	\$0
PG&E Summer Cooling Shelter Program Grant/Other Revenue			\$7,000	\$7,000	\$7,000	\$0	\$0
Parade of Floats Public Art Statues/Other Revenue			\$7,500	\$7,500	\$7,500	\$0	\$0
Police Helicopter Replacement			\$1,600,000	\$1,600,000		\$0	\$1,600,000
Selective Traffic Enforcement Program 2017-2018/Revenue from State of California			\$192,750	\$192,750	\$192,750	\$0	\$0
State Homeland Security Grant Program/Revenue from Federal Government			\$26,803	\$26,803	\$26,803	\$0	\$0
Summer Food Service Program/Revenue from Federal Government			\$53,934	\$53,934	\$53,934	\$0	\$0
Valley Transit Authority Bus Rapid Transit Enhancement Project/Revenue from Local Agencies			\$10,000	\$10,000	\$10,000	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$3,876,530	\$3,876,530	\$1,310,358	\$0	\$2,566,172
Clean-Up and Rebudget Actions							
Rebudget: 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant/Revenue from Federal Government			\$18,640	\$18,640	\$106,657	\$0	(\$88,017)
Rebudget: 2016 County Victim Services Program/Revenue from Local Agencies			(\$2,130)	(\$2,130)	(\$2,130)	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations			\$45,721	\$45,721		\$0	\$45,721
Rebudget: Arena Community Fund			(\$4,900)	(\$4,900)		\$0	(\$4,900)
Rebudget: BART Public Art Design/Revenue from Local Agencies			\$14,191	\$14,191	\$14,191	\$0	\$0
Rebudget: Banking Services			\$120,000	\$120,000		\$0	\$120,000
Rebudget: Blossom Hill Sound Wall - Assessment District Administration			\$20,000	\$20,000		\$0	\$20,000
Rebudget: Bond Project Audits			\$54,000	\$54,000		\$0	\$54,000
Rebudget: Burrowing Owl Habitat Management			\$9,884	\$9,884		\$0	\$9,884
Rebudget: Business Tax System			\$325,000	\$325,000		\$0	\$325,000
Rebudget: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from State of California			\$18,828	\$18,828		\$0	\$18,828
Rebudget: Certified Access Specialist Program			\$40,512	\$40,512		\$0	\$40,512
Rebudget: City Council Participatory Budgeting - Council District #3			(\$21,000)	(\$21,000)		\$0	(\$21,000)
Rebudget: City Dues/Memberships			\$112,000	\$112,000		\$0	\$112,000
Rebudget: City Law Enforcement Grant 2016-2017/Revenue from State of California			\$6,000	\$6,000	(\$291,358)	\$0	\$297,358
Rebudget: City Manager Special Projects			(\$54,000)	(\$54,000)		\$0	(\$54,000)
Rebudget: Community Choice Aggregation Technical Study			(\$38,000)	(\$38,000)		\$0	(\$38,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Cybersecurity			\$21,000	\$21,000		\$0	\$21,000
Rebudget: Economic Development Pre-Development Activities			(\$51,000)	(\$51,000)		\$0	(\$51,000)
Rebudget: Energy and Utility Conservation Measures Program			\$405,000	\$405,000		\$0	\$405,000
Rebudget: Expedited Purified Water Program			\$25,000	\$25,000		\$0	\$25,000
Rebudget: False Claims Act Litigation Settlement			(\$293)	(\$293)		\$0	(\$293)
Rebudget: Financial Management System (FMS) Upgrade			(\$60,000)	(\$60,000)		\$0	(\$60,000)
Rebudget: Foundation Grant - encores4youth Initiative/Other Revenue			\$20,915	\$20,915	(\$50,000)	\$0	\$70,915
Rebudget: General Liability Claims			\$300,000	\$300,000		\$0	\$300,000
Rebudget: Government Access - Capital Expenditures (Reconciliation)			\$38,553	\$38,553		\$0	\$38,553
Rebudget: Hazardous Materials Consent Judgement			\$3,154	\$3,154		\$0	\$3,154
Rebudget: Historic Preservation			(\$10,000)	(\$10,000)		\$0	(\$10,000)
Rebudget: Homeless Rapid Rehousing			\$124,000	\$124,000		\$0	\$124,000
Rebudget: Human Resources/Payroll Budget Systems Upgrades			\$37,000	\$37,000		\$0	\$37,000
Rebudget: Internal Financial Controls Evaluation			(\$12,000)	(\$12,000)		\$0	(\$12,000)
Rebudget: Internet Crimes Against Children Federal Grant 2014-2015/Revenue from State of California			(\$55,800)	(\$55,800)	(\$55,800)	\$0	\$0
Rebudget: Library Grants (Califa-PLACE)			(\$34)	(\$34)		\$0	(\$34)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Library Grants (National Endowment for the Humanities)			(\$718)	(\$718)		\$0	(\$718)
Rebudget: Library Grants/Revenue from State of California (Pacific Library Partnership for Life Skills Academy)			(\$74)	(\$74)	(\$10,645)	\$0	\$10,571
Rebudget: Maddie Lifesaving Grant			\$20,879	\$20,879		\$0	\$20,879
Rebudget: Manufacturing Jobs Initiative			(\$20,000)	(\$20,000)		\$0	(\$20,000)
Rebudget: Mexican Heritage Plaza Capital Maintenance			\$50,000	\$50,000		\$0	\$50,000
Rebudget: National Forum Capacity-Building Grant OJJDP/Revenue from Federal Government			\$815	\$815	\$11,200	\$0	(\$10,385)
Rebudget: Organizational Effectiveness (City-wide Trainings)			\$27,000	\$27,000		\$0	\$27,000
Rebudget: PG&E Summer Cooling Shelter Program Grant			(\$779)	(\$779)		\$0	(\$779)
Rebudget: Property Assessed Clean Energy (PACE) Program			\$29,000	\$29,000		\$0	\$29,000
Rebudget: Public Works Unfunded Projects			\$83,771	\$83,771		\$0	\$83,771
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			\$520,303	\$520,303		\$0	\$520,303
Rebudget: Retiree Healthcare (GASB) Team			\$30,000	\$30,000		\$0	\$30,000
Rebudget: SAP Center Renegotiation			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Rebudget: San José BEST and Safe Summer Initiative Programs			(\$255,000)	(\$255,000)		\$0	(\$255,000)
Rebudget: San José End of Watch Police Memorial			\$1,169	\$1,169		\$0	\$1,169

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: San José Regional Transportation Hub Project			(\$43,403)	(\$43,403)		\$0	(\$43,403)
Rebudget: San José Works: Youth Jobs Initiative (SJ Works)			\$8,000	\$8,000		\$0	\$8,000
Rebudget: Selective Traffic Enforcement Program 2016-2017/Revenue from State of California			\$17,562	\$17,562	\$23,154	\$0	(\$5,592)
Rebudget: Silicon Valley Energy Watch (SVEW) 2016-2018/Other Revenue			\$931,573	\$931,573	\$867,971	\$0	\$63,602
Rebudget: Sports Authority			\$10,400	\$10,400		\$0	\$10,400
Rebudget: Urban Areas Security Initiative Grant - Fire 2016/Revenue from Federal Government			(\$76,828)	(\$76,828)	(\$76,828)	\$0	\$0
Rebudget: Urban Areas Security Initiative Grant - Police 2016			(\$187,829)	(\$187,829)		\$0	(\$187,829)
Rebudget: Vehicle Detection Sensors			\$31,000	\$31,000		\$0	\$31,000
Tech Adjust: 2016 County Victim Services Program (recategorization from Revenue from Local Agencies to Revenue from State of California)				\$0	\$260,096	\$0	(\$260,096)
Tech Adjust: 2016 County Victim Services Program (recategorization to Revenue from State of California from Revenue from Local Agencies)				\$0	(\$260,096)	\$0	\$260,096
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			(\$23,293)	(\$23,293)		\$0	(\$23,293)
Tech Adjust: Internet Crimes Against Children Federal Grant 2014-2015 (recategorization from Revenue from State of California to Revenue from Federal Government)				\$0	\$133,518	\$0	(\$133,518)
Tech Adjust: Internet Crimes Against Children Federal Grant 2014-2015 (recategorization to Revenue from Federal Government from Revenue from State of California)				\$0	(\$133,518)	\$0	\$133,518

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Tech Adjust: Maddie Lifesaving Grant (Reconciliation)			\$91,052	\$91,052		\$0	\$91,052
Tech Adjust: PEG - CreaTV (Reconciliation)			\$5,267	\$5,267		\$0	\$5,267
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			(\$69,878)	(\$69,878)		\$0	(\$69,878)
Tech Adjust: State Homeland Security Grant Program (recategorization from Revenue from State of California to Revenue from Federal Government)				\$0	\$31,770	\$0	(\$31,770)
Tech Adjust: State Homeland Security Grant Program (recategorization to Revenue from Federal Government from Revenue from State of California)				\$0	(\$31,770)	\$0	\$31,770
Tech Adjustment: Certified Access Specialist Program (Reconciliation)			\$9,413	\$9,413		\$0	\$9,413
				\$0		\$0	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,636,643	\$2,636,643	\$536,412	\$0	\$2,100,231
CITY-WIDE EXPENSES TOTAL	\$0	\$0	\$6,513,173	\$6,513,173	\$1,846,770	\$0	\$4,666,403
EARMARKED RESERVES							
Budget Adjustments							
2018-2019 Future Deficit Reserve			\$350,000	\$350,000		\$0	\$350,000
Air Service Incentive Program Reserve/Transfers and Reimbursements			(\$1,150,000)	(\$1,150,000)	(\$1,126,026)	\$0	(\$23,974)
Contingency Reserve			\$500,000	\$500,000		\$0	\$500,000
Budget Adjustments Total	\$0	\$0	(\$300,000)	(\$300,000)	(\$1,126,026)	\$0	\$826,026

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Clean-Up and Rebudget Actions							
Development Fee Program Reconciliation - Building Development Fee Program Reserve			\$2,191,881	\$2,191,881		\$0	\$2,191,881
Development Fee Program Reconciliation - Fire Development Fee Program Reserve			\$831,164	\$831,164		\$0	\$831,164
Development Fee Program Reconciliation - Planning Development Fee Program Reserve			\$393,602	\$393,602		\$0	\$393,602
Development Fee Program Reconciliation - Public Works Development Fee Program Reserve			\$969,355	\$969,355		\$0	\$969,355
Rebudget: Fire Development Fee Program Reserve			(\$1,020,788)	(\$1,020,788)		\$0	(\$1,020,788)
Rebudget: Public Works Fee Program Reserve			(\$1,006,178)	(\$1,006,178)		\$0	(\$1,006,178)
Rebudget: San José Environmental Sustainability Program Reserve (reallocation from City-Wide Expenses)			\$23,663	\$23,663		\$0	\$23,663
Rebudget: Sick Leave Payments Upon Retirement Reserve			\$6,000,000	\$6,000,000		\$0	\$6,000,000
Tech Adjust: Artificial Turf Capital Replacement Reserve (Reconciliation)			\$165,000	\$165,000		\$0	\$165,000
Tech Adjust: Cultural Facilities Capital Maintenance Reserve (Reconciliation)			\$274,899	\$274,899		\$0	\$274,899
Tech Adjust: General Plan Update Reserve (Reconciliation)			\$17,808	\$17,808		\$0	\$17,808
Clean-Up and Rebudget Actions Total	\$0	\$0	\$8,840,406	\$8,840,406	\$0	\$0	\$8,840,406
EARMARKED RESERVES TOTAL	\$0	\$0	\$8,540,406	\$8,540,406	(\$1,126,026)	\$0	\$9,666,432

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
ENVIRONMENTAL SERVICES							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Clean Creeks, Habitat Restoration, and Water Quality Improvements) (reallocation from City-Wide Expenses)		\$77,327		\$77,327		\$0	\$77,327
Rebudget: Non-Personal/Equipment (San José Environmental Sustainability Program) (reallocation from City-Wide Expenses)		\$70,000		\$70,000		\$0	\$70,000
Rebudget: Non-Personal/Equipment (San José Sustainability Plan)		\$42,000		\$42,000		\$0	\$42,000
Clean-Up and Rebudget Actions Total	\$0	\$189,327	\$0	\$189,327	\$0	\$0	\$189,327
ENVIRONMENTAL SERVICES TOTAL	\$0	\$189,327	\$0	\$189,327	\$0	\$0	\$189,327
FINANCE							
Budget Adjustments							
Non-Personal/Equipment (reallocation from Personal Services for MGO Accounting Services)		\$100,000		\$100,000		\$0	\$100,000
Personal Services (reallocation to Non-Personal/Equipment for MGO Accounting Services)	(\$100,000)			(\$100,000)		\$0	(\$100,000)
Budget Adjustments Total	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0
FINANCE TOTAL	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0
FIRE							
Budget Adjustments							
Non-Personal/Equipment/Revenue from Federal Government (State Homeland Security Grant Program)	\$15,485			\$15,485	\$15,485	\$0	\$0
Budget Adjustments Total	\$15,485	\$0	\$0	\$15,485	\$15,485	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FIRE							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Hexagon Software Purchase for PulsePoint Restoration)		\$25,000		\$25,000		\$0	\$25,000
Rebudget: Non-Personal/Equipment/Revenue from Federal Government (Rope Rescue)		\$24,790		\$24,790	\$24,790	\$0	\$0
Tech Adjust: Reallocation from Personal Services to Fire Development Fee Program - Personal Services (Overtime)	(\$131,278)		\$131,278	\$0		\$0	\$0
Clean-Up and Rebudget Actions Total	(\$131,278)	\$49,790	\$131,278	\$49,790	\$24,790	\$0	\$25,000
FIRE TOTAL	(\$115,793)	\$49,790	\$131,278	\$65,275	\$40,275	\$0	\$25,000
HUMAN RESOURCES							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment		\$25,000		\$25,000		\$0	\$25,000
Clean-Up and Rebudget Actions Total	\$0	\$25,000	\$0	\$25,000	\$0	\$0	\$25,000
HUMAN RESOURCES TOTAL	\$0	\$25,000	\$0	\$25,000	\$0	\$0	\$25,000
INFORMATION TECHNOLOGY							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Customer Relationship Management)		\$70,000		\$70,000		\$0	\$70,000
Clean-Up and Rebudget Actions Total	\$0	\$70,000	\$0	\$70,000	\$0	\$0	\$70,000
INFORMATION TECHNOLOGY TOTAL	\$0	\$70,000	\$0	\$70,000	\$0	\$0	\$70,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Budget Adjustments							
Council District #01 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #01/Other Revenue (Special Event Sponsorship)			\$1,825	\$1,825	\$1,825	\$0	\$0
Council District #02 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #02/Other Revenue (Special Event Sponsorship)			\$500	\$500	\$500	\$0	\$0
Council District #03 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #04 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #05 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #05/Other Revenue (Special Event Sponsorship)			\$12,200	\$12,200	\$12,200	\$0	\$0
Council District #06 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #07 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #08 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #08/Other Revenue (Special Event Sponsorship)			\$1,500	\$1,500	\$1,500	\$0	\$0
Council District #09 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #10 (Salary Setting Commission)			\$2,760	\$2,760		\$0	\$2,760
Council District #10/Other Revenue (Special Event Sponsorship)			\$250	\$250	\$250	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Budget Adjustments							
Office of the Mayor (Salary Setting Commission)			\$3,750	\$3,750		\$0	\$3,750
Budget Adjustments Total	\$0	\$0	\$47,625	\$47,625	\$16,275	\$0	\$31,350
Clean-Up and Rebudget Actions							
Rebudget: Council District #01			\$52,320	\$52,320		\$0	\$52,320
Rebudget: Council District #02			\$21,917	\$21,917		\$0	\$21,917
Rebudget: Council District #03			\$12,269	\$12,269		\$0	\$12,269
Rebudget: Council District #04			\$49,931	\$49,931		\$0	\$49,931
Rebudget: Council District #05			\$13,964	\$13,964		\$0	\$13,964
Rebudget: Council District #06			\$68,775	\$68,775		\$0	\$68,775
Rebudget: Council District #07			(\$13,550)	(\$13,550)		\$0	(\$13,550)
Rebudget: Council District #08			\$32,562	\$32,562		\$0	\$32,562
Rebudget: Council District #09			\$2,720	\$2,720		\$0	\$2,720
Rebudget: Council District #10			\$4,885	\$4,885		\$0	\$4,885
Rebudget: Council General			\$1,078	\$1,078		\$0	\$1,078
Rebudget: Office of the Mayor			\$37,721	\$37,721		\$0	\$37,721
Tech Adjust: Council District #1 (Special Event) (Reconciliation)			\$500	\$500		\$0	\$500
Tech Adjust: Council District #10 (Special Event) (Reconciliation)			\$500	\$500		\$0	\$500

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up and Rebudget Actions							
Tech Adjust: Council District #2 (Special Event) (Reconciliation)			\$500	\$500		\$0	\$500
Clean-Up and Rebudget Actions Total	\$0	\$0	\$286,092	\$286,092	\$0	\$0	\$286,092
MAYOR & COUNCIL TOTAL	\$0	\$0	\$333,717	\$333,717	\$16,275	\$0	\$317,442
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Non-Personal/Equipment/Other Revenue (Cities of Service Grant)		\$25,000		\$25,000	\$25,000	\$0	\$0
Non-Personal/Equipment/Revenue from Local Agencies (Children's Discovery Museum Grant)		\$50,000		\$50,000	\$50,000	\$0	\$0
Personal Services/Other Revenue (National Council on Aging)	\$7,500			\$7,500	\$7,500	\$0	\$0
Budget Adjustments Total	\$7,500	\$75,000	\$0	\$82,500	\$82,500	\$0	\$0
PARKS, REC, & NEIGH SVCS TOTAL	\$7,500	\$75,000	\$0	\$82,500	\$82,500	\$0	\$0
PLANNING, BLDG, & CODE ENF							
Budget Adjustments							
Non-Personal/Equipment/Revenue from State of California (Caltrans Planning Grant)		\$190,000		\$190,000	\$333,000	\$0	(\$143,000)
Personal Services (Multiple Housing Occupancy Program Temporary Staffing)	\$150,000			\$150,000		\$0	\$150,000
Personal Services/Other Revenue (Knight Foundation Grant - Historic Preservation and Urban Design Guidelines Update)	\$96,000	\$50,000	\$53,000	\$199,000	\$99,000	\$0	\$100,000
Budget Adjustments Total	\$246,000	\$240,000	\$53,000	\$539,000	\$432,000	\$0	\$107,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PLANNING, BLDG, & CODE ENF							
Clean-Up and Rebudget Actions							
Rebudget: Building Development Fee Program - Personal Services (Temporary Analytical Staff Funding)			\$19,959	\$19,959		\$0	\$19,959
Rebudget: Fire Development Fee Program - Personal Services (Temporary Analytical Staff Funding)			\$2,794	\$2,794		\$0	\$2,794
Rebudget: Personal Services (Temporary Analytical Staff Funding/Multiple Housing Occupancy Program)	\$7,585			\$7,585		\$0	\$7,585
Rebudget: Planning Development Fee Program - Personal Services (Temporary Analytical Staff Funding)			\$2,794	\$2,794		\$0	\$2,794
Rebudget: Public Works Development Fee Program - Personal Services (Temporary Analytical Staff Funding)			\$3,193	\$3,193		\$0	\$3,193
Tech Adjust: Knight Foundation Grant (San José Regional Transportation Hub Project)/Other Revenue				\$0	\$150,000	\$0	(\$150,000)
Tech Adjust: Knight Foundation Grant (San José Regional Transportation Hub Project)/Revenue from Local Agencies				\$0	(\$150,000)	\$0	\$150,000
Tech Adjust: Metropolitan Transportation Commission Planning Grant/Revenue from Federal Government				\$0	\$528,000	\$0	(\$528,000)
Tech Adjust: Metropolitan Transportation Commission Planning Grant/Revenue from State of California				\$0	(\$528,000)	\$0	\$528,000
Clean-Up and Rebudget Actions Total	\$7,585	\$0	\$28,740	\$36,325	\$0	\$0	\$36,325
PLANNING, BLDG, & CODE ENF TOTAL	\$253,585	\$240,000	\$81,740	\$575,325	\$432,000	\$0	\$143,325
POLICE							
Budget Adjustments							
Non-Personal/Equipment/Revenue from State of California (California Highway Patrol Reimbursement)		\$11,365		\$11,365	\$11,365	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Budget Adjustments							
Police Department Overtime (Salaries and Benefits Reallocation)				\$0		\$0	\$0
Budget Adjustments Total	\$0	\$11,365	\$0	\$11,365	\$11,365	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Body Worn Camera Contingency)		\$83,000		\$83,000		\$0	\$83,000
Rebudget: Non-Personal/Equipment (Police Academy Instructor Agreement)		\$229,710		\$229,710		\$0	\$229,710
Rebudget: Non-Personal/Equipment (Surveillance Cameras)		\$250,000		\$250,000		\$0	\$250,000
Rebudget: Personal Services (FBI San Francisco Joint Terrorism Task Force)	\$4,970			\$4,970	\$4,970	\$0	\$0
Rebudget: Personal Services (FBI South Bay Child Exploitation Task Force)	\$13,000			\$13,000	\$13,000	\$0	\$0
Tech Adjust: Cardroom Revenues (Reconciliation)				\$0	(\$25,100)	\$0	\$25,100
Clean-Up and Rebudget Actions Total	\$17,970	\$562,710	\$0	\$580,680	(\$7,130)	\$0	\$587,810
POLICE TOTAL	\$17,970	\$574,075	\$0	\$592,045	\$4,235	\$0	\$587,810
REVENUE ADJUSTMENTS							
Budget Adjustments							
Other Revenue (Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement - Interest Earnings)				\$0	\$232,511	\$0	(\$232,511)
Sales Tax				\$0	(\$4,000,000)	\$0	\$4,000,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	(\$3,767,489)	\$0	\$3,767,489

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Clean-Up and Rebudget Actions							
Fund Balance Reconciliation				\$0		\$24,565,003	(\$24,565,003)
Tech Adjust: Transfers and Reimbursements (Transfer from Capital Funds - Interest Income) (Reconciliation)				\$0	\$201,000	\$0	(\$201,000)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$0	\$201,000	\$24,565,003	(\$24,766,003)
REVENUE ADJUSTMENTS TOTAL	\$0	\$0	\$0	\$0	(\$3,566,489)	\$24,565,003	(\$20,998,514)
TRANSFERS							
Budget Adjustments							
Transfer to the Water Utility Fund (Late Fee Reconciliation)			\$117	\$117		\$0	\$117
Budget Adjustments Total	\$0	\$0	\$117	\$117	\$0	\$0	\$117
Clean-Up and Rebudget Actions							
Tech Adjust: Transfer to the Business Improvement District Fund			\$350	\$350		\$0	\$350
Clean-Up and Rebudget Actions Total	\$0	\$0	\$350	\$350	\$0	\$0	\$350
TRANSFERS TOTAL	\$0	\$0	\$467	\$467	\$0	\$0	\$467
TRANSPORTATION							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Contractual Street Tree Planting)		\$78,308		\$78,308		\$0	\$78,308

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
TRANSPORTATION							
Clean-Up and Rebudget Actions							
Tech Adjust: Non-Personal/Equipment (Contractual Street Tree Planting) (Reconciliation)		\$69,000		\$69,000		\$0	\$69,000
Clean-Up and Rebudget Actions Total	\$0	\$147,308	\$0	\$147,308	\$0	\$0	\$147,308
TRANSPORTATION TOTAL	\$0	\$147,308	\$0	\$147,308	\$0	\$0	\$147,308
GENERAL FUND TOTAL	\$313,262	\$1,960,500	\$20,020,781	\$22,294,543	(\$2,270,460)	\$24,565,003	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$1,991,262)	(\$1,991,262)		(\$1,991,262)	\$0
Rebudget: Aircraft Rescue and Fire Fighting Vehicle			(\$24,000)	\$24,000	\$0			\$0
Rebudget: Perimeter Security Technology Infrastructure			(\$98,000)	\$98,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$122,000)	(\$1,869,262)	(\$1,991,262)	\$0	(\$1,991,262)	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Aircraft Rescue and Fire Fighting Vehicle/Revenue from Federal Government			(\$419,000)		(\$419,000)	(\$419,000)		\$0
Terminal B Ramp Rehabilitation/Revenue from Federal Government			\$750,000		\$750,000	\$750,000		\$0
Zero Emissions Buses/Revenue from Federal Government			(\$8,216,000)		(\$8,216,000)	(\$8,216,000)		\$0
Budget Adjustments Total	\$0	\$0	(\$7,885,000)	\$0	(\$7,885,000)	(\$7,885,000)	\$0	\$0
AIRPORT CAPITAL IMPVT FUND (520) TOTAL	\$0	\$0	(\$8,007,000)	(\$1,869,262)	(\$9,876,262)	(\$7,885,000)	(\$1,991,262)	\$0
AIRPORT CUST FAC & TRANS FD (519)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Future Debt Service Reserve			\$1,334,265		\$1,334,265		\$1,334,265	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,334,265	\$0	\$1,334,265	\$0	\$1,334,265	\$0
AIRPORT CUST FAC & TRANS FD (519) TOTAL	\$0	\$0	\$1,334,265	\$0	\$1,334,265	\$0	\$1,334,265	\$0

IV - 76

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT FISCAL AGENT FUND (525)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Debt Service Reserve			\$11,604,713		\$11,604,713		\$11,604,713	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$11,604,713	\$0	\$11,604,713	\$0	\$11,604,713	\$0
AIRPORT FISCAL AGENT FUND (525) TOTAL	\$0	\$0	\$11,604,713	\$0	\$11,604,713	\$0	\$11,604,713	\$0
AIRPORT MAINT & OPER FUND (523)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Master Trust Agreement Reserve			(\$2,627,833)		(\$2,627,833)		(\$2,627,833)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$2,627,833)	\$0	(\$2,627,833)	\$0	(\$2,627,833)	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Personal Services (Public Art Maintenance)	\$4,500				\$4,500			\$4,500
AIRPORT								
Non-Personal/Equipment (Air Service Incentive Program)		\$1,126,026			\$1,126,026			\$1,126,026
Operations Contingency			(\$4,500)		(\$4,500)			(\$4,500)
Overhead (Air Service Incentive Program)			(\$1,126,026)		(\$1,126,026)			(\$1,126,026)
Budget Adjustments Total	\$4,500	\$1,126,026	(\$1,130,526)	\$0	\$0	\$0	\$0	\$0
AIRPORT MAINT & OPER FUND (523) TOTAL	\$4,500	\$1,126,026	(\$3,758,359)	\$0	(\$2,627,833)	\$0	(\$2,627,833)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT PASS FACIL CHG FUND (529)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$2,331,993	\$2,331,993		\$2,331,993	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$2,331,993	\$2,331,993	\$0	\$2,331,993	\$0
AIRPORT PASS FACIL CHG FUND (529) TOTAL	\$0	\$0	\$0	\$2,331,993	\$2,331,993	\$0	\$2,331,993	\$0
AIRPORT RENEW & REPL FUND (527)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$3,383,754	\$3,383,754		\$3,383,754	\$0
Rebudget: Airfield Preventive Pavement Maintenance			\$32,000	(\$32,000)	\$0			\$0
Rebudget: Alaska Airlines Offices			\$350,000	(\$350,000)	\$0			\$0
Rebudget: Lighting System Upgrade for CAT II Approach			(\$149,000)	\$149,000	\$0			\$0
Rebudget: Perimeter Security Technology Infrastructure			\$331,000	(\$331,000)	\$0			\$0
Rebudget: Terminal B Gates 29 & 30			\$998,000	(\$998,000)	\$0			\$0
Rebudget: Zero Emissions Buses			(\$3,000)	\$3,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,559,000	\$1,824,754	\$3,383,754	\$0	\$3,383,754	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$1,661,000)	(\$1,661,000)			(\$1,661,000)
Lighting System Upgrade for the CAT II Approach			\$216,000		\$216,000			\$216,000
Terminal B Ramp Rehabilitation			\$155,000		\$155,000			\$155,000
Zero Emissions Buses			\$1,290,000		\$1,290,000			\$1,290,000
Budget Adjustments Total	\$0	\$0	\$1,661,000	(\$1,661,000)	\$0	\$0	\$0	\$0

IV - 78

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT RENEW & REPL FUND (527)								
AIRPORT RENEW & REPL FUND (527) TOTAL	\$0	\$0	\$3,220,000	\$163,754	\$3,383,754	\$0	\$3,383,754	\$0
AIRPORT REV BOND IMP FUND (526)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$5,252,688	\$5,252,688		\$5,252,688	\$0
Rebudget: FIS Baggage System Upgrades			\$30,000	(\$30,000)	\$0			\$0
Rebudget: FIS Curbside Improvements			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Terminal A Ground Transportation Island Modification			\$59,000	(\$59,000)	\$0			\$0
Rebudget: Terminal B Gates 29 & 30			(\$155,000)	\$155,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$59,000)	\$5,311,688	\$5,252,688	\$0	\$5,252,688	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Aircraft Rescue and Fire Fighting Vehicle Replacement			(\$19,000)		(\$19,000)			(\$19,000)
Ending Fund Balance Adjustment				\$19,000	\$19,000			\$19,000
Budget Adjustments Total	\$0	\$0	(\$19,000)	\$19,000	\$0	\$0	\$0	\$0
AIRPORT REV BOND IMP FUND (526) TOTAL	\$0	\$0	(\$78,000)	\$5,330,688	\$5,252,688	\$0	\$5,252,688	\$0
AIRPORT REVENUE FUND (521)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			(\$1,206,289)		(\$1,206,289)		(\$1,206,289)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,206,289)	\$0	(\$1,206,289)	\$0	(\$1,206,289)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REVENUE FUND (521)								
AIRPORT REVENUE FUND (521) TOTAL								
	\$0	\$0	(\$1,206,289)	\$0	(\$1,206,289)	\$0	(\$1,206,289)	\$0
AIRPORT SURPLUS REV FD (524)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			\$1,713		\$1,713		\$1,713	\$0
Clean-Up and Rebudget Actions Total								
	\$0	\$0	\$1,713	\$0	\$1,713	\$0	\$1,713	\$0
AIRPORT SURPLUS REV FD (524) TOTAL								
	\$0	\$0	\$1,713	\$0	\$1,713	\$0	\$1,713	\$0
BENEFIT FUND (160)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$243,234)	(\$243,234)		(\$243,234)	\$0
Clean-Up and Rebudget Actions Total								
	\$0	\$0	\$0	(\$243,234)	(\$243,234)	\$0	(\$243,234)	\$0
Budget Adjustments								
HUMAN RESOURCES								
Benefits Consultant Fee			\$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
BENEFIT FUND (160) TOTAL								
	\$0	\$0	\$50,000	(\$293,234)	(\$243,234)	\$0	(\$243,234)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
BLDG & STRUCT CONST TAX FD (429)							
Clean-Up and Rebudget Actions							
TRAFFIC CAPITAL PROGRAM							
Fund Balance Reconciliation				\$6,645,208	\$6,645,208		\$6,645,208
Rebudget: ADA Sidewalk Accessibility Program			(\$650,000)	\$650,000	\$0		\$0
Rebudget: Autumn Street Extension/Revenue from Federal Government			\$955,000	(\$958,000)	(\$3,000)	(\$3,000)	\$0
Rebudget: Branham and Snell Street Improvements			\$223,000	(\$223,000)	\$0		\$0
Rebudget: City-wide Transit Improvements			\$247,000	(\$247,000)	\$0		\$0
Rebudget: Corridor Congestion Relief Analysis			\$59,000	(\$59,000)	\$0		\$0
Rebudget: Cost Efficient Trenching			\$150,000	(\$150,000)	\$0		\$0
Rebudget: Downing Avenue Pedestrian and Bicycle Improvements/Revenue from Federal Government			\$152,000	(\$136,000)	\$16,000	\$16,000	\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek/Revenue from Federal Government			\$31,000	(\$8,000)	\$23,000	\$23,000	\$0
Rebudget: Fiber Optics Asset Management/Revenue from Local Agencies			(\$1,000)	\$2,000	\$1,000	\$1,000	\$0
Rebudget: Grants Refunds			\$500,000	(\$500,000)	\$0		\$0
Rebudget: ITS: On-Call Fiber Optic Support/Revenue from Local Agencies			(\$1,000)	\$4,000	\$3,000	\$3,000	\$0
Rebudget: ITS: Transportation Incident Management Center/Revenue from Federal Government			\$140,000	(\$145,000)	(\$5,000)	(\$5,000)	\$0
Rebudget: LED Streetlight Conversion			\$188,000	(\$188,000)	\$0		\$0
Rebudget: McLaughlin Avenue Pedestrian/Bike Safety Enhancements			\$534,000	(\$534,000)	\$0		\$0
Rebudget: North First Street Bicycle Lane Improvements/Revenue from Federal Government			\$4,000	\$357,000	\$361,000	\$361,000	\$0
Rebudget: Ocala Avenue Pedestrian Improvements/Revenue from Federal Government			\$32,000	(\$8,000)	\$24,000	\$24,000	\$0
Rebudget: Park Avenue Bicycle Lane Improvements/Revenue from Federal Government			\$23,000	(\$3,000)	\$20,000	\$20,000	\$0
Rebudget: Park Avenue Multimodal Improvements/Revenue From Federal Government			\$499,000	(\$827,000)	(\$328,000)	(\$328,000)	\$0
Rebudget: Public Art Allocation			(\$1,000)	\$1,000	\$0		\$0
Rebudget: Radar Speed Display Signs			\$25,000	(\$25,000)	\$0		\$0
Rebudget: Regional Rail Planning			\$486,000	(\$486,000)	\$0		\$0
Rebudget: Route 101/Mabury Road Project Development			\$1,639,000	(\$1,639,000)	\$0		\$0
Rebudget: Route 280/Winchester Interchange Upgrade Study			\$2,000	(\$2,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Safety - Pedestrian Improvements/Revenue from Local Agencies			\$127,000	(\$119,000)	\$8,000	\$8,000		\$0
Rebudget: Safety - Traffic Signal Modifications/Construction			\$144,000	(\$144,000)	\$0			\$0
Rebudget: Safe Pathways to Diridon Station			\$54,000	(\$54,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase 2			\$287,000	(\$287,000)	\$0			\$0
Rebudget: Smart Intersections Program (OBAG)			(\$1,000)	\$1,000	\$0			\$0
Rebudget: St. John Bike/Pedestrian Improvements (OBAG)/Revenue from Federal Government			\$80,000	(\$75,000)	\$5,000	\$5,000		\$0
Rebudget: St. John Street Multimodal Improvements Phase I/Revenue from Federal Government			\$66,000	(\$60,000)	\$6,000	\$6,000		\$0
Rebudget: TLSP Controller Component Upgrade			\$38,000	(\$38,000)	\$0			\$0
Rebudget: The Alameda - Beautiful Way - Phase 2 (OBAG)/Revenue from Federal Government			\$236,000	(\$214,000)	\$22,000	\$22,000		\$0
Rebudget: Traffic Signal Detection System Upgrades			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Traffic Signal Improvement Program			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Transportation Management Center			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Underground Utilities - City Conversions			\$231,000	(\$231,000)	\$0			\$0
Rebudget: Vehicle Registration Fee: VIDS Communication Modules Upgrade/Revenue from Local Agencies			\$23,000	\$67,000	\$90,000	\$90,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$6,624,000	\$264,208	\$6,888,208	\$243,000	\$6,645,208	\$0
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$326,000)	(\$326,000)			(\$326,000)
Safety - Traffic Signal Modifications/Construction			\$321,000		\$321,000			\$321,000
Traffic Signal Improvement Program			\$5,000		\$5,000			\$5,000
Budget Adjustments Total	\$0	\$0	\$326,000	(\$326,000)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
BLDG & STRUCT CONST TAX FD (429) TOTAL	\$0	\$0	\$6,950,000	(\$61,792)	\$6,888,208	\$243,000	\$6,645,208	\$0
BRANCH LIB BOND PROJECT FD (472)								
Clean-Up and Rebudget Actions								
LIBRARY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$65,997	\$65,997		\$65,997	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$65,997	\$65,997	\$0	\$65,997	\$0
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$68,000)	(\$68,000)			(\$68,000)
Library Facilities Upgrades			\$68,000		\$68,000			\$68,000
Budget Adjustments Total	\$0	\$0	\$68,000	(\$68,000)	\$0	\$0	\$0	\$0
BRANCH LIB BOND PROJECT FD (472) TOTAL	\$0	\$0	\$68,000	(\$2,003)	\$65,997	\$0	\$65,997	\$0
BUSINESS IMPVT DIST FUND (351)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Tech Adjust: Transfer to Business Improvement District Fund (Willow Glen Community Benefit Improvement District)			\$350		\$350	\$350		\$0
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Downtown BID Reserve				\$40,148	\$40,148		\$40,148	\$0
Fund Balance Reconciliation - Hotel BID Reserve				\$309,336	\$309,336		\$309,336	\$0
Fund Balance Reconciliation - Japantown BID Reserve				\$100	\$100		\$100	\$0
Fund Balance Reconciliation - Willow Glen CBID Reserve				\$5,198	\$5,198		\$5,198	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BUSINESS IMPVT DIST FUND (351)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$350	\$354,782	\$355,132	\$350	\$354,782	\$0
Budget Adjustments								
FINANCE								
Downtown Business Improvement District			\$40,148		\$40,148			\$40,148
Hotel Business Improvement District			\$309,336		\$309,336			\$309,336
Japantown Business Improvement District			\$100		\$100			\$100
PUBLIC WORKS								
Willow Glen Community Benefit Improvement District			\$5,198		\$5,198			\$5,198
ECONOMIC DEVELOPMENT								
Downtown Business Improvement District Reserve				(\$40,148)	(\$40,148)			(\$40,148)
Hotel Business Improvement District Reserve				(\$309,336)	(\$309,336)			(\$309,336)
Japantown Business Improvement District Reserve				(\$100)	(\$100)			(\$100)
Willow Glen Community Benefit Improvement District Reserve				(\$5,198)	(\$5,198)			(\$5,198)
Budget Adjustments Total	\$0	\$0	\$354,782	(\$354,782)	\$0	\$0	\$0	\$0
BUSINESS IMPVT DIST FUND (351) TOTAL	\$0	\$0	\$355,132	\$0	\$355,132	\$350	\$354,782	\$0
CASH RESERVE FUND (002)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$16	\$16		\$16	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$16	\$16	\$0	\$16	\$0
CASH RESERVE FUND (002) TOTAL	\$0	\$0	\$0	\$16	\$16	\$0	\$16	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #1 CAPITOL AUTO MALL FUND (371)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$126,626	\$126,626		\$126,626	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$126,626	\$126,626	\$0	\$126,626	\$0
Budget Adjustments								
TRANSPORTATION								
Community Facilities District #1 Debt Service Transfer			\$6,000		\$6,000			\$6,000
Ending Fund Balance Adjustment				(\$6,000)	(\$6,000)			(\$6,000)
Budget Adjustments Total	\$0	\$0	\$6,000	(\$6,000)	\$0	\$0	\$0	\$0
CFD #1 CAPITOL AUTO MALL FUND (371) TOTAL	\$0	\$0	\$6,000	\$120,626	\$126,626	\$0	\$126,626	\$0
CFD #11 ADELINE - MARY HELEN FD (374)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,000	\$2,000		\$2,000	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$2,000	\$2,000	\$0	\$2,000	\$0
CFD #11 ADELINE - MARY HELEN FD (374) TOTAL	\$0	\$0	\$0	\$2,000	\$2,000	\$0	\$2,000	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #12 BASKING RIDGE FUND (376)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$31,089	\$31,089		\$31,089	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$31,089	\$31,089	\$0	\$31,089	\$0
CFD #12 BASKING RIDGE FUND (376) TOTAL	\$0	\$0	\$0	\$31,089	\$31,089	\$0	\$31,089	\$0
CFD #13 GUADALUPE MINES (310)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$51,151	\$51,151		\$51,151	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$51,151	\$51,151	\$0	\$51,151	\$0
CFD #13 GUADALUPE MINES (310) TOTAL	\$0	\$0	\$0	\$51,151	\$51,151	\$0	\$51,151	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$77,722)	(\$77,722)		(\$77,722)	\$0
PARKS, REC, & NEIGH SVCS								
Rebudget: Non-Personal/Equipment (Animal Damage Management)		\$20,000		(\$20,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$20,000	\$0	(\$97,722)	(\$77,722)	\$0	(\$77,722)	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL	\$0	\$20,000	\$0	(\$97,722)	(\$77,722)	\$0	(\$77,722)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #15 BERRYESSA-SIERRA FUND (370)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$958	\$958		\$958	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$958	\$958	\$0	\$958	\$0
CFD #15 BERRYESSA-SIERRA FUND (370) TOTAL	\$0	\$0	\$0	\$958	\$958	\$0	\$958	\$0
CFD #2 AND CFD #3 FUND (369)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$115,031	\$115,031		\$115,031	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$115,031	\$115,031	\$0	\$115,031	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
Non-Personal/Equipment (Pump House and Maintenance)		\$150,000			\$150,000			\$150,000
Budget Adjustments Total	\$0	\$150,000	\$0	(\$150,000)	\$0	\$0	\$0	\$0
CFD #2 AND CFD #3 FUND (369) TOTAL	\$0	\$150,000	\$0	(\$34,969)	\$115,031	\$0	\$115,031	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
CFD #8 COMM HILL FUND (373)							
Clean-Up and Rebudget Actions							
TRANSPORTATION							
Fund Balance Reconciliation				\$53,621	\$53,621		\$53,621 \$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$53,621	\$53,621	\$0	\$53,621 \$0
Budget Adjustments							
TRANSPORTATION							
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)		(\$100,000)
Non-Personal/Equipment (Maintenance)		\$100,000			\$100,000		\$100,000
Budget Adjustments Total	\$0	\$100,000	\$0	(\$100,000)	\$0	\$0	\$0
CFD #8 COMM HILL FUND (373) TOTAL	\$0	\$100,000	\$0	(\$46,379)	\$53,621	\$0	\$53,621 \$0
CITY HALL DEBT SERVICE FUND (210)							
Clean-Up and Rebudget Actions							
FINANCE							
Fund Balance Reconciliation				\$258,298	\$258,298		\$258,298 \$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$258,298	\$258,298	\$0	\$258,298 \$0
CITY HALL DEBT SERVICE FUND (210) TOTAL	\$0	\$0	\$0	\$258,298	\$258,298	\$0	\$258,298 \$0
COMM DEV BLOCK GRANT FUND (441)							
Clean-Up and Rebudget Actions							
HOUSING							
Fund Balance Reconciliation				\$795,632	\$795,632		\$795,632 \$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FUND (441)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$795,632	\$795,632	\$0	\$795,632	\$0
Budget Adjustments								
HOUSING								
Code Enforcement Operations			\$127,736		\$127,736			\$127,736
Contractual Community Services			\$30,000		\$30,000			\$30,000
Ending Fund Balance Adjustment				\$558,146	\$558,146			\$558,146
Housing Program Development and Monitoring			(\$130,054)		(\$130,054)			(\$130,054)
Housing Rehabilitation Loans and Grants			(\$438,052)		(\$438,052)			(\$438,052)
Legal Aid Fair Housing Program			\$100,000		\$100,000			\$100,000
Legal Services			\$4,464		\$4,464			\$4,464
Neighborhood Infrastructure Improvements			(\$706,693)		(\$706,693)			(\$706,693)
Revenue From the Federal Government					\$0	\$225,547		(\$225,547)
Section 108 Debt Service			\$320,000		\$320,000			\$320,000
Transportation Neighborhood Infrastructure Improvements			\$360,000		\$360,000			\$360,000
Budget Adjustments Total	\$0	\$0	(\$332,599)	\$558,146	\$225,547	\$225,547	\$0	\$0
COMM DEV BLOCK GRANT FUND (441) TOTAL	\$0	\$0	(\$332,599)	\$1,353,778	\$1,021,179	\$225,547	\$795,632	\$0
COMMTY FACIL REVENUE FUND (422)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$2,337,336	\$2,337,336		\$2,337,336	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$2,337,336	\$2,337,336	\$0	\$2,337,336	\$0
COMMTY FACIL REVENUE FUND (422) TOTAL	\$0	\$0	\$0	\$2,337,336	\$2,337,336	\$0	\$2,337,336	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX CENTRAL FD (390)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$449,292	\$449,292		\$449,292	\$0
Rebudget: Parks Maintenance District Feasibility Study			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Parks and Community Facilities Greenprint Update			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Preliminary Engineering - Parks			\$22,000	(\$22,000)	\$0			\$0
Tech Adjust: Transfer to the General Fund - Interest Income (Reconciliation)			\$137,000	(\$137,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$175,000	\$274,292	\$449,292	\$0	\$449,292	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
GIS Mapping Support			\$50,000		\$50,000			\$50,000
Budget Adjustments Total	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX CENTRAL FD (390) TOTAL	\$0	\$0	\$225,000	\$224,292	\$449,292	\$0	\$449,292	\$0
CONST/CONV TAX COMM FUND (397)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$436,273	\$436,273		\$436,273	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$436,273	\$436,273	\$0	\$436,273	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX COMM FUND (397)								
Budget Adjustments								
COMMUNICATIONS CAPITAL PROGRAM								
Communications Maintenance			\$101,000		\$101,000			\$101,000
Ending Fund Balance Adjustment				(\$101,000)	(\$101,000)			(\$101,000)
Budget Adjustments Total	\$0	\$0	\$101,000	(\$101,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX COMM FUND (397) TOTAL	\$0	\$0	\$101,000	\$335,273	\$436,273	\$0	\$436,273	\$0

CONST/CONV TAX FIRE FUND (392)

Clean-Up and Rebudget Actions

PUBLIC SAFETY CAPITAL PROGRAM

Fund Balance Reconciliation				\$625,460	\$625,460		\$625,460	\$0
Rebudget: Computer Replacement Program			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Emergency Response Maps			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Facilities Improvements			\$55,000	(\$55,000)	\$0			\$0
Rebudget: Fire Station 29 Generator			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Fire Data System			(\$236,000)	\$236,000	\$0			\$0
Rebudget: Personal Protective Equipment Program			\$46,000	(\$46,000)	\$0			\$0
Rebudget: Self-Contained Breathing Apparatus (SCBA) Equipment			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Tools and Equipment			\$121,000	(\$121,000)	\$0			\$0
Rebudget: Traffic Control Equipment			(\$3,000)	\$3,000	\$0			\$0
Tech Adjust: Transfer to the General Fund - Interest Income (Reconciliation)			\$19,000	(\$19,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$56,000	\$569,460	\$625,460	\$0	\$625,460	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Budget Adjustments								
PUBLIC SAFETY CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$300,000)	(\$300,000)			(\$300,000)
Fire Station 37 Construction Reserve			\$300,000		\$300,000			\$300,000
Budget Adjustments Total	\$0	\$0	\$300,000	(\$300,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX FIRE FUND (392) TOTAL	\$0	\$0	\$356,000	\$269,460	\$625,460	\$0	\$625,460	\$0
CONST/CONV TAX LIBRARY FD (393)								
Clean-Up and Rebudget Actions								
LIBRARY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$996,571	\$996,571		\$996,571	\$0
Rebudget: Acquisition of Materials			\$56,000	(\$56,000)	\$0			\$0
Rebudget: Automation Projects and System Maintenance			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Branch Efficiency Projects			\$32,000	(\$32,000)	\$0			\$0
Rebudget: Building Assessment Study			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Facilities Improvements - Library Capital			\$17,000	(\$17,000)	\$0			\$0
Rebudget: General Equipment and Furnishings			\$200,000	(\$200,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$422,000	\$574,571	\$996,571	\$0	\$996,571	\$0
CONST/CONV TAX LIBRARY FD (393) TOTAL	\$0	\$0	\$422,000	\$574,571	\$996,571	\$0	\$996,571	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 1 FUND (377)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$3,256,896)	(\$3,256,896)		(\$3,256,896)	\$0
Rebudget: Calabazas Community Center Renovation			\$394,000	(\$394,000)	\$0			\$0
Rebudget: Calabazas Community Center Renovation Feasibility Study			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Council District 1 Land Acquisition			(\$4,000,000)	\$4,000,000	\$0			\$0
Rebudget: Gullo Park Renovation			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Hathaway Park Renovation			(\$21,000)	\$21,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$3,617,000)	\$360,104	(\$3,256,896)	\$0	(\$3,256,896)	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Calabazas Community Center Feasibility Study			\$205,000		\$205,000			\$205,000
Ending Fund Balance Adjustment				(\$205,000)	(\$205,000)			(\$205,000)
Budget Adjustments Total	\$0	\$0	\$205,000	(\$205,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 1 FUND (377) TOTAL	\$0	\$0	(\$3,412,000)	\$155,104	(\$3,256,896)	\$0	(\$3,256,896)	\$0
CONST/CONV TAX PK CD 2 FUND (378)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$271,668	\$271,668		\$271,668	\$0
Rebudget: Council District 2 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Melody Park Playground Renovation			\$145,000	(\$145,000)	\$0			\$0
Rebudget: Southside Community Center Restroom Renovation			(\$112,000)	\$112,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$32,000	\$239,668	\$271,668	\$0	\$271,668	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 2 FUND (378)								
CONST/CONV TAX PK CD 2 FUND (378) TOTAL	\$0	\$0	\$32,000	\$239,668	\$271,668	\$0	\$271,668	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$227,425	\$227,425		\$227,425	\$0
Rebudget: Bonita Park Improvements			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Council District 3 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: McEnery Park Playground Renovation			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Roosevelt Park Improvements			(\$2,000)	\$2,000	\$0			\$0
Rebudget: St. James Park Improvements			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Watson Park Improvements			(\$1,000)	\$1,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$37,000	\$190,425	\$227,425	\$0	\$227,425	\$0
CONST/CONV TAX PK CD 3 FUND (380) TOTAL	\$0	\$0	\$37,000	\$190,425	\$227,425	\$0	\$227,425	\$0
CONST/CONV TAX PK CD 4 FUND (381)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$198,031)	(\$198,031)		(\$198,031)	\$0
Rebudget: Agnews Property Development			\$523,000	(\$523,000)	\$0			\$0
Rebudget: Alviso Park Improvements			\$275,000	(\$275,000)	\$0			\$0
Rebudget: Alviso Park Master Plan			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Council District 4 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			\$61,000	(\$61,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 4 FUND (381)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$882,000	(\$1,080,031)	(\$198,031)	\$0	(\$198,031)	\$0
CONST/CONV TAX PK CD 4 FUND (381) TOTAL	\$0	\$0	\$882,000	(\$1,080,031)	(\$198,031)	\$0	(\$198,031)	\$0
CONST/CONV TAX PK CD 5 FUND (382)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,134,085	\$1,134,085		\$1,134,085	\$0
Rebudget: Plata Arroyo Park Improvements			\$18,000	(\$18,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A			\$697,000	(\$697,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Retaining Wall			\$257,000	(\$257,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$972,000	\$162,085	\$1,134,085	\$0	\$1,134,085	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Alum Rock Avenue and 31st Street Park Phase II			\$77,000		\$77,000			\$77,000
Alum Rock Avenue and 31st Street Park Design			(\$17,000)		(\$17,000)			(\$17,000)
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
Plata Arroyo Park Improvements			\$90,000		\$90,000			\$90,000
Budget Adjustments Total	\$0	\$0	\$150,000	(\$150,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 5 FUND (382) TOTAL	\$0	\$0	\$1,122,000	\$12,085	\$1,134,085	\$0	\$1,134,085	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 6 FUND (384)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$507,942	\$507,942		\$507,942	\$0
Rebudget: Bramhall Park Lawn Bowling Green Renovation			(\$51,000)	\$51,000	\$0			\$0
Rebudget: Council District 6 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Del Monte Park Expansion Phase III Land Acquisition			\$116,000	(\$116,000)	\$0			\$0
Rebudget: Lincoln Glen Park Playground Renovation			\$15,000	(\$15,000)	\$0			\$0
Rebudget: O'Connor Park Playground Improvements			\$34,000	(\$34,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Willow Glen Community Center Improvements			(\$25,000)	\$25,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$83,000	\$424,942	\$507,942	\$0	\$507,942	\$0
CONST/CONV TAX PK CD 6 FUND (384) TOTAL	\$0	\$0	\$83,000	\$424,942	\$507,942	\$0	\$507,942	\$0

CONST/CONV TAX PK CD 7 FUND (385)

Clean-Up and Rebudget Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Fund Balance Reconciliation				\$873,513	\$873,513		\$873,513	\$0
Rebudget: Alma Community Center Renovation			(\$147,000)	\$147,000	\$0			\$0
Rebudget: Communications Hill Hillsdale Fitness Staircase Reimbursement			\$291,000	(\$291,000)	\$0			\$0
Rebudget: McLaughlin Park Renovation			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Roberto Antonio Balermino Park Improvements			(\$28,000)	\$28,000	\$0			\$0
Rebudget: Shirakawa Community Center Renovation			(\$5,000)	\$5,000	\$0			\$0
Rebudget: TRAIL: Coyote Creek (Story Road to Selma Olinder Park)			\$500,000	(\$500,000)	\$0			\$0
Rebudget: TRAIL: Coyote Creek Fish Passage Remediation/Pedestrian Bridge			\$102,000	(\$102,000)	\$0			\$0
Rebudget: Vietnamese-American Community Center Feasibility Study			(\$31,000)	\$31,000	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 7 FUND (385)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Windmill Springs Park Improvements			\$5,000	(\$5,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$713,000	\$160,513	\$873,513	\$0	\$873,513	\$0
CONST/CONV TAX PK CD 7 FUND (385) TOTAL	\$0	\$0	\$713,000	\$160,513	\$873,513	\$0	\$873,513	\$0
CONST/CONV TAX PK CD 8 FUND (386)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$488,555	\$488,555		\$488,555	\$0
Rebudget: Brigadoon Park Improvements			\$218,000	(\$218,000)	\$0			\$0
Rebudget: Council District 8 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: TRAIL: Thompson Creek (Quimby Road to Aborn Court) Design			\$11,000	(\$11,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road)			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Welch Park and Neighborhood Center Improvements			(\$51,000)	\$51,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$172,000	\$316,555	\$488,555	\$0	\$488,555	\$0
CONST/CONV TAX PK CD 8 FUND (386) TOTAL	\$0	\$0	\$172,000	\$316,555	\$488,555	\$0	\$488,555	\$0
CONST/CONV TAX PK CD 9 FUND (388)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$393,058	\$393,058		\$393,058	\$0
Rebudget: Butcher Park Playlot Renovation			\$104,000	(\$104,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 9 FUND (388)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Camden Community Center Gymnasium Improvements			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Camden Park Improvements			(\$14,000)	\$14,000	\$0			\$0
Rebudget: Camden Pool Minor Improvements			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Doerr Park Shade Structure			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Paul Moore Park Reuse Center Minor Improvements			(\$43,000)	\$43,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$52,000	\$341,058	\$393,058	\$0	\$393,058	\$0
CONST/CONV TAX PK CD 9 FUND (388) TOTAL	\$0	\$0	\$52,000	\$341,058	\$393,058	\$0	\$393,058	\$0
CONST/CONV TAX PK CD10 FD (389)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$423,017	\$423,017		\$423,017	\$0
Rebudget: Almaden Lake Park Playground Improvements			\$75,000	(\$75,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$75,000	\$348,017	\$423,017	\$0	\$423,017	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Leland Sports Field Turf Replacement			\$700,000		\$700,000			\$700,000
Leland Sports Field Turf Replacement Reserve			(\$700,000)		(\$700,000)			(\$700,000)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD10 FD (389) TOTAL	\$0	\$0	\$75,000	\$348,017	\$423,017	\$0	\$423,017	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK YARDS FD (398)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$32,381	\$32,381		\$32,381	\$0
Tech Adjust: Transfer to the General Fund - Interest Income (Reconciliation)			\$10,000	(\$10,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$10,000	\$22,381	\$32,381	\$0	\$32,381	\$0
CONST/CONV TAX PK YARDS FD (398) TOTAL	\$0	\$0	\$10,000	\$22,381	\$32,381	\$0	\$32,381	\$0

CONST/CONV TAX PKS CW FUND (391)

Clean-Up and Rebudget Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Fund Balance Reconciliation				\$1,851,577	\$1,851,577		\$1,851,577	\$0
Rebudget: Almaden Lake Park Playground Improvements			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Community Network Upgrade			\$92,000	(\$92,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			(\$13,000)	\$13,000	\$0			\$0
Rebudget: Family Camp Repairs - Rim Fire			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Grace Baptist Minor Improvements			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Guadalupe Gardens Soccer Facility Feasibility Study			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Alligator Exhibit			\$134,000	(\$134,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Improvements			(\$119,000)	\$119,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Ticketing and Management System			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Kelley Park Improvements			(\$31,000)	\$31,000	\$0			\$0
Rebudget: Kelley Park Minor Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Leininger Center Renovation			\$412,000	(\$412,000)	\$0			\$0
Rebudget: Los Lagos Golf Course Feasibility Study			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Overfelt Gardens Improvements			(\$2,000)	\$2,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Parks City-Wide Public Art			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Reservable Picnic Areas			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Vietnamese Cultural Heritage Garden			\$22,000	(\$22,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$782,000	\$1,069,577	\$1,851,577	\$0	\$1,851,577	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				\$43,000	\$43,000			\$43,000
Environmental Mitigation Maintenance and Monitoring			\$70,000		\$70,000			\$70,000
Family Camp Repairs - Rim Fire			\$100,000		\$100,000			\$100,000
Grace Baptist Minor Improvements			(\$52,000)		(\$52,000)			(\$52,000)
Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement			\$184,000		\$184,000			\$184,000
Happy Hollow Park & Zoo Lactation Station			\$70,000		\$70,000			\$70,000
Northside Community Center - Grace Baptist Minor Equipment Relocation Costs			\$52,000		\$52,000			\$52,000
Other Revenue (Family Camp Rim Fire Reimbursement)					\$0	\$467,000		(\$467,000)
Budget Adjustments Total	\$0	\$0	\$424,000	\$43,000	\$467,000	\$467,000	\$0	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	\$1,206,000	\$1,112,577	\$2,318,577	\$467,000	\$1,851,577	\$0

CONST/CONV TAX SRVC YDS FD (395)

Clean-Up and Rebudget Actions

SERVICE YARDS CAPITAL PROGRAM

Fund Balance Reconciliation				\$769,297	\$769,297		\$769,297	\$0
Rebudget: Mabury Yard Improvements			(\$30,000)	\$30,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX SRVC YDS FD (395)								
Clean-Up and Rebudget Actions								
SERVICE YARDS CAPITAL PROGRAM								
Rebudget: West Yard - Restroom Retrofit			(\$49,000)	\$49,000	\$0			\$0
Tech Adjust: Transfer to the General Fund - Interest Income (Reconciliation)			\$13,000	(\$13,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$66,000)	\$835,297	\$769,297	\$0	\$769,297	\$0
Budget Adjustments								
SERVICE YARDS CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$1,000)	(\$1,000)			(\$1,000)
VTA Property Lease			\$1,000		\$1,000			\$1,000
Budget Adjustments Total	\$0	\$0	\$1,000	(\$1,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	(\$65,000)	\$834,297	\$769,297	\$0	\$769,297	\$0

CONSTRUCTION EXCISE TAX FD (465)

Clean-Up and Rebudget Actions

PLANNING, BLDG, & CODE ENF

Rebudget: Temporary Analytical Staff Funding \$2,000 (\$2,000) \$0 \$0

TRAFFIC CAPITAL PROGRAM

BART Design and Construction Support/Revenue from Local Agencies (\$50,000) (\$50,000) (\$50,000) \$0

Fund Balance Reconciliation \$6,134,785 \$6,134,785 \$6,134,785 \$0

Fund Balance Reconciliation - Evergreen Traffic Impact Fees Reserve \$218,756 (\$218,756) \$0 \$0

Fund Balance Reconciliation - North San José Traffic Impact Fees Reserve \$870,302 (\$870,302) \$0 \$0

Fund Balance Reconciliation - Pavement Maintenance - State Gas Tax \$1,337,821 (\$1,337,821) \$0 \$0

Fund Balance Reconciliation - Pavement Maintenance - VTA Measure B VRF \$1,727,578 (\$1,727,578) \$0 \$0

VTA Measure B VRF

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation - Route 101/Oakland/Mabury Traffic Impact Fees Reserve				\$181,555	(\$181,555)	\$0		\$0
Rebudget: Almaden/Vine Downtown Couplet (OBAG)/Revenue from Federal Government				\$155,000	(\$113,000)	\$42,000	\$42,000	\$0
Rebudget: BART Design and Construction Support/Revenue from Local Agencies				\$5,000	\$128,000	\$133,000	\$133,000	\$0
Rebudget: BART Policy and Planning				\$108,000	(\$108,000)	\$0		\$0
Rebudget: BART Program Management/Revenue from Local Agencies				\$11,000	(\$37,000)	(\$26,000)	(\$26,000)	\$0
Rebudget: Bicycle Facilities Data Collection				\$32,000	(\$32,000)	\$0		\$0
Rebudget: Bicycle and Pedestrian Facilities/Revenue from State of California				\$205,000	\$811,000	\$1,016,000	\$1,016,000	\$0
Rebudget: Bike/Pedestrian Development				\$13,000	(\$13,000)	\$0		\$0
Rebudget: Bikeways Program (OBAG)				\$7,000	(\$7,000)	\$0		\$0
Rebudget: Bus Rapid Transit - Santa Clara/Alum Rock/Revenue from Local Agencies				\$9,000	\$126,000	\$135,000	\$135,000	\$0
Rebudget: Community Development Block Grant - Non-Reimbursable				\$70,000	(\$70,000)	\$0		\$0
Rebudget: Coyote Creek Trail				\$185,000	(\$185,000)	\$0		\$0
Rebudget: Fiber Optics Permit Engineering				\$34,000	(\$34,000)	\$0		\$0
Rebudget: Grants Refunds				\$271,000	(\$271,000)	\$0		\$0
Rebudget: Habitat Conservation Plan - Nitrogen Deposition Fee				(\$6,000)	\$6,000	\$0		\$0
Rebudget: High Speed Rail/Revenue from State of California				\$16,000	\$54,000	\$70,000	\$70,000	\$0
Rebudget: Infrastructure Management System - Traffic				\$257,000	(\$257,000)	\$0		\$0
Rebudget: Inter-Agency Encroachment Permit				\$4,000	(\$4,000)	\$0		\$0
Rebudget: Jackson Avenue Complete Streets (OBAG)/Revenue from Federal Government				\$141,000	(\$294,000)	(\$153,000)	(\$153,000)	\$0
Rebudget: LED Traffic Signal Lamp Replacement				\$1,192,000	(\$1,192,000)	\$0		\$0
Rebudget: Mechanical Storm Units				\$186,000	(\$186,000)	\$0		\$0
Rebudget: Miscellaneous Street Improvements				\$144,000	(\$144,000)	\$0		\$0
Rebudget: Montague Expressway - County/Santa Clara Settlement				\$1,500,000	(\$1,500,000)	\$0		\$0
Rebudget: Neighborhood Traffic Calming				\$55,000	(\$55,000)	\$0		\$0
Rebudget: North San José Deficiency Plan Improvements				\$7,000	(\$7,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
CONSTRUCTION EXCISE TAX FD (465)							
Clean-Up and Rebudget Actions							
TRAFFIC CAPITAL PROGRAM							
Rebudget: North San José Improvement - 101/Zanker			\$40,000	(\$40,000)	\$0		\$0
Rebudget: North San José Improvement - 880/Charcot			\$54,000	(\$54,000)	\$0		\$0
Rebudget: Pavement Maintenance - City			\$969,000	(\$969,000)	\$0		\$0
Rebudget: Pavement Maintenance - Federal (OBAG)/Revenue from Federal Government			\$447,000	\$4,811,000	\$5,258,000	\$5,258,000	\$0
Rebudget: Pedestrian Oriented Traffic Signals (OBAG)/Revenue from Federal Government			(\$9,000)	\$135,000	\$126,000	\$126,000	\$0
Rebudget: Pedestrian Safety in Districts 6 and 9: Branham Lane Road Diet			\$50,000	(\$50,000)	\$0		\$0
Rebudget: Priority Safety Corridor Retiming/Revenue from Local Agencies			(\$96,000)	\$396,000	\$300,000	\$300,000	\$0
Rebudget: Public Art Funding			(\$1,000)	\$1,000	\$0		\$0
Rebudget: Regional Rail Planning			\$142,000	(\$142,000)	\$0		\$0
Rebudget: Rosemary Gardens Neighborhood Improvements			\$18,000	(\$18,000)	\$0		\$0
Rebudget: Safety - Neighborhood Traffic Engineering			\$143,000	(\$143,000)	\$0		\$0
Rebudget: Safety - Pedestrian Improvements			\$303,000	(\$303,000)	\$0		\$0
Rebudget: Safety - Signs & Markings			\$229,000	(\$229,000)	\$0		\$0
Rebudget: Safety - Traffic Education			\$85,000	(\$85,000)	\$0		\$0
Rebudget: Safe Access San José/Revenue from Federal Government			\$32,000	\$32,000	\$64,000	\$64,000	\$0
Rebudget: Safe Routes to School Program (OBAG)/Revenue from Federal Government			\$129,000	\$13,000	\$142,000	\$142,000	\$0
Rebudget: Signal and Lighting Vehicle Replacement			\$245,000	(\$245,000)	\$0		\$0
Rebudget: Streetlight Wire Replacement			\$177,000	(\$177,000)	\$0		\$0
Rebudget: Traffic Safety Data Collection			\$74,000	(\$74,000)	\$0		\$0
Rebudget: Traffic Signal Preventative Maintenance			\$306,000	(\$306,000)	\$0		\$0
Rebudget: Training and Development			\$72,000	(\$72,000)	\$0		\$0
Rebudget: Transportation Demand Management/Revenue from Federal Government			\$296,000	(\$369,000)	(\$73,000)	(\$73,000)	\$0
Rebudget: Transportation System Technology			\$44,000	(\$44,000)	\$0		\$0
Rebudget: Urban Forest Partnership			\$125,000	(\$125,000)	\$0		\$0
Rebudget: Vision Zero: City-wide Pedestrian Safety and Traffic			\$21,000	(\$21,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Calming								
Rebudget: Vision Zero: District 6 Pedestrian Safety and Traffic Calming			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Walk n' Roll San José Phase 2/Revenue from Federal Government			\$187,000	\$186,000	\$373,000	\$373,000		\$0
Revenue from State of California (Safe Pathways to Diridon Station)				(\$2,000)	(\$2,000)	(\$2,000)		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$12,989,012	\$500,773	\$13,489,785	\$7,355,000	\$6,134,785	\$0
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Bicycle and Pedestrian Facilities			\$1,124,000		\$1,124,000			\$1,124,000
Bike/Pedestrian Development/Revenue from State of California			\$49,000		\$49,000	\$49,000		\$0
Developer Refunds			(\$709,000)		(\$709,000)			(\$709,000)
Ending Fund Balance Adjustment				(\$436,000)	(\$436,000)			(\$436,000)
LED Streetlights - Sebastian Borello Drive			\$21,000		\$21,000			\$21,000
Pavement Maintenance - State Gas Tax (Reallocation to SB1 - Road Repair & Accountability)			(\$7,202,000)		(\$7,202,000)			(\$7,202,000)
SB1 - Road Repair & Accountability (Reallocation from Pavement Maintenance - State Gas Tax)			\$7,202,000		\$7,202,000			\$7,202,000
Transfer to the Construction Excise Tax Fund/Transfer from Cisco Systems Fund			\$259		\$259	\$259		\$0
Budget Adjustments Total	\$0	\$0	\$485,259	(\$436,000)	\$49,259	\$49,259	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465) TOTAL	\$0	\$0	\$13,474,271	\$64,773	\$13,539,044	\$7,404,259	\$6,134,785	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONTINGENT LIEN DISTRICT FUND (634)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$93,406	\$93,406		\$93,406	\$0
Rebudget: Quimby/Fowler Creek Riparian Restoration			(\$3,000)	\$3,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$3,000)	\$96,406	\$93,406	\$0	\$93,406	\$0
CONTINGENT LIEN DISTRICT FUND (634) TOTAL	\$0	\$0	(\$3,000)	\$96,406	\$93,406	\$0	\$93,406	\$0
CONV CTR FACIL DIST REV FD (791)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Rebudget: Convention Center Boiler Protection			(\$424,000)	\$424,000	\$0			\$0
Rebudget: Convention Center Escalator Upgrades			\$139,000	(\$139,000)	\$0			\$0
Rebudget: Convention Center Exhibit Hall Lighting and Ceiling Upgrades			\$710,000	(\$710,000)	\$0			\$0
Rebudget: Convention Center Restrooms Upgrades			\$139,000	(\$139,000)	\$0			\$0
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				(\$13,695,053)	(\$13,695,053)		(\$13,695,053)	\$0
Rebudget: Financing Proceeds				\$15,000,000	\$15,000,000	\$15,000,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$564,000	\$740,947	\$1,304,947	\$15,000,000	(\$13,695,053)	\$0
Budget Adjustments								
FINANCE								
Debt Service: Special Tax Bonds			\$4,100		\$4,100			\$4,100
ECONOMIC DEVELOPMENT								
Public Art (Convention Center Exhibit Hall Lighting and Ceiling Upgrades Project)			\$211,000		\$211,000			\$211,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV CTR FACIL DIST REV FD (791)								
Budget Adjustments								
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment				(\$215,100)	(\$215,100)			(\$215,100)
Budget Adjustments Total	\$0	\$0	\$215,100	(\$215,100)	\$0	\$0	\$0	\$0
CONV CTR FACIL DIST REV FD (791) TOTAL	\$0	\$0	\$779,100	\$525,847	\$1,304,947	\$15,000,000	(\$13,695,053)	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
Clean-Up and Rebudget Actions								
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				\$894,386	\$894,386		\$894,386	\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Center for Performing Arts (CPA) Elevator Rehabilitation			\$120,000	(\$120,000)	\$0			\$0
Rebudget: Center for Performing Arts Rehabilitation			\$367,000	(\$367,000)	\$0			\$0
Rebudget: Civic Auditorium / Center for the Performing Arts Marketing and Capital Improvement			(\$5,098)	\$5,098	\$0			\$0
Rebudget: Civic Auditorium Temporary Cooling			(\$83,000)	\$83,000	\$0			\$0
Rebudget: Convention Center Concourse Column Covers			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Electrical			\$265,000	(\$265,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Structures			\$90,000	(\$90,000)	\$0			\$0
Rebudget: San José Civic Auditorium HVAC Rehabilitation			(\$3,472,000)	\$3,472,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$2,700,098)	\$3,594,484	\$894,386	\$0	\$894,386	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Capital Reserve			\$3,000,000		\$3,000,000			\$3,000,000
Ending Fund Balance Adjustment				(\$3,538,892)	(\$3,538,892)			(\$3,538,892)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund Revenue Reconciliation)						\$0	\$241,108	(\$241,108)
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Cultural Facilities Rehabilitation/Repair – Electrical			\$305,000		\$305,000			\$305,000
Cultural Facilities Rehabilitation/Repair – Mechanical			\$175,000		\$175,000			\$175,000
Museum Place Coordination and Review			\$300,000		\$300,000			\$300,000
Budget Adjustments Total	\$0	\$0	\$3,780,000	(\$3,538,892)	\$241,108	\$241,108	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536) TOTAL	\$0	\$0	\$1,079,902	\$55,592	\$1,135,494	\$241,108	\$894,386	\$0
DENTAL INSURANCE FUND (155)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation - Dental Claims Reserve				\$12,500	\$12,500		\$12,500	\$0
Fund Balance Reconciliation - Unrestricted				(\$25,465)	(\$25,465)		(\$25,465)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$12,965)	(\$12,965)	\$0	(\$12,965)	\$0
DENTAL INSURANCE FUND (155) TOTAL	\$0	\$0	\$0	(\$12,965)	(\$12,965)	\$0	(\$12,965)	\$0
DOWNTOWN PBID FUND (302)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$13,478	\$13,478		\$13,478	\$0

IV - 107

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
DOWNTOWN PBID FUND (302)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$13,478	\$13,478	\$0	\$13,478	\$0
DOWNTOWN PBID FUND (302) TOTAL	\$0	\$0	\$0	\$13,478	\$13,478	\$0	\$13,478	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$82,101)	(\$82,101)		(\$82,101)	\$0
Rebudget: Emma Prusch Park Roof Repairs			(\$87,000)	\$87,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$87,000)	\$4,899	(\$82,101)	\$0	(\$82,101)	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Emma Prusch Park Electrical Repairs			\$50,000		\$50,000			\$50,000
Emma Prusch Park Future Projects Reserve			(\$50,000)		(\$50,000)			(\$50,000)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
E PRUSCH MEM PK IMPR FUND (131) TOTAL	\$0	\$0	(\$87,000)	\$4,899	(\$82,101)	\$0	(\$82,101)	\$0
ECON DEV ADMIN LOAN FUND (444)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$8	\$8		\$8	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$8	\$8	\$0	\$8	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
ECON DEV ADMIN LOAN FUND (444)								
ECON DEV ADMIN LOAN FUND (444) TOTAL	\$0	\$0	\$0	\$8	\$8	\$0	\$8	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$7,866)	(\$7,866)		(\$7,866)	\$0
Rebudget: 2014 Justice Assistance Grant			(\$6,278)	\$6,278	\$0			\$0
Rebudget: 2015 Justice Assistance Grant			(\$1,883)	\$1,883	\$0			\$0
Tech Adjust: 2014 Justice Assistance Grant (Interest Earnings)			\$164		\$164	\$164		\$0
Tech Adjust: 2015 Justice Assistance Grant (Interest Earnings)			\$2,219		\$2,219	\$2,219		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$5,778)	\$295	(\$5,483)	\$2,383	(\$7,866)	\$0
EDW BYRNE MEMORIAL JAG FD (474) TOTAL	\$0	\$0	(\$5,778)	\$295	(\$5,483)	\$2,383	(\$7,866)	\$0
EMERGENCY RESERVE FUND (406)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$2,353	\$2,353		\$2,353	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$2,353	\$2,353	\$0	\$2,353	\$0
EMERGENCY RESERVE FUND (406) TOTAL	\$0	\$0	\$0	\$2,353	\$2,353	\$0	\$2,353	\$0

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
FEDERAL DRUG FORFEITURE FUND (419)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$1,095,430	\$1,095,430		\$1,095,430	\$0
Rebudget: Non-Personal/Equipment (LEADS/CAPPS Pawn Slip Database)			\$55,000	(\$55,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$55,000	\$1,040,430	\$1,095,430	\$0	\$1,095,430	\$0
FEDERAL DRUG FORFEITURE FUND (419) TOTAL	\$0	\$0	\$55,000	\$1,040,430	\$1,095,430	\$0	\$1,095,430	\$0
GENERAL PURPOSE PARKING FD (533)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,330,728	\$2,330,728		\$2,330,728	\$0
Rebudget: Non-Personal/Equipment (Vehicle Purchase)		\$35,000		(\$35,000)	\$0			\$0
PARKING CAPITAL PROGRAM								
Rebudget: Downtown Event Parking Dynamic Message Sign Repair and Upgrades			\$245,000	(\$245,000)	\$0			\$0
Rebudget: Greater Downtown Area Multi-Modal/Streetscape Improvements			\$101,000	(\$101,000)	\$0			\$0
Rebudget: Greater Downtown Parking Garage			\$360,000	(\$360,000)	\$0			\$0
Rebudget: Green Technologies and Innovation			(\$133,000)	\$133,000	\$0			\$0
Rebudget: Revenue Control and Meter Upgrades			\$257,000	(\$257,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$35,000	\$830,000	\$1,465,728	\$2,330,728	\$0	\$2,330,728	\$0
Budget Adjustments								
PARKING CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$500,000)	(\$500,000)			(\$500,000)
San Jose Regional Transportation Hub – Programmatic Design Reserve			\$500,000		\$500,000			\$500,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GENERAL PURPOSE PARKING FD (533)								
Budget Adjustments								
Budget Adjustments Total	\$0	\$0	\$500,000	(\$500,000)	\$0	\$0	\$0	\$0
GENERAL PURPOSE PARKING FD (533) TOTAL	\$0	\$35,000	\$1,330,000	\$965,728	\$2,330,728	\$0	\$2,330,728	\$0
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
CITY MANAGER								
Rebudget: Berryessa Center Art Project			\$12	(\$12)	\$0			\$0
INDEPENDENT POLICE AUDITOR								
Rebudget: IPA's Teen Leadership Council			\$11	(\$11)	\$0			\$0
CITY CLERK								
Rebudget: Annual District I Festival in the Park			\$8	(\$8)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$385	(\$385)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$22	(\$22)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$100	(\$100)	\$0			\$0
FINANCE								
Fund Balance Reconciliation				\$226,638	\$226,638		\$226,638	\$0
POLICE								
Rebudget: CADPE - Drug Education			\$8	(\$8)	\$0			\$0
Rebudget: Canine Unit			\$12	(\$12)	\$0			\$0
Rebudget: Child Safety Seats			\$74	(\$74)	\$0			\$0
Rebudget: Children's Interview Center			\$214	(\$214)	\$0			\$0
Rebudget: Communications Facility Fitness Center			\$13	(\$13)	\$0			\$0
Rebudget: Community Services Program			\$15	(\$15)	\$0			\$0
Rebudget: Crime Prevention Committee			\$4	(\$4)	\$0			\$0
Rebudget: Cybercadet Program			\$27	(\$27)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
POLICE							
Rebudget: G.E.A.R. Program				\$1	(\$1)	\$0	\$0
Rebudget: Internet Crimes Against Children				\$60	(\$60)	\$0	\$0
Rebudget: Investigative Enhancement				\$182	(\$182)	\$0	\$0
Rebudget: Major Awards Banquet				(\$4,447)	\$4,447	\$0	\$0
Rebudget: Mayor's Safe Families				\$33	(\$33)	\$0	\$0
Rebudget: Miscellaneous Gifts				(\$1,021)	\$1,021	\$0	\$0
Rebudget: Miscellaneous Gifts Under \$5,000				\$1,026	(\$1,026)	\$0	\$0
Rebudget: Police & School Partnership Program				\$54	(\$54)	\$0	\$0
Rebudget: Police Educational Robot				\$12	(\$12)	\$0	\$0
Rebudget: Police Mounted Unit				\$83	(\$83)	\$0	\$0
Rebudget: Police Reserves Unit				\$7,327	(\$7,327)	\$0	\$0
Rebudget: Robbery Secret Witness				\$90	(\$90)	\$0	\$0
Rebudget: S.A.V.E. Program				\$171	(\$171)	\$0	\$0
Rebudget: Scholastic Crime Stoppers				\$29	(\$29)	\$0	\$0
Rebudget: School Safety Gifts				\$21	(\$21)	\$0	\$0
Rebudget: Trauma Kits				\$10	(\$10)	\$0	\$0
Rebudget: Volunteer Program				\$4	(\$4)	\$0	\$0
TRANSPORTATION							
Rebudget: Coleman / Guadalupe Traffic Study and Mitigation				\$74	(\$74)	\$0	\$0
Rebudget: Our City Forest				\$1	(\$1)	\$0	\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway				\$10	(\$10)	\$0	\$0
FIRE							
Rebudget: Hazardous Material Training				\$14	(\$14)	\$0	\$0
Rebudget: Public Education Program				(\$6,974)	\$6,974	\$0	\$0
PUBLIC WORKS							
Rebudget: Animal Services Donations				\$131,511	(\$131,511)	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Rebudget: Kinjo Gardens				\$27	(\$27)	\$0		\$0
Rebudget: Spay / Neuter Program				\$463	(\$463)	\$0		\$0
ECONOMIC DEVELOPMENT								
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund				\$496	(\$496)	\$0		\$0
Rebudget: Art + Technology Program				\$40,541	(\$40,541)	\$0		\$0
Rebudget: Arts and Education Week				\$400	(\$400)	\$0		\$0
Rebudget: Cultural Performance				\$8	(\$8)	\$0		\$0
Rebudget: Incubation Office Project				\$342	(\$342)	\$0		\$0
Rebudget: Miscellaneous Gifts				\$1	(\$1)	\$0		\$0
Rebudget: Sponsorship Gifts				\$1	(\$1)	\$0		\$0
PARKS, REC, & NEIGH SVCS								
Rebudget: Almaden Lake Park				\$13	(\$13)	\$0		\$0
Rebudget: Almaden Lake Park Rangers				\$3	(\$3)	\$0		\$0
Rebudget: Almaden Winery Improvements				\$152	(\$152)	\$0		\$0
Rebudget: Alum Rock Park				\$17	(\$17)	\$0		\$0
Rebudget: Alviso Community Center				\$107	(\$107)	\$0		\$0
Rebudget: Alviso Recreation and Teen Program				\$8	(\$8)	\$0		\$0
Rebudget: Animal Adoption				\$862	(\$862)	\$0		\$0
Rebudget: Calabazas BMX Park				\$19	(\$19)	\$0		\$0
Rebudget: Castro School Landscaping				\$34	(\$34)	\$0		\$0
Rebudget: Combined Gifts				\$33	(\$33)	\$0		\$0
Rebudget: Commodore Park Maintenance				(\$16,125)	\$16,125	\$0		\$0
Rebudget: Community Cultural Council				\$18	(\$18)	\$0		\$0
Rebudget: Emma Prusch Farm Park				\$1,304	(\$1,304)	\$0		\$0
Rebudget: Family Camp Camperships				\$2,028	(\$2,028)	\$0		\$0
Rebudget: Friends of Paul Moore Park				\$20	(\$20)	\$0		\$0
Rebudget: Grace Community Center				(\$93)	\$93	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
PARKS, REC, & NEIGH SVCS							
Rebudget: Gullo Park Turf Irrigation			\$90	(\$90)	\$0		\$0
Rebudget: J. Ward Memorial Scholarship			\$101	(\$101)	\$0		\$0
Rebudget: Japanese Friendship Garden			(\$2,620)	\$2,620	\$0		\$0
Rebudget: Lake Cunningham Skate Park			\$33	(\$33)	\$0		\$0
Rebudget: Leland High School Tennis			\$12	(\$12)	\$0		\$0
Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program			(\$8,274)	\$8,274	\$0		\$0
Rebudget: Miscellaneous Gifts Under \$1,000			(\$5,405)	\$5,405	\$0		\$0
Rebudget: Mise and Starbird Gift			(\$5,554)	\$5,554	\$0		\$0
Rebudget: Newhall Park Maintenance			\$4,916	(\$4,916)	\$0		\$0
Rebudget: Nicolas Prusch Swimming			\$1,720	(\$1,720)	\$0		\$0
Rebudget: O'Donnell's Gardens Park			\$175	(\$175)	\$0		\$0
Rebudget: Overfelt Gardens			\$15	(\$15)	\$0		\$0
Rebudget: RP & CS General Gifts over \$1,000			\$4,520	(\$4,520)	\$0		\$0
Rebudget: River Oaks Park Maintenance			\$12,183	(\$12,183)	\$0		\$0
Rebudget: Safe Summer Initiative			\$113	(\$113)	\$0		\$0
Rebudget: San José Vietnam War Memorial			\$59	(\$59)	\$0		\$0
Rebudget: St. James Park Landscaping			\$39	(\$39)	\$0		\$0
Rebudget: Vista Montana Park Maintenance			(\$97,822)	\$97,822	\$0		\$0
Rebudget: Willow Glen Founders Day			\$4	(\$4)	\$0		\$0
Rebudget: Youth Commission			\$3,383	(\$3,383)	\$0		\$0
LIBRARY							
Rebudget: Books for Little Hands			\$2,022	(\$2,022)	\$0		\$0
Rebudget: Calabazas Branch Library			(\$751)	\$751	\$0		\$0
Rebudget: Garbage Stickers			\$3,930	(\$3,930)	\$0		\$0
Rebudget: Library Literacy Project			\$227	(\$227)	\$0		\$0
Rebudget: Library-General Gifts			\$119,720	(\$119,720)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
AIRPORT								
Rebudget: Art Work			\$44	(\$44)	\$0			\$0
Rebudget: Heliport System Plan Study			\$140	(\$140)	\$0			\$0
Rebudget: Kidport			\$1	(\$1)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$192,876	\$33,762	\$226,638	\$0	\$226,638	\$0
Budget Adjustments								
LIBRARY								
Ending Fund Balance Adjustment				(\$33,762)	(\$33,762)			(\$33,762)
Library - Books for Little Hands			\$2,000		\$2,000			\$2,000
Library - General Gifts			\$31,762		\$31,762			\$31,762
Library - General Gifts/Other Revenue			\$22,708		\$22,708	\$22,708		\$0
Budget Adjustments Total	\$0	\$0	\$56,470	(\$33,762)	\$22,708	\$22,708	\$0	\$0
GIFT TRUST FUND (139) TOTAL	\$0	\$0	\$249,346	\$0	\$249,346	\$22,708	\$226,638	\$0
HOME INVEST PART PROG FUND (445)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$2,661,371	\$2,661,371		\$2,661,371	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$2,661,371	\$2,661,371	\$0	\$2,661,371	\$0
HOME INVEST PART PROG FUND (445) TOTAL	\$0	\$0	\$0	\$2,661,371	\$2,661,371	\$0	\$2,661,371	\$0

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOUSING TRUST FUND (440)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$1,843,136	\$1,843,136		\$1,843,136	\$0
Rebudget: Housing and Homeless Projects			\$25,000	(\$25,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$25,000	\$1,818,136	\$1,843,136	\$0	\$1,843,136	\$0
HOUSING TRUST FUND (440) TOTAL	\$0	\$0	\$25,000	\$1,818,136	\$1,843,136	\$0	\$1,843,136	\$0
ICE CENTRE REVENUE FUND (432)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$392,716	\$392,716		\$392,716	\$0
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$364,375	(\$364,375)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$364,375	\$28,341	\$392,716	\$0	\$392,716	\$0
ICE CENTRE REVENUE FUND (432) TOTAL	\$0	\$0	\$364,375	\$28,341	\$392,716	\$0	\$392,716	\$0
IMPROVEMENT DISTRICT FUND (599)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$574,571)	(\$574,571)		(\$574,571)	\$0
Rebudget: Route 101/Blossom Hill Road Interchange			\$270,000	(\$270,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$270,000	(\$844,571)	(\$574,571)	\$0	(\$574,571)	\$0
IMPROVEMENT DISTRICT FUND (599) TOTAL	\$0	\$0	\$270,000	(\$844,571)	(\$574,571)	\$0	(\$574,571)	\$0

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Clean-Up and Rebudget Actions								
PLANNING, BLDG, & CODE ENF								
Rebudget: Personal Services (Temporary Analytical Staff Funding)	\$1,996			(\$1,996)		\$0		\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$3,327,987	\$3,327,987		\$3,327,987	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$27,000	(\$27,000)		\$0		\$0
Rebudget: Household Hazardous Waste Las Plumas Facility			\$43,500	(\$43,500)		\$0		\$0
Tech Adjust: Reallocation from Fees, Rates, and Charges to Other Revenue					\$0	(\$14,000)		\$14,000
Tech Adjust: Reallocation from Fines, Forfeitures, and Penalties to Other Revenue					\$0	(\$2,000)		\$2,000
Tech Adjust: Reallocation to Other Revenue from Fees, Rates, and Charges and Fines, Forfeitures, and Penalties					\$0	\$16,000		(\$16,000)
Clean-Up and Rebudget Actions Total	\$1,996	\$0	\$70,500	\$3,255,491	\$3,327,987	\$0	\$3,327,987	\$0
INTEGRATED WASTE MGT FUND (423) TOTAL	\$1,996	\$0	\$70,500	\$3,255,491	\$3,327,987	\$0	\$3,327,987	\$0
LAKE CUNNINGHAM FUND (462)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$63,713)	(\$63,713)		(\$63,713)	\$0
Rebudget: Lake Cunningham Bike Park			(\$75,000)	\$75,000	\$0			\$0
Rebudget: Lake Cunningham Bike Park Fixtures, Furnishings and Equipment			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Lake Cunningham Pilot Dog Park (Parking Machine)			\$11,000	(\$11,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$72,000)	\$8,287	(\$63,713)	\$0	(\$63,713)	\$0
LAKE CUNNINGHAM FUND (462) TOTAL	\$0	\$0	(\$72,000)	\$8,287	(\$63,713)	\$0	(\$63,713)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIBRARY PARCEL TAX FUND (418)								
Clean-Up and Rebudget Actions								
LIBRARY								
Fund Balance Reconciliation				\$1,969,094	\$1,969,094		\$1,969,094	\$0
LIBRARY CAPITAL PROGRAM								
Rebudget: Acquisition of Materials			\$330,000	(\$330,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$330,000	\$1,639,094	\$1,969,094	\$0	\$1,969,094	\$0
LIBRARY PARCEL TAX FUND (418) TOTAL	\$0	\$0	\$330,000	\$1,639,094	\$1,969,094	\$0	\$1,969,094	\$0
LIFE INSURANCE FUND (156)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$4,869)	(\$4,869)		(\$4,869)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$4,869)	(\$4,869)	\$0	(\$4,869)	\$0
LIFE INSURANCE FUND (156) TOTAL	\$0	\$0	\$0	(\$4,869)	(\$4,869)	\$0	(\$4,869)	\$0
LOW/MOD INCOME HSNG ASSET FD (346)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$3,483,482)	(\$3,483,482)		(\$3,483,482)	\$0
Rebudget: Housing Loans and Grants			(\$3,500,000)	\$3,500,000	\$0			\$0
Rebudget: Housing Predevelopment Activity			\$200,000	(\$200,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$3,300,000)	(\$183,482)	(\$3,483,482)	\$0	(\$3,483,482)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LOW/MOD INCOME HSNG ASSET FD (346)								
LOW/MOD INCOME HSNG ASSET FD (346) TOTAL	\$0	\$0	(\$3,300,000)	(\$183,482)	(\$3,483,482)	\$0	(\$3,483,482)	\$0
M.D. #1 LOS PASEOS FUND (352)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$16,625	\$16,625		\$16,625	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$16,625	\$16,625	\$0	\$16,625	\$0
M.D. #1 LOS PASEOS FUND (352) TOTAL	\$0	\$0	\$0	\$16,625	\$16,625	\$0	\$16,625	\$0
M.D. #11 BROKAW/JCT-OAK FD (364)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$7,438)	(\$7,438)		(\$7,438)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$7,438)	(\$7,438)	\$0	(\$7,438)	\$0
M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL	\$0	\$0	\$0	(\$7,438)	(\$7,438)	\$0	(\$7,438)	\$0
M.D. #13 KARINA CT-O'NL DR FD (366)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$6,412)	(\$6,412)		(\$6,412)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$6,412)	(\$6,412)	\$0	(\$6,412)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #13 KARINA CT-O'NL DR FD (366)								
M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL	\$0	\$0	\$0	(\$6,412)	(\$6,412)	\$0	(\$6,412)	\$0
M.D. #15 SILVER CREEK VALLEY FD (368)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$5,421	\$5,421		\$5,421	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$5,421	\$5,421	\$0	\$5,421	\$0
M.D. #15 SILVER CREEK VALLEY FD (368) TOTAL	\$0	\$0	\$0	\$5,421	\$5,421	\$0	\$5,421	\$0
M.D. #18 MEADOWLANDS FUND (372)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$12,387	\$12,387		\$12,387	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$12,387	\$12,387	\$0	\$12,387	\$0
M.D. #18 MEADOWLANDS FUND (372) TOTAL	\$0	\$0	\$0	\$12,387	\$12,387	\$0	\$12,387	\$0
M.D. #19 RIVER OAKS FUND (359)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$41,535	\$41,535		\$41,535	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$41,535	\$41,535	\$0	\$41,535	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #19 RIVER OAKS FUND (359)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$30,000)	(\$30,000)			(\$30,000)
Non-Personal/Equipment (Reconnect Irrigation)		\$30,000			\$30,000			\$30,000
Budget Adjustments Total	\$0	\$30,000	\$0	(\$30,000)	\$0	\$0	\$0	\$0
M.D. #19 RIVER OAKS FUND (359) TOTAL	\$0	\$30,000	\$0	\$11,535	\$41,535	\$0	\$41,535	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$8,982	\$8,982		\$8,982	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$8,982	\$8,982	\$0	\$8,982	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
Non-Personal/Equipment (Irrigation System)		\$10,000			\$10,000			\$10,000
Budget Adjustments Total	\$0	\$10,000	\$0	(\$10,000)	\$0	\$0	\$0	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL	\$0	\$10,000	\$0	(\$1,018)	\$8,982	\$0	\$8,982	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #20 RENAISSANC-N. 1ST FD (365)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$30,465	\$30,465		\$30,465	\$0
Rebudget: Non-Personal/Equipment (Median Island Water Reconnection)		\$29,000		(\$29,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$29,000	\$0	\$1,465	\$30,465	\$0	\$30,465	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365) TOTAL	\$0	\$29,000	\$0	\$1,465	\$30,465	\$0	\$30,465	\$0
M.D. #21 GATEWAY FUND (356)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$19,581	\$19,581		\$19,581	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$19,581	\$19,581	\$0	\$19,581	\$0
M.D. #21 GATEWAY FUND (356) TOTAL	\$0	\$0	\$0	\$19,581	\$19,581	\$0	\$19,581	\$0
M.D. #22 HLLYR-SLVR CRK VLY FD (367)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$8,334)	(\$8,334)		(\$8,334)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$8,334)	(\$8,334)	\$0	(\$8,334)	\$0
M.D. #22 HLLYR-SLVR CRK VLY FD (367) TOTAL	\$0	\$0	\$0	(\$8,334)	(\$8,334)	\$0	(\$8,334)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$96,009)	(\$96,009)		(\$96,009)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$96,009)	(\$96,009)	\$0	(\$96,009)	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357) TOTAL	\$0	\$0	\$0	(\$96,009)	(\$96,009)	\$0	(\$96,009)	\$0
M.D. #8 ZANKER-MONTAGUE FD (361)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$87,923	\$87,923		\$87,923	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$87,923	\$87,923	\$0	\$87,923	\$0
M.D. #8 ZANKER-MONTAGUE FD (361) TOTAL	\$0	\$0	\$0	\$87,923	\$87,923	\$0	\$87,923	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$6,527)	(\$6,527)		(\$6,527)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$6,527)	(\$6,527)	\$0	(\$6,527)	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
Non-Personal/Equipment (COLA)		\$10,000			\$10,000			\$10,000

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #9 S TERESA/GRT OAKS FD (362)								
Budget Adjustments								
Budget Adjustments Total	\$0	\$10,000	\$0	(\$10,000)	\$0	\$0	\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL	\$0	\$10,000	\$0	(\$16,527)	(\$6,527)	\$0	(\$6,527)	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$197,018	\$197,018		\$197,018	\$0
Rebudget: Miscellaneous Street Improvements			\$40,000	(\$40,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$40,000	\$157,018	\$197,018	\$0	\$197,018	\$0
MAJOR COLLECT & ARTRLS FD (421) TOTAL	\$0	\$0	\$40,000	\$157,018	\$197,018	\$0	\$197,018	\$0
MAJOR FACILITIES FUND (502)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$157,783	\$157,783		\$157,783	\$0
Rebudget: North San José Water Well Evaluation and Rehabilitation			\$124,000	(\$124,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$124,000	\$33,783	\$157,783	\$0	\$157,783	\$0
MAJOR FACILITIES FUND (502) TOTAL	\$0	\$0	\$124,000	\$33,783	\$157,783	\$0	\$157,783	\$0

IV - 124

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MULTI-SOURCE HOUSING FD (448)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$4,949,508	\$4,949,508		\$4,949,508	\$0
Rebudget: HOPWA Grants/Revenue From Federal Government		\$150,000			\$150,000	\$150,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$150,000	\$0	\$4,949,508	\$5,099,508	\$150,000	\$4,949,508	\$0
Budget Adjustments								
HOUSING								
City Housing Authority Reserve			(\$2,000,000)		(\$2,000,000)			(\$2,000,000)
Emergency Shelter Grants			\$35,902		\$35,902			\$35,902
Ending Fund Balance Adjustment				\$346,706	\$346,706			\$346,706
HOPWA SHAPPS			(\$413,211)		(\$413,211)			(\$413,211)
Housing Opportunities for Persons with AIDS (HOPWA) Grants			(\$13,861)		(\$13,861)			(\$13,861)
Housing Opportunities for Persons with AIDS-Permanent Supportive Housing (HOPWA PSH)			\$424,551		\$424,551			\$424,551
Housing Opportunities for Persons with AIDS-Violence Against Women Act (HOPWA-VAWA)			\$139,117		\$139,117			\$139,117
Inclusionary Projects			\$55,000		\$55,000			\$55,000
Rebuilding for Heroes			\$2,000,000		\$2,000,000			\$2,000,000
Recovery Act-Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property			\$150,000		\$150,000	\$150,000		\$0
Revenue from Federal Government					\$0	\$574,204		(\$574,204)
Budget Adjustments Total	\$0	\$0	\$377,498	\$346,706	\$724,204	\$724,204	\$0	\$0
MULTI-SOURCE HOUSING FD (448) TOTAL	\$0	\$150,000	\$377,498	\$5,296,214	\$5,823,712	\$874,204	\$4,949,508	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MUNICIPAL GOLF COURSE FUND (518)								
Clean-Up and Rebudget Actions								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				\$24,076	\$24,076		\$24,076	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$24,076	\$24,076	\$0	\$24,076	\$0
MUNICIPAL GOLF COURSE FUND (518) TOTAL	\$0	\$0	\$0	\$24,076	\$24,076	\$0	\$24,076	\$0
NEIGHBHD SECURITY BOND FD (475)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$15,514	\$15,514		\$15,514	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$15,514	\$15,514	\$0	\$15,514	\$0
NEIGHBHD SECURITY BOND FD (475) TOTAL	\$0	\$0	\$0	\$15,514	\$15,514	\$0	\$15,514	\$0
PARKS & REC BOND PROJ FD (471)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$2,738,500	\$2,738,500		\$2,738,500	\$0
Fund Balance Reconciliation - Parks and Recreation Bond Projects			\$833,500	(\$833,500)	\$0			\$0
Contingency Reserve								
Rebudget: Coleman Soccer Fields			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Guadalupe Gardens Soccer Facility			\$1,907,000	(\$1,907,000)	\$0			\$0
Rebudget: Public Art - Parks and Recreation Bond Projects			\$2,000	(\$2,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,738,500	\$0	\$2,738,500	\$0	\$2,738,500	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
PARKS & REC BOND PROJ FD (471)								
PARKS & REC BOND PROJ FD (471) TOTAL								
	\$0	\$0	\$2,738,500	\$0	\$2,738,500	\$0	\$2,738,500	\$0
PUBLIC WKS PRO SUPPORT FD (150)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$237,144	\$237,144		\$237,144	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$237,144	\$237,144	\$0	\$237,144	\$0
Budget Adjustments								
PUBLIC WORKS								
Ending Fund Balance Adjustment				(\$130,000)	(\$130,000)			(\$130,000)
Non-Personal/Equipment (Citywide Contracting Problem)		\$130,000			\$130,000			\$130,000
Budget Adjustments Total	\$0	\$130,000	\$0	(\$130,000)	\$0	\$0	\$0	\$0
PUBLIC WKS PRO SUPPORT FD (150) TOTAL	\$0	\$130,000	\$0	\$107,144	\$237,144	\$0	\$237,144	\$0
RES CONST TAX FUND (420)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$278,118	\$278,118		\$278,118	\$0
Transfer to the General Fund - Interest Income			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$4,000	\$274,118	\$278,118	\$0	\$278,118	\$0
RES CONST TAX FUND (420) TOTAL	\$0	\$0	\$4,000	\$274,118	\$278,118	\$0	\$278,118	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SAN JOSE MUNI STADIUM CAP FND (476)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$3,190	\$3,190		\$3,190	\$0
Rebudget: Capital Enhancements / Revenue from the Use of Money/Property			\$35,190	(\$3,190)	\$32,000	\$32,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$35,190	\$0	\$35,190	\$32,000	\$3,190	\$0
SAN JOSE MUNI STADIUM CAP FND (476) TOTAL	\$0	\$0	\$35,190	\$0	\$35,190	\$32,000	\$3,190	\$0
SANITARY SEWER CONN FEE FD (540)								
Clean-Up and Rebudget Actions								
SANITARY SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$312,822)	(\$312,822)		(\$312,822)	\$0
Rebudget: Master Planning Updates			(\$31,000)	\$31,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$31,000)	(\$281,822)	(\$312,822)	\$0	(\$312,822)	\$0
SANITARY SEWER CONN FEE FD (540) TOTAL	\$0	\$0	(\$31,000)	(\$281,822)	(\$312,822)	\$0	(\$312,822)	\$0
SELF-INSURED MEDICAL FUND (158)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation - Self-Insured Medical Claim Reserve				(\$695,000)	(\$695,000)		(\$695,000)	\$0
Fund Balance Reconciliation - Unrestricted				(\$166,379)	(\$166,379)		(\$166,379)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$861,379)	(\$861,379)	\$0	(\$861,379)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SELF-INSURED MEDICAL FUND (158)								
Budget Adjustments								
HUMAN RESOURCES								
Ending Fund Balance Adjustment				\$21,560	\$21,560			\$21,560
Fee, Rates, and Charges (Participant Contributions)					\$0	\$47,000		(\$47,000)
Non-Personal/Equipment (Benefits Consultant Contract)		\$100			\$100			\$100
Payment of Claims			(\$655,660)		(\$655,660)			(\$655,660)
Self-Insured Medical Claims Reserve			(\$1,155,000)		(\$1,155,000)			(\$1,155,000)
Transfers and Reimbursements (Reimbursements from City Funds and Retirement Funds)					\$0	(\$1,836,000)		\$1,836,000
Budget Adjustments Total	\$0	\$100	(\$1,810,660)	\$21,560	(\$1,789,000)	(\$1,789,000)	\$0	\$0
SELF-INSURED MEDICAL FUND (158) TOTAL	\$0	\$100	(\$1,810,660)	(\$839,819)	(\$2,650,379)	(\$1,789,000)	(\$861,379)	\$0
SEWER SVC & USE CHARGE FD (541)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$823,188	\$823,188		\$823,188	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$130,000	(\$130,000)	\$0			\$0
Rebudget: Non-Personal/Equipment (Water Pollution Control Plant Administrative Claims and Master Agreement Negotiations)		\$200,000		(\$200,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$200,000	\$130,000	\$493,188	\$823,188	\$0	\$823,188	\$0
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$90,917)	(\$90,917)			(\$90,917)
Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)		\$90,917			\$90,917			\$90,917
Budget Adjustments Total	\$0	\$90,917	\$0	(\$90,917)	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHARGE FD (541)								
SEWER SVC & USE CHARGE FD (541) TOTAL	\$0	\$290,917	\$130,000	\$402,271	\$823,188	\$0	\$823,188	\$0

SEWER SVC & USE CHG CAP FD (545)

Clean-Up and Rebudget Actions

SANITARY SEWER CAPITAL PROGRAM

Fund Balance Reconciliation				\$4,275,569	\$4,275,569		\$4,275,569	\$0
Rebudget: 30 inch Old Bayshore Supplement			\$42,000	(\$42,000)	\$0			\$0
Rebudget: 60 inch Brick Interceptor, Phase VIA and VIB			(\$44,000)	\$44,000	\$0			\$0
Rebudget: Bollinger Road - Moorpark Avenue - Williams Road Sanitary Sewer Improvements			(\$627,000)	\$627,000	\$0			\$0
Rebudget: Capitol Avenue Sanitary Sewer Improvements			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Coleman Road Sanitary Sewer Improvements			(\$58,000)	\$58,000	\$0			\$0
Rebudget: Fourth Major Interceptor, Phase IIB/IIIB			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Master Planning Updates			(\$19,000)	\$19,000	\$0			\$0
Rebudget: Public Art			(\$164,000)	\$164,000	\$0			\$0
Rebudget: Rehabilitation of Sanitary Sewer Pump Stations			\$103,000	(\$103,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement, Phase II			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Stevens Creek Boulevard Sanitary Sewer Improvements			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Trimble Road and Capewood Lane Sanitary Sewer Improvements			\$185,000	(\$185,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$538,000)	\$4,813,569	\$4,275,569	\$0	\$4,275,569	\$0
SEWER SVC & USE CHG CAP FD (545) TOTAL	\$0	\$0	(\$538,000)	\$4,813,569	\$4,275,569	\$0	\$4,275,569	\$0

SJ ARENA CAPITAL RESERVE FD (459)

Clean-Up and Rebudget Actions

ECONOMIC DEVELOPMENT

Fund Balance Reconciliation				\$3,354,695	\$3,354,695		\$3,354,695	\$0
-----------------------------	--	--	--	-------------	-------------	--	-------------	-----

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ ARENA CAPITAL RESERVE FD (459)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$3,339,473	(\$3,339,473)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,339,473	\$15,222	\$3,354,695	\$0	\$3,354,695	\$0
SJ ARENA CAPITAL RESERVE FD (459) TOTAL	\$0	\$0	\$3,339,473	\$15,222	\$3,354,695	\$0	\$3,354,695	\$0

SJ-SC TRMNT PLANT CAP FUND (512)

Clean-Up and Rebudget Actions

WATER POLLUTION CONTROL CAP PRGM

Fund Balance Reconciliation				\$3,208,477	\$3,208,477		\$3,208,477	\$0
Rebudget: Advanced Facility Control and Meter Replacement			\$47,000	(\$47,000)	\$0			\$0
Rebudget: Aeration Tanks and Blower Rehabilitation			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Combined Heat and Power Equipment Repair and Rehabilitation			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Construction-Enabling Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Digested Sludge Dewatering Facility			(\$134,000)	\$134,000	\$0			\$0
Rebudget: Digester and Thickener Facilities Upgrade			\$399,000	(\$399,000)	\$0			\$0
Rebudget: Energy Generation Improvements			(\$366,000)	\$366,000	\$0			\$0
Rebudget: Facility Wide Water Systems Improvements			\$66,000	(\$66,000)	\$0			\$0
Rebudget: Filter Rehabilitation			(\$35,000)	\$35,000	\$0			\$0
Rebudget: Headworks Improvements			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Iron Salt Feed Station			\$42,000	(\$42,000)	\$0			\$0
Rebudget: New Headworks			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Nitrification Clarifier Rehabilitation			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Outfall Bridge and Levee Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Owner Controlled Insurance Program			\$369,000	(\$369,000)	\$0			\$0
Rebudget: Plant Infrastructure Improvements			\$212,000	(\$212,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT CAP FUND (512)								
Clean-Up and Rebudget Actions								
WATER POLLUTION CONTROL CAP PRGM								
Rebudget: Plant Instrument Air System Upgrade			\$72,000	(\$72,000)	\$0			\$0
Rebudget: Program Management - Water Pollution Control			(\$276,000)	\$276,000	\$0			\$0
Rebudget: Public Art			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Support Building Improvements			\$1,053,000	(\$1,053,000)	\$0			\$0
Rebudget: Treatment Plant Distributed Control System			(\$39,000)	\$39,000	\$0			\$0
Rebudget: Tunnel Rehabilitation			\$46,000	(\$46,000)	\$0			\$0
Rebudget: Yard Piping and Road Improvements			(\$4,000)	\$4,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,501,000	\$1,707,477	\$3,208,477	\$0	\$3,208,477	\$0
SJ-SC TRMNT PLANT CAP FUND (512) TOTAL	\$0	\$0	\$1,501,000	\$1,707,477	\$3,208,477	\$0	\$3,208,477	\$0
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$501,668	\$501,668		\$501,668	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$11,000	(\$11,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$11,000	\$490,668	\$501,668	\$0	\$501,668	\$0
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				\$90,917	\$90,917			\$90,917
Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)		(\$90,917)			(\$90,917)			(\$90,917)
Budget Adjustments Total	\$0	(\$90,917)	\$0	\$90,917	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
SJ-SC TRMNT PLANT OPER FUND (513) TOTAL	\$0	(\$90,917)	\$11,000	\$581,585	\$501,668	\$0	\$501,668	\$0
SJ-SC TRMNT PLNT INC FUND (514)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$161,304	\$161,304		\$161,304	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$161,304	\$161,304	\$0	\$161,304	\$0
SJ-SC TRMNT PLNT INC FUND (514) TOTAL	\$0	\$0	\$0	\$161,304	\$161,304	\$0	\$161,304	\$0
ST JAMES PARK MGMT DIST FUND (345)								
Clean-Up and Rebudget Actions								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				\$217,487	\$217,487		\$217,487	\$0
Rebudget: Non-Personal/Equipment (Placemaking, Vehicle, and Equipment)		\$165,000		(\$165,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$165,000	\$0	\$52,487	\$217,487	\$0	\$217,487	\$0
ST JAMES PARK MGMT DIST FUND (345) TOTAL	\$0	\$165,000	\$0	\$52,487	\$217,487	\$0	\$217,487	\$0
STATE DRUG FORF FUND (417)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$3,959)	(\$3,959)		(\$3,959)	\$0
Rebudget: Body Worn Camera Infrastructure			\$135,343	(\$135,343)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STATE DRUG FORF FUND (417)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$135,343	(\$139,302)	(\$3,959)	\$0	(\$3,959)	\$0
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
Police Helicopter Replacement			\$150,000		\$150,000			\$150,000
Budget Adjustments Total	\$0	\$0	\$150,000	(\$150,000)	\$0	\$0	\$0	\$0
STATE DRUG FORF FUND (417) TOTAL	\$0	\$0	\$285,343	(\$289,302)	(\$3,959)	\$0	(\$3,959)	\$0
STORM DRAINAGE FEE FUND (413)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$15,591	\$15,591		\$15,591	\$0
Tech Adjust: Transfer to the General Fund – Interest Income (Reconciliation)			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$4,000	\$11,591	\$15,591	\$0	\$15,591	\$0
STORM DRAINAGE FEE FUND (413) TOTAL	\$0	\$0	\$4,000	\$11,591	\$15,591	\$0	\$15,591	\$0
STORM SEWER CAPITAL FUND (469)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$2,959,713	\$2,959,713		\$2,959,713	\$0
Rebudget: Alviso Storm Pump Station			\$111,000	(\$111,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER CAPITAL FUND (469)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Rebudget: Chynoweth Avenue Green Street			\$102,000	(\$102,000)	\$0			\$0
Rebudget: Condition Assessment Storm Sewer Repairs			\$500,000	(\$500,000)	\$0			\$0
Rebudget: Large Trash Capture Devices			\$980,000	(\$980,000)	\$0			\$0
Rebudget: Outfall Rehabilitation - Capital			\$190,000	(\$190,000)	\$0			\$0
Rebudget: Park Avenue Green Street Pilot			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Storm Pump Station Rehabilitation and Replacement			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Storm Sewer Master Plan - City-wide			(\$134,000)	\$134,000	\$0			\$0
Rebudget: Urgent Flood Prevention and Repair Projects			\$132,000	(\$132,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,133,000	\$826,713	\$2,959,713	\$0	\$2,959,713	\$0
STORM SEWER CAPITAL FUND (469) TOTAL	\$0	\$0	\$2,133,000	\$826,713	\$2,959,713	\$0	\$2,959,713	\$0
STORM SEWER OPERATING FD (446)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Rebudget: Non-Personal/Equipment (Vehicle Replacement)		\$66,000		(\$66,000)	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,085,377	\$1,085,377		\$1,085,377	\$0
Clean-Up and Rebudget Actions Total	\$0	\$66,000	\$0	\$1,019,377	\$1,085,377	\$0	\$1,085,377	\$0
STORM SEWER OPERATING FD (446) TOTAL	\$0	\$66,000	\$0	\$1,019,377	\$1,085,377	\$0	\$1,085,377	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Fund Balance Reconciliation				\$4,170,571	\$4,170,571		\$4,170,571
Fund Balance Reconciliation - Future PDO/PIO Projects Reserve			\$2,075,571	(\$2,075,571)	\$0		\$0
Rebudget: Agnews Property Development			(\$167,000)	\$167,000	\$0		\$0
Rebudget: Backesto Park Renovation			(\$19,000)	\$19,000	\$0		\$0
Rebudget: Baypointe Interim Park			(\$78,000)	\$78,000	\$0		\$0
Rebudget: Bramhall Park Lawn Bowling Green Renovation			(\$3,000)	\$3,000	\$0		\$0
Rebudget: Bramhall Park Restroom and Concession Building			(\$24,000)	\$24,000	\$0		\$0
Rebudget: Brigadoon Park Improvements			\$32,000	(\$32,000)	\$0		\$0
Rebudget: Cahalan Park Improvements			\$45,000	(\$45,000)	\$0		\$0
Rebudget: Calabazas BMX Park Minor Improvements			(\$7,000)	\$7,000	\$0		\$0
Rebudget: Cannery Park Design Review and Inspection			\$42,000	(\$42,000)	\$0		\$0
Rebudget: Communications Hill Hillsdale Fitness Staircase Design Review and Inspection			\$37,000	(\$37,000)	\$0		\$0
Rebudget: Communications Hill Turnkey Park Design Review and Inspection			(\$40,000)	\$40,000	\$0		\$0
Rebudget: Council District 1 Land Acquisition			(\$979,000)	\$979,000	\$0		\$0
Rebudget: Del Monte Park Improvements			(\$22,000)	\$22,000	\$0		\$0
Rebudget: Falls Creek Park Minor Improvements			(\$2,000)	\$2,000	\$0		\$0
Rebudget: Groesbeck Park Improvements			\$185,000	(\$185,000)	\$0		\$0
Rebudget: Hamann Park Minor Improvements			\$8,000	(\$8,000)	\$0		\$0
Rebudget: Hathaway Park Renovation			(\$9,000)	\$9,000	\$0		\$0
Rebudget: Iris Chang Park Development			\$439,000	(\$439,000)	\$0		\$0
Rebudget: Municipal Rose Garden Improvements			\$123,000	(\$123,000)	\$0		\$0
Rebudget: Newbury Park Design			\$102,000	(\$102,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 1			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 10			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 2			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 3			\$20,000	(\$20,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2016-2017**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance
SUBDIVISION PARK TRUST FUND (375)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Rebudget: Parks Rehabilitation Strike Team - Council District 4			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 5			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 6			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 7			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 8			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Council District 9			\$20,000	(\$20,000)	\$0		\$0
Rebudget: Parks Rehabilitation Strike Team - Parks Maintenance Equipment			\$2,000	(\$2,000)	\$0		\$0
Rebudget: Penitencia Creek Public Art			(\$1,000)	\$1,000	\$0		\$0
Rebudget: Richardson Park Design Review and Inspection			\$19,000	(\$19,000)	\$0		\$0
Rebudget: Rincon South Park Development			\$164,000	(\$164,000)	\$0		\$0
Rebudget: Southside Community Center Building Condition Study			\$9,000	(\$9,000)	\$0		\$0
Rebudget: St. James Park Capital Vision			(\$16,000)	\$16,000	\$0		\$0
Rebudget: Starbird Park Improvements			\$50,000	(\$50,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton)			\$181,000	(\$181,000)	\$0		\$0
Rebudget: TRAIL: Guadalupe River/Coleman Under-Crossing Riparian Habitat			\$93,000	(\$93,000)	\$0		\$0
Rebudget: TRAIL: Bay Area Ridge Visibility Enhancement			\$40,000	(\$40,000)	\$0		\$0
Rebudget: TRAIL: Blossom Crest (Mary Jo Way to Copeland Lane Connector) Study			(\$5,000)	\$5,000	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Brokaw Road to Union Pacific Railroad Corridor) Design			\$502,000	(\$502,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman Drive)			\$60,000	(\$60,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Story Road to Selma Olinde Park)			(\$2,000)	\$2,000	\$0		\$0
Rebudget: TRAIL: Guadalupe River Under-crossing (Coleman Road) Design			(\$404,000)	\$404,000	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design			\$44,000	(\$44,000)	\$0		\$0
Rebudget: TRAIL: Milestone Markers			\$16,000	(\$16,000)	\$0		\$0
Rebudget: TRAIL: Penitencia Creek Reach 7A Design Review and Inspection			\$20,000	(\$20,000)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: TRAIL: Thompson Creek (Quimby Road to Aborn Court) Design			\$449,000	(\$449,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road)			\$173,000	(\$173,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks (Lonus Street to Guadalupe River)			\$358,000	(\$358,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge			\$186,000	(\$186,000)	\$0			\$0
Rebudget: Tamien Park Development (Phase I)			\$231,000	(\$231,000)	\$0			\$0
Rebudget: Vista Montana Turnkey Park			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Watson Park Improvements			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Willow Glen Community Center Improvements			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Willow Glen Community Center Marquee			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Willow Glen Community Center Plumbing Improvements			\$50,000	(\$50,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$4,170,571	\$0	\$4,170,571	\$0	\$4,170,571	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Backesto Park Renovation			\$50,000		\$50,000			\$50,000
Cannery Park Design Review and Inspection			(\$35,000)		(\$35,000)			(\$35,000)
Future PDO / PIO Projects Reserve			(\$108,000)		(\$108,000)			(\$108,000)
Martin Park Accessibility Improvements			\$43,000		\$43,000			\$43,000
Park Trust Fund Administration			\$35,000		\$35,000			\$35,000
TRAIL: Three Creeks (Lonus Street to Guadalupe River)			\$15,000		\$15,000			\$15,000
Tamien Park Development (Phase I)			(\$231,000)		(\$231,000)			(\$231,000)
Tamien Park Development Reserve			\$231,000		\$231,000			\$231,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBDIVISION PARK TRUST FUND (375) TOTAL	\$0	\$0	\$4,170,571	\$0	\$4,170,571	\$0	\$4,170,571	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUPPL LAW ENF SVCES FUND (414)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$1,272,306)	(\$1,272,306)		(\$1,272,306)	\$0
Rebudget: SLES Grant 2015-2017			(\$1,048,623)	\$1,048,623	\$0			\$0
Rebudget: SLES Grant 2016-2018			(\$544)	\$544	\$0			\$0
Tech Adjust: SLES Grant 2015-2017 (Interest Earnings)			\$4,471	(\$4,471)	\$0			\$0
Tech Adjust: SLES Grant 2016-2018 (Interest Earnings)			\$7,464	(\$7,464)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,037,232)	(\$235,074)	(\$1,272,306)	\$0	(\$1,272,306)	\$0
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				(\$138,016)	(\$138,016)			(\$138,016)
SLES Grant 2016-2018			\$138,016		\$138,016			\$138,016
Budget Adjustments Total	\$0	\$0	\$138,016	(\$138,016)	\$0	\$0	\$0	\$0
SUPPL LAW ENF SVCES FUND (414) TOTAL	\$0	\$0	(\$899,216)	(\$373,090)	(\$1,272,306)	\$0	(\$1,272,306)	\$0
SWG TRMNT PLNT CON FEE FD (539)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation - Treatment Plant Expansion Reserve				\$414,603	\$414,603		\$414,603	\$0
Tech Adjust: Reallocation from Revenue from the Use of Money/Property to Fees, Rates, and Charges					\$0	(\$313,000)		\$313,000
Tech Adjust: Reallocation to Fees, Rates, and Charges from Revenue from the Use of Money/Property					\$0	\$313,000		(\$313,000)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$414,603	\$414,603	\$0	\$414,603	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SWG TRMNT PLNT CON FEE FD (539)								
SWG TRMNT PLNT CON FEE FD (539) TOTAL	\$0	\$0	\$0	\$414,603	\$414,603	\$0	\$414,603	\$0
TRANSIENT OCCUPANCY TX FD (461)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Rebudget: Cultural Grants			\$1,891,997	(\$1,891,997)	\$0			\$0
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				\$2,756,499	\$2,756,499		\$2,756,499	\$0
Rebudget: San José Convention and Visitors Bureau			\$344,089	(\$344,089)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,236,086	\$520,413	\$2,756,499	\$0	\$2,756,499	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Cultural Grants (TOT Revenue Reconciliation)			\$120,554		\$120,554			\$120,554
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment (TOT Revenue Reconciliation)				(\$482,216)	(\$482,216)			(\$482,216)
San José Convention and Visitors Bureau (TOT Revenue Reconciliation)			\$120,554		\$120,554			\$120,554
Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)			\$241,108		\$241,108			\$241,108
Budget Adjustments Total	\$0	\$0	\$482,216	(\$482,216)	\$0	\$0	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461) TOTAL	\$0	\$0	\$2,718,302	\$38,197	\$2,756,499	\$0	\$2,756,499	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
UNDERGROUND UTILITY FUND (416)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$729,975	\$729,975		\$729,975	\$0
Rebudget: Underground Utility Program (20B)			\$1,694,000	(\$1,694,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,694,000	(\$964,025)	\$729,975	\$0	\$729,975	\$0
UNDERGROUND UTILITY FUND (416) TOTAL	\$0	\$0	\$1,694,000	(\$964,025)	\$729,975	\$0	\$729,975	\$0
UNEMPLOYMENT INSUR FD (157)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$14,565)	(\$14,565)		(\$14,565)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$14,565)	(\$14,565)	\$0	(\$14,565)	\$0
UNEMPLOYMENT INSUR FD (157) TOTAL	\$0	\$0	\$0	(\$14,565)	(\$14,565)	\$0	(\$14,565)	\$0
VEHICLE MAINT & OPER FUND (552)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$43,843	\$43,843		\$43,843	\$0
Rebudget: Municipal Car Wash Upgrade			\$35,000	(\$35,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$35,000	\$8,843	\$43,843	\$0	\$43,843	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
VEHICLE MAINT & OPER FUND (552)								
Budget Adjustments								
PUBLIC WORKS								
Ending Fund Balance Adjustment				(\$65,000)	(\$65,000)			(\$65,000)
Municipal Car Wash Upgrade			\$65,000		\$65,000			\$65,000
Budget Adjustments Total	\$0	\$0	\$65,000	(\$65,000)	\$0	\$0	\$0	\$0
VEHICLE MAINT & OPER FUND (552) TOTAL	\$0	\$0	\$100,000	(\$56,157)	\$43,843	\$0	\$43,843	\$0
WATER UTILITY CAPITAL FUND (500)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,006,393	\$1,006,393		\$1,006,393	\$0
Rebudget: Cadwallader Reservoir Rehabilitation			(\$15,000)	\$15,000	\$0			\$0
Rebudget: Infrastructure Improvements			\$58,000	(\$58,000)	\$0			\$0
Rebudget: Meter Installations			\$61,000	(\$61,000)	\$0			\$0
Rebudget: North San José Water Well Evaluation and Rehabilitation			(\$115,000)	\$115,000	\$0			\$0
Rebudget: Safety and Security Improvements			\$103,000	(\$103,000)	\$0			\$0
Rebudget: Service Installations			\$175,000	(\$175,000)	\$0			\$0
Rebudget: System Maintenance/Repairs			\$26,000	(\$26,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$293,000	\$713,393	\$1,006,393	\$0	\$1,006,393	\$0
WATER UTILITY CAPITAL FUND (500) TOTAL	\$0	\$0	\$293,000	\$713,393	\$1,006,393	\$0	\$1,006,393	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY FUND (515)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$4,391,086	\$4,391,086		\$4,391,086	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$3,547,000	(\$3,547,000)	\$0			\$0
Fund Balance Reconciliation - Rate Stabilization Reserve			\$300,000	(\$300,000)	\$0			\$0
Rebudget: Customer Information System Transition			\$215,000	(\$215,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$4,062,000	\$329,086	\$4,391,086	\$0	\$4,391,086	\$0
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				\$117	\$117			\$117
Transfer from the General Fund (Late Fee Reconciliation)					\$0	\$117		(\$117)
Budget Adjustments Total	\$0	\$0	\$0	\$117	\$117	\$117	\$0	\$0
WATER UTILITY FUND (515) TOTAL	\$0	\$0	\$4,062,000	\$329,203	\$4,391,203	\$117	\$4,391,086	\$0

WORKFORCE DEVELOPMENT FD (290)

Clean-Up and Rebudget Actions

CITY ATTORNEY

Rebudget: Administrative Costs/Revenue from Federal Government

(\$28,305) (\$28,305) (\$28,305) \$0

ECONOMIC DEVELOPMENT

Rebudget: Administration/Revenue from Federal Government

\$8,041 \$8,041 \$8,041 \$0

Rebudget: Adult Workers/Revenue from Federal Government

\$855,370 \$855,370 \$855,370 \$0

Rebudget: BusinessOwnerSpace.com Network

(\$2,320) \$2,320 \$0 \$0

Rebudget: CalJOBS VOS Enhancement: Touch Screen Technology Project/Revenue from Federal Government

\$7,000 \$7,000 \$7,000 \$0

Rebudget: Customer Centered Design Project/Revenue from Federal

(\$2,393) (\$2,393) (\$2,393) \$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2016-2017

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WORKFORCE DEVELOPMENT FD (290)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Government								
Rebudget: Dislocated Workers/Revenue from Federal Government			\$1,383,810		\$1,383,810	\$1,383,810		\$0
Rebudget: National Dislocated Worker Grant - Storm Event/Revenue from Federal Government			(\$204,220)		(\$204,220)	(\$204,220)		\$0
Rebudget: Proposition 39 Pre-Apprenticeship Grant Project/Revenue from State of California			(\$2,923)		(\$2,923)	(\$2,923)		\$0
Rebudget: Rapid Response Grant/Revenue from Federal Government			\$281,096		\$281,096	\$281,096		\$0
Rebudget: Ready to Work Partnership Initiative Grant Project/Revenue from Local Agencies			(\$54,945)		(\$54,945)	(\$54,945)		\$0
Rebudget: Regional Plan Development Project/Revenue from Federal Government			\$3,343		\$3,343	\$3,343		\$0
Rebudget: Sector Partnership National Emergency Grant (NEG)/Revenue from Federal Government			\$250,617		\$250,617	\$250,617		\$0
Rebudget: Youth Workers/Revenue from Federal Government			\$1,170,892		\$1,170,892	\$1,170,892		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,665,063	\$2,320	\$3,667,383	\$3,667,383	\$0	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Administration/Revenue from Federal Government			(\$25,160)		(\$25,160)	(\$25,160)		\$0
Adult Workers/Revenue from Federal Government			(\$158,294)		(\$158,294)	(\$158,294)		\$0
BusinessOwnerSpace.com Network/Other Revenue			\$8,000		\$8,000	\$8,000		\$0
Dislocated Workers Program/Revenue from Federal Government			(\$136,465)		(\$136,465)	(\$136,465)		\$0
Ending Fund Balance Adjustment			\$68,882		\$68,882			\$68,882
Rapid Response Grant/Revenue from Federal Government			(\$178,544)		(\$178,544)	(\$178,544)		\$0
Youth Workers/Revenue from Federal Government			(\$163,999)		(\$163,999)	(\$163,999)		\$0
work2future Board Mandated Reserve Adjustment			(\$68,882)		(\$68,882)			(\$68,882)
Budget Adjustments Total	\$0	\$0	(\$654,462)	\$0	(\$654,462)	(\$654,462)	\$0	\$0
WORKFORCE DEVELOPMENT FD (290) TOTAL	\$0	\$0	\$3,010,601	\$2,320	\$3,012,921	\$3,012,921	\$0	\$0



FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the Month Ended June 30, 2017
Fiscal Year 2016-2017
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended June 30, 2017
Fiscal Year 2016-2017
(UNAUDITED)

Table of Contents

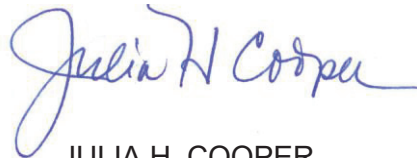
	<i>Page Reference</i>
General Fund	
Comparison of Current Year's Monthly Cash Balance vs. Prior Year's Balance.....	1
Comparison of Current Year-to-Date Revenues vs. Prior Year-to-Date Revenues.....	2
Comparison of Current Year-to-Date Expenditures vs. Prior Year-to-Date Expenditures.....	2
Comparison of Current Year-to-Date Revenues for Major Revenue Sources vs. Prior Year-to-Date Revenues.....	3
Comparison of Current Year-to-Date Expenditures by Type vs. Prior Year-to-Date Expenditures.....	3
Source and Use of Funds.....	4
Supplemental Schedule of Departmental Revenues.....	7
Other Funds	
<i>Special Funds</i>	
Comparison of Current Year-to-Date Construction & Conveyance Tax Revenues vs. Prior Year-to-Date Revenues.....	8
Comparison of Current Year-to-Date Construction & Conveyance Tax Expenditures vs. Prior Year-to-Date Expenditures.....	8
Comparison of Year-to-Date Revenues and YTD Expenditures vs. Prior Year-to-Date Revenue and Expenditures for:	
Airport Revenue Fund 521 and Airport Maintenance & Operation Fund 523.....	9
WPCP Operation Fund 513.....	10
General Purpose Parking Fund 533.....	11
Source and Use of Funds	12

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended June 30, 2017
Fiscal Year 2016-2017
(UNAUDITED)

Table of Contents

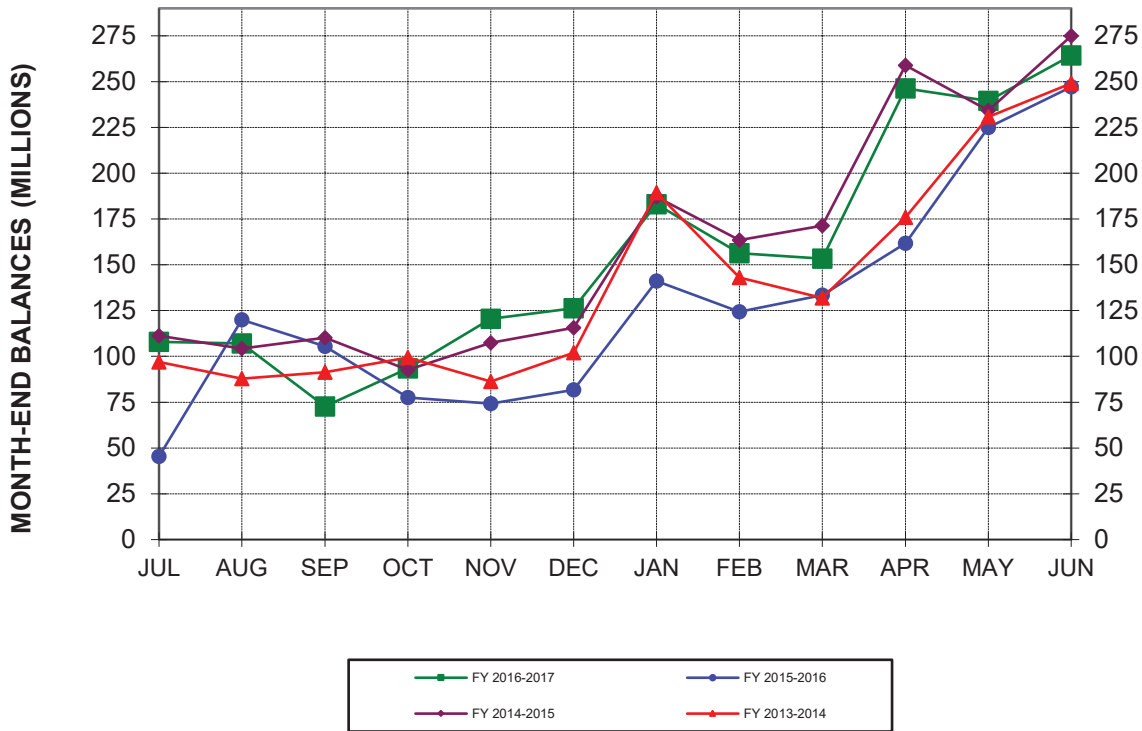
	<i>Page Reference</i>
Other Funds (Cont'd)	
<i>Capital Project Funds</i>	
Source and Use of Funds.....	15
<i>Other Fund Types</i>	
Source and Use of Funds.....	16

Submitted by:



JULIA H. COOPER
Director, Finance Department

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



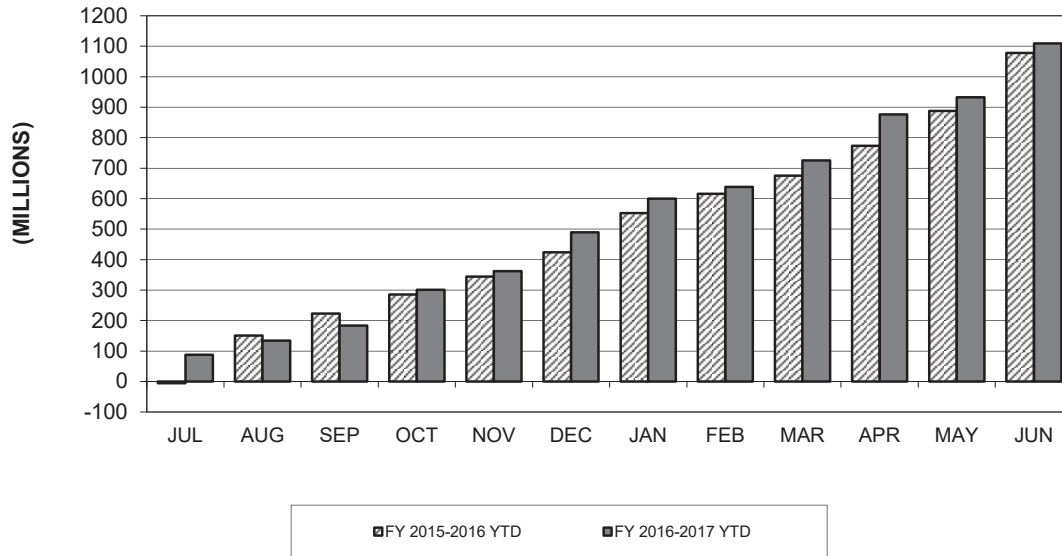
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2016-2017	FY 2015-2016	FY 2014-2015	FY 2013-2014
JULY (1)	\$ 108,012,647	\$ 45,401,908	\$ 111,318,585	\$ 97,000,280
AUGUST	107,081,005	119,988,835	104,337,113	87,887,607
SEPTEMBER	72,718,873	105,422,447	110,248,937	91,326,643
OCTOBER	93,456,157	77,571,562	92,649,862	99,449,689
NOVEMBER	120,485,944	74,153,007	107,339,933	86,285,372
DECEMBER	126,203,310	81,796,424	115,544,081	102,057,315
JANUARY	183,072,948	141,189,103	187,078,566	189,299,222
FEBRUARY	156,320,836	124,444,495	163,468,559	143,098,965
MARCH	153,282,389	133,493,608	171,379,481	131,881,129
APRIL (2)	246,281,183	161,690,247	258,939,637	175,838,186
MAY	239,467,743	224,983,657	234,171,050	230,678,939
JUNE	264,266,135	247,092,735	274,909,173	249,043,058

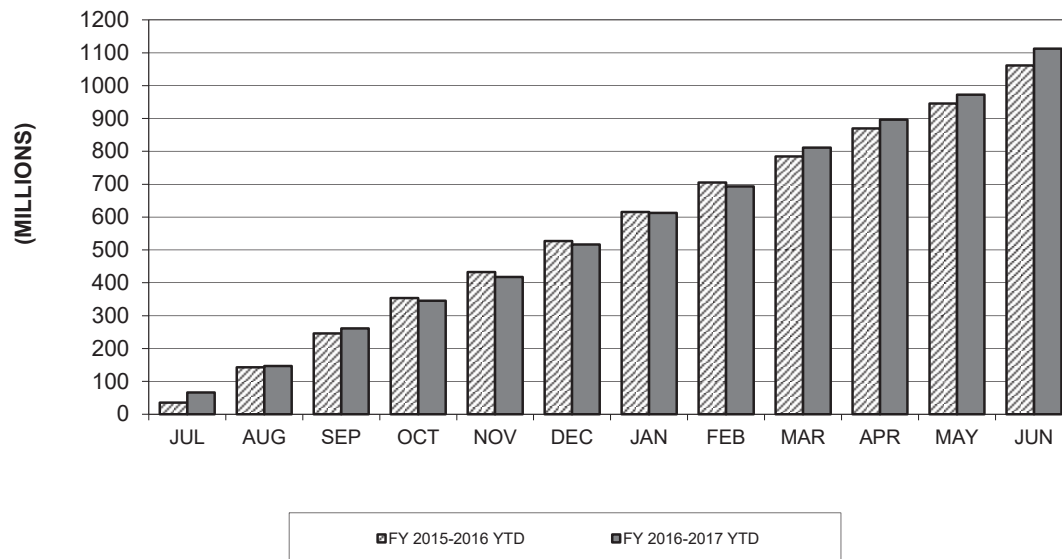
(1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

(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.

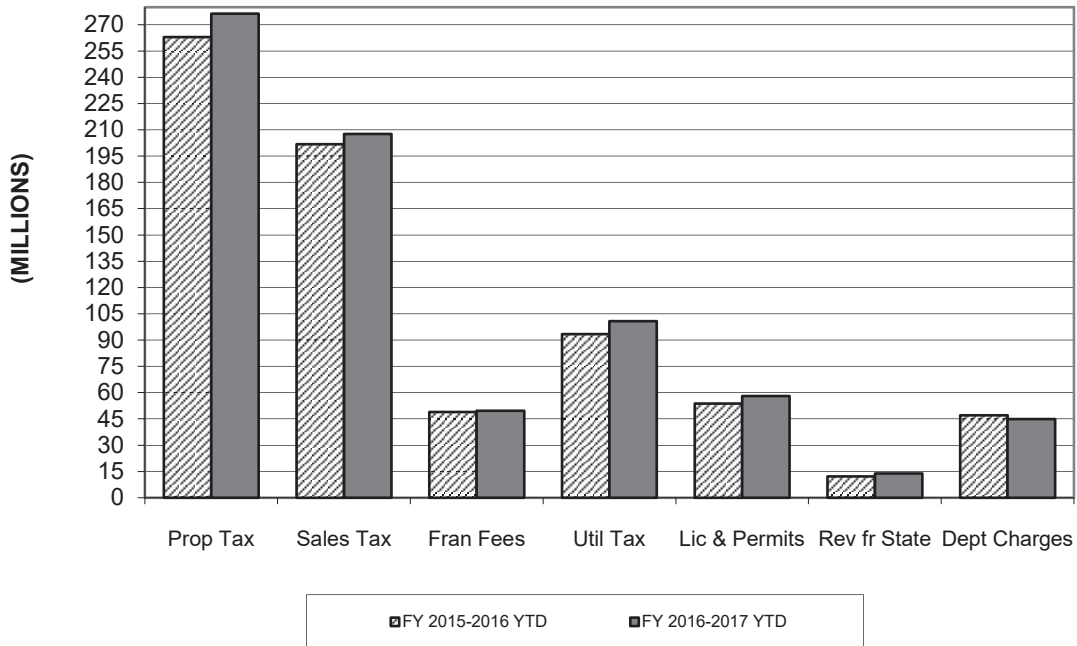
GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual



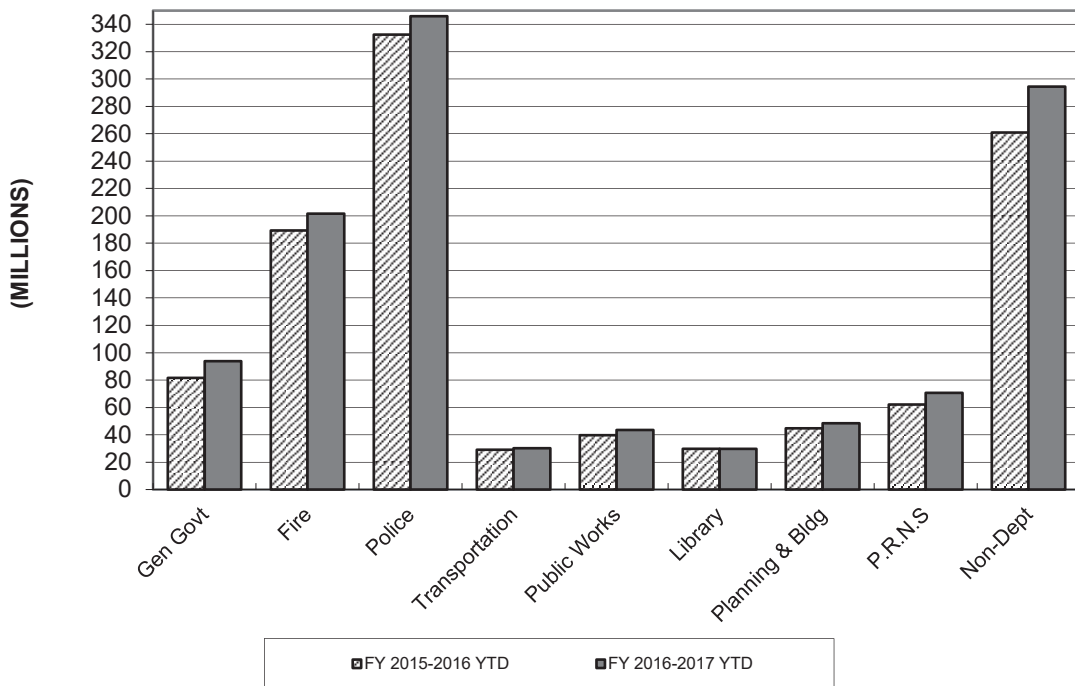
GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual



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 JUNE 30, 2017
(UNAUDITED)
(\$000's)

	ADOPTED FY 2016-2017 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2016-2017 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	-	-	37,497	37,497	37,497	100.00%	42,525	100.00%	42,525	(5,028)	-11.82%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	248,958	6,248	-	255,206	255,206	100.00%	265,855	100.00%	265,855	(10,649)	-4.01%
Total Fund Balance	248,958	6,248	37,497	292,703	292,703	100.00%	308,380	100.00%	308,380	(15,677)	-5.08%
General Revenues											
Property Tax	271,737	4,800	-	276,537	276,388	99.95%	262,950	100.00%	262,950	13,438	5.11%
Sales Tax (1)	224,696	(12,800)	-	211,896	207,695	98.02%	201,797	100.00%	201,797	5,898	2.92%
Telephone Line Tax	21,614	(1,700)	-	19,914	20,260	101.74%	20,077	100.00%	20,077	183	0.91%
Transient Occupancy Tax	16,952	1,048	-	18,000	18,275	101.53%	16,565	100.00%	16,565	1,710	10.32%
Franchise Fees	48,917	900	-	49,817	49,642	99.65%	48,949	100.00%	48,949	693	1.41%
Utility Tax	95,750	3,300	-	99,050	100,786	101.75%	93,398	100.00%	93,398	7,388	7.91%
Business Taxes	48,800	4,750	-	53,550	54,159	101.14%	50,864	100.00%	50,864	3,295	6.48%
Licenses and Permits	51,573	5,400	-	56,973	58,075	101.93%	53,766	100.00%	53,766	4,309	8.01%
Fines, Forfeits and Penalties	14,911	1,600	-	16,511	16,345	99.00%	16,090	100.00%	16,090	255	1.58%
Use of Money and Property	3,864	1,700	-	5,564	6,787	121.98%	5,101	100.00%	5,101	1,686	33.05%
Revenue from Local Agencies	24,811	3,719	-	28,530	27,717	97.15%	17,143	100.00%	17,143	10,574	61.68%
Revenue from State of Cal.	11,329	3,150	-	14,479	13,906	96.04%	12,174	100.00%	12,174	1,732	14.23%
Revenue from Federal Government	4,161	2,039	-	6,200	4,394	70.88%	10,599	100.00%	10,599	(6,205)	-58.54%
Departmental Charges	41,732	2,075	-	43,807	44,864	102.41%	47,058	100.00%	47,058	(2,194)	-4.66%
Other Revenues	17,752	109,295	-	127,047	118,408	93.20%	123,548	100.00%	123,548	(5,140)	-4.16%
Total General Revenues	898,599	129,273	-	1,027,872	1,017,701	99.01%	980,079	100.00%	980,079	37,622	3.84%
Transfers & Reimbursements											
Overhead Reimbursements	37,799	926	-	38,725	39,248	101.35%	36,050	100.00%	36,050	3,198	8.87%
Transfers from Other Funds	23,881	1,327	-	25,208	33,354	132.32%	22,427	100.00%	22,427	10,927	48.72%
Reimbursements for Services	17,657	217	-	17,874	17,958	100.47%	16,962	100.00%	16,962	996	5.87%
Total Transfers & Reimburse	79,337	2,469	-	81,806	90,560	110.70%	75,439	100.00%	75,439	15,121	20.04%
Total Sources	1,226,894	137,991	37,497	1,402,382	1,400,963	99.90%	1,363,898	100.00%	1,363,898	37,065	2.72%

(*) - 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 JUNE 30, 2017
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	PRIOR YEAR-END	CUR YTD LESS	% CHANGE	
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR					ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ENCUMBR	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	YEAR-END					ACTUAL (1)(*)
General Government														
Mayor and Council	13,249	540	82	13,871	11,137	170	80.29%	9,626	100.00%	9,626	1,511	15.70%		
City Attorney	14,140	354	579	15,073	14,507	754	96.24%	13,416	100.00%	13,416	1,091	8.13%		
City Auditor	2,473	12	-	2,485	2,197	-	88.41%	1,986	100.00%	1,986	211	10.62%		
City Clerk	2,735	(29)	53	2,759	2,298	4	83.29%	2,103	100.00%	2,103	195	9.27%		
City Manager	14,221	(147)	796	14,870	14,679	1,326	98.72%	12,161	100.00%	12,161	2,518	20.71%		
Finance	15,997	92	235	16,324	15,395	533	94.31%	14,010	100.00%	14,010	1,385	9.89%		
Information Technology	19,251	(471)	2,027	20,807	18,518	1,494	89.00%	16,232	100.00%	16,232	2,286	14.08%		
Human Resources	8,000	693	(10)	8,683	7,989	203	92.01%	6,840	100.00%	6,840	1,149	16.80%		
Independent Police Auditor	1,260	8	22	1,290	1,206	8	93.49%	1,059	100.00%	1,059	147	13.88%		
Office of Economic Development	5,795	(2)	326	6,119	5,907	576	96.54%	4,158	100.00%	4,158	1,749	42.06%		
Total General Government	97,121	1,050	4,110	102,281	93,833	5,068	91.74%	81,591	100.00%	81,591	12,242	15.00%		
Public Safety														
Fire	202,884	307	615	203,806	201,539	1,099	98.89%	189,321	100.00%	189,321	12,218	6.45%		
Police	344,059	4,802	1,338	350,199	345,924	1,647	98.78%	332,461	100.00%	332,461	13,463	4.05%		
Total Public Safety	546,943	5,109	1,953	554,005	547,463	2,746	98.82%	521,782	100.00%	521,782	25,681	4.92%		
Capital Maintenance														
Transportation	29,424	308	657	30,389	30,217	693	99.43%	29,091	100.00%	29,091	1,126	3.87%		
Public Works	42,039	1,260	433	43,732	43,440	943	99.33%	39,705	100.00%	39,705	3,735	9.41%		
Total Capital Maintenance	71,463	1,568	1,090	74,121	73,657	1,636	99.37%	68,796	100.00%	68,796	4,861	7.07%		
Community Service														
Housing	327	365	2	694	651	64	93.80%	244	100.00%	244	407	166.80%		
Library	30,679	(31)	48	30,696	29,626	157	96.51%	29,765	100.00%	29,765	(139)	-0.47%		
Planning, Bldg & Code Enf.	50,498	(1,322)	1,910	51,086	48,453	2,691	94.85%	44,743	100.00%	44,743	3,710	8.29%		
Parks, Rec & Neigh Svcs	68,232	1,806	651	70,689	70,552	751	99.81%	62,123	100.00%	62,123	8,429	13.57%		
Environmental Services	1,372	110	13	1,495	1,404	96	93.91%	857	100.00%	857	547	63.83%		
Total Community Services	151,108	928	2,624	154,660	150,686	3,759	97.43%	137,732	100.00%	137,732	12,954	9.41%		
Total Dept. Expenditures	866,635	8,655	9,777	885,067	865,639	13,209	97.80%	809,901	100.00%	809,901	55,738	6.88%		

(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 JUNE 30, 2017
(UNAUDITED)
(\$000's)

	ADOPTED FY 2016-2017 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2016-2017 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)(*)	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE
					ACTUAL (*)	ENCUMBR			OF PRIOR YEAR-END ACTUAL			CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	34,586	1,839	6,761	43,186	37,893	6,682	87.74%	28,607	100.00%	28,607	9,286	32.46%
Environmental & Utility Services	2,561	1,793	29	4,383	1,947	299	44.42%	1,723	100.00%	1,723	224	13.00%
Public Safety	20,852	(399)	233	20,686	17,776	357	85.93%	17,377	100.00%	17,377	399	2.30%
Recreation & Cultural Services	9,778	504	713	10,995	9,356	611	85.09%	10,577	100.00%	10,577	(1,221)	-11.54%
Transportation Services	6,344	583	270	7,197	6,325	20	87.88%	6,553	100.00%	6,553	(228)	-3.48%
Strategic Support	53,664	108,157	7,397	169,218	143,846	3,895	85.01%	143,051	100.00%	143,051	795	0.56%
Total City-wide Expenditures	127,785	112,477	15,403	255,665	217,143	11,864	84.93%	207,888	100.00%	207,888	9,255	4.45%
Other Non-Dept Expenditures:												
Capital Improvements	70,218	313	12,317	82,848	49,301	23,880	59.51%	25,865	100.00%	25,865	23,436	90.61%
Transfers to Other Funds	28,012	56	-	28,068	28,068	-	100.00%	27,150	100.00%	27,150	918	3.38%
Total Non-Dept Expenditures	226,015	112,846	27,720	366,581	294,512	35,744	80.34%	260,903	100.00%	260,903	33,609	12.88%
Reserves												
Contingency Reserve	35,500	-	-	35,500	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	98,744	16,490	-	115,234	3	-	0.00%	-	0.00%	-	3	0.00%
Total Reserves	134,244	16,490	-	150,734	3	-	0.00%	-	0.00%	-	3	0.00%
Total Uses	1,226,894	137,991	37,497	1,402,382	1,160,154	48,953	82.73%	1,070,804	100.00%	1,070,804	89,350	8.34%

(1) Does not include encumbrance balance.

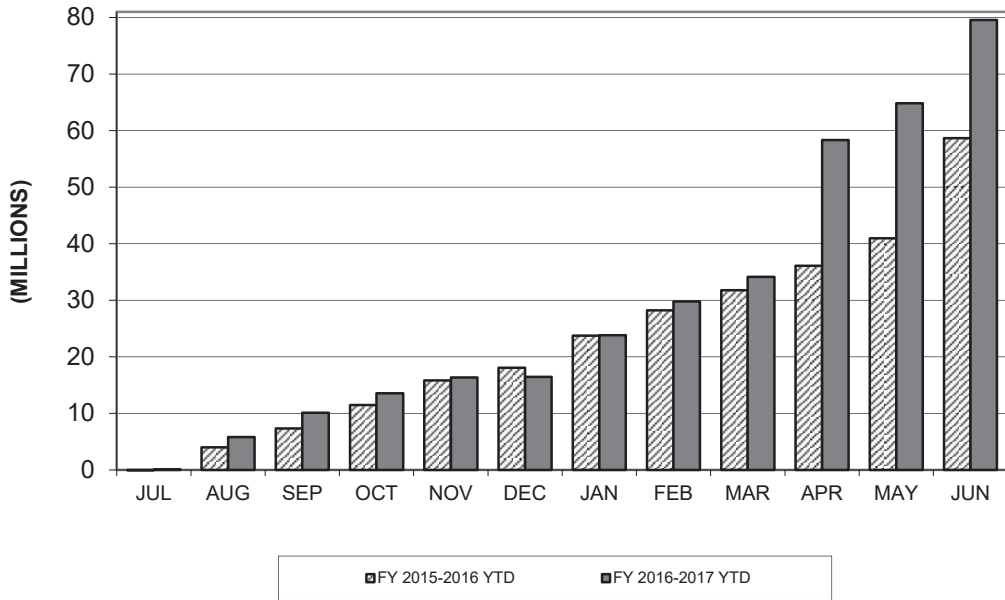
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

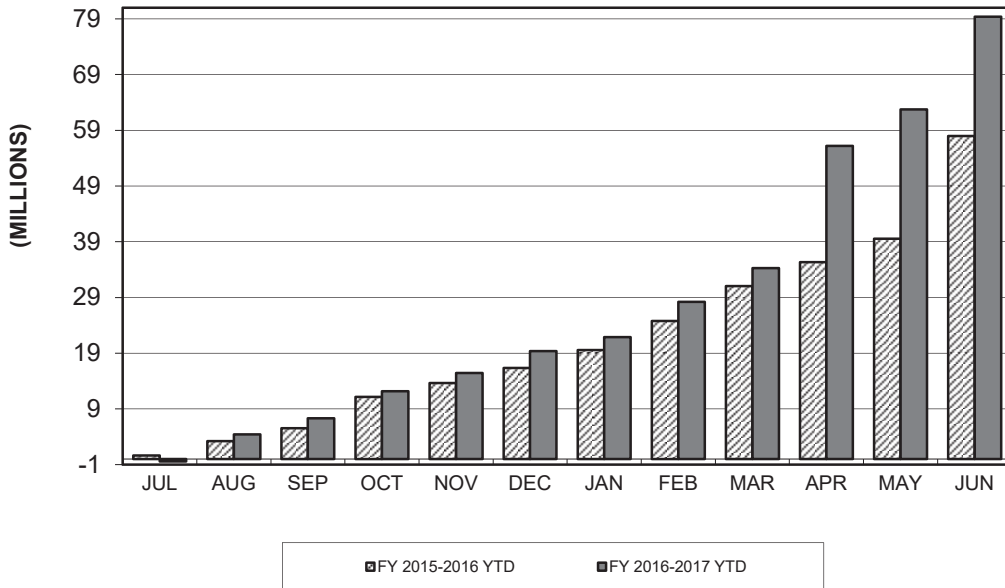
	ADOPTED FY 2016-2017 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2016-2017 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,263	1	-	1,264	1,206	95.41%	1,582	100.00%	1,582	(376)	-23.77%
Public Works	9,815	500	-	10,315	10,914	105.81%	11,093	100.00%	11,093	(179)	-1.61%
Transportation	1,587	250	-	1,837	1,595	86.83%	1,575	100.00%	1,575	20	1.27%
Library	889	-	-	889	650	73.12%	1,201	100.00%	1,201	(551)	-45.88%
Planning, Bldg & Code Enf	4,500	-	-	4,500	4,448	98.84%	6,255	100.00%	6,255	(1,807)	-28.89%
Parks Rec & Neigh Svcs	20,240	1,133	-	21,373	20,958	98.06%	18,935	100.00%	18,935	2,023	10.68%
Miscellaneous Dept Charges	3,438	191	-	3,629	5,093	140.34%	6,417	100.00%	6,417	(1,324)	-20.63%
Total Departmental Revenues	41,732	2,075	-	43,807	44,864	102.41%	47,058	100.00%	47,058	(2,194)	-4.66%

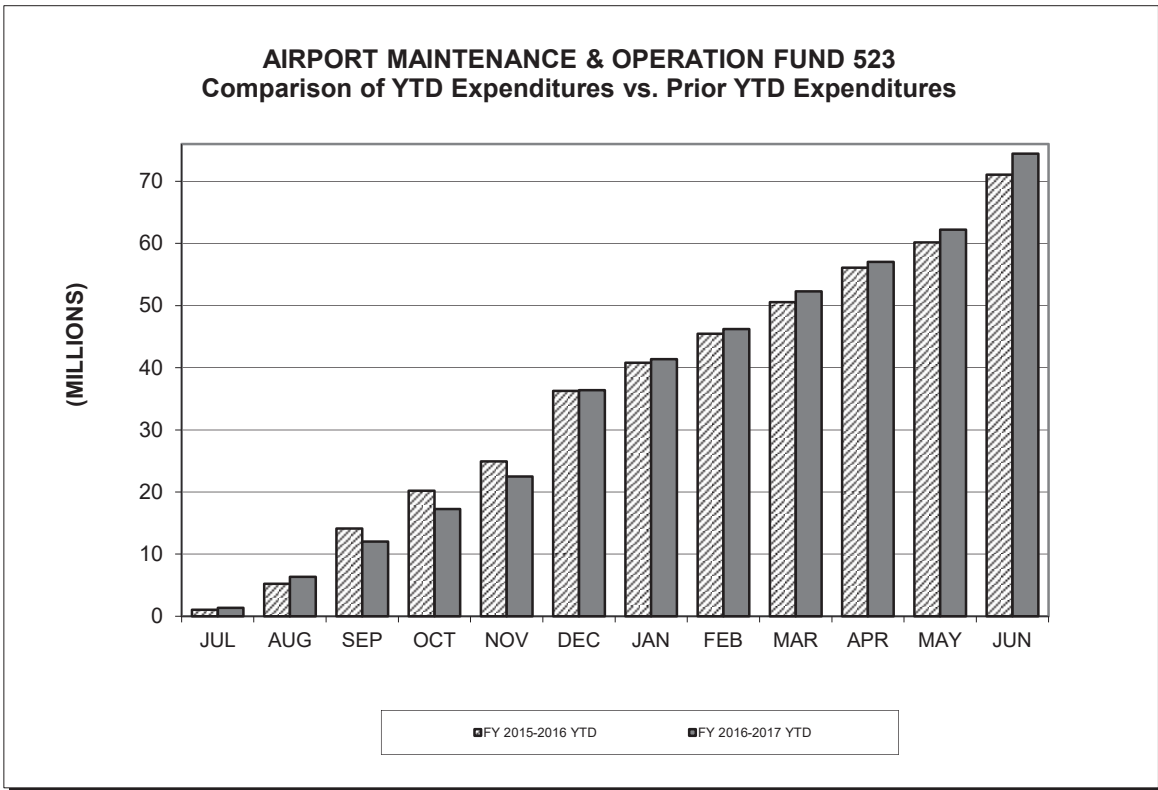
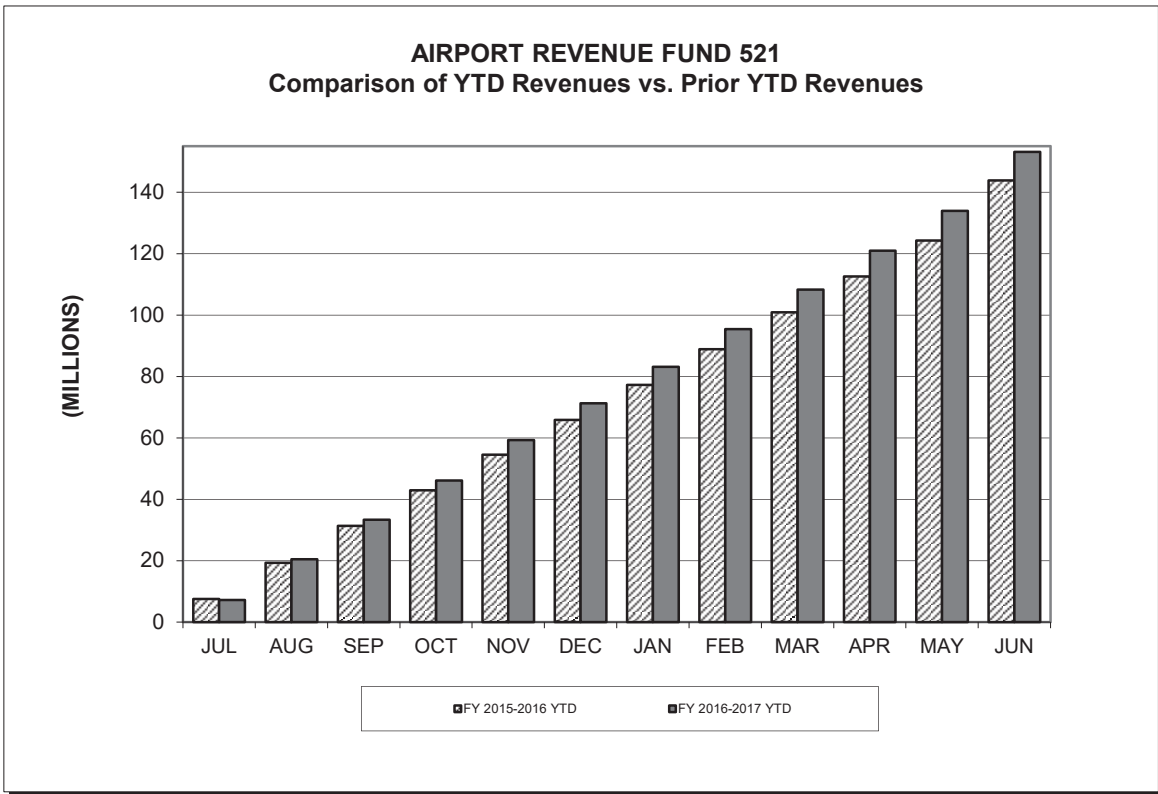
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

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



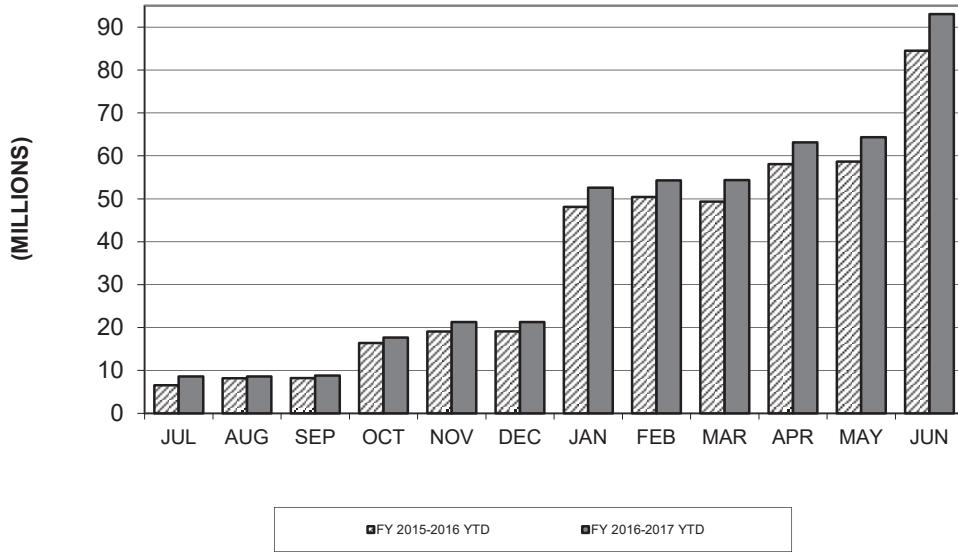
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



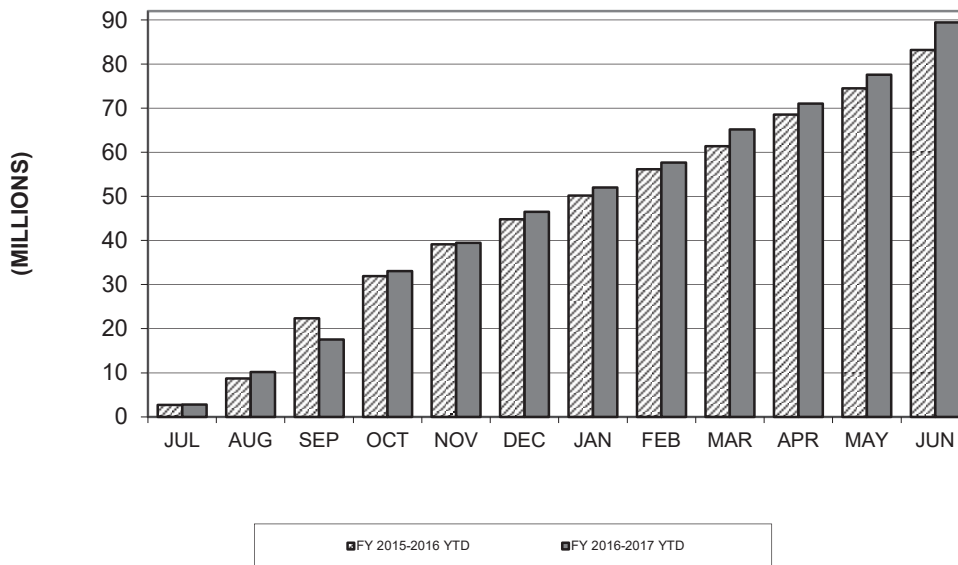


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

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

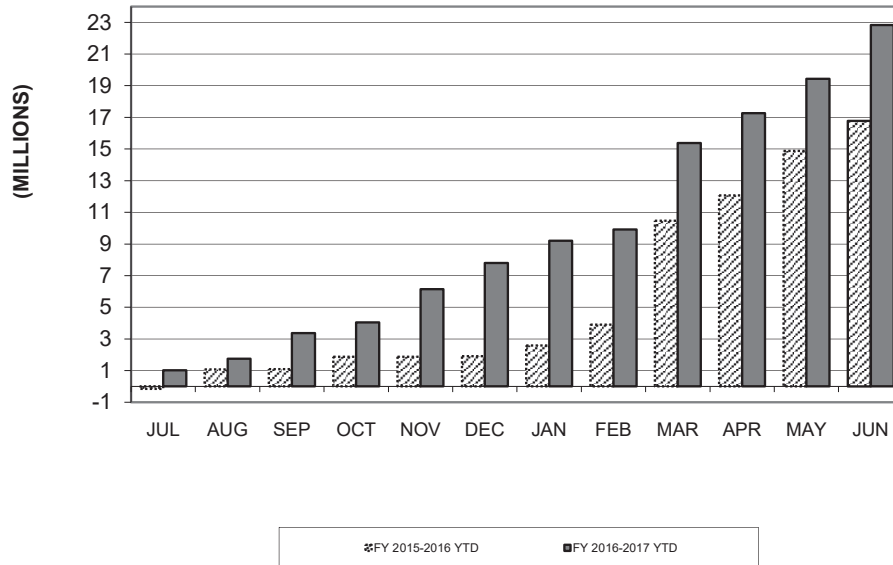


**WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

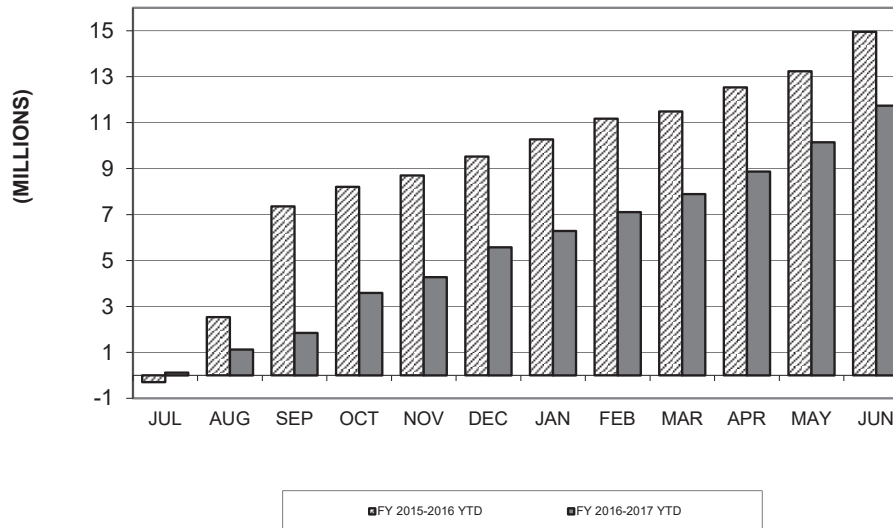


Note: The graphs above are only for the WPCP Operation Fund (513).

GENERAL PURPOSE PARKING FUND 533
Comparison of YTD Revenues vs. Prior YTD Revenues



GENERAL PURPOSE PARKING FUND 533
Comparison of YTD Expenditures vs. Prior YTD Expenditures



Note: The graphs above are only for the General Purpose Parking Fund (533).

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	6,238	6,238	6,238	-	4,746
Beginning Fund Balance	73,084	8,426	-	81,510	81,510	-	82,266
Revenues	66,846	1,153	-	67,999	79,538	-	58,664
Total Sources	139,930	9,579	6,238	155,747	167,286	-	145,676
Total Uses	139,930	9,579	6,238	155,747	79,389	11,846	56,149
Airport							
Prior Year Encumbrance	-	-	19,786	19,786	19,786	-	6,939
Beginning Fund Balance	279,474	11,466	-	290,940	290,940	-	296,724
Revenues	401,468	723,507	-	1,124,975	410,515	-	382,492
Total Sources	680,942	734,973	19,786	1,435,701	721,241	-	686,155
Total Uses	680,942	734,973	19,786	1,435,701	357,646	20,372	349,513
Waste Water Treatment							
Prior Year Encumbrance	-	-	190,302	190,302	190,302	-	60,721
Beginning Fund Balance	199,636	20,037	-	219,673	219,673	-	319,391
Revenues	351,154	-	-	351,154	368,851	-	335,181
Total Sources	550,790	20,037	190,302	761,129	778,826	-	715,293
Total Uses	550,790	20,037	190,302	761,129	387,540	196,863	315,749
Parking							
Prior Year Encumbrance	-	-	804	804	804	-	577
Beginning Fund Balance	16,354	3,890	-	20,244	20,244	-	18,470
Revenues	16,517	4,215	-	20,732	22,829	-	16,808
Total Sources	32,871	8,105	804	41,780	43,877	-	35,855
Total Uses	32,871	8,105	804	41,780	11,741	3,311	13,316
Municipal Water							
Prior Year Encumbrance	-	-	4,981	4,981	4,981	-	2,831
Beginning Fund Balance	19,287	936	-	20,223	20,223	-	21,972
Revenues	48,780	(1,149)	-	47,631	53,910	-	44,236
Total Sources	68,067	(213)	4,981	72,835	79,114	-	69,039
Total Uses	68,067	(213)	4,981	72,835	50,409	4,090	43,568

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Gas Tax							
Revenues	17,500	-	-	17,500	17,337	-	16,339
Total Sources	17,500	-	-	17,500	17,337	-	16,339
Total Uses	17,500	-	-	17,500	17,337	-	16,339
Building and Structures							
Prior Year Encumbrance	-	-	6,947	6,947	6,947	-	6,900
Beginning Fund Balance	35,398	8,642	-	44,040	44,040	-	33,978
Revenues	26,966	12,472	-	39,438	26,542	-	21,682
Total Sources	62,364	21,114	6,947	90,425	77,529	-	62,560
Total Uses	62,364	21,114	6,947	90,425	20,373	10,855	11,423
Residential Construction							
Beginning Fund Balance	1,618	222	-	1,840	1,840	-	1,672
Revenues	185	7	-	192	276	-	203
Total Sources	1,803	229	-	2,032	2,116	-	1,875
Total Uses	1,803	229	-	2,032	37	-	35
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	498	498	498	-	333
Beginning Fund Balance	3,914	3,808	-	7,722	7,722	-	8,783
Revenues	25,496	1,526	-	27,022	27,686	-	24,638
Total Sources	29,410	5,334	498	35,242	35,906	-	33,754
Total Uses	29,410	5,334	498	35,242	27,257	655	25,532
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	199	199	199	-	26
Beginning Fund Balance	8,630	3,876	-	12,506	12,506	-	6,917
Revenues	13,762	101	-	13,863	69,433	-	62,134
Total Sources	22,392	3,977	199	26,568	82,138	-	69,077
Total Uses	22,392	3,977	199	26,568	10,269	2,696	10,573

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Golf							
Beginning Fund Balance	587	156	-	743	743	-	422
Revenues	2,675	-	-	2,675	2,620	-	3,056
Total Sources	3,262	156	-	3,418	3,363	-	3,478
Total Uses	3,262	156	-	3,418	3,150	6	2,736
Other Funds							
Prior Year Encumbrance	-	-	32,177	32,177	32,177	-	21,720
Beginning Fund Balance	307,132	10,617	-	317,749	317,749	-	295,128
Revenues	367,685	65,484	-	433,169	430,960	-	413,034
Total Sources	674,817	76,101	32,177	783,095	780,886	-	729,882
Total Uses	674,817	76,101	32,177	783,095	406,196	42,432	373,011

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017 BUDGET	BUDGET AMENDMENTS		FY 2016-2017 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	30,057	30,057	30,057	-	32,725
Beginning Fund Balance	54,486	16,603	-	71,089	71,089	-	74,832
Revenues	39,185	34,642	-	73,827	57,850	-	51,093
Total Sources	93,671	51,245	30,057	174,973	158,996	-	158,650
Total Uses	93,671	51,245	30,057	174,973	52,800	25,801	55,407
Other							
Prior Year Encumbrance	-	-	1,713	1,713	1,713	-	13,138
Beginning Fund Balance	19,798	11,119	-	30,917	30,917	-	23,946
Revenues	493	214	-	707	584	-	3,612
Total Sources	20,291	11,333	1,713	33,337	33,214	-	40,696
Total Uses	20,291	11,333	1,713	33,337	1,834	581	7,728

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	87	87	87	-	66
Beginning Fund Balance	8,122	1,405	-	9,527	9,527	-	9,215
Revenues	1,608	370	-	1,978	2,587	-	4,783
Total Sources	<u>9,730</u>	<u>1,775</u>	<u>87</u>	<u>11,592</u>	<u>12,201</u>	<u>-</u>	<u>14,064</u>
Total Uses	<u>9,730</u>	<u>1,775</u>	<u>87</u>	<u>11,592</u>	<u>3,546</u>	<u>39</u>	<u>4,521</u>